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FRIEND TIMES
FriendTimes Inc.
友誼時光股份有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 6820)

ADOPTION OF SHARE AWARD SCHEME

The Board has resolved to adopt the Share Award Scheme on 14 September 2020. The objectives of the Share Award Scheme are (i) to improve the Group's incentive system, align the interests of Eligible Participants with the Group's interests and encourage them to create long-term value for the Group; and (ii) to attract and motivate key professional talents to enhance the competitiveness and promote the sustainable and healthy development of the Group.

Pursuant to the Scheme Rules, the Board may, from time to time, inject certain amount of funds to the Trust through asset grant arrangement or other methods. These funds form part of the trust fund and could be utilised for the purchase or subscription of the Awarded Shares, as the Board deems appropriate, pursuant to the Share Award Scheme.

The Board shall not make any further grant of Award such that the total number of shares granted under the Share Award Scheme will exceed 10 per cent. of the total number of issued Shares as of the Adoption Date. If the relevant subscription or purchase would result in the Trustee holding in aggregate, more than 10 per cent. of the total number of issued Shares of the Company as of the Adoption Date, the Trustee shall not subscribe, purchase or accept any further Shares.

The Share Award Scheme does not constitute a share option scheme under Chapter 17 of the Listing Rules and is a discretionary scheme of the Company. No Shareholders' approval is required to adopt the Share Award Scheme. However, where any grant of Awarded Shares is proposed to be made to any person who is a connected person of the Company within the meaning of the Listing Rules, the Company shall comply with such provisions of the Listing Rules as may be applicable, including any reporting, announcement and/or shareholders' approval requirements, unless otherwise exempted under the Listing Rules.

ADOPTION OF SHARE AWARD SCHEME

The Board has resolved to adopt the Share Award Scheme on 14 September 2020. A summary of the Scheme Rules is set out below.

SUMMARY OF THE SCHEME RULES

Objectives

The objectives of the Share Award Scheme are:

- (i) to further improve the Group's incentive system, align the interests of certain Eligible Participants with the Group's interests and encourage them to create long-term value for the Group; and
- (ii) to attract and motivate key professional talents to enhance the competitiveness and promote the sustainable and healthy development of the Group.

Administration

The Share Award Scheme is subject to the administration of the Board in accordance with the Scheme Rules and the Trustee in accordance with the terms of the Trust Deed (as the case may be).

The Board may, by passing ordinary resolutions, appoint any one or more senior management of the Company as Authorised Representative(s) to give instructions or notices to the Trustee on all matters in connection with the Share Award Scheme and other matters in the routine administration of the Trust.

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

Sources of Awarded Shares

The Awarded Shares shall comprise (i) existing Shares to be purchased by the Trustee from the market (on the exchange or off the exchange) pursuant to the written instructions of the Board or the Authorised Representative(s) from time to time; (ii) new Shares to be allotted and issued to the Trustee (which holds the same on behalf of the Selected Participants) by

the Company pursuant to the general mandate sought from the Shareholders at its general meetings; or (iii) shares of the corporate shareholders of the Company transferred to the Trustee from time to time.

Scheme Limit

The Board shall not make any further grant of Award such that the total number of shares granted under the Share Award Scheme will exceed 10 per cent. of the total number of issued Shares as of the Adoption Date.

If the relevant subscription or purchase would result in the Trustee holding in aggregate, more than 10 per cent. of the total number of issued Shares of the Company as of the Adoption Date, the Trustee shall not subscribe, purchase or accept any further Shares.

Voting Rights

The Trustee shall not exercise the voting rights in respect of any Shares held under the Trust.

Restrictions

Any Award made under the Share Award Scheme shall be personal to the Selected Participant to whom it is made and shall not be assignable and no Selected Participant shall in any way transfer any interest in favour of any other person over or in relation to the Awarded Shares referable to him/her under the Share Award Scheme.

Prior to the vesting of any Awarded Shares, a Selected Participant is not entitled to any rights attaching to the unvested Awarded Shares, including but not limited to voting rights, rights to dividends or distributions.

Pursuant to the Listing Rules and any other applicable laws from time to time, no Shares shall be granted to any Selected Participant and no instructions to acquire Shares shall be given to the Trustee under the Share Award Scheme in any of the following circumstances:

- (i) when any unpublished inside information in relation to the Company occurs or in the decision-making stage until it is published by the Company;
- (ii) during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results by the Company;
- (iii) during the period of 30 days immediately preceding the publication date of the half-year results or, if shorter, the period from the end of the relevant half-year period up to the publication date of the results by the Company; or
- (iv) where dealings of Shares are prohibited or pending on the approval of the relevant authorities under the Listing Rules, SFO and any other applicable laws from time to time.

The Board or Authorised Representative(s) may, at any time after giving instructions to purchase or subscribe for Shares to the Trustee, instruct the Trustee in writing to terminate or suspend the purchase or subscription of Shares until further instruction is given.

Operation

The Board may, from time to time, inject certain amount of funds to the Trust through asset grant arrangement or other methods. These funds form part of the trust fund and could be utilised for the purchase or subscription of the Awarded Shares, as the Board deems appropriate, pursuant to the Share Award Scheme, or other purposes set out in the Trust Deed.

Subject to the terms of the Share Award Scheme, the compliance with the Listing Rules and the terms and conditions of the Trust Deed, and for the benefit of the employees of the Group, the Board or the Authorised Representative(s) may from time to time instruct the Trustee in writing to (i) directly or indirectly purchase Shares in the market (on the exchange or off the exchange); (ii) subscribe for new Shares allotted and issued by the Company; and (iii) purchase or accept shares of the corporate shareholders of the Company. Once obtained, the Shares are to be held directly or indirectly by the Trust for the benefit of the Selected Participants on and subject to the terms and conditions of the Scheme Rules and the Trust Deed until such Shares are vested in the Selected Participants.

Upon reception of instruction notice from the Board or the Authorised Representative(s) in writing, the Trustee shall, by utilizing the cash remained in the trust fund, obtain the Shares in accordance with the instructions contained in the notice. In addition, the Trustee shall also pay the related expenses incurred, including but not limited to the brokerage fees, stamp duties, Securities and Futures Commission transaction levies, Stock Exchange trading fees and other necessary expenditures. The Shares obtained and remaining cash afterwards will all be regarded as part of the trust fund.

The Board or the Authorised Representative(s) may, from time to time, at its/his/her absolute discretion select any Eligible Participant for participation in the Share Award Scheme as a Selected Participant and determine the number of Awarded Shares to be awarded to the respective Selected Participants for free and determine the terms and conditions to be observed.

The Board or the Authorised Representative(s) may, at its/his/her absolute discretion, determine the conditions before the Awarded Shares may be vested by the Eligible Participant (including the minimum years of service in the Group after the grant of the Awarded Shares).

Pursuant to the Trust Deed, the Trustee may, during the trust period, utilize the cash remained in the trust fund for the payment of fees, costs and expenses incurred in relation to the Trust.

Vesting and Lapse

Under the Scheme Rules, if the Selected Participant ceased to be an employee of the Group, the relevant Awarded Shares held by the Trustee on behalf of the Selected Participants on trust shall not vest in the relevant Selected Participant, and shall immediately and automatically lapse.

Unless the Board or Authorized Representative(s) otherwise determined, a Selected Participant shall be deemed to have ceased to be an employee of the Group in (including but not limited to) the following circumstances:

- (i) the Selected Participant is no longer employed by the Company or any of its subsidiaries;
- (ii) the Selected Participant commits any act of fraud, dishonesty or gross default that, to the discretion of the Board, have caused material adverse effect to the Group, regardless of whether the act is related to the employment with the Company or any of its subsidiaries, and whether it results in the Company or any of its subsidiaries to terminate the employment with the Selected Participant;
- (iii) the Selected Participant commits any criminal offence; or
- (iv) the Selected Participant is convicted of committing or violating, or is responsible for the committing or violating of the SFO, Listing Rules or any other applicable securities laws and regulations in Hong Kong from time to time.

Upon occurrence of any of the above circumstances, any Awarded Shares awarded but have not been vested in the Selected Participant will be returned to the Trust in accordance with the Scheme Rules.

Duration and Termination

The Share Award Scheme shall be effective from the Adoption Date and shall be terminated at the earlier of (i) the tenth anniversary from the Adoption Date; or (ii) the date of early termination determined by the Board through ordinary resolution of the Board. The termination of this Share Award Scheme shall not cause any material and adverse effect to any existing rights of any Selected Participants under this Share Award Scheme.

LISTING RULES IMPLICATIONS

The Share Award Scheme does not constitute a share option scheme under Chapter 17 of the Listing Rules and is a discretionary scheme of the Company. No Shareholders' approval is required to adopt the Share Award Scheme. However, where any grant of Awarded Shares is proposed to be made to any person who is a connected person of the Company within the meaning of the Listing Rules, the Company shall comply with such provisions of the Listing Rules as may be applicable, including any reporting, announcement and/or shareholders' approval requirements, unless otherwise exempted under the Listing Rules.

DEFINITIONS

“Adoption Date”	14 September 2020, being the date on which the Board adopted the Share Award Scheme;
“Authorised Representative(s)”	authorised representative(s) appointed by the Board by passing ordinary resolutions delegated with the power and authority by the Board to give instructions or notices to the Trustee on all matters in connection with the Share Award Scheme and other matters in the routine administration of the Trust;
“Award”	an award by the Board to a Selected Participant entitling the Selected Participant to receive such number of Awarded Shares and the related income on such terms and conditions as the Board may determine;
“Awarded Shares”	in respect of a Selected Participant, such number of Shares determined by the Board under an Award;
“Board”	the board of Directors;
“Company”	FriendTimes Inc. (友誼時光股份有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange on 8 October 2019 (Stock Code: 6820);
“Director(s)”	the director(s) of the Company;
“Eligible Participant”	any senior and mid-level management, core technical personnel and key employees who, at the absolute discretion of the Board, will contribute or have contributed to any member of the Group;
“Group”	the Company, the subsidiaries and such entities which are considered as subsidiaries of the Company under the applicable accounting standard and policy;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Scheme Rules”	the rules of the Share Award Scheme, as amended from time to time;
“Selected Participant”	Eligible Participant(s) selected by the Board pursuant to the Scheme Rules who holds a subsisting Award;
“SFO”	the Securities and Futures Ordinance;
“Share Award Scheme”	the share award scheme adopted by the Company on the Adoption Date (in its present or any amended form);

“Share(s)”	ordinary share(s) of US\$0.00001 each in the capital of the Company;
“Shareholder(s)”	the shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Trust”	the trust constituted by the Trust Deed;
“Trust Deed”	a trust deed dated 3 August 2020 and entered into by and among the Company, the Trustee and its nominee (as restated, supplemented and amended from time to time); and
“Trustee”	TMF Trust (HK) Limited, the trustee which has been appointed by the Company to manage the Share Award Scheme.

By order of the Board
FriendTimes Inc.
JIANG Xiaohuang
Chairman and Executive Director

Hong Kong, 14 September 2020

As at the date of this announcement, the Board comprises Mr. Jiang Xiaohuang, Mr. Xu Lin, Mr. Wu Jie and Mr. Sun Bo as the executive Directors; and Mr. Zhu Wei, Ms. Tang Haiyan and Mr. Zhang Jinsong as the independent non-executive Directors.