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TONGDA GROUP HOLDINGS LIMITED

通達集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 698)

ADOPTION OF SHARE AWARD SCHEME AND GRANT OF AWARDED SHARES

ADOPTION OF SHARE AWARD SCHEME

The Board is pleased to announce that on 17 January 2022, it resolved to adopt the Scheme to (i) establish a mechanism of “risk sharing and benefit sharing” between middle and senior management and the Group, so that the middle and senior management have the opportunity to share the results of the Group’s strategic development and organisational changes, and attract and retain core talents; (ii) establish an equity reward model linked to the Company’s overall value and personal performance indicators and achieve diversified and long-term rewards for middle and senior management; and (iii) attract suitable personnel for further development of the Group.

The Scheme shall be subject to administration of the Board and the Trustee in accordance with the rules of the Scheme and the Trust Deed.

Given that the Scheme does not involve the grant of options over any new Shares of the Company, it 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.

GRANT OF AWARDED SHARES

On 17 January 2022, the Board resolved to award 64,500,000 Awarded Shares to 14 Selected Employees by way of allotment and issue of 64,500,000 new Shares to them subject to the approval of the Stock Exchange for the granting of the listing of, and permission to deal in the Awarded Shares.

(1) ADOPTION OF SHARE AWARD SCHEME

THE SCHEME

The Board is pleased to announce that on 17 January 2022, the Board resolved to adopt the Scheme which has taken effect immediately. The following is a summary of the principal terms and conditions of the Scheme:

Purposes and objectives

The purposes of the Scheme are to (i) establish a mechanism of “risk sharing and benefit sharing” between middle and senior management and the Group, so that the middle and senior management have the opportunity to share the results of the Group’s strategic development and organisational changes, and attract and retain core talents; (ii) establish an equity reward model linked to the Company’s overall value and personal performance indicators and achieve diversified and long-term rewards for middle and senior management; and (iii) attract suitable personnel for further development of the Group.

Duration

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

Administration

The Scheme shall be subject to the administration of the Board and the Trustee in accordance with the rules of the Scheme and the terms of the Trust Deed (as the case may be). The decision of the Board with respect to any matter arising under the Scheme shall be final and binding. The Trustee shall hold the Trust Fund in accordance with the rules of the Scheme and the terms of the Trust Deed.

Operation of the Scheme

The Board may, from time to time, at its absolute discretion select any Employee (other than Excluded Employee) for participation in the Scheme and determine the number of the Awarded Shares to be awarded to the Selected Employee(s) at a price per Awarded Share not less than the higher of:

- (a) the par value of the Share;
- (b) 50% of the closing price of the Shares as quoted on the Stock Exchange on the Grant Date; and
- (c) 50% of the average of the closing prices of the Shares as quoted on the Stock Exchange for the five consecutive trading days immediately preceding the Grant Date.

The Board is entitled to impose any conditions, as it deems appropriate with respect to the entitlement of the Selected Employee to the Awarded Shares.

After identifying and approving the Selected Employee(s), the Board shall notify the Trustee in writing of:

- (i) the name, address, identity card/passport number and position of the relevant Selected Employee, and whether the Selected Employee is a connected person as defined in the Listing Rules;
- (ii) the number of Awarded Shares to which such Award relates;
- (iii) the total consideration payable for the Awarded Shares;
- (iv) the date and conditions (if any) of vesting of such Award;
- (v) the performance targets (if any) that must be achieved before any of the Awarded Shares may be vested in the Selected Employee under such Award;
- (vi) such other terms and conditions relating to such Award which are in the opinion of the Company fair and reasonable and are not inconsistent with the Scheme; and
- (vii) the manner and number of the Awarded Shares to be obtained by the Trustee.

Purchase of Awarded Shares by the Trustee

Where the Trustee has received instructions from the Company to acquire shares through on-market transactions, the Trustee shall acquire such number of Shares as instructed by the Company on-market at the prevailing market price as soon as reasonably practicable and within 20 Business Days on which the trading of Shares has not been suspended (or such longer period as the Trustee and the Board may agree from time to time having regard to the circumstances of the purchase concerned) after receiving the Reference Amount from the Company.

The Trustee shall only be obliged to transfer Awarded Shares to Selected Employees on vesting to the extent that Awarded Shares are comprised in the Trust.

The Company shall neither allot or issue Shares nor instruct the Trustee to acquire Shares through on-market transactions at the prevailing market price or receive Shares from an existing Shareholder or otherwise deal in any Shares, where such action (as the case may be) is prohibited under the Listing Rules, the SFO or other applicable laws from time to time. Where such a prohibition causes the prescribed timing imposed by the rules of the Scheme or the Trust Deed to be missed, such prescribed timing shall be postponed to such date (the “**Postponed Date**”) as shall be notified by the Company to the Trustee in writing (the “**Postponement Notice**”) provided that the Postponed Date shall be a date falling at least 2 Business Days after the Postponement Notice and a date on which Shares are traded on the Stock Exchange and the prohibition no longer prevents the relevant action.

Issue of new Awarded Shares and General Mandate

Pursuant to the Scheme, new Awarded Shares may be allotted and issued to the Trustee under general mandates granted or to be granted by the Shareholders at general meetings of the Company from time to time and be held in trust for the Selected Employee(s) until the end of each vesting period.

The Company shall comply with the relevant Listing Rules when issuing the new Awarded Shares and application will be made to the Stock Exchange for the granting of the listing of, and permission to deal in, the new Awarded Shares to be issued at the time of offer of the Awarded Shares. The Company intends to use the general mandate available at the time of granting the Awarded Shares to issue the new Awarded Shares in accordance with the terms of the Scheme.

For the avoidance of doubt, the Company shall not allot or issue Shares in excess of the amount permitted in the mandate approved by the Shareholders.

Vesting

Subject to the terms and conditions of the Scheme and the fulfilment of all vesting conditions (if any) by such Selected Employee as specified in the Scheme and the relevant award letter, the respective Awarded Shares and the Related Income held by the Trustee on behalf of the Selected Employee shall vest in such Selected Employee in accordance with the vesting schedule as set out in the award letter.

The Trustee shall cause the Awarded Shares to be transferred to such Selected Employee on the Vesting Date.

Cessation of employment and other events

If a Selected Employee ceases to be an Employee by reason of retirement of the Selected Employee, any consideration paid for the Awarded Shares not yet vested plus interest of 3% per annum shall be refunded in full, unless the Board or the committee of the Board or person to which the Board has delegated its authority determines otherwise at their absolute discretion.

If a Selected Employee ceases to be an Employee by reason of his/her employer terminating the contract of employment without notice or payment in lieu of notice, or the Selected Employee having been convicted of any criminal offence involving his/her integrity or honesty, any consideration paid for the Awarded Shares not yet vested shall be refunded in full, unless the Board or the committee of the Board or person to which the Board has delegated its authority determines otherwise at their absolute discretion.

If a Selected Employee ceases to be an Employee by reason of termination of the Selected Employee's employment or contractual engagement with the Group by reason of his/her permanent physical or mental disablement as a result of injuries received in the actual discharge of his/her duty, any outstanding Awarded Shares not yet vested shall continue to vest in accordance with the Vesting Date and the corresponding Selected Employee's personal performance condition, if any, will no longer be a vesting condition, unless the Board or the committee of the Board or person to which the Board has delegated its authority determines otherwise at their absolute discretion.

If a Selected Employee ceases to be an Employee by reason of termination of the Selected Employee's employment or contractual engagement with the Group by reason of his/her permanent physical or mental disablement as a result of any cases except injuries received in the actual discharge of his/her duty, any consideration paid for the Awarded Shares not yet vested plus interest of 3% per annum shall be refunded in full, unless the Board or the committee of the Board or person to which the Board has delegated its authority determines otherwise at their absolute discretion.

If a Selected Employee ceases to be an Employee by reason of termination of the Selected Employee's employment or contractual engagement with the Group by reason of redundancy, any consideration paid for the Awarded Shares not yet vested plus interest of 3% per annum shall be refunded in full, unless the Board or the committee of the Board or person to which the Board has delegated its authority determines otherwise at their absolute discretion.

In the event of death of a Selected Employee as a result of injuries received in the actual discharge of his/her duty, any outstanding Awarded Shares not yet vested shall continue to vest in accordance with the Vesting Date and the corresponding Selected Employee's personal performance condition, if any, will no longer be a vesting condition, unless the Board or the committee of the Board or person to which the Board has delegated its authority determines otherwise at their absolute discretion.

In the event of death of a Selected Employee as a result of any cases except injuries received in the actual discharge of his/her duty, any consideration paid for the Awarded Shares not yet vested plus interest of 3% per annum shall be refunded in full, unless the Board or the committee of the Board or person to which the Board has delegated its authority determines otherwise at their absolute discretion.

If there occurs an event of change in control of the Company, the Board shall at their sole discretion determine whether the Vesting Date of any Awards will be accelerated.

Rights and restrictions

A Selected Employee shall only have a contingent interest in the Award subject to the vesting of such Award in accordance with the rules of the Scheme.

No instructions may be given by a Selected Employee to the Trustee in respect of the Award or any other property of the Trust and the Trustee shall not follow instructions given by a Selected Employee to the Trustee in respect of the Award or any other property of the Trust.

Neither the Selected Employee nor the Trustee may exercise any voting rights in respect of any Awarded Shares that have not yet vested.

A Selected Employee shall have no rights to Residual Cash or any dividend or any of the Returned Shares or any dividend of the Returned Shares, all of which shall be retained by the Trustee for the benefit of the Scheme.

A Selected Employee shall have no rights in the balance of the fractional shares resulting from any allocation of bonus Shares or scrip dividend in respect of Awarded Shares or adjustment to the Awarded Shares resulting from consolidation of Shares (if any) and such Shares shall be deemed Returned Shares for the purposes of the Scheme.

Restriction

Any Award granted under the Scheme but not yet vested shall be personal to the Selected Employee to whom it is made and shall not be assignable or transferable 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 any Award, or enter into any agreement to do so.

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

No Award shall be made or vested to Selected Employees and no directions or recommendation shall be given to the Trustee with respect to granting or vesting of an Award or any acquisition, receipt or disposal of or dealing in Shares under the Scheme when any Director is in possession of unpublished inside information in relation to the Group or where dealings by Directors are prohibited under any code or requirement of the Listing Rules and all applicable laws, rules or regulations from time to time. The Board may not make an Award to any Director during the periods or times in which the Directors are prohibited from dealing in Shares pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by the Company.

Scheme limit

The Company shall not make any further grant of Award which will result in the aggregate number of Shares underlying all grants made pursuant to the Scheme (excluding Awarded Shares that have been forfeited in accordance with the Scheme) to exceed 10% of the Shares in issue of the Company as at the Adoption Date without Shareholders' approval (the "**Scheme Limit**").

The Scheme Limit shall be refreshed automatically on each anniversary date of the Adoption Date during the duration of the Scheme, such that the Scheme Limit so refreshed shall not exceed 10% of the Shares in issue of the Company as at each anniversary date of the Adoption Date.

The maximum number of Shares which may be awarded to a Selected Employee under the Scheme shall not exceed 1% of the Shares in issue of the Company from time to time.

Alteration of the Scheme

The Scheme may be altered by a resolution of the Board, provided that no such alteration shall operate to affect adversely any subsisting rights of any Selected Employee except (i) with the consent in writing or sanction of a special resolution that is passed at a meeting of the Selected Employees amounting to three-fourths in nominal value of all Awarded Shares; or (ii) the sanction of an ordinary resolution passed by the Shareholders at a general meeting.

Termination

Upon termination of the Scheme, no further grant of Awarded Shares may be made under the Scheme and all the Awarded Shares of the Selected Employees granted under the Scheme shall continue to be held by the Trustee and become vested in the Selected Employees according to the conditions of the Award. All Shares (except for any Awarded Shares subject to vesting on the Selected Employees) remaining in the Trust Fund shall be sold by the Trustee and all net proceeds of sale and such other funds and properties remaining in the Trust Fund managed by the Trustee (after deducting the relevant expenses) will be remitted to the Company forthwith. For the avoidance of doubt, the Trustee may not transfer any Shares to the Company nor may the Company otherwise hold any Shares whatsoever.

LISTING RULES IMPLICATIONS

Given that the Scheme does not involve the grant of options over any new Shares of the Company, it 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.

Shares may be awarded to Employees, including Directors and/or connected persons of the Group. If new Shares are awarded under the Scheme to Directors and/or connected persons of the Group, such Award shall constitute connected transactions under Chapter 14A of the Listing Rules and the Company shall comply with the relevant requirements under the Listing Rules.

(2) GRANT OF AWARDED SHARES

On 17 January 2022, the Board resolved to award 64,500,000 Awarded Shares to 14 Selected Employees by way of allotment and issue of 64,500,000 new Shares to them subject to the approval of the Stock Exchange for the granting of the listing of, and permission to deal in the Awarded Shares.

The new Awarded Shares shall be allotted and issued pursuant to the general mandate granted by the Shareholders of the Company at the annual general meeting of the Company held on 14 May 2021 with a maximum number of 1,295,901,019 Shares which can be allotted and issued under such general mandate. Except for the allotment and issue of the new Awarded Shares as set out in this announcement, at the date of this announcement, no other new Share has been allotted and issued under the general mandate.

The Selected Employees are not connected persons of the Company. 64,500,000 new Awarded Shares to be allotted and issued by the Company to the Selected Employees represent approximately 0.66% of the issued share capital of the Company as at the date of this announcement and the date of adoption of the Scheme and approximately 0.66% of the issued share capital of the Company as enlarged by the allotment and issue of the Awarded Shares. Upon the allotment and issue of the Awarded Shares, none of the Selected Employees will hold more than 1% of the issued share capital of the Company as at the date of adoption of the Scheme.

The new Awarded Shares, when issued and fully paid, will rank *pari passu* among themselves and with the other Shares in issue, with rights to receive all dividends and other distributions declared, made or paid on or after the date of allotment and issuance.

Application will be made by the Company to the Listing Committee of the Stock Exchange for the granting of the listing of, and permission to deal in, 64,500,000 new Awarded Shares.

Further information relating to the issue of the new Awarded Shares under the Scheme is set out below:

Number of Awarded Shares to be issued: 64,500,000 Shares

Issue Price: Awarded Shares shall be allotted to the Selected Employees at the issue price of HK\$0.1232 per Share.

The Issue Price represents:

- (i) a discount of approximately 49.5% to the closing price of HK\$0.244 per Share as quoted on the Stock Exchange on the Grant Date; and
- (ii) a discount of approximately 50.0% to the average of the closing prices of HK\$0.2464 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately preceding the Grant Date.

The Selected Employees shall pay the aggregate Issue Price to the Company within 5 Business Days after the Acceptance Date.

Funds to be raised: HK\$7,946,400, being the aggregate issue price of the Awarded Shares to be allotted and issued shall be paid by the Selected Employees.

Identity of the Selected Employees: 14 employees of the Group who are not connected persons.

Vesting dates: The Awarded Shares shall be vested in three tranches as follows:

- (i) 30% of the Awarded Shares shall be vested on first trading day after 12 months from the Acceptance Date to 24 months from the Acceptance Date;
- (ii) 30% of the Awarded Shares shall be vested on first trading day after 24 months from the Acceptance Date to 36 months from the Acceptance Date; and
- (iii) 40% of the Awarded Shares shall be vested on first trading day after 36 months from the Acceptance Date to 48 months from the Acceptance Date.

Vesting conditions: The Awarded Shares are subject to certain vesting conditions specified by the Board at the time of granting the Awarded Shares. Upon the satisfaction of the vesting conditions, the Trustee shall transfer the Awarded Shares to the Selected Employees.

For any Awarded Shares that fail to satisfy the vesting conditions specified by the Board at the time of granting the Awarded Shares, the total Issue Price paid for the Awarded Shares shall be refunded in full to the Selected Employee.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the meanings ascribed to them below:

“Acceptance Date”	the date of acceptance of the Award by the Selected Employee
“Actual Selling Price”	the actual price at which the Awarded Shares are sold (net of brokerage, Stock Exchange trading fee, SFC transaction levy and any other applicable costs) on vesting of an Award pursuant to the Scheme or in the case of a vesting when there is an event of change in control or privatisation of the Company, the consideration receivable under the related scheme or offer
“Adoption Date”	17 January 2022, being the date on which the Scheme is adopted by the Board
“Award”	an award granted by the Board, the committee of the Board or person to which the Board has delegated its authority to a Selected Employee, which may vest in the form of Awarded Shares or the Actual Selling Price of the Awarded Shares in cash, as the Board, the committee of the Board or person to which the Board has delegated its authority (as the case may be) may determine in accordance with the terms of the Scheme
“Awarded Share(s)”	the Shares, together with any Related Income, granted to a Selected Employee in an Award
“Board”	the board of directors of the Company and if the context so permits, it shall include such committee or subcommittee or person(s) as from time to time delegated with the power and authority by the board of directors of the Company to administer the Scheme
“Business Day”	any day on which the Stock Exchange is open for the trading of securities

“Company”	Tongda Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Stock Exchange
“connected persons”	has the meaning ascribed to this term under the Listing Rules
“Contributed Amount”	cash paid or made available to the Trust by way of settlement or otherwise contributed by the Company and/or its subsidiaries as permitted under the Scheme to the Trust as determined by the Board from time to time
“Director(s)”	the directors of the Company
“Employee(s)”	any employee (whether full-time or part-time employee) (including without limitation any executive director but excluding any non-executive director or independent non-executive director) of any members of the Group
“Excluded Employee”	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 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 Employee
“Grant Date”	the date on which the grant of an Award is made to a Selected Employee
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Issue Price”	the issue price for each Awarded Share

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Reference Amount”	the amount as determined by the Board from time to time pursuant to the Scheme to be applied towards the subscription and/or the purchase of Awarded Shares for the benefit of the Selected Employees
“Refund Amount”	all or any portion of the remaining sum of the Contributed Amount which has not been utilised by the Trustee and refunded by the Trustee to the Company at the direction of the Board
“Related Income”	in relation to a Share, all income derived from a Share held under the Trust in the form of Shares (including bonus Shares, scrip dividend), but shall not include any nil-paid rights, warrants, options and/or non-cash and non-scrip distributions which are derived from the Share or the net proceeds from any sale of such rights, warrants, options and/or non-cash distributions or Residual Cash
“Residual Cash”	cash in the Trust Fund (including without limitation (i) any Contributed Amount or any remaining amount thereof (other than the Refund Amount); (ii) any cash income or dividends derived from Shares held under the Trust; (iii) other cash income or net proceeds of sale of non-cash and non-scrip distribution derived from or in respect of the Shares held under the Trust; and (iv) all interest or income derived from deposits maintained with licensed banks in Hong Kong) which has not been applied in the purchase and/or subscription of any Shares

“Returned Shares”	such Awarded Shares that are not vested and/or are forfeited in accordance with the terms of the Scheme, or such Shares being deemed to be so under the Scheme
“Scheme”	the share award scheme adopted by the Board on the Adoption Date
“Selected Employee(s)”	Employee(s) (other than an Excluded Employee) approved for participation in the Scheme and who has been granted any Award pursuant to the rules of the Scheme
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) as amended from time to time
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trust”	the trust constituted by the Trust Deed
“Trust Deed”	the trust deed made and entered into between the Company and the Trustee (as restated, supplemented and amended from time to time) in respect of the appointment of the Trustee for the administration of the Scheme
“Trust Fund”	the funds and properties held under the Trust and managed by the Trustee for the benefit of the Employees (other than the Excluded Employees), including without limitation: <p>(a) the initial trust fund of HK\$100;</p>

- (b) all money, investments or other property paid or transferred by the Company to or so as to be under the control of and, in either case, accepted by the Trustee as additions, including Shares subscribed or purchased by applying the Reference Amount or allotted and issued by the Company to the Trustee from time to time;
- (c) all accumulations (if any) of income added to the Trust Fund, including all cash or non-cash income or distributions due to or derived from the Shares held as part of the Trust Fund; and
- (d) the money, investments and property from time to time representing the above.

“Trustee”

BOCI Trustee (Hong Kong) Limited, and any additional or replacement trustees, being the trustee or trustees for the time being of the trusts declared in the Trust Deed

“Vesting Date”

the date or dates, as determined from time to time by the Board, on which the Awarded Shares (or part thereof) is to vest with the relevant Selected Employee as set out in the vesting schedule in the award letter in accordance with the Scheme

“HK\$”

Hong Kong dollar(s), the lawful currency of Hong Kong

By Order of the Board
Tongda Group Holdings Limited
Wang Ya Nan
Chairman

Hong Kong, 17 January 2022

As at the date of this announcement, the Board comprises Mr. Wang Ya Nan, Mr. Wang Hung Man, Mr. Wong Ming Sik, Mr. Wong Ming Yuet and Mr. Hui Wai Man as executive Directors; Ms. Chan Sze Man as non-executive Director; and Dr. Yu Sun Say, GBM, GBS, SBS, JP, Mr. Cheung Wah Fung, Christopher, SBS, JP and Mr. Ting Leung Huel Stephen as independent non-executive Directors.