

Dated 27 August 2020

CMC M&E ACQUISITION CO. LTD.
and

EVER PORT LIMITED

and

YOUNG LION HOLDINGS LIMITED

and

YOUNG LION ACQUISITION CO. LIMITED

and

SHAW BROTHERS LIMITED

and

KENNETH KIN HSU

(for the purposes of Clauses 1, 2, 4, 10, 11, 12, 13 and 14 only)

SHAREHOLDERS' AGREEMENT

relating to Young Lion Holdings Limited and its subsidiaries

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Shareholders' Agreement

This Agreement is made on 27 August 2020 between:

- (1) **Ever Port Limited**, a company incorporated in the British Virgin Islands whose registered office is at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands ("**EV**"), which is wholly-owned by KH (as defined below);
- (2) **CMC M&E Acquisition Co. Ltd.**, a company incorporated in the British Virgin Islands whose registered office is at OMC Chambers, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands ("**CMC**");
- (3) **Young Lion Holdings Limited**, a company incorporated in the British Virgin Islands whose registered office is at Commerce House, Wickhams Cay 1, P.O. Box 3140, Road Town, Tortola, British Virgin Islands VG1110 (the "**Company**");
- (4) **Young Lion Acquisition Co. Limited**, a company incorporated in the British Virgin Islands whose registered office is at Commerce House, Wickhams Cay 1, P.O. Box 3140, Road Town, Tortola, British Virgin Islands VG1110 ("**YLA**");
- (5) **Shaw Brothers Limited**, a company incorporated in Hong Kong whose registered office is at Suite 1201, Tower 2, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong ("**S Company**"); and
- (6) **Kenneth Kin Hsu of** [REDACTED] ("**KH**"), for the purposes of Clauses 1, 2, 4, 10, 11, 12, 13 and 14 only,

each a "**party**" and together the "**parties**".

Recitals:

- (A) The Company was incorporated in the British Virgin Islands on 21 December 2010.
- (B) As at the date of this Agreement, YLA is a wholly-owned subsidiary of the Company and S Company is a wholly-owned subsidiary of YLA. Immediately following the Reorganisation Completion, S Company will own approximately 22.1 per cent. of the total issued share capital of T Company.
- (C) On 22 April 2015, CMC, Innovative View Holdings Limited ("**IVH**"), Charles Kwok Keung Chan ("**CC**"), Profit Global Investment Limited ("**PGIL**"), the Company, YLA and S Company entered into the 2015 Shareholders' Agreement which shall terminate in accordance with Clause 2 of this Agreement.
- (D) Immediately following the SPA Completion and the Reorganisation Completion, the Company has an issued share capital of 451,233,432 Shares comprising 49,847,749 Voting Shares and 401,385,683 Non-Voting Shares, details of which are set out in Schedule 2.
- (E) The parties desire to enter into this Agreement for the purpose of regulating certain aspects of their relationship with regard to the Company and the Group.

It is agreed as follows:

1 Interpretation

In this Agreement, unless the context otherwise requires, the provisions in this Clause 1 apply:

1.1 Definitions

"2015 Shareholders' Agreement" means the shareholders' agreement dated 22 April 2015 between CMC, PGIL, IVH, CC, P6 YL Holdings Limited ("**PEP**"), the Company, YLA and S Company for the purpose of regulating certain aspects of their relationship with regard to the Company and the Group, and which:

- (a) had been terminated as between PEP and the other parties by virtue of PEP transferring all its Shares in the Company to CMC on 7 June 2016,
- (b) will be terminated as between (i) IVH and CC and (ii) the other parties by virtue of IVH transferring all its Shares in the Company to EV on SPA Completion and the Deed of Termination to be signed by CC; and
- (c) will be terminated as between PGIL and other parties by virtue of PGIL surrendering all its Shares in the Company on the Reorganisation Completion;

"Accounting Principles" has the meaning set out in Paragraph 1.1.1(ii)(a) of Schedule 4;

"Accounts" means the audited consolidated accounts of YLA as at, and for the 12-month period ended on, 31 December of the year immediately preceding the year in which the applicable Closing occurs;

"Acting in Concert" has the meaning given to that expression in the Takeovers Code;

"Agreement" means this agreement as modified, amended or replaced from time to time;

"Articles" means the memorandum and articles of association adopted by the Company and as amended or superseded from time to time;

"Associated Company" means: (i) in relation to an entity, its direct or indirect holding company, any subsidiary of such entity or any subsidiary of such holding company; and (ii) in relation to an individual, any company that is Controlled by such individual;

"Board" means the board of directors of the Company;

"Broadcasting Ordinance" means the Broadcasting Ordinance (Chapter 562 of the laws of Hong Kong), as amended from time to time;

"Business Day" means a day which is not a Saturday or Sunday or a public holiday in Hong Kong;

"Call Option Acceptance Period" has the meaning set out in Clause 6.7.3;

"Call Option Exercise Notice" has the meaning set out in Clause 6.7.2;

"Call Option Offer" has the meaning set out in Clause 6.7.1;

"Call Option Price" has the meaning set out in Clause 6.7.1;

"Call Shares" has the meaning set out in Clause 6.7.1;

“**Cash**” means, in relation to a Group Company, the aggregate of its cash (whether in hand or credited to any account with a financial institution) and its cash equivalents, including all interest accrued thereon, and, for the avoidance of doubt, including any prepaid expenses of that Group Company which relate to a post-Closing period but excluding any cash which was at Closing, and remains at Closing, restricted or suspended and not available for use by such Group Company, in each case as at Closing, as shown by the books of that Group Company;

“**Change in Laws**” has the meaning set out in Clause 4.5;

“**Change of Control**” means:

- (a) with respect to EV, where a person other than KH acquires or agrees to acquire or has options over or otherwise becomes able to exercise Control over EV, or where KH ceases to be in a position to exercise such Control, provided that there shall be no Change of Control under this sub-paragraph (a) in respect of a transfer of Control of EV to a person who is ordinarily resident in Hong Kong and a “qualified voting controller” under the Broadcasting Ordinance arising as a direct result of (i) the death of KH or (ii) the permanent ill-health or serious disability of KH rendering him incapable of performing his duties as a director of the Company;
- (b) with respect to CMC or any Associated Company of CMC holding Shares, where a person other than RG acquires or agrees to acquire or has options over or otherwise becomes able to exercise Control over CMC or such Associated Company, as the case may be, or where RG ceases to be in a position to exercise such Control; and
- (c) with respect to any other Shareholder, where a person who did not previously exercise Control over such Shareholder acquires or agrees to acquire or has options over or otherwise becomes able to exercise such Control, or where a person who was previously able to exercise Control over that Shareholder ceases to be in a position to exercise such Control,

provided that there shall be no Change of Control as described above if the Change of Control that would be triggered is with respect to a Change of Control of an Associated Company and the applicable Shareholder and Associated Company comply with Clause 6.3.2;

“**Chief Executive in Council**” means the Chief Executive in Council within the meaning of the Interpretation and General Clauses Ordinance (Chapter 1 of the laws of Hong Kong), as amended from time to time;

“**Closing**” means completion of a transfer specified in Clause 7.1 or, with respect to EV, a transfer specified in Clause 6.9;

“**Closing Statements**” has the meaning set out in Paragraph 2.1.1 of Schedule 3;

“**CMC Call Option**” has the meaning set out in Clause 6.9;

“**CMC Call Option Exercise Notice**” has the meaning set out in Clause 6.9;

“**CMC Call Option Transfer Date**” means the date on which the transfer of the Voting Shares under the CMC Call Option completes;

"Communications Authority" means the Hong Kong Communications Authority, an independent statutory body established under the Communications Authority Ordinance (Chapter 616 of the laws of Hong Kong) on 1 April 2012;

"Confidential Information" has the meaning set out in Clause 13.1;

"Control" means, in relation to an entity, where a person (or persons Acting in Concert with it) has (i) direct or indirect control: (A) of the affairs of that entity; or (B) of 50 per cent. or more of the total voting rights conferred by all the issued shares in the capital (or similar equity interests in the event of a person without share capital) of that entity which are ordinarily exercisable in general meeting; or (ii) the direct or indirect ability to appoint or direct the appointment of a majority of the board of directors (or similar governing body in the event of a person without a board of directors) of that entity (in each case whether pursuant to relevant constitutional documents, contract or otherwise), and **"Controlled"** shall be construed accordingly;

"Debt" means, in relation to a Group Company, the aggregate of any debt (including any accrued and unpaid interest thereon but excluding any prepayment fees or premiums (other than prepayment fees or premiums payable solely as a consequence of a Shareholder transferring its Shares or the Shares of a Shareholder being redeemed or repurchased by the Company)) and any accrued and unpaid liabilities related solely to the period prior to Closing owed by that Group Company (as shown by the books of the Group Company) as at Closing; provided, that Debt shall not include any costs or expenses which are Sale Costs;

"Deed of Adherence" means a deed substantially in the form set out in Schedule 1;

"Deed of Termination" means a deed of termination to be signed by CC on or around SPA Completion, under which he will agree to terminate the 2015 Shareholders' Agreement;

"Defaulting Shareholder" has the meaning set out in Clause 8;

"Director" means a director of the Company and, in respect of Clauses 4.1 and 4.2, includes a director of any subsidiary of the Company;

"Encumbrance" means any charge, mortgage, lien, option, equitable right, power of sale, pledge, hypothecation, usufruct, retention of title, right of pre-emption, right of first offer, right of first refusal or other third party rights or security interest of any kind or an agreement, arrangement or obligation to create any of the foregoing;

"Estimated Net Debt Shares" means in relation to each Shareholder, the number of T Shares which is equal to the Estimated Pro Rata Net Debt of such Shareholder (if any) divided by the Market Value of the Pro Rata T Shares of such Shareholder;

"Estimated Pro Rata Net Debt" means the Company's good-faith estimate of the aggregate amount of Pro Rata Net Debt to be provided in writing by the Company to the Seller and, if not the Company, the Purchaser no later than 10 days before the Transfer Date or the CMC Call Option Transfer Date, as the case may be;

"EV Acceptance Period" has the meaning set out in Clause 6.5.3;

"EV Offer" has the meaning set out in Clause 6.5.1;

"EV Offer Notice" has the meaning set out in Clause 6.5.2;

"EV Transaction" has the meaning set out in Clause 6.5.1;

"EV Transfer Price" has the meaning set out in Clause 6.5.1;

"Event of Default" has the meaning set out in Clause 8;

"Excess Pre-emption Shares" has the meaning set out in Clause 5.5;

"Firm" has the meaning set out in Paragraph 2.1.6 of Schedule 3;

"Group" means the Company and any Group Companies from time to time;

"Group Company" means a subsidiary of the Company;

"HKIAC" has the meaning set out in Clause 14.2.1;

"HKR Shareholder" means a Shareholder which is ordinarily resident in Hong Kong;

"Hong Kong" means the Hong Kong Special Administrative Region of the People's Republic of China;

"HK\$" means Hong Kong dollars, the lawful currency of Hong Kong;

"Hong Kong Stock Exchange" means The Stock Exchange of Hong Kong Limited;

"Insolvency Event" in relation to a Shareholder that is an entity means:

- (a) the Shareholder entering into or resolving to enter into any arrangement, composition or compromise with or assignment for the benefit of its creditors or any class of them in any relevant jurisdiction;
- (b) the Shareholder being unable or admitting inability to pay its debts when they are due, suspending payments on any of its debts, or being deemed under any statutory provision of any relevant jurisdiction to be insolvent;
- (c) a liquidator or provisional liquidator being appointed to the Shareholder or a receiver, receiver and manager, trustee or similar official being appointed over any of the assets or undertakings of the Shareholder, or an event analogous with any such event occurring in any relevant jurisdiction;
- (d) an application or order being made or a resolution being passed for the winding up of the Shareholder (except for the purposes of a bona fide reconstruction or amalgamation); or
- (e) the occurrence of any of the above events in relation to its holding company;

"Interest" includes an interest of any kind in or in relation to any share or any right to control the voting or other rights attributable to any share, disregarding any conditions or restrictions to which the exercise of any right attributed to such interest may be subject;

"Joint Expenses" has the meaning set out in Clause 14.16.2;

"Laws" means the laws and regulations of Hong Kong and the British Virgin Islands, and any other laws and regulations for the time being in force applicable to any member of the Group or any Shareholder (as appropriate) including, where applicable, the rules of any stock exchange on which the securities of a Shareholder are listed or other governmental or regulatory body to which a Shareholder is subject;

"Losses" means losses, liabilities, costs (including reasonable legal costs and reasonable experts' and consultants' fees), charges, expenses, actions, proceedings, claims and demands;

"Market Value" means, in respect of the Shares held by a Shareholder, an amount equal to the volume-weighted average price (based on the prices published by the Hong Kong Stock Exchange) of the Pro Rata T Shares of such Shareholder over the 30 trading day period expiring on the trading day immediately prior to the date of the transfer or distribution to EV pursuant to Clause 6.8.1(b)(II);

"Net Debt" means an amount equal to the aggregate Debt of all Group Companies minus the aggregate Cash of all Group Companies;

"Net Debt Shares" means in relation to each Shareholder, the number of T Shares which is equal to the Pro Rata Net Debt of such Shareholder (if any) divided by the Market Value of the Pro Rata T Shares of such Shareholder;

"New Shareholder" has the meaning set out in Clause 7.9;

"Non-HKR Shareholder" means a Shareholder which is not ordinarily resident in Hong Kong;

"Non-Voting Shares" means the non-voting ordinary shares in the issued share capital of the Company having the rights and restrictions set out in the Articles and ranking *pari passu* with the Voting Shares with the exception that such non-voting ordinary shares shall not carry the right to one (or any) vote per share;

"Objection Notice" has the meaning set out in Paragraph 2.1.3 of Schedule 3;

"Open Market Value" means, in respect of the Shares held by a Shareholder, an amount equal to the volume-weighted average price (based on the prices published by the Hong Kong Stock Exchange) of the Pro Rata T Shares of such Shareholder over the 30 trading day period expiring on the trading day immediately prior to the date of a Call Option Exercise Notice or a CMC Call Option Exercise Notice (as the case may be), less (if a positive sum) or plus (if a negative sum) the Pro Rata Net Debt of such Shareholder (if any) on the CMC Call Option Transfer Date or the Transfer Date as the case may be;

"Permitted Regulatory Condition" means a *bona fide* consent, clearance, approval, waiver or permission necessary to enable a Shareholder and/or a third party purchaser to be able to complete a transfer of Shares or T Shares, or for the Company to complete an issuance, redemption or repurchase of Securities, under the rules or regulations of any governmental, statutory or regulatory body, including the Broadcasting Ordinance and the Telecommunications Ordinance, in those jurisdictions where the Shareholder, the Company, the buyer and/or the third party purchaser or any of their Associated Companies carries on business;

"Pre-emption Acceptance Deadline" has the meaning set out in Clause 5.4;

"Pre-emption Acceptance Notice" has the meaning set out in Clause 5.4;

"Pre-emption Notice" has the meaning set out in Clause 5.3;

"Pre-emption Shares" has the meaning set out in Clause 5.1;

"Prohibited Activity" has the meaning set out in Clause 10.2;

"Pro Rata Net Debt" means in relation to each Shareholder, the amount equal to the portion of the outstanding Net Debt which is equal to the proportion of the Shares held by such Shareholder;

"Pro Rata T Company Exit" means the right of EV to procure the sale in connection with Clause 6.8.1(b)(I), or the transfer or distribution, in accordance with Clause 6.8.1(b)(II) or Clause 6.8.1(b)(III), of its pro rata portion of the T Shares held by the Group;

"Pro Rata T Company Exit Notice" has the meaning set out in Clause 6.8.1;

"Pro Rata T Shares" means in relation to EV, the number of T Shares held directly or indirectly by the Company as is, as closely as possible, equal to the number of such T Shares which results from multiplying the aggregate number of T Shares held directly or indirectly by the Company by the fraction resulting from dividing the number of Shares held by EV by the total number of Shares held by all Shareholders;

"Purchaser" means:

- (a) in relation to a transfer of Shares under the Call Option Offer, the CMC Call Option or the Put Option Offer: CMC;
- (b) in relation to a transfer, redemption or repurchase of Shares under the Pro Rata T Company Exit: the Company;

"Put Option Acceptance Period" has the meaning set out in Clause 6.6.3;

"Put Option Exercise Notice" has the meaning Clause 6.6.2;

"Put Option Offer" has the meaning set out in Clause 6.6.1;

"Put Option Price" has the meaning set out in Clause 6.6.1;

"Put Shares" has the meaning set out in Clause 6.6.1;

"Realised Value" means, in respect of the Shares held by a Shareholder, an amount equal to the amount actually received by S Company following the sale of the Pro Rata T Shares of such Shareholder, less (if a positive sum) or plus (if a negative sum) the Pro Rata Net Debt of such Shareholder (if any) on the Transfer Date less any Sale Costs associated with such sale;

"Refusal Notice" has the meaning set out in Clause 6.5.3(b);

"Relationship Agreement" means the relationship agreement between the parties entered into on or around the date of this Agreement governing the relationship of the parties in certain matters;

"Relevant Percentage" has the meaning set out in Clause 5.5;

"Relevant Date" means, as applicable:

- (a) the date of the Pre-emption Acceptance Deadline;
- (b) the date of acceptance by CMC of the EV Offer pursuant to Clause 6.5.3(a);
- (c) the date of acceptance by CMC of an offer made in a Put Option Exercise Notice pursuant to Clause 6.6.3; or
- (d) the date of a Pro Rata T Company Exit Notice;

"Required Period" means 90 days after the applicable Relevant Date, unless at the expiration of such period a Permitted Regulatory Condition is not fulfilled, in which case 180 days;

"Restricted Transferee" means in respect of a potential acquiror of Shares or T Shares (and, if a potential acquiror of Shares or T Shares is a holding company, also in respect of such person's ultimate parent) a person to whom the transfer of Shares would not be in compliance with the Broadcasting Ordinance, the Telecommunications Ordinance or Clause 4 for a potential acquiror of Shares or Clause 4.3 for a potential acquiror of T Shares;

"Reorganisation Agreement" means the reorganisation agreement dated 21 January 2020 between PGIL, the Company and S Company pursuant to which (i) PGIL agreed to surrender 79,562,570 Shares, comprising (1) 6,473,254 Voting Shares and (2) 73,089,316 Non-voting Shares, in the issued share capital of the Company and (ii) the Company agreed to procure S Company to transfer 17,071,101 shares in T Company to PGIL;

"Reorganisation Completion" means the completion of (1) the surrender of the entire shareholding of PGIL in the issued share capital of the Company and (2) the transfer by S Company of 17,071,101 shares in T Company to PGIL pursuant to the Reorganisation Agreement;

"RG" means Mr. Li Ruigang who, at the date of this Agreement, is the controller of CMC M&E Holding Limited which, in turn, is the sole shareholder of CMC;

"Sale Costs" means the aggregate of (i) all costs and expenses associated with the sale by a member of the Group of the Pro Rata T Shares of a Shareholder, including commissions, trading fees, broker's fees, fees paid to any agent or investment bank, legal costs and costs of any other advisers agreed to by such Shareholder in connection with such sale, such agreement not to be unreasonably withheld or delayed, and (ii) an amount equal to the aggregate of any reasonable legal or other reasonable costs and expenses incurred by any member of the Group in relation to the purchase, distribution, transfer or cancellation of the Shares of the relevant Shareholder multiplied by the fraction resulting from dividing the number of Shares held by the relevant Shareholder by the total number of Shares held by all Shareholders, in each case immediately prior to the relevant sale;

"Sale Process" has the meaning given to it in Clause 6.8.4;

"Securities" means the Shares and any other securities issued by the Company which confer rights to convert or exchange into or subscribe for any shares in the capital of the Company;

"Seller" means in relation to a transfer of Call Shares under the Call Option Offer or a transfer of Shares under the Pro Rata T Company Exit, EV, or in relation to the CMC Call Option, EV, as the case may be;

"Shareholder" means any holder of Shares from time to time having the benefit of this Agreement, including pursuant to the execution of a Deed of Adherence;

"Share Purchase Agreement" means the share purchase agreement dated 21 January 2020 between CC, IVH, KH and CMC pursuant to which IVH agreed to sell, and KH agreed to purchase, 31,825,028 Voting Shares in the issued share capital of the Company;

"Share Value" means the volume-weighted average price per T Share (based on the prices published by the Hong Kong Stock Exchange) over the 30 trading day period expiring on the trading day immediately prior to the day the Communications Authority has not, or is deemed to have not, approved the transfer or distribution of Pro Rata T Shares;

"Shares" means the shares in the issued share capital of the Company of any class from time to time and as at the date of this Agreement shall mean all of the Voting Shares and all of the Non-Voting Shares as set out in Schedule 2;

"SPA Completion" means the completion of the sale of the entire shareholding of IVH in the issued share capital of the Company and purchase of the same by EV (as the nominee of KH) pursuant to the Share Purchase Agreement;

"Super Majority Approval" has the meaning set out in the Relationship Agreement;

"Surviving Provisions" has the meaning set out in Clause 11.3;

"T Company" means Television Broadcasts Limited, a company incorporated in Hong Kong and listed on the Main Board of the Hong Kong Stock Exchange (stock code: 00511);

"T Company Exit Event" has the meaning set out in Clause 6.8.1;

"T Shares" means the ordinary shares in the issued share capital of T Company;

"Takeovers Code" means The Code on Takeovers and Mergers issued by the Securities and Futures Commission of Hong Kong, as amended from time to time;

"Tax" means all forms of taxation and statutory, governmental, state, provincial, local governmental or municipal impositions, duties, contributions and levies, in each case anywhere in the world and all penalties, charges, costs and interest relating thereto;

"Tax Authority" means any taxing or other authority competent to impose or collect any Tax;

"Telecommunications Ordinance" means the Telecommunications Ordinance (Chapter 106 of the laws of Hong Kong), as amended from time to time;

"Third Party Purchaser" means a bona fide third party purchaser;

"transfer" in the context of Shares, means any of the following: (i) sale, assignment, transfer or otherwise disposal of, or grant of any option over, any Shares or any Interest in Shares; (ii) creation or permission to subsist in respect of any Encumbrance over Shares or any Interest in Shares; (iii) entry into any agreement in respect of the votes or any other rights attached to any Shares or any Interest in Shares (including rights under this Agreement); or (iv) renunciation or assignment of any right to receive any Shares or any Interest in Shares;

"Transfer Date" has the meaning set out in Clause 7.1.4;

"Transferor" has the meaning set out in Clause 7.9.2;

"Voting Shares" means the ordinary voting shares in the issued share capital of the Company having the rights and restrictions set out in the Articles including the right to one vote per share.

1.2 Singular, plural, gender

References to one gender include all genders and references to the singular include the plural and vice versa.

1.3 References to persons and companies

References to:

- 1.3.1 a person include any individual, company, partnership, association, trust or other entity (whether or not having separate legal personality); and
- 1.3.2 a company include any company, corporation or any body corporate, wherever incorporated.

1.4 References to subsidiaries and holding companies

A person is a “**subsidiary**” of another person (its “**holding company**”) if that other person, directly or indirectly, through one or more subsidiaries:

- 1.4.1 holds a majority of the voting rights in it;
- 1.4.2 is a member or shareholder of it and has the right to appoint or remove a majority of its board of directors or equivalent managing body;
- 1.4.3 is a member or shareholder of it and controls alone, or pursuant to an agreement with other shareholders or members, a majority of the voting rights in it; or
- 1.4.4 has the right to exercise a dominant influence over it, for example by having the right to give directions with respect to its operating and financial policies, with which directions its directors are obliged to comply,

provided that, for the avoidance of doubt, T Company is not a subsidiary of the Company and, accordingly, is not a Group Company.

1.5 Schedules etc.

References to this Agreement shall include any Recitals and Schedules to it and references to Clauses and Schedules are to clauses of, and schedules to, this Agreement. References to paragraphs and Parts are to paragraphs and parts of the Schedules.

1.6 Information

References to books, records or other information mean books, records or other information in any form, including paper, electronically stored data, magnetic media, film and microfilm.

1.7 Legal terms

References to any Hong Kong legal term shall, in respect of any jurisdiction other than Hong Kong, be construed as references to the term or concept which most nearly corresponds to it in that jurisdiction.

1.8 Headings

Headings shall be ignored in interpreting this Agreement.

1.9 Non-limiting effect of words

The words “including”, “include”, “in particular” and words of similar effect shall not be deemed to limit the general effect of the words which precede them.

1.10 Modification etc. of statutes

References to a statute or statutory provision include:

- 1.10.1 that statute or provision as from time to time modified, re-enacted or consolidated whether before or after the date of this Agreement;
- 1.10.2 any past statute or statutory provision (as from time to time modified, re-enacted or consolidated) which that statute or provision has directly or indirectly replaced; and
- 1.10.3 any subordinate legislation made from time to time under that statute or statutory provision.

1.11 Documents

References to any document or agreement include a reference to that document or agreement as varied, amended, supplemented, substituted, novated or assigned from time to time in accordance with (if applicable) this Agreement or the terms governing that document or agreement.

1.12 Ordinarily resident in Hong Kong

A person shall be "ordinarily resident in Hong Kong" if that person is "ordinarily resident in Hong Kong" for the purposes of the Broadcasting Ordinance.

1.13 Time of day; action in the British Virgin Islands

- 1.13.1 References to times of day are to Hong Kong time, unless otherwise stated.
- 1.13.2 To the extent any filing or other action is required in the British Virgin Islands and the date on which such filing or action is required to be made or taken is a Saturday, Sunday or public holiday in the British Virgin Islands, such filing or action shall be made or taken on the next day that is not a Saturday, Sunday or public holiday in the British Virgin Islands.

1.14 Aggregation of Shares

All Shares held by a Shareholder and its Associated Companies shall, as the context may require, be aggregated together for purposes of determining the availability of any rights under this Agreement. For the avoidance of doubt, for the purposes of determining a Shareholder's right to vote at any general meeting of the Company, only the Voting Shares of such Shareholder and its Associated Companies shall be aggregated together.

2 Effectiveness

- 2.1 Save for the Surviving Provisions (which become effective from the date this Agreement has been executed by all the parties and dated accordingly), this Agreement shall only become effective upon the SPA Completion and the Reorganisation Completion having occurred in accordance with the terms of the Share Purchase Agreement and the Reorganisation Agreement, respectively.
- 2.2 If (a) the Share Purchase Agreement terminates prior to SPA Completion or (b) the Reorganisation Agreement terminates prior to the Reorganisation Completion, this Agreement (other than the Surviving Provisions) shall (unless the Parties otherwise agree) automatically terminate and cease to have any effect and no party shall have any claim against any other party (except pursuant to the Surviving Provisions and for accrued rights arising from any earlier breach of this Agreement).

3 Termination of the 2015 Shareholders' Agreement

In accordance with Clause 9.1.2 of the 2015 Shareholders' Agreement and the Deed of Termination, the parties (other than EV and KH) agree that the 2015 Shareholders' Agreement is unconditionally and irrevocably terminated in its entirety as of the date of this Agreement, provided that such termination shall not affect any accrued rights, obligations or liabilities of each party under the 2015 Shareholders' Agreement that arose or accrued prior to such termination.

4 Compliance with the Broadcasting Ordinance

4.1 Qualified Voting Controller

4.1.1 The Company, each of the Shareholders and each Group Company acknowledges and agrees that at all times:

- (a) the Company and those of its subsidiaries holding, directly or indirectly, T Shares shall be structured so as to constitute "qualified voting controllers" under the Broadcasting Ordinance, including that a majority of the Voting Shares shall be held by persons ordinarily resident in Hong Kong and the Board and the board of any such subsidiary shall consist of a majority of Directors who are individuals ordinarily resident in Hong Kong;
- (b) in connection with sub-clause (a), control and management of the Company and such subsidiaries shall be *bona fide* exercised in Hong Kong, as contemplated by and for the purposes of the Broadcasting Ordinance; and
- (c) RG shall not be allowed to exercise de facto control of the T Shares held by the Company whether through CMC, CMC M&E Holdings Limited or otherwise. In particular he shall not give instructions whether directly or indirectly to the T Share EV Director (as defined in the Relationship Agreement) or any other party in relation to, or otherwise exert influence over the Company or any Group Company in relation to, the voting of T Shares held by the Company, YLA, S Company or any other Group Company. The T Share EV Director shall make decisions in relation to the voting of T Shares held by the Company, YLA, S Company or any other Group Company in his or her sole discretion and shall not allow himself or herself to be affected in the exercise of such discretion by the wishes or instructions of RG.

For the avoidance of doubt, nothing in this Clause 4.1.1(c) shall prevent RG from

- (i) exercising his voting rights or expressing his opinions or views as a director of (1) the Company or any other Group Company or (2) T Company; or
- (ii) exercising the voting rights of CMC in respect of the Company (in its capacity as a Shareholder) or any contractual rights available to CMC under the terms of this Agreement or the Relationship Agreement.

4.1.2 The Company, each of the Shareholders and each Group Company shall take all action necessary (including, in the case of the Company, calling a special meeting

of the Board or the Shareholders and, in the case of the Shareholders, using their voting rights) to ensure that, in all circumstances, the Company and its subsidiaries holding, directly or indirectly, T Shares comply with Clause 4.1.1.

4.2 Shareholders and Directors

4.2.1 Notwithstanding anything to the contrary contained in this Agreement, if at any time it is proposed that there be a new Shareholder or a new Director, then prior to such person becoming a Shareholder or Director, the parties will take all steps necessary to:

- (a) comply with the Broadcasting Ordinance and this Clause 4;
- (b) ensure that there is no negative effect on any license held by the T Company;
- (c) ensure that such proposed new Shareholder or proposed new Director is not a “disqualified person” or an associate of a “disqualified person” within the meaning of the Broadcasting Ordinance, in each case with respect to such person becoming a Shareholder or Director, except where such new Shareholder or proposed new Director is RG or an Associated Company of RG, or a Director nominated by CMC or except with prior approval of the Chief Executive in Council under the Broadcasting Ordinance; and
- (d) ensure that such proposed new Shareholder or proposed new Director is a “fit and proper person” within the meaning of the Broadcasting Ordinance, in each such case with respect to such person becoming a Shareholder or Director.

4.2.2 Notwithstanding anything to the contrary contained herein, if at any time a Shareholder intends to transfer any of its Shares, and: (i) such Shareholder is ordinarily resident in Hong Kong, then such transfer shall only be made to a person ordinarily resident in Hong Kong; or (ii) such Shareholder is not ordinarily resident in Hong Kong, then such transfer may be, but does not need to be, made to a person ordinarily resident in Hong Kong, and, in either case, such transfer shall otherwise be made in accordance with this Agreement.

4.2.3 In the event that a HKR Shareholder is proposing to transfer any of its Voting Shares to a Non-HKR Shareholder, any transfer of Voting Shares to such Non-HKR Shareholder shall either be made to a person ordinarily resident in Hong Kong designated by such Non-HKR Shareholder (following good faith discussions among the Shareholders as to the identity of such potential HKR Shareholder) or if the transfer is to such Non-HKR Shareholder there shall be a conversion of Voting Shares into Non-Voting Shares pursuant to Clause 4.4 so at all times this Clause 4 is complied with. The parties will work together in good faith in connection with any such transfers of Shares to ensure that at all times this Clause 4 is complied with and to facilitate the exercise of the rights of the Shareholders as set forth in this Agreement.

4.3 Regulatory approval process

4.3.1 In connection with any proposed transfer of Shares or T Shares, nomination of a Director or the director of any subsidiary of the Company or any other action by the Company, any of its subsidiaries or any Shareholder that requires or may

reasonably be expected to require approval from, or waiver by, the Communications Authority (whether the applicant is the Company or a Group Company, the T Company, or a subsidiary of the T Company), the parties shall, as soon as reasonably practicable and prior to taking any such action, approach first, the T Company, and if appropriate following such approach to the T Company, the Communications Authority, to determine whether an approval or waiver is required.

- 4.3.2 If an approval or waiver is required, the parties shall use their reasonable efforts to submit or have the T Company submit (as required by the Communications Authority) to the Communications Authority as soon as reasonably practicable, any application or other documentation required by the Communications Authority in connection with its process to consider such approval or waiver.
- 4.3.3 The parties hereby undertake that they shall work in good faith to take all such actions as are reasonably necessary (including, as applicable, supplying to the other parties, a Group Company, the T Company and/or the Communications Authority all necessary information, documentation and details) to ensure that all necessary steps to be taken by the parties in order to receive such approval or waiver and, as the case may be, for the satisfaction of all conditions to which such approval or waiver may be subject, shall be made as soon as reasonably practicable.

4.4 Conversion of Voting Shares and Non-Voting Shares

- 4.4.1 In the event that it is necessary for the purposes of this Agreement for there to be a conversion of Non-Voting Shares into Voting Shares, or Voting Shares into Non-Voting Shares, the Directors shall effect such conversion in compliance with the terms of this Clause 4 and the Shareholders and the Company shall take all necessary action to ensure that this is accomplished in accordance with all applicable Laws and in a manner that is the most tax-efficient to the person or persons whose Shares are being reclassified or converted.
- 4.4.2 Without limiting the foregoing, the Directors shall effect such conversion in the manner requested by the Shareholder with respect to which the conversion is taking place, but subject always to compliance with applicable Laws, including by the following means: (i) redeeming or repurchasing the applicable Voting Shares or Non-Voting Shares, as the case may be, liable to be converted in exchange for the issuance of Non-Voting Shares or Voting Shares, as the case may be, (ii) where such conversion is on a 1:1 basis, by way of re-designation and reclassification of each Voting Share or Non-Voting Share, as the case may be, liable to be converted into one Non-Voting Share or Voting Share, as the case may be, or (iii) redeeming or repurchasing the applicable Voting Shares or Non-Voting Shares, as the case may be, for nominal consideration and issuing an equal number of Non-Voting or Voting Shares, as the case may be, for nominal consideration.
- 4.4.3 For the avoidance of doubt, any conversion of the Non-Voting Shares into Voting Shares, or Voting Shares into Non-Voting Shares requires Super Majority Approval.

4.5 Changes in Laws affecting Non-Voting Shares

If there is any change to the applicable Laws affecting "qualified voting controller" status under the Broadcasting Ordinance which would allow:

- 4.5.1 the holders of the Non-Voting Shares to have ordinary voting rights in the Company without there being an adverse effect on the ability of the Company and its subsidiaries to carry on their business and maintain "qualified voting controller" status under the Broadcasting Ordinance (as applicable) and to vote consistent with their voting rights attached to the T Shares;
- 4.5.2 less than a majority of the directors of the Company to be "ordinarily resident in Hong Kong" (as defined in the Broadcasting Ordinance); or
- 4.5.3 other changes that provide the holders of the Non-Voting Shares with additional flexibility or rights commensurate with their investment and economic interests in the Company,

the Shareholders will, in compliance with and insofar as permitted by such applicable Laws, take all steps as are necessary, subject to Clause 4.4, to convert such number of Non-Voting Shares into Voting Shares or Voting Shares into Non-Voting Shares (as the case may be) which results in Non-Voting Shares and Voting Shares each being held by the Shareholders in proportion to their respective aggregate percentage holdings of the Shares (the "**Change in Law Conversion**"), provided that where such steps are taken, (i) the Shares held by EV shall no longer be subject to the transfer restriction set out in Clause 6.2 or the CMC Call Option and (ii) EV shall be entitled to exercise the rights set out in Clauses 6.6, and 6.8.1(a) and shall in turn be bound by the obligations set out in Clauses 6.5, 6.7 and 6.8.1(b). Each of the Shareholders undertakes to vote in favour of any necessary resolutions of the Company to approve and implement any such arrangements.

5 Issues of Shares

- 5.1 Following the date of this Agreement, if at any time there is to be an issuance by the Company of additional Shares (for the purposes of this Clause 5, "**Pre-emption Shares**"), each Shareholder shall have the pre-emptive right to subscribe, in the manner set forth in this Clause 5, for a portion of the Pre-emption Shares to be issued by the Company pro rata to its portion of the total Shares.
- 5.2 Subject to Clause 5.5, each Shareholder's pro rata entitlement of Pre-emption Shares shall be determined by multiplying the total amount of Pre-emption Shares that the Company intends to issue by a fraction, the numerator of which is the amount of such Shareholder's Shares and the denominator of which is the aggregate amount of all Shareholders' Shares. Any issuance of Shares shall comply with the Broadcasting Ordinance and Clause 4 and the Board and Shareholders shall work together in good faith to ensure that the issuance of Shares is divided, as appropriate, between Voting Shares and Non-Voting Shares, in each case so as to comply with Clause 4, provided that all such determinations in respect of such issuance shall be subject to approval by the Shareholders by Super Majority Approval.
- 5.3 The Company shall give at least 15 Business Days' prior written notice to each Shareholder of its intention to issue any Pre-emption Shares (the "**Pre-emption Notice**"). Such Pre-emption Notice shall stipulate:
 - 5.3.1 the cash price, amount and class of the Pre-emption Shares and any other material terms and conditions of the issuance, including the proposed issuance date (provided such date is no fewer than 15 Business Days from the date of the Pre-emption Notice);

- 5.3.2 that any Shareholder that wishes to subscribe for a number of Pre-emption Shares in excess of its pro rata entitlement specified in Clause 5.2 should state in its Pre-emption Acceptance Notice the number of additional Pre-emption Shares it wishes to subscribe for; and
- 5.3.3 such other details as the Board considers to be desirable.
- 5.4 Each Shareholder may exercise its pre-emptive rights under this Clause 5 by delivering a written notice (a "**Pre-emption Acceptance Notice**") to the Company of its election to subscribe for its pro rata entitlement of Pre-emption Shares, and, if applicable, a number of Pre-emption Shares in excess of its pro rata entitlement, no later than 10 Business Days after receipt of the Pre-emption Notice (the "**Pre-emption Acceptance Deadline**"). A delivery of a Pre-emption Acceptance Notice by a Shareholder shall constitute a binding agreement of such Shareholder to subscribe for, at the price and on the terms and conditions specified in the Pre-emption Notice, the amount of Shares specified in such Shareholder's Pre-emption Acceptance Notice. If any Shareholder has not delivered a Pre-emption Acceptance Notice to the Company by the Pre-emption Acceptance Deadline, such Shareholder shall be deemed to have waived all of its pre-emptive rights under this Clause 5 with respect to, and only with respect to, the purchase of such Pre-emption Shares specified in the Pre-emption Notice.
- 5.5 If, following the Pre-emption Acceptance Deadline, any Shareholder has not notified the Company that it will subscribe for all of its pro rata entitlement of Pre-emption Shares, the aggregate of the unsubscribed Pre-emption Shares (the "**Excess Pre-emption Shares**") shall be allotted among those Shareholders that requested Pre-emption Shares in excess of their pro rata entitlement, provided that, in all cases, the allotment of any Excess Pre-emption Shares to such Shareholders shall be structured in a manner so as to not result in a breach of the Broadcasting Ordinance or Clause 4 and the Board and Shareholders shall work together in good faith to ensure this, provided that all such determinations in respect of such allotments of Excess Pre-emption Shares shall be subject to approval by the Shareholders by Super Majority Approval. The Excess Pre-emption Shares shall be issued by the Company to such Shareholders, in each case, up to the amount of Excess Pre-emption Shares each has indicated it wishes to subscribe for, which shall, if necessary, be allocated between such Shareholders pro rata to their Relevant Percentage. For the purpose of this Clause 5.5, a Shareholder's "**Relevant Percentage**" means, at any time, the percentage such Shareholder's Shares represents of the aggregate number of Shares of all Shareholders that requested Excess Pre-emption Shares.
- 5.6 If an issue of Pre-emption Shares is not fully subscribed by Shareholders pursuant to this Clause 5, the Company may issue the unsubscribed Pre-emption Shares to any person approved by Super Majority Approval, provided that:
- 5.6.1 such issuance would not result in the breach of the Broadcasting Ordinance and would otherwise comply with Clause 4;
- 5.6.2 such issuance is at a price and upon terms and conditions no more favourable in any material respect to the purchaser of such unsubscribed Pre-emption Shares than were specified in the Pre-emption Notice; and
- 5.6.3 such issuance must be completed within the Required Period following the Pre-emption Acceptance Deadline (and if the issuance cannot be completed within such period, the Company shall not issue such Shares without first offering such Shares to each Shareholder in the manner provided in this Clause 5).

6 Transfers and exits

6.1 Transfers

No transfer of any Share shall be made by any Shareholder other than in accordance with this Clause 6, and in compliance with Clauses 4 and 7. Any transfer of Shares in violation of this Agreement shall be null and void.

6.2 General prohibition on disposal of Shares by EV

Without prejudice to Clause 4.5 and Clauses 6.5 to 6.9, EV shall not at any time transfer any of its Shares or become subject to a Change of Control without the prior written consent of CMC.

6.3 Transfer to Associated Companies permitted at any time

A Shareholder (other than EV) may at any time transfer all but not less than all of its Shares to an Associated Company on prior written notice being given to the other Shareholders and the Company, provided that:

- 6.3.1 such transferring Shareholder shall remain party to this Agreement and shall be jointly and severally liable with such Associated Company under this Agreement as a Shareholder in respect of the transferred Shares; and
- 6.3.2 such Associated Company shall, and the Shareholder shall procure that such Associated Company shall, re-transfer its Shares to the Shareholder or another Associated Company of the Shareholder immediately (and in any event within 5 Business Days) if such Associated Company ceases to be an Associated Company of the Shareholder.

6.4 Transfer of Shares Restrictions

The Shareholders may transfer their respective Shares in accordance with Clauses 6.5 to 6.9 provided that in each case such transfer shall be subject to:

- 6.4.1 the regulations issued by the Communications Authority and other applicable Laws (including the Telecommunications Ordinance and the Broadcasting Ordinance);
- 6.4.2 receipt of any necessary approvals or waiver by the Communications Authority to ensure that the Company (and any other Group Companies directly or indirectly holding T Shares) remain "qualified voting controllers" under the Broadcasting Ordinance;
- 6.4.3 any ongoing restrictions imposed by any indebtedness (if any) of the Company or any of its Group Companies; and
- 6.4.4 such transfer not triggering a mandatory general offer in relation to T Shares under the Takeovers Code.

6.5 Right of first refusal

- 6.5.1 Following a Change in Law Conversion as contemplated under Clause 4.5, if EV wishes to transfer any of its Shares to a Third Party Purchaser (the "**EV Transaction**"), it must first offer to sell such Shares to CMC (the "**EV Offer**") at the same price in cash (including the cash equivalent if such price is to be paid in consideration other than cash) (the "**EV Transfer Price**") and on the same material terms offered by the Third Party Purchaser.

- 6.5.2 EV shall send a written notice (the "**EV Offer Notice**") to CMC, with a copy to the Company, specifying the material terms and conditions of the EV Offer. The EV Offer shall also include a copy of the written offer by the Third Party Purchaser in relation to the EV Transaction.
- 6.5.3 Within 10 Business Days of receipt by CMC of the EV Notice (the "**EV Acceptance Period**"), CMC shall either:
- (a) agree to accept the EV Offer as set out in the EV Offer Notice by notice in writing to EV; or
 - (b) decline the EV Offer set out in the EV Offer Notice by notice in writing to EV, as applicable, with a copy to the Company (a "**Refusal Notice**"). If, at the end of the EV Acceptance Period, CMC has not taken either of the actions set out in this Clause 6.5.3, then CMC shall be deemed to have declined the EV Offer.
- 6.5.4 If on expiry of the EV Acceptance Period, CMC declines or is deemed to have declined the EV Offer pursuant to Clause 6.5.3(b), EV shall be free to proceed with the EV Transaction at or above the EV Transfer Price and on substantially the same or more favourable terms in the aggregate as set out in the EV Offer Notice, and subject to the terms and conditions set out in Clause 7.
- 6.5.5 If CMC accepts the EV Offer during the EV Acceptance Period, the transfer of Shares contemplated by the EV Offer shall be completed by EV and CMC on the terms and conditions set out in Clause 7.

6.6 Put Option Offer

- 6.6.1 Following a Change in Law Conversion as contemplated under Clause 4.5, EV shall have the right to offer to sell to CMC (the "**Put Option Offer**"), all but not less than all of its Shares ("**Put Shares**") for an amount in cash at a price to be determined by EV (the "**Put Option Price**") provided that EV shall not exercise its right to a Put Option Offer if both (i) CMC has previously exercised its right to make a Call Option Offer and (ii) EV has accepted the Call Option Offer in accordance with Clause 6.7 (unless CMC has defaulted under Clause 6.7).
- 6.6.2 In order to make a Put Option Offer, EV shall provide a written notice to CMC (the "**Put Option Exercise Notice**") specifying the material terms of the Put Option Offer with copies to be delivered to the other Shareholders and the Company.
- 6.6.3 Within 10 Business Days of receipt by CMC of a Put Option Exercise Notice (the "**Put Option Acceptance Period**"), CMC shall either:
- (a) agree to accept the Put Option Offer set out in the Put Option Exercise Notice by notice in writing to EV; or
 - (b) decline the Put Option Offer set out in the Put Option Exercise Notice by notice in writing to EV. If, at the end of the Put Option Acceptance Period, CMC has not taken either of the actions set out in this Clause 6.6.3, then CMC shall be deemed to have declined the Put Option Offer set out in the Put Option Exercise Notice.
- 6.6.4 If CMC accepts a Put Option Offer set out in a Put Option Exercise Notice but the sale under such Put Option Offer is not approved by the Communications Authority

within six months after CMC has accepted such Put Option Offer (in which case the Communications Authority is deemed to have not approved such sale) or is otherwise not completed for any reason other than a default by EV, or if such Put Option Offer is not accepted by CMC by notice in writing to EV within the Put Option Acceptance Period, EV shall be entitled (but not obliged) at any time to carry out the Pro Rata T Company Exit pursuant to Clause 6.8; provided, that the foregoing is not an exclusive remedy and is without prejudice to any other rights and remedies which EV, as applicable, may have (including under this Agreement, the Articles of otherwise) as a result thereof. For the avoidance of doubt, EV may make a Put Option Offer and otherwise exercise its rights under this Clause 6.6 more than once if a Put Option Offer is not accepted or the sale under a Put Option Offer is not completed, including if a Pro Rata T Company Exit is not completed with respect to all Shares held by EV.

- 6.6.5 If CMC accepts a Put Option Offer set out in a Put Option Exercise Notice by notice in writing to EV within the Put Option Acceptance Period, CMC shall purchase all of the Put Shares at the Put Option Price and otherwise on the terms and conditions set out in such Put Option Exercise Notice and the transfer of Shares contemplated by such Put Option Exercise Notice shall be completed by EV and CMC on the terms and conditions set out in Clause 7.

6.7 Call Option Offer

- 6.7.1 Following a Change in Law Conversion as contemplated under Clause 4.5, CMC shall have the right to offer to purchase from EV (the "**Call Option Offer**") all but not less than all of their respective Shares ("**Call Shares**") for an amount in cash not less than the Open Market Value of such Shares (the "**Call Option Price**").
- 6.7.2 In order to make a Call Option Offer, CMC shall provide a written notice to EV (a "**Call Option Exercise Notice**") specifying the price and other terms and conditions of the Call Option Offer with copies to be delivered to the other Shareholders and the Company, provided, that EV shall not be required to give any warranties or indemnities other than warranties as to capacity and title to their respective Shares being sold or agree to any post-Closing restrictive covenants and EV shall each only be severally liable in connection with such transfer. EV shall have the option in its sole discretion to accept or reject such Call Option Offer within 10 Business Days of its receipt of a Call Option Exercise Notice.
- 6.7.3 Within 10 Business Days of its receipt of a Call Option Exercise Notice (the "**Call Option Acceptance Period**"), EV shall either:
- (a) agree to accept the Call Option Offer set out in the Call Option Exercise Notice by notice in writing to CMC; or
 - (b) decline the Call Option Offer set out in the Call Option Exercise Notice by notice in writing to CMC. If, at the end of the Call Option Acceptance Period, EV has not taken either of the actions set out in this Clause 6.7.3, then EV shall be deemed to have declined the Call Option Offer set out in the Call Option Exercise Notice.
- 6.7.4 If EV accepts a Call Option Offer set out in a Call Option Exercise Notice but the sale under such Call Option Offer is not approved by the Communications Authority within six months after EV accepts such Call Option Offer (in which case the

Communications Authority is deemed to have not approved such sale) or is otherwise not completed for any reason other than a default by CMC, or if such Call Option Offer is not accepted by EV, EV shall be required to carry out the Pro Rata T Company Exit pursuant to Clause 6.8.

- 6.7.5 If EV accepts a Call Option Offer set out in a Call Option Exercise Notice by notice in writing to CMC within the Call Option Acceptance Period, CMC shall purchase all of their respective Call Shares, as applicable, at the Call Option Price and otherwise on the terms and conditions set out in such Call Option Exercise Notice, provided, that EV shall not be required to give any warranties or indemnities other than warranties as to capacity and title to their respective Shares being sold or agree to any post-Closing restrictive covenants and EV shall each only be severally liable in connection with such transfer, and the transfer of Shares contemplated by such Call Option Exercise Notice shall be completed by EV and CMC on the terms and conditions set out in Clause 7.

6.8 Pro Rata T Company Exit

- 6.8.1 If, following a Change in Law Conversions as contemplated under Clause 4.5:

- (a) CMC accepts a Put Option Offer from EV but the proposed transfer is not approved by the Communications Authority (to the extent required) within six months after CMC has accepted the Put Option Offer, or if a Put Option Offer from EV is not accepted by CMC, pursuant to Clause 6.6.4, or if for any other reason (other than a default by EV) the transfer contemplated by a Put Option Offer is not completed in accordance with its terms; or
- (b) (i) EV rejects a Call Option Offer pursuant to Clause 6.7.1 or (ii) EV accepts a Call Option Offer but the proposed transfer is not approved by the Communications Authority within six months after EV has accepted the Call Option Offer or is otherwise not completed for any reason other than a default by CMC as contemplated by Clause 6.7.4,

(each a "T Company Exit Event")

in each case, EV shall within one month after the T Company Exit Event has occurred and (in the case of Clause 6.8.1(a) up to twice per calendar year) have the right in its sole discretion (or where Clause 6.8.1(b) applies, the obligation), by written notice ("**Pro Rata T Company Exit Notice**") to the other Shareholders and the Company, to elect that:

- (I) the Company shall redeem or purchase all of the Shares held by EV for cash in an amount equal to the Realised Value;
- (II) the Company shall transfer or distribute to EV such number of T Shares as equals its Pro Rata T Shares less the Estimated Net Debt Shares; or
- (III) the Company shall transfer or distribute to EV such number of T Shares as equals its Pro Rata T Shares, subject to EV contributing to the Company or a Group Company an amount in cash equal to its Pro Rata Net Debt.

In the case of each of (II) and (III), if the Estimated Pro Rata Net Debt is a negative sum, then (i) the Company shall pay to EV, an amount in cash equal to its pro rata portion of the absolute value of such sum based on the proportion of

the Shares held by EV, and (ii) for the avoidance of doubt, there will be no Estimated Net Debt Shares under (II) or payment in cash by EV, under (III).

In the case of each of (II) and (III), the Shares held by EV shall be redeemed or repurchased at the election of EV as follows:

- (x) the Shares may be repurchased or redeemed in consideration for the transfer to EV of the relevant number of T Shares as provided in (II) or (III) above; or
- (y) (subject to such T Shares having been duly transferred or distributed to EV as part of the Pro Rata T Company Exit) the Shares may be redeemed or repurchased for nominal value or, if EV has paid any consideration for such transfer, an amount equal to such consideration. For the avoidance of doubt, if EV elects to receive a transfer of T Shares under (III) above, any cash contribution in respect of Pro Rata Net Debt shall not be treated as consideration paid for such transfer.

6.8.2 Each of the parties undertakes to execute such documents and agreements and do such things as may be necessary or desirable to enable the Pro Rata T Company Exit to be completed, including (1) passing necessary shareholder and board resolutions of any relevant company; and (2) in the event of a Pro Rata T Company Exit pursuant to Clause 6.8.1(b)(II) or Clause 6.8.1(b)(III), (a) distributing T Shares in specie within the Group in order to enable the relevant T Shares to be transferred or distributed to EV; or (b) permitting the relevant T Shares to be purchased from the Group by EV on terms that the cash paid in consideration for such purchase shall be immediately applied in repurchasing or redeeming the Shares held by EV.

6.8.3 In the event that the Communications Authority does not grant the necessary approval or waiver for a transfer or distribution of Pro Rata T Shares as set out in Clause 6.8.1(b)(II) or Clause 6.8.1(b)(III), then the following shall apply:

- (a) if the T Company Exit Event is an event under Clauses 6.8.1(a) , then EV may in its discretion, within 10 Business Days after the final decision by the Communications Authority, notify the Company in writing, requiring the Company to redeem or repurchase all of the Shares held by EV for an amount in cash equal to the Realised Value. If EV fails to notify the Company pursuant to this Clause 6.8.3(a), without prejudice to the right of EV to subsequently (i) effect a subsequent Pro Rata T Company Exit in accordance with Clause 6.8.1 without making a Put Option Offer or otherwise complying with Clause 6.6, or (ii) make a subsequent Put Option Offer as set out in Clause 6.6, its right to carry out the Pro Rata T Company Exit with respect to that particular instance of a T Company Exit Event shall lapse; or
- (b) if the T Company Exit Event is an event under Clause 6.8.1(b), then the Company shall redeem or repurchase all of the Shares held by EV for an amount in cash equal to the Realised Value.

6.8.4 For the purposes of redeeming or purchasing all of the Shares held by EV in accordance with this Clause 6.8, subject to Clause 6.8.5 the Company shall promptly on receipt of the relevant notice arrange for the sale of the Pro Rata T

Shares of EV (the "**Sale Process**") and shall take all reasonably necessary steps to facilitate the Sale Process (including engaging a leading investment bank to sell the relevant Pro Rata T Shares in the market or to otherwise identify a purchaser and engaging such legal or other professional advisers as the Company may deem reasonably necessary, each such engagement to be reasonably acceptable to EV).

- 6.8.5 In connection with any Sale Process, the time and manner in which the Pro Rata T Shares of EV are sold will be determined by EV in its sole discretion and the Company shall arrange the Sale Process so as to implement the directions of EV; provided, however, that if a Sale Process in connection with a T Company Exit Event under Clause 6.8.1(b) has not completed within the earlier of (i) two months after the Communications Authority fails to grant the necessary approval or waiver for a transfer or distribution of Pro Rata T Shares and (ii) six months after the occurrence of the T Company Exit Event, then the Company may promptly complete the Sale Process but in such case shall use all reasonable endeavours to obtain the best price for the relevant T Shares reasonably obtainable at the time of completion of such Sale Process. Without limiting the foregoing, the Company shall keep EV and its representatives promptly informed of the status and progress of the Sale Process and shall provide each of them access to any investment bank or other advisors retained in connection with a Sale Process.

6.9 CMC Call Option

- 6.9.1 Following the expiry of 12 months after the SPA Completion, CMC shall have the right to require EV to sell all but not less than all of its Voting Shares (the "**CMC Call Option**") to a Third Party Purchaser ordinarily resident in Hong Kong and nominated by CMC for cash in the amount determined in accordance with 6.9.2 below (the "**CMC Call Option Consideration**"), and if it wishes to exercise the CMC Call Option shall issue a written notice to EV (the "**CMC Call Option Exercise Notice**"), with a copy to the other Shareholders (if any) and the Company, save that CMC may exercise the CMC Call Option within the first 12 months after the SPA Completion in the circumstances set out in Clause 6.9.4.
- 6.9.2 If the CMC Call Option Exercise Notice is issued by CMC:
- (a) prior to the sixth anniversary of the date of SPA Completion, then the CMC Call Option Consideration shall be an amount equal to the higher of: (i) an amount equal to 110% of the per Share price paid by EV under the Share Purchase Agreement multiplied by the number Shares subject to the CMC Call Option; and (ii) the Open Market Value of the Shares subject to the CMC Call Option; or
 - (b) on or after the sixth anniversary of the date of SPA Completion, then the CMC Call Option Consideration shall be an amount equal to the Open Market Value of the Shares subject to the CMC Call Option.
- 6.9.3 Following a Change in Law Conversion as contemplated under Clause 4.5, EV shall be entitled to give notice to CMC to require CMC to exercise the CMC Call Option in accordance with Clause 6.9 as soon as reasonably practicable. For the purposes of this Clause 6.9.3, the CMC Call Option shall apply in respect of all Shares held by EV and CMC may nominate itself (or its Associated Company) or a Third Party Purchaser (whether ordinarily resident in Hong Kong or not) to acquire the Shares held by EV.

- 6.9.4 Notwithstanding the terms of Clause 6.9.1, CMC shall be entitled to exercise the CMC Call Option within the first 12 months after the SPA Completion in the event of (i) the death of KH or (ii) the permanent ill-health or serious disability of KH rendering him incapable of performing his duties as a director of the Company.
- 6.9.5 For the avoidance of doubt, the CMC Call Option shall be completed in accordance with Clauses 4 and 7.

7 Terms and consequences of transfers of Shares and T Shares

7.1 Completion of transfer

Any transfer of Shares (including on repurchase or redemption by the Company) made under Clause 6 (except a transfer to a Third Party Purchaser under any of Clause 6.9 which shall be made as agreed with the Third Party Purchaser) and any transfer of T Shares made in accordance with Clauses 6.8.1(b)(II) or 6.8.1(b)(III) shall be made in accordance with the following terms set out in this Clause 7.1.

- 7.1.1 The transfer of Shares or the T Shares shall be subject only to satisfaction of the Permitted Regulatory Conditions but to no other conditions precedent.
- 7.1.2 Each of the parties shall use reasonable endeavours to ensure the satisfaction of any Permitted Regulatory Condition as soon as possible. If any Permitted Regulatory Condition (to the extent required by applicable Law) is not satisfied within the Required Period, the proposed sale or transfer shall not proceed.
- 7.1.3 In connection with the transfer to an existing Shareholder, the transferring Shareholder shall not be required to give any warranties or indemnities other than warranties as to capacity and title to its Shares being sold or agree to any post-Closing restrictive covenants and the transferring Shareholder shall only be severally liable in connection with such transfer.
- 7.1.4 The transfer of the relevant Shares or T Shares shall be completed within the Required Period (the "**Transfer Date**") and at such reasonable time and place as the parties shall agree, or in the absence of any agreement at noon on the date falling 10 Business Days after satisfaction of the last relevant Permitted Regulatory Condition which is left to be satisfied, at the offices of Freshfields Bruckhaus Deringer, 55/F, One Island East, Taikoo Place, Quarry Bay, Hong Kong.
- 7.1.5 On or before the Transfer Date:
- (a) the selling Shareholder shall deliver to the buyer in respect of the relevant Shares:
 - (i) duly executed instruments for share transfer (including, where relevant, any notarial deeds);
 - (ii) any relevant share certificates (or an express indemnity in a form satisfactory to the buyer (acting reasonably) in the case of any certificate found to be missing); and
 - (iii) a power of attorney in such form and in favour of such person as the buyer may nominate to enable such buyer to, conditional upon completion of the transfer, exercise all rights of ownership including, voting rights,

provided that in the case of (i) and (ii), such documents shall be held to the order of the selling Shareholder against payment of the consideration due in respect of the relevant Shares.

- (b) on completion of the Pro Rata T Company Exit, the Company shall, where applicable, deliver to EV duly executed instruments of transfer in respect of the relevant T Shares together with the relevant share certificates.

7.1.6 Against delivery of the documents referred to in Clause 7.1.5, the Purchaser shall pay the initial consideration due (calculated based on the Estimated Pro Rata Net Debt or Estimated Net Debt Shares, as the case may be) for the relevant Shares and/or T Shares to the Seller on the Transfer Date by wire transfer of immediately available funds (if applicable) or as otherwise directed by the Seller. The final consideration due (calculated based on the Pro Rata Net Debt) for the relevant Shares and/or T Shares to the Seller shall be calculated and paid after the Transfer Date on the basis set out in and in accordance with Schedule 3 provided that if the initial consideration was paid in T Shares in accordance with Clauses 6.8.1(b)(II) or 6.8.1(b)(III), the calculation of the final consideration shall be based on Net Debt and not on Net Debt Shares and any adjustment payable shall therefore be in cash in accordance with Schedule 3 and not in T Shares.

7.2 Transfer Terms

Any transfer of relevant Shares or T Shares under this Agreement shall be on terms that those Shares or T Shares (as the case may be):

- 7.2.1 are transferred free from all Encumbrances (other than those created under this Agreement and the Articles) but with the benefit of no other warranties other than as to capacity and title to the relevant Shares or T Shares (as the case may be) being sold;
- 7.2.2 are transferred in accordance with and subject to the terms of any Permitted Regulatory Condition;
- 7.2.3 are not transferred to a Restricted Transferee; and
- 7.2.4 in the case of a transfer of Shares to a person other than an existing Shareholder, are transferred in accordance with the terms of the Deed of Adherence.

7.3 Compliance with Laws

The provisions of Clause 4 shall be complied with in connection with any transfer of Shares or T Shares under this Agreement.

7.4 Tax

Any stamp duty or other transfer tax payable in respect of the sale or transfer of the T Shares shall be borne by the Seller.

7.5 Company to be informed of notices

The Shareholders shall keep the Company informed at all times of the issue and contents of any notices served pursuant to Clauses 6 and 7 and any election or acceptance relating to those notices.

7.6 Registration

- 7.6.1 If a Shareholder fails or refuses to comply with its obligations to transfer relevant Shares on or prior to the Transfer Date in accordance with or pursuant to this Agreement, including pursuant to Clause 6 and this Clause 7, the Company may: (i) receive the purchase money to be held by the Company in trust for such non-complying Shareholder (without any obligation to pay interest); and (ii) cause the buyer to be registered as the holder of the relevant Shares being sold (once any appropriate stamp duty has been paid).
- 7.6.2 The receipt by the Company of the purchase money shall be a good discharge to the buyer (who shall not be bound to see to the application of those moneys). After the buyer has been registered as the holder of the relevant Shares being sold, the validity of such proceedings and the transfer may not be questioned by any person. The Company shall procure that any purchase money held in trust in accordance with Clause 7.6.1 for a Shareholder shall be delivered to such Shareholder as soon as practicable, provided that if any of the relevant Shares being sold are represented by share certificates, the applicable purchase money shall only be delivered to such Shareholder following delivery to the Company by such Shareholder of the applicable original share certificates (or an express indemnity in a form satisfactory to the Company in the case of any certificate found to be missing).

7.7 Further Assurance

- 7.7.1 Each of the Shareholders and the Company shall use all reasonable endeavours to effect a transfer of Shares or T Shares in accordance with the terms of this Agreement as quickly as is reasonably practicable and in any event within any time period specified in this Agreement, including by executing such instruments and agreements as are customary for the applicable transfer, passing any necessary shareholder resolutions of the Company and the other Group Companies and procuring that any Director or director at a Group Company nominated by it take such action as is reasonably necessary in his capacity as a director and provide all such assistance as is necessary in order to obtain approval from the Communications Authority (if any) in respect of any applicable transfer or sale, and the Company shall promptly register any transfer of Shares made in accordance with the terms of this Agreement.
- 7.7.2 Each Shareholder shall provide and cause the Company and any of its subsidiaries to provide any shareholder or director consents or approvals necessary to complete the transfer of the Shares pursuant to Clauses 6.5 to 6.9.
- 7.7.3 Each party will cooperate to effect any transfer of Shares or T Shares in the most tax efficient manner reasonably possible including, in the event of a transfer contemplated by Clauses 6.8.1(b)(II) or 6.8.1(b)(III), to minimise the stamp duty payable in respect of such transfer and structuring such transfer so that stamp duty is only paid once.
- 7.7.4 If the precise number of Shares or T Shares to be transferred under this Agreement cannot be determined (due to the need to determine the number of Net Debt Shares or otherwise) at the time that an application is made to the Communications Authority in respect of such transfer but the Communications Authority requires the precise number of Shares or T Shares to be confirmed

before granting the necessary approval or waiver, the parties shall cooperate in good faith to make an earlier determination of the precise number of Shares or T Shares than is otherwise contemplated under this Agreement.

7.8 Return of documents, etc.

On ceasing to be a Shareholder, a Shareholder shall hand over to the Company or destroy (at the election of such ceasing Shareholder, provided the ceasing Shareholder provides a certificate confirming such destruction to the then existing Shareholders) all material correspondence, budgets, business plans, schedules, documents, records or other information relating to the Company held by it or any of its Associated Companies or any third party which has acquired such matter through that Shareholder and shall not keep any copies; provided, however, that such ceasing Shareholder may retain on a confidential basis one copy of such information in order to comply with legal, regulatory, or policy requirements, as well as any and all (i) e-mails and any attachments contained in such emails and (ii) any electronic files, each of which are automatically saved pursuant to legal or regulatory requirements.

7.9 Deed of Adherence; Succession in rights and obligations

7.9.1 The Shareholders shall procure that no person other than an existing Shareholder acquires any Shares unless such person who is not an existing Shareholder (a "**New Shareholder**") enters into a Deed of Adherence agreeing to be bound by this Agreement as a Shareholder. The Shareholders agree that in signing a Deed of Adherence the New Shareholder shall have, subject to the provisions of Clauses 7.9.2 and 7.9.3, the benefit of the rights, and be subject to the obligations, under the terms of this Agreement in accordance with the terms of the Deed of Adherence, including the rights and obligations of a Shareholder, and shall be a party to this Agreement.

7.9.2 If any Shareholder other than CMC (a "**Transferor**"),

- (a) transfers some but not all of its Shares to a New Shareholder, then the New Shareholder shall, in addition to the Transferor, be bound by all the obligations and terms of this Agreement specifically expressed to be applicable to that Transferor (including any such obligations and terms set out in Clauses 6.5, 6.7, 6.8.1(b) and 6.9), but shall not be entitled to the rights under this Agreement specifically expressed to be applicable to that Transferor (including any such rights set out in Clauses 6.6 and 6.8.1(a), which rights shall remain rights of the Transferor); or
- (b) transfers all but not less than all of its Shares to a New Shareholder, then the New Shareholder shall be bound by all the obligations and terms of this Agreement specifically expressed to be applicable to that Transferor (including any such obligations and terms set out in Clauses 6.5, 6.7, 6.8.1(b) and 6.9) and shall be entitled to the rights under this Agreement specifically expressed to be applicable to that Transferor in lieu of the Transferor (including any such rights set out in Clauses 6.6 and 6.8.1(a)).

7.9.3 If CMC transfers Shares to a New Shareholder and the New Shareholder owns, as a result of the transfer:

- (a) more than 50 per cent. of the total issued share capital of the Company, then the New Shareholder (i) shall be bound by all the obligations and

terms of this Agreement specifically expressed to be applicable to CMC, and CMC shall be simultaneously released from such obligations and terms (including any such obligations and terms set out in 6.6 and 6.8.1(b)) and (ii) shall be entitled to the rights under this Agreement specifically expressed to be applicable to CMC in lieu of CMC (including such rights set out in Clauses 6.5, 6.7, 6.8.1(a) and 6.9) and CMC shall not be entitled to any of such rights (and, for the avoidance of doubt, references to CMC in Clause 6.8 shall be deemed to refer to such New Shareholder); or

- (b) 50 per cent or less of the total issued share capital of the Company, CMC shall continue to be bound by all the obligations and terms of this Agreement specifically expressed to be applicable to CMC and shall continue to be entitled to all the rights under this Agreement specifically expressed to be applicable to CMC and such New Shareholder shall not be entitled to any of such rights.

7.10 Removal of appointees

If a Shareholder ceases to be a Shareholder it shall, and it shall procure that all its nominees to the Board, to the board of directors of any Group Company or the T Company (where applicable) shall, do all such things and sign all such documents as may otherwise be necessary to ensure the resignation or dismissal of such persons from such appointments in a timely manner.

7.11 Legend

In addition to any other legend that may be required, each certificate for Shares issued to any Shareholder shall bear a legend in substantially the following form:

“THIS SECURITY IS SUBJECT TO RESTRICTIONS ON TRANSFER AS SET FORTH IN A SHAREHOLDERS’ AGREEMENT, A COPY OF WHICH MAY BE OBTAINED UPON REQUEST FROM THE COMPANY OR ANY SUCCESSOR THERETO.”

8 Event of Default

If a Shareholder (the “Defaulting Shareholder”):

- (a) is subject to a Change of Control (except, in the case of EV, where CMC has provided its prior written consent in accordance with Clause 6.2);
- (b) is subject to an Insolvency Event; or
- (c) commits a material breach of this Agreement and either: (1) such breach is not capable of being remedied; or (2) the Defaulting Shareholder does not remedy such breach as soon as possible and in any event within 20 Business Days of receiving a Notice from any other Shareholder requiring it to remedy such breach,

(each an “**Event of Default**”), then without prejudice to Clause 6.9:

- (x) if the Defaulting Shareholder is CMC, EV shall be entitled to give notice to CMC to require CMC to exercise the CMC Call Option in accordance with Clause 6.9 as soon as reasonably practicable; or
- (y) if the Defaulting Shareholder is EV, CMC shall be entitled to exercise the CMC Call Option for the CMC Call Option Consideration at an amount equal to the Open Market Value,

and the party who is not a Defaulting Shareholder shall be entitled to pursue any other rights and remedies it may have (including under this Agreement, the Articles or otherwise) as a result of such Event of Default.

9 Other matters relating to the T Shares

Without prejudice to Clause 10.4 and otherwise than in fulfilment of Clause 6.8, the parties agree that no action shall be taken or resolution passed by the Company or any of its subsidiaries, in each case in relation to the Group, in respect of: (i) procuring the transfer of any T Shares; and (ii) directly or indirectly acquiring any additional T Shares, without Super Majority Approval.

10 Representations, warranties and undertakings

10.1 Each of the parties represents and warrants on the date hereof that:

10.1.1 it has the requisite power and authority to enter into and perform its obligations under this Agreement and any other documents to be executed pursuant to or in connection with this Agreement;

10.1.2 this Agreement and the other documents referred to in Clause 10.1.1 will, when executed, constitute valid and binding obligations on it in accordance with their respective terms;

10.1.3 the execution and delivery of, and performance of its obligations under, this Agreement shall not:

- (a) result in a breach of any provision of its constitutional documents;
- (b) result in a breach of, or constitute a default under, any instrument to which it is a party or by which it is bound;
- (c) result in a breach of any applicable Laws;
- (d) result in any claim by a third party against any other party; or
- (e) result in a breach of any order, judgment or decree of any court or governmental agency to which it is a party or by which it is bound;

10.1.4 it is not in default under any mortgage, loan agreement, deed of trust, indenture or other agreement evidencing indebtedness to which it is party or by which it is bound, or in violation of, or in default under, any governmental rule which default or violation would materially and adversely affect its ability to perform its obligations under this Agreement;

10.1.5 the due execution, delivery and performance of this Agreement by it does not and will not require any consent, approval, authorisation, or other order of or action by any governmental authority or regulatory body or any other third party, other than such consents, approvals, authorisations and orders contemplated by this Agreement or as have been obtained by it on or prior to the date of this Agreement and are in full force and effect on such date;

10.1.6 there is no claim, action, suit, proceeding, inquiry or investigation pending or, to the best of its knowledge, threatened against it before or by any governmental authority or regulatory body, which purports to affect the transactions contemplated hereby or would materially and adversely affect its ability to perform its obligations

under this Agreement, nor, to the best of its knowledge, is there any reasonable basis for any such claim, action, suit, litigation, proceeding or investigation to be made; and

10.1.7 it is subject to civil and commercial law with respect to its obligations hereunder, and its execution, delivery and performance of this Agreement constitute private and commercial acts rather than public or governmental acts. Neither it nor any of its property has any immunity from jurisdiction of any court or from set-off or any legal process (whether through service of notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise) under the laws of any jurisdiction relevant to the transactions contemplated hereby.

10.2 Each party undertakes and agrees that it shall not, and shall procure that any person whom it may be regarded as or presumed to be Acting in Concert with shall not, directly or indirectly, alone or with others, be involved in any Prohibited Activity, without the prior consent in writing of each of the other parties to this Agreement.

For the purposes of this Clause 10.2, each of the following is a "**Prohibited Activity**":

10.2.1 acquiring or seeking to acquire any direct or indirect interest in the shares of the T Company (excluding the T Shares owned as at the date of this Agreement by S Company) including rights to acquire, rights to subscribe for, options in respect of, and derivatives referenced to, such shares; or

10.2.2 entering into any agreement or arrangement (conditionally or otherwise and whether legally binding or not) with any person in relation to the acquisition of such an interest; or

10.2.3 making a general offer for all or any part of the share capital of T Company; or

10.2.4 announcing, or taking any action which, under the Takeovers Code or otherwise, would require the announcement of, any proposals for any takeover, merger, consolidation or share exchange or similar transaction involving the share capital of T Company; or

10.2.5 taking any step which might give rise to any obligation under the Takeovers Code or its equivalent in any jurisdiction to make any offer for all or any part of the share capital of T Company; or

10.2.6 assisting or advising any person in relation to, any of the foregoing.

10.3 Each Shareholder shall indemnify and hold harmless each other Shareholder from and against any and all Losses associated with the making of a mandatory general offer in the event that such mandatory general offer is required to be made pursuant to Rule 26 of the Takeovers Code as a result of any breach by the first Shareholder of its obligations set out in Clause 10.2.

10.4 In respect of the T Company, each Shareholder shall further procure that the Company and each Group Company shall not:

10.4.1 carry out any business other than, directly or indirectly, holding the T Shares and any relevant intellectual property rights belonging to the Group;

10.4.2 other than in accordance with Clause 6.8, dispose of any T Shares it holds directly or indirectly without Super Majority Approval;

- 10.4.3 vote the T Shares it holds directly or indirectly in favour of any resolutions which would result in dilution of its shareholding in T Company without Super Majority Approval (for the avoidance of doubt excluding any resolutions at a general meeting of TVB relating to the issue of T Shares under a general mandate granted to the directors of TVB by the shareholders of TVB); and
- 10.4.4 vote the T Shares it holds directly or indirectly in favour of any resolutions which would be likely to result in dilution of the earnings per T Share without Super Majority Approval (for the avoidance of doubt excluding any resolutions at a general meeting of TVB relating to the issue of T Shares under a general mandate granted to the directors of TVB by the shareholders of TVB).

11 Termination and survival

- 11.1 This Agreement shall continue in full force and effect without limit in time until the earlier of:
 - 11.1.1 the termination of the Relationship Agreement;
 - 11.1.2 the Shareholders agreeing in writing to terminate it;
 - 11.1.3 the date on which all of the Shares, to the extent remaining in issue, are owned by one Shareholder; and
 - 11.1.4 the bankruptcy, liquidation, dissolution or winding-up of the Company,provided that such termination shall not affect any accrued rights, obligations or liabilities of a party under this Agreement that arose or accrued prior to the time of such termination.
- 11.2 This Agreement shall terminate, as between a Shareholder (in the case of EV, together with KH) and the other parties only upon the transfer of all (but not some) of the Shares held by that Shareholder pursuant to the provisions of the Articles, the Relationship Agreement and this Agreement, provided that such termination shall not affect any accrued rights, obligations or liabilities of such Shareholder or any other party under this Agreement that arose or accrued prior to the time of such termination.
- 11.3 Clauses 1, 11, 12, 13 and 14 and any other provisions of this Agreement necessary for the interpretation or enforcement of those provisions shall survive termination (the “**Surviving Provisions**”).

12 Announcements

- 12.1 Subject to Clause 12.2, no public announcement of any kind shall be made by any party in respect of this Agreement except as otherwise agreed in writing between the Shareholders, such approval not to be unreasonably withheld or delayed.
- 12.2 A party may make such public announcements as are required by:
 - 12.2.1 the law of any relevant jurisdiction;
 - 12.2.2 court order; or
 - 12.2.3 any securities exchange or regulatory or governmental body to which that party is subject or submits, wherever situated, including the Hong Kong Stock Exchange and the Communications Authority, whether or not the requirement has the force of law,

in which case the party making such public announcement shall take all such steps as may be reasonable and practicable in the circumstances to agree the contents and timing of such public announcement and the extent of the required disclosure with the other parties before making such public announcement.

13 Confidentiality

13.1 Confidential Information

Each party shall keep confidential and procure that its respective Associated Companies and its respective officers, employees, agents and advisers (as applicable) keep confidential the following (whether in written or oral form) (the "**Confidential Information**"):

- 13.1.1 all communications between them and the Group;
 - 13.1.2 all information and other materials supplied to or received by any of them from the Group which are either marked "confidential" or are by their nature intended to be for the knowledge of the recipient alone; and
 - 13.1.3 any information relating to:
 - (a) this Agreement, the business, assets or affairs of the Group and all information concerning the business transactions and/or financial arrangements of the Group; and
 - (b) the business, assets or affairs of a Shareholder or any of its Associated Companies and all information concerning the business transactions and/or financial arrangements of a Shareholder or its Associated Companies,
- and shall not disclose any Confidential Information to any third party without the consent of each party.

13.2 Exclusions

- 13.2.1 Clause 13.1 does not apply to:
 - (a) information about the Group which the Board has confirmed in writing to each party is not confidential;
 - (b) information which is or becomes publicly available (otherwise than by breach of this Agreement);
 - (c) information which is independently developed by a party which then discloses or uses the same;
 - (d) the disclosure of information by a party or its Associated Companies or associates (as applicable) to its Associated Companies, directors, officers, employees or financial and professional advisers or actual or potential providers of debt or equity financing on a need to know basis and on terms that such persons are bound (including by professional obligation) to keep such information confidential;
 - (e) the disclosure of information on a confidential basis to a *bona fide* third party or professional advisers or financiers of such third party wishing to acquire Shares or T Shares from a Shareholder in accordance with the terms of this Agreement and/or the Relationship Agreement to the extent that any such persons need to know the information for the purposes of

considering, evaluating, advising on or furthering the potential purchase; provided that no such disclosure shall be made unless such person has agreed to be bound by a confidentiality agreement on terms that are customary for transactions of such type; and provided further that the information disclosed is information of a type and quantity that would customarily be provided to a third party and its advisers or financiers in connection with such an acquisition;

- (f) the disclosure of information to the extent required by the Laws or by any court of competent jurisdiction; or
- (g) the disclosure of information to any Tax Authority to the extent such disclosure is reasonably required for the purposes of the tax affairs of the party concerned or any of its respective Associated Companies.

13.2.2 In the event that a party is required to disclose information as contemplated under Clauses 13.2.1(f) and 13.2.1(g), it shall: (i) if permitted and reasonably practicable, notify the other parties (as applicable) prior to making such disclosure and shall consult with them as to the timing and form of such disclosure; (ii) not object to any appropriate protective order that any party may seek in relation to the relevant information; (iii) if prior notice and consultation is not permitted or reasonably practicable, inform the other parties (as applicable) as to the nature and manner of the disclosure as soon as practicable once made; and (iv) in all cases use reasonable endeavours to obtain assurances that confidential treatment will be accorded to that portion of the information being disclosed.

13.3 Return of Confidential Information

Where a Shareholder ceases to be a Shareholder such Shareholder (together with KH, in the case of EV) on receipt of a written demand from the other Shareholders or the Company shall:

- 13.3.1** return or destroy at such former Shareholder's election all written Confidential Information provided to it or its Associated Companies or its or their officers, employees, agents or advisers which is in such Shareholder's possession or under its custody and control without keeping any copies thereof (subject to the proviso below);
- 13.3.2** destroy all analyses, compilations, notes, studies, memoranda or other documents prepared by it or its Associated Companies or its or their officers, employees, agents or advisers to the extent that the same contain, reflect or derive from Confidential Information relating to the other Shareholders or the Company, the Group or the business of the Company;
- 13.3.3** so far as it is practicable to do so (but, in any event, without prejudice to the obligations of confidentiality contained in this Agreement), expunge any Confidential Information relating to the other Shareholders, the Company, the Group or the business of the Company from any computer, word processor or other device in its possession or under its custody and control; and
- 13.3.4** on request, supply a certificate signed by any of its directors or officers confirming that, to the best of his knowledge, information and belief, having made all proper enquiries, the requirements of this Clause 13.3 have been fully complied with,

provided that such Shareholder may retain any Confidential Information relating to the other Shareholders or the Company, the Group or the business of the Company as may be required by applicable Laws and such Shareholder and its advisers may keep, without prejudice to any duties of confidentiality contained in this Agreement, one copy of such information in order to comply with legal, regulatory, or policy requirements, as well as any and all (i) e-mails and any attachments contained in such emails and (ii) any electronic files, each of which are automatically saved pursuant to legal or regulatory requirements.

13.4 Damages not an adequate remedy

Without prejudice to any other rights or remedies which any party may have (including under this Agreement, the Articles or otherwise), each party acknowledges and agrees that damages would not be an adequate remedy for any breach of this Clause 13 and any party shall be entitled to seek the remedies of injunction, specific performance and other equitable relief (and the parties shall not contest the appropriateness or availability thereof), for any threatened or actual breach of any such provision of this Agreement by any party (or its Associated Companies) and no proof of special damages shall be necessary for the enforcement by any party of the rights under this Clause 13.4.

13.5 Duration of confidentiality obligations

The obligations contained in this Clause 13 shall last indefinitely notwithstanding the termination of this Agreement or a person ceasing to be party to this Agreement.

14 General

14.1 Governing law and submission to jurisdiction

14.1.1 This Agreement and any non-contractual obligations arising out of or in connection with it shall be governed by and construed in accordance with the laws of Hong Kong without giving effect to any choice of law principles that would require or permit the application of the laws of another jurisdiction.

14.1.2 Each party irrevocably submits to the exclusive jurisdiction of the courts of Hong Kong to support and assist the arbitration process including the grant of interlocutory relief pending the outcome of that process.

14.2 Arbitration

14.2.1 Each party irrevocably agrees that any dispute arising out of or in connection with this Agreement, including a dispute as to the validity or existence of this Agreement and/or this Clause 14 will be settled by arbitration in Hong Kong under the Arbitration Rules of the Hong Kong International Arbitration Centre (the "HKIAC") in force when the notice of arbitration is submitted in accordance with such rules.

14.2.2 The dispute shall be resolved by one arbitrator appointed by the parties. If the parties cannot agree on one arbitrator within 30 days, then the dispute shall be resolved by three arbitrators, one appointed by EV, one appointed by CMC and the third appointed by the first two arbitrators. As further described in the Arbitration Rules of the HKIAC, if any party fails to designate an arbitrator or cannot agree on an arbitrator as required in this Clause 14.2, the HKIAC shall instead appoint the relevant arbitrator.

- 14.2.3 Any arbitral award will be final and may be enforced in any court of competent jurisdiction. Any arbitral award shall apportion the costs of arbitration.
- 14.2.4 Subject to Clause 14.1.2, arbitration is the exclusive remedy for any dispute under this Agreement, and no party may commence or maintain any judicial proceeding regarding any dispute or appeal any arbitral award, except to enforce the arbitral award and/or to support any arbitral proceedings, whether before or after they have been commenced. Each arbitrator appointed under this Clause 14.2 shall be and remain independent and impartial of each party.

14.3 Notices

- 14.3.1 Any notice or other communication in connection with this Agreement (each, a "Notice") shall be:

- (a) in writing in English; and
- (b) delivered by hand, fax, registered post or by courier using an internationally recognised courier company.

- 14.3.2 A Notice to CMC shall be sent to such party at the following address, or such other person or address as CMC may notify to the other parties from time to time:

CMC M&E Acquisition Co. Ltd.

c/o CMC Holdings HK Limited

Address: Suite 302,
3/F., Cheung Kong Centre
2 Queen's Road Central
Hong Kong

Fax: (+852) 2152 9850

Attention: Thomas To Hui

- 14.3.3 A Notice to KH and/or EV shall be sent to such party at the following address, or such other person or address as KH and/or EV may notify to the other parties from time to time:

Ever Port Limited

c/o Kenneth Kin Hsu

Address: EDTOMA Secretarial Services Limited
1201, Tower 2, The Gateway
25 Canton Road
Tsimshatsui, Kowloon
Hong Kong

Fax: (+852) 2956 0111

- 14.3.4 A Notice to the Company, S Company and/or YLA shall be sent to such party at the following address, or such other person or address as the Company, S Company or YLA (as applicable) may notify to the other parties from time to time:

Young Lion Holdings Limited

Address: EDTOMA Secretarial Services Limited
1201, Tower 2, The Gateway
25 Canton Road
Tsimshatsui, Kowloon
Hong Kong

Fax: (+852) 2956 0111

Attention: Secretary

with a copy to each Shareholder.

14.3.5 A Notice shall be effective upon receipt and shall be deemed to have been received:

- (a) at the time of delivery, if delivered by registered post, hand or courier;
- (b) at the time of transmission in legible form, if delivered by fax, subject to machine-printed confirmation of receipt being received by the sender, provided that where such transmission occurs on a day other than a Business Day or after 6 p.m. (local time of recipient), it shall be deemed to be given on the immediately following Business Day.

14.4 Whole agreement and remedies

14.4.1 Whole agreement

This Agreement contains the whole agreement between the parties relating to the subject matter of this Agreement at the date of this Agreement to the exclusion of any terms implied by law which may be excluded by contract and supersedes any previous written or oral agreement between the parties in relation to the matters dealt with in this Agreement.

14.4.2 No inducement

Each of the parties acknowledges that it has not been induced to enter into this Agreement by any representation, warranty or undertaking not expressly incorporated into it.

14.4.3 Remedies

So far as permitted by law and except in the case of fraud, each party agrees and acknowledges that its only right and remedy in relation to any representation, warranty or undertaking made or given in connection with this Agreement shall be for breach of the terms of this Agreement to the exclusion of all other rights and remedies (including those in tort or arising under statute).

14.5 Legal advice and reasonableness

Each party to this Agreement confirms that it has received independent legal advice relating to all the matters provided for in this Agreement, including the terms of Clause 14.4, and agrees, that the provisions of this Agreement (including all documents entered into pursuant to this Agreement) are fair and reasonable.

14.6 Conflict with the Articles

In the event of any ambiguity or discrepancy between the provisions of this Agreement and the Articles, it is intended that the provisions of this Agreement shall prevail and

accordingly the Shareholders shall exercise all voting and other rights and powers available to them so as to give effect to the provisions of this Agreement and shall further if necessary procure any required amendment to the Articles provided that such amendment to the Articles will not contravene applicable Law. Nothing in this Agreement shall be deemed to constitute an amendment of the Articles or any previous articles of association of the Company.

14.7 No partnership

Nothing in this Agreement and no action taken by the parties under this Agreement shall be deemed to constitute a partnership between the parties hereto or constitute any party the agent of any other party for any purpose. No Shareholder shall owe any other Shareholder a duty of care or any fiduciary or equitable duties under this Agreement save as otherwise agreed in writing.

14.8 Release etc.

Any liability owing from any Shareholder, the Company or a Group Company under this Agreement may in whole or in part be released, compounded or compromised, or time or indulgence given, by the relevant Shareholder or the Company in its absolute discretion without in any way prejudicing or affecting its rights against any other party under the same or a like liability, whether joint and several or otherwise, or the rights of any other party.

14.9 Survival of rights, duties and obligations

14.9.1 Termination of this Agreement for any cause shall not release a party from any liability which at the time of termination has already accrued to another party or which thereafter may accrue in respect of any act or omission prior to such termination.

14.9.2 If a party ceases to be a party to this Agreement for any cause such party shall not be released from any liability which at the time of the cessation has already accrued to another party or which thereafter may accrue in respect of any act or omission prior to such cessation.

14.10 Waiver and remedies

14.10.1 No failure of any Shareholder or the Company to exercise, and no delay by it in exercising, any right, power or remedy provided by law or under this Agreement shall affect that right, power or remedy or operate as a waiver of that right, power or remedy, nor shall any single or partial exercise of any right, power or remedy preclude any other or further exercise of that right, power or remedy or the exercise of any other right, power or remedy. The rights, powers and remedies provided in this Agreement are cumulative and not exclusive of any other rights, powers or remedies (whether provided by law or otherwise). Any express waiver of any breach of this Agreement shall not be deemed to be a waiver of any subsequent breach.

14.10.2 Without prejudice to any other rights and remedies which any party may have (including under this Agreement, the Articles or otherwise), each party acknowledges and agrees that damages would not be an adequate remedy for any breach by any party of the provisions of this Agreement and any party shall be entitled to seek the remedies of injunction, specific performance and other equitable relief (and the parties shall not contest the appropriateness or availability

thereof), for any threatened or actual breach of any such provision of this Agreement by any party (or persons Acting in Concert with it) and no proof of special damages shall be necessary for the enforcement by any party of the rights under this Agreement.

14.11 Variation

No amendment, waiver, or variation of this Agreement shall be effective unless in writing and signed by or on behalf of each of the parties.

14.12 No assignment

14.12.1 Except as otherwise expressly provided in this Agreement, no party may without the prior written consent of the other parties, assign, grant any security interest over, hold on trust or otherwise transfer the benefit of the whole or any part of this Agreement, and any purported assignment not expressly permitted in accordance with the terms of this Agreement shall be void.

14.12.2 This Agreement shall be binding on the parties and their respective successors and permitted assigns.

14.13 Further assurance

Each of the parties shall: (i) from time to time execute such documents and perform such acts and things as any party may reasonably require from time to time in order to carry out the intended purpose of this Agreement; (ii) vote its Voting Shares so as to give full effect to this Agreement; (iii) cause each Director nominated by it to take all steps necessary to carry out the intended purposes of this Agreement; and (iv) use all reasonable endeavours to procure that any necessary third party shall execute such documents and do such acts and things as may reasonably be required in order to carry out the intended purpose of this Agreement.

14.14 Invalidity/severance

14.14.1 If any provision in this Agreement shall be held to be illegal, invalid or unenforceable, in whole or in part, the provision shall apply with whatever deletion or modification is necessary so that the provision is legal, valid and enforceable and gives effect to the commercial intention of the parties.

14.14.2 To the extent it is not possible to delete or modify the provision, in whole or in part, under Clause 14.14.1, then such provision or part of it shall, to the extent that it is illegal, invalid or unenforceable, be deemed not to form part of this Agreement and the legality, validity and enforceability of the remainder of this Agreement shall, subject to any deletion or modification made under Clause 14.14.1, not be affected.

14.15 Counterparts

This Agreement may be entered into in any number of counterparts, all of which taken together shall constitute one and the same instrument. Any party may enter into this Agreement by signing any such counterpart.

14.16 Costs

14.16.1 Each party shall bear all costs and expenses incurred by it in connection with the preparation, negotiation and execution of this Agreement.

- 14.16.2 All costs and expenses incurred in connection with the appointment of financial, legal and other professional advisers to act for the Company or a Group Company in connection with the matters contemplated in this Agreement other than the Sale Costs (the “**Joint Expenses**”) shall, from the date of this Agreement, be shared between the Shareholders or shall be for the account of the Company or such Group Company, in each case as the Shareholders shall agree. The final Joint Expenses shall be as agreed between the Shareholders and the relevant advisers.

14.17 Appointment of process agent

- 14.17.1 Each of EV, CMC, the Company and YLA, being the parties not incorporated in Hong Kong, has appointed the following as its respective agent to accept service of process in Hong Kong in any legal action or proceedings arising out of this Agreement, service upon whom shall be deemed completed whether or not forwarded to or received by the relevant parties:
- (a) China Jade Enterprises Limited of Flat 1805B, 18/F., Fortress Tower, 250, King's Road, North Point, Hong Kong (in the case of EV);
 - (b) CMC Holdings HK Limited of Suite 302, 3/F., Cheung Kong Centre, 2 Queen's Road Central, Hong Kong (in the case of CMC);
 - (c) The Law Debenture Corporation (H.K.) Limited of Room 3105, Alexandra House, 18 Chater Road, Central, Hong Kong (in the case of the Company); and
 - (d) The Law Debenture Corporation (H.K.) Limited of Room 3105, Alexandra House, 18 Chater Road, Central, Hong Kong (in the case of YLA).
- 14.17.2 Each of EV, CMC, the Company and YLA agrees to inform the other parties in writing of any change of address of its respective process agent within 14 days of such change.
- 14.17.3 If any such process agent ceases to be able to act as such or to have an address in Hong Kong, each of the parties irrevocably agrees to appoint a new process agent in Hong Kong acceptable to the other parties and to deliver to the other parties within 14 days a copy of a written acceptance of appointment by the process agent.
- 14.17.4 KH agrees to inform the other parties in writing of any change of address and where such change of address is not in Hong Kong such written notice will include the name and address of its agent to accept service of process in Hong Kong in any legal action or proceedings arising out of this Agreement, service upon whom shall be deemed completed whether or not forwarded to or received by the relevant parties.
- 14.17.5 Nothing in this Agreement shall affect the right to serve process in any other manner permitted by law or the right to bring proceedings in any other jurisdiction for the purposes of the enforcement or execution of any judgment or other settlement in any other courts.

14.18 Language

All notices or formal communications under or in connection with this Agreement shall be in the English language or, if in any other language, accompanied by a translation into

English. In the event of any ambiguity or discrepancy between the English version and the text in any other language, the English version shall prevail.

In witness of which this Agreement has been duly executed on the day above written.

SIGNED by
on behalf of
EVER PORT LIMITED

} 

SIGNED by
on behalf of
CMC M&E ACQUISITION CO. LTD.

A handwritten signature in black ink, written in a cursive style. The signature is positioned to the right of a closing curly bracket '}' that is aligned with the text 'SIGNED by'.

SIGNED by
on behalf of
YOUNG LION HOLDINGS LIMITED

} 

SIGNED by
on behalf of
YOUNG LION ACQUISITION CO. LIMITED

} 

SIGNED by
on behalf of
SHAW BROTHERS LIMITED

} A handwritten signature in black ink, appearing to be 'P. G. ...', written over a large, thin, curved line that serves as a signature line. A closing curly brace '}' is positioned to the left of the signature.

For the purposes of Clauses 1, 2, 4, 10, 11, 12, 13 and 14 only:

SIGNED by
KENNETH KIN HSU

} 

Schedule 1 Deed of Adherence¹

This Deed of Adherence is made on [date] by [], a [company] incorporated [in [] /under the laws of []] under registered number [] whose [registered/principal office is at []] [(the "New Shareholder")/(the "New Group Company")].

Recitals:

- (A) [[] (the "Transferor") is proposing to transfer to the New Shareholder [number/all of its] shares of [] each in the capital of Young Lion Holdings Limited (the "Company").][The New Group Company has become a subsidiary of the Company.]
- (B) [This Deed of Adherence is entered into in compliance with Clause 7.9 of a shareholders' agreement made on [•] 2020 between (1) Kenneth Kin Hsu, (2) Ever Port Limited, (3) CMC M&E Acquisition Co. Ltd, (4) the Company, (5) Young Lion Acquisition Co. Limited, and (6) Shaw Brothers Limited, as such agreement has been or may be amended, supplemented or novated from time to time (the "Agreement").] **OR**

[This Deed of Adherence is entered into so that the New Group Company becomes a party to the shareholders' agreement made on [•] 2020 between (1) Kenneth Kin Hsu, (2) Ever Port Limited, (3) CMC M&E Acquisition Co. Ltd, (4) the Company, (5) Young Lion Acquisition Co. Limited, and (6) Shaw Brothers Limited as such agreement has been or may be amended, supplemented or novated from time to time (the "Agreement").]

It is agreed as follows:

- 1 [The New Shareholder/New Group Company confirms that it has been supplied with and has read a copy of the Agreement.]
- 2 [The New Shareholder: (a) subject to the provisions of Clauses 7.9.2 and 7.9.3 of the Agreement, agrees to assume the benefit of the rights of the Transferor under the Agreement; (b) subject to the provisions of Clauses 7.9.2 and 7.9.3 of the Agreement, agrees to observe, perform and be bound by all the obligations and terms of the Agreement capable of applying to the New Shareholder and which are to be performed on or after the date of this Deed; and (c) makes the representations and warranties set out in Clause 10.1 of the Agreement as of the date of this Deed, in each case to the intent and effect that the New Shareholder shall be deemed with effect from the date on which the New Shareholder is registered as a member of the Company to be a party to the Agreement (as if named as a party to the Agreement).] **OR**
- [The New Group Company: (a) agrees to assume the benefit of the rights of a Group Company under the Agreement, (b) agrees to observe, perform and be bound by all the obligations and terms of the Agreement capable of applying to a Group Company and which are to be performed on or after the date of this Deed, and (c) makes the representations and warranties set forth in Clause 10.1 of the Agreement as of the date of this Deed, in each case to the intent and effect that the New Group Company shall be deemed with effect from the date hereof to be a party to the Agreement (as if named as a party to the Agreement) as a Group Company.]

¹ To be amended prior to SPA Completion to conform to Clause 6.9

3 This Deed is made for the benefit of (a) the original parties to the Agreement and (b) any other person or persons who after the date of the Agreement (and whether or not prior to or after the date of this Deed) adhere to the Agreement.

4 [The address and fax number of the New Shareholder for the purposes of Clause 14.3 of the Agreement are as follows: *[insert address and fax numbers]*.]

5 [Clauses 14.1 and 14.2 of the Agreement shall apply to this Deed as if set out in full herein.]

6 [The New Shareholder has appointed [●] as its agent for service of all process in any proceedings in respect of the Agreement.] **OR**

[The New Group Company has appointed [●] as its agent for service of all process in any proceedings in respect of the Agreement.] *[Note: only applicable for individuals not resident in Hong Kong and companies not incorporated in Hong Kong]*

In witness of which this Deed has been signed as a deed and delivered on the date stated at the beginning of this Deed.

SIGNED as a DEED by [●]
acting by *[name of director]* a
Director in the presence of:

}
}

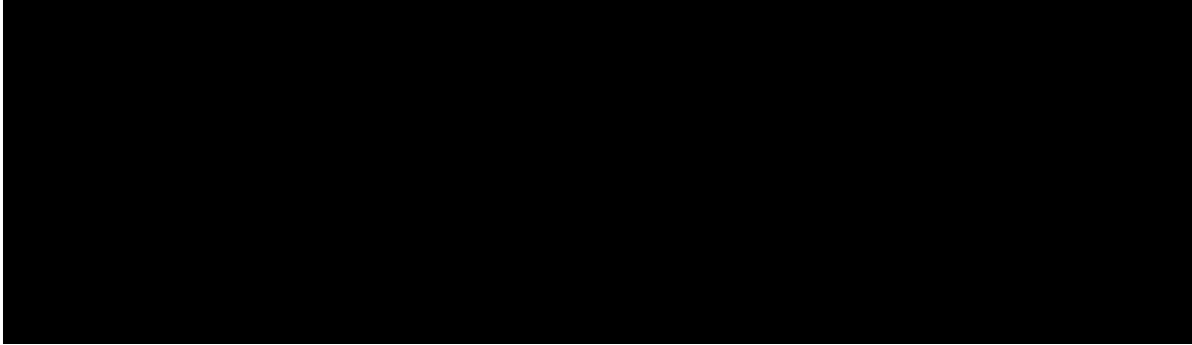
Witness's signature

Name

Address

Occupation

Schedule 2
Beneficial Ownership of the Shares immediately following SPA Completion and
Reorganisation Completion



Schedule 3 Post-Transfer Date Financial Adjustments

1 Preliminary

- 1.1.1 In preparing a Closing Statement in respect of a transfer contemplated by this Agreement:
- (i) the items and amounts to be included in the calculation of Net Debt for the purposes of the Closing Statement shall be identified by applying the relevant definition in Clause 1; and
 - (ii) in applying each such definition and the provisions of this Schedule and determining which items and amounts are to be included in the Closing Statement, if and to the extent that the treatment or characterisation of the relevant item or amount or type or category of item or amount:
 - (a) is dealt with in the accounting principles, policies, treatments, practices and categorisations used in the preparation of the Accounts (the "**Accounting Principles**"), the Accounting Principles shall apply (including in relation to the exercise of accounting discretion and judgement); and
 - (b) is not dealt with in the Accounting Principles, Hong Kong generally accepted accounting principles (GAAP) shall apply.

2 Closing Statement

- 2.1.1 The Purchaser shall, or shall procure that the Purchaser's accountants shall, after Closing prepare a draft statement (the "**Closing Statement**") showing the Net Debt of each Group Company as of immediately prior to Closing. The Purchaser shall deliver the draft Closing Statement to the Seller within 45 days after Closing.
- 2.1.2 The Seller and the Purchaser (and the Company if it is not the Purchaser) shall cooperate with the other with regard to the preparation, review, agreement or determination of the Closing Statement and shall, subject to reasonable notice, make available during normal office hours to the other party and its representatives and accountants all books and records as the other party may reasonably require.
- 2.1.3 The Seller shall notify the Purchaser in writing (an "**Objection Notice**") within 30 days after receipt of the draft Closing Statement if it does not accept the draft Closing Statement for the purposes of this Agreement. An Objection Notice shall set out in detail the Seller's reasons for such non-acceptance and specify the adjustments which, in the Seller's opinion, should be made to the draft Closing Statement in order for it to comply with the requirements of this Agreement. Except for the matters specifically set out in the Objection Notice, the Seller shall be deemed to have agreed the draft Closing Statement in full.
- 2.1.4 If the Seller serves an Objection Notice in accordance with paragraph 2.1.3, the Purchaser and the Seller shall use all reasonable efforts to meet and discuss the objections of the Seller and to agree the adjustments (if any) required to be made to the draft Closing Statement, within 30 days after receipt by the Purchaser of the Objection Notice.

- 2.1.5 If the Seller is satisfied with the draft Closing Statement (either as originally submitted or after adjustments agreed between the Seller and the Purchaser pursuant to paragraph 2.1.4) or if the Seller fails to give a valid Objection Notice within the 30 day period referred to in paragraph 2.1.3, then the draft Closing Statement (incorporating any agreed adjustments) shall constitute the Closing Statement for the relevant transfer for the purposes of this Agreement.
- 2.1.6 If the Seller and the Purchaser do not reach agreement within 30 days of receipt by the Purchaser of the Objection Notice, then the matters in dispute may be referred (on the application of either the Seller or the Purchaser) for determination by KPMG or, if that firm is unable or unwilling to act, by such other independent firm of chartered accountants of international standing as the Seller and the Purchaser shall agree or, failing agreement, appointed by the Chief Executive & Registrar for the time being of the Hong Kong Institute of Certified Public Accountants (the "**Firm**"). The Firm shall be requested to make its decision within 60 days (or such later date as the Seller, the Purchaser and the Firm agree in writing) of confirmation and acknowledgement by the Firm of its appointment. The following provisions shall apply once the Firm has been appointed:
- (i) the Seller and the Purchaser shall each prepare a written statement within 15 days of the Firm's appointment on the matters in dispute which (together with the relevant supporting documents) shall be submitted to the Firm for determination and copied at the same time to the other;
 - (ii) following delivery of their respective submissions, the Purchaser and the Seller shall each have the opportunity to comment on the other's submission by written comment delivered to the Firm not later than 10 days after receipt of the other's submission and, thereafter, neither the Seller nor the Purchaser shall be entitled to make further statements or submissions except insofar as the Firm so requests (in which case it shall, on each occasion, give the other party (unless otherwise directed by such other party) 10 days to respond to any statements or submission so made);
 - (iii) in giving its determination in writing, the Firm shall state the reasons for the relevant determination including what adjustments (if any) are necessary, solely for the purposes of this Agreement, to the draft Closing Statement in respect of the matters in dispute in order to comply with the requirements of this Agreement and to determine finally the Closing Statement; and
 - (iv) the Firm shall act as an expert (and not as an arbitrator) in making its determination which shall, in the absence of manifest error, be final and binding on the parties and, without prejudice to any other rights which they may respectively have under this Agreement, the parties expressly waive, to the extent permitted by law, any rights of recourse they may otherwise have to challenge it.
- 2.1.7 The Seller and the Purchaser shall each be responsible for their own costs in connection with the preparation, review and agreement or determination of the Closing Statement. The fees and expenses of the Firm shall be borne equally between the Seller and the Purchaser.
- 2.1.8 To enable the Purchaser and the Seller to meet their respective obligations under this paragraph 2, the Company shall provide to the Purchaser, the Purchaser's

accountants, the Seller and the Seller's accountants full access to the books and records, employees and premises of the Group Companies to the date that the draft Closing Statement is agreed or determined. The Purchaser shall ensure that the Seller and the Seller's accountants shall be given reasonable access to the Purchaser's and the Purchaser's accountants' working papers relating to the Closing Statement and any other submissions by or on behalf of the Purchaser in relation to the Closing Statement. If the Seller serves an Objection Notice, it shall ensure that the Purchaser and the Purchaser's accountants shall be given reasonable access to the Seller's and the Seller's accountants' working papers relating to the adjustments proposed in the Objection Notice and any other submissions by or on behalf of the Seller in relation to the Closing Statement. The Company shall co-operate fully with the Purchaser and the Seller and shall permit them both and/or their respective accountants to take copies (including electronic copies) of the relevant books and records and shall provide all assistance reasonably requested by the Purchaser or the Seller to facilitate the agreement or determination of the Closing Statement.

- 2.1.9 When the Closing Statement has been agreed or determined in accordance with the preceding paragraphs, then the amounts shown in the Closing Statement as the Net Debt shall be final and binding for the purposes of this Agreement.
- 2.1.10 The Seller and the Purchaser, and the Firm shall, and shall procure that its accountants and other advisers shall, keep all information and documents provided to them pursuant to this paragraph 2 confidential and shall not use the same for any purpose, except for disclosure or use in connection with the preparation of the Closing Statement, the proceedings of the Firm or another matter arising out of this Agreement.

3 Financial Adjustments

- 3.1.1 When the Closing Statement has been finally agreed or determined in accordance with this Schedule 3, the following payment shall be made (as applicable) within 5 Business Days of the date on which the Closing Statement is agreed or determined, by wire transfer of immediately available funds or as otherwise directed by the recipient:
 - (i) if the Pro Rata Net Debt of the Seller is less than the Estimated Pro Rata Net Debt of the Seller, then the Purchaser shall pay an amount equal to the difference to the Seller; or
 - (ii) if the Pro Rata Net Debt of the Seller is greater than the Estimated Pro Rata Net Debt of the Seller, then the Seller shall pay an amount equal to the difference to the Purchaser.