

**VTECH HOLDINGS LIMITED**

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**RULES RELATING TO  
THE VTECH SHARE AWARD SCHEME**

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(Adopted on 30 March 2011)  
(Revised on 27 May 2013)  
(Further revised on 19 May 2015)  
(Further amended and adopted by resolution of shareholders on [●] 2023)

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THE VTECH SHARE AWARD SCHEME**

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**1. DEFINITIONS AND INTERPRETATION**

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

**"Adoption Date"** [●] 2023, being the date on which this Scheme is amended and adopted by the Company at its general meeting on [●] 2023;

**"associate(s)"** has the meaning ascribed to it in the Listing Rules;

**"Beneficiary"** (i) any Non-US Employee which is a Selected Employee, and/or (ii) the US Scheme Beneficiary;

**"Board"** the board of directors of the Company or such committee, sub-committee or person(s) delegated with the power and authority by the board of directors of the Company to administer and/or make decisions and/or determinations for the purpose of the Scheme;

**"business day"** a day (other than a Saturday and a Sunday) on which the Stock Exchange is open for trading and on which banks are open for business in Hong Kong;

**"Bye-laws"** the memorandum of association and bye-laws as may be adopted and approved by the Company from time to time;

**"close associate(s)"** has the meaning ascribed to it in the Listing Rules;

<b>"Company"</b>	VTech Holdings Limited, a company incorporated in Bermuda with limited liability;
<b>"connected person(s)"</b>	has the meaning ascribed to it in the Listing Rules;
<b>"controlling shareholder(s)"</b>	has the meaning ascribed to it in the Listing Rules;
<b>"core connected person(s)"</b>	has the meaning ascribed to it in the Listing Rules;
<b>"Corporate Action"</b>	has the meaning set out in Paragraph 5M(vi);
<b>"Deed of Share Incentive Support"</b>	has the meaning set out in Paragraph 5(A)(i), and as such deed may be amended from time to time;
<b>"Director(s)"</b>	the director(s) of the Company;
<b>"Employee"</b>	any Non-US Employee or US Employee;
<b>"Excluded Expense(s)"</b>	has the meaning set out in Paragraph 12(B);
<b>"French Subplan"</b>	the document titled "Addendum to the Plan for French resident Beneficiaries" dated [●] 2023;
<b>"Group"</b>	the Company and its Subsidiaries from time to time;
<b>"HK\$"</b>	Hong Kong dollars, the lawful currency of Hong Kong;
<b>"Hong Kong"</b>	the Hong Kong Special Administrative Region of the People's Republic of China;
<b>"inside information"</b>	has the meaning ascribed to it in the Listing Rules;
<b>"Listing Rules"</b>	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time;

<b>"Non-US Employee(s)"</b>	any bona fide employee(s) (which description, for the avoidance of doubt, includes any directors) of the Company or of any Subsidiary other than a US Employee, provided always that such term shall exclude any person who at the relevant time has tendered his resignation or who is working out his period of notice pursuant to his employment contract or otherwise;
<b>"Notice of Acceptance"</b>	a notice of acceptance in substantially the form set out in Schedule 4(A) or Schedule 4(B) as the context may require;
<b>"Other Distribution(s)"</b>	has the meaning given in Paragraph 5(M)(iv) as supplemented by sub-Paragraphs 5(M)(v), (vii) and (ix);
<b>"Referable Amount"</b>	the sum of money paid or caused to be paid by the Company to the Trustee (or as it shall direct) to the purchase of or subscription for Shares pursuant to Paragraph 5(C);
<b>"Reference Date"</b>	in respect of any Selected Employee, it shall have the meaning set out in Paragraph 5(C);
<b>"Remuneration Committee"</b>	the committee appointed by the Board to determine matters relating to, inter alia, the remuneration of the directors and senior management of the members of the Group;
<b>"Returned Shares"</b>	shall have the meaning set out in Paragraph 8 as supplemented by sub-Paragraphs 5(E3), 5(M)(vii) and (ix);
<b>"Scheme"</b>	the share incentive award scheme in its present form (as constituted by this document, the Trust Deed, the Deed of Share Incentive Support and the

	French Subplanor as amended from time to time in accordance with the provisions hereof;
<b>“Scheme Mandate Limit”</b>	shall have the meaning set out in Paragraph 7(A);
<b>"Scheme Beneficiaries"</b>	the beneficiaries under the Trust Deed, being (i) the Selected Non-US Employees, and (ii) the US Scheme Beneficiary in respect of Shares awarded to the Selected US Employees;
<b>"Scrip Dividend Scheme"</b>	shall have the meaning set out in Paragraph 5(M)(v);
<b>"Selected Employees"</b>	the Selected Non-US Employees and Selected US Employees, and each a <b>“Selected Employee”</b> ;
<b>"Selected Non-US Employees" and "Selected US Employees"</b>	have the respective meanings set out in Paragraph 5(A);
<b>“SFO”</b>	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time;
<b>"Shares"</b>	ordinary shares of US\$0.05 each in the capital of the Company (or of such other nominal amount as shall result from a sub-division, consolidation, reclassification or reconstruction of the share capital of the Company from time to time);
<b>“Share Scheme(s)”</b>	share option scheme(s) and/or share award scheme(s) involving issuance of new Shares adopted and to be adopted by the Company from time to time;

<b>"Stock Exchange"</b>	The Stock Exchange of Hong Kong Limited;
<b>"Subsidiary(ies)"</b>	a company which is for the time being and from time to time a subsidiary (within the meaning of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)) of the Company, whether incorporated in Hong Kong or elsewhere;
<b>"Trust"</b>	the trust constituted by the Trust Deed;
<b>"Trust Deed"</b>	a trust deed dated 30 <sup>th</sup> March, 2011 and signed by the Trustee in respect of, inter alia, the moneys and Shares to be held by the Trustee (as amended by the deed of amendment dated 19 May 2015 and the deed of amendment dated on or about the Adoption Date and as further supplemented and amended from time to time) for the purpose of the Scheme;
<b>"Trustee"</b>	Bank of East Asia (Trustees) Limited, which will hold cash and/or Shares subject to the terms and conditions of the Trust Deed, or such other trustee or trustees as shall be appointed for the purposes set out herein;
<b>"US"</b>	the United States of America;
<b>"US Employee(s)"</b>	any bona fide employee(s) (which description, for the avoidance of doubt, includes any directors) of the Company or any Subsidiary who is resident in the US, provided always that such term shall exclude any person who at the relevant time has tendered his resignation or who is working out his period of notice pursuant to his employment contract or otherwise (for the purposes of this definition, the term "resident" shall have the same meaning as provided in the United States Banking Secrecy Act);

<b>"US Grantor"</b>	any Subsidiary of the Company granting US Share Awards to any US Employee;
<b>"US Share Award(s)"</b>	has the meaning given in Paragraph 5(C);
<b>"US Scheme Beneficiary"</b>	Rainbow Century Limited (or such other company or companies as the Board may determine), being a wholly owned Subsidiary and the beneficiary under the Trust Deed in respect of certain Shares awarded to the Selected US Employees under US Share Awards; and
<b>"Vesting Date"</b>	has the meaning given in Paragraph 5(E).

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

- (i) the headings are inserted for convenience only and shall not limit, vary, extend or otherwise affect the construction of any provision of this Scheme;
- (ii) references to Paragraphs are references to paragraphs of this Scheme;
- (iii) references to any statute or statutory provision shall be construed as references to such statute or statutory provision as respectively amended, consolidated or re-enacted, or as its operation is modified by any other statute or statutory provision (whether with or without modification), and shall include any subsidiary legislation enacted under the relevant statute;
- (iv) expressions in the singular shall include the plural and vice versa;
- (v) expressions in any gender shall include other genders;
- (vi) references herein to any Shares (or any interest therein or entitlement thereto) as being "referable" to any Selected US Employees shall not be construed as such Selected US Employees having any interest in or entitlement to such Shares (whether while they are being held by the Trustee or upon vesting in the US Scheme Beneficiary or otherwise), but merely as an indication of the number of Shares that are held by the Trustee for the US Scheme Beneficiary

and are, subject to vesting, subsequently deliverable under the Deed of Share Incentive Support for the purpose of the relevant US Share Awards to such Selected US Employees, and no provision herein shall be interpreted to the contrary. For the avoidance of doubt, the Selected US Employees shall have no interest (whether legal, equitable, actual or contingent) of any nature whatsoever in any Shares (and any related distribution in respect of those Shares), whether when they are held by the Trustee or upon vesting in the US Scheme Beneficiary under this Scheme; and no Selected US Employee shall be a beneficiary under this Scheme and shall have any rights in relation to, or derived through, the US Scheme Beneficiary in respect of those Shares;

(vii) any reference to any award (or any interest in such award or entitlement thereto) made herein to a Selected US Employee shall be construed as the US Share Award between the relevant US Grantor and the Selected US Employee, and, again, no provision herein shall be interpreted to the contrary. For the avoidance of doubt, the Selected US Employees shall have no interest (whether legal, equitable, actual or contingent) of any nature whatsoever in any Shares (and any related distribution in respect of those Shares), whether when they are held by the Trustee or upon vesting in the US Scheme Beneficiary under this Scheme; and no Selected US Employee shall be a beneficiary under this Scheme or have any rights in relation to, or derived through, the US Scheme Beneficiary in respect of those Shares;

(viii) references to persons shall include bodies corporate, corporations, partnerships, sole proprietorships, organisations, associations, enterprises, branches and entities of any other kind; and

(ix) save where the context otherwise requires, terms defined in the Trust Deed shall have the same meanings when used herein.

## **2. PURPOSES AND OBJECTIVES**

The purposes of the Scheme are:

- (i) to attract potential employees;
- (ii) to motivate and retain the Employees to support the Group's long term development; and



- (iii) to provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the Employees for their contributions and/or potential contributions to the Group.

### **3. CONDITIONS**

This Scheme is subject to and conditional upon the approval of the Board and the passing of an ordinary resolution approving the adoption of this Scheme by the shareholders of the Company.

### **4. DURATION AND ADMINISTRATION**

- (A) Subject to any early termination as may be determined by the Board pursuant to Paragraph 11, this Scheme shall be valid and effective for a term of ten (10) years commencing on the Adoption Date, and, after the expiry of such ten (10)-year term, no further award of Shares shall be made but the rules of the Scheme shall remain in full force and effect to the extent necessary to give effect to any award of Shares (and the related Other Distributions (if any)) made prior thereto and the administration of the trust property held by the Trustee pursuant to the Trust Deed.
- (B) This Scheme shall be subject to the administration of the Board in accordance with the provisions hereof. Any decision of the Board made in accordance with the provisions of this Scheme, and any decision of the Trustee made in accordance with the provisions of the Trust Deed shall be final and binding on all parties, provided in each case that such decision is made in accordance with the Bye-laws and any applicable law.

### **5. OPERATION OF SCHEME**

- (A) (i) The eligible participants of this Scheme are the Employees. The Board may from time to time at its absolute discretion select any Non-US Employee for participation in the Scheme ("**Selected Non-US Employee**"). The operation of the Scheme is also subject to such local requirements (including, without limitation, the local requirements set forth in the French Subplan) as the Board may from time to time adopt. In addition, the board of directors of a US Grantor may, subject to the prior approval of the Board, from time to time select any US Employee for participation in the Scheme

("Selected US Employee"). The Shares under this Scheme shall be held by the Trustee on behalf of (a) the said Selected Non-US Employees, and (b) with respect to any US Share Awards for Selected US Employees, the US Scheme Beneficiary. The US Scheme Beneficiary has separately entered into an undertaking ("**Deed of Share Incentive Support**") with the US Grantor in which the US Scheme Beneficiary undertakes to provide such US Grantor with the relevant Shares for the purposes of the relevant US Share Awards. For the avoidance of doubt, this Paragraph 5(A)(i) shall at all times be subject to Paragraph 5(A)(ii) below.

(ii) Notwithstanding any other provision herein (and, none shall be interpreted to the contrary), the Selected US Employees shall have no interest (whether legal, equitable, actual or contingent) of any nature whatsoever in any Shares (and any related distribution in respect of those Shares), whether when they are held by the Trustee or upon vesting in the US Scheme Beneficiary under this Scheme; and no Selected US Employee shall (1) be a beneficiary under this Scheme or have any rights in relation to, or derived through, the US Scheme Beneficiary in respect of those Shares, and (2) have any right, claim or entitlement of whatever nature under the Deed of Share Incentive Support or against the US Scheme Beneficiary.

(B) No Employee shall be entitled to participate in the Scheme and there shall be excluded from the term Selected Employee any Employee who is resident in a place where the setting aside of sums of money and/or Shares pursuant to the terms of this Scheme is not permitted under the laws and regulations of such place, or where in the view of the Board or the Trustee (as the case may be) compliance with applicable laws and regulations in such place make it necessary or expedient to exclude such Employees.

(B1) In determining the basis of eligibility of each Employee, the Board would take into account such factors as the Board may at its discretion consider appropriate, including but not limited to:

(1) the Employee's (i) individual performance, (ii) years of service, and/or (iii) potential and/or actual contribution to the business affairs of and benefits to the Group; and/or

- (2) whether the Employee is regarded as a valuable human resource of the Group based on his work experience, professional qualifications, industry knowledge or other relevant factors (including but not limited to technical know-how, business and/or market development capability, and market reputation).
- (C) Subject to Paragraph 7, the Board shall either (i) set aside a sum of money, or (ii) determine a number of Shares, which it wishes to be the subject of a bonus award hereunder, or (iii) set aside Returned Shares (and the date on which the Board makes such decision shall be referred to as a "**Reference Date**"), which shall in each case constitute a bonus referable (subject always to the proviso in paragraph 5(A) above) to (1) each Selected Non-US Employee, and (2) each Selected US Employee to whom an award of Shares is made by his employing US Grantor with the prior approval of the Board, in each case pursuant to this Scheme. Where a sum of money has been set aside (or a number of Shares has been determined) by the Board, it shall pay (or cause to be paid) that amount or an amount sufficient to purchase that number of Shares or subscribe for that number of Shares at par value (or direct that the Trustee shall appropriate an amount from the cash portion of the Returned Shares for such purpose) as the case may be (in each case, a "**Referable Amount**") to the Trustee (or as it shall direct) from the Group's resources as soon as practicable following such funds being set aside, and in so doing will have regard to Paragraph 5(M). The Board shall notify such Selected Non-US Employee of any such award in writing substantially in the form set out in Schedule 1(A). The US Grantor shall, subject to the Board's prior approval, notify the relevant Selected US Employee of the award of Shares (of an amount equal to that attributable to the relevant Referable Amount) made by such US Grantor) in writing substantially in the form set out in Schedule 1(B) ("**US Share Awards**"). In determining the abovementioned bonus referable to a Selected Non-US Employee or a Selected US Employee (as the case may be), the Board (and the relevant US Grantor in the case of a Selected US Employee) are entitled to impose any condition as any of them deems appropriate with respect to any award of Shares hereunder (including, without limitation, any conditions in relation to the performance targets as described in Paragraph 8A and to vesting referred to in Paragraph 5(E)), provided that such condition(s) are communicated to such Selected Employee at the same time as he is notified of his award pursuant to this Paragraph 5(C). None of the Selected Employees or the US Scheme Beneficiary shall be required to pay any amount upon acceptance of an award or the vesting of any

Shares (and any Other Distributions) under the Scheme except for the Excluded Expenses which shall be borne by the relevant Selected Employees or the US Scheme Beneficiary.

(D) Subject to Paragraph 7, within five (5) business days on which the trading of Shares has not been suspended, after actual receipt of the Referable Amount, the Trustee shall apply the same (or the part thereof designated by the Board for the relevant purpose(s) below) towards:

(i) the purchase of the relevant amount of Shares on the Stock Exchange to the extent permissible by the then prevailing market condition. The Trustee shall purchase the maximum number of board lots of Shares possible from the Referable Amount at the time of purchase, taking into account all costs and expenses associated with such a purchase (including but not limited to stamp duty and brokerage charges) and refund the balance of the Referable Amount to the Company within three (3) business days after the abovementioned five (5) business day period; and/or

(ii) the subscription of the relevant amount of Shares at par, to be issued by the Company in compliance with the relevant Listing Rules and any other applicable laws or regulations, Provided That the Company shall have received from the Stock Exchange a grant of the listing of, and permission to deal in, the relevant new Shares,

and the Trustee shall hold any Shares so purchased or subscribed for (as the case may be) in accordance with the terms hereof and the provisions of the Trust Deed.

(E) Any Shares (together with the Other Distributions attributable thereto) held by the Trustee pursuant to the terms hereof and the Trust Deed and which are referable to a Selected Employee shall vest in that Selected Non-US Employee or the US Scheme Beneficiary (as the case may be) in accordance with the timetable determined by the Board (or the US Grantor (and approved by the Board) in the case of Selected US Employees) at its discretion at the date on which that Selected Employee is selected pursuant to Paragraph 5(A) above and informed to the Trustee by notice in writing, provided that the conditions referred to in Paragraph 5(F) below have been and remain satisfied at the relevant dates, and provided further that none of the events set out in Paragraph 5(I) below has arisen (the date or each such date

on which Shares are to vest as set out in such timetable being hereinafter referred to as a "**Vesting Date**").

- (E1) Where the grant of awards involves the issue of new Shares only and does not involve existing Shares, the vesting period in respect of any Shares (and the related Other Distributions, if any) which are referable to a Selected Employee shall not be less than 12 months provided that the Board (or the US Grantor (and approved by the Board) with respect to any Selected US Employee) shall have the authority to determine a shorter vesting period if the Board considers that a shorter vesting period is appropriate to align with the purpose of this Scheme, and in any one (or more) of the situations set out below:
- (i) grants of "make-whole" awards of Shares to a Selected Employees who newly joined the Group to replace the share awards he forfeited when leaving the previous employers;
  - (ii) grants to a Selected Employee whose employment is terminated due to or for reasons associated with his death, illness or disability or the occurrence of any out of control event;
  - (iii) grants of awards of Shares with performance-based vesting conditions provided in this Scheme, in lieu of time-based vesting criteria;
  - (iv) grants that are made in batches during a year for administrative or compliance reasons, which may include awards of Shares that should have been granted earlier but had to wait for a subsequent batch, in such cases, the Vesting Date may be adjusted to take into account of the time from which award of Shares would have been granted if not for such administrative or compliance requirements;
  - (v) grants of awards of Shares with a mixed or accelerated vesting schedule such that the awards may vest evenly over a period of 12 months; or
  - (vi) grants of awards of Shares with a total vesting and holding period of more than 12 months.
- (E2) Notwithstanding the minimum vesting period stipulated in Paragraph 5(E1) in respect of a Selected Employee who dies at any time prior to or on the Vesting Date, all the Shares (and the related Other Distributions, if any) which are referable to such

Selected Employee shall be deemed to be vested on the day immediately prior to his death.

(E3) Further, in the event of the death of a Selected Employee, the Trustee shall directly or indirectly hold the vested Shares (and the related Other Distributions, if any) which are referable to such Selected Employee upon trust to transfer the same to the legal personal representatives or lawful successors of such Selected Employee (or, with respect to a Selected US Employee, the said transfer shall be made to the US Scheme Beneficiary for such purpose) within (i) two years of the death of the such Selected Employee (or such longer period as the Trustee and the Board shall agree from time to time) or (ii) the Trust period as stated in the Trust Deed (whichever is shorter). If such vested Shares (and the related Other Distributions, if any) fail to be transferred or would otherwise become bona vacantia for any reason, such vested Shares (and the related Other Distributions, if any) shall be forfeited and cease to be transferable and shall constitute Returned Shares and remain part of the Trust fund.

(F) The conditions referred to in Paragraph 5(E) above are as follows:

(i) such further conditions as the Board at its discretion may have stipulated and which have been communicated to the Selected Employee in writing on or before the date on which the Selected Employee is notified of the award hereunder; and

(ii) that the Selected Employee remains at all times after the Reference Date and on the Vesting Date (or, as the case may be, on each relevant Vesting Date) an Employee of the Company or a Subsidiary.

For the avoidance of doubt, in the event that a Selected Employee ceases to be an Employee by reason of redundancy or unfair dismissal or because he has tendered his resignation, then such person will (subject to Paragraph 5(H)) be deemed to have ceased to be an Employee for the purposes of this Scheme and the condition referred to in (ii) above shall fail to have been satisfied.

(G) In the event that the Company, the Subsidiary or the business division by which a Selected Employee is employed ceases to be a member or business division of the Group, then any award made to such Selected Employee shall lapse forthwith.

- (H) Notwithstanding any other provision of this Scheme (but subject to any applicable laws), the Board shall be at liberty to waive any condition referred to in Paragraph 5(F) or Paragraph 5(G) above or otherwise imposed by or pursuant to this Scheme.
- (I) The events referred to in Paragraph 5(E) above shall be deemed to have arisen where the Selected Employee:
- (i) has been terminated by the Company or any Subsidiary for cause. For the purposes of this Paragraph and all other relevant provisions hereunder (if any) relating to termination for cause, "cause" shall mean:
    - (a) dishonesty or serious misconduct, whether or not in connection with his employment; wilful disobedience or non-compliance with the terms of his employment contract with the Company or the Subsidiary or any lawful orders or instructions given by the Company or the Subsidiary;
    - (b) incompetence or negligence in the performance of his duties; or
    - (c) doing anything in the conclusive opinion of the Company, adversely affects his ability to perform his duties properly or bring the Company or the Group into disrepute;
  - (ii) has been summarily dismissed by the Company (or by the relevant Subsidiary, as the case may be); or
  - (iii) has become bankrupt or failed to pay his debts within a reasonable time after they become due; or has made any arrangement or composition with his creditors generally.
- (J) (i) When Shares (and the related Other Distribution, if any) vest in a Selected Non-US Employee in accordance with the rules of this Scheme, the Board shall issue to the Trustee a vesting notice substantially in the form set out in Schedule 2 advising the Trustee of such vesting and asking the Trustee to send to the relevant Selected Non-US Employee a vesting notice substantially in the form set out in Schedule 3(A);

- (ii) the relevant Selected Non-US Employee may choose to accept his right to receive the relevant vested Shares (and the related Other Distribution, if any) by sending to the Trustee (and copied to the Board) a Notice of Acceptance substantially in the form set out in Schedule 4(A) (together with such documents as the Trustee may require for the delivery of such Shares (and the related Other Distribution, if any)) within thirty (30) days (or a shorter period as stated in the vesting notice) of the date of issue of the relevant vesting notice referred to in Paragraph 5(J)(i) above (or the vesting notice referred to in Paragraph 6 below, as the case may be);
  - (iii) under normal circumstances, the Trustee shall (i) within five (5) business days of receipt of a Notice of Acceptance, electronically transfer the relevant vested Shares to the relevant Selected Non-US Employee, or (ii) within fifteen (15) business days of receipt of a Notice of Acceptance, deliver to the relevant Selected Non-US Employee the share certificate(s) representing the relevant vested Shares if so elected by the relevant Selected Non-US Employee and the Selected Non-US Employee shall execute all transfer documents as the Trustee may require. The related Other Distributions, if any, will be transferred by the Trustee as soon as practicable to the Selected Non-US Employee in such manner and within such period as the Trustee may determine; and
  - (iv) in the event that a Selected Non-US Employee does not deliver a Notice of Acceptance within the time limit set out in Paragraph 5(J)(ii) above, the entitlement of that Selected Non-US Employee to the relevant vested Shares (and the related Other Distribution, if any) shall lapse.
- (K)
  - (i) When Shares (and the related Other Distribution, if any) vest in a Selected US Employee in accordance with the rules of the Scheme, the Board and the US Grantor shall issue to the Selected US Employee, with a copy to the Trustee, a vesting notice substantially in the form set out in Schedule 3(B) advising the Selected US Employee of such vesting;
  - (ii) the relevant Selected US Employee may choose to accept his right to receive the relevant vested Shares (and the related Other Distribution, if any) by sending to the Board and the US Grantor a Notice of Acceptance substantially in the form set out in Schedule 4(B) (together with such documents as the US



Grantor may require for the delivery of such Shares (and the related Other Distribution, if any)) within thirty (30) days (or a shorter period as stated in the vesting notice) of the date of issue of the relevant vesting notice referred to in Paragraph 5(K)(i) above (or the vesting notice referred to in Paragraph 6 below, as the case may be), but in the event that a Selected US Employee does not deliver a Notice of Acceptance within the aforesaid time limit, the entitlement of that Selected US Employee to the relevant vested Shares (and the related Other Distribution, if any) shall lapse;

- (iii) after receipt of a Notice of Acceptance from the Selected US Employee, the Company, the US Scheme Beneficiary and the US Grantor shall issue to the Trustee a notice substantially in the form set out in Schedule 5 advising the Trustee of such vesting and the Selected US Employee's giving of a Notice of Acceptance, and asking the Trustee to transfer the relevant Shares (and the related Other Distribution, if any) to the US Scheme Beneficiary or as it may direct in writing therein; and
- (iv) under normal circumstances, the Trustee shall (i) within five (5) business days of receipt of such a vesting notice referred to in Paragraph 5(K)(iii) above, electronically transfer the relevant vested Shares to the US Scheme Beneficiary or as it may direct in writing therein, or (ii) within fifteen (15) business days of receipt of a vesting notice referred to in Paragraph 5(K)(iii) above, deliver to the US Scheme Beneficiary or as it may direct in writing therein the share certificate(s) representing the relevant vested Shares if so elected by the US Scheme Beneficiary, and the US Scheme Beneficiary or the relevant transferee (as the case may be) shall execute all transfer documents as the Trustee, the Company or the US Grantor may require. The related Other Distributions, if any, will be transferred by the Trustee as soon as practicable to the Selected US Employee in such manner and within such period as the Trustee may determine.

- (L) Pending vesting, any interest of a Selected Employee in an award made hereunder shall be personal to the Selected Employee to whom it is made and shall not be assignable and no Selected Employee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to either the amount of cash which has been set aside and is referable to him pursuant to such award or any Shares which are purchased with such cash, unless a

waiver is granted by the Stock Exchange allowing the transfer of an award made under this Scheme from a Selected Non-US Employee to a vehicle (such as a trust or a private company) for the benefit of such Selected Non-US Employee and/or any family members of such Selected Non-US Employee for estate planning or tax planning purposes that would continue to meet the purpose of the Scheme and comply with the requirements of the Listing Rules.

(M) For the avoidance of doubt:

- (i) pending and subject to vesting, none of the Selected Non-US Employees shall have any interest or rights (including the right to receive dividends) in any Shares (and the related Other Distributions, if any) which are referable to any of them;
- (ii) pending and subject to vesting, none of the Selected US Employees or the US Scheme Beneficiary shall have any interest or rights (including the right to receive dividends) in any Shares (and the related Other Distributions, if any) which are referable to any of them;
- (iii) the Trustee shall abstain from exercising the voting rights in respect of any unvested Shares held directly or indirectly under the Trust;
- (iv) the Shares which are held pursuant to the Scheme and which are referable to a Selected Non-US Employee or the US Scheme Beneficiary, together with any other benefits (subject to the exclusion set out in sub-Paragraph 5(M)(v) below) deriving therefrom ("**Other Distributions**", which include any non-cash dividends and other issue of Shares or other securities (in each case credited as fully paid) by the Company by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund) declared, paid and/or made in respect of such Shares at any time prior to the vesting of such Shares), shall be held by the Trustee for the benefit of the relevant Selected Non-US Employee or the US Scheme Beneficiary (as the case may be) subject to (a) the vesting thereof in accordance with Paragraph 5(E), (b) the satisfaction of conditions referred to in Paragraph 5(F) (and their remaining satisfied) and (c) the relevant Selected Employee having sent a Notice of Acceptance in accordance with Paragraph 5(J)(ii) or 5(K)(ii), as the case may be;

- (v) with respect to (a) any cash dividend, and (b) any other dividends declared by the Company where the Company allows its shareholders to elect to receive Shares in lieu of cash (a "**Scrip Dividend Scheme**", as provided in the relevant announcement and/or circular of the Company), then in respect of (1) the awarded Shares referable to any Selected Non-US Employee or the US Scheme Beneficiary which have not vested and are held by the Trustee and (2) any Shares comprised in the Returned Shares, the Trustee shall, in the case of a Scrip Dividend Scheme, elect to receive cash in respect of such dividends, and any such cash (whether resulting from a cash dividend or a Scrip Dividend Scheme) shall be used to defray the fees, costs and expenses of this Scheme, and, for the avoidance of doubt, such cash shall not constitute Other Distributions. For the avoidance of doubt, no Selected Employee shall have any right to give any direction to, or make any claim against, the Trustee in relation to the making of the any election under a Scrip Dividend Scheme;
- (vi) in the event that the Company undertakes a capitalisation issue, subdivision or consolidation of the Shares, or reduction of the share capital of the Company (each a "**Corporate Action**"), the Selected Employee and the US Scheme Beneficiary shall respectively be entitled to (with respect to the Shares (and the related Other Distributions, if any) which are referable to him (rounded to the nearest whole share)) the same proportion of the equity capital of the Company as that to which he was immediately entitled prior to such Corporate Action, and the Board and/or the US Grantor shall as soon as reasonably practicable after such Corporate Action has been affected, notify such Selected Employee (with a copy of the notification to the Trustee) the adjustment on the number of Shares (and the related Other Distributions, if any) that he would be entitled to on vesting after such Corporate Action, provided that:
- (a) no such adjustments may be made to the extent that a Share would be issued at less than its nominal value; and
- (b) in respect of any of the above adjustment events (other than adjustment made on a capitalisation issue), the auditors or an independent financial adviser of the Company must confirm to the Directors in writing that such adjustment(s) satisfies the requirements set out in the relevant provisions of the Listing Rules.

Any issue of Shares or other securities of the Group as consideration in a transaction shall not be regarded as a circumstance requiring any adjustment abovementioned.

- (vii) in the event of a rights issue that may be undertaken by the Company, with respect to:
  - (a) the awarded (but unvested) Shares held by the Trustee that are referable to the Selected Non-US Employees and the US Scheme Beneficiary, the Trustee shall sell such amount of the nil-paid rights allotted to it in respect of such Shares held by it for each such Selected Non-US Employee and the US Scheme Beneficiary respectively, as is appropriate such that the net proceeds of sale of such rights shall be applied towards the subscription of the maximum amount of the rights shares (in the integral multiple of the then prevailing board lot size), and the balance of the said net proceeds and such rights shares shall be held and treated as and constitute Other Distributions referable to the relevant Selected Non-US Employee or the US Scheme Beneficiary (as the case may be); and
  - (b) the Shares comprised in the Returned Shares, the Trustee shall sell such amount of the nil-paid rights allotted to it in respect of such Shares as is appropriate such that the net proceeds of sale of such rights shall be applied towards the subscription of the maximum amount of the rights shares (in the integral multiple of the then prevailing board lot size), and the balance of the said net proceeds and such rights shares shall be held and treated as and constitute Returned Shares for the purposes of the Scheme;
- (viii) in the event the Company undertakes an open offer of new shares in respect of any Shares which are held by the Trustee under the Scheme, the Trustee shall not subscribe for any new shares;
- (ix) in the event of other non-cash and non-scrip pro-rata distributions made by the Company in respect of the awarded (but unvested) Shares and the

Shares comprised in the Returned Shares held by the Trustee, the Trustee shall, at its option, either:

- (a) dispose of such distributions and the net sale proceeds thereof shall be held and treated as and constitute (1) Other Distributions referable to the relevant Selected Non-US Employee or the US Scheme Beneficiary (as the case may be), and (2) additional Returned Shares for the purposes of the Scheme, respectively; or
  - (b) hold such non-cash and non-scrip distributions (1) as Other Distributions for the relevant Selected Non-US Employee or the US Scheme Beneficiary (as the case may be), and (2) as additional Returned Shares for the purposes of the Scheme provided that the Company shall have agreed to pay the additional reasonable fees to the Trustee for such service.
- (x) notwithstanding the minimum vesting period as stipulated in Paragraph 5(E1), if notice is duly given by the Company to its shareholders to convene a shareholders' meeting for the purpose of considering a resolution for the voluntary winding-up of the Company (other than for the purposes of, and followed by, an amalgamation or reconstruction in such circumstances that substantially the whole of the undertaking, assets and liabilities of the Company pass to a successor company) or an order of winding up of the Company is made, the Board shall determine at its discretion whether the awarded (but unvested) Shares held by the Trustee that are referable to the Selected Non-US Employees and/or the US Scheme Beneficiary shall vest in them respectively and the time at which such awarded Shares shall vest. If the Board determines that any such awarded Shares shall vest, it and/or the US Grantor shall promptly notify such Selected Non-US Employees and/or the US Scheme Beneficiary (with a copy of the notification to the Trustee) and shall use its reasonable endeavours to procure the Trustee to take such action as may be necessary to transfer the legal and beneficial ownership of the awarded Shares which are to become vested in such Selected Non-US Employees and/or the US Scheme Beneficiary to such Selected Non-US Employees and/or the US Scheme Beneficiary; and

- (xi) the Shares (and the related Other Distributions, if any) allotted and issued, or transferred, to a Selected Employee upon vesting shall rank *pari passu* in all respects with the fully paid Shares in issue on the date of allotment or transfer, except in respect of any dividend or other distribution previously declared or recommended or resolved to be paid on the record date which falls before the date of vesting of such Shares (and the related Other Distributions, if any).
- (N) No payment shall be made to the Trustee pursuant to Paragraph 5(C), no instructions to acquire Shares shall be given to the Trustee and no award shall be made by the Board and/or the US Grantor (subject to the prior approval by the Board) under this Scheme where any member of the Board is in possession of unpublished inside information in relation to the Company or where dealings by directors are prohibited under the Listing Rules or any applicable laws or regulation or any internal code of conduct in securities dealings adopted by the Company from time to time. Without limiting the generality of the foregoing, no such instruction is to be given and no such grant is to be made:
- (i) after an event involving inside information in relation to affairs or securities of the Company has occurred or a matter involving inside information in relation to the securities of the Company has been the subject of a decision, until (and including) the trading day after such inside information has been publicly announced in accordance with the applicable laws and the Listing Rules;
  - (ii) during the period commencing one month immediately before the earlier of:
    - (a) the date of the board meeting (as such date is first notified to the Stock Exchange under the Listing Rules) for the approval of the Company results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
    - (b) the last date on which the Company must publish an announcement of its results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules),

and ending on the date of the results announcement. For the avoidance of doubt, no award may be made during any period of delay in publish a results announcement; or

- (iii) in any circumstance which is prohibited under the Listing Rules, the SFO or any other law or regulation or where any requisite approval from any governmental or regulatory authority has not been granted. For example, pursuant to Appendix 10 to the Listing Rules (and subject to any amendments as may from time to time be made to the Listing Rules), a director of the Company must not deal in any securities of the Company on any day on which its financial results are published and: (i) during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and (ii) during the period of 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results, unless the circumstances are exceptional.

- (O) In respect of the operation of the Scheme, the Company shall comply with all applicable disclosure regulations including without limitation those imposed by the Listing Rules.

## **6. TAKEOVER**

If an offer by way of takeover, merger, scheme of arrangement, share repurchase or otherwise is made to all the holders of Shares (or all such holders other than the offeror, any person controlled by the offeror and any person acting in association or concert with the offeror) and such offer becomes or is declared unconditional (i.e. all conditions to which such transaction is subject have been satisfied and/or waived) prior to the vesting of Shares in any Selected Employee or the US Scheme Beneficiary pursuant to Paragraph 5(E), then notwithstanding the timetable for vesting referred to in Paragraph 5(E) and the minimum vesting period as stipulated in Paragraph 5(E1) such Shares shall immediately so vest and:

- (i) in respect of each Selected Non-US Employee, the Board shall issue to the Trustee a notice substantially in the form set out in Schedule 2, advising the Trustee of such vesting and asking the Trustee to send to the Selected Non-

US Employee, a vesting notice substantially in the form set out in Schedule 3(A), and the Trustee shall send such a vesting notice accordingly. Thereafter, a Selected Non-US Employee may elect to send a Notice of Acceptance under Schedule 4(A) to the Trustee (with a copy to the Company) in accordance with Paragraph 5(J)(ii), provided that the conditions referred to in Paragraph 5(F) have been and remain satisfied and none of the events set out in Paragraph 5(I) have occurred; and

- (ii) in respect of each Selected US Employee, the Board and the US Grantor shall issue to each Selected US Employee a vesting notice substantially in the form set out in Schedule 3(B) advising the Selected US Employees of the vesting of Shares subject to receipt of the applicable Notice of Acceptance. Thereafter, a Selected US Employee may elect to send a Notice of Acceptance to the Board and the applicable US Grantor in accordance with Paragraph 5(K)(ii), provided that the conditions referred to in Paragraph 5(F) have been and remain satisfied and none of the events set out in Paragraph 5(I) have occurred.

## **7. SCHEME MANDATE LIMIT**

- (A) Without prejudice to Paragraph 7(B), the maximum number of new Shares which may be allotted and issued in respect of all awards to be granted under this Scheme and all options and awards to be granted under any other Share Scheme(s) shall not exceed ten (10) per cent. of the number of Shares in issue as at the Adoption Date (“**Scheme Mandate Limit**”). Awards lapsed in accordance with the terms of this Scheme and options and awards lapsed in accordance with the terms of any other Share Scheme(s) will not be regarded as utilised for the purpose of calculating the Scheme Mandate Limit. Unless expressly approved by the shareholders of the Company in general meeting and expressly allowed by the Stock Exchange, no option or awards may be granted under this Scheme or any other Share Scheme(s), if the grant of such option or award will result in the limit referred to in this Paragraph 7(A) being exceeded.
- (B) Subject to Paragraph 7(A) and without prejudice to:
  - (a) Paragraph 7(B)(b), the Company may seek approval of its shareholders in general meeting to refresh the Scheme Mandate Limit under this Scheme, provided that:



(i) the total number of new Shares which may be allotted and issued in respect of all awards to be granted under this Scheme and all options and awards to be granted under any other Share Scheme(s) must not exceed ten (10) per cent. of the Shares in issue as at the date of approval of the refreshed Scheme Mandate Limit, and for the purpose of calculating the refreshed Scheme Mandate Limit, awards lapsed in accordance with the terms of this Scheme and options and awards lapsed in accordance with the terms of any other Share Scheme(s) will not be regarded as utilised;

(ii) where the refreshment of the Scheme Mandate Limit is sought:

(1) within three years from the date of shareholders' approval for the last refreshment (or, as the case may be, the Adoption Date):

a. at the general meeting for considering and approving the proposed resolution of such refreshment, any controlling shareholders and their associates (or if there is no controlling shareholder, Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates) shall abstain from voting in favour of the relevant resolution; and

b. the Company shall comply with the requirements under Rules 13.39(6) and (7), 13.40, 13.41 and 13.42 of the Listing Rules (or the successor provisions then prevailing),

provided that the requirements under this Paragraph 7(B)(a)(ii)(1) do not apply if the refreshment is made immediately after an issue of securities by the Company to its shareholders on a *pro rata* basis as set out in Rule 13.36(2)(a) of the Listing Rules (or the successor provision then prevailing) such that the unused part of the Scheme Mandate Limit (as a percentage of the relevant class of shares in issue) upon refreshment is the same as the unused part of the Scheme

Mandate Limit immediately before the issue of securities, rounded to the nearest whole share; and

- (2) after three years from the date of shareholders' approval for the last refreshment (or, as the case may be, the Adoption Date), the requirements under Paragraph 7(B)(a)(ii)(1) shall not be applicable;
- (b) Paragraph 7(B)(a), the Company may seek separate shareholders' approval in general meeting to grant awards under this Scheme beyond the Scheme Mandate Limit or, if applicable, the refreshed Scheme Mandate Limit referred to in Paragraph 7(B)(a) to Selected Employees specifically identified by the Company before such approval is sought. The number and terms of awards to be granted or referable to such Selected Employee must be fixed before shareholders' approval.
- (C) The maximum number of new Shares (including the Shares comprised in the related Other Distributions) issued and to be issued in respect of all options or awards granted or referable to any Selected Employee under all Share Schemes (excluding any options and awards lapsed in accordance with the terms of this Scheme or any other Share Schemes (s)) in the 12-month period up to and including the date of such grant should not in aggregate exceed one (1) per cent. of the total number of Shares in issue ("**1% Individual Limit**"). Where any grant of awards under this Scheme would result in new Shares (including the Shares comprised in the related Other Distributions) issued and to be issued in respect of all options or awards granted or referable to any Selected Employee under all Share Schemes (excluding any options and awards lapsed in accordance with the terms of this Scheme or any other Share Scheme(s)) in the 12-month period up to and including the date of such grant representing in aggregate over the 1% Individual Limit, such grant of awards must be separately approved by the shareholders of the Company in general meeting with the relevant Selected Employee and his close associates (or his associates if the Selected Employee is a connected person of the Company) abstaining from voting. The number and terms of awards to be granted or referable to such Selected Employee must be fixed before shareholders' approval.
- (D) Where any grant of awards under this Scheme is made or referable to a Director (other than an independent non-executive Director) or chief executive of the Company, or any of their respective associates would result in the new Shares

(including the Shares comprised in the related Other Distributions) issued and to be issued in respect of all awards (other than those under options of any other Share Schemes and excluding any awards lapsed in accordance with the terms of this Scheme or any other Share Scheme(s)) granted or referable to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1 per cent. of the total number of Shares in issue, such grant of awards must be approved by shareholders of the Company in general meeting (with such person, his/her associates and all core connected persons of the Company abstaining from voting in favour at such general meeting). In such circumstance, the Company shall comply with the requirements under Rules 13.40, 13.41 and 13.42 of the Listing Rules (or the successor provisions then prevailing).

- (E) Where any grant of awards under this Scheme and options and awards to be granted under any other Share Scheme(s) to (or which is referable to) an independent non-executive Director or a substantial shareholder of the Company, or any of their respective associates, would result in the Shares issued and to be issued in respect of all options and awards (excluding any options and awards lapsed in accordance with the terms of this Scheme or any other Share Scheme(s)) granted or referable to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1 per cent. of the total number of Shares in issue, such grant of awards must be approved by shareholders of the Company in general meeting (with such person, his/her associates and all core connected persons of the Company abstaining from voting in favour at such general meeting). In such circumstance, the Company shall comply with the requirements under Rules 13.40, 13.41 and 13.42 of the Listing Rules (or the successor provisions then prevailing).
- (F) Any change in the terms of awards granted or is referable to any Selected Employee who is a Director, chief executive or substantial shareholder of the Company, or any of their respective associates, must be approved by shareholders of the Company in general meeting in the manner as set out in Paragraph 7(D) and Paragraph 7(E), if the initial grant of awards requires such approval (except where the changes take effect automatically under the existing terms of this Scheme).
- (G) The requirements for the grant of awards to a Director or chief executive of the Company set out in Paragraphs 7(D) to 7(F) do not apply where the Selected Employee is only a proposed Director or a proposed chief executive of the Company.

- (H) For the purpose of seeking the approval of the shareholders of the Company under Paragraphs 7(B) to 7(F), the Company must send a circular to its shareholders containing the information required under the Listing Rules, within such time as may be specified in the Listing Rules, and where the Listing Rules shall so require, the vote at the shareholders' meeting convened to obtain the requisite approval shall be taken on a poll with those persons required under the Listing Rules abstaining from voting.
- (I) For the avoidance of doubt, the Scheme Mandate Limit as set out in Paragraph 7(A) and limits as set out in Paragraphs 7(C) to Paragraph 7(E) are applicable to any grant involving the issue of new Shares only. No sum of money shall be set aside by the Board for the purchase of existing Shares pursuant to the Scheme, nor any amounts shall be paid by the Board to the Trustee for the purpose of making such a purchase, if, as a result of such purchase, the number of such Shares held by the Trustee at such time under the Scheme would represent in excess of three (3) per cent. of the issued share capital of the Company at such time, provided that Shares which have been transferred to Selected Non-US Employees or the US Scheme Beneficiary upon vesting shall be left out of account when ascertaining such amount and provided further that the Board may resolve to increase such limit at its sole discretion.

## **8. UNVESTED SHARES AND CANCELLATION OF AWARDS**

- (A) Subject to Paragraph 7, where, Shares and Other Distributions, which are referable to a Selected Non-US Employee or the US Scheme Beneficiary, do not vest or are not acquired or accepted in accordance with Paragraph 5 (collectively, the "**Returned Shares**"), then the Trustee shall hold such Returned Shares and any income deriving therefrom exclusively for the benefit of all or one or more of any then existing or future Beneficiary or in accordance with the direction or instructions of the Board.
- (B) Subject to the terms and conditions of this Scheme and the Listing Rules, any awarded (but unvested) Shares (and the related Other Distributions, if any) held by the Trustee that are referable to a Selected Non-US Employee or the US Scheme Beneficiary may not be cancelled except with the prior written consent of such Selected Non-US Employee and the US Scheme Beneficiary (as the case may be) and the approval of the Board.

- (C) Where the Company cancels any awarded (but unvested) Shares (and the related Other Distributions, if any) held by the Trustee that are referable to the Selected Non-US Employee or the US Scheme Beneficiary and grants new award(s) of Shares under this Scheme to the same Selected Non-US Employee or the US Scheme Beneficiary (as the case may be), the grant of such new award(s) may only be made with available Scheme Mandate Limit approved by the shareholders of the Company pursuant to Paragraph 7. The cancelled awards shall be regarded as utilised for the purpose of calculating the Scheme Mandate Limit.

#### **8A. PERFORMANCE TARGETS AND CLAWBACK MECHANISM**

- (A) Subject to the terms and conditions of this Scheme, the Board may establish performance targets upon the fulfilment of which the awards granted or referable to the Selected Employee concerned would then be vested in terms of this Scheme. The Board shall have the authority, after the grant of any award under this Scheme which is performance linked as aforesaid, to make fair and reasonable adjustments to the prescribed performance targets during the vesting period if there is a change in circumstance, provided that any such adjustments shall be considered fair and reasonable by the Board.
- (B) Proposed performance targets may include, without limitation, goals that can be benchmarked to or measured against different business and operational segments of the Group such as product research and development, supply chain operations, business development, sales and marketing, financial management and performance, business operations, human resources and administration support and efforts leading to the creation of value for the Group as well as those relating to the Selected Employees based on the individual performance indicators relevant to their roles and responsibilities. The Board will conduct assessment at the end of the performance period by comparing the actual performance level against the pre-agreed goals to determine whether the targets have been met, or the extents to which they have been met.
- (C) There is no clawback mechanism under this Scheme to claw back all or a specified part of the Shares (and the related Other Distributions, if any) awarded to any Employees in any event.

#### **8B. LAPSE OF AWARD**

An award shall lapse automatically on the earliest of:-

- (i) The Company, the Subsidiary or the business division by which a Selected Employee is employed ceases to be a member or business division of the Group (as set forth in Paragraph 5(G));
- (ii) a Selected Non-US Employee does not deliver a Notice of Acceptance within the time limit (as set forth in Paragraph 5(J)(iv)); and
- (iii) a Selected US Employee does not deliver a Notice of Acceptance within the time limit (as set forth in Paragraph 5(K)(ii)).

**9. DISPUTES**

Any dispute arising in connection with this Scheme shall be referred to the decision of the Trustee who shall act as experts and not as arbitrators and whose decision, in the absence of manifest error, shall be final and conclusive and binding on all persons who may be affected thereby.

**10. ALTERATION OF THIS SCHEME**

- (A) Subject to Paragraphs 10(B) and 10(C) below, this Scheme may be altered in any respect by a resolution of the Board except that:
  - (i) any alterations to the terms and conditions of this Scheme which are of a material nature; or
  - (ii) the provisions of this Scheme relating to the matters governed by Rule 17.03 of the Listing Rules (or the successor provision then prevailing) to the advantage of the Selected Employees;

shall not be altered except with approval of the shareholders of the Company in general meeting, and provided that no such alteration shall operate to affect adversely any subsisting rights of any Beneficiary, except with the consent in writing of the Beneficiaries with respect to whom an aggregate number of Shares that are held by the Trustee and are referable to them on the date on which such consent is obtained amounting to three-fourths in nominal value of all Shares so held by the Trustee on that date; or the sanction of a special resolution passed at a meeting of the Beneficiaries. To any such meeting of Beneficiaries referred to

in Paragraph 10(A) all the provisions of the Bye-laws as to general meetings of the Company shall mutatis mutandis apply as though the Shares then held by the Trustee for this Scheme were a separate class of shares forming part of the share capital of the Company except that:

- (i) not less than five (5) days' notice of such meeting shall be given;
- (ii) a quorum at any such meeting shall be two of the Beneficiaries present in person or by proxy and with an aggregate number of Shares that are held by the Trustee and referable to them amounting to three-fourths in nominal value of all Shares so held by the Trustee on that date;
- (iii) every Beneficiary present in person or by proxy at any of such meeting shall be entitled on a show of hands to one vote, and on a poll, to one vote for each Share then held by the Trustee and referable to them (but for the avoidance of doubt excluding for this purpose any such Shares in respect of which that date is a Vesting Date);
- (iv) any Beneficiary present in person or by proxy may demand a poll;
- (v) if any such meeting is adjourned for want of a quorum, such adjournment shall be to such date and time, not being less than 7 or more than 14 days thereafter, and to such place as may be appointed by the chairman of the meeting. At any adjourned meeting those Beneficiaries who are then present in person or by proxy shall form a quorum and at least 7 days' notice of any adjourned meeting shall be given in the same manner as for an original meeting and such notice shall state that those Beneficiaries who are then present in person or by proxy shall form a quorum; and
- (vi) the US Scheme Beneficiary shall abstain from voting unless the manner in which it is to vote has been directed in writing by Selected US Employees with respect to whom an aggregate number of Shares that are held by the Trustee that are referable to the Selected US Employees on or prior to the date on which the resolution is proposed to be passed exceeds one half or more in nominal value of all shares so held by the Trustee on that date.

- (B) Subject to Paragraph 10(C), any change to the terms of any award made or referable to a Selected Employee must be approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or the shareholders of the Company in general meeting (as the case may be) if the initial grant of the award was approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or the shareholders of the Company in general meeting (as the case may be), in accordance with the terms of this Scheme and the Listing Rules. The foregoing provisions of this Paragraph 10(B) shall not apply where the alteration take effect automatically under the existing terms of this Scheme.
- (C) Any change to the authority of the Board to alter the terms of this Scheme must be approved by the shareholders of the Company in general meeting.
- (D) The amended terms of this Scheme and/or any award made under this Scheme must comply with the applicable requirements under the Listing Rules.
- (E) Where the terms of this Scheme are amended, the Company shall, upon such changes taking effect, provide to all Selected Employees the details of such changes in writing.

## **11. TERMINATION**

- (A) The Scheme shall terminate on the earlier of:
  - (i) the tenth (10<sup>th</sup>) anniversary date of the Adoption Date; and
  - (ii) such date of early termination as determined by the Board by a resolution of the Board,

Provided That such termination shall not affect any subsisting rights of any Selected Employee or the US Scheme Beneficiary (as the case may be) hereunder.

- (B) Upon termination of the Scheme,
  - (i) no further award of Shares may be made under the Scheme;



- (ii) all the awarded Shares (and the related Other Distributions, if any) of the Selected Non-US Employee and the US Scheme Beneficiary granted under this Scheme shall continue to be held by the Trustee and become vested in the Selected Non-US Employees and the US Scheme Beneficiary according to the terms and conditions of the award, subject to the receipt by the Trustee of the transfer documents prescribed by the Trustee and duly executed by such Selected Non-US Employees and the US Scheme Beneficiary or the relevant transferee (as the case may be); and
  - (iii) if the Trustee holds Returned Shares which have not been designated in favour of any particular Beneficiary, then the Trustee shall within five (5) business days of receiving notice of such termination sell the same to the extent permissible by the prevailing market conditions and remit the proceeds of sale (after making appropriate deductions in respect of stamp duty and other costs, liabilities and expenses in accordance with the Trust Deed) to the Company.
- (C) For the avoidance of doubt, the temporary suspension of the granting of any award under this Scheme shall not be construed as a decision to terminate the operation of the Scheme.

## **12. MISCELLANEOUS**

- (A) This Scheme shall not form part of any contract of employment between the Company or any Subsidiary and any Employee, and the rights and obligations of any Employee under the terms of his or her office or employment shall not be affected by his or her participation in this Scheme or any right which he may have to participate in it and this Scheme shall afford such Employee no additional rights to compensation or damages in consequence of the termination of such office or employment for any reason.
- (B) The Company shall bear the costs of establishing and administering this Scheme (including, for the avoidance of doubt, costs arising from as communications as referred to in Paragraph 12(C)), excluding any transaction levy, brokerage, tax or expenses of whatsoever nature payable on the part of any Employee, the US Scheme Beneficiary or the Trustee in respect of any sale, purchase, vesting or transfer of Shares pursuant to the Scheme (“**Excluded Expenses**”) provided always that if there are no assets out of which the Trustee may pay such excluded expenses

pursuant to the powers vested in it by the Trust Deed, the Company shall bear the costs of the same.

- (C) Any notice or other communication between the Company and any Employee may be given by sending the same by prepaid post or by personal delivery to, in the case of the Company, its registered office in Hong Kong or such other address as notified to the Employee from time to time and in the case of an Employee, his or her address in Hong Kong or in the case of Selected US Employees, the US, as notified to the Company from time to time. Any notice or other communication given by the Company to the Employee may also be given, to the extent permitted by and in accordance with the Listing Rules and any other applicable laws, by electronic communication including by transmitting the same to any electronic number, address or web site as notified to the Company from time to time or by placing the same on the Company's website and/or the website of the Stock Exchange.
- (D) Any notice or other communication served by post:
- (i) by the Company, shall be deemed to have been served 24 hours after the same was put in the post; and
  - (ii) by an Employee shall not be deemed to have been received until the same shall have been received by the Company.
- (E) Any notice or other communication served by electronic communication by the Company shall be deemed to be have been served on the Employee:
- (i) in the case of placing on the Company's website and/or the website of the Stock Exchange, on the day on which the same is published on such website; and
  - (ii) in any other case, on the day on which the same is transmitted to the Employee if no notification has been received by the Company within 48 hours after the transmission that the electronic communication has not reached the Employee,

or at such later time as may be prescribed by the Listing Rules or any other applicable laws. Any failure transmission of the electronic communication which is beyond the

Company's control shall not invalidate the effectiveness of the notice or communication being served.

- (F) The Company shall not be responsible for any failure by any Employee to obtain any consent or approval required for such Employee to participate in this Scheme or for any tax, duty, expenses, fees or any other liability to which he may become subject as a result of his participation in this Scheme.
- (G) For the avoidance of doubt, the awarded Shares (and the related Other Distributions, if any) granted under the Scheme prior to the Adoption Date (if any) shall continue to be valid and subject to the provisions of the Scheme as at the relevant grant date(s) of such awarded Shares notwithstanding the adoption and amendment of this Scheme on the Adoption Date.

**13. GOVERNING LAW**

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



the aforesaid documents) within the said [●] day period, your entitlement to the relevant Shares (and the Other Distributions, if any) shall lapse.

Other than satisfying the conditions, you will not be required to provide any consideration in order to acquire these Shares (either now or at the date of vesting/acceptance).

You should also note that this award will automatically lapse in the event that the Company (or the Subsidiary or the business division by which you are employed) ceases to be part of the Group (as defined in the Scheme Rules).

We would recommend that you seek specific advice from your own tax adviser on how this award may affect your tax status. Please also take the time to familiarise yourself with the Scheme Rules, [a copy of which is enclosed with this notice] [accessible via this link, [●]], as they contain important information relating to the administration of the Scheme.

Yours sincerely,

[●]

for and on behalf of

**VTech Holdings Limited**

c.c.: **[Bank of East Asia (Trustees) Limited]**

**SCHEDULE 1(B)**  
**(Share award for Selected US Employees)**

[[*US Subsidiary*] letterhead]

[*Name of Selected US Employee*]

[*Address*]  
(referred to below as "you" or "Selected Employee")

[*Date*]

Dear [●],

**Offer of share incentive (the "Share Award") in the form of shares in the capital of VTech Holdings Limited (the "Company") on terms set out hereinafter**

We are pleased to advise you that the board of directors (the "**Board**") of [*US Subsidiary*] Limited (the "**US Grantor**") has determined that, subject to your acceptance of this one-off offer by [signing and returning a duplicate of this notice]/[agreement and sending the acceptance] to the US Grantor within [●] days and subject further to the satisfaction of the conditions set out in the table below and the performance targets set out in a separate notice of even date to you (together, the "**Vesting Conditions**") and the other terms and conditions herein and in the "Rules relating to The VTech Share Award Scheme" (the "**Scheme Rules**") contained in the Schedule hereto (together, the "**Terms and Conditions**"), US Grantor will procure the number of the shares (the "**Award Shares**", being shares in the capital of the Company) set out in the table below against the relevant "Vesting Date", be transferred, free of charge, to you:

<b>Vesting Date</b>	<b>Number of Award Shares</b>
[●]	[●]

Unless the context herein requires otherwise, terms defined in the Scheme Rules shall have the same meanings when used herein.

Please note that you do NOT have any interest (whether legal, equitable, actual or contingent) of any nature whatsoever in the Award Shares from time to time and at any time and whether or not the date(s) set out above has/have past and the conditions referred to above are satisfied or waived by the Board.

Please note that you will only have the right to receive the Award Shares and to the extent set out above until the date(s) set out above and until the conditions referred to above are satisfied or waived by the Board, subject further to the Terms and Conditions. (When the aforesaid right to receive any Award Shares has become unconditional and exercisable, the relevant Share Award shall become "vested" to the extent of such Award Shares, and references to "vest" and "vesting" shall be construed accordingly.)

After the relevant Award Shares have vested in you, a vesting notice advising you of this fact and will be sent to you inviting you to accept such Award Shares. You may do so by [returning]/[sending] the "**Notice of Acceptance**" which accompanies the above vesting notice within [●] days of the date of the vesting notice. Subject to your duly executing such documents and providing such information as US Grantor may require for the purpose of transferring the relevant Award Shares (and the Other Distribution, if any) to you, US Grantor will then procure the requisite transfer of such Award Shares (and the Other Distribution, if any) to you. In the event that you do not deliver a Notice of Acceptance within [●] days from the date of the vesting notice, your entitlement to the relevant vested Award Shares (and the Other Distribution, if any) shall lapse.

Other than satisfying the conditions, you will not be required to provide any consideration in order to acquire the relevant Award Shares (and the Other Distribution, if any) either now or at the date of vesting/acceptance.

By [signing and returning the duplicate of this notice] /[acknowledging and confirming your agreement of the contents of this notice and sending it] to us, you hereby agree that you shall effect and complete all such notifications and registrations, and execute and file all such documents, as we may from time to time communicate to you, in connection with the Share Award, and you further undertake to provide us with such evidence in respect thereof as we may require, in each case, failing which the Share Award will lapse.

You should note that this award will also automatically lapse in the event that US Grantor (or the business division by which you are employed) ceases to be a subsidiary of the Company.

We would recommend that you seek specific advice from your own tax adviser on how this award may affect your tax status. Please also take the time to familiarise yourself with the Terms and Conditions, as they contain important information relating to the administration and operation of the Share Award.

Yours sincerely,

[●]  
for and on behalf of  
[US Subsidiary] **Limited**

c.c. VTech Holdings Limited  
c.c. [Bank of East Asia (Trustees) Limited]

I agree to accept the offer of the Share Award  
on terms of the above and the Terms and Conditions

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[Name]

Date:

## **SCHEDULE**

[The Rules relating to The VTech Share Award Scheme]



**SCHEDULE 2**  
**(Vesting notice to Trustee (Selected Non-US Employees))**

[VTech Holdings Limited letterhead]

**Vesting Notice to Trustee (Selected Non-US Employees)**  
*[Amend form if in respect of more than one employee]*

[Bank of East Asia (Trustees) Limited]

[Address]

For the attention of: [●]

[Date]

Dear Sirs,

**The VTech Share Award Scheme (the "Scheme")**

We refer to the notice of [date] addressed to [name of employee] (the "Selected Employee") (a copy of which was provided to you), wherein we advised the Selected Employee that [he]/[she] had acquired rights to some Shares subject to certain conditions (including a condition covering a vesting timetable). Terms used in that notice shall have the same meaning in this notice.

The abovementioned conditions have now been [satisfied][waived] [in respect of [●] Shares], and the Selected Employee is now entitled to give a Notice of Acceptance in respect of [his]/[her] rights to receive that number of Shares [(and the related Other Distribution)] under the rules of the Scheme.

We should therefore be grateful if you would send to the Selected Employee, c/o VTech Holdings Limited, a vesting notice substantially in the form set out in Schedule 3(A) to the rules of the Scheme within the next [●] days advising [him]/[her] of the [satisfaction]/[waiver] of the relevant conditions and inviting [him]/[her] to give a Notice of Acceptance pursuant to the rules of the Scheme within [●] days of the date of your vesting notice.

Yours faithfully

[●]

for and on behalf of

**VTech Holdings Limited**

**SCHEDULE 3(A)**  
**(Vesting Notice for Selected Non-US Employee)**

[Bank of East Asia (Trustees) Limited letterhead]

**Vesting Notice to Selected Non-US Employee**

[Name of Selected Employee]  
c/o VTech Holdings Limited

[Date]

Dear [●],

**The VTech Share Award Scheme (the "Scheme")**

We refer to the notice dated [●] from VTech Holdings Limited (the "**Company**") to you, wherein the Company advised you that, subject to certain conditions (including a condition covering a vesting timetable), you had the right to receive certain Shares. Terms used in that letter shall have the same meaning in this notice. We have been advised that the abovementioned conditions have now been [satisfied][waived] [in respect of [●] Shares], and that you are now entitled to receive that number of Shares [(and the related Other Distribution, being [●])] from the Trustee.

We would recommend that you seek specific advice from your own tax adviser on how the receipt of these Shares may affect your tax status.

If you wish the above Shares to be transferred to you, please sign and [return]/[send] the attached Notice of Acceptance [(together with the relevant instrument of transfer and bought note duly executed by yourself)] within [●] days of the date of this notice.

Yours sincerely

[●]  
for and on behalf of  
**[Bank of East Asia (Trustees) Limited]**

c.c. **VTech Holdings Limited**

**SCHEDULE 3(B)**  
**(Vesting Notice for Selected US Employee)**

**VTECH HOLDINGS LIMITED**

*[FULL NAME OF US GRANTOR]*

**Vesting Notice to Selected US Employee**

*[Name of the Selected US Employee  
c/o relevant VTech group company]*

*[Date]*

Dear [●],

**The VTech Share Award Scheme (the "Scheme")**

We refer to the notice dated [●] from *[name of US Grantor]* (the "**US Grantor**") to you, wherein the US Grantor advised you that, subject to certain conditions (including a condition covering a vesting timetable), the US Grantor will procure the transfer of certain Shares set out therein to you. The abovementioned conditions have now been [satisfied][waived] [in respect of [●] Shares].

If you wish the above [Shares] [(and the related Other Distribution, being [●])] to be transferred to you, please send to us a Notice of Acceptance in the form [attached]/[accessed through this link, [●]] [(together with the relevant instrument of transfer and bought note duly executed by yourself)] within [●] days of the date of this notice.

We would recommend that you seek specific advice from your own tax adviser on how receipt of these Shares may affect your tax status.

Yours sincerely

Yours sincerely

[●]  
for and on behalf of  
**VTech Holdings Limited**

[●]  
for and on behalf of  
*[Insert Name of US Grantor]*

c.c. *[Insert Name of US Scheme Beneficiary]*

**SCHEDULE 4(A)**  
**Notice of Acceptance (Selected Non-US Employees)**

To: **[Bank of East Asia (Trustees) Limited]**

[*date*]

Dear Sirs

Please transfer [●] shares in VTech Holdings Limited to me in accordance with the vesting notice issued by you on [*date*].

[The shares should be transferred as follows:]  
[*insert details of CCASS nominees*]

[Enclosed are the instrument of transfer [and bought note] in relation to the transfer of the abovementioned shares duly executed by myself as transferee.]

Yours faithfully

[*name of employee*]

c.c. **VTech Holdings Limited**

**SCHEDULE 4(B)**  
**Notice of Acceptance (Selected US Employees)**

To: **VTech Holdings Limited**

To: *[Insert name of the US Grantor]*  
c/o *VTech Holdings Limited*

*[date]*

Dear Sirs

Please transfer [**●**] [shares in VTech Holdings Limited] to me in accordance with the vesting notice issued by you on *[date]*.

[The [shares] should be transferred as follows:]

*[insert transfer details]*

[Enclosed are the instrument of transfer [and bought note] in relation to the transfer of the abovementioned shares duly executed by myself as transferee.]

Yours faithfully

*[name of employee]*

**SCHEDULE 5**  
**(Vesting notice to Trustee (for Selected US Employees))**

**VTECH HOLDINGS LIMITED**  
**("Company")**

**[INSERT THE FULL NAME OF THE US SCHEME BENEFICIARY]**  
**("US Scheme Beneficiary")**

**[INSERT THE FULL NAME OF THE US GRANTOR]**  
**("US Grantor")**

**Vesting Notice to Trustee (Selected US Employees)**  
[Amend form if in respect of more than one employee]

[Bank of East Asia (Trustees) Limited]  
[Address]  
For the attention of: [●]

[Date]

Dear Sirs,

**The VTech Share Award Scheme (the "Scheme")**

We refer to the notice of [date] addressed to [name of US employee] ("**Relevant Selected US Employee**") from [insert name of US Grantor] ("**US Grantor**"), a copy of which was provided to you, ("**Share Award**"), wherein the US Grantor advised the Relevant Selected US Employee that the relevant US Grantor will procure the transfer of the number of Shares set out therein to the Relevant Selected US Employee, subject to certain conditions (including a condition covering a vesting timetable). Terms used in the rules of the Scheme shall have the same meaning in this letter, unless the context requires otherwise.

The abovementioned conditions have now been [satisfied][waived] [in respect of [●] Shares], which was notified by the Company and the US Grantor to the Relevant Selected US Employee in a vesting notice dated [●], a copy of which is [attached] / [available through this link, [●]]. In addition, the Relevant Selected US Employee has since given a Notice of Acceptance in respect of that vesting notice, a copy of which is also [attached] / [available through this link, [●]].

The US Scheme Beneficiary, as beneficiary of the relevant Shares [(and the related Other Distributions, being [●])] so vested under the Scheme, hereby directs you to transfer such Shares [(and the said related Other Distributions)] to the Relevant Selected US Employee in accordance with the transfer details set out in the [attached/returned] Notice of Acceptance,

and each of the Company and the US Grantor requests that those Shares be transferred accordingly.

Yours faithfully

[•]  
for and on behalf of  
**VTech Holdings Limited**

Yours faithfully

[•]  
for and on behalf of  
*[Insert name of US  
Scheme Beneficiary]*

Yours faithfully

[•]  
for and on behalf of  
*[Insert name of US Grantor]*

## **RULE RELATING TO THE VTECH AMENDED SHARE AWARD SCHEME**

### **Addendum to the Plan for French resident Beneficiaries (“French Subplan”)**

This Addendum to the VTech Amended Share Award Scheme (the "Plan") sets out the terms of the Plan as they apply to beneficiaries who are resident of France or who are or may become subject to French tax (i.e. income tax and/or social security tax) as a result of Shares granted under the Plan. The Shares granted under this Plan will be deemed French Qualified Free Shares and shall be eligible for the favourable income and social security tax regime applicable to shares granted for no consideration under Article L.225-197-1 to L.225-197-5 of the French Commercial Code, as subsequently amended, and in accordance with the relevant provisions set forth by French tax law and the French tax administration.

The terms of this Addendum shall be interpreted accordingly and in accordance with the relevant provisions set forth by French tax and social security laws, and relevant Guidelines published by French tax and social security administrations and subject to the fulfilment of legal, tax and reporting obligations.

This Addendum should be read in conjunction with the rules of the Plan and is subject to the terms and conditions of the Plan except to the extent that the terms and conditions of the Plan differ from or conflict with the terms set out in this Addendum in which event the terms set out in this Addendum shall prevail.

The terms of this Addendum are the terms set out in the rules of the Plan modified as follows.

#### **1. APPLICATION**

This section will apply to Plan Beneficiaries who are resident of France and who are or may become subject to French tax (i.e. income tax and/or social security tax) as a result of Shares granted under the Plan. The Shares granted under this plan will be deemed French Qualified Free Shares.

#### **2. ELIGIBILITY**

French Qualified Free Shares may not be granted under this Addendum to an individual:

- unless he is employed by VTech Holdings Limited, or by a company which is a subsidiary of VTech Holdings Limited, as defined in Article 225-197-2 of the French "Code de Commerce" in France; or
- unless he is a director with a management function as defined in Article 225-197-1 of the French "Code de Commerce" in France of VTech Holdings Limited or of a company which is a subsidiary of VTech Holdings Limited as defined in Article 225-197-2 of the French "Code de Commerce" in France; or
- who owns more than 10% of the share capital of VTech Holdings Limited



### **3. VESTING PERIOD**

The vesting period applicable to French Qualified Free Shares may not be less than one year following the Reference Date (i.e. the date of grant of the free shares to an eligible Beneficiary) even in case of termination of employment for any cause including retirement and disability of the Beneficiary.

However, notwithstanding the above, in the event of death of a French Qualified Free Share Beneficiary, all of his or her outstanding Shares shall vest and the Shares shall be transferred as set forth in Section of 7 this Addendum.

### **4. SALES RESTRICTIONS**

The sale of shares issued pursuant to the vesting of the award may not occur prior to the expiration of a one-year period as calculated from the date the Shares are transferred to the Beneficiary, or such other period as is required to comply with the minimum mandatory holding period applicable to French Qualified Free Shares under Section L. 225-197-1 of the French Commercial Code. Notwithstanding the above, in case of Beneficiary's death, the Beneficiary's heirs shall not need to comply with the restriction on the sale of Shares. In addition, in the event of disability of 2nd or 3rd category disability (as defined under Article L.341-4 of the French Social Security Code) of a Beneficiary, the Beneficiary shall not need to comply with the restriction on the sale of Shares.

### **5. CLOSED PERIODS**

Shares underlying French Qualified Free Shares may not be sold during the following period ("Closed Periods"):

- within the 10 days before or after the publication of the annual accounts and interim accounts of VTech Holdings Limited;
- within a period beginning with the date at which company's executives become aware of any information which, were it to be public knowledge, could have a significant impact on the company's share price and ending 10 trading days after the information becomes public knowledge.

These Closed Periods will apply to grant of French Qualified Free Shares long as and to the extent such Closed Periods are applicable under French law.

### **6. NON-TRANSFERABILITY OF SHARES**

Except in the case of (i) death or (ii) disability (as defined under Article L.341-4 of the French Social Security Code), French Qualified Free Shares may not be transferred to any third party.

## **7. DISABILITY OR DEATH OF A BENEFICIARY**

In the event of the of 2nd or 3rd category disability (as defined under Article L.341-4 of the French Social Security Code) of a Beneficiary, the Beneficiary shall not need to comply with the restriction on the sale of Shares set forth in Section 4 above. Notwithstanding the foregoing, the Beneficiary must comply with the restriction on the sale of shares set forth in Section 5 above.

In the event of the death of a Beneficiary, all unvested French Qualified Free Shares held by the Beneficiary at the time of death shall become immediately vested. The Company shall transfer the underlying shares to the Beneficiary's heirs, at their request, within six months following the death of the Beneficiary. The Beneficiary's heirs shall not need to comply with the restriction on the sale of Shares set forth in Sections 4 above. Notwithstanding the foregoing, the Beneficiary's heirs must comply with the restriction on the sale of shares set forth in Section 5 above.

## **8. BENEFICIARY'S ACCOUNT**

The Shares transferred pursuant to the vesting of the French Qualified Free Shares shall be recorded in an account in the name of the Beneficiary with the Company or a broker or in such other manner as the Company may otherwise determine in order to ensure compliance with the sale restrictions set forth above in section 4.

## **9. ADJUSTMENTS DUE TO CERTAIN CORPORATE EVENTS**

Adjustments to the terms and conditions of the French Qualified Free Shares may be made only pursuant to applicable French legal and tax rules. Nevertheless, the Board, at its discretion, may determine to make adjustments in the case of a transaction for which adjustments are not authorized under French law, in which case the Shares may no longer qualify as French Qualified Free Shares.

[Revised: [●] 2023]