
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in Tencent 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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Tencent 腾讯
TENCENT HOLDINGS LIMITED
騰訊控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 700)

PROPOSED ADOPTION OF THE 2023 SHARE OPTION SCHEME
PROPOSED ADOPTION OF THE 2023 SHARE AWARD SCHEME
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING

A notice convening the extraordinary general meeting of Tencent Holdings Limited to be held at Grand Ballroom, Grand Hyatt Hong Kong, 1 Harbour Road, Hong Kong immediately after the annual general meeting of the Company to be held at 3:00 p.m. on Wednesday, 17 May 2023 is set out on pages 38 to 42 of this circular. Whether you are able to attend the EGM or not, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the completed form of proxy to the Company's branch share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, as soon as possible, and in any event so that it is received not less than 48 hours before the time appointed for holding of the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting should you so wish.

PRECAUTIONARY MEASURES FOR THE EGM

In view of the evolving COVID-19 pandemic situation in Hong Kong and to safeguard the health and safety of Shareholders, the Company will implement the following precautionary measures at the EGM:

- **mandatory wearing of surgical face masks at all times at the EGM venue, unless otherwise permitted by law**
- **no provision of refreshments and corporate gifts**
- **any additional precautionary measures where appropriate or in accordance with the prevailing guidelines published by the Hong Kong Government and/or regulatory authorities**

Shareholders may exercise their voting rights at the EGM by appointing the chairman of the EGM as proxy to attend and vote on the relevant resolutions at the EGM instead of attending the EGM or any adjourned meeting in person.

Any person who feels unwell or has any symptoms of COVID-19 should avoid attending the EGM in person. Additionally, any person who does not comply with the precautionary measures will be denied entry into or be required to leave the EGM venue at the absolute discretion of the Company as permitted by law.

Subject to the applicable requirements and/or guidelines of the Hong Kong Government and/or regulatory authorities, the Company may announce further updates on the EGM arrangement on the Company's website at www.tencent.com as and when appropriate.

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Note: In the event of any discrepancy between the English and Chinese versions of this circular, the English version shall prevail.

DEFINITION

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

Term	Definition
“2013 Share Award Scheme”	the share award scheme of the Company adopted on 13 November 2013
“2017 Share Option Scheme”	the share option scheme of the Company adopted on 17 May 2017
“2019 Share Award Scheme”	the share award scheme of the Company adopted on 25 November 2019
“2023 Share Award Scheme”	the share award scheme for the Eligible Persons proposed to be conditionally adopted at the EGM, a summary of the principal terms of which is set out in Appendix II to this circular
“2023 Share Option Scheme”	the share option scheme for the Eligible Persons proposed to be conditionally adopted at the EGM, a summary of the principal terms of which is set out in Appendix I to this circular
“2023 Share Schemes”	collectively, the 2023 Share Award Scheme and the 2023 Share Option Scheme
“Adoption Date”	the date on which the 2023 Share Schemes are adopted by ordinary resolutions to be passed by the Shareholders at the EGM
“Articles of Association”	the third amended and restated articles of association of the Company adopted by special resolution passed on 18 May 2022
“Associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors, such committee or sub-committee or person(s) delegated with the power and authority by the board of Directors to administer the 2023 Share Schemes
“Company”	Tencent Holdings Limited, a limited liability company organised and existing under the laws of the Cayman Islands and whose Shares are listed on the Stock Exchange
“Current Share Award Schemes”	the 2013 Share Award Scheme and the 2019 Share Award Scheme
“Current Share Schemes”	collectively, the 2017 Share Option Scheme and the Current Share Award Schemes

DEFINITION

“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held at Grand Ballroom, Grand Hyatt Hong Kong, 1 Harbour Road, Hong Kong immediately after the annual general meeting of the Company to be held at 3:00 p.m. on Wednesday, 17 May 2023 or any adjournment thereof
“Eligible Person(s)”	(i) any Employee Participant; (ii) any director or employee of a Related Entity; and (iii) any Service Provider
“Employee Participant(s)”	any director (including executive, non-executive and independent non-executive director) or employee of any member of the Group (including persons who are granted options or awards under the 2023 Share Schemes as an inducement to enter into employment contracts with these companies)
“Grantee(s)”	any Eligible Person who accepts an Offer in accordance with the terms of the 2023 Share Option Scheme, or (where the context so permits) a person entitled, in accordance with the laws of succession applicable, to exercise any option in consequence of the death of the original Grantee
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	21 April 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Offer”	the offer of the grant of a Share Option pursuant to the 2023 Share Option Scheme
“Offer Date”	the date on which an Offer is made to an Eligible Person which date must be a business day
“Outstanding Share Awards”	the outstanding unvested share awards granted under the Current Share Award Schemes
“Outstanding Share Options”	the outstanding share options granted under the 2017 Share Option Scheme

DEFINITION

“Related Entity”	a holding company (as defined in the Listing Rules), a fellow subsidiary (“subsidiary” as defined in the Listing Rules) or an associated company of the Company
“Related Entity Participant(s)”	any Eligible Person who is a director or an employee of a Related Entity
“Remuneration Committee”	the remuneration committee of the Company
“Scheme Mandate Limit”	collectively, the Scheme Mandate Limit (New Shares Share Award), the Scheme Mandate Limit (Share Award) and the Scheme Mandate Limit (Share Option)
“Scheme Mandate Limit (New Shares Share Award)”	has the meaning ascribed to in the paragraph headed “The 2023 Share Schemes - Scheme Mandate Limit and Service Provider Sub-limit” in the Letter from the Board of this circular
“Scheme Mandate Limit (Share Award)”	has the meaning ascribed to in the paragraph headed “The 2023 Share Schemes - Scheme Mandate Limit and Service Provider Sub-limit” in the Letter from the Board of this circular
“Scheme Mandate Limit (Share Option)”	has the meaning ascribed to in the paragraph headed “The 2023 Share Schemes - Scheme Mandate Limit and Service Provider Sub-limit” in the Letter from the Board of this circular
“Selected Participant(s)”	any Eligible Person(s) selected by the Board in accordance with the terms of the 2023 Share Schemes
“Service Provider(s)”	any person who, or entity which, provides services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group or which will contribute significantly to the growth of the Group’s financial or business performance, including independent contractors, consultants, agents, advisers and suppliers engaged to provide services in relation to research and development, engineering or technical contribution, the design or development or distribution of products / services provided by the Group, product commercialisation, marketing, innovation upgrading, strategic / commercial planning on corporate image and investor relations in investment environment of the Group, as determined by the Board in its sole and absolute discretion, provided that any (i) placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions; and (ii) professional service providers such as auditors or valuers who provide assurance or are required to perform their services with impartiality and objectivity should not be Service Providers

DEFINITION

“Service Provider Sub-limit”	collectively, the Service Provider Sub-limit (New Shares Share Award) and the Service Provider Sub-limit (Share Option)
“Service Provider Sub-limit (New Shares Share Award)”	has the meaning ascribed to in the paragraph headed “The 2023 Share Schemes - Scheme Mandate Limit and Service Provider Sub-limit” in the Letter from the Board of this circular
“Service Provider Sub-limit (Share Option)”	has the meaning ascribed to in the paragraph headed “The 2023 Share Schemes - Scheme Mandate Limit and Service Provider Sub-limit” in the Letter from the Board of this circular
“SFO”	the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Share Award(s)” or “Award(s)”	an award of Shares pursuant to the 2023 Share Award Scheme
“Share Option(s)” or “Option(s)”	a right to subscribe for Shares pursuant to the 2023 Share Option Scheme
“Share(s)”	the ordinary share(s) with par value of HK\$0.00002 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transfer of Share Awards”	has the meaning ascribed to in the paragraph headed “The 2023 Share Schemes - Transfer of Share Awards and Termination of the Current Share Award Schemes” in the Letter from the Board of this circular
“Transfer of Share Options”	has the meaning ascribed to in the paragraph headed “The 2023 Share Schemes - Transfer of Share Options under the 2017 Share Option Scheme and Termination of the 2017 Share Option Scheme” in the Letter from the Board of this circular
“%”	per cent

Tencent 腾讯
TENCENT HOLDINGS LIMITED
騰訊控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 700)

Executive Directors:

Mr Ma Huateng (*Chairman*)
Mr Lau Chi Ping Martin

Non-Executive Directors:

Mr Jacobus Petrus (Koos) Bekker
Mr Charles St Leger Searle

Independent Non-Executive Directors:

Mr Li Dong Sheng
Mr Ian Charles Stone
Mr Yang Siu Shun
Professor Ke Yang
Professor Zhang Xiulan

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Hong Kong

24 April 2023

To the Shareholders

Dear Sir or Madam

PROPOSED ADOPTION OF THE 2023 SHARE OPTION SCHEME
PROPOSED ADOPTION OF THE 2023 SHARE AWARD SCHEME
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

The purpose of this circular is to provide you with information and to seek your approval, inter alia, on (i) the proposed adoption of the 2023 Share Option Scheme; and (ii) the proposed adoption of the 2023 Share Award Scheme. A notice of the EGM containing the resolutions to be proposed at the EGM is set out in this circular.

LETTER FROM THE BOARD

1. PROPOSED ADOPTION OF THE 2023 SHARE SCHEMES

The Current Share Schemes

The 2017 Share Option Scheme was adopted by the Company on 17 May 2017 and is valid for a period of 10 years commencing from the date of adoption, subject to early termination.

The 2013 Share Award Scheme and the 2019 Share Award Scheme were adopted by the Company on 13 November 2013 and 25 November 2019 respectively, both of which are valid for a period of 15 years commencing from the date of adoption, subject to early termination. The Current Share Award Schemes are funded by both existing Shares and new Shares.

Save for the Current Share Schemes, the Company had no other subsisting share schemes which have not been expired as at the Latest Practicable Date.

The amendments of Chapter 17 of the Listing Rules have taken effect from 1 January 2023. In this connection, the Company proposes to terminate the Current Share Schemes and adopt the 2023 Share Schemes. The provisions of the 2023 Share Schemes will comply with the requirements of amended Chapter 17 of the Listing Rules which has taken effect from 1 January 2023.

The 2023 Share Schemes

Reasons for the adoption of the 2023 Share Schemes

The Board proposes the adoption of the 2023 Share Schemes, which will be valid for a period of 10 years from the Adoption Date. The purposes of the 2023 Share Schemes are to:

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

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

LETTER FROM THE BOARD

Scope of Eligible Persons

The Eligible Persons of the 2023 Share Schemes comprise: (i) any Employee Participant; (ii) any director or employee of a Related Entity; and (iii) any Service Provider.

In determining the basis of eligibility of each Eligible Person, the Board will take into consideration matters including but without limitation the present and future contribution of the relevant Eligible Person, the performance of the relevant Eligible Person as well as the Group's overall business objectives and future development plan.

In respect of the eligibility of the Employee Participants, the Board will consider, amongst others, (i) the individual performance; (ii) time commitment, responsibilities or employment conditions according to the prevailing market practice and industry standard; and (iii) the length of engagement with the Group.

In the case of Service Providers, such category of participants include independent contractors, consultants, agents, advisers and suppliers, who work for the Group where the continuity and frequency of their services are akin to those of employees in providing advisory services, consultancy services, and/or other professional services to the Group on areas relating to, or ancillary to, the Group's principal businesses and promotion of the Company's culture or on areas that are desirable and necessary from a commercial perspective and help maintain or enhance the competitiveness of the Group. In respect of the eligibility of Service Providers, the Board will, on a case by case basis, take into account the following factors, including but not limited to (i) the individual performance of relevant Service Providers; (ii) the length of business relationship with the Group; (iii) the materiality and nature of the business relationship with the Group (such as whether they relate to the core business of the Group and whether such business dealings could be readily replaced by third parties); (iv) the background, reputation and track record of the relevant Service Providers; (v) the scale of business dealings with the Group, in particular, whether such Service Providers could bring positive impacts to the Group's business with regard to factors such as the actual or expected increase in the Group's revenue or profits or reduction in costs which is or may be attributable to the Service Providers; and (vi) the Group's future business plans in relation to further collaboration with such Service Providers and the long-term support that the Group may receive accordingly.

In assessing the eligibility of Related Entity Participants, the Board will consider, among others, their participation and contribution to the development of the Group and/or the extent of benefits and synergies brought to the Group.

Considering that the Service Providers and Related Entity Participants have contributed to the long-term growth of the Group's businesses, the Board is of the view that it would be in the Company's interest to also have the flexibility to grant Share Options and/or Share Awards to the Related Entity Participants and Service Providers in recognition of their contribution to the Group. The Directors (including the independent non-executive Directors) also consider that it is beneficial to include the Related Entity Participants and Service Providers since a sustainable and stable relationship with them is essential to the business development of the Group, and that the grant of Share Options and/or Share Awards to these non-Employee Participants will align their interests with the Group's, incentivising them to provide better services to the Group and/or contribute to the success of the Group in the long run.

LETTER FROM THE BOARD

The 2023 Share Schemes — Scheme Mandate Limit and Service Provider Sub-limit

The total number of Shares which may be issued in respect of all options to be granted under the 2023 Share Option Scheme shall be no more than 3% of the total number of Shares in issue as at the Adoption Date (the “**Scheme Mandate Limit (Share Option)**”), among which the total number of Shares which may be issued in respect of all options to be granted to Service Providers under the 2023 Share Option Scheme shall be no more than 0.01% of the total number of Shares in issue as at the Adoption Date (the “**Service Provider Sub-limit (Share Option)**”).

The total number of Shares which may be awarded under the 2023 Share Award Scheme shall be no more than 4.5% of the total number of Shares in issue as at the Adoption Date (the “**Scheme Mandate Limit (Share Award)**”), among which the total number of new Shares which may be issued in respect of all awards to be granted under the 2023 Share Award Scheme shall be no more than 3.5% of the total number of Shares in issue as at the Adoption Date (the “**Scheme Mandate Limit (New Shares Share Award)**”). Among the Scheme Mandate Limit (New Shares Share Award), the total number of new Shares which may be issued in respect of all awards to be granted to Service Providers under the 2023 Share Award Scheme shall be no more than 0.01% of the total number of Shares in issue as at the Adoption Date (the “**Service Provider Sub-limit (New Shares Share Award)**”).

As at the Latest Practicable Date, there were 9,570,509,275 Shares in issue. Assuming that no further Shares will be allotted, issued, repurchased or cancelled prior to the EGM and after the resolutions regarding the proposed adoption of the 2023 Share Schemes are passed at the EGM, the respective Scheme Mandate Limit and the Service Provider Sub-limit will be as follows:

	Number of Shares
<i>2023 Share Option Scheme:</i>	
Scheme Mandate Limit (Share Option)	287,115,278
- Service Provider Sub-limit (Share Option)	957,050
<i>2023 Share Award Scheme:</i>	
Scheme Mandate Limit (Share Award)	430,672,917
- Scheme Mandate Limit (New Shares Share Award)	334,967,824
- Service Provider Sub-limit (New Shares Share Award)	957,050

The basis for determining the Service Provider Sub-limit includes (i) the potential dilution effect arising from the grants to the Service Providers; (ii) the importance of striking a balance between achieving the purpose of the 2023 Share Schemes and protecting the Shareholders from the dilution effect from granting a substantial amount of Share Options and Share Awards to the Service Providers; (iii) the extent of use of Service Providers’ services in the Group’s businesses, the current payment and/or settlement arrangement with the Service Providers; and (iv) the expected contribution to the development and growth of the Group attributable to the Service Providers. Given the above, the Board considers that a Service Provider Sub-limit representing an aggregate of 0.02% of the total number of Shares in issue as at the Adoption Date will not lead to an excessive dilution of shareholding of the existing Shareholders.

LETTER FROM THE BOARD

Considering that there are no other share schemes over new Shares other than the 2023 Share Schemes after the termination of the Current Share Schemes, the Group's hiring practice and organisational structures and that the Service Providers have contributed to the long-term growth of the Group's businesses, the Board is of the view that the Service Provider Sub-limit is appropriate and reasonable given the nature of the Group's business needs, and such limit provides the Group with flexibility to provide equity incentives (instead of expending cash resources in the form of monetary consideration) to reward and collaborate with persons who are not employees or officers of the Group, but who may have exceptional expertise in their field or who may be able to provide valuable expertise and services to the Group, which is in line with the purpose of the 2023 Share Schemes.

Vesting Period

To ensure the practicability in fully attaining the purpose of the 2023 Share Schemes, the Board and the Remuneration Committee are of the view that (i) there are certain instances where a strict twelve (12)-month vesting requirement would not work or would not be fair to the holders of the Share Options and Share Awards, which are set out in the paragraph headed "8. VESTING SCHEDULE" in the Appendix I and in the paragraph headed "9. VESTING SCHEDULE" in the Appendix II to this circular; (ii) there is a need for the Company to retain flexibility in certain cases to provide a competitive remuneration package to attract and retain individuals to provide services to the Group, to provide for succession planning and the effective transition of employee responsibilities and to reward exceptional performers with accelerated vesting or in exceptional circumstances where justified; and (iii) the Company should be allowed discretions to formulate its own talent recruitment and retention strategies in response to changing market conditions and industry competition, and thus should have flexibility to impose vesting conditions such as performance-based vesting conditions instead of time-based vesting criteria depending on individual circumstances.

Hence, the Board and the Remuneration Committee are of the view that the shorter vesting period prescribed in the paragraph headed "8. VESTING SCHEDULE" in the Appendix I and in the paragraph headed "9. VESTING SCHEDULE" in the Appendix II to this circular is in line with the market practice and is appropriate and aligns with the purpose of the 2023 Share Schemes.

Basis of determining the exercise price of Share Options

Grantees to whom Share Options shall be granted, are entitled to subscribe for the number of Shares at the exercise price as determined on the Offer Date. The basis for determining the exercise price is also specified in the rules of the 2023 Share Option Scheme and is summarised under paragraph headed "4. PRICE OF SHARES" in the Appendix I to this circular.

No purchase price is to be paid by the Eligible Person upon vesting of the Share Awards under the 2023 Share Award Scheme.

LETTER FROM THE BOARD

Performance targets and clawback mechanism

Vesting of Share Options and Share Awards will be subject to performance targets, if any, to be satisfied by the Eligible Persons as determined by the Board or the Remuneration Committee from time to time. The performance targets may comprise a mixture of attaining satisfactory key performance indicators components (such as the business performance and financial performance of the Group or departmental and individual performance based on the annual performance assessment results) which may vary among the Eligible Persons. For the avoidance of doubt, the performance targets are not applicable to independent non-executive Directors.

Upon the occurrence of certain events in relation to an Eligible Person, no further Share Options or Share Awards may be granted to such Eligible Person and the Share Options and Share Awards granted to such Eligible Person shall be clawed back and such Share Options and Share Awards shall lapse accordingly on the date as determined by the Board (if such Share Options and Share Awards are unvested). In addition, where a Share Option granted to an Eligible Person has been vested and already exercised, or where a Share Award granted to an Eligible Person has already been vested, at the time when the Eligible Person's Share Options or Share Awards are clawed back, the Eligible Person shall return, by the Board's determination at its sole and absolute discretion, either (i) the exact number of the relevant vested and clawed back underlying Shares in respect of such Share Options or Share Awards, or (ii) the monetary amount equivalent to the value of the relevant underlying Shares of the Share Options or Share Awards (I) on the grant date, (II) on the date of vesting of the relevant Share Options or Share Awards, or (III) on the date of such clawback.

For details of the clawback mechanism of the 2023 Share Schemes, please refer to the paragraph headed "10. CLAWBACK" in the Appendix I and the paragraph headed "11. CLAWBACK" in the Appendix II to this circular.

Voting rights of the trustee of the 2023 Share Award Scheme

A trustee will be appointed to administer the 2023 Share Award Scheme. The trustee holding unvested Shares of the 2023 Share Award Scheme, whether directly or indirectly, shall abstain from voting on matters 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.

Conditions precedent of the 2023 Share Schemes

The adoption of the 2023 Share Option Scheme is conditional upon:

- (i) the passing of Resolutions 1 to 3 as set out in the notice of the EGM in relation to the 2023 Share Option Scheme by the Shareholders at the EGM; and

LETTER FROM THE BOARD

- (ii) the Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in, any Share on the Stock Exchange which may be issued in respect of all Share Options to be granted in accordance with the terms and conditions of the 2023 Share Option Scheme.

The adoption of the 2023 Share Award Scheme is conditional upon:

- (i) the passing of Resolutions 4 to 7 as set out in the notice of the EGM in relation to the 2023 Share Award Scheme by the Shareholders at the EGM; and
- (ii) the Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in, any Share on the Stock Exchange which may be issued in respect of all Share Awards to be granted in accordance with the terms and conditions of the 2023 Share Award Scheme.

The 2023 Share Schemes — Transfer of Share Options under the 2017 Share Option Scheme and Termination of the 2017 Share Option Scheme

As at the Latest Practicable Date, the Company had a total of 92,855,270 Outstanding Share Options (including both vested and unvested) (representing approximately 0.97% of the issued Shares as at the Latest Practicable Date).

For the purpose of streamlining and centralising the management of the share option schemes of the Company, the Company considers that the 2023 Share Option Scheme should be adopted in replacement of the 2017 Share Option Scheme.

Conditional upon the adoption of the 2023 Share Option Scheme, the 2017 Share Option Scheme will be terminated, upon which the 2023 Share Option Scheme will become the only effective share option scheme of the Company. In order to effect the termination of the 2017 Share Option Scheme in its entirety, the Outstanding Share Options will be transferred to the 2023 Share Option Scheme, with the terms and conditions of such share options remaining unchanged such that the rights of the grantees would not be affected (the “**Transfer of Share Options**”). The termination of the 2017 Share Option Scheme will take effect upon the procedures for the aforesaid transfers having been duly completed.

LETTER FROM THE BOARD

Given that (i) the Outstanding Share Options were historical grants made by the Company; and (ii) the terms and conditions of the Outstanding Share Options will remain unchanged after the Transfer of Share Options, the Outstanding Share Options will not be counted towards the Scheme Mandate Limit (Share Option). Such outstanding options will be satisfied by issuing new Shares pursuant to the scheme mandate limit of the 2017 Share Option Scheme (which will survive after the termination of the 2017 Share Option Scheme but only in respect of the Outstanding Share Options). Since the Listing Committee of the Stock Exchange has already granted the listing of and permission to deal in the Shares which may fall to be issued pursuant to the exercise of any option granted under the 2017 Share Option Scheme, no separate application will be made to the Listing Committee of the Stock Exchange of the granting of the listing of, and permission to deal in, such Shares.

Details of the Outstanding Share Options as at the Latest Practicable Date are as follows:

Category	Year of Grant	Number of Outstanding Share Options as at the Latest Practicable Date (% of issued Shares as at the Latest Practicable Date)		Vesting Period
Directors	2018	3,215,800	0.0336%	The share options are vested in four tranches. The first tranche can be exercised after one year from the grant date, and the remaining tranches will become exercisable in each subsequent year.
	2019	3,506,580	0.0366%	
	2020	4,399,815	0.0460%	
	2021	843,658	0.0088%	
Employee Participants (Excluding Directors)	2017	3,437,798	0.0359%	The share options are vested in one to four tranches. The first tranche can be exercised after a specified period ranging from one month to five years from the grant date, and the remaining tranches will become exercisable in each subsequent year.
	2018	21,939,492	0.2292%	
	2019	21,734,807	0.2271%	
	2020	4,528,982	0.0473%	
	2021	12,898,348	0.1348%	
	2022	12,690,065	0.1326%	
	2023	3,659,925	0.0382%	
Service Providers	None of the grantees of the Outstanding Share Options is a Service Provider			
Related Entity Participants	None of the grantees of the Outstanding Share Options is a Related Entity Participant			
Total		92,855,270	0.97%	

LETTER FROM THE BOARD

The 2023 Share Schemes — Transfer of Share Awards and Termination of the Current Share Award Schemes

As at the Latest Practicable Date, the Company had a total of 21,765,535 and 101,196,500 outstanding unvested share awards granted under the 2013 Share Award Scheme and the 2019 Share Award Scheme respectively, all of which could be satisfied by either existing Shares or new Shares issued by the Company (by way of general mandate). The Company had no intention of granting any further share awards under the Current Share Award Schemes from the Latest Practicable Date.

For the purpose of streamlining and centralising the management of the share award schemes of the Company, the Company considers that the 2023 Share Award Scheme should be adopted in replacement of the Current Share Award Schemes.

Conditional upon the adoption of the 2023 Share Award Scheme and the completion of the Transfer of Share Awards (as defined below), the Current Share Award Schemes will be terminated, upon which the 2023 Share Award Scheme will become the only effective share award scheme of the Company. In order to effect the termination of the Current Share Award Schemes: (i) new Shares will be issued to the respective trustees administering the Current Share Award Schemes (“**Trustees**”) for the purpose of satisfying the Outstanding Share Awards pursuant to the general mandate to be granted by the Shareholders at the annual general meeting of the Company to be held on 17 May 2023, and such Shares together with the Shares currently held by the Trustees will be transferred to the trustee administering the 2023 Share Award Scheme; and (ii) the Outstanding Share Awards will be transferred to the 2023 Share Award Scheme, with the terms and conditions as well as beneficiaries of such share awards remaining unchanged such that the rights of the grantees would not be affected (collectively, the “**Transfer of Share Awards**”). The termination of the Current Share Award Schemes will take effect upon the procedures for the aforesaid transfers having been duly completed.

Given that (i) the Outstanding Share Awards were historical grants made by the Company; and (ii) the terms and conditions (as well as beneficiaries) of the Outstanding Share Awards will remain unchanged after the Transfer of Share Awards, the Outstanding Share Awards will not be counted towards the Scheme Mandate Limit (Share Award) and the Scheme Mandate Limit (New Shares Share Award). In the event that the Company decides to issue new Shares to satisfy such Outstanding Share Awards, such Shares will be issued pursuant to the general mandate granted by the Shareholders from time to time, and the Company will separately apply to the Listing Committee of the Stock Exchange of the granting of the listing of, and permission to deal in, such Shares.

LETTER FROM THE BOARD

Details of the Outstanding Share Awards as at the Latest Practicable Date are as follows:

Category	Year of Grant	Number of Outstanding Share Awards as at the Latest Practicable Date (% of issued Shares as at the Latest Practicable Date)	Vesting Period
Directors	2019	1,619	0.0000%
	2020	12,579	0.0001%
	2021	21,905	0.0002%
	2022	47,669	0.0005%
	2023	74,542	0.0008%
The awarded shares are vested in four tranches. The first tranche can be exercised after one year from the grant date, and the remaining tranches will become exercisable in each subsequent year.			
Employee Participants (Excluding Directors)	2016	7,099	0.0001%
	2017	0	0%
	2018	23,055	0.0002%
	2019	20,768,226	0.2170%
	2020	8,876,633	0.0927%
	2021	38,336,584	0.4006%
	2022	44,308,131	0.4630%
2023	9,802,135	0.1024%	
The awarded shares are vested in one to seven tranches. The first tranche can be exercised immediately or after a specified period ranging from one month to seven years from the grant date, and the remaining tranches will become exercisable in each subsequent year.			
Service Providers	2019	264	0.0000%
	2020	7,741	0.0001%
	2021	87,107	0.0009%
	2022	399,812	0.0042%
	2023	186,934	0.0020%
The awarded shares are vested in one to four tranches. The first tranche can be exercised immediately or after a specified period ranging from one month to four years from the grant date, and the remaining tranches will become exercisable in each subsequent year.			
Related Entity Participants	None of the grantees of the Outstanding Share Awards is a Related Entity Participant		
Total		122,962,035	1.28%

LETTER FROM THE BOARD

The Outstanding Share Options and Outstanding Share Awards are compliant with the relevant terms of the 2023 Share Schemes and the relevant requirements under the amended Chapter 17 of the Listing Rules in that, among others, (i) all the grantees of the Outstanding Share Options and Outstanding Share Awards are Employee Participants and Eligible Persons, respectively; (ii) they are granted with a mixed vesting schedule with the last batch to vest no earlier than the expiry of 12 months after the grant date; and (iii) the grants to the grantees of the Outstanding Share Options and Outstanding Share Awards do not exceed individual limits which would require Shareholders' approval.

General

None of the Directors is a trustee of the 2023 Share Schemes nor has a direct or indirect interest in the trustees of the 2023 Share Schemes (if any).

As at the Latest Practicable Date, the Company had not granted any Share Options or Share Awards under the 2023 Share Schemes.

A summary of the principal rules of the 2023 Share Schemes is set out in Appendix I and Appendix II to this circular. A copy of each of the 2023 Share Schemes will be made available for inspection at the EGM and will be published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.tencent.com for not less than 14 days before the date of the EGM.

Application will be made to the Listing Committee of the Stock Exchange for the approval of the listing of, and permission to deal in, the Shares which may fall to be issued in respect of all Share Options and/or Share Awards to be granted under the 2023 Share Schemes.

As at the Latest Practicable Date, no Shareholder had a material interest in the adoption of the 2023 Share Schemes. As such, no Shareholder is required to abstain from voting on the resolution(s) in relation thereto.

2. EXTRAORDINARY GENERAL MEETING

A notice convening the EGM is set out on pages 38 to 42 of this circular.

The procedures for conducting a poll at the EGM are set out in section 3 below.

A form of proxy for use at the EGM is enclosed, a copy of which can also be obtained via the website of the Company at www.tencent.com or the website of HKEXnews at www.hkexnews.hk. Whether you are able to attend the EGM or not, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the completed form of proxy to the Company's branch share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible, and in any event so that it is received not less than 48 hours before the time appointed for holding of the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting should you so wish. **Subject to the applicable requirements and/or guidelines of the Hong Kong Government and/or regulatory authorities, the Company may announce further updates on the EGM arrangement on the Company's website at www.tencent.com as and when appropriate.**

LETTER FROM THE BOARD

3. PROCEDURES FOR POLL VOTING

Pursuant to Rule 13.39(4) of the Listing Rules, at any general meeting, a resolution put to the vote of Shareholders shall be taken by poll except where the chairman of the EGM, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands.

Detailed procedures for conducting a poll are set out below and will also be explained at the commencement of the EGM.

The chairman of the EGM will exercise his right under Article 66 of the Articles of Association to demand for poll voting on all the resolutions as set out in the notice of the EGM. For poll voting, every Shareholder present in person or by proxy or, in case of a corporate Shareholder, by its duly authorised representative shall have one vote for every fully paid Share in accordance with Article 66 of the Articles of Association.

Every Shareholder present in person or by proxy or, in case of a corporate Shareholder, by its duly authorised representative who is entitled to more than one vote need not use all his/her/its votes or cast all his/her/its votes in the same way. That means he/she/it can cast some of his/her/its votes in favour of the resolutions and some of his/her/its votes against the resolutions.

The branch share registrar of the Company will act as the scrutineer for the poll voting. The scrutineer will distribute a voting slip to every Shareholder in person or a proxy or duly authorised representative of a corporate Shareholder on registration of attendance at the EGM.

The chairman of the EGM will arrange for all the resolutions to be proposed and seconded first and then conduct the voting by poll on each of the resolutions thereafter.

After completion of the voting slips by the Shareholders, the scrutineer will collect the completed voting slips and then count the votes.

The results of the poll on all the resolutions as set out in the notice of the EGM in both English and Chinese will be published on the website of the Company at www.tencent.com and the website of HKEXnews at www.hkexnews.hk later on the date of the EGM.

4. DOCUMENTS ON DISPLAY

A copy of each of the 2023 Share Schemes will be published on the websites of the Stock Exchange and the Company for display for a period of not less than 14 days before the date of the EGM. In addition, such copies of the 2023 Share Schemes will be made available for inspection at the EGM.

5. RECOMMENDATION

The Directors (including independent non-executive Directors) are of the opinion that the proposed adoption of the 2023 Share Schemes is in the interests of the Company and the Shareholders as a whole and so recommend you to vote in favour of all the resolutions to be proposed at the EGM.

LETTER FROM THE BOARD

6. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

Yours faithfully
Ma Huateng
Chairman

APPENDIX I SUMMARY OF THE PRINCIPAL TERMS OF THE 2023 SHARE OPTION SCHEME

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

1. PURPOSES OF THE SCHEME

The objectives of the 2023 Share Option Scheme are to:

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

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

2. WHO MAY JOIN

The Board may, in its absolute discretion, grant options to any Eligible Person.

3. ADMINISTRATION

Subject to the Listing Rules, the 2023 Share Option Scheme shall be subject to the administration of the Board or a committee of the Board including the independent non-executive Directors and the decision of the Board or such committee shall be final and binding on all parties. Notwithstanding the foregoing, to the extent permitted under the Listing Rules, the Board and such committee may delegate the authority to administer the 2023 Share Option Scheme to a member of such committee or other person(s) as deemed appropriate at the sole discretion of the Board and/or such committee.

4. PRICE OF SHARES

The subscription price for Shares under the 2023 Share Option Scheme will be a price determined by the Board and notified to an Eligible Person. The subscription price will be the highest of: (i) the nominal value of a Share; (ii) the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the Grant Date, which must be a business day; and (iii) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the Grant Date.

5. MAXIMUM NUMBER OF SHARES

- (i) The maximum number of Shares in respect of which Options may be granted under the 2023 Share Option Scheme is specified in the paragraph headed “The 2023 Share Schemes - Scheme Mandate Limit and Service Provider Sub-limit” in the Letter from the Board of this circular. Options lapsed in accordance with the terms of the 2023 Share Option Scheme shall not be counted for the purpose of calculating the Scheme Mandate Limit (Share Option). The Company may refresh the Scheme Mandate Limit (Share Option) by ordinary resolution of the Shareholders in a general meeting, provided that the Scheme Mandate Limit (Share Option) so refreshed shall not exceed 3% of the Shares in issue as at the date of Shareholders’ approval of the refreshing of the Scheme Mandate Limit (Share Option). Options previously granted under any existing schemes (including options outstanding, cancelled, or lapsed in accordance with the relevant scheme rules or exercised options) shall not be counted for the purpose of calculating the Scheme Mandate Limit (Share Option) (and the Service Provider Sub-limit (Share Option) thereunder) as refreshed.
- (ii) The total number of new Shares which may be issued in respect of all options and awards to be granted under all of the share schemes of the Company which are funded by issue of new Shares of the Company (including the 2023 Share Schemes) must not exceed 10% of the relevant class of Shares in issue as at the date of approval by the Shareholders of a share scheme or a refreshment of scheme mandate under a share scheme, whichever is the latest.
- (iii) For any 12-month period up to and including the date of grant of Options, the aggregate number of Shares issued and to be issued in respect of all Options granted to any Eligible Person (excluding any options or awards lapsed in accordance with the 2023 Share Schemes as applicable) under the 2023 Share Option Scheme and any grants of options or awards made under any other share scheme(s) of the Company shall not exceed 1% of the issued Shares from time to time, unless such grant is separately approved by the Shareholders in general meeting at which the relevant Eligible Person and his/her close associates (with the meaning ascribed thereto under the Listing Rules) (or his/her Associates if the Eligible Person is a connected person) shall abstain from voting. The Company shall send a circular to the Shareholders and the circular must disclose the identity of the Eligible Person, the number and terms of the Options to be granted to such Eligible Person and other information required under the Listing Rules. The number and terms of the Options to be granted to such Eligible Person must be fixed before Shareholders’ approval.

- (iv) The maximum number of Shares in respect of which Options may be granted to all of the Grantees who are Service Providers (including, where the Service Provider is an entity, its employees, directors, consultants, advisers or agents who provide service to the Group) in aggregate under the 2023 Share Option Scheme shall not exceed 0.01% of the Shares in issue as at the Adoption Date.

6. GRANT OF OPTIONS TO CONNECTED PERSONS

Any grant of Options to a Director, chief executive or substantial shareholder of the Company or any of their respective Associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is a prospective Grantee).

Where Options are proposed to be granted to a substantial Shareholder or an independent non-executive Director or any of their respective Associates, and the proposed grant of Options would result in the Shares issued and to be issued in respect of all (i) options (regardless whether such options are granted under the 2023 Share Option Scheme or any other share option scheme(s) of the Company); and (ii) awards involving issue of new Shares already granted to such person in the 12-month period up to and including the date of the grant of such Options to represent in aggregate over 0.1% of the total number of Shares in issue, the proposed grant of Options must be approved by Shareholders in general meeting. In such a case, the Company shall send a circular to the Shareholders containing all those terms as required under the Listing Rules. The Grantee, his/her Associates and all core connected persons (with the meaning ascribed thereto under the Listing Rules) of the Company must abstain from voting at such general meeting. In calculating the aforesaid limit of 0.1%, any options and awards lapsed in accordance with the terms of the corresponding scheme shall not be counted.

7. TIME FOR ACCEPTANCE OF OFFER AND EXERCISE OF OPTIONS

An Offer shall be made to an Eligible Person by letter requiring the Eligible Person to undertake to hold the Option on the terms on which it is to be granted and to be bound by the provisions of the 2023 Share Option Scheme and shall remain open for acceptance by the Eligible Person for a period of 28 days from the Offer Date (the “**Offer Period**”). Any Offer may be accepted in respect of less than the number of Shares to which the offered Option relates. To the extent that the Offer is not accepted within 28 days in accordance with the terms of the 2023 Share Option Scheme and the offer letter, it will be deemed not to have taken effect and will automatically lapse forthwith on the day following the last day of the Offer Period.

The Grantee may subscribe for Shares during such period as may be determined by the Board (the period shall commence on the date on which the offer relating to such option is duly approved by the Board in accordance with the 2023 Share Option Scheme and expire in any event not later than the last day of the 10-year period after the date of grant of option (subject to early termination as set out in the 2023 Share Option Scheme)) (the “**Option Period**”). Subject to the limitation in relation to the vesting period as set out in paragraph 8 below, the 2023 Share Option Scheme does not provide for any minimum period for which an Option must be held before it can be exercised.

8. VESTING SCHEDULE

- (i) Save for the circumstances prescribed in paragraph 8(ii), an Option must be held by the Grantee for at least 12 months from the date of grant before the Option can be exercised.
- (ii) A shorter vesting period may be granted to an Employee Participant at the Board's sole and absolute discretion in the following circumstances:
 - (a) grants of "make-whole" share options to new joiners to replace the share awards or share options they forfeited when leaving their previous employers;
 - (b) grants with performance-based vesting conditions provided in the 2023 Share Option Scheme or as specified in the offer letter in lieu of time-based vesting criteria;
 - (c) grants that are made in batches during a year for administrative or compliance requirements, for example, Options that should have been granted earlier but had to wait for a subsequent batch and the vesting period may be shortened to reflect the time from which the Options would have been granted;
 - (d) grants with a mixed or accelerated vesting schedule such as where the Options may vest evenly over a period of 12 months, or where the Options may vest by several batches with the first batch to vest within 12 months of the grant date and the last batch to vest 12 months after the grant date;
 - (e) grants with a total vesting and holding period of more than 12 months;
 - (f) any form of grants (including re-grants and replacement grants) to Employee Participants and any form of transfer of outstanding equity incentive awards from other equity incentive schemes of the Company, to replace their equity incentive awards granted by the Company (the "**Existing Awards**"), following which the Existing Awards will be lapsed and/or transferred to the 2023 Share Option Scheme (as the case may be). Following the issuance of replacement grants, the vesting of the replacement grants will generally follow the original vesting schedule, and there is a possibility that the time gap between the date of issuance of replacement grants and the first vesting date of the replacement grants will be less than 12 months. In any event, the original share options would be granted with a mixed vesting schedule, where the options would vest by several batches. While the first batch may vest within 12 months of the grant date or after the expiry of 12 months after the grant date, the last batch shall vest no earlier than the expiry of 12 months after the grant date; or
 - (g) grants to Employee Participants of a similar value to replace their equity incentive awards granted by any subsidiary of the Company (the "**Subsidiary Awards**") following the completion of the mergers and acquisitions carried out by the Company from time to time, following which the Subsidiary Awards will be lapsed. Upon the grant of replacement share incentives by the Company to replace the Subsidiary Awards, the vesting of the

replacement grants will generally follow the original vesting schedule of the Subsidiary Awards, and there is a possibility that the time gap between the date of issuance of replacement grants and the first vesting date of the replacement grants will be less than 12 months.

9. PERFORMANCE TARGETS

The 2023 Share Option Scheme provides that vesting of Options shall be subject to performance targets, if any, to be satisfied by the Grantees as determined by the Board or the Remuneration Committee from time to time. The performance targets may comprise a mixture of attaining satisfactory key performance indicators components (such as the business performance and financial performance of the Group or departmental and individual performance based on the annual performance assessment results) which may vary among the Grantees. For the avoidance of doubt, the performance targets are not applicable to independent non-executive Directors.

10. CLAWBACK

- (i) Upon the occurrence of any of the following events in relation to a Grantee, no further Options shall be granted to such Grantee and the Options granted to such Grantee shall be clawed back and shall lapse accordingly on the date as determined by the Board (if such Options are unvested):
 - (a) the Grantee has failed to perform duties effectively or is involved in serious misconduct or malfeasance;
 - (b) the Grantee has contravened the relevant laws and regulations of any applicable jurisdiction or the provisions of the articles of association of any member of the Group, any Related Entity or any Service Provider;
 - (c) the Grantee has, during his/her tenure of office, been involved in acceptance or solicitation of bribery, corruption, theft, leakage of trade and technical secrets, conducted other unlawful acts and misconducts, which prejudiced the interest and reputation of and caused significant negative impact to the image of any member of the Group, any Related Entity or any Service Provider;
 - (d) the Grantee has failed to discharge, or failed to discharge properly, his/her duties and thereby resulting in serious loss in assets to any member of the Group, any Related Entity or any Service Provider and other serious and adverse consequences;
 - (e) the Grantee has violated the Company's high voltage lines (or similar standards); or
 - (f) the Grantee has failed to comply with any non-compete covenants or restrictive covenants or any terms and conditions of a similar effect.
- (ii) Where an Option granted to any Grantee has been vested but not yet exercised at the time when such Option is clawed back, the relevant Option shall automatically lapse forthwith and shall no longer be exercisable.

- (iii) Where an Option granted to any Grantee has been vested and already exercised at the time when such Option is clawed back, the Grantee shall return to the Company, as determined by the Board at its sole and absolute discretion, either (1) the exact number of the relevant underlying Shares in respect of such Option, or (2) the monetary amount equivalent to the value of the relevant underlying Shares of the Option.

11. RESTRICTIONS AND LIMITATIONS

- (i) An Option shall be personal to the Grantee and shall neither be assignable nor transferable, unless a waiver by the Stock Exchange has been granted and Board approval has been obtained.
- (ii) No offer may be made to any Eligible Person:
- (a) where the Company has information that must be disclosed under Rule 13.09 of the Listing Rules or where the Company reasonably believes there is inside information which must be disclosed under part XIVA of the SFO, until (and including) the trading date after such inside information has been published on the websites of the Stock Exchange and the Company;
 - (b) after any inside information in relation to the securities of the Company has occurred or has become the subject of a decision, until such inside information has been published;
 - (c) within the period commencing 60 days (in the case of yearly results), or 30 days (in the case of results for half-year, quarterly or other interim period) immediately preceding the earlier of (1) the date of a meeting of the Board (as such date is first notified to the Stock Exchange) for the approval of the Company's results for any year, half-year, quarterly or other interim period (whether or not required under the Listing Rules); and (2) the deadline for the Company to publish its quarterly, interim or annual results announcement for any such period, and ending on the date of such announcement; or
 - (d) in any other circumstances where dealings by Selected Participant (including Directors) are prohibited under the Listing Rules, the SFO or any other applicable laws or regulations or where the requisite approval from any applicable regulatory authorities has not been granted.
- (iii) No Offer may be made or announced for a period of 30 days after any purchase by the Company of Shares, whether on the Stock Exchange or otherwise, unless with the prior approval of the Stock Exchange.

12. RIGHTS ON CEASING EMPLOYMENT

Subject to the provision in sub-paragraph (iv) under the paragraph below headed "21. LAPSE OF OPTION", if a Grantee ceases to be an Eligible Person for any reason other than on his or her death or the termination of his or her employment on one or more of the grounds specified in sub-paragraph (iv) under the paragraph below headed "21. LAPSE OF OPTION", the Grantee may only exercise the Option within a period of 3 months thereafter.

13. REORGANISATION OF CAPITAL STRUCTURE

In the event of (i) any alteration in the capital structure of the Company such as capitalisation of profits or reserves, rights issue, consolidation, sub-division or reduction of the share capital of the Company or otherwise howsoever in accordance with legal requirements and requirements of the Stock Exchange, or (ii) any distribution of the Company's capital assets to the Shareholders on a pro rata basis (whether in cash or in specie) other than dividends paid out of the net profits attributable to the Shareholders, such corresponding alterations (if any) shall be made to:-

- (i) the number or nominal amount of Shares subject to the Option so far as unexercised; or
- (ii) the subscription price,

or any combination thereof. Any such alterations shall be subject to a written confirmation from an independent financial adviser or the Company's auditors, to have given the Grantees the same proportion (or rights in respect of the same proportion) of the equity capital as that to which that person was previously entitled, provided that no such adjustments shall be made to the extent that a Share would be issued at less than its nominal value.

14. RIGHTS ON A GENERAL OFFER

If a general offer is made to all the Shareholders and such offer is declared unconditional before the expiry date of the Option, the Grantee may by notice in writing within 21 days after such offer becoming or being declared unconditional exercise any Option to its full extent, and to the extent that they have not been so exercised, the right to exercise the Option shall upon the expiry of such period terminate immediately.

15. RIGHTS ON A COMPROMISE OR ARRANGEMENT

If a compromise or arrangement between the Company and its members or creditors is proposed, the Company shall give notice to the Grantee on the same date as it dispatches the notice to each member or creditor of the Company summoning the meeting to consider such compromise or arrangement, and thereupon the Grantee (or his or her personal representative(s)) may until the expiry of the period commencing with such date and ending with the earlier of the date 2 months thereafter and the date on which such compromise or arrangement is sanctioned by the court, provided that the relevant Options are not subject to a term or condition precedent to them being exercisable which has not been fulfilled, exercise any of his or her Options whether in full or in part, but the exercise of an Option as aforesaid shall be conditional upon such compromise or arrangement being sanctioned by the court and becoming effective. Upon such compromise or arrangement becoming effective, all Options shall lapse except insofar as previously exercised under the 2023 Share Option Scheme. The Company may require the Grantee (or his or her personal representative(s)) to transfer or otherwise deal with the Shares issued as a result of the exercise of Options in these circumstances so as to place the Grantee in the same position as nearly as would have been the case had such Shares been subject to such compromise or arrangement.

16. RIGHTS ON WINDING UP

If a notice is given to a Grantee of a general meeting at which a resolution will be proposed for the voluntary winding-up of the Company, the Grantee shall be entitled to exercise all or any of his Options at any time not later than 2 business days prior to the proposed general meeting of the Company. The Company shall as soon as possible and, in any event no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot and issue the relevant Shares to the Grantee, credited as fully paid. The right to exercise the Options shall, to the extent that they have not been exercised, terminate immediately on the date of the commencement of the voluntary winding-up of the Company.

17. RIGHTS ON A SCHEME OF ARRANGEMENT

If a general offer by way of a scheme of arrangement is made to all the Shareholders and such scheme has been approved by the necessary number of Shareholders at the requisite meetings prior to the expiry date of the relevant Option, the Grantee may thereafter (up to the record date for determining entitlements under such scheme of arrangement) by notice in writing to the Company exercise the Option in full or in part. To the extent that the Option has not been so exercised, the right to exercise the Option shall terminate immediately on the record date for determining entitlements under such scheme of arrangement.

18. RANKING OF SHARES

Shares allotted and issued upon the exercise of an Option will rank *pari passu* with the other Shares in issue at the relevant date of exercise of the Options except in respect of any dividend or other distribution previously declared or recommended or resolved to be paid if the record date therefor is before the date of exercise of the Option.

19. PERIOD OF THE SCHEME

The 2023 Share Option Scheme shall be valid and effective for a period of 10 years commencing on the Adoption Date, unless terminated earlier as determined by the Board.

20. ALTERATION AND TERMINATION

Any alterations to the terms and conditions of the 2023 Share Option Scheme which are of a material nature or any alterations to the provisions relating to the matters contained in rule 17.03 of the Listing Rules to the advantage of Grantees or prospective Grantees must be approved by Shareholders in general meeting. No such alteration shall operate to affect adversely the terms of issue of any Options granted or agreed to be granted prior to such alteration, except with the consent or sanction of such majority of the Grantees as would be required of the Shareholders under the articles of association for the time being of the Company for a variation of the rights attached to the Shares.

Any change to the terms of Options granted to a Grantee must be approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders (as the case may be) if the initial grant of the Options was approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders (as the case may be). This requirement does not apply where the alterations take effect automatically under the existing terms of the 2023 Share Option Scheme.

The Board may at any time terminate the operation of the 2023 Share Option Scheme and in such event, unless the Board determines otherwise, no further Options will be granted but in all other respects the provisions of the 2023 Share Option Scheme shall remain in full force and effect. Options granted prior to such termination shall continue to be valid and exercisable in accordance with the 2023 Share Option Scheme.

21. LAPSE OF OPTION

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

- (i) the expiry of the Option Period;
- (ii) the expiry of any of the periods referred to in the paragraphs above headed “12. RIGHTS ON CEASING EMPLOYMENT”, “14. RIGHTS ON A GENERAL OFFER” and “16. RIGHTS ON WINDING UP”;
- (iii) subject to the compromise or arrangement (for the purpose of or in connection with reconstruction or amalgamation) becoming effective, the expiry of the period referred to in the paragraph above headed “15. RIGHTS ON A COMPROMISE OR ARRANGEMENT”;
- (iv) the date on which the Grantee ceases to be an Eligible Person due to the following reasons:
 - (a) the Grantee’s service or employment with the Group has been terminated by any member of the Group, any Related Entity or any Service Provider for cause, and “cause” means:
 - (1) dishonesty or serious misconduct, whether or not in connection with his/her employment; willful disobedience or non-compliance with the terms of his/her employment or service contract with any member of the Group, any Related Entity, any Service Provider or any lawful orders or instructions given by any member of the Group, any Related Entity or any Service Provider as the case may be;
 - (2) incompetence or negligence in the performance of his/her duties; or
 - (3) doing anything in the conclusive opinion of the Board adversely affects his/her ability to perform his/her duties properly or brings the Company or the Group, any Related Entity or any Service Provider into disrepute;
 - (b) the Grantee has been summarily dismissed by any member of the Group, any Related Entity or any Service Provider;
 - (c) the Grantee has been convicted for any criminal offence involving his/her integrity or honesty; or
 - (d) the Grantee has been charged, convicted or held liable for any offence under the relevant securities laws in Hong Kong or any other applicable laws or regulations in force from time to time;

APPENDIX I SUMMARY OF THE PRINCIPAL TERMS OF THE 2023 SHARE OPTION SCHEME

- (v) the Grantee having made any arrangement or composition with his or her creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty;
- (vi) the Grantee waiving his/her rights and entitlements to any part of the Option;
- (vii) the date of the commencement of the voluntary winding-up of the Company; or
- (viii) the date on which the Grantee commits a breach of the provision of the 2023 Share Option Scheme that an Option shall be personal to the Grantee and shall not be assignable and that no Grantee shall sell, transfer, charge, mortgage or encumber or create any interest in favour of a third party over or in relation to any Option.

If the Grantee's employment or service is terminated for any reason other than for the reasons provided for under paragraph 21(iv) above ("**Good Leaver**"), any Option unvested in respect of such Good Leaver will automatically lapse with effect from the date on which the Good Leaver's employment or service is terminated. The Board may, at its absolute discretion, decide that any portion of the unvested Options in respect of such Good Leaver shall continue to vest in accordance with the original vesting schedule of such unvested Options during the exercisable period as determined by the Board in its sole discretion.

22. CANCELLATION

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

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

1. PURPOSES OF THE SCHEME

The objectives of the 2023 Share Award Scheme are to:

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

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

2. WHO MAY JOIN AND CRITERIA FOR DETERMINING SELECTED PARTICIPANTS

Subject to the scheme rules of the 2023 Share Award Scheme, the Board may, in its absolute discretion, grant Awards to any Selected Participants and determine the number of Shares to be granted.

In determining the number of Shares to be granted, the Board may take into consideration matters including:

- (i) the present contribution and expected contribution of the relevant Selected Participants to the profits of the Group;
- (ii) the performance of the relevant Selected Participants ;
- (iii) the general financial condition of the Group;
- (iv) the Group's overall business objectives and future development plan; and
- (v) any other matter which the Board considers relevant.

3. ADMINISTRATION

The 2023 Share Award Scheme shall be subject to the administration of the Board and the trustee, and the decision of the Board and the trustee regarding the administration and operation of the 2023 Share Award Scheme shall be final and binding on all parties. Notwithstanding the foregoing, to the extent permitted under the Listing Rules, the Board may delegate the authority to administer the 2023 Share Award Scheme to the Remuneration Committee, a member of the Remuneration Committee or other person(s) as deemed appropriate at the sole discretion of the Board.

4. PURCHASE AND SUBSCRIPTION OF SHARES

The Board may, at its sole and absolute discretion, notify the trustee, from time to time, to purchase existing Shares and to hold the same for future Selected Participants (together with such existing Shares made available to the trust from time to time, the “**Trustee Shares**”). The Board may, at its discretion, cause to be paid the purchase amount into the trust bank account to enable the trustee to purchase Trustee Shares for the purpose of granting Awards under the 2023 Share Award Scheme (the “**Purchase Amount**”). The Purchase Amount is the sum of (X) the amount used to purchase the Trustee Shares on the Stock Exchange and (Y) the necessary and related purchase expenses.

The Board may at its discretion at any time after the date of grant, cause to be paid the reference amount for the purchase and/or subscription of the Shares granted in respect of the Awards (the “**Reference Amount**”). The Reference Amount is the sum of (X) (a) the closing price of the Shares as quoted on the Stock Exchange as at the date of grant (or any other date as may be determined by the Board) multiplied by the number of the Shares comprised in the Award or (b) the par value of one Share multiplied by the number of the Shares comprised in the relevant Award granted to such Selected Participant (as the case may be) and (Y) the necessary and related purchase or subscription expenses.

At any time after the date of grant or as instructed by the Company, the trustee will (i) apply the Reference Amount or the Purchase Amount towards the purchase of the Shares granted or Trustee Shares at the prevailing market price, and/or (ii) apply the Reference Amount towards the subscription of the Shares granted at par value of the Shares. The Shares so purchased and/or subscribed for will, subject to the vesting conditions being fulfilled, be transferred to the Selected Participant.

5. MAXIMUM NUMBER OF SHARES

- (i) The maximum number of Shares which may be awarded under the 2023 Share Award Scheme is specified in the paragraph headed “The 2023 Share Schemes - Scheme Mandate Limit and Service Provider Sub-limit” in the Letter from the Board of this circular. The Company may refresh the Scheme Mandate Limit (Share Award) by ordinary resolution of the Shareholders in a general meeting, provided that the Scheme Mandate Limit (Share Award) and the Scheme Mandate Limit (New Shares Share Award) so refreshed shall not exceed 4.5% and 3.5% respectively of the issued Shares as at the date of Shareholders’ approval of the refreshing the limit. Awards previously granted under any existing schemes (including awards outstanding, cancelled, or lapsed in accordance with the relevant scheme rules) shall not be counted for the purpose of calculating the Scheme Mandate Limit (Share Award) (and the Scheme Mandate Limit (New Shares Share Award) and the Service Provider Sub-limit (New Shares Share Award) thereunder) as refreshed.

- (ii) The total number of new Shares which may be issued in respect of all options and awards to be granted under all of the share schemes of the Company which are funded by issue of new Shares of the Company (including the 2023 Share Schemes) must not exceed 10% of the relevant class of Shares in issue as at the date of approval by the Shareholders of a share scheme or a refreshment of scheme mandate under a share scheme, whichever is the latest.
- (iii) No Award may be granted to any one Eligible Person such that the total number of Shares issued and to be issued in respect of all options and awards granted to such person (excluding any options and awards lapsed in accordance with the terms of the scheme) in any 12-month period up to the date of the latest grant exceeds 1% of the issued Shares from time to time, unless such grant is separately approved by the Shareholders in general meeting with such grantee and his/her close associates (with the meaning ascribed thereto under the Listing Rules) (or his/her Associates if the grantee is a connected person) abstaining from voting in accordance with Rule 17.03D(1) of the Listing Rules.
- (iv) The maximum number of new Shares which may be awarded to all of the Selected Participants who are Service Providers (including, where the Service Provider is an entity, its employees, directors, consultants, advisers or agents who provide service to the Group) in aggregate under the 2023 Share Award Scheme shall not exceed 0.01% of the issued Shares as at the Adoption Date.

6. GRANT OF AWARDS TO CONNECTED PERSONS

Any grant of Award of new Shares to a Director, chief executive or substantial shareholder of the Company or any of their respective Associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is a prospective Selected Participant).

Where Awards of new Shares are proposed to be granted to a Selected Participant who is a Director (other than an independent non-executive Director) or chief executive of the Company or any of their respective Associates, and the proposed grant of Awards would result in the Shares issued and to be issued in respect of all awards involving issue of new Shares (regardless whether such awards are granted under the 2023 Share Award Scheme or any other share scheme(s) of the Company but excluding any awards lapsed in accordance with the terms of the 2023 Share Award Scheme) already granted to such person in the 12-month period up to and including the date of the grant of such Awards to represent in aggregate over 0.1% of the total number of Shares in issue, the proposed grant of Awards must be approved by Shareholders in general meeting. In such a case, the Company shall send a circular to the Shareholders containing all those terms as required under the Listing Rules. The Selected Participant, his/her Associates and all core connected persons (with the meaning ascribed thereto under the Listing Rules) of the Company must abstain from voting in favour of the resolution at such general meeting. In calculating the aforesaid limit of 0.1%, any options and awards lapsed in accordance with the terms of the corresponding scheme shall not be counted.

Where Awards of new Shares are proposed to be granted to a substantial Shareholder or an independent non-executive Director or any of their respective Associates, and the proposed grant of Awards would result in the Shares issued and to be issued in respect of all (i) options; and (ii) awards involving issue of new Shares (regardless whether such awards are granted under this 2023 Share Award Scheme or any other share scheme(s) of the Company), already granted to such person in the 12-month period up to and including the date of the grant of such Awards to represent in aggregate over 0.1% of the total number of Shares in issue, the proposed grant of Awards must be approved by Shareholders in general meeting. In such a case, the Company shall send a circular to the Shareholders containing all those terms as required under the Listing Rules. The Selected Participant, his/her Associates and all core connected persons (with the meaning ascribed thereto under the Listing Rules) of the Company must abstain from voting in favour of the resolution at such general meeting. In calculating the aforesaid limit of 0.1%, any options and awards lapsed in accordance with the terms of the corresponding scheme shall not be counted.

7. TIME FOR ACCEPTANCE OF AWARDS AND WITHHOLDING

After the Board has selected the Eligible Persons and determined the number of Shares to be granted, it will notify the Selected Participants about the details of the Award in writing by way of a grant letter. Upon receipt of the grant letter, the Selected Participants are required to confirm their acceptance of the Award by returning to the Company a notice of acceptance duly executed by them within 28 days after the grant date (the “**Acceptance Period**”). If any Selected Participant fails to return the notice of acceptance before the expiration of the Acceptance Period to the Company, the Award will be deemed not to have taken effect and automatically lapses forthwith on the day following the last day of the Acceptance Period.

The Company or any of its subsidiaries may be entitled to withhold, and any Selected Participant may be obliged to pay, the amount of any tax and/or social security contributions attributable to or payable in connection with the grant of the Award and any excluded expenses.

8. CONDITIONS OF AWARDS

The Board is entitled to impose any conditions (including without limitation, a period of continued service within the Group after the date of grant), as it deems appropriate with respect to the entitlement of the Selected Participant to the Award and the Board will inform such Selected Participant by way of a grant letter which sets out, among other things, the number of the Shares to be granted, the terms, conditions (e.g. performance conditions) (if any), restrictions (if any) and vesting schedule of such Award. The Board may, at its absolute discretion, include in the grant letter to the Employee Participants an option, upon vesting, to choose either to receive the Award in the form of new Shares or cash. In the event that the Employee Participant chooses to receive the Award in the form of cash, the Board may, at its absolute discretion, decide whether the cash is to be funded by disposal of existing Shares or Shares newly issued by the Company for the purpose of satisfying the Award.

9. VESTING SCHEDULE

- (i) Save for the circumstances prescribed in paragraph 9(ii), the vesting period of an Award for new Shares held by the Employee Participant must be at least 12 months.
- (ii) A shorter vesting period may be granted to an Employee Participant at the Board's sole and absolute discretion in the following circumstances:
 - (a) grants of "make-whole" share awards to new joiners to replace the share awards or share options they forfeited when leaving their previous employers;
 - (b) grants with performance-based vesting conditions provided in the 2023 Share Award Scheme or as specified in the grant letter in lieu of time-based vesting criteria;
 - (c) grants that are made in batches during a year for administrative or compliance requirements, for example, Awards that should have been granted earlier but had to wait for a subsequent batch and the vesting period may be shortened to reflect the time from which the Awards would have been granted;
 - (d) grants with a mixed or accelerated vesting schedule such as where the Awards may vest evenly over a period of 12 months, or where the Awards may vest by several batches with the first batch to vest within 12 months of the grant date and the last batch to vest 12 months after the grant date;
 - (e) grants with a total vesting and holding period of more than 12 months;
 - (f) any form of grants (including re-grants and replacement grants) to Employee Participants and any form of transfer of outstanding equity incentive awards from other equity incentive schemes of the Company, to replace their equity incentive awards granted by the Company (the "**Existing Awards**"), following which the Existing Awards will be lapsed and/or transferred to the 2023 Share Award Scheme (as the case may be). Following the issuance of replacement grants, the vesting of the replacement grants will generally follow the original vesting schedule, and there is a possibility that the time gap between the date of issuance of replacement grants and the first vesting date of the replacement grants will be less than 12 months. In any event, the original share awards would be granted with a mixed vesting schedule, where the awards would vest by several batches. While the first batch may vest within 12 months of the grant date or after the expiry of 12 months after the grant date, the last batch shall vest no earlier than the expiry of 12 months after the grant date;
or

- (g) grants to Employee Participants of a similar value to replace their equity incentive awards granted by any subsidiary of the Company (the “**Subsidiary Awards**”) following the completion of the mergers and acquisitions carried out by the Company from time to time, following which the Subsidiary Awards will be lapsed. Upon the grant of replacement share incentives by the Company to replace the Subsidiary Awards, the vesting of the replacement grants will generally follow the original vesting schedule of the Subsidiary Awards, and there is a possibility that the time gap between the date of issuance of replacement grants and the first vesting date of the replacement grants will be less than 12 months.

10. PERFORMANCE TARGETS

The 2023 Share Award Scheme provides that vesting of Awards for new Shares shall be subject to performance targets, if any, to be satisfied by the Selected Participants as determined by the Board from time to time. The performance targets may comprise a mixture of attaining satisfactory key performance indicators components (such as the business performance and financial performance of the Group or departmental and individual performance based on the annual performance assessment results) which may vary among the Selected Participants. For the avoidance of doubt, the performance targets are not applicable to independent non-executive Directors.

11. CLAWBACK

- (i) Upon the occurrence of any of the following events in relation to a Selected Participant, no further Awards shall be granted to such Selected Participants and the Awards granted to such Selected Participants shall be clawed back and shall lapse accordingly on the date as determined by the Board (if such Awards are unvested):
 - (a) the Selected Participant has failed to perform duties effectively or is involved in serious misconduct or malfeasance;
 - (b) the Selected Participant has contravened the relevant laws and regulations of any applicable jurisdiction or the provisions of the articles of association of any member of the Group, any Related Entity or any Service Provider;
 - (c) the Selected Participant has, during his/her tenure of office, been involved in acceptance or solicitation of bribery, corruption, theft, leakage of trade and technical secrets, conducted other unlawful acts and misconducts, which prejudiced the interest and reputation of and caused significant negative impact to the image of any member of the Group, any Related Entity or any Service Provider;
 - (d) the Selected Participant has failed to discharge, or failed to discharge properly, his/her duties and thereby resulting in serious loss in assets to any member of the Group, any Related Entity or any Service Provider and other serious and adverse consequences;
 - (e) the Selected Participant has violated the Company’s high voltage lines (or similar standards); or

- (f) the Selected Participant has failed to comply with any non-compete covenants or restrictive covenants or any terms and conditions of a similar effect.
- (ii) Where an Award granted to a Selected Participant has been vested at the time when such Award is clawed back, the Selected Participant shall return, by the Board's determination at its sole and absolute discretion, either (i) the exact number of vested and clawed back Share(s), (ii) the monetary amount equivalent to the value of the relevant Share(s) on the date of grant, (iii) the monetary amount equivalent to the value of the relevant Share(s) on the date of vesting or (iv) the monetary amount equivalent to the value of the relevant Share(s) on the date of such clawback.
- (iii) Where an Award granted to a Selected Participant is unvested at the time when such Award is clawed back, such Award shall lapse on the date as determined by the Board.

12. RESTRICTIONS AND LIMITATIONS

- (i) An Award shall be personal to the Selected Participant and shall neither be assignable nor transferable, unless a waiver by the Stock Exchange has been granted and Board approval has been obtained.
- (ii) No Award may be granted to any Selected Participant, no Shares may be issued or allotted under the 2023 Share Award Scheme and no instructions to acquire any Shares may be given to the trustee where dealings in the Shares are prohibited under the Listing Rules and all applicable laws from time to time. Without limiting the generality of the foregoing, no such instruction is to be given and no such grant is to be made:
 - (a) where the Company has information that must be disclosed under Rule 13.09 of the Listing Rules or where the Company reasonably believes there is inside information which must be disclosed under part XIVA of the SFO, until (and including) the trading date after such inside information has been published on the websites of the Stock Exchange and the Company;
 - (b) after any inside information in relation to the securities of the Company has occurred or has become the subject of a decision, until such inside information has been published;
 - (c) within the period commencing 60 days (in the case of yearly results), or 30 days (in the case of results for half-year, quarterly or other interim period) immediately preceding the earlier of (i) the date of a meeting of the Board (as such date is first notified to the Stock Exchange) for the approval of the Company's results for any year, half-year, quarterly or other interim period (whether or not required under the Listing Rules); and (ii) the deadline for the Company to publish its quarterly, interim or annual results announcement for any such period, and ending on the date of such announcement; or
 - (d) in any other circumstances where dealings by Selected Participant (including Directors) are prohibited under the Listing Rules, the SFO or any other applicable laws or regulations or where the requisite approval from any applicable regulatory authorities has not been granted.

- (iii) No Award of new Shares may be made or announced, and no issue or allotment of Shares pursuant to the 2023 Share Award Scheme may be made for a period of 30 days after any purchase by the Company of Shares, whether on the Stock Exchange or otherwise, unless with the prior approval of the Stock Exchange.

13. VESTING CONDITION

The vesting of the Awards is subject to the Selected Participant remaining at all times after the date of grant and on the date of vesting as an Eligible Person.

A Selected Participant ceases to be an Eligible Person if:

- (i) the Selected Participant's service or employment with the Group has been terminated by any member of the Group, any Related Entity or any Service Provider for cause, and "cause" means:
- (a) dishonesty or serious misconduct, whether or not in connection with his/her employment; willful disobedience or non-compliance with the terms of his/her employment or service contract with any member of the Group, any Related Entity, any Service Provider or any lawful orders or instructions given by any member of the Group, any Related Entity or any Service Provider as the case may be;
 - (b) incompetence or negligence in the performance of his/her duties; or
 - (c) doing anything in the conclusive opinion of the Board adversely affects his/her ability to perform his/her duties properly or brings the Company or the Group, any Related Entity or any Service Provider into disrepute;
- (ii) the Selected Participant has been summarily dismissed by any member of the Group, any Related Entity or any Service Provider;
- (iii) the Selected Participant has been convicted for any criminal offence involving his/her integrity or honesty; or
- (iv) the Selected Participant has been charged, convicted or held liable for any offence under the relevant securities laws in Hong Kong or any other applicable laws or regulations in force from time to time.

If the Selected Participant's employment or service is terminated for any reason other than for the reasons provided above ("**Good Leaver**"), any unvested Award in respect of such Good Leaver will automatically lapse with effect from the date on which the Good Leaver's employment or service is terminated. The Board may, at its absolute discretion, decide that any portion of the unvested Awards shall continue to vest in accordance with the original vesting schedule.

14. RIGHTS UPON CHANGE IN CONTROL

If an event of change in control of the Company occurs, whether by way of offer, merger, scheme of arrangement or otherwise is made to all Shareholders, unless the Board determines otherwise, all the Shares granted immediately vest on the date when such change of control event becomes or is declared unconditional. For the purpose of this provision, “change in control” means any person becoming the direct or indirect beneficial owner of more than 51% of the total voting rights in the entire Shares issued by the Company at any time.

15. LAPSE OF AWARD

In the event that prior to or on the date of vesting in respect of a Selected Participant, (i) the relevant Selected Participant ceases to be an Eligible Person, or (ii) an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company, the Award will automatically lapse, and the Shares to satisfy such Award will not be counted for the purpose of the Scheme Mandate Limit (Share Award).

16. REORGANISATION OF CAPITAL STRUCTURE AND DISTRIBUTION OF COMPANY’S ASSETS

In the event of (i) any alteration in the capital structure of the Company such as capitalisation of profits or reserves, rights issue, consolidation, sub-division or reduction of the share capital of the Company or otherwise howsoever in accordance with legal requirements and requirements of the Stock Exchange, or (ii) any distribution of the Company’s capital assets to the Shareholders on a pro rata basis (whether in cash or in specie) other than dividends paid out of the net profits attributable to the Shareholders, the Board shall determine and make alterations (if any) to the number of Shares to be granted subject to the Award so far as unvested. Any such alterations shall be subject to a written confirmation from an independent financial adviser or the Company’s auditors, to have given the Selected Participants the same proportion (or rights in respect of the same proportion) of the equity capital value as that to which that person was previously entitled, provided that no such adjustments shall be made to the extent that a Share would be issued at less than its nominal value.

17. RANKING OF SHARES

Shares issued and/or transferred upon vesting of an Award will rank *pari passu* with the other Shares in issue on the date the relevant Shares are transferred to the Selected Participant except in respect of any dividend or other distribution previously declared or recommended or resolved to be paid if the record date therefor is before the date of vesting of the Award.

18. PERIOD OF THE SCHEME

The 2023 Share Award Scheme shall be valid and effective for a period of 10 years commencing on the Adoption Date, unless terminated earlier as determined by the Board.

19. AMENDMENT AND TERMINATION

Any alterations to the terms and conditions of the 2023 Share Award Scheme which are of a material nature or any alterations to the provisions relating to the matters contained in rule 17.03 of the Listing Rules to the advantage of Selected Participants or prospective Selected Participants must be approved by Shareholders in general meeting. Save for the amendments which require Shareholders' approval pursuant to the Listing Rules, any other amendments that may operate to affect adversely any subsisting rights of any Selected Participant can only be effected with (i) the written consent of the relevant Selected Participant, or (ii) with the sanction of a special resolution passed at a meeting of the Selected Participants.

Any proposed amendments in relation to the terms of Awards granted to a Selected Participant must be approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders (as the case may be) if the initial grant of the Awards was approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders (as the case may be). This requirement does not apply where the alterations take effect automatically under the existing terms of the 2023 Share Award Scheme.

The Board may at any time terminate the operation of the 2023 Share Award Scheme prior to the tenth anniversary of the adoption of the scheme, provided that such termination does not affect any subsisting rights of any Selected Participant and in such event, the Board will inform the trustee about the treatment of the relevant Shares at its absolute discretion, including (i) transferring all relevant Shares which are unvested and have not previously lapsed to other accounts maintained by the trustees for the purposes of operating other share schemes of the Company; (ii) disposing such Shares and remitting the proceeds to the Company; and/or (iii) accelerating vesting of such Shares and transferring such Shares to the relevant Selected Participants.

20. CANCELLATION

An Award that has not been vested may be cancelled by the Board with the consent of the relevant Selected Participant. For the avoidance of doubt, where the Company cancels Awards granted to a Selected Participant and makes a new grant to the same Selected Participant, such new grant may only be made with available Scheme Mandate Limit (Share Award) and Scheme Mandate Limit (New Shares Share Award), and that Awards cancelled will be regarded as utilised for the purpose of calculating the Scheme Mandate Limit (Share Award) and the Scheme Mandate Limit (New Shares Share Award).

NOTICE OF EXTRAORDINARY GENERAL MEETING

Tencent 腾讯

TENCENT HOLDINGS LIMITED

騰訊控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 700)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Extraordinary General Meeting of the shareholders of Tencent Holdings Limited (the “**Company**”) will be held at Grand Ballroom, Grand Hyatt Hong Kong, 1 Harbour Road, Hong Kong immediately after the Annual General Meeting of the Company to be held at 3:00 p.m. on Wednesday, 17 May 2023 for the following purposes:

To consider and, if thought fit, to pass with or without modification the following resolutions as Ordinary Resolutions:

1. **“THAT:**

- (a) conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) granting the approval for the listing of, and permission to deal in, the shares of the Company (the “**Shares**”) which may fall to be issued and allotted pursuant to the exercise of any options that may be granted under the 2023 share option scheme of the Company (the rules of which are contained in the document marked “A” produced to this meeting and signed by the chairman of this meeting for the purpose of identification) (the “**2023 Share Option Scheme**”), the 2023 Share Option Scheme be and is hereby approved and adopted and that any director of the Company be and is hereby authorised to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the 2023 Share Option Scheme including without limitation:
 - (i) to administer the 2023 Share Option Scheme under which options will be granted to eligible persons under the 2023 Share Option Scheme to subscribe for Shares;
 - (ii) to modify and/or amend the 2023 Share Option Scheme from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the 2023 Share Option Scheme relating to modification and/or amendment and subject to Chapter 17 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”);
 - (iii) to issue and allot from time to time such number of Shares as may be required to be issued pursuant to the exercise of the options under the 2023 Share Option Scheme and subject to the Listing Rules;

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (iv) to make application at the appropriate time or times to the Stock Exchange for the listing of, and permission to deal in, any Shares which may thereafter from time to time be issued and allotted pursuant to the exercise of the options under the 2023 Share Option Scheme; and
 - (v) to consent, if they deem fit and expedient, to such conditions, modifications and/or variations as may be required or imposed by the relevant authorities in relation to the 2023 Share Option Scheme;
 - (b) subject to paragraph 1(a) hereinabove, the Transfer of Share Options (as defined in the circular of the Company dated 24 April 2023 (the “**Circular**”)) be and is hereby approved and that any director of the Company be and is hereby authorised to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the Transfer of Share Options; and
 - (c) subject to paragraphs 1(a) and 1(b) hereinabove, the share option scheme adopted by the Company on 17 May 2017 be and is terminated with effect upon the procedures for the Transfer of Share Options having been duly completed.”
2. “**THAT** the Scheme Mandate Limit (Share Option) as defined in the Circular (being 3% of the total number of Shares in issue as at the date of adoption of the 2023 Share Option Scheme) be and is hereby approved and adopted and that any director of the Company be and is hereby authorised to take all such steps and attend all such matters, approve and execute (whether under hand or under seal) such documents and do such other things, for and on behalf of the Company, as he/she may consider necessary, desirable or expedient to effect and implement the Scheme Mandate Limit (Share Option).”
3. “**THAT** the Service Provider Sub-limit (Share Option) as defined in the Circular (being 0.01% of the total number of Shares in issue as at the date of adoption of the 2023 Share Option Scheme) be and is hereby approved and adopted and that any director of the Company be and is hereby authorised to take all such steps and attend all such matters, approve and execute (whether under hand or under seal) such documents and do such other things, for and on behalf of the Company, as he/she may consider necessary, desirable or expedient to effect and implement the Service Provider Sub-limit (Share Option).”

NOTICE OF EXTRAORDINARY GENERAL MEETING

4. “THAT:

- (a) conditional upon the Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in, the Shares which may fall to be issued and allotted pursuant to any awards that may be granted under the 2023 share award scheme of the Company (the rules of which are contained in the document marked “B” produced to this meeting and signed by the chairman of this meeting for the purpose of identification) (the “**2023 Share Award Scheme**”), the 2023 Share Award Scheme be and is hereby approved and adopted and that any director of the Company be and is hereby authorised to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the 2023 Share Award Scheme including without limitation:
- (i) to administer the 2023 Share Award Scheme under which awards will be granted to eligible persons under the 2023 Share Award Scheme to subscribe for Shares;
 - (ii) to modify and/or amend the 2023 Share Award Scheme from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the 2023 Share Award Scheme relating to modification and/or amendment and subject to Chapter 17 of the Listing Rules;
 - (iii) to issue and allot from time to time such number of Shares as may be required to be issued pursuant to the awards under the 2023 Share Award Scheme and subject to the Listing Rules;
 - (iv) to make application at the appropriate time or times to the Stock Exchange for the listing of, and permission to deal in any Shares which may thereafter from time to time be issued and allotted pursuant to the awards under the 2023 Share Award Scheme; and
 - (v) to consent, if they deem fit and expedient, to such conditions, modifications and/or variations as may be required or imposed by the relevant authorities in relation to the 2023 Share Award Scheme.
- (b) subject to paragraph 4(a) hereinabove, the Transfer of Share Awards (as defined in the Circular) be and is hereby approved and that any director of the Company be and is hereby authorised to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the Transfer of Share Awards; and
- (c) subject to paragraphs 4(a) and 4(b) hereinabove, each of the share award schemes adopted by the Company on 13 November 2013 and 25 November 2019 be and is terminated with effect upon the procedures for the Transfer of Share Awards having been duly completed.”

NOTICE OF EXTRAORDINARY GENERAL MEETING

5. “**THAT** the Scheme Mandate Limit (Share Award) as defined in the Circular (being 4.5% of the total number of Shares in issue as at the date of adoption of the 2023 Share Award Scheme) be and is hereby approved and adopted and that any director of the Company be and is hereby authorised to take all such steps and attend all such matters, approve and execute (whether under hand or under seal) such documents and do such other things, for and on behalf of the Company, as he/she may consider necessary, desirable or expedient to effect and implement the Scheme Mandate Limit (Share Award).”

6. “**THAT** the Scheme Mandate Limit (New Shares Share Award) as defined in the Circular (being 3.5% of the total number of Shares in issue as at the date of adoption of the 2023 Share Award Scheme) be and is hereby approved and adopted and that any director of the Company be and is hereby authorised to take all such steps and attend all such matters, approve and execute (whether under hand or under seal) such documents and do such other things, for and on behalf of the Company, as he/she may consider necessary, desirable or expedient to effect and implement the Scheme Mandate Limit (New Shares Share Award).”

7. “**THAT** the Service Provider Sub-limit (New Shares Share Award) as defined in the Circular (being 0.01% of the total number of Shares in issue as at the date of adoption of the 2023 Share Award Scheme) be and is hereby approved and adopted and that any director of the Company be and is hereby authorised to take all such steps and attend all such matters, approve and execute (whether under hand or under seal) such documents and do such other things, for and on behalf of the Company, as he/she may consider necessary, desirable or expedient to effect and implement the Service Provider Sub-limit (New Shares Share Award).”

Resolutions 1, 2 and 3 as set out in this notice are inter-conditional upon each other. In the event that any of Resolutions 1, 2 and 3 is not passed, all of Resolutions 1, 2 and 3 will not take effect. Resolutions 4, 5, 6 and 7 as set out in this notice are inter-conditional upon each other. In the event that any of Resolutions 4, 5, 6 and 7 is not passed, all of Resolutions 4, 5, 6 and 7 will not take effect.

By Order of the Board
Ma Huateng
Chairman

24 April 2023

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. For ascertaining the entitlement to attend and vote at the Extraordinary General Meeting, the register of members of the Company will be closed from Friday, 12 May 2023 to Wednesday, 17 May 2023, both days inclusive, during which period no transfer of Shares will be registered. In order to be entitled to attend and vote at the Extraordinary General Meeting, all duly completed 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, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Thursday, 11 May 2023.
2. Any member entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint one or, if he/she holds two or more Shares, more person(s) as his/her proxy or proxies to attend and vote instead of him/her. A proxy needs not be a member of the Company.
3. The form of proxy for use at the Extraordinary General Meeting is enclosed with the circular to the shareholders dated 24 April 2023. The form of proxy can also be downloaded from the website of the Company at www.tencent.com and the website of HKEXnews at www.hkexnews.hk. To be valid, the form of proxy must be completed, signed and deposited at the Company's branch share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not less than 48 hours before the time appointed for the holding of the Extraordinary General Meeting or any adjournment thereof (as the case may be).
4. Subject to the applicable requirements and/or guidelines of the Hong Kong Government and/or regulatory authorities, the Company may announce further updates on the arrangement of the Extraordinary General Meeting on the Company's website at www.tencent.com as and when appropriate.