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## **KINGKEY INTELLIGENCE CULTURE HOLDINGS LIMITED**

### **京基智慧文化控股有限公司**

*(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)*

**(Stock code: 550)**

## **ADOPTION OF SHARE AWARD SCHEME**

The Board is pleased to announce that it has approved the adoption of the Scheme on 28 December 2022. The purposes of the Scheme are to recognise the contributions by Selected Employees and give incentives to them in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group.

Pursuant to the terms of the Scheme, the Remuneration Committee and the Board shall determine the number of Awarded Shares to be awarded to the Selected Employees. Subject to the absolute discretion of the Board, the Awarded Shares (where the Board has determined such number pursuant to the terms of the Scheme) shall be acquired by the Trustee from open market by utilizing the Company's resources provided to the Trustee.

The Scheme does not constitute a share option scheme or an arrangement analogous to a share option scheme for the purpose of Chapter 17 of the Listing Rules. No Shareholders' approval is required to adopt the Scheme.

The Board is pleased to announce that it has approved the adoption of the Scheme on 28 December 2022. For the purpose of implementing the Scheme, the Company has entered into the Trust Deed with the Trustee on 28 December 2022 to set up a trust for the Scheme and the Trustee will exercise its powers to purchase Shares to be held upon the Trust pursuant to the Scheme Rules and the Trust Deed. To the best of knowledge of the Directors, information and belief, after having made all reasonable enquiries, the Trustee and its ultimate beneficial owners are independent third parties of the Company and its Connected Persons.

A summary of the principal terms of the Scheme is set out below.

### **THE SCHEME**

#### **1. Purpose and Objectives**

The purposes of the Scheme are to recognise the contributions by the Selected Employees and give incentives to them in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group.

## **2. Duration**

Subject to any early termination as may be determined by the Board pursuant to the terms of the Scheme, the Scheme shall be valid and effective for a term of 10 years commencing on the Adoption Date.

## **3. Limit of the Scheme**

The Remuneration Committee and the Board shall not make any further award of Shares which will result in the aggregate number of Shares awarded by the Board throughout the duration of the Scheme to be in excess of 22,330,700 Shares representing 5% of the issued share capital of the Company as at the Adoption Date, unless it is permitted under the Listing Rules and the Scheme. The maximum aggregate number of the Awarded Shares which may be awarded to a Selected Employee under the Scheme shall not exceed 1% of the issued share capital of the Company as at the Adoption Date. As at the date of the Adoption Date, the number of issued Shares of the Company is 446,614,000 Shares.

## **4. Administration**

The Scheme shall be subject to the administration of the Board in accordance with the Scheme Rules. The Trustee will hold the Shares and the income derived therefrom in accordance with the terms of the Trust Deed and the Scheme Rules.

## **5. Structure of the Scheme**

Subject to the absolute discretion of the Board, the Awarded Shares (where the Board has determined such number pursuant to the terms of the Scheme) shall be acquired by the Trustee from the open market by utilizing the Company's resources provided to the Trustee. Under the direction of the Company, the Trustee may use the payment received from the Company to purchase Further Shares as reserve for future grants of Awarded Shares to the Selected Employee(s) in accordance with the Scheme. The Trustee shall hold the Shares until such Shares are vested and transferred to the relevant Selected Employees in accordance to the terms of the Scheme.

## **6. Operation of the Scheme**

The Remuneration Committee and the Board may, from time to time, at their absolute discretion select any Employees (excluding any Excluded Employee) to participate in the Scheme as a Selected Employee. Subject to the terms of the Scheme, the Remuneration Committee and the Board shall determine the number of Awarded Shares to be awarded to the Selected Employees. The Board is entitled to impose any conditions as they deem appropriate in their absolute discretion with respect to the vesting of the Awarded Shares on the Selected Employees.

Where any grant of Awarded Shares is proposed to be made to Connected Persons of the Company, such grant of Awarded Shares has to be approved in advance by the independent non-executive Directors of the Company. The Company shall comply with the applicable provisions of Chapter 14A of the Listing Rules and such Connected Persons and their associates shall abstain from voting on the relevant general meeting in approving such grant of Awarded Shares.

After the Board has approved any grant of Awarded Shares, the Board shall as soon as practicable inform the Trustee of, among others, (a) the identity of the relevant Selected Employee, and whether the Selected Employee is a Connected Person; (b) the number of Awarded Shares awarded to the relevant Selected Employee; (c) the Vesting Date; (d) conditions, restrictions or limitations (if any) accordingly; and (e) whether the Awarded Shares or any part thereof should be purchased.

The Company may at any time instruct the Trustee to acquire Further Shares for the Scheme to be kept in the pool of the trust fund as reserve for future grants of Awarded Shares to the Selected Employee(s).

The Company shall also pay the Reference Amount to the Trustee to fund the acquisition of Shares.

The Trustee shall, within 20 Business Days on which the trading of the Shares has not been suspended after receiving the Reference Amount, apply the Reference Amount towards the purchase of the Shares. Any balance of the Reference Amount provided shall be returned by the Trustee to the Company forthwith after completion of the purchase. If the Reference Amount paid to the Trustee is not sufficient to purchase all the Awarded Shares at the prevailing market price, the Trustee shall acquire the maximum number of board lots of Shares and seek further funds from the Company until all the number of Awarded Shares and/or Further Shares are purchased.

The Awarded Shares and Related Income held by the Trustee upon the Trust and which are referable to a Selected Employee shall vest in that Selected Employee at such time and upon such conditions as the Board may determine at its discretion on the Reference Date.

Subject to the receipt by the Trustee of (a) transfer documents prescribed by the Trustee and duly signed by the Selected Employee within the period stipulated in a vesting notice from the Company and (b) a written confirmation from the Company that all vesting conditions having been fulfilled, the Trustee shall transfer the relevant Awarded Shares and the Related Income to the Selected Employee.

## **7. Restrictions**

No payment shall be made to the Trustee pursuant to the Scheme and no instructions to acquire Shares shall be given to the Trustee under the Scheme and the Trustee shall not sell the Awarded Shares for the relevant Selected Employees where:

- (a) any Director or the relevant Employee is in possession of any inside information (as defined in the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)) in relation to the Company; or
- (b) dealings by Directors are prohibited under any code or requirement of the Listing Rules and all applicable laws from time to time.

## **8. Vesting of Awarded Shares**

The Trustee shall vest any Awarded Shares and Related Income held by the Trustee under the Trust to the Selected Employee on the Vesting Date determined at the discretion of the Board, provided that the Selected Employee remains an Employee of the Group at all times after the Reference Date up to the relevant Vesting Date.

In the event of death of a Selected Employee, the Trustee shall (i) within 2 years after the death of the Selected Employee (or a longer period approved in writing by the Company and the Trustee); or (ii) at the end of trust period as stated in the Trust Deed (whichever is shorter) transfer all the vested Awarded Shares and the Related Income to the Personal Representative of the relevant Selected Employee. Any Awarded Shares of the deceased Selected Employee which have become ownerless and are not vested shall be treated as Returned Shares in accordance with the terms of the Scheme.

If there occurs an event of change of control of the Company, whether by way of offer, merger, scheme of arrangement or otherwise, all the unvested Awarded Shares and the Related Income shall immediately vest in the respective Selected Employee on the date when such change of control event becomes or is declared unconditional and such date shall be deemed to be the Vesting Date.

Any Award made under the Scheme Rules shall be personal to the Selected Employee to whom it is made and shall not be assignable and no Selected Employee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to either the Reference Amount or the Awarded Shares referable to him pursuant to such Award or the Related Income or any of the Returned Shares under the Scheme.

## **9. Lapse of Award**

In the event (i) a Selected Employee ceases to be an Employee, or (ii) the Subsidiary by which a Selected Employee is employed ceases to be a subsidiary of the Company (or of a member of the Group), or (iii) any of the vesting conditions upon an Award to the relevant Selected Employee as determined by the Board on the Reference Date was not fulfilled, or (iv) an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company, the Award shall lapse forthwith and all the Awarded Shares and Related Income of such Award shall not vest on the relevant Vesting Date but shall become Returned Shares for the purposes of the Scheme.

In the event (i) a Selected Employee is found to be an Excluded Employee or (ii) a Selected Employee fails to return duly executed transfer documents prescribed by the Trustee for the relevant Awarded Shares and the Related Income within the stipulated period (whether in the ordinary vesting or on such other dates as provided in this Scheme), the relevant part of an Award made to such Selected Employee shall, unless the Board otherwise agrees, automatically lapse forthwith and the relevant Awarded Shares and Related Income shall not vest on the relevant Vesting Date but shall become Returned Shares for the purposes of this Scheme.

## **10. No voting rights**

A Selected Employee shall have no rights except contingent interest in respect of the Awarded Share until the Shares are vested in the Selected Employee pursuant to the Scheme.

The Trustee holding unvested Awarded Shares shall abstain from voting on matters that requires shareholders' approval under the Listing Rules (including but not limited to the Awarded Shares, the Further Shares, the Returned Shares, any bonus Shares and scrip Shares).

## **11. Termination**

The Scheme shall terminate on the earlier of:

- (a) the 10th anniversary date of the Adoption Date; and
- (b) such date of early termination of the Scheme as determined by the Board provided that such termination shall not affect any subsisting rights of any Selected Employee.

## **12. Other Information**

The Scheme does not constitute a share option scheme or an arrangement analogous to a share option scheme for the purpose of Chapter 17 of the Listing Rules. No Shareholders' approval is required to adopt the Scheme.

### 13. Definitions

In this announcement, unless the context requires otherwise, the following terms have the meanings set out below:

“Adoption Date”	28 December 2022, being the date on which the Scheme is adopted by the Company as approved by the Board;
“Award(s)”	an award of Shares (together with any Related Income) by the Board to a Selected Employee pursuant to the Scheme;
“Awarded Share(s)”	in respect of a Selected Employee, such number of the Shares determined by the Board and purchased by the Trustee out of cash paid by the Company by way of settlement to the Trustee or such number of Returned Shares awarded by the Board;
“Board”	the board of Directors of the Company, such committee or such sub-committee or person(s) delegated with the power and authority by the board of Directors to administrate this Scheme;
“Business Day”	any day on which the Stock Exchange is open for the trading of securities and on which banking institutions in Hong Kong are open generally for normal banking business;
“Company”	Kingkey Intelligence Culture Holdings Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 550);
“Connected Person(s)”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company from time to time;
“Employee”	any director, officer or employee of the Company or of any Subsidiary;

“Excluded Employee”	any Employee who is resident in a place where the settlement of the Reference Amount and the award of the Awarded Shares and/or the award of the Returned Shares and/or the vesting or transfer of Shares pursuant to the terms of the Scheme is not permitted under the laws or regulations of such place or where in the view of the Board, compliance with applicable laws or regulations in such place makes it necessary or expedient to exclude such Employee, in each case as determined by the Board in its absolute discretion;
“Further Share(s)”	Shares purchased by the Trustee out of cash income or net proceeds of sale of non-cash or non-scrip distributions declared and distributed by the Company in respect of Shares or otherwise purchased to be held upon the Trust;
“Group”	the Company and its Subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Personal Representative(s)”	the person or persons who, in accordance with the laws of succession of the domicile of a deceased Selected Employee, is or are entitled to receive the Awarded Shares on behalf of the estate of the deceased Selected Employee;
“Reference Amount”	the sum of (i) the aggregate consideration of the Awarded Shares or Further Shares to be purchased as at the Reference Date (being the closing price of a Share as at the Reference Date multiplied by the number of Awarded Shares or Further Shares) and (ii) the related purchase expenses (including for the time being, if any, the brokerage fee, stamp duty, SFC transaction levy, Stock Exchange trading fee and investor compensation levy and such other necessary expenses required for the completion of the purchase of the Awarded Shares or the Further Shares) to the Trustee from the Company’s resources;

“Reference Date”	the date of final approval by the Board of the total number of Shares to be awarded to the Selected Employees in a single occasion pursuant to the Scheme or the date of an Award by the Trustee pursuant to the Trust Deed;
“Related Income”	all income derived from a Share held upon the Trust in the form of the Shares (including but not limited to, the Further Shares, any bonus Shares, scrip Shares, scrip dividends, cash dividends and cash distributions received in respect of the Share and for the avoidance of doubt, excluding any nil paid right, bonus warrant, non-cash and non-scrip distribution or proceeds of sale of the same or Residual Cash);
“Remuneration Committee”	the remuneration committee comprising the independent non-executive Directors of the Company as a majority of its members as designated by the Board from time to time;
“Residual Cash”	being cash remaining in the trust fund (including but not limited to interest income derived from deposit maintained with licensed banks in Hong Kong, cash income and sale proceeds of any nil paid right, bonus warrant, other non-cash and non-scrip distribution derived from the Shares held upon the Trust);
“Returned Shares”	such Awarded Shares and Related Income of the relevant Awarded Shares which are referable to a Selected Employee and which are not vested and/or was forfeited in accordance with the terms of the Scheme, or such Shares be deemed under the Scheme or the Scheme Rules to be Returned Shares;
“Scheme”	the “Share Award Scheme” constituted by the Scheme Rules adopted by the Board whereby awards of Shares may be made to the Employee (such Shares being purchased by the Trustee) pursuant to the Trust Deed and the Scheme Rules, in its present form or as amended from time to time;
“Scheme Rules”	the rules relating to the Scheme adopted by the Board;

“Selected Employee(s)”	Employee(s) selected by the Remuneration Committee and the Board pursuant to the Scheme Rules to participate in the Scheme;
“SFC”	the Securities and Futures Commission of Hong Kong;
“Shares”	fully paid ordinary shares of HK\$0.2 each in the capital of the Company (or, if there has been a consolidation, reduction, re-classification, sub-division or reconstruction of the share capital of the Company, shares forming part of the equity share capital of the Company of such revised amount as shall result from such consolidation, reduction, re-classification, sub-division or reconstruction of such ordinary shares from time to time);
“Shareholder(s)”	the holder(s) of Shares from time to time;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subsidiary”	a company which is for the time being and from time to time a subsidiary (within the meaning given under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)) of the Company, whether incorporated in Hong Kong or elsewhere;
“Trust”	the trust constituted by the Trust Deed;
“Trust Deed”	the trust deed dated 28 December 2022 entered into between the Company and the Trustee (as restated, supplemented and amended from time to time);
“Trustee”	Core Pacific-Yamaichi International (H.K.) Nominees Limited, and/or any additional or replacement trustees, being the trustee or trustees for the time being of the trusts declared in the Trust Deed, who is a party independent of and not connected with the Company and its Connected Person(s); and

“Vesting Date”

the date as determined from time to time by the Board, on which an Award (or part thereof) is to vest in the relevant Selected Employee pursuant to the terms of the Scheme.

By Order of the Board  
**Kingkey Intelligence Culture Holdings Limited**  
**Tsang Hing Bun**  
*Executive Director*

Hong Kong, 28 December 2022

*As at the date of this announcement, the Board comprises Mr. Tsang Hing Bun as executive Director; Mr. Yiu Yu Cheung as non-executive Director; and Ms. Tang Po Lam Paulia, Mr. William Keith Jacobsen and Mr. Chan Chiu Hung, Alex, as independent non-executive Directors.*