

HKT TRUST

(a trust constituted under the laws of Hong Kong)

HKT LIMITED

*(incorporated in the Cayman Islands with
limited liability)*

OPTION SCHEME
adopted by the Holders of Share Stapled Units of
the HKT Trust and the Company by way of an Ordinary Resolution
passed at the annual general meeting held on 30 May 2024

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OPTION SCHEME

1. DEFINITIONS

1.01 In this Scheme, save where the context otherwise requires, the following expressions have the following meanings:

“Adoption Date”	means 30 May 2024 (the date on which this Scheme is adopted by an Ordinary Resolution of Holders of Share Stapled Units of the HKT Trust and the Company);
“Allotment Date”	means in respect of any particular Grantee and a particular exercise by such Grantee of the Option granted to such Grantee, the date on which Share Stapled Units are allotted to the Grantee or his/her personal representative (as the case may be) pursuant to the Option granted and exercised hereunder;
“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Auditors”	means the HKT Trust’s and the Company’s auditors for the time being;
“Board”	means collectively, the board of directors of the Trustee-Manager and the board of directors of the Company;
“business day”	has the meaning ascribed to it in the Listing Rules;
“CCASS”	means the Central Clearing and Settlement System established and operated by HKSCC;
“CCASS Broker Participant”	means a person admitted to participate in CCASS as a broker participant;
“CCASS Custodian Participant”	means a person admitted to participate in CCASS as a custodian participant;
“CCASS Investor Participant”	means a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation;

“CCASS Participant”	means a CCASS Broker Participant or a CCASS Custodian Participant or a CCASS Investor Participant;
“close associate(s)”	has the meaning ascribed to it in the Listing Rules;
“Companies Act”	means the Companies Act (2020 Revision) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time;
“Company”	means HKT Limited, a company incorporated in the Cayman Islands as an exempted company with limited liability and registered as a non-Hong Kong company in Hong Kong and having its Share Stapled Units, jointly issued with the HKT Trust, listed on the Main Board of the Stock Exchange (stock code: 6823);
“connected person(s)”	has the meaning ascribed to it in the Listing Rules;
“core connected person(s)”	has the meaning ascribed to it in the Listing Rules;
“Director(s)”	means collectively, the director(s) of the Trustee-Manager and the director(s) of the Company;
“Eligible Participants”	means (i) Employee Participants and (ii) Service Providers;
“Employee Participants”	means directors and employees of any Group member (including persons who are granted Options under this Scheme as an inducement to enter into employment or service contracts with a Group member);
“Grantee”	means any Eligible Participant who accepts the Offer in accordance with the terms of this Scheme, or (where the context so permits) any person who is entitled, in accordance with the laws of succession applicable, to exercise any Option to the extent not already exercised in consequence of the death of an original Grantee;
“Group”	means collectively, the HKT Trust, the Company and its Subsidiaries;
“HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong;
“HKSCC”	means Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited;

“HKSCC Nominee”	means HKSCC Nominees Limited;
“HKT Trust”	means a trust constituted on 7 November 2011 under the laws of Hong Kong and managed by the Trustee-Manager and having its Share Stapled Units, jointly issued with the Company, listed on the Main Board of the Stock Exchange (stock code: 6823);
“Holders of Share Stapled Units”	means persons registered at the relevant time in the Share Stapled Units Register as holders of Share Stapled Units, including persons so registered as joint holders of Share Stapled Units and, where the registered holder of Share Stapled Units is the HKSCC Nominee, shall also include, where the context so admits, the CCASS Participants whose CCASS accounts are deposited with the Share Stapled Units;
“Hong Kong”	means the Hong Kong Special Administrative Region of the People’s Republic of China;
“inside information”	has the meaning ascribed to it in the Listing Rules;
“Listing Committee”	means the listing committee of the Stock Exchange;
“Listing Rules”	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Main Board”	means the stock market operated by the Stock Exchange, which excludes GEM (Growth Enterprise Market) and the options market;
“Offer”	means an offer for the grant of an Option made in accordance with Clause 5 ;
“Offer Date”	means the date of the Offer Letter, which date must be a business day, on which an Offer is made to an Eligible Participant;
“Offer Letter”	means a letter setting out the terms of the Offer given by the Trustee-Manager and the Company to an Eligible Participant pursuant to Clause 5.02 ;
“Option”	means an option to subscribe for Share Stapled Units granted pursuant to this Scheme;

- “Option Period”** means in respect of any particular Option, such period to be notified by the Board to each Grantee in the Offer Letter during which the Grantee may exercise such Option subject to the terms of grant, the expiry date of such period shall not exceed ten (10) years from the Offer Date, provided that an Option must be held for at least 12 months before it can be exercised, except in the circumstance set out in **Clause 7.03(d)** in respect of Employee Participants only;
- “Ordinary Resolution”** means a resolution proposed and passed as such by a majority, being more than 50%, of the total number of votes cast for and against such resolution at a meeting, of persons registered at the relevant time in the Share Stapled Units Register as holders of Share Stapled Units or as joint holders of a Share Stapled Unit, duly convened and held in accordance with the provisions of the Trust Deed;
- “Ordinary Share(s)”** means the ordinary share(s) with a nominal value of HK\$0.0005 each in the share capital of the Company conferring the rights set out in the articles of association of the Company (as amended and restated from time to time) and unless the context otherwise requires, references to “Ordinary Shares” include references to shares in the share capital of the Company of such other nominal amount as shall result from a sub-division or a consolidation, reclassification or reconstruction of the share capital of the Company from time to time forming part of the ordinary equity share capital of the Company and “Ordinary Share” means each and any one of such shares;
- “PCCW”** means PCCW Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 0008) and traded in the form of American Depositary Receipts on the OTC Markets Group Inc. in the United States of America (ticker: PCCWY);
- “PCCW Shareholder(s)”** means holder(s) of share(s) in the capital of PCCW, from time to time;

“Preference Share(s)”	means the preference share(s) with a nominal value of HK\$0.0005 each in the share capital of the Company conferring the rights set out in the articles of association of the Company (as amended and restated from time to time) and unless the context otherwise requires, references to “Preference Shares” include references to preference shares in the share capital of the Company of such other nominal amount as shall result from a sub-division or a consolidation, reclassification or reconstruction of the share capital of the Company from time to time forming part of the preference share capital of the Company and “Preference Share” means each and any one of such shares;
“principal subsidiary”	has the meaning ascribed to it in the Listing Rules;
“Remuneration Committee”	means the remuneration committee of the board of directors of the Company;
“Renewed Scheme Limit”	has the meaning given to it in Clause 9.01(c) ;
“Scheme”	means this Share Stapled Unit option scheme in its present form or as amended from time to time in accordance with the provisions hereof;
“Scheme Limit”	has the meaning given to it in Clause 9.01(a) ;
“Service Provider Sublimit”	has the meaning given to it in Clause 9.01(a) ;
“Service Providers”	means persons who provide services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group or which will contribute significantly to the growth of the Group’s financial or business performance, including independent contractors, consultants, agents, advisers and suppliers engaged to provide services in relation to research and development, marketing, innovation upgrading, strategic/commercial planning on corporate image, investor relations and core administrative functions, <i>excluding</i> placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions and professional services providers such as auditors or valuers who provide assurance or are required to perform their services with impartiality and objectivity;
“Share Scheme”	has the meaning given to it in Clause 9.01(b) ;

“Share Stapled Unit(s)”	means the combination of the following securities or interests in securities which, subject to the provisions in the Trust Deed, can only be dealt with together and may not be dealt with individually or one without the others: (a) a Unit in the HKT Trust; (b) the beneficial interest in a specifically identified Ordinary Share Linked (as defined in the Trust Deed) to the Unit and held by the Trustee-Manager as legal owner in its capacity as trustee-manager of the HKT Trust; and (c) specifically identified Preference Share Stapled (as defined in the Trust Deed) to the Unit;
“Share Stapled Units Register”	means the register of Holders of Share Stapled Units;
“Share Stapled Units Registrar”	means Computershare Hong Kong Investor Services Limited or such person from time to time be appointed by the Trustee-Manager to, inter alia, keep and maintain the Share Stapled Units Register;
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited;
“Subscription Price”	means the price per Share Stapled Unit at which a Grantee may subscribe for Share Stapled Units on the exercise of an Option as described in Clause 6 , subject to adjustment as mentioned in Clause 10 ;
“Subsidiary”	has the meaning ascribed to the term “subsidiary” in the Listing Rules;
“Substantial Holder of Share Stapled Units”	means any Holder of Share Stapled Units with an interest in Share Stapled Units constituting not less than 10% of all Share Stapled Units in issue;
“Trust Deed”	means the trust deed dated 7 November 2011 constituting the HKT Trust entered into between the Trustee-Manager and the Company (as amended, supplemented, substituted or otherwise modified from time to time);
“Trustee-Manager”	means HKT Management Limited (a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of PCCW), in its capacity as the trustee-manager of the HKT Trust;

“Unit” means an undivided interest in the HKT Trust, which confers the rights set out in the Trust Deed as being conferred by a Unit (whether in its own right or as a component of a Share Stapled Unit); and

“%” means per cent.

1.02 In this Scheme, save where the context otherwise requires:

- (a) the headings are inserted for convenience only and shall not limit, vary, extend or otherwise affect the construction of any provision of this Scheme;
- (b) references to Clauses are references to clauses of this Scheme;
- (c) 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;
- (d) references to the Listing Rules shall be construed as references to the Listing Rules as amended or modified or supplemented by other provisions, guidance notes, practice notes and/or announcements issued by the Stock Exchange from time to time;
- (e) expressions in the singular shall include the plural and vice versa;
- (f) expressions in any gender shall include other genders; and
- (g) references to persons shall include bodies corporate, corporations, partnerships, sole proprietorships, organisations, associations, enterprises, branches and entities of any other kind.

2. **PURPOSE OF THE SCHEME**

The purpose of this Scheme is to enable the HKT Trust and the Company, acting jointly by mutual agreement between them, to grant Options to Eligible Participants as incentives or rewards for their contribution to the growth of the Group and to provide the Group with a more flexible means to reward, remunerate, compensate and/or provide benefits to the Eligible Participants.

3. [DELETED]

4. **DURATION AND ADMINISTRATION**

4.01 Subject to **Clause 14**, this Scheme shall be valid and effective for a period of ten (10) years commencing from the Adoption Date, after which period no further Options will be offered or granted but the provisions of this Scheme shall remain in full force

and effect in all other respects with respect to Options granted during the life of this Scheme.

- 4.02 This Scheme shall be subject to the administration of the Board whose decision (save as otherwise provided herein) shall be final and binding on all persons who may be affected thereby. The Board shall, subject to the Listing Rules, have the right (a) to interpret and construe the provisions of this Scheme, (b) to determine the persons who will be granted Options under this Scheme, the number of Share Stapled Units granted thereto and the Subscription Price, and (c) to make such other decisions or determinations as the Board shall deem appropriate in the administration of this Scheme in accordance with the Listing Rules.
- 4.03 The Trustee-Manager and the Company shall indemnify and hold harmless each officer or director of the Trustee-Manager and the Company to whom any duty or power relating to the administration or interpretation of this Scheme may be allocated or delegated to the fullest extent permitted by the Trust Deed and the articles of association of the Company, respectively.
- 4.04 For the avoidance of doubt and without limiting the power of the Board under **Clause 4.02**, though there are no performance target(s) which must be achieved before an Option can be exercised under the terms of this Scheme, the Board may offer to grant any Options subject to such terms and conditions in relation to the performance target(s) to be achieved before such Options can be exercised and/or any other terms as the Board may determine in its absolute discretion. Performance targets may comprise a combination of key performance indicators (such as business unit revenue and EBITDA targets, productivity gain targets, target improvements in net promoter scores).
- 4.05 There is no clawback mechanism to recover or withhold Options that have been granted to Eligible Participants.

5. OFFER AND GRANT OF OPTIONS

- 5.01 On and subject to the terms of this Scheme and only when in compliance with the Listing Rules applicable from time to time, the Board shall be entitled at any time and from time to time within ten (10) years from the Adoption Date to make an Offer to any Eligible Participant as the Board may, at its absolute discretion, select to take up Options to subscribe for such number of Share Stapled Units, being a board lot for dealing in Share Stapled Units on the Main Board or an integral multiple thereof, as the Board may determine at the Subscription Price. The basis of eligibility of any Eligible Participant for the grant of any Option shall be determined by the Board from time to time, based on who, in the opinion of the Directors, has contributed or will contribute to the development and growth of the Group. When determining the eligibility of any Eligible Participant, the Board will take into account such factors as the Board may at its discretion consider appropriate on a case-by-case basis, including each Eligible Participant's contribution or future contribution to the Group and the Group's need to develop, retain, motivate or otherwise maintain the business relationship with the Eligible Participant. In assessing the eligibility of a Service Provider, the Board may take into consideration specific criteria including: (i) the expertise, qualifications and industry experience of the Service Provider; (ii) the length of relationship between the Service Provider and the Group; and (iii) the track

record of the Service Provider in delivering quality services. Options may be granted on such terms and conditions in relation to their vesting, exercise or otherwise as the Board may determine in its absolute discretion, provided that such terms and conditions shall not be inconsistent with any other terms and conditions of this Scheme.

- 5.02 An Offer shall be made to an Eligible Participant by letter (the “**Offer Letter**”) in such form as the Board may from time to time determine specifying the number of Share Stapled Units and the Option Period in respect of which the Offer is made and requiring the Eligible Participant to undertake to hold the Option on the terms on which it is to be granted and to be bound by the provisions of this Scheme and shall remain open for acceptance by the Eligible Participant concerned for such period as determined by the Board (the “**Acceptance Period**”), which period shall not be more than fourteen (14) days from the Offer Date, provided that no such Offer shall be open for acceptance after the tenth anniversary of the Adoption Date or after this Scheme has been terminated in accordance with the provisions hereof.
- 5.03 An Offer shall be deemed to have been accepted and the Option to which the Offer relates shall be deemed to have been granted and to have taken effect with retrospective effect from the Offer Date when the duplicate letter comprising acceptance of the Offer, duly signed by the Grantee with the number of Share Stapled Units in respect of which the Offer is accepted clearly stated therein, is received by the Company. No consideration is payable by the Grantee on acceptance of the Offer. Such Offer Date shall be deemed to be the date of grant of the relevant Option for all purposes of this Scheme except that in determining the date of grant for the purpose of calculating the Subscription Price under **Clause 6** where **Clause 5.07** or **9.03** applies, the date of the Board meeting for proposing the further grant of Options as referred to in **Clause 5.07** or **9.03** should be adopted as the date of grant rather than the relevant Offer Date for the sole purpose of calculating the Subscription Price under **Clause 6**.
- 5.04 Any Offer may be accepted by an Eligible Participant concerned for less than the number of Share Stapled Units for which it is offered to such Eligible Participant provided that such Offer is accepted in respect of a board lot for dealing in Share Stapled Units on the Main Board or an integral multiple thereof and such number shall be clearly stated in the duplicate letter comprising acceptance of the Offer. To the extent that the Offer is not accepted within the Acceptance Period in the manner indicated in **Clause 5.03**, it shall be deemed to have been irrevocably declined and lapse automatically.
- 5.05 No Offer shall be made after inside information has come to the knowledge of the Trustee-Manager and/or the Company, until and including the trading day after such inside information has been announced in accordance with the relevant requirements of the Listing Rules and, in particular, no Eligible Participant shall be granted an Option:
- (a) during the period commencing one (1) month immediately before the earlier of (i) the date of meeting of the Board (as such date is first notified to the Stock Exchange under the Listing Rules) for approving the annual results, the interim results or the quarterly or any other interim period results of the HKT Trust and the Company (whether or not required under the Listing Rules); and (ii) the deadline for the HKT Trust and the Company to

announce their annual results or interim results under the Listing Rules, or quarterly results or any other interim period results (whether or not required under the Listing Rules), and ending on the date of announcement for such results; or

- (b) (in relation to a grantee or prospective grantee who is a Director) during (i) the period of sixty (60) days immediately preceding the publication date of the HKT Trust's and the Company's 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) the period of thirty (30) days immediately preceding the publication date of the HKT Trust's and the Company's 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.

For the avoidance of doubt, no Option may be granted during any period of delay in publishing a results announcement.

- 5.06 Any grant of Options to a Director, a chief executive of the Trustee-Manager or the Company or a Substantial Holder of Share Stapled Units, or any of their respective associates, or to a director, chief executive or substantial shareholder of PCCW, or any of their respective associates, must be approved by all of the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the Options) and, if required by the Listing Rules, the independent non-executive directors of PCCW (excluding any independent non-executive director of PCCW who is the grantee of the Options).
- 5.07 Where Options are proposed to be granted to a Substantial Holder of Share Stapled Units or an independent non-executive Director or any of their respective associates, and the proposed grant of Options would result in the total number of Share Stapled Units issued and to be issued in respect of all Options and awards granted (whether under this Scheme or another Share Scheme, but excluding Options and/or awards lapsed in accordance with the terms of the corresponding scheme) to such person in the 12-month period up to and including the proposed date of such grant representing in aggregate over 0.1% of the total issued Share Stapled Units on the proposed date of grant, such further grant of Options must be subject to the approval of an Ordinary Resolution of Holders of Share Stapled Units and (for so long as the Company remains a principal subsidiary of PCCW and if required by the Listing Rules) where (a) the prospective grantee is both an independent non-executive Director and an independent non-executive director of PCCW or a Substantial Holder of Share Stapled Units and a substantial shareholder of PCCW, or any of their respective associates; or (b) the prospective grantee is not an independent non-executive Director but is an independent non-executive director of PCCW or not a Substantial Holder of Share Stapled Units but is a substantial shareholder of PCCW, or any of their respective associates; or (c) the Listing Rules so require, of PCCW Shareholders, taken on a poll in general meeting. In addition, the date of the Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the Subscription Price under **Clause 6**. The grantee, his/her associates, and all core connected persons of the HKT Trust and the Company (and, if applicable, PCCW) must abstain from voting in such general meeting (except that any such person may vote against the proposed grant provided that his/her/its intention to do so has been stated in the circular to Holders of Share Stapled Units and, if applicable,

PCCW Shareholders). A circular must be sent by the Trustee-Manager and the Company to the Holders of Shares Stapled Units and if applicable, by PCCW to the PCCW Shareholders, containing all the terms required under the Listing Rules.

6. SUBSCRIPTION PRICE

The Subscription Price in respect of any Option shall, subject to any adjustments made pursuant to **Clause 10**, be such price as determined and notified by the Board to each Grantee and shall not be less than the highest of:

- (a) the closing price per Share Stapled Unit on the Main Board as stated in the Stock Exchange's daily quotations sheet on the proposed date of grant of the Option, which must be a business day or, where **Clause 5.07** or **9.03** applies, on the date of the Board meeting referred to therein which is taken to be the date of grant for the purpose of calculating the Subscription Price;
- (b) the average closing price per Share Stapled Unit on the Main Board as stated in the Stock Exchange's daily quotations sheets for the five (5) business days immediately preceding the proposed date of grant of the Option or, where **Clause 5.07** or **9.03** applies, preceding the date of the Board meeting referred to therein which is taken to be the date of grant for the purpose of calculating the Subscription Price; and
- (c) the nominal value of a Share Stapled Unit.

7. EXERCISE AND CANCELLATION OF OPTIONS

- 7.01 An Option granted must be personal to the Grantee and shall not be assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or equitable) in favour of any third party over or in relation to any Option or attempt to do so, unless a waiver has been granted by the Stock Exchange. Any breach of the foregoing by the Grantee shall entitle the Trustee-Manager and the Company to cancel any Option granted to such Grantee (to the extent not already exercised).
- 7.02 An Option may be exercised in whole or in part by the Grantee in the manner as set out in **Clauses 7.02** and **7.03** (or, in the case of **Clause 7.03(b)** only, by his/her personal representative), by giving notice before the expiry of such Option in writing to the Trustee-Manager and the Company stating that the Option is thereby exercised and the number of Share Stapled Units (in a board lot or an integral multiple thereof as described in **Clause 5.01**) in respect of which it is exercised. Each such notice must be accompanied by a remittance/payment for the full amount of the Subscription Price multiplied by the number of Share Stapled Units in respect of which the notice is given. Within twenty-eight (28) days after receipt of the notice and remittance/payment of the full amount of the Subscription Price and, where appropriate, receipt of the certificate from the Auditors or an independent financial adviser pursuant to **Clause 10**, the Company shall allot and instruct the Share Stapled Unit Registrar to issue the relevant number of Share Stapled Units to the Grantee (or his/her personal representative, as the case may be) credited as fully paid and issue to the Grantee (or his/her personal representative, as the case may be) a share certificate

in respect of the Share Stapled Units so allotted and issued. The provisions in this **Clause 7.02** in relation to the procedures for the exercise of an Option are subject to such other procedures as the Board may determine from time to time, which shall be final and binding on all persons who may be affected thereby.

7.03 Subject as hereinafter provided in this Scheme and subject to the terms and conditions upon which such Option was granted, an Option may be exercised by a Grantee at any time during the Option Period provided that:

- (a) in the event that the Grantee ceases to be an Eligible Participant for any reason other than his/her death or the termination of his/her employment, directorship, appointment or engagement on any one or more of the grounds specified in **Clause 8(d)**, the Grantee may exercise the Option in accordance with the provisions of **Clause 7.02** up to his/her entitlement at the date of cessation (to the extent which has become exercisable but not already been exercised) within three (3) months following the date of such cessation (or such longer period as the Board may determine or, if any of the events referred to in **Clause 7.03(d)**, **7.03(e)** and **7.03(f)** occurs during such period, he/she may exercise the Option pursuant to **Clause 7.03(d)**, **7.03(e)** or **7.03(f)** (as the case may be) within such period), failing which the Option will lapse. The date of cessation as aforesaid shall be the last working day with the relevant Group member, whether salary or compensation is paid in lieu of notice or not, or the last date of office or appointment as director, or the last date of appointment or engagement as consultant or adviser to the relevant Group member, as the case may be, in the event of which, the date of cessation as determined by a resolution of the Board or the board of directors or governing body of the relevant Group member shall be conclusive;
- (b) in the event that the Grantee (being an individual) ceases to be an Eligible Participant by reason of death and none of the events which would be a ground for the termination of his/her employment, directorship, appointment or engagement under **Clause 8(d)** arises, the personal representative(s) of the Grantee shall be entitled within a period of twelve (12) months after the date of death (or such longer period as the Board may determine or, if any of the events referred to in **Clause 7.03(d)**, **7.03(e)** or **7.03(f)** occurs during such period, his/her personal representative(s) may exercise the Option pursuant to **Clause 7.03(d)**, **7.03(e)** or **7.03(f)** (as the case may be) within such period) to exercise the Option up to the entitlement of the Grantee as at the date of death (to the extent such Option has become exercisable but not already exercised);
- (c) if a Grantee (being a corporation):
 - (i) commences winding up by whatever means, whether voluntarily or not; or
 - (ii) suffers a change in its constitution, management, directors, shareholding or beneficial ownership which in the opinion of the Board is material,

the Option (to the extent not already exercised) shall lapse on the date of the commencement of winding up of the Grantee or on the date of notification by

the Trustee-Manager and the Company that the said change in constitution, management, directors, shareholding or beneficial ownership is material, as the case may be, and not be exercisable unless the Board otherwise determines in which event the Option (or such remaining part thereof) shall be exercisable within such period (not being less than 12 months from its date of grant) as the Board may in its absolute discretion determine following the date of such occurrence. A resolution of the Board resolving that the Grantee's Option has lapsed by reason of material change in the constitution, management, directors, shareholding or beneficial ownership as aforesaid shall be final and conclusive;

- (d) if a general or partial offer, whether by way of take-over offer, share buy-back offer, or otherwise in like manner is made to all the Holders of Share Stapled Units, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror or if there is proposed a scheme of arrangement, the Trustee-Manager and the Company shall use all reasonable endeavors to procure that such offer is extended to all the Grantees on the same terms, with appropriate changes; and assuming that they will become, by the exercise in full of the Options granted to them (whether or not they have then become exercisable), Holders of Share Stapled Units. If such offer becomes or is declared unconditional or such scheme of arrangement is formally proposed to the Holders of Share Stapled Units, a Grantee who is an Employee Participant shall, notwithstanding any other terms on which his/her Options were granted but subject to compliance with the Listing Rules, be entitled to exercise his/her Option (to the extent not already exercised) to its full extent or to the extent specified in the Grantee's notice to the Trustee-Manager and the Company in exercise of his/her Option at any time up to the close of such offer (or any revised offer) or the record date for entitlements under a scheme of arrangement. Subject to the above, an Option (to the extent not already exercised) will lapse automatically on the date on which such offer (or, as the case may be, revised offer) closes or the record date for entitlements under a scheme of arrangement;
- (e) in the event that a notice is given to the Holders of Share Stapled Units to convene a general meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind up the HKT Trust and/or the Company, the Trustee-Manager and the Company shall on the same date as they despatch such notice of the proposed general meeting to each Holder of Share Stapled Units, give notice thereof to the Grantee (or his/her personal representative), who may, by notice in writing to the Trustee-Manager or the Company, as the case may be, (such notice to be received by the Trustee-Manager or the Company, as the case may be, not later than five (5) business days prior to the proposed general meeting) accompanied by a remittance/payment for the full amount of the aggregate Subscription Price for the Share Stapled Units in respect of which the notice is given, exercise the Option (to the extent which it has become exercisable but has not been already exercised) either to its full extent or to the extent specified in such notice and the Trustee-Manager and the Company shall, as soon as possible and in any event no later than the business day immediately prior to the date of the proposed general meeting, allot and issue such number of Share Stapled Units to the Grantee which falls to be issued on such exercise, credited as fully paid

up and register the Grantee as holder thereof. Any Options shall, to the extent they have not been so exercised, lapse and determine; and

- (f) if, pursuant to the Companies Act or other applicable law, a compromise or scheme of arrangement between the Company and its members and/or creditors is proposed for the purpose of or in connection with the reconstruction of the Company or its amalgamation with any other company or companies, the Trustee-Manager and/or the Company shall give notice thereof to all Grantees (or to their personal representatives) on the same day as it gives notice to the members or creditors of the Company summoning a meeting to consider such a compromise or scheme of arrangement. Upon receipt of the notice, the Grantee may, during the period commencing on the date of the notice and ending on the earlier of:
- (i) the date two (2) calendar months thereafter; and
 - (ii) the date on which such compromise or arrangement is sanctioned by the court,

exercise his/her Option (to the extent it has become exercisable but not already been exercised), conditional upon the compromise or arrangement being sanctioned by the court and becoming effective. The Company may require the Grantee to transfer or otherwise deal with the Share Stapled Units issued as a result of the exercise of the Options in these circumstances so as to place the Grantee in the same position as nearly would have been the case had such Share Stapled Units been subject to the compromise or arrangement. Upon such compromise or arrangement becoming effective, all Options shall, to the extent that they have not been so exercised, lapse and determine. 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 Grantees to exercise their respective Options shall with effect from the date of the making of the final decision of the court be restored in full but only up to the extent not already exercised and shall thereupon become exercisable (but subject to the other terms of this Scheme) as if such compromise or arrangement had not been proposed by the Company and no claim shall lie against the HKT Trust, the Trustee-Manager, the Company or any of its Subsidiaries or any of their respective officers for any loss or damage sustained by any Grantee as a result of the aforesaid suspension.

- 7.04 The Share Stapled Unit(s) to be issued and allotted upon the exercise of an Option granted will be subject to all the provisions of the Trust Deed and the articles of association of the Company (as amended and restated from time to time) for the time being in force and will rank *pari passu* in all respects with the fully paid Share Stapled Units in issue on the Allotment Date and accordingly, will entitle the holders to the same voting, dividend, transfer and other rights (including those arising on liquidation of the HKT Trust and the Company) as the existing fully paid Share Stapled Units in issue on the Allotment Date which, for the avoidance of doubt, include the right to participate in all dividends or other distributions declared, paid or made on or after the Allotment Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor is before the Allotment Date, provided always that when the date of exercise of an Option falls on

a date upon which the register of members of the Company and the Share Stapled Units Register are closed, then the exercise of such Option shall become effective on the first business day on which the register of members of the Company and the Share Stapled Units Register are re-opened.

- 7.05 Subject to **Clause 7.01**, any cancellation of Options granted but not exercised shall be approved by the Board. Cancelled Options may be re-issued after such cancellation has been approved, provided that re-issued Options shall only be granted in compliance with the terms of this Scheme and the requirements of the Listing Rules, and provided further that new Options may be issued to a Grantee in place of his/her cancelled Options only if there are available unissued Options (excluding the cancelled Options) within the Scheme Limit and if applicable, the Service Provider Sublimit or the Renewed Scheme Limit as referred to in **Clause 9.01(a)** or **9.01(c)** below.

8. LAPSE OF OPTION

The right to exercise an Option shall lapse automatically (to the extent not already exercised) immediately upon the earliest of:

- (a) the expiry of the Option Period;
- (b) the expiry of any of the applicable periods referred to in **Clause 7.03(a), (b), (c), (d), (e)** or **(f)**;
- (c) subject to **Clause 7.03(e)**, the date of the commencement of the winding-up of the HKT Trust or the Company, as the case may be;
- (d) the date on which the Grantee ceases to be an Eligible Participant by reason of the termination of his/her employment, directorship, appointment or engagement on any one or more of the grounds that he/she has been guilty of serious misconduct, or appears either to be unable to pay or to have no reasonable prospect of being able to pay his/her debts or has become insolvent or has made any arrangements or composition with his/her creditors generally, or has breached or failed to comply with any provisions of the relevant service contract, letter of appointment or other contracts or agreements of the Grantee with the relevant Group member for the employment, appointment or engagement, or has been convicted of any criminal offence involving his/her integrity or honesty or on any other ground on which an employer would be entitled to terminate his/her employment at common law or pursuant to any applicable laws or under the service contract or letter of appointment or other contract or agreement for employment, appointment or engagement of the Grantee with the relevant Group member. A resolution of the Board or the board of directors or governing body of the relevant Group member to the effect that the employment, directorship, appointment or engagement of a Grantee has or has not been terminated on one or more of the grounds specified in this **Clause 8(d)** shall be conclusive; and
- (e) the date on which the Grantee commits a breach of **Clause 7.01**.

9. MAXIMUM NUMBER OF SHARE STAPLED UNITS AVAILABLE FOR SUBSCRIPTION

9.01

- (a) The total number of new Share Stapled Units which may be issued pursuant to the exercise of Options granted under this Scheme must not exceed 10% of the total number of Share Stapled Units in issue as at the Adoption Date (being 757,974,233 Share Stapled Units, the “**Scheme Limit**”), subject to **paragraph (b)** below. Within the Scheme Limit, the total number of new Share Stapled Units which may be issued pursuant to the exercise of Options granted to Eligible Participants who are Service Providers must not exceed 0.5% of the total number of Share Stapled Units in issue as at the Adoption Date (being 37,898,711 Share Stapled Units, the “**Service Provider Sublimit**”).
- (b) The total number of new Share Stapled Units which may be issued in respect of all Options and awards granted and to be granted under this Scheme and all other share scheme(s) of the HKT Trust and the Company (each a “**Share Scheme**”) which are funded by the issue of new Share Stapled Units, must not exceed 10% of the total number of Share Stapled Units in issue as at the date of approval by Holders of Share Stapled Units and (for so long as the Company remains a principal subsidiary of PCCW) PCCW Shareholders, of the Share Scheme or a “refreshment” of the scheme mandate under the Share Scheme, whichever is later (the “**Scheme Mandate Limit**”), subject to **paragraphs (c)** or **(d)** below. Any Options lapsed in accordance with the terms of this Scheme or any other Share Scheme shall not be counted for the purpose of calculating the Scheme Limit, the Service Provider Limit and the Scheme Mandate Limit.
- (c) The Board may seek approval by Holders of Share Stapled Units and (for so long as the Company remains a principal subsidiary of PCCW) PCCW Shareholders, in general meeting to renew the Scheme Limit (and the Service Provider Sublimit) after three (3) years from the date of approval for the last “refreshment” (or the adoption of this Scheme) and a circular must be sent by the Trustee-Manager and the Company to Holders of Share Stapled Units and (for so long as the Company remains a principal subsidiary of PCCW) by PCCW to PCCW Shareholders, containing all the terms required under the Listing Rules. However, the total number of Share Stapled Units which may be issued upon exercise of all Options and/or awards involving new Share Stapled Units to be granted under this Scheme and all other Shares Scheme(s) in these circumstances must not exceed 10% of the issued Share Stapled Units at the date of approval of the renewed limit (the “**Renewed Scheme Limit**”), as required by the Listing Rules. Any “refreshment” within any three (3)-year period must be further approved in general meeting in accordance with the Listing Rules.
- (d) In the event of a consolidation or subdivision of the Share Stapled Units occurring after the approval of the Scheme Limit, the Service Provider Sublimit or the Renewed Scheme Limit (as the case may be) has been obtained, the maximum number of Share Stapled Units which may be issued upon exercise of all Options and/or awards involving new Share Stapled Units to be granted under this Scheme and all other Share Scheme(s) under each

such limit as a percentage of the total number of issued Share Stapled Units at the date immediately before and after such consolidation or subdivision, shall be the same, rounded to the nearest whole Share Stapled Unit.

- 9.02 Notwithstanding any other provisions of this Scheme, no Option may be granted under this Scheme if the exercise of the Option may result in PCCW ceasing to hold at least 51% of the total number of Share Stapled Units in issue (on a fully diluted basis assuming full conversion or exercise of all outstanding Options and other rights of subscription, conversion and exchange for Share Stapled Units).
- 9.03 Unless approved by the Holders of Share Stapled Units and (for so long as the Company remains a principal subsidiary of PCCW) PCCW Shareholders in the manner set out in this **Clause 9.03**, the total number of Share Stapled Units issued and to be issued upon exercise of the Options and/or awards involving new Share Stapled Units granted (whether under this Scheme or another Share Scheme) to each Eligible Participant (excluding Options and/or awards lapsed in accordance with the terms of the corresponding scheme) in any 12-month period must not exceed 1% of the issued Share Stapled Units. Where any further grant of Options to an Eligible Participant would result in the total number of Share Stapled Units issued and to be issued upon exercise of all Options and/or awards involving new Share Stapled Units granted and to be granted (whether under this Scheme or another Share Scheme) to such Eligible Participant (excluding Options and/or awards lapsed in accordance with the terms of the corresponding scheme) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the issued Share Stapled Units as at the date of such further grant, such further grant must be subject to the separate approval of an Ordinary Resolution of Holders of Share Stapled Units and (for so long as the Company remains a principal subsidiary of PCCW) PCCW Shareholders in general meeting, with such Eligible Participant and his/her close associates (or his/her associates if the Eligible Participant is a connected person) abstaining from voting. A circular must be sent to the Holders of Share Stapled Units and if applicable, PCCW Shareholders, containing all the terms required under the Listing Rules. The number and terms (including the Subscription Price) of Options to be granted to such Eligible Participant must be fixed before approval in general meeting is sought and the date of the Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the Subscription Price only under **Clause 6** above.

10. REORGANISATION OF CAPITAL STRUCTURE

- 10.01 In the event of any capitalisation of profits or reserves, rights issue or other similar offer of securities to Holders of Share Stapled Units, consolidation, subdivision, or reduction of the share capital of the Company or the Units in the HKT Trust in accordance with legal requirements and the requirements of the Stock Exchange (other than an issue of Share Stapled Units as consideration in respect of a transaction to which the HKT Trust, the Company and/or any of its Subsidiaries is a party), such corresponding adjustments (if any) shall be made to:
- (a) the number of, or nominal value (if any applicable) representing, the amount of Share Stapled Units subject to the Options granted pursuant to this Scheme so far as unexercised; and/or

(b) the Subscription Price;

or any combination thereof, as the Auditors or an independent financial adviser to be appointed by the HKT Trust and the Company for such purpose shall certify in writing to the Board to be in their opinion fair and reasonable, provided always that:

- (i) no such alterations shall be made the effect of which would be to enable any Share Stapled Unit to be issued at less than its nominal value;
- (ii) such adjustments shall give the Grantee the same proportion of the equity capital, rounded to the nearest Share Stapled Unit, as that to which that person was previously entitled but no such adjustments may be made to the extent that a Share Stapled Unit would be issued at less than its nominal value (if any); and
- (iii) notwithstanding (ii) above, any adjustments as a result of an issue of securities with a price-dilutive element, such as a rights issue or capitalisation issue, should be based on a scrip factor similar to the one used in accounting standards in adjusting the earnings per Share Stapled Unit figures,

and in each case, any adjustment must be made in compliance with the Listing Rules (including Chapter 17 thereof), the supplementary guidance issued on 6 November 2020 and any further guidance or interpretation of the Listing Rules issued by the Stock Exchange from time to time. In addition, in respect of any such adjustments, other than any adjustment made on a capitalisation issue, the Auditors or an independent financial adviser must confirm to the Directors in writing that the adjustments satisfy the requirements of the relevant provisions of the Listing Rules or the relevant guidance or interpretation thereof.

The capacity of the Auditors or the independent financial adviser in this **Clause 10.01** is that of experts and not of arbitrators and their certification shall, in the absence of manifest error, be final and binding on the Trustee-Manager, the Company and all the Grantees. The costs of the Auditors or the independent financial adviser (as the case may be) shall be borne by the Company.

10.02 Notice of any such alteration in the capital structure of the HKT Trust and the Company and the corresponding adjustments to be made as referred to in **Clause 10.01** shall be given to all Grantees (or their personal representatives) by the Trustee-Manager and the Company, which may, but need not, call in Option certificates or other evidence of entitlement to the Option, if any, for endorsement or replacement.

11. **SHARE CAPITAL**

The exercise of any Option shall be subject to the Holders of Share Stapled Units in general meeting approving any necessary increase in the authorised share capital of the Company. Subject thereto, the Board shall make available sufficient authorised but unissued share capital of the Company to meet subsisting requirements on the exercise of Options.

12. DISPUTES

Any dispute arising out of or in connection with this Scheme (whether as to the number of Share Stapled Units being the subject of an Option, the amount of the Subscription Price or otherwise) or any adjustment under **Clause 10.01** shall be referred to the decision of the Auditors or an independent financial adviser which may be appointed by the Company for this purpose, who shall act as experts and not as arbitrators and whose decision shall, in the absence of manifest error, be final and binding on all parties who may be affected thereby.

13. ALTERATION TO THIS SCHEME AND THE TERMS OF OPTIONS GRANTED UNDER THIS SCHEME

13.01 All provisions of this Scheme may, subject to the Listing Rules, be altered from time to time in any respect by a resolution of the Board save that the following alterations shall require the prior sanction of an Ordinary Resolution and (for so long as the Company remains a principal subsidiary of PCCW) approval from PCCW Shareholders in general meeting:

- (i) any alterations of the provisions relating to the matters set out in Rule 17.03 of the Listing Rules to the advantage of the Grantee(s) or the Eligible Participant(s) (as the case may be);
- (ii) any alterations of the terms and conditions of this Scheme which are of a material nature; and
- (iii) any change to the authority of the Board or scheme administrators in relation to any alteration to the terms of this Scheme.

Any change to the terms of an Option granted under this Scheme shall not be effective unless approved by the Board, the Remuneration Committee, the independent non-executive Directors, the Holders of Share Stapled Units and/or PCCW Shareholders (as the case may be), if the initial grant of Option was approved by the Board, the Remuneration Committee, the independent non-executive Directors, the Holders of Share Stapled Units and/or PCCW Shareholders (as the case may be), except where the alterations take effect automatically under the existing terms of this Scheme.

No such alteration shall operate to affect adversely the terms of issue of any Option granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the Grantees as would be required of the Holders of Share Stapled Units under the Trust Deed for the time being for a variation of the rights attached to the Share Stapled Units. Any amended terms of this Scheme or Options shall still comply with the relevant requirements of Chapter 17 of the Listing Rules (subject to such waiver as may be granted by the Stock Exchange from time to time).

13.02 In respect of any meeting of Grantees which may be held for the purpose of **Clause 13.01**, all the provisions of the constitutional documents for the time being of the HKT Trust and the Company as to general meetings of Holders of Share Stapled Units shall *mutatis mutandis* apply as though the Options were a class of Share

Stapled Units forming part of the capital of the HKT Trust and the Company except that:

- (a) not less than seven (7) days' notice of such meeting shall be given;
- (b) a quorum at any such meeting shall be two (2) Grantees present in person or by proxy and holding Options entitling them to the issue of one-tenth in nominal value of all Share Stapled Units which would fall to be issued upon the exercise of all Options then outstanding unless there is only one Grantee holding all Options then outstanding, in which case the quorum shall be one Grantee;
- (c) every Grantee present in person or by proxy at any such meeting shall be entitled on a show of hands to one vote, and on a poll to one vote for each Share Stapled Unit to which he would be entitled upon exercise in full of his/her Options then outstanding;
- (d) any Grantee present in person or by proxy may demand a poll; and
- (e) if any such meeting is adjourned for want of a quorum, such adjournment shall be to such date and time, not being less than seven (7) or more than fourteen (14) days thereafter, and to such place as may be appointed by the chairman of the meeting. At any adjourned meeting those Grantees who are then present in person or by proxy shall form a quorum and at least seven (7) days' notice of any adjourned meeting shall be given in the same manner as for an original meeting and such notice shall state that those Grantees who are then present in person or by proxy shall form a quorum.

14. TERMINATION

The Holders of Share Stapled Units by Ordinary Resolution in general meeting or the Board may at any time terminate the operation of this Scheme and in such event no further Options shall be offered but the provisions of this Scheme shall remain in full force and effect in all other respects in respect of any Options granted prior thereto but not yet exercised at the time of termination. Upon such termination, details of the Options granted, including Options exercised or outstanding shall be disclosed in the circular to Holders of Share Stapled Units seeking approval of the first new scheme established after such termination.

15. MISCELLANEOUS

- 15.01 The Company shall bear the costs of establishing and administering this Scheme including any costs of the independent financial adviser or the Auditors in relation to the preparation of any certificates or the provision of any other services by them in relation to this Scheme.
- 15.02 The Company shall provide a copy of this Scheme to all Grantees on joining this Scheme and notify them of all changes to the terms thereof during the life of this Scheme.

- 15.03 Any notice or other communication between the Company and a Grantee shall be in writing (in either English language or Chinese language) and may be given by sending the same by personal delivery or prepaid post to, in the case of the Company, its principal place of business in Hong Kong at 39th Floor, PCCW Tower, Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong or such other address as notified to the Grantees from time to time and, in the case of the Grantee, his/her residential address as notified to the Company from time to time, or by email to the recipient's email address provided for this purpose from time to time.
- 15.04 Any notice or other communication shall be deemed to have taken place, if:
- (a) served by personal delivery, at the time of delivery;
 - (b) by pre-paid post: (i) if by the Company, shall be deemed to have been served 24 hours after the same was put in the post if to an address in Hong Kong and on the seventh day after posting if to an address outside Hong Kong; and (ii) if by the Grantee to the Company to its principal place of business in Hong Kong (and marked for the attention of the Company Secretary), shall not be deemed to have been served until the same shall have been received by the Company; or
 - (c) by email, the earlier of (i) the time when the sender receives an automated message confirming delivery or (ii) four hours after the time sent (as recorded on the device from which the sender sent the email) unless the sender receives an automated message that the email has not been delivered.
- 15.05 All allotments and issues of Share Stapled Units shall be subject to all necessary consents under any relevant legislation for the time being in force in Hong Kong and the Cayman Islands and a Grantee shall be responsible for obtaining any governmental or other official consent or approval that may be required by any country or jurisdiction in order to permit the grant or exercise of the Option and complying with all relevant regulatory requirement of any country or jurisdiction in relation to the grant or exercise of the Options. The Trustee-Manager and the Company shall not be responsible for any failure by a Grantee to obtain any such consent or approval or comply with such regulatory requirements or for any tax or other liability to which a Grantee may become subject as a result of his/her participation in this Scheme. The Trustee-Manager and the Company shall not be responsible for the lapse of any Options granted to any Eligible Participant as referred to in **Clause 8**.
- 15.06 If at the time of issue of Share Stapled Units pursuant to the exercise of an Option, Share Stapled Units already in issue are listed on the Main Board, then forthwith after such exercise the Trustee-Manager and the Company shall use all reasonable endeavours to procure that the Share Stapled Units to be issued upon the exercise of such Option shall, upon the issue thereof (or as soon thereafter as reasonably practicable), become listed on the Main Board.
- 15.07 This Scheme shall not form part of any contract of employment, appointment or engagement between the Company or any of its Subsidiaries and any Eligible Participant, and the rights and obligations of any Eligible Participant under the terms of his/her office or employment or engagement shall not be affected by his/her participation in this Scheme or any right which he may have to participate in it and

this Scheme shall afford such Eligible Participant no additional rights to compensation or damages in consequence of the termination of such office or employment or engagement for any reason. Furthermore, an Eligible Participant shall not be entitled to any right to compensation or damages or any other benefit whatsoever for the loss of any rights under this Scheme due to the termination of such office or employment or engagement for any reason.

15.08 This Scheme shall not confer on any person any legal or equitable right (other than those rights constituting the Options themselves) against the HKT Trust, the Company or any of its Subsidiaries directly or indirectly or give rise to any cause of action at law or in equity against the HKT Trust, the Company or any of its Subsidiaries.

15.09 This Scheme and all Options granted hereunder shall be governed by and construed in accordance with the laws of Hong Kong. All relevant parties to this Scheme shall submit to the non-exclusive jurisdiction of the Hong Kong courts.