
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt about this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Hong Kong Television Network Limited, you should at once hand this circular with the enclosed form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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Hong Kong Television Network Limited 香港電視網絡有限公司

(Incorporated in Hong Kong with limited liability under the Companies Ordinance)
(Stock Code: 1137)

GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES AND RE-ELECTION OF RETIRING DIRECTORS AND GRANT OF SHARE OPTIONS AND ADOPTION OF THE 2020 SHARE OPTION SCHEME AND NOTICE OF ANNUAL GENERAL MEETING

A notice convening the annual general meeting (the “AGM”) of Hong Kong Television Network Limited (the “Company”) to be held at Ground Floor, HKTV Multimedia and Ecommerce Centre, No. 1 Chun Cheong Street, Tseung Kwan O Industrial Estate, New Territories, Hong Kong on Tuesday, 2 June 2020 at 10:00 a.m. is set out on pages 38 to 44 of this circular. A form of proxy is also enclosed.

Whether or not you are able to attend and vote at the AGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company’s share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from subsequently attending and voting in person at the AGM or any adjournment thereof should you so wish.

PRECAUTIONARY MEASURES FOR THE AGM

Please see pages 1 to 2 of this circular for measures being taken to try to prevent and control the spread of the Coronavirus Disease 2019 (“COVID-19”) at the AGM, including:

- mandatory screening of body temperatures
- mandatory wearing of face masks and maintaining a safe distance between seats
- no distribution of refreshments
- disinfection of hands and footwear

The Company requires attendees to wear face masks and reminds Shareholders that they may appoint the Chairman of the AGM as their proxy to vote on the relevant resolutions at the AGM as an alternative to attending the AGM in person.

17 April 2020

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PRECAUTIONARY MEASURES FOR THE AGM

The health of our Shareholders, Talents and other stakeholders is of paramount importance to us. In view of the ongoing COVID-19 pandemic and recent requirements for prevention and control of its spread, the Company will implement the following preventive measures at the AGM to protect attending Shareholders, Talents and other stakeholders from the risk of infection:

- (i) Mandatory body temperature checks will be conducted on every Shareholder, proxy and other attendees at the entrance of the AGM venue. Any person with a body temperature of over 37.5 degrees Celsius may be denied entry into the AGM venue or be required to leave the AGM venue;
- (ii) The attendees must wear face masks inside the AGM venue at all times, and shall maintain a safe distance between seats;
- (iii) No refreshments will be served; and
- (iv) There will be disinfection of hands and footwear at the entrance of the AGM venue.

To the extent permitted under law, the Company reserves the right to deny entry into the AGM venue or require any person to leave the AGM venue in order to ensure the safety of the attendees at the AGM.

In the interest of all stakeholders' health and safety and consistent with recent COVID-19 guidelines for its prevention and control, the Company reminds all Shareholders that physical attendance in person at the AGM is not necessary for the purpose of exercising their voting rights. As an alternative, by using proxy forms with voting instructions inserted, Shareholders may appoint the Chairman of the AGM as their proxy to vote on the relevant resolutions at the AGM instead of attending the AGM in person.

The proxy form is attached to the AGM Circular for Shareholders who opt to receive physical circulars. Alternatively, the proxy form can be downloaded from the "Investor Engagement" section of the Company's website at ir.hktv.com.hk.

PRECAUTIONARY MEASURES FOR THE AGM

If you are not a registered Shareholder (if your Shares are held via banks, brokers, custodians or the Hong Kong Securities Clearing Company Limited), you should consult directly with your banks or brokers or custodians (as the case may be) to assist you in the appointment of a proxy. If Shareholders choosing not to attend the AGM in person have any questions about the relevant resolutions, or about the Company or any matters for communication with the Board, they are welcome to contact the Company as follows:

Email: investor_engagement@hktv.com.hk

Telephone: +852 3145 6888

Fax: +852 2199 8354

If any Shareholder has any questions relating to the AGM, please contact Computershare Hong Kong Investor Services Limited, the Company's share registrar as follows:

Computershare Hong Kong Investor Services Limited

Address: 17M Floor, Hopewell Centre
183 Queen's Road East, Wan Chai, Hong Kong

Email: hkinfo@computershare.com.hk

Tel: +852 2862 8555

Fax: +852 2865 0990

DEFINITIONS

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

“2012 Share Option Scheme”	the existing share option scheme of the Company adopted and approved by the Shareholders on 31 December 2012
“2020 Share Option Scheme”	the share option scheme proposed to be adopted by the Company at the AGM, the principal terms of which are summarised in Appendix III to this circular
“AGM”	the annual general meeting of the Company to be held at Ground Floor, HKTV Multimedia and Ecommerce Centre, No. 1 Chun Cheong Street, Tseung Kwan O Industrial Estate, New Territories, Hong Kong on Tuesday, 2 June 2020 at 10:00 a.m.
“Annual Report”	the annual report of the Company for the year ended 31 December 2019
“Articles”	the articles of association of the Company
“Associate”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Companies Ordinance”	Companies Ordinance, Chapter 622 of the Laws of Hong Kong
“Company”	Hong Kong Television Network Limited
“Connected Person”	has the meaning ascribed thereto under the Listing Rules
“Core Connected Person”	has the meaning ascribed thereto under the Listing Rules

DEFINITIONS

“Date of Grant”	27 March 2020, being the date on which the share options under the 2012 Share Option Scheme were conditionally granted to Mr. Cheung and Mr. Wong
“Director(s)”	the director(s) of the Company
“Eligible Participant”	any individual being an employee or executive or officer of the Company or any of its Subsidiaries (including executive and non-executive directors of the Company or any of its Subsidiaries) and any suppliers or Professional Advisers, who will or have provided services to any member(s) of the Group
“General Mandates”	the Issue Mandate and the Repurchase Mandate to be sought at the AGM as set out in the Notice of AGM
“Group”	the Company and its Subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Shareholders”	Shareholders other than Mr. Cheung and Mr. Wong and their respective Associates and all Connected Persons of the Company
“Issue Mandate”	a general mandate to allot, issue and deal with additional Shares not exceeding 20% of the number of the Shares in issue as at the date of passing of the resolution approving such mandate
“Latest Practicable Date”	9 April 2020, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Cheung”	Mr. Cheung Chi Kin, Paul, the Chairman, an executive Director and a substantial Shareholder
“Mr. Wong”	Mr. Wong Wai Kay, Ricky, the Vice Chairman, the Chief Executive Officer, an executive Director and a substantial Shareholder
“Notice of AGM”	the notice convening the AGM set out on pages 38 to 44 of this circular
“option(s)” or “share option(s)”	an option to subscribe for Shares granted or available for grant under any share option scheme of the Company
“Professional Advisers”	a professional consultant or adviser including legal, financial, accounting, management, technical, information, engineering, investment, banking or other similar professional consultant or adviser who will or have provided services to any member(s) of the Group in the usual course of business of such member
“Repurchase Mandate”	a general mandate to exercise the power of the Company to repurchase Shares up to a maximum of 10% of the number of the Shares in issue as at the date of the resolution approving such mandate
“SFO”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	ordinary share(s) of the Company
“Share Repurchase Rules”	the applicable provisions under the Listing Rules to regulate the repurchase by companies of their own securities listing on the Stock Exchange

DEFINITIONS

“Shareholder(s)”	the registered holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	a subsidiary within the meaning of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) for the time being of the Company whether incorporated in Hong Kong or elsewhere and “Subsidiaries” shall be construed accordingly
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs published by Securities and Futures Commission
“%”	per cent.

LETTER FROM THE BOARD



Hong Kong Television Network Limited
香港電視網絡有限公司

(Incorporated in Hong Kong with limited liability under the Companies Ordinance)
(Stock Code: 1137)

Executive Directors:

Mr. Cheung Chi Kin, Paul (*Chairman*)
Mr. Wong Wai Kay, Ricky
(Vice Chairman & Chief Executive Officer)
Ms. Wong Nga Lai, Alice
(Chief Financial Officer)
Mr. Lau Chi Kong (*Chief Operating Officer*)
Ms. Zhou Huijing
(Managing Director of Shipping and eCommerce)

Registered Office:

HKTV Multimedia and
Ecommerce Centre
No. 1 Chun Cheong Street
Tseung Kwan O Industrial Estate
New Territories
Hong Kong

Independent Non-executive Directors:

Mr. Lee Hon Ying, John
Mr. Peh Jefferson Tun Lu
Mr. Mak Wing Sum, Alvin

17 April 2020

To the Shareholders

Dear Sir or Madam,

**GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES
AND
RE-ELECTION OF RETIRING DIRECTORS
AND
GRANT OF SHARE OPTIONS
AND
ADOPTION OF THE 2020 SHARE OPTION SCHEME
AND
NOTICE OF ANNUAL GENERAL MEETING**

I. INTRODUCTION

The purpose of this circular is to provide you with information regarding the resolutions to be proposed at the AGM for (i) the grant to the Directors the General Mandates; (ii) the re-election of retiring Directors; (iii) the grant of the share options to Mr. Cheung and Mr. Wong under the 2012 Share Option Scheme; and (iv) the adoption of the 2020 Share Option Scheme.

LETTER FROM THE BOARD

II. GENERAL MANDATES

At the AGM, ordinary resolutions will be proposed to grant to the Directors the General Mandate as follows:

- (a) to grant to the Directors the Issue Mandate to exercise the powers of the Company to allot, issue and otherwise deal with additional Shares up to a maximum of 20% of the number of the Shares in issues as at the date of the passing of such resolution;
- (b) to grant to the Directors the Repurchase Mandate to enable them to repurchase Shares up to a maximum of 10% of the number of the Shares in issue as at the date of the passing of such resolution; and
- (c) to increase the number of Shares to be allotted and issued under the Issue Mandate by an additional number representing such number of Shares repurchased under the Repurchase Mandate.

The general mandates will expire at the conclusion of the AGM and the purpose of this circular is to request your support to renew the General Mandates at the AGM.

Under the Listing Rules, the Company is required to give to the Shareholders all information which is reasonably necessary to enable the Shareholders to make an informed decision as to whether to vote for or against the resolution to grant to the Directors the Repurchase Mandate. The explanatory statement as required by the Listing Rules is set out in Appendix I to this circular.

(a) Issue Mandate

At the AGM, an ordinary resolution will be proposed which, if passed, will give the Directors the Issue Mandate to exercise the powers of the Company to allot, issue and otherwise deal with additional Shares up to a maximum of 20% of the number of the Shares in issue at the date passing of the resolution, details of which are set out in ordinary resolution No. 4 in the Notice of AGM. In addition, conditional upon the proposed ordinary resolution to grant to the Directors the Repurchase Mandate being passed, an ordinary resolution will be proposed to authorise the Directors to allot,

LETTER FROM THE BOARD

issue and otherwise deal with new Shares up to an amount equal to the aggregate number of the Shares repurchased by the Company in order to provide flexibility for issuing new Shares when it is in the interests of the Company.

The Company had an aggregate of 910,813,643 Shares in issue as at the Latest Practicable Date. Subject to the passing of the ordinary resolution No. 4 for the approval of the Issue Mandate and on the basis that no further Shares will be issued or repurchased prior to the AGM, the Company will therefore be allowed to allot and issue up to a maximum of 182,162,728 Shares, representing 20% of the number of the Shares in issue.

The Issue Mandate will expire on the day being the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles or any applicable laws of Hong Kong to be held; and (iii) the date on which the authority set out in the resolution is revoked or varied by an ordinary resolution of the Shareholders in general meeting.

(b) Repurchase Mandate

An ordinary resolution will be proposed at the AGM to grant to the Directors the Repurchase Mandate, details of which are set out in ordinary resolution No. 5 in the Notice of AGM. The Shares which may be repurchased pursuant to the Repurchase Mandate is limited to a maximum of 10% of the number of the Shares in issue at the date of passing of the resolution approving the Repurchase Mandate.

The Company had an aggregate of 910,813,643 Shares in issue as at the Latest Practicable Date. Subject to the passing of the ordinary resolution No. 5 for the approval of the Repurchase Mandate and on the basis that no further Shares will be issued or repurchased prior to the AGM, the Company will therefore be allowed to repurchase up to a maximum of 91,081,364 Shares, representing 10% of the number of the Shares in issue.

LETTER FROM THE BOARD

The Repurchase Mandate will expire on the day being the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles or any applicable laws of Hong Kong to be held; and (iii) the date on which the authority set out in the resolution is revoked or varied by an ordinary resolution of the Shareholders in general meeting.

Details of the above ordinary resolutions are set out in ordinary resolutions Nos. 4, 5 and 6 in the Notice of AGM.

III. RE-ELECTION OF RETIRING DIRECTORS

In accordance with Articles 96 and 99 of the Articles, Mr. Cheung Chi Kin, Paul, Ms. Wong Nga Lai, Alice and Mr. Lau Chi Kong will retire from office by rotation at the AGM and, being eligible, will offer themselves for re-election.

The re-appointment of Directors has been reviewed by the nomination committee of the Company, which made recommendation to the Board that the re-election be proposed for Shareholders' approval at the AGM.

Hence, the Board proposes to re-appoint Mr. Cheung Chi Kin, Paul, Ms. Wong Nga Lai, Alice and Mr. Lau Chi Kong as Directors at the AGM. Biographical details of each of these Directors are set out in Appendix II to this circular.

IV. GRANT OF SHARE OPTIONS

(a) Introduction

Reference is made to the announcement of the Company dated 27 March 2020 in relation to, among others, the grant of the share options under the 2012 Share Option Scheme to Mr. Cheung and Mr. Wong.

On 27 March 2020, the Board resolved to conditionally grant share options under the 2012 Share Option Scheme to Mr. Cheung and Mr. Wong to subscribe for a total of 11,900,000 Shares. As the grant of the share options would result in over 0.1% of the issued Shares to be issued to Mr. Cheung and Mr. Wong upon exercise of all share options granted to Mr. Cheung and Mr. Wong in total, the grant of the share options must be approved by the Independent Shareholders according to Rule

LETTER FROM THE BOARD

17.04(1) of the Listing Rules. The Board proposes to seek the approval of the Independent Shareholders for the grant of the share options to Mr. Cheung and Mr. Wong. Details of the share options granted to Mr. Cheung and Mr. Wong respectively are as below:

Name	Position	Number of share options granted	Approximate percentage of the Shares out of the total number of Shares in issue as at the Latest Practicable Date
Mr. Cheung	Chairman, Executive Director and a substantial Shareholder	5,950,000	0.653%
Mr. Wong	Vice Chairman, Chief Executive Officer, Executive Director and a substantial Shareholder	5,950,000	0.653%

LETTER FROM THE BOARD

Details of the share options granted are set out below:

Date of Grant	:	27 March 2020
Exercise price of share options granted	:	HK\$4.434 per Share, which represents the highest of:- (i) the closing price of HK\$4.410 per Share as stated in the daily quotation sheets of the Stock Exchange on the Date of Grant; and (ii) the average closing price of HK\$4.434 per Share as stated in the daily quotation sheets of the Stock Exchange for five consecutive business days immediately preceding the Date of Grant
Number of share options granted	:	11,900,000 share options (representing approximately 1.307% of the total number of Shares in issue as at the Latest Practicable Date)
Validity period of the share options	:	The share options are valid for a period of 10 years from 27 March 2020 to 26 March 2030 (both days inclusive)
Vesting period of the share options	:	Among the 11,900,000 share options, the vesting date is as follows:- (i) 5,900,000 of which will vest on 27 March 2021; and (ii) 6,000,000 of which will vest on 27 March 2022
Consideration for the grant of the share options	:	HK\$1.00 to be paid by Mr. Cheung and Mr. Wong respectively upon the acceptance of the share options
Performance target	:	No performance target must be achieved by either Mr. Cheung or Mr. Wong before the share options can be exercised

LETTER FROM THE BOARD

The Shares to be allotted upon exercise of the share options shall rank pari passu with the Shares then in issue in all respects, including voting rights, entitlement to dividends, transfer and other rights (including those arising on liquidation of the Company) paid or made on or after the relevant exercise date of the options. The options themselves, however, do not carry any right to voting, dividend, transfer or other rights (including those arising on the liquidation of the Company) prior to their being exercised and the underlying Shares being issued.

(b) Reasons of the Grant of the Share Options

Mr. Cheung is the Chairman, an executive Director and a substantial Shareholder of the Company. He is primarily responsible for leadership of the Board and overall strategic planning and direction of the Group. Prior to his appointment as chairman, Mr. Cheung was the Vice Chairman and Chief Executive Officer of the Group. The Directors considered that the grant of the share options to Mr. Cheung is an appropriate way to recognise his past and continued contribution to the Group.

Mr. Wong is the Vice Chairman, the Chief Executive Officer, an executive Director and a substantial Shareholder of the Company. He is primarily responsible for overall strategic planning and management of the Group and, in the meantime, he is also responsible for the day-to-day management as well as the coordination of the overall business operations of the Group. Mr. Wong had been the Chairman of the Group until 31 December 2019. The Directors considered that the grant of the share options to Mr. Wong is an appropriate way to recognise his past and continued contribution to the Group.

The share options will also provide incentive to Mr. Cheung and Mr. Wong for their leadership in the expansion of the Group in the long run, with an aim of enhancing share value and returns to the Shareholders.

In view of the above, the grant of the share options to each of Mr. Cheung and Mr. Wong is considered to be in the best interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

(c) Listing Rules Implications

Under Rule 17.04(1) of the Listing Rules and the 2012 Share Option Scheme, each 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. Also, any grant of options to a substantial Shareholder or an independent non-executive Director, or any of their respective Associates, which would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant (i) representing in aggregate over 0.1% of the Shares in issue; and (ii) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million, such further grant of options must be approved by the Independent Shareholders in general meeting.

The grant of the share options to Mr. Cheung and Mr. Wong has been approved by the independent non-executive Directors in accordance with Rule 17.04(1) of the Listing Rules.

Pursuant to Rule 17.04(1) of the Listing Rules and the 2012 Share Option Scheme, the grant of the share options to Mr. Cheung and Mr. Wong must be approved by Shareholders at the AGM by votes taken on a poll and Mr. Cheung and Mr. Wong and their respective Associates and all Connected Persons of the Company must abstain from voting in favour at the AGM. Accordingly, Mr. Cheung and Mr. Wong and their respective Associates and all Connected Persons of the Company, holding and entitled to exercise control over a total of 406,478,940 Shares, being approximately 44.63% of the issued share capital of the Company as at the Latest Practicable Date, must abstain from voting in favour of the grant of the share options at the AGM. In the meantime, Mr. Cheung and Mr. Wong and their respective Associates and all Connected Persons of the Company have no intention to vote against the relevant resolutions.

(d) Independent Non-executive Directors' Recommendation

The independent non-executive Directors consider that the terms of the grant of the share options to Mr. Cheung and Mr. Wong are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, the independent non-executive

LETTER FROM THE BOARD

Directors recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the AGM to approve the grant of the share options under the 2012 Share Option Scheme to Mr. Cheung and Mr. Wong.

(e) General

To the best of the knowledge, information and belief of the Directors, as at the Latest Practicable Date, there was no discrepancy between any beneficial shareholding interest in the Company as disclosed in this circular and the number of Shares in the Company in respect of which each of them will control or will be entitled to exercise control over the voting right at the AGM.

None of the Directors is a trustee of the 2012 Share Option Scheme or has a direct or indirect interest in the trustee of the 2012 Share Option Scheme.

V. ADOPTION OF THE 2020 SHARE OPTION SCHEME

The 2012 Share Option Scheme was adopted and approved by the Shareholders on 31 December 2012 and will expire on 30 December 2022. The Company had granted a total of 83,753,300 share options since the adoption of the 2012 Share Option Scheme, of which 11,797,000 share options so far granted had been exercised, 2,855,200 share options had lapsed and 228,500 share options had been cancelled, leaving a balance of 68,872,600 share options granted and outstanding representing approximately 7.56% of the total issued share capital of the Company as at the Latest Practicable Date. The Directors consider that it is in the interest of the Company that the 2020 Share Option Scheme be adopted in view of the soon expiration of the 2012 Share Option Scheme as it can provide the Group with a flexible means of incentivising, rewarding and remunerating the Eligible Participants. In the meantime, the 2012 Share Option Scheme remains effective until its expiry date on 30 December 2022.

The Directors are of the view that contributions of the employees, executives, officers, suppliers, and Professional Advisers of the Group are of paramount importance to the success of the Group as a whole for such persons to be given incentives to participate in the growth of the Group in the form of options to subscribe for Shares.

A summary of the principal terms of the 2020 Share Option Scheme is set out in Appendix III to this circular.

LETTER FROM THE BOARD

Under the rules of the 2020 Share Option Scheme, there is no general requirement of any minimum period for which an option must be held before it can be exercised although the Board will be empowered under the 2020 Share Option Scheme to impose at its discretion any such minimum period at the time of grant of any particular option. In addition, the Board will be empowered to determine the exercise price of a Share in respect of any particular option granted under the 2020 Share Option Scheme, the basis upon which is set out in paragraph 5 of Appendix III so that the selected participants are attracted to subscribe the Shares pursuant to the options granted by the Company as incentives and rewards for their contribution or potential contribution to the Group and will further contribute towards the profitability and success of the Group. There is also no general requirement under the 2020 Share Option Scheme for any performance target which a grantee has to achieve before any option can be exercised under the 2020 Share Option Scheme although the Board has the discretion, in order to encourage any grantee to further the interests and objectives of the Company, to require a grantee to achieve certain performance targets specified at the time of grant before any option granted under the 2020 Share Option Scheme can be exercised.

The Company is not required to appoint any trustee for the purpose of administering the 2020 Share Option Scheme. The 2020 Share Option Scheme will be subject to administration of the Board. None of the Directors is or will be a trustee of the 2020 Share Option Scheme or have a direct or indirect interest in any such trustee.

To the best knowledge of the Directors, as at the Latest Practicable Date, no Shareholders have a material interest in the 2020 Share Option Scheme different to that of any other Shareholders and accordingly, no Shareholders will have to abstain from voting at the AGM on the resolution approving the adoption of the 2020 Share Option Scheme.

Adoption of the 2020 Share Option Scheme is conditional upon:

- (a) the passing of an ordinary resolution by the Shareholders at the AGM approving the adoption of the 2020 Share Option Scheme; and
- (b) the Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in, the Shares or any part thereof falling to be issued and allotted upon exercise of the options granted under the 2020 Share Option Scheme.

LETTER FROM THE BOARD

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 representing ten (10) per cent. of the issued share capital of the Company as at the date of the AGM which may fall to be allotted and issued upon the exercise of options to be granted under the 2020 Share Option Scheme.

The Directors consider that it is not appropriate to state the value of all options that can be granted pursuant to the 2020 Share Option Scheme as if they had been granted at the Latest Practicable Date prior to the approval of the 2020 Share Option Scheme given that the variables such as the exercise price, exercise period, interest rate, expected volatility and other relevant variables cannot be available for calculating the value of the options. The Directors believe that any calculation of the value of the options as at the Latest Practicable Date based on a great number of speculative assumptions would not be meaningful and the results thereof may be misleading to the Shareholders in the circumstances.

Subject to the obtaining of the Shareholders' approval with respect to the adoption of the 2020 Share Option Scheme, pursuant to Rule 17.03 of the Listing Rules, the total number of Shares which may be issued upon the exercise of all options to be granted under the 2020 Share Option Scheme and any other share option schemes of the Company must not, in aggregate, exceed ten (10) per cent. of the issued share capital of the Company as at the date of approval of the 2020 Share Option Scheme. The Board shall not grant any options which would result in the maximum aggregate number of Shares which may be issued upon exercise of all outstanding options granted but yet to be exercised under the 2020 Share Option Scheme and any other share option schemes adopted by the Company which provide for the grant of options to acquire or subscribe for Shares exceeding, in aggregate, thirty (30) per cent. of the issued share capital of the Company from time to time.

Based on 910,813,643 Shares in issue as at the Latest Practicable Date and assuming that there is no change in the issued share capital of the Company between the Latest Practicable Date to the AGM, the maximum number of Shares that may be issued upon the exercise of options that may be granted pursuant to the 2020 Share Option Scheme and any other share option schemes (i.e. the 2012 Share Option Scheme) will be 91,081,364 Shares, representing ten (10) per cent. of the issued share capital of the Company in issue as at the Latest Practicable Date.

LETTER FROM THE BOARD

A copy of the 2020 Share Option Scheme is available for inspection during normal business hours at the registered office of the Company at HKTVMultimedia and Ecommerce Centre, No. 1 Chun Cheong Street, Tseung Kwan O Industrial Estate, New Territories, Hong Kong from the date of this circular up to and including the date of the AGM and at the AGM.

VI. AGM

Notice of AGM is set out on pages 38 to 44 of this circular. The AGM to be held on, Tuesday, 2 June 2020 at 10:00 a.m. for the purpose of considering and, if thought fit, passing the resolutions set out therein.

Whether or not you are able to attend and vote at the AGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company's share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from subsequently attending and voting in person at the AGM or any adjourned meetings should you so wish.

VII. VOTING PROCEDURES BY SHAREHOLDERS

Pursuant to Rule 13.39(4) of the Listing Rules, any votes of the shareholders at a general meeting must be taken by poll (except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands). The chairman of the AGM will therefore demand a poll for every resolution put to the vote of the AGM pursuant to Article 71 of the Articles. An announcement on the poll vote results will be made by the Company after the AGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

VIII. 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

LETTER FROM THE BOARD

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.

IX. RECOMMENDATION

The Directors consider that all the resolutions proposed in respect of the above, including the proposals for (i) the grant of the General Mandates; (ii) the re-election of the retiring Directors; (iii) the grant of the share options to Mr. Cheung and Mr. Wong under the 2012 Share Option Scheme; and (iv) the adoption of the 2020 Share Option Scheme are in the best interests of the Company and the Shareholders as a whole. The Directors therefore recommend all Shareholders to vote in favour of all the resolutions set out in the Notice of AGM.

X. GENERAL INFORMATION

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

In the event of inconsistency, the English text of this circular and the enclosed form of proxy shall prevail over the Chinese text.

Yours faithfully,
By Order of the Board
Hong Kong Television Network Limited
Cheung Chi Kin, Paul
Chairman

This is the explanatory statement, as required by the Listing Rules, to provide the Shareholders with all the information reasonably necessary to enable them to make an informed decision on whether to vote for or against the ordinary resolution to approve the Repurchase Mandate. This explanatory statement also constitutes the memorandum required under Section 239 of the Companies Ordinance.

SHARE REPURCHASE RULES

The Share Repurchase Rules provide that all proposed repurchase of securities by a company with listing on the Stock Exchange must be approved in advance by an ordinary resolution of its shareholders in general meeting, either by way of a general mandate or by a specific approval of a particular transaction. A maximum of 10% of the fully paid-up securities of a company as at the date of the passing of the relevant resolution may be repurchased on the Stock Exchange.

SHARE CAPITAL

As at the Latest Practicable Date, the number of Shares in issue was 910,813,643.

Subject to the passing of the relevant ordinary resolution and on the basis that no further Shares will be issued or repurchased prior to the AGM, the Company would be allowed to repurchase a maximum of 91,081,364 Shares, equivalent to 10% of the number of the Shares in issue during the Relevant Period (as hereinafter defined) in which the general mandate to repurchase Shares remains in force. Any Shares repurchased pursuant to the general mandate to repurchase Shares must be fully paid-up.

“Relevant Period” means the period from the date of the passing of the relevant ordinary resolution on the general mandate to repurchase Shares until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles, or any applicable laws of Hong Kong to be held; or
- (iii) the date on which the authority set out in the relevant resolution is revoked or varied by an ordinary resolution of the Shareholders in general meeting.

REASONS FOR REPURCHASES

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

FUNDING OF REPURCHASES

In repurchasing the Shares, the Company may only apply funds legally available for such purpose in accordance with the Articles, the Listing Rules and the applicable laws of Hong Kong, being profits available for distribution and the proceeds of a fresh issue of Shares made for the purpose of the repurchase. It is envisaged that the funds required for any repurchase would be derived from profits available for distribution.

In the event that the Repurchase Mandate was to be carried out in full at any time during the proposed repurchase period, there could be a material adverse impact on the working capital or gearing position of the Company as compared with the position disclosed in the audited consolidated financial statements contained in the Annual Report. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or its gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

DIRECTORS' UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, the exercise of the power of the Company to make repurchases pursuant to the Repurchase Mandate will be in accordance with the Listing Rules and the applicable laws of Hong Kong.

DIRECTORS, THEIR ASSOCIATES AND CONNECTED PERSONS

None of the Directors nor, to the best of their knowledge and belief having made all reasonable enquiries, any of their Associates has any present intention, in the event that the Repurchase Mandate is approved by the Shareholders, to sell their Shares to the Company or its Subsidiaries under the Repurchase Mandate.

As at the Latest Practicable Date, no Connected Persons of the Company have notified the Company that they have a present intention to sell their Shares to the Company or its Subsidiaries nor have they undertaken not to sell any of the Shares to the Company or its Subsidiaries in the event that the Company is authorised to make repurchases of Shares.

EFFECT OF THE TAKEOVERS CODE

If as a result of a Share repurchase, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of Rule 32 of the Takeovers Code. As a result, a Shareholder, or a group of Shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, the controlling Shareholders, Mr. Wong Wai Kay, Ricky and Mr. Cheung Chi Kin, Paul, together with their Associates (including Top Group International Limited) beneficially owned 406,428,940 Shares representing approximately 44.62% of the total number of issued Shares and their shareholding will be increased to approximately 49.58% of the total number of issued Shares if the Repurchase Mandate is exercised in full. The Directors believe that such increase would give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code. The Directors have no present intention to effect a Share repurchase to the extent that it would trigger an obligation to make a mandatory offer under the Takeovers Code.

No repurchase would be made by the Company of the Shares without the Stock Exchange's prior approval if such repurchase would result in less than 25% of the number of the Shares in issue being in public hands.

REPURCHASES OF SHARES MADE BY THE COMPANY

The Company had not repurchased any Shares (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.

SHARE PRICES

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

	Highest	Lowest
	<i>HK\$</i>	<i>HK\$</i>
2019		
April	3.74	2.85
May	3.76	3.20
June	4.88	3.25
July	5.60	4.45
August	4.75	3.32
September	3.38	2.81
October	3.17	2.73
November	3.15	2.87
December	3.55	2.95
2020		
January	4.65	3.32
February	7.30	4.20
March	4.90	3.71
April (up to the Latest Practicable Date)	5.33	4.66

The following are the particulars of the Directors to retire, and proposed to be re-elected at the AGM:

1. **Mr. CHEUNG Chi Kin, Paul**, aged 62, is the co-founder of the Group and has been the Chairman of the Group since 1 January 2020. Prior to that, Mr. Cheung was the Vice Chairman and Chief Executive Officer of the Group. He is also a director of certain Subsidiaries of the Group. Mr. Cheung is primarily responsible for overall strategic planning and direction of the Group. Mr. Cheung has extensive experience of over 30 years in the telecommunications and computer industries as well as corporate management. He had worked in several companies engaged in application software development and computer consultancy prior to co-founding the Group. Mr. Cheung graduated with a Diploma of Advanced Programming and System Concepts Design from Herzing Institute, Canada. Mr. Cheung is a first cousin of Mr. Wong Wai Kay, Ricky, the Vice Chairman, Chief Executive Officer and an executive Director of the Group.

As at the Latest Practicable Date, Mr. Cheung has a personal interest in 26,453,424 Shares, corporate interest, through Worship Limited (of which Mr. Cheung owns 50% interest), in 24,924,339 Shares (representing approximately 5.64% of the issued share capital of the Company), and a personal interest in 9,000,000 underlying Shares deriving from the share options granted under the 2012 Share Option Scheme. Save as disclosed above, Mr. Cheung does not have, nor is deemed to have, any interests in any Shares or underlying Shares within the meaning of Part XV of the SFO.

Mr. Cheung has entered into a service contract with the Company and is entitled to a remuneration package comprising a fixed salary of HK\$1,020,000 per annum, with performance bonus at the discretion of Board. He has no fixed term of service with the Company and is subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the Articles. The remuneration package entitled by Mr. Cheung is determined by the Remuneration Committee of the Company with reference to his responsibilities, time commitment and prevailing market conditions.

Save as disclosed above, as at the Latest Practicable Date, Mr. Cheung is not related to any directors, senior management, substantial or controlling shareholders of the Company and he did not hold any directorship in other listed companies in the last three years.

Save as disclosed herein, there is no other information related to Mr. Cheung to be disclosed pursuant to the requirements of Rules 13.51(2) of the Listing Rules (particularly in relation to sub-paragraphs (h) to (v) therein) nor are there other matters that need to be brought to the attention of the Shareholders.

2. **Ms. WONG Nga Lai, Alice**, aged 45, was appointed as an executive Director, the Chief Financial Officer and Company Secretary of the Group in May 2012 and is also a director of certain Subsidiaries of the Group. Ms. Wong is primarily responsible for the finance, treasury, procurement, administration, talent management, legal and company secretary and investor engagement functions of the Group. Prior to that, Ms. Wong was the Financial Controller of the Group. She has extensive experience in financial management, corporate finance and global investor relations, in particular on the telecommunications, multimedia and eCommerce industries. Ms. Wong holds a Bachelor of Commerce degree from the University of Queensland, a Master of Business Administration degree from the Hong Kong University of Science and Technology and a Postgraduate Diploma in Corporate Governance. Ms. Wong is a qualified member of the Hong Kong Institute of Certified Public Accountants (HKICPA) and Association of Chartered Certified Accountants (ACCA). Ms. Wong has been a member of the Student Affairs Sub-committee of ACCA Hong Kong since 2010 and a member of the Accountancy Training Board for Vocational Training Council since April 2019. Before joining the Group, Ms. Wong had worked for PricewaterhouseCoopers in Hong Kong primarily focusing on the technology, info-communications and entertainment sectors.

As at the Latest Practicable Date, Ms. Wong has a personal interest in 50,000 Shares (representing approximately 0.005% of the issued share capital of the Company) and 4,000,000 underlying Shares deriving from the share options granted under the 2012 Share Option Scheme. Save as disclosed above, Ms. Wong does not have, nor is deemed to have, any interests in any Shares or underlying Shares within the meaning of Part XV of the SFO.

Ms. Wong has entered into a service contract with the Company and is entitled to a remuneration package comprising a fixed salary of HK\$2,400,000 per annum, with performance bonus at the discretion of Board. She has no fixed term of service with the Company and is subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the Articles. The remuneration package entitled by Ms. Wong is determined by the Remuneration Committee of the Company with reference to her responsibilities, time commitment and prevailing market conditions.

Save as disclosed above, as at the Latest Practicable Date, Ms. Wong is not related to any directors, senior management, substantial or controlling shareholders of the Company and she did not hold any directorship in other listed companies in the last three years.

Save as disclosed herein, there is no other information related to Ms. Wong to be disclosed pursuant to the requirements of Rules 13.51(2) of the Listing Rules (particularly in relation to sub-paragraphs (h) to (v) therein) nor are there other matters that need to be brought to the attention of the Shareholders.

3. **Mr. Lau Chi Kong**, aged 38, was appointed as an executive Director of the Company on 1 December 2017. Mr. Lau is also the Chief Operating Officer of the Group and a director of certain Subsidiaries of the Group. He is primarily responsible for robotics, warehousing and logistics system operation management of the Group. Mr. Lau joined the Group in 2004 as a management trainee. Prior to his current role, Mr. Lau held numerous positions and has extensive experience in operations and finance. Mr. Lau holds a Bachelor of Science degree in Actuarial Science from The University of Hong Kong.

As at the Latest Practicable Date, Mr. Lau has a personal interest in 4,000,000 underlying Shares deriving from the share options granted under the 2012 Share Option Scheme. Save as disclosed above, Mr. Lau does not have, nor is deemed to have, any interests in any Shares or underlying Shares within the meaning of Part XV of the SFO.

Mr. Lau has entered into a service contract with the Company and is entitled to a remuneration package comprising a fixed salary of HK\$2,400,000 per annum, with performance bonus at the discretion of the Board. He has no fixed term of service with the Company and is subject to retirement by rotation and re-election

at the annual general meetings of the Company in accordance with the Articles. The remuneration package entitled by Mr. Lau is determined by the remuneration committee of the Company with reference to his responsibilities, time commitment and prevailing market conditions.

Save as disclosed above, as at the Latest Practicable Date, Mr. Lau is not related to any directors, senior management, substantial or controlling shareholders of the Company and he did not hold any directorship in other listed companies in the last three years.

Save as disclosed herein, there is no other information related to Mr. Lau to be disclosed pursuant to the requirements of Rules 13.51(2) of the Listing Rules (particularly in relation to sub-paragraphs (h) to (v) therein) nor are there other matters that need to be brought to the attention of the Shareholders.

The following is a summary of the principal terms of the 2020 Share Option Scheme to be adopted at the AGM. It does not form part of, nor is intended to be part of the rules of the 2020 Share Option Scheme and it should not be taken as affecting the interpretation of the rules of the 2020 Share Option Scheme. The Directors reserve the right at any time prior to the AGM to make such amendments to the 2020 Share Option Scheme as they may consider necessary or appropriate provided that such amendments do not conflict in any material respect with the summary in this appendix.

1. PURPOSE

The purpose of the 2020 Share Option Scheme is to enable the Company to grant options to any employee, executives and officers of the Company or any of its Subsidiaries (including executive, non-executive and independent non-executive directors of each of the abovementioned companies) and any suppliers and Professional Advisers of the Company or any of its Subsidiaries as incentives and rewards for their contribution to the Company or such Subsidiaries.

2. WHO MAY JOIN

The Board may, at its discretion, offer Eligible Participants, being an employee, executive or officer of the Company or any of its Subsidiaries (including executive, non-executive and independent non-executive directors of each of the abovementioned companies) and suppliers and Professional Advisers of the Group, options to subscribe for such number of new Shares as the Board may determine at an exercise price determined in accordance with paragraph 5 below. Upon acceptance of the option, the grantee shall pay HK\$1.00 to the Company by way of consideration for the grant.

3. MAXIMUM NUMBER OF SHARES

The maximum number of Shares which may be issued upon exercised all options to be granted under the 2020 Share Option Scheme and any other share option scheme(s) of the Company must not exceed ten (10) per cent. of the Shares in issue on the date of approval and adoption of the 2020 Share Option Scheme by Shareholders. Shares which would have been issuable pursuant to options which have lapsed in accordance with the terms of such share option schemes will not be counted for the purpose of the ten (10) per cent. limit.

Subject to the issue of a circular by the Company and the approval of the Shareholders in general meeting and/or such other requirements prescribed under the Listing Rules from time to time, the Board may:

- (a) refresh this limit at any time to ten (10) per cent. of the Shares in issue as at the date of the approval by the Shareholders in general meeting (options previously granted under any share option schemes of the Company (including those outstanding, cancelled, lapsed in accordance with such schemes or exercised options) will not be counted for the purpose of calculating the limit as refreshed); and/or
- (b) grant options beyond the ten (10) per cent. limit to Eligible Participants specifically identified by the Board whereupon the Company shall send a circular to the Shareholders containing, amongst others, a generic description of the specified participants who may be granted such options, the number and terms of the options to be granted and the purpose of granting options to the specified participants with an explanation as to how the options serve such purpose.

Notwithstanding the foregoing, the Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2020 Share Option Scheme and any other share option scheme(s) of the Company at any time shall not exceed thirty (30) per cent. of the Shares in issue from time to time. No options shall be granted under any scheme(s) of the Company or any of its Subsidiaries if this will result in the thirty (30) per cent. limit being exceeded.

4. MAXIMUM NUMBER OF OPTIONS TO ANY ONE INDIVIDUAL

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the 2020 Share Option Scheme and any other share option scheme(s) of the Company (including exercised, cancelled and outstanding options) to each Eligible Participant in any twelve (12)-month period up to and including the date of grant shall not exceed one (1) per cent. of the Shares in issue as at the date of grant.

Any further grant of options in excess of this one (1) per cent. limit shall be subject to the issue of a circular by the Company and the approval of the Shareholders in general meeting with such Eligible Participant and his close associates (as defined in the Listing

Rules) (or his Associates if such Eligible Participant is a Connected Person of the Company) abstaining from voting and/or other requirements prescribed under the Listing Rules from time to time.

5. PRICE FOR SHARES

The subscription price for a Share in respect of any particular option granted under the 2020 Share Option Scheme (which shall be payable upon exercise of the option) shall be such price as the Board in its absolute discretion shall determine, save that such price shall be the highest of (a) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheet on the date of grant, which must be a business day; (b) the average of the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet for the five (5) business days immediately preceding the date of grant; and (c) the nominal value of a Share.

6. GRANTING OPTIONS TO A DIRECTOR, CHIEF EXECUTIVE OR SUBSTANTIAL SHAREHOLDER OR ANY OF THEIR RESPECTIVE ASSOCIATES

Any grant of options to a director, chief executive or substantial shareholder of the Company or any of their respective Associates is required to be approved by the independent non-executive directors of the Company (excluding any independent non-executive director of the Company who is the grantee of the options).

If the Company proposes to grant options to a substantial shareholder (as defined in the Listing Rules) or any independent non-executive director of the Company or their respective Associates which will result in the number of Shares issued and to be issued upon exercise of options granted and to be granted under the 2020 Share Option Scheme and any other share option scheme(s) of the Company (including options exercised, cancelled and outstanding) to such person in the twelve (12)-month period up to and including the date of such grant:

- (a) representing in aggregate over 0.1 per cent. of the Shares in issue; and
- (b) having an aggregate value in excess of HK\$5 million, based on the closing price of the Shares as stated in the Stock Exchange's daily quotation sheet on the date of each grant,

such grant of options shall be subject to the issue of a circular by the Company to the Shareholders and the approval of the Shareholders in general meeting on a poll at which the grantee, his Associates and all Core Connected Persons of the Company shall abstain from voting, and/or such other requirements prescribed under the Listing Rules from time to time. The grantee, his Associates and a Core Connected Person of the Company will be permitted to vote against the grant only if his intention to do so has been stated in the circular to be sent to the Shareholders.

7. RESTRICTIONS ON THE TIME OF GRANT OF OPTIONS

A grant of options may not be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been published or disclosed on the websites of Stock Exchange and the Company or any other means as per the Listing Rules or any other governing laws, rules and regulations. In particular, no options may be granted during the period commencing one (1) month immediately preceding the earlier of (i) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year or half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (ii) the deadline for the Company to publish an announcement of its results for any year or half-year, quarterly or any other interim period (whether or not required under the Listing Rules) under the listing agreement and ending on the date of the results announcement.

8. RIGHTS ARE PERSONAL TO GRANTEE

An option is personal to the grantee and the grantee may not in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any option or attempt to do so. Any breach of the foregoing provisions shall entitle the Company to cancel the outstanding options.

9. TIME OF EXERCISE OF OPTION

There is no general requirement that an option must be held for any minimum period before it can be exercised but the Board is empowered to impose at its discretion any such minimum period at the time of grant of any particular option. The period during which an option may be exercised will be determined by the Board at its absolute discretion, save that no option may be exercised more than ten (10) years from the date of grant. No

option may be granted more than ten (10) years after the date of approval of the 2020 Share Option Scheme. Subject to earlier termination by the Company in general meeting or by the Board, the 2020 Share Option Scheme shall be valid and effective for a period of ten (10) years after the date of adoption of the 2020 Share Option Scheme by Shareholders by resolution at a general meeting.

10. PERFORMANCE TARGET

There is no general requirement under the 2020 Share Option Scheme for any performance target which a grantee has to achieve before any option can be exercised under the 2020 Share Option Scheme although the Board has the discretion, in order to encourage any grantee to further the interests and objectives of the Company, to require a grantee to achieve certain performance targets specified at the time of grant before any option granted under the 2020 Share Option Scheme can be exercised.

11. RIGHTS ON CEASING TO BE AN ELIGIBLE PARTICIPANT

- (a) If the grantee of an option ceases to be an Eligible Participant for any reason other than death or the termination of his relationship with the Company or any of its Subsidiaries on one or more of the grounds specified in paragraph 15(d) below, the grantee may exercise the option up to his entitlement at the date of cessation of his relationship (to the extent not already exercised) within the period of one (1) month following the date of such cessation (which date shall be, in relation to a grantee who is an Eligible Participant by reason of his employment with the Company or any of the Subsidiaries, the last actual working day with the Company or the relevant Subsidiary whether salary is paid in lieu of notice or not);
- (b) if the grantee of an option ceases to be an Eligible Participant by reason of death and none of the events which would be a ground for termination of his relationship with the Company and/or any of the Subsidiaries under paragraph 15(d) below has occurred, the legal representative(s) of the grantee shall be entitled within a period of twelve (12) months, or such longer period as the Board may determine, from the date of death to exercise the option up to the grantee's entitlement at the date of death (to the extent not already exercised); and

- (c) if the grantee of an option ceases to be an Eligible Participant by reason of termination of his relationship with the Company or any of the Subsidiaries on any one or more of the grounds specified in paragraph 15(d) below, his option will lapse and will not be exercisable on the date of such cessation.

12. RIGHTS ON WINDING-UP

In the event of an effective resolution being passed for the voluntary winding-up of the Company, a grantee of an option (or his legal personal representatives) may by notice in writing to the Company within twenty-one (21) days after the date of such resolution elect to be treated as if the option (to the extent not already exercised) had been exercised immediately before the passing of such resolution either to its full extent or to the extent specified in such notice and shall accordingly be entitled to receive out of the assets available in the liquidation *pari passu* with the holders of Shares such sum as would have been received in respect of the Shares the subject of such election reduced by an amount equal to the exercise price which would have been payable in respect thereof. All options, in respect of which no notice to elect to be treated as exercised shall have been received by the Company within the said twenty-one (21) day period, shall lapse and determine.

13. RIGHTS ON TAKEOVER

If a general offer (whether by way of take-over offer, share repurchase offer or scheme of arrangement of otherwise in like manner) is made to all the holders of Shares (or all such holder other than the offeror and/or any person controlled by the offeror and/or any person acting in association or in concert with the offeror), the Company shall use its best endeavours to procure that such offer is extended to all the grantees of options (on the same terms, *mutatis mutandis*, and assuming that they will become, by the exercise in full of the options granted to them, shareholders of the Company). If such offer, having been approved in accordance with applicable laws and regulatory requirements becomes, or is declared unconditional, the grantee (or his legal personal representative(s)) shall be entitled to exercise the option in full (to the extent not already exercised) at any time within fourteen (14) days after the date on which such general offer becomes or is declared unconditional. All options shall, to the extent that they have not been exercised within the said fourteen (14) day period, lapse and determine.

**14. RIGHTS ON COMPROMISE OR ARRANGEMENT BETWEEN THE
COMPANY AND ITS MEMBERS OR CREDITORS**

If, pursuant to the Companies Ordinance, a compromise or arrangement, other than a scheme of arrangement contemplated in paragraph 13 above, between the Company and its members or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies, the Company shall give notice thereof to all grantees of options on the same day as it despatches to each other member or creditors of the Company a notice summoning the meeting to consider such a compromise or arrangement, and thereupon each grantee shall be entitled to exercise all or any of his options in whole or in part at any time prior to 12:00 noon (Hong Kong time) on the business day immediately preceding the date of the meeting directed to be convened by the Court for the purposes of considering such compromise or arrangement. With effect from the date of such meeting, the rights of all grantees to exercise their respective options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all options shall, to the extent that they have not been exercised, lapse and determine. The Director shall endeavour to procure that the Shares issued as a result of the exercise of options under this paragraph shall for the purposes of such compromise or arrangement form part of the issued share capital of the Company on the effective date thereof and that such Shares shall in all respects be subject to such compromise or arrangement. If for any reason such compromise or arrangement is not approved by the Court (whether upon the terms presented to the Court or upon any other terms as may be approved by such Court) the rights of the grantees to exercise their respective options shall with effect from the date of the making of the order by the Court be restored in full as if such compromise or arrangement had not been proposed by the Company and no claim shall lie against the Company or any of its officers for any loss or damage sustained by any grantee as a result of the aforesaid suspension.

15. LAPSE OF THE OPTIONS

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

- (a) the expiry date relevant to that option;
- (b) the expiry of any of the periods referred to in paragraphs 11, 12 and 13 above;

- (c) subject to paragraph 12 above, the date of commencement of the winding-up of the Company (as determined in accordance with the Companies Ordinance);
- (d) the date on which the grantee ceases to be an Eligible Participant by reason of the termination of his relationship with the Company or the relevant Subsidiary on any one or more of the grounds of serious misconduct or breach, bankruptcy, insolvency, composition with his creditors or conviction of any criminal offence involving his integrity or honesty or (in the case of the Grantee being an Eligible Participant by reason of his employment with the Company or any of the Subsidiaries and if so determined by the Board) on any other grounds on which an employer would be entitled to terminate such Grantee's employment at common law or pursuant to any applicable laws or under the Grantee's service contract or terms of office with the Company or the relevant Subsidiary. A resolution of the Board or the board of directors of the relevant Subsidiary to the effect that the relationship of a Grantee has or has not been terminated on one or more of the grounds specified in this sub-paragraph shall be conclusive and binding on the Grantee;
- (e) the date on which any compromise or arrangement referred to in paragraph 14 above becomes effective; and
- (f) the date on which the Board shall exercise the Company's right to cancel the option at any time after the grantee commits a breach of paragraph 8 or the options are cancelled in accordance with paragraph 19.

16. RANKING OF SHARES

The Shares to be allotted upon the exercise of an option will not carry voting rights until completion of the registration of the grantee (or any other person nominated by the grantee) as the holder thereof. Subject to the aforesaid, Shares allotted and issued on the exercise of options will rank *pari passu* with the fully paid Shares in issue on the date of allotment in all respects with and shall have the same voting, dividend, transfer and other rights, including those arising on liquidation of the Company as attached to the Shares in issue on the date of allotment.

17. EFFECT OF ALTERATIONS TO CAPITAL

In the event of alteration in the capital structure of the Company whilst any option remains exercisable, whether by way of any capitalisation issue, rights issue, sub-division, consolidation or reduction of the Share capital of the Company in accordance with applicable laws and regulatory requirements, whilst any option may become or remains exercisable, such corresponding alterations (if any) shall be made in the aggregate number of Shares subject to any outstanding options and/or the subscription price per Share of each outstanding option and/or the aggregate number of Shares in respect of which any further options may be granted as the auditors of the Company or an independent financial adviser shall certify in writing to the Board to be in their opinion fair and reasonable. Any such alterations will be made on the basis that a grantee shall have the same proportion of the issued share capital of the Company for which any grantee of an option is entitled to subscribe pursuant to the options held by him before such alteration and the aggregate subscription price payable on the full exercise of any option is to remain as nearly as possible the same (and in any event not greater than) as it was before such event. No such alteration will be made the effect of which would be to enable a Share to be issued at less than its nominal value. The issue of securities as consideration in a transaction is not to be regarded as a circumstance requiring any such alterations.

18. ALTERATION OF THE 2020 SHARE OPTION SCHEME

The 2020 Share Option Scheme may be altered in any respect by resolution of the Board except that:

- (a) any alteration to the advantage of the grantees or the Eligible Participants (as case may be) in respect of the matters contained in Rule 17.03 of the Listing Rules;
- (b) any material alteration to the terms and conditions of the 2020 Share Option Scheme or any change to the terms of options granted (except any alterations which take effect automatically under the terms of the 2020 Share Option Scheme),

shall first be approved by the Shareholders in general meeting provided that if the proposed alteration shall adversely affect an option granted or agreed to be granted prior to the date of alteration, such alteration shall be further subject to the grantees' approval

in accordance with the term of the 2020 Share Option Scheme. The amended terms of the 2020 Share Option Scheme shall still comply with Chapter 17 of the Listing Rules and any change to the authority of the Board in relation to any alteration to the terms of the 2020 Share Option Scheme must be approved by Shareholders in general meeting.

19. CANCELLATION OF OPTIONS

Any cancellation of options granted but not exercised must be approved by the grantees of the relevant options except where the options are cancelled pursuant to a breach of paragraph 8 above. Where the Company cancels options and the grant of new options to the same grantee, the issue of such new options may only be made under the 2020 Share Option Scheme with available unissued options (excluding the cancelled option(s)) within the limit approved by Shareholders.

20. TERMINATION OF THE 2020 SHARE OPTION SCHEME

The Company by resolution in general meeting or the Board may at any time resolve to terminate the operation of the 2020 Share Option Scheme and in such event no further options shall be offered but the provisions of the 2020 Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any option granted prior to the termination or otherwise as may be required in accordance with the provisions of the 2020 Share Option Scheme and options granted prior to such termination shall continue to be valid and exercisable in accordance with the 2020 Share Option Scheme.

21. CONDITION OF THE 2020 SHARE OPTION SCHEME

The 2020 Share Option Scheme is conditional on (a) the Shareholders' approval at the AGM; and (b) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Shares (not exceeding ten (10) per cent. of the issued share capital of the Company as at the date of approval and adoption of the 2020 Share Option Scheme by Shareholders) which may fall to be issued pursuant to the exercise of options granted pursuant thereto.

22. PERIOD OF THE 2020 SHARE OPTION SCHEME

The 2020 Share Option Scheme will remain in force for a period of ten (10) years commencing on the date on which the 2020 Share Option Scheme becomes unconditional.

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Hong Kong Television Network Limited 香港電視網絡有限公司

(Incorporated in Hong Kong with limited liability under the Companies Ordinance)
(Stock Code: 1137)

NOTICE IS HEREBY GIVEN that the annual general meeting (“**Meeting**”) of Hong Kong Television Network Limited (the “**Company**”) will be held at Ground Floor, HKTVMultimedia and Ecommerce Centre, No. 1 Chun Cheong Street, Tseung Kwan O Industrial Estate, New Territories, Hong Kong on Tuesday, 2 June 2020 at 10: 00 a.m. for the following purposes:

Ordinary Business

1. To receive and adopt the audited consolidated financial statements and the reports of the directors and auditor of the Company for the year ended 31 December 2019.
2.
 - (a) To re-elect Mr. Cheung Chi Kin, Paul as a director of the Company.
 - (b) To re-elect Ms. Wong Nga Lai, Alice as a director of the Company.
 - (c) To re-elect Mr. Lau Chi Kong as a director of the Company.
 - (d) To authorise the board of directors of the Company to fix the directors’ remuneration.
3. To re-appoint Messrs. KPMG as auditor of the Company and to authorise the board of directors of the Company to fix their remuneration.

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Special Business

To consider and, if thought fit, to pass the following resolutions as ordinary resolutions of the Company:

4. **“THAT:**

- (a) subject to sub-paragraph (c) of this resolution, the exercise by the directors of the Company during the Relevant Period (as defined below) of all powers of the Company to allot, issue and deal with additional shares in the Company or securities convertible into such shares or options, warrants, or similar rights to subscribe for any shares or convertible securities and to make, issue or grant offers, agreements or options which would or might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval in sub-paragraph (a) of this resolution shall authorise the directors of the Company during the Relevant Period to make, issue or grant offers, agreements or options which would or might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate number of share allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the directors of the Company pursuant to the approval in sub-paragraph (a) of this resolution, otherwise than pursuant to (i) Rights Issue (as defined below), (ii) the exercise of the rights of subscription or conversion under the terms of any securities which are convertible into shares of the Company and from time to time outstanding, (iii) any share option scheme(s) or similar arrangement for the time being adopted for the grant or issue to eligible participants of rights to acquire shares of the Company, or (iv) any shares allotted in lieu of the whole or part of a dividend on shares of the Company in accordance with the articles of association of the Company, shall not exceed 20% of the number of shares of the Company in issue as at the date of the passing of this resolution and the said approval be limited accordingly; and

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(d) for the purpose of this resolution:

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

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association of the Company or any applicable laws of Hong Kong to be held; or
- (iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.

“**Rights Issue**” means an offer of shares or offer or issue of warrants, options or other securities of the Company giving rights to subscribe for shares open for a period fixed by the directors of the Company to holders of shares on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, or any territory outside, Hong Kong).”

5. “**THAT:**

- (a) subject to sub-paragraph (b) of this resolution, the exercise by the directors of the Company during the Relevant Period (as defined below) of all the powers of the Company to repurchase shares of the Company, subject to and in accordance with all applicable laws and regulations, articles of association of the Company and the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as amended from time to time, be and is hereby generally and unconditionally approved;

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(b) the aggregate number of shares of the Company to be repurchased by the Company pursuant to the approval in sub-paragraph (a) of this resolution above during the Relevant Period shall not exceed 10% of the number of shares of the Company in issue as at the date of passing of this resolution and the said approval shall be limited accordingly; and

(c) for the purposes of this resolution:

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

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws of Hong Kong to be held; or
- (iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the Shareholders in general meeting.”

6. “**THAT**, subject to the passing of ordinary resolutions Nos. 4 and 5 above, the authority granted to the directors of the Company pursuant to the ordinary resolution No. 4 above be and is hereby extended by the addition to the aggregate number of shares of the Company which may be allotted or agreed conditionally or unconditionally to be allotted pursuant to such authority an amount representing the aggregate number of shares of the Company repurchased by the Company under the authority granted pursuant to the ordinary resolution No. 5 above, provided that such extended amount so repurchased shall not be more than 10% of the aggregate number of shares of the Company in issue as at the date of passing this resolution.”

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7. “**THAT** the grant of share options (the “**Share Options**”) to Mr. Cheung Chi Kin, Paul under the share option scheme adopted by the Company on 31 December 2012 (the “**2012 Share Option Scheme**”) to subscribe for 5,950,000 ordinary shares in the share capital of the Company at the exercise price of HK\$4.434 per share and on the terms and conditions as set out in the circular to the shareholders of the Company dated 17 April 2020 (the “**Circular**”) be and is hereby approved and that any one director of the Company is hereby authorised to do all such acts and/or execute all such documents as may be necessary or expedient in order to give effect to the foregoing.”
8. “**THAT** the grant of the Share Options to Mr. Wong Wai Kay, Ricky under the 2012 Share Option Scheme to subscribe for 5,950,000 ordinary shares in the share capital of the Company at the exercise price of HK\$4.434 per share and on the terms and conditions as set out in the Circular be and is hereby approved and that any one director of the Company is hereby authorised to do all such acts and/or execute all such documents as may be necessary or expedient in order to give effect to the foregoing.”
9. “**THAT**, subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, any new ordinary shares in the capital of the Company (the “**Shares**”) which may fall to be issued pursuant to the exercise of the options that may be granted under the 2020 share option scheme (the “**2020 Share Option Scheme**”) (a copy of which marked “A” is produced to the Meeting and signed for the purpose of identification by the Chairman of the Meeting and the principal terms of which have been summarised in Appendix III to the Circular):
 - (a) the 2020 Share Option Scheme be and is hereby approved and adopted; and
 - (b) the Directors be and are hereby authorised to administer the 2020 Share Option Scheme, to grant options to subscribe for Shares under the 2020 Share Option Scheme, to allot, issue and deal with Shares pursuant to the exercise of options that may be granted under the 2020 Share Option Scheme provided that the total number of Shares which may be issued upon exercise of the options to be granted under the 2020 Share Option Scheme and any other share option schemes of the Company shall not exceed ten (10) per cent. of the aggregate nominal value of the share capital of the Company in issue as at the date of passing this resolution, and to do all

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such acts and to enter into all such transactions, arrangements and agreements as they consider necessary or expedient to give effect to the 2020 Share Option Scheme.”

By Order of the Board

Hong Kong Television Network Limited

Wong Nga Lai, Alice

Executive Director, Chief Financial Officer and Company Secretary

Hong Kong, 17 April 2020

Registered Office:

HKTV Multimedia and Ecommerce Centre

No. 1 Chun Cheong Street

Tseung Kwan O Industrial Estate

New Territories

Hong Kong

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Notes:

1. Every member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company.
2. Where there are joint registered holders of any shares of the Company, any one of such persons may vote at the meeting, either personally or by proxy, in respect of such shares as if he/she were solely entitled thereto; but if more than one of such joint persons be present at the meeting personally or by proxy, then one of the said persons so present whose name stands first on the register of members in respect of such shares of the Company shall alone be entitled to vote in respect thereof.
3. In order to be valid, the form of proxy duly completed and signed in accordance with the instructions printed thereon together with the power of attorney or other authority, if any, under which it is signed or a notarised copy thereof must be delivered to the Company's share registrar (the "**Share Registrar**"), Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof.
4. For the purpose of ascertaining shareholders' rights of attending and voting at the meeting, the register of members of the Company will be closed from Thursday, 28 May 2020 to Tuesday, 2 June 2020 (both days inclusive), during which period no transfer of shares shall be effected. In order to be entitled to attend and vote at the meeting, all transfer documents accompanied by the relevant share certificates, must be lodged with the Share Registrar, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 27 May 2020.
5. With regard to item 2 in this notice, the board of directors of the Company proposes that the retiring directors, namely Mr. Cheung Chi Kin, Paul, Ms. Wong Nga Lai, Alice and Mr. Lau Chi Kong be re-elected as directors of the Company. The biographical details of these directors are set out in Appendix II to the circular of the Company to the shareholders dated 17 April 2020.
6. As at the date of this notice, the executive directors of the Company are Mr. Cheung Chi Kin, Paul (Chairman), Mr. Wong Wai Kay, Ricky (Vice Chairman and Chief Executive Officer), Ms. Wong Nga Lai, Alice (Chief Financial Officer), Mr. Lau Chi Kong (Chief Operating Officer) and Ms. Zhou Huijing (Managing Director of Shopping and eCommerce) and the independent non-executive directors are Mr. Lee Hon Ying, John, Mr. Peh Jefferson Tun Lu and Mr. Mak Wing Sum, Alvin.