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凤祥食品

**SHANDONG FENGXIANG CO., LTD.**

山東鳳祥股份有限公司

*(A joint stock company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 9977)**

**(1) ADOPTION OF 2021 SHARE AWARD SCHEME AND  
(2) GRANT OF SHARE AWARDS UNDER  
2021 SHARE AWARD SCHEME**

**ADOPTION OF 2021 SHARE AWARD SCHEME**

The Board is pleased to announce that on 10 December 2021, it has approved the adoption of the 2021 Share Award Scheme. The 2021 Share Award Scheme does not constitute a share option scheme of the Company for the purpose of Chapter 17 of the Listing Rules.

**GRANT OF SHARE AWARDS UNDER 2021 SHARE AWARD SCHEME**

On 10 December 2021, an aggregate of 23,487,800 Awarded Shares were granted to 63 Selected Employees under the 2021 Share Award Scheme and 2,609,800 Reserved Shares will be kept for the time being in the pool of the Trust Fund as reserve for future grants of Awarded Shares to the Selected Employees. 4,043,700 Awarded Shares were granted to the Connected Selected Employees. The number of Awarded Shares underlying the relevant awards represents 23,487,800 H Shares. The Awarded Shares and the Reserved Shares shall be purchased from the open market out of cash contributed by the Group. As no new Shares will be issued by the Company pursuant to the Grant, it will not result in any dilution effect on the shareholdings of existing shareholders of the Company.

## **LISTING RULES IMPLICATIONS**

The transactions contemplated under the Grant to the Connected Selected Employees constitute connected transactions for the Company under Chapter 14A of the Listing Rules. As the Grant to the Connected Selected Employees, either (i) forms part of the remuneration package of the director service contract, or (ii) all of the applicable percentage ratios are below 0.1% and the grant of Awarded Shares is on normal commercial terms, such Grant to each of them is fully exempt from reporting, announcement and independent shareholders' approval under Rules 14A.73(6) and 14A.95, and/or 14A.76(1) of the Listing Rules.

## **ADOPTION OF 2021 SHARE AWARD SCHEME**

The Board is pleased to announce that on 10 December 2021, it has approved the adoption of the 2021 Share Award Scheme. The 2021 Share Award Scheme does not constitute a share option scheme of the Company for the purpose of Chapter 17 of the Listing Rules. A summary of the principal terms of the 2021 Share Award Scheme is set out below:

### **Purposes**

Considering the continual operation and further development of the Group, the purpose and objective of the 2021 Share Award Scheme are to recognise the contributions by certain employees of the Group and to provide them with incentives in order to retain them and to attract suitable personnel.

### **Administration**

The 2021 Share Award Scheme shall be subject to the administration of the Board and the Trustee in accordance with the Scheme Rules and the Trust Deed. The decision of the Board with respect to any matter arising under the 2021 Share Award Scheme (including the interpretation of any provision) shall be final and binding. The Trustee shall hold the Trust Fund in accordance with the terms of the Trust Deed.

### **Duration**

Subject to any early termination as may be determined by the Board pursuant to the Scheme Rules, the 2021 Share Award Scheme shall be valid and effective for a term of ten (10) years commencing on the Adoption Date.

## **Scheme Limit**

The Board shall not make any further award of Awarded Shares which will result in the aggregate number of the Shares awarded by the Board under the 2021 Share Award Scheme exceeding 10% of the issued share capital of the Company from time to time. The maximum number of Shares which may be awarded to a Selected Employee under the 2021 Share Award Scheme shall not exceed 1% of the issued share capital of the Company in any 12-month period.

## **Restrictions**

No award shall be made by the Board and no instructions to acquire any Shares shall be given to the Trustee under the 2021 Share Award Scheme where dealings in the Shares are prohibited under any code or requirement of the Listing Rules and all applicable laws from time to time. Without limiting the generality of the foregoing, no such instruction is to be given and no such grant is to be made:

- (a) after an event involving inside information in relation to affairs or securities of the Company has occurred or a matter involving inside information in relation to the securities of the Company has been the subject of a decision, until such inside information has been publicly announced in accordance with the application laws and the Listing Rules;
- (b) during the period of 60 days immediately preceding the publication date of the annual results for any financial period of the Company or, if shorter, the period from the end of the relevant financial period up to the publication date of the results;
- (c) during the period of 30 days immediately preceding the publication date of the interim results for any financial period of the Company or, if shorter, the period from the end of the relevant half-year period of the financial period up to the publication date of the results; or
- (d) in any circumstance which is prohibited under the Listing Rules, the SFO or any other law or regulation or where any requisite approval from any governmental or regulatory authority has not been granted.

## **Operation**

### ***Contribution to the Trust***

The Board may from time to time cause to be paid a Contributed Amount to the Trust by way of settlement or otherwise contributed by the Company, any Subsidiary or any party designated by the Company as directed by the Board which shall constitute part of the Trust Fund, for the purchase of Shares and other purposes set out in the Scheme Rules and the Trust Deed. The Trustee shall administer the Shares in the same manner in accordance with the Trust Deed and Scheme Rules.

The Board may also at its sole discretion issue an instruction letter to the Trustee to instruct the Trustee to acquire Shares for the purposes of the 2021 Share Award Scheme and the Shares so acquired shall be kept for the time being in the pool of the Trust Fund (as defined in the Trust Deed) as reserve for future grants of Awarded Shares to the Selected Employees in accordance with the 2021 Share Award Scheme.

### ***Sources of the Awarded Shares***

The Board may from time to time instruct the Trustee in writing to purchase Shares on the Stock Exchange. Once purchased, the Shares are to be held by the Trustee for the benefit of the Selected Employees under the Trust on and subject to the terms and conditions of the 2021 Share Award Scheme and the Trust Deed. On each occasion when the Board instructs the Trustee to purchase Shares on the Stock Exchange, it shall specify the maximum amount of funds to be used and the range of prices at which such Shares are to be purchased. The Trustee may not incur more than the maximum amount of funds or purchase any Shares at a price falling outside the range of prices so specified unless with the prior written consent of the Board.

### **Vesting of Awarded Shares**

Subject to the terms and condition of the 2021 Share Award Scheme and the fulfillment of all vesting conditions to the vesting of the Awarded Shares on such Selected Employee as specified in the 2021 Share Award Scheme and the grant notice, the respective Awarded Shares held by the Trustee on behalf of the Selected Employee pursuant to the provision hereof shall vest in such Selected Employee in accordance with the vesting schedule (if any) as set out in the grant notice, and the Trustee shall cause the Awarded Shares to be transferred to such Selected Employee on the Vesting Date.

## **Disqualification of Selected Employee**

In the event that prior to or on the Vesting Date, a Selected Employee is found to be an Excluded Employee or is deemed to cease to be an Employee, the relevant award made to such Selected Employee shall automatically lapse forthwith and the relevant Awarded Shares shall not vest on the relevant Vesting Date but shall remain part of the Trust Fund. Unless the Board determines otherwise, the circumstances under which a person shall be treated as having ceased to be an Employee shall include, without limitation, the following:

- (a) where such person has committed any act of fraud or dishonesty or serious misconduct, whether or not in connection with his employment or engagement by any member of the Group and whether or not it has resulted in his employment or engagement being terminated by the relevant member of the Group;
- (b) where such person has been declared or adjudged to be bankrupt by a competent court or governmental body or has failed to pay his debts as they fall due (after the expiry of any applicable grace period) or has entered into any arrangement or composition with his creditors generally or an administrator has taken possession of any of his assets;
- (c) where such person has been convicted of any criminal offence; or
- (d) where such person has been convicted of or is being held liable for any offence under or any breach of the SFO or other securities laws or regulations in Hong Kong or any other applicable laws or regulations in force from time to time.

In respect of a Selected Employee who died or retired by agreement with a member of the Group at any time prior to or on the Vesting Date, all the Awarded Shares of the relevant Selected Employee shall be deemed to be vested on the day immediately prior to his death or the day immediately prior to his retirement with the relevant member of the Group.

In the event of the death of a Selected Employee, the Trustee shall hold the vested Awarded Shares (hereinafter referred to as “**Benefits**”) upon trust to transfer the same to the legal personal representatives of the Selected Employee and subject as aforesaid the Trustee shall hold the Benefits or so much thereof as shall not be transferred or applied under the foregoing powers within (a) two years of the death of the Selected Employee (or such longer period as the Trustee and the Board shall agree from time to time) or (b) the Trust Period (whichever is shorter) upon trust to transfer the same to the legal personal representatives of the Selected Employee; or if the Benefits would otherwise become bona vacantia, the Benefits shall be forfeited and cease to be transferable and such Benefits shall remain part of the Trust Fund.

## Voting Rights

The Trustee shall not exercise the voting rights attached to such Shares held by it under the Trust.

## Termination

The 2021 Share Award Scheme shall terminate on the earlier of:

- (a) the tenth (10) anniversary date of the Adoption Date; and
- (b) such date of early termination as determined by the Board by a resolution of the Board.

## GRANT OF SHARE AWARDS UNDER THE 2021 SHARE AWARD SCHEME

On 10 December 2021, an aggregate of 23,487,800 Awarded Shares were granted to 63 Selected Employees under the 2021 Share Award Scheme and 2,609,800 Reserved Shares will be kept for the time being in the pool of the Trust Fund as reserve for future grants of Awarded Shares to the Selected Employees. 4,043,700 Awarded Shares were granted to the Connected Selected Employees, details of which are as follows:

Connected Selected Employees	Position held within the Group	Number of Awarded Shares
Mr. XIAO Dongsheng (肖東生)	Executive Director and general manager of the Company	2,916,000
Mr. WANG Zhixian (汪之現)	General manager of Fengxiang Industrial	350,100
Mr. SHI Lei (石磊)	Supervisor of Yucheng Fengming and joint company secretary	486,000
Ms. LIAN Xianmin (廉憲敏)	Supervisor of the Company	291,600
<b>Total</b>		<b><u>4,043,700</u></b>

To the best of the Directors' knowledge, information and belief, having made all reasonable inquiries, save as the Connected Selected Employees stated above, the remaining Selected Employees are third parties independent of the Company and are not connected persons of the Company.

The number of Awarded Shares underlying the relevant awards represents 23,487,800 H Shares, and accounts for approximately 6.62% of the total number of issued H Shares and approximately 1.68% of the total issued share capital of the Company as at the date of this announcement.

The Awarded Shares and Reserved Shares shall be purchased from the open market out of cash contributed by the Group. As no new Shares will be issued by the Company pursuant to the Grant, it will not result in any dilution effect on the shareholdings of existing shareholders of the Company.

The vesting of Awarded Shares shall be subject to the conditions of the 2021 Share Award Scheme and the fulfillment of the relevant conditions specified by the Board (if any).

## **LISTING RULES IMPLICATIONS**

The transactions contemplated under the Grant to the Connected Selected Employees constitute connected transactions for the Company under Chapter 14A of the Listing Rules. As the Grant to the Connected Selected Employees, either (i) forms part of the remuneration package of the director service contract, or (ii) all of the applicable percentage ratios are below 0.1% and the grant of Awarded Shares is on normal commercial terms, such Grant to each of them is fully exempt from reporting, announcement and independent shareholders' approval under Rules 14A.73(6) and 14A.95, and/or 14A.76(1) of the Listing Rules.

The Grant to the Director has been approved by the Board and the relevant Director, Mr. XIAO Dongsheng has abstained from voting on the relevant resolution at the Board meeting in relation to the Grant to himself.

## **DEFINITIONS**

Unless otherwise defined, the following expressions in this announcement have the following meanings:

“2021 Share Award Scheme”	the share award scheme of the Company adopted on 10 December 2021, constituted by the Scheme Rules, in its present form or as amended from time to time
“Adoption Date”	10 December 2021, being the date on which the Company adopts the 2021 Share Award Scheme
“Awarded Shares”	in respect of a Selected Employee, such number of Shares as awarded by the Board
“Board”	the board of Directors
“Company”	Shandong Fengxiang Co., Ltd. (山東鳳祥股份有限公司), a joint stock company established in the PRC with limited liability on 17 December 2010, whose H Shares are listed on the Main Board of the Stock Exchange



“connected person(s)”	shall have the meaning ascribed to it in the Listing Rules
“Connected Selected Employee(s)”	a Selected Employee who is a connected person
“Contributed Amount”	cash paid or made available to the Trust by way of settlement or otherwise contributed by the Company, any of its Subsidiaries, and/or any party designated by the Company as permitted under the 2021 Share Award Scheme to the Trust as determined by the Board from time to time
“Director(s)”	the director(s) of the Company
“Employee(s)”	any individual being an employee (including without limitation any executive Director) of any member of the Group at any time during the Trust Period
“Excluded Employee(s)”	any Employee who is resident in a place where the award of the Awarded Shares and/or the vesting and transfer of the Awarded Shares pursuant to the Scheme Rules is not permitted under the laws or regulations of such place or where in the view of the Board or the Trustee (as the case may be), compliance with applicable laws or regulations in such place makes it necessary or expedient to exclude such Employee
“Fengxiang Industrial”	Shandong Fengxiang Industrial Co., Ltd. (山東鳳祥實業有限公司) also known as Shandong Fambros Industrial Co., Ltd., a company established in the PRC with limited liability on 20 December 2011 and a wholly-owned subsidiary of the Company
“Grant”	the grant of the Awarded Shares made in accordance with the Scheme Rules
“Group”	the Company and its subsidiaries from time to time
“H Share(s)”	overseas listed foreign share(s) in the share capital of the Company with nominal value of RMB1.00 each, which are subscribed for and traded in Hong Kong dollars and listed on the Stock Exchange



“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China
“Reserved Shares”	in respect of a Selected Employee, such number of Shares as reserved by the Board for future awards
“Scheme Rules”	the rules relating to the 2021 Share Award Scheme, as amended from time to time
“Selected Employee(s)”	Employee(s) selected by the Board for participation in the 2021 Share Award Scheme
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shares”	H Shares with a nominal amount of RMB1.00 each in the registered capital of the Company (or of such other nominal amount as shall result from a sub-division, consolidation, reclassification, reduction or reconstruction of the registered capital of the Company from time to time)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	subsidiary(ies) of the Company from time to time within the meaning of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Trust”	the trust constituted by the Trust Deed
“Trust Deed”	the trust deed entered into between the Company and the Trustee as restated, supplemented and amended from time to time
“Trust Fund”	the funds and properties held under the Trust and managed by the Trustee for the benefit of the Selected Employees (other than the Excluded Employees)

“Trust Period”	the period beginning with the Adoption Date and ending upon the first to happen of the following, namely: <ul style="list-style-type: none"> <li>(a) 10 December 2031, being the expiry of the period of 10 years beginning from the Adoption Date; or</li> <li>(b) such date of early termination as determined by the Board.</li> </ul>
“Trustee”	Futu Trustee Limited and any additional or replacement trustees, being the trustee or trustees for the time being declared in the Trust Deed
“Vesting Date”	in respect of a Selected Employee, the date on which his entitlement to the Awarded Shares is vested in such Selected Employee in accordance with the 2021 Share Award Scheme
“Yucheng Fengming”	Yucheng Fengming Food Co., Ltd. (禹城鳳鳴食品有限公司), a company established in the PRC with limited liability on 18 August 2017 and an indirect wholly-owned subsidiary of the Company

By order of the Board  
**Shandong Fengxiang Co., Ltd.**  
**Liu Zhiguang**  
*Chairman*

Shandong, the PRC  
10 December 2021

*As at the date of this announcement, the Board comprises Mr. Liu Zhiguang, Mr. Xiao Dongsheng and Mr. Wang Jinsheng as executive directors; Mr. Liu Xuejing, Mr. Zhang Chuanli and Mr. Ow Weng Cheong as non-executive directors; and Mr. Guo Tianyong, Ms. Zhao Yinglin and Mr. Chung Wai Man as independent non-executive directors.*