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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 THE 2023 SHARE AWARD SCHEME; AND  
(2) AMENDMENTS TO THE 2021 SHARE AWARD SCHEME**

**ADOPTION OF THE 2023 SHARE AWARD SCHEME**

The Board is pleased to announce that it has adopted the 2023 Share Award Scheme on 29 August 2023, which constitutes a share scheme under Chapter 17 of the Listing Rules, but does not constitute a scheme involving the issue of new shares as referred to in Chapter 17 of the Listing Rules. The 2023 Share Award Scheme will not be subject to Shareholders' approval. A summary of the principal terms of the 2023 Share Award Scheme is set out below.

**Purposes and Objectives**

The purposes and the objectives of the 2023 Share Award Scheme are to recognise the contributions by certain Eligible Participants and to provide them with incentives 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.

**Duration**

Subject to any early termination as may be determined by the Board pursuant to the Scheme Rules, the 2023 Share Award Scheme shall be valid and effective for a term of 10 years commencing on the Adoption Date, after which no further Awards will be granted.

## **Administration**

The 2023 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 2023 Share Award Scheme (including the interpretation of any provision) shall be final and binding. Without prejudice to the foregoing and to the extent permissible under the Listing Rules and other applicable laws and regulations, the Board may resolve to delegate to another committee of the Board or to one or more officers of the Company any or all of the authority and responsibility of the Board under the Scheme Rules and the Trust Deed. The Trustee shall hold the Trust Fund in accordance with the terms of the Trust Deed.

## **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 (excluding any core connected person of the Company) which shall constitute part of the Trust Fund, for the purchase of H Shares and other purposes set out in the Scheme Rules and the Trust Deed.

The Board may from time to time instruct the Trustee in writing to purchase H Shares on the Stock Exchange or accept and receive a specified number of H Shares from any party designated by the Company (excluding any core connected person of the Company), which, for the avoidance of doubt, may include a trustee acting in its capacity of a trust in connection with any other share award scheme established by the Company, or a holding company of such trust. The Trustee shall administer the H Shares in the same manner in accordance with the Trust Deed and Scheme Rules whether they are purchased or transferred, gifted, assigned, or conveyed to the Trust or otherwise acquired by the Trust.

Once purchased or received, the H Shares are to be held directly or indirectly by the Trustee for the benefit of the Selected Participants under the Trust on and subject to the terms and conditions of the 2023 Share Award Scheme and the Trust Deed and may be kept as reserve for future grants of Awarded Shares to future Selected Participants in accordance with the 2023 Share Award Scheme.

## **Grant of Awards**

Subject to the provisions of the 2023 Share Award Scheme, including but not limited to the restrictions set out in the Scheme Rules, the Board may, from time to time, at its sole and absolute discretion select any Eligible Participant (other than any Excluded Participant) for participation in the 2023 Share Award Scheme as a Selected Participant, and grant an Award to any Selected Participant at nil consideration subject

to such terms and conditions as the Board may in its sole and absolute discretion determine. The Board may determine that a Selected Participant will be granted Awarded Interests in the form of Awarded Shares or Awarded Cash or in the combination thereof. The Board may also grant the Related Income of the Awarded Interests to any Selected Participant in such amount or to such extent as the Board determines.

In determining the eligibility of the Eligible Participants and the appropriate Awarded Interest to be granted to any Selected Participant (excluding any Excluded Participant), the Board shall take into consideration matters including, but without limitation to, (a) the present contribution and expected contribution of the relevant Selected Participant to the profits of the Group; (b) the general financial condition of the Group; (c) the Group's overall business objectives and future development plan; and (d) any other matter which the Board considers relevant.

### **Vesting of Awards**

Subject to the terms and conditions of the 2023 Share Award Scheme and the fulfilment or waiver of all vesting conditions applicable to the vesting of the Awarded Interests on such Selected Participant, the respective Awarded Interests held by the Trustee on behalf of the Selected Participant shall vest in such Selected Participant in accordance with the applicable vesting schedule, and the Trustee shall cause the Awarded Interests to be transferred to such Selected Participant.

Unless otherwise determined by the Board, in the event that the vesting conditions specified in the grant notice are not fully satisfied prior to or on the relevant Vesting Date, the award of the Awarded Shares in respect of the relevant Vesting Date shall lapse, such Awarded Shares shall not vest on the relevant Vesting Date and shall remain as part of the Trust Fund and the Selected Participant shall have no claims against the Company, the Board, the Trust or the Trustee.

### **Restrictions**

No Award shall be made by the Board and no instructions to acquire any H Shares shall be given to the Trustee under the 2023 Share Award Scheme where dealings in the H 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 information that are required to be disclosed under Rule 13.09 of the Listing Rules or inside information that are required to be disclosed under Part XIVA of the SFO has come to the knowledge of the Company until (and including) the trading day after such information has been publicly announced in accordance with the Listing Rules, the SFO and/or the applicable laws;

- (b) during the period commencing one (1) month immediately before the earlier of (i) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for approving the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules) and (ii) the deadline for the Company to publish an announcement of its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules) and ending on the date of the results announcements. Such period will cover any period of delay in the publication of a results announcement;
- (c) 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;
- (d) 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;
- (e) in any circumstance where dealing in H Shares by a Selected Participant are prohibited under the Listing Rules, the SFO or any other laws or regulations;
- (f) in any circumstance where any requisite approval from any governmental or regulatory authority has not been granted; or
- (g) in any circumstance where the granting of the Award is prohibited by or would result in a breach of the Listing Rules, the SFO or any other applicable laws or regulations.

The Board may, at any time after it has instructed the Trustee to purchase any H Shares in accordance with the provisions in the Trust Deed, instruct the Trustee in writing to cease purchasing H Shares or to suspend purchasing H Shares until further notice (without specifying any reasons therefor). The Board may also instruct the Trustee in writing to cease receiving any transfer, gift, assignment or conveyance of H Shares or to suspend receiving any transfer, gift, assignment or conveyance of H Shares until further notice (without specifying any reasons therefor).

### **Scheme Limit**

The Board shall not make any further award of Awarded Shares which will result in the aggregate number of the H Shares awarded by the Board under the 2023 Share Award Scheme exceeding 10% of the issued Shares of the Company as at the Adoption Date.

The maximum number of shares which may be awarded to a Selected Participant under the 2023 Share Award Scheme shall not exceed 1% of the issued Shares of the Company in any twelve month period.

### **Cancellation of Awards**

The Board may at its discretion cancel any Award that has not vested or lapsed, provided that the Board has made any arrangement as the Board and the Selected Participant may mutually agree in order to compensate him/her for the cancellation of the Awards. Awards that have already lapsed in accordance with the terms of the Scheme Rules shall not be regarded as utilised and the Awards cancelled shall not be regarded as utilised in calculating the scheme limit and the individual sublimit as mentioned in the paragraph headed “— Scheme Limit”.

### **Disqualification and Other Circumstances of Selected Participant**

In the event that prior to or on the Vesting Date, a Selected Participant is found to be an Excluded Participant or is deemed to cease to be an Eligible Participant pursuant to the Scheme Rules, the relevant Award made to such Selected Participant 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. Such Eligible Participant shall have no right or claim against the Company, any other member of the Group, the Board, the Trust or the Trustee or with respect to those or any other H Shares or any right thereto or interest therein in any way. Unless the Board determines otherwise, the circumstances under which a person shall be treated as having ceased to be an Eligible Participant 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/her employment or engagement by any member of the Group and whether or not it has resulted in his/her 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/her debts as they fall due (after the expiry of any applicable grace period) or has entered into any arrangement or composition with his/her creditors generally or an administrator has taken possession of any of his/her assets;
- (c) where such person has been convicted of any criminal offence;
- (d) where such person has engaged in any act that has had or will have a material adverse effect on the reputation or interests of any member of the Group; or

- (e) 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 Participant 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 Interests of the relevant Selected Participant shall be deemed to be vested on the day immediately prior to his/her death or the day immediately prior to his/her retirement with the relevant member of the Group.

In the event of the death of a Selected Participant, the Trustee shall directly or indirectly hold the vested Awarded Interests (the “**Benefits**”) upon trust to transfer the same to the legal personal representatives or lawful successors of the Selected Participant within (a) two years of the death of the Selected Participant (or such longer period as the Trustee and the Board shall agree from time to time) or (b) the Trust Period (whichever is shorter), subject to the Trustee receiving (i) the original transfer documents (if any) prescribed by the Trustee and duly signed by such legal personal representatives or lawful successors of the Selected Participant; and (ii) client due diligence documents of such legal personal representatives or lawful successors of the Selected Participant required in accordance with the Trustee’s client due diligence policy. If the Benefits fail to be transferred or would otherwise become bona vacantia for any reason, such Benefits shall be forfeited and cease to be transferable and the Awarded Interests shall remain part of the Trust Fund. If no transfer of the Benefits to the legal personal representatives or lawful successors of the Selected Participant is made within the period as specified in the foregoing, such Benefits shall be forfeited and the legal personal representatives or lawful successors of the Selected Participant shall have no claims against the Company or the Trustee.

### **Voting of Unvested Shares**

The Trustee shall abstain and, where applicable, shall procure the Holdco to abstain from exercising the voting rights in respect of any H Shares held directly or indirectly by it under the Trust (if any) (including but not limited to the Awarded Shares, any bonus H Shares and scrip H Shares derived therefrom).

### **Termination**

The 2023 Share Award Scheme shall terminate on the earlier of: (a) the tenth anniversary date of the Adoption Date; and (b) such date of early termination as determined by the Board by a resolution of the Board.

## **AMENDMENTS TO THE 2021 SHARE AWARD SCHEME**

Reference is made to the announcement of the Company dated 10 December 2021 in relation to, among other things, the adoption of the 2021 Share Award Scheme. Pursuant to the rules of the 2021 Share Award Scheme, the 2021 Share Award Scheme may be amended in any respect by a resolution of the Board provided that no such amendment shall operate to affect materially and adversely any subsisting rights of any selected participant under the 2021 Share Award Scheme.

The Board has resolved to make the Proposed Amendments to the 2021 Share Award Scheme. The amended 2021 Share Award Scheme became effective on 29 August 2023, which constitutes a share scheme under Chapter 17 of the Listing Rules, but does not constitute a scheme involving the issue of new shares as referred to in Chapter 17 of the Listing Rules. The Proposed Amendments to the 2021 Share Award Scheme will not be subject to Shareholders' approval. The Proposed Amendments to the 2021 Share Award Scheme include, without limitation, the following:

- (i) to allow the Trustee for the 2021 Share Award Scheme accept H Shares transferred, gifted, assigned, or conveyed to the Trust from any party designated by the Company from time to time in such number as such party designated by the Company may at their sole and absolute discretion determine, which shall constitute part of the Trust Fund. For the avoidance of doubt, subject to prior written direction and/or consent of the Board, the Trustee may accept any Shares from a trustee acting in its capacity of a trust in connection with any other share award scheme established by the Company, or a holding company of such trust;
- (ii) to elaborate the scope of performance targets attached to the grant of awards under the 2021 Share Award Scheme;
- (iii) in the event that the Trust holds any H Shares for the 2021 Share Award Scheme that have not been vested in accordance with the rules of the 2021 Share Award Scheme, including without limitation any H Shares underlying any award to the extent they are not vested, to allow transfer of such Unvested H Shares to any other share award scheme established by the Company; and
- (iv) to include other amendments for house-keeping purposes and to better align the wording of the 2021 Share Award Scheme with that of the Listing Rules.

Save for the Proposed Amendments specified in this announcement, all other principal provisions of the 2021 Share Award Scheme remain unchanged.



## 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 rules of the 2021 Share Award Scheme, in its present form or as amended from time to time
- “2023 Share Award Scheme” the share award scheme of the Company adopted on 29 August 2023, constituted by the Scheme Rules, in its present form or as amended from time to time
- “Adoption Date” 29 August 2023, being the date on which the Company adopts the 2023 Share Award Scheme
- “Award(s)” an award of the Awarded Interests by the Board to a Selected Participant in accordance with the Scheme Rules
- “Awarded Cash” in respect of a Selected Participant, such amount of cash from the sale of H Shares awarded to him/her after deduction or withholding of any tax (if applicable), fees, levies, stamp duty and other charges in connection with the sale of H Shares
- “Awarded Interests” in respect of an Award, the Awarded Shares and/or Awarded Cash, and the Related Income (if any) as awarded under the Award
- “Awarded Share(s)” in respect of a Selected Participant, such number of Shares as awarded to him/her by the Board
- “Board” the board of Directors of the Company
- “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, the H Shares of which are listed on the Main Board of the Stock Exchange (stock code: 9977)



“Contributed Amount”	cash paid or made available to the Trust by way of settlement or otherwise contributed by the Company, any Subsidiary, and/or any party designated by the Company (excluding any core connected person of the Company) as permitted under the 2023 Share Award Scheme to the Trust as determined by the Board from time to time
“connected person”	has the meaning ascribed thereto under the Listing Rules
“Eligible Participant(s)”	employees (including full-time employees and part-time employees) of the Company or any of its Subsidiaries (including persons who are granted awards under the 2023 Share Award Scheme as an inducement to enter into employment contracts with these companies). For the avoidance of doubt, Eligible Participant should exclude any Director, supervisor, chief executive, substantial shareholder of the Company, or any of their respective associates or any other person that may otherwise be regarded as a connected person of the Company
“Excluded Participant(s)”	any Eligible Participant who is resident in a place where the grant of an Award and/or the vesting and transfer of the Awarded Interests 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 Eligible Participant
“Group”	the Company and its Subsidiaries
“H Share(s)”	overseas listed foreign share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and traded in HKD and listed on the Stock Exchange
“Holdco”	a company which is a direct wholly-owned subsidiary of the Trustee and designated in writing by the Trustee

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HKD”	the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China but excluding, for the purposes of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Proposed Amendments”	the proposed amendments to the 2021 Share Award Scheme as approved by the Board and became effective on 29 August 2023
“RMB”	the lawful currency of the PRC
“Scheme Limit”	has the meaning ascribed to in the paragraph headed “Proposed Adoption of the 2023 Share Award Scheme — Scheme Limit” in this announcement
“Scheme Rules”	the rules of the 2023 Share Award Scheme, as may be amended from time to time
“Selected Participant(s)”	Eligible Participant(s) selected by the Board for participation in the 2023 Share Award Scheme
“SFO”	the Securities and Future Ordinance (Chapter 571 of the laws of Hong Kong)
“Share(s)”	Domestic Share(s) and/or H Share(s)
“Shareholder(s)”	the registered holder(s) of the Shares
“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 section 15 of 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(s) for the 2021 Share Award Scheme and the 2023 Share Award Scheme, as the case may be
“Trust Deed(s)”	a trust deed entered into between the Company as settlor and the Trustee as trustee of the Trust (as restated, supplemented and amended from time to time) for the 2021 Share Award Scheme and the 2023 Share Award Scheme, respectively
“Trust Fund”	<p>for the 2021 Share Award Scheme and the 2023 Share Award Scheme, respectively, the funds and properties held directly or indirectly under the Trust and managed by the Trustee for the benefit of the Selected Participants (other than the Excluded Participants), including without limitation:</p> <ul style="list-style-type: none"> <li>(a) HK\$100 as initial sum;</li> <li>(b) all H Shares acquired by the Trustee for the purpose of the Trust (including but not limited to any Awarded Shares whether or not vested in a Selected Participant) and such other scrip income (including but not limited to bonus H Shares and scrip dividends declared by the Company) derived from the H Shares held upon the Trust;</li> <li>(c) any cash (including residual cash);</li> <li>(d) any other property hereafter paid, transferred, or delivered to or otherwise placed under the control of and (in any such case) accepted by the Trustee as additions to the Trust Fund;</li> <li>(e) all issued shares in the capital of the Holdco; and</li> <li>(f) all other properties from time to time representing (a) to (e) above</li> </ul>
“Trustee”	Futu Trustee Limited, a company incorporated in Hong Kong, and any additional or replacement trustees, being the trustee or trustees for the time being of the trusts declared in the Trust Deed

“Unvested H Shares”	any H Shares the Trust holds for the 2021 Share Award Scheme that have not been vested in accordance with the rules of the 2021 Share Award Scheme, including without limitation any H Shares underlying any award to the extent they are not vested
“Vesting Date”	in respect of a Selected Participant, the date on which his/her entitlement to the relevant Award is vested in such Selected Participant in accordance with the Scheme Rules and other terms of the 2023 Share Award Scheme
“%”	per cent

By order of the Board  
**Shandong Fengxiang Co., Ltd.**  
**Zhu Lingjie**  
*Chairman*

Shandong, the PRC, 29 August 2023

*As at the date of this announcement, the board of directors comprises Mr. Xiao Dongsheng and Mr. Shi Lei as executive directors; Mr. Qiu Zhongwei, Mr. Lu Wei, Mr. Zhu Lingjie and Ms. Zhou Ruijia as non-executive directors; and Ms. Wang Anyi, Ms. Zhao Yinglin and Mr. Chung Wai Man as independent non-executive directors.*