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**Dali Foods Group Company Limited**

**達利食品集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 3799)**

**ADOPTION OF SHARE AWARD SCHEME  
AND  
SHARE PURCHASE PURSUANT TO THE SHARE AWARD SCHEME**

The Board is pleased to announce that, on 2 December 2021, the Board approved the adoption of the Scheme. The purposes and objectives of the Scheme are (i) to recognize the contributions by certain Eligible Participants and to provide them with incentives in order to encourage and retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group.

The Scheme does not constitute a share option scheme or an arrangement involving the grant of options to participants over new Shares or other new securities of the Company which is analogous to a share option scheme for the purpose of Chapter 17 of the Listing Rules and is not required to comply with the rules thereunder. No approval from shareholders of the Company is required for the adoption of the Scheme.

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A summary of the Scheme Rules is set out below:

## **PURPOSES AND OBJECTIVES**

The purposes and objectives of the Scheme are (i) to recognise the contributions by certain Eligible Participants and to provide them with incentives in order to encourage and retain them for the continual operation and development of the Group; and (ii) 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 Scheme Rules, the Scheme shall be valid and effective from the Adoption Date to the date the last of the Awarded Shares granted during the Scheme Period has been vested and transferred to the relevant Grantee or has lapsed in accordance with the Scheme Rules, provided that no Award shall be made on or after the Scheme Period.

## **ADMINISTRATION**

The Scheme shall be subject to the administration of the Board in accordance with the Scheme Rules and the terms of the Trust Deed. The Trustee shall hold the trust fund (including the Awarded Shares and related income) in accordance with the terms of the Scheme Rules and the Trust Deed.

## **SCHEME LIMIT**

The Board shall not make any further award of Awarded Shares which will result in the number of Shares awarded by the Board under the Scheme exceeding 5% of the issued shares of the Company as at the Adoption Date.

The maximum number of Shares which may be awarded to a Grantee under the Scheme shall not exceed 1% of the issued shares of the Company as at the Adoption Date.

## **OPERATION**

The Board may, at any time and from time to time, (i) cause to be paid an amount of cash to the Trustee for the purchase of the Shares on and/or off the market, or (ii) cause Shares to be transferred to the Trustee, for the operation of the Scheme.

## **Grant of Awarded Shares**

Subject to the Scheme Rules, the Board may, from time to time, at its absolute discretion select any Eligible Participant as a Grantee for grant of an Award.

In determining the number of Awarded Shares for a Grantee, the Board may take into consideration matters including (without limitation), the general financial condition of the Group and the rank and performance of the relevant Grantee.

The Board is entitled to impose any conditions (including, without limitation, the performance, operating and financial targets and other criteria, if any, to be satisfied by the Grantee), as it deems appropriate in its sole and absolute discretion before the Awarded Shares can vest. The Board shall inform (i) such Grantee the number of Awarded Shares, the Vesting Dates and the vesting conditions and (ii) the Trustee the relevant information of the Grantee and the relevant conditions of the Awarded Shares.

Where any Award is proposed to be granted to a Director, it shall not be granted unless prior approval of the independent non-executive Directors (excluding any independent non-executive Director who is a proposed Grantee) has been obtained.

Where any Award is proposed to be granted to any connected person of the Company, such grant shall be subject to all the applicable requirements under the Listing Rules and the Company shall comply with the applicable Listing Rules unless otherwise exempted under the Listing Rules.

Any Award shall be personal to the Grantee and shall not be transferrable or assignable to any other person prior to the Vesting Date, except for and to the extent permitted by the applicable laws and regulations (including the Listing Rules), any company that is wholly owned by the Grantee or a trust which the settlor is the Grantee, and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to such Award or the related income or any of the Returned Shares under the Scheme prior to the Vesting Date.

## **Vesting of Awarded Shares**

Subject to the terms and conditions of the Scheme and the fulfillment of all relevant vesting conditions, the respective Awarded Shares held by the Trustee on behalf of a Grantee pursuant to the terms of the Scheme Rules shall vest in such Grantee in accordance with the vesting condition (if any) and the Trustee shall cause the Awarded Shares to be transferred to such Grantee on the Vesting Date(s), provided that the Grantee remains at all times after the grant of the Award and on each relevant Vesting Date(s) an Eligible Participant.

Where any Awarded Shares and the related income which is in the form of Shares are not vested in any Grantee for whatever reasons in accordance with the Scheme Rules, all such unvested Awarded Shares and the related income shall become Returned Shares for the purposes of the Scheme.

## **Disqualification of Grantee**

In the event that prior to or on the Vesting Date, a Grantee is found to be an Excluded Participant or is deemed to cease to be an Eligible Participant under the following circumstances:

- (a) where such person has committed any act of fraud or dishonesty or serious misconduct or negligence or violation of the Group's employee code, 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;
- (d) who fails to meet any performance targets set by the Group (if applicable); or
- (e) who has terminated his employment with any member of the Group or has been dismissed by any member of the Group for whatever reasons.

## **Lapse of Award**

### *(1) Lapse of award to be determined by the Board*

Unless otherwise as determined by the Board, in the event that prior to or on the Vesting Date in respect of a Grantee:

- (a) who has changed the employment position within the Group due to decisions of the Company; or
- (b) who has died or lost the ability to work due to injury outside the course of performing his duties for the Group.

The relevant Awarded Shares of the relevant Grantee shall be deemed to be vested or otherwise lapsed in full or in a percentage as determined by the Board on the day immediately prior to the occurrence of the relevant event. If the Board determines that the relevant Awarded Shares shall be deemed to be lapsed, the relevant Awarded Shares shall not vest on the relevant Vesting Date but shall become Returned Shares for the purpose of the Scheme.

(2) *Total Lapse*

In the event that prior to or on the Vesting Date, under the following circumstances and subject to the terms of the Scheme, the Award shall, unless the Board otherwise agrees, lapse forthwith, and the relevant Awarded Shares shall not vest on the relevant Vesting Date but shall become Returned Shares for the purpose of the Scheme:

- (i) the relevant Grantee sells, transfers, charges, mortgages, encumbers or creates any interest in favour of any person in breach of the Scheme Rules;
- (ii) relevant Grantee ceases to be an Eligible Participant for any reason as determined by the Board; or
- (iii) an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company.

(3) *Partial Lapse*

In the event that prior to or on the Vesting Date, under the following circumstances and subject to the terms of the Scheme, the relevant part of the Award made to such Grantee shall, unless the Board otherwise agrees, lapse forthwith and the relevant Awarded Shares shall not vest on the relevant Vesting Date but shall become Returned Shares for the purpose of the Scheme:

- (i) a Grantee is found to be an Excluded Participant; or
- (ii) a Grantee fails to return duly executed transfer documents prescribed by the Trustee for the relevant Awarded Shares within the stipulated period.

**Restrictions**

The Board shall not grant any Award, make any payment to the Trustee or give instructions to the Trustee to purchase or acquire or deliver Shares where dealings in Shares by the Directors are prohibited under the Model Code or any code or requirement of the Listing Rules and all applicable laws and regulations from time to time, including (without limitation):

- (i) at any time when a Director possesses unpublished inside information in relation to the securities of the Company;
- (ii) on any day which financial results of the Company are published and during the period of:
  - (a) 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 year up to the publication date of the results;
  - (b) 30 days immediately preceding the publication date of the quarter results (if any) and half-year results of the Company or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results; and
- (iii) in any circumstance which is prohibited under the Listing Rules, the SFO or any other relevant laws or regulations or where any requisite approval from any governmental or regulatory authority has not been granted.

## **ALTERATION OF THE SCHEME**

The Scheme may be altered in any respect by a resolution of the Board provided that no such alteration shall operate to affect materially and adversely any subsisting rights of any Grantee under the Scheme Rules.

## **VOTING RIGHTS**

The Trustee shall not exercise the voting rights in respect of any Shares held by it as nominee or under the Trust (if any).

## **TERMINATION**

The Scheme shall terminate on the earlier of:

- (i) the date the last of the Awarded Shares granted during the Scheme Period has been vested and transferred to the relevant Grantee or has lapsed in accordance with the Scheme Rules; and
- (ii) such date of early termination as determined by the Board provided that such termination shall not affect any subsisting rights of any Grantee under the Scheme.

Upon termination of the Scheme, all Shares and non-cash income remaining in the trust fund of the Trust shall be sold by the Trustee. The net proceeds of aforesaid sale and such other funds remaining in the Trust shall be remitted to the Company forthwith after the sale. For the avoidance of doubt, the Trustee may not transfer any Shares to the Company nor may the Company otherwise hold any Shares whatsoever (other than its interest in the proceeds of sale of such Shares mentioned above).

## **SHARE PURCHASE PURSUANT TO THE SHARE AWARD SCHEME**

On 2 December 2021, the Board also resolved to provide from time to time but in any event a total sum of not exceeding HK\$1 billion for the Trustee to purchase existing Shares (the “**Proposed Purchase**”) at appropriate time and hold such Shares for future award of Shares under the Scheme.

The Board believes that the current share price of the Company and the trading level of the Shares significantly undervalues the Company’s performance and underlying value, which represents a good opportunity to acquire Shares for future award of Shares under the Scheme. The Company is confident in its own business outlook and prospects. The Shares purchased will be provided as the Shares for the Scheme to continue providing incentive to certain Eligible Participants in the future.

The Board believes that the Proposed Purchase as incentive will create value for the Shareholders, and healthy current financial position of the Group enables the Company to provide the necessary funding to the Trustee to carry out the Proposed Purchase while maintaining sufficient financial resources for continued growth of the Group’s operations.

Based on the closing price of the Shares as of the date of this announcement, the maximum number of Shares in board lot that can be purchased is 247,524,752 Shares, which represents approximately 1.81% of the issued shares of the Company as at the date of this announcement.

As at the date of this announcement, no Shares have been awarded pursuant to the Scheme. The Board will from time to time review and determine at its absolute discretion such number of the Shares to be awarded with such vesting conditions as it may deem appropriate and the number of Shares to be further purchased from the market under the Scheme.

## DEFINITIONS

“Adoption Date”	2 December 2021, being the date on which the Scheme Rules are adopted by the Board for the establishment of the Scheme
“Award”	an award of Shares by the Board to a Grantee pursuant to the Scheme Rules
“Awarded Shares”	in respect of a Grantee, such number of Shares determined by the Board and granted to such Grantee under the Award pursuant to the Scheme Rules
“Board”	the board of Directors or a committee or sub-committee or person(s) as from time to time delegated with the power and authority by the board of Directors to administer the Scheme
“Company”	Dali Foods Group Company Limited (達利食品集團有限公司), an exempted company incorporated in the Cayman Islands on November 4, 2014, the shares of which are listed on the Stock Exchange
“Director(s)”	director(s) of the Company
“Eligible Participant”	(i) any director (including any executive, non-executive and independent executive director) of any member of the Group; (ii) any employee (whether full time or part time), executive or officer of any member of the Group; (iii) any person who is granted awards under the Scheme as an incentive to enter into employment contracts with any members of the Group; (iv) any director or employee of the holding companies, fellow subsidiaries or associated companies of any member of the Group; (v) any person who provides services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are material to the long term growth of the Company as determined by the Board or the remuneration committee of the Company;



(vi) any consultant or adviser (whether professional or otherwise being engaged whether on an employment or contractual or honorary basis or otherwise and whether paid or unpaid) of any member of the Group; and

(vii) any person as determined by the Board to be eligible to participate in the Scheme;

who, in the sole discretion of the Board, has contributed or may contribute to the growth and development of the Group

“Excluded Participant”	any Eligible Participant 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 terms of the Scheme is not permitted under the laws and regulations of such place or where in the view of the Board or the Trustee (as the case may be), compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such Eligible Participant
“Grantee”	an Eligible Participant selected by the Board pursuant to the Scheme Rules for the grant of an Award
“Group”	our Company and its Subsidiaries
“HK\$”	Hong Kong dollar, 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, as amended from time to time
“Model Code”	Model Code in Appendix 10 to the Listing Rules
“Returned Shares”	such Awarded Shares or related income which are not vested and/or forfeited in accordance with the Scheme Rules, or such Shares being deemed to be Returned Shares in accordance with the Scheme Rules and the Trust Deed
“Scheme”	the “Dali Share Award Scheme” of the Company constituted and governed by the Scheme Rules
“Scheme Period”	a period of ten (10) years commencing from the Adoption Date
“Scheme Rules”	the rules relating to the Scheme, as approved and adopted by the Board on the Adoption Date in its present form or as amended from time to time
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company



“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 of the Company
“Trust”	the trust constituted by the Trust Deed
“Trust Deed”	a trust deed dated 2 December 2021 and entered into between the Company as settlor and the Trustee as trustee (as restated, supplemented and amended from time to time)
“Trustee”	CMB Wing Lung (Trustee) Limited, or other trustee corporation(s) to be appointed by the Company for the administration of the Scheme from time to time
“Vesting Date”	in respect of an Award, the date(s) on which some or all of the Award vest in accordance with the terms of the grant of the Award, as set out in the relevant grant letter or is/are deemed to have vested under the Scheme Rules
“%”	per cent

By order of the Board  
**Dali Foods Group Company Limited**  
 達利食品集團有限公司  
**Xu Shihui**  
 Chairman

Hong Kong, 2 December 2021

*As at the date of this announcement, the directors of the Company are Mr. XU Shihui, Mr. ZHUANG Weiqiang, Ms. XU Yangyang and Ms. HUANG Jiaying being the executive directors; Ms. XU Biying and Ms. HU Xiaoling being the non-executive directors; Mr. CHENG Hanchuan, Mr. LIU Xiaobin and Dr. LIN Zhijun being the independent non-executive directors.*