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Wai Chi Holdings Company Limited

偉志控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1305)

PROPOSED ADOPTION OF SHARE AWARD SCHEME

The Board is pleased to announce that on 13 September 2022 (after trading hours), it has resolved to propose the adoption of the Scheme. The purposes and objectives of the Scheme are to recognise the contributions by certain Employees and give incentives thereto 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.

The Scheme does not constitute a share option scheme under Chapter 17 of the Listing Rules and no Shareholders' approval is required for the adoption of the Scheme. The Stock Exchange issued the Consultation Paper in October 2021 on its proposal to extend Chapter 17 of the Listing Rules to also govern share award schemes. In July 2022, the Stock Exchange published the Consultation Conclusions, with Amended Rules to reflect the proposed changes to Chapter 17 of the Listing Rules. The Consultation Conclusions states, among other things, that listed issuers may adopt the Amended Rules for their share schemes (including share option schemes and share award schemes). The Company has decided to adopt the Amended Rules for the Scheme. One of the Amended Rules for adoption of a new scheme (the amended Rule 17.02(1)(a)) stipulates, among other things, that the scheme of a listed issuer must be approved by shareholders of the listed issuer in general meeting. Accordingly, the Company will convene and hold the EGM for the Shareholders to consider and, if thought fit, pass the ordinary resolutions to approve, among other things, the proposed adoption of the Scheme.

A circular containing, among other things, the notice of the EGM and details of the Scheme will be despatched to the Shareholders as soon as possible in accordance with the requirements of the Listing Rules.

PROPOSED ADOPTION OF SHARE AWARD SCHEME

The Board is pleased to announce that on 13 September 2022 (after trading hours), it has resolved to propose the adoption of the Scheme. A summary of the principal rules of the Scheme and other relevant information are set out below in this announcement.

THE SCHEME

Purposes and objectives

The purposes and objectives of the Scheme are to recognise the contributions by certain Employees and give incentives thereto 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. No performance target is attached to the Scheme.

Duration

The Scheme shall be valid and effective for a term of 10 years commencing from the Adoption Date. The Scheme is subject to the early termination which is determined by the Board provided that such termination shall not affect any subsisting rights of any Selected Employee.

Administration

The Scheme shall be subject to the administration of the Board in accordance with the Scheme Rules, the relevant Trust Deed and all applicable laws and regulations. The Company will appoint the Trustee to assist with the administration and vesting of the Awards granted pursuant to the Scheme, and the Trustee will hold the Awarded Shares (and the Related Income, if any) on trust for the benefit of the Selected Employee under the Scheme pursuant to the terms of the relevant Trust Deed.

Grant of Awards to Selected Employees

Subject to the Scheme Rules and the requirements of the Listing Rules, the Board may, from time to time at its absolute discretion, select any Employee for participation in the Scheme as a Selected Employee, with due regard to, without limitation, the Board's opinion as to that Employee's contribution and/or future contribution to the development and growth of the Group.

The Board shall determine the number of Awarded Shares to be awarded to the respective Selected Employee by (i) issuing new Shares (to be) subscribed by the Trustee; or (ii) purchasing existing Shares by the Trustee in the open market as directed by the Board at the prevailing market price (subject to such maximum price as may be from time to time prescribed by the Board), with other related matters as expressly provided under the Scheme, in accordance with the Scheme Rules, the Listing Rules, and other applicable laws and regulations. The Company shall procure sufficient funds by internal resources of the Company to the Trustee so that the Trustee can satisfy its obligations in connection with the purchase or subscription of Shares and other purposes set out in the relevant Trust Deed.

Procurement of Awarded Shares

The Board may from time to time cause to be paid the Reference Amount to the Trustee by way of settlement as directed by the Board which shall constitute part of the trust fund of the Trust, for the purchase or subscription (as the case may be) of Shares and other purposes set out in the relevant Trust Deed.

In case the grant of Awarded Share(s) involves the allotment and issue of new Shares to the Trustee, such issue and allotment of new Shares shall only be made upon the fulfilment of the following conditions:

- i. the Company having obtained Shareholders' approval in general meeting under general mandate or specific mandate to authorise the Directors to allot and issue new Shares;
- ii. the Listing Committee of the Stock Exchange having granted the listing of and permission to deal in the new Shares which may be allotted and issued by the Company to the Trustee pursuant to the Scheme; and
- iii. the allotment and issue of new Shares being within the Scheme limit and any other limit (if any) specified under the Listing Rules from time to time.

Vesting of Awarded Shares

The Awarded Shares (and Related Income, if any) held by the Trustee upon the Trust and which are referable to a Selected Employee shall vest in accordance with the conditions as the Board may determine at its absolute discretion or is deemed to have vested pursuant to the Scheme Rules. The Vesting date is the first anniversary date of the Reference Date. The Trustee shall transfer the relevant Awarded Shares (and Related Income, if any) to such Selected Employee on the relevant Vesting Date, subject to the receipt by the Trustee of (a) transfer documents prescribed by the Trustee and duly signed by the Selected Employee, and (b) a written confirmation from the Company that all vesting conditions have been fulfilled.

In respect of a Selected Employee who died or retired at his normal retirement date or earlier by agreement with the Company or the Subsidiary at any time prior to the Vesting Date, all the Awarded Shares and the Related Income of a Selected Employee shall be deemed to be vested on the day immediately prior to his death or retirement at his normal retirement date or earlier by agreement with the Company or the Subsidiary.

Adjustment to the number of Awarded Shares

Upon the occurrence of any Relevant Event, the number of Awarded Shares may be adjusted in a manner as determined by the Board (having received a statement in writing from the independent financial adviser or the auditor of the Company that in their opinion the adjustments proposed satisfy the requirements set out in Rule 17.03(13) of the Listing Rules). The adjustment must give the Selected Employees the same proportion of the Awarded Shares, rounded to the nearest whole share, as that to which he was previously entitled prior to such adjustments.

Clawback mechanism

In the event that any Selected Employee has committed any serious misconduct or breach of the Company's policies, rules or regulations or made any material misstatement(s) in the Company's financial statements, in the absolute opinion of the Board, any Awarded Shares and Related Income to be issued to any Selected Employee shall be withheld.

Lapse and cancellation of Award

The Award granted to a Selected Employee shall automatically lapse and be cancelled forthwith and the Awarded Shares and Related Income of such Award shall not vest on the relevant Vesting Date but shall become Returned Shares for the purposes of the Scheme, in the event that:

- i. the Selected Employee ceases to be an Employee;
- ii. the Subsidiary by which a Selected Employee is employed ceases to be a subsidiary of the Company (or of a member of the Group);
- iii. any of the vesting conditions upon an Award to the relevant Selected Employee as determined by the Board on the Reference Date were not fulfilled;
- iv. an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company (otherwise than for the purposes of, and followed by, an amalgamation and reconstruction in such circumstances that substantially the whole of the undertaking, assets and liabilities of the Company pass to successor company);
- v. the Selected Employee has been guilty of misconduct, or has been convicted of any criminal offence involving his integrity or honesty, or could no longer make any contribution to the growth and development of the Group for any reason whatsoever, as the Board may at its absolute discretion determine;
- vi. the Selected Employee is found to be an Excluded Employee; or
- vii. the Selected Employee fails to return duly executed transfer documents prescribed by the Trustee for the relevant Awarded Shares and the Related Income within the stipulated period.

Restrictions

No payment shall be made to the Trustee and no instructions to acquire Shares shall be given to the Trustee under the Scheme where any Director is in possession of unpublished inside information in relation to the Company or where dealings by Directors are prohibited under any code or requirement of the Listing Rules and all applicable laws from time to time.

The Award may not be granted during the period commencing one month immediately before the earlier of (i) the date of the Board meeting (as such date is first notified to the Stock Exchange under 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 announce its results for any year or half-year under the Listing Rules, quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement.

Award to a Director, chief executive or substantial shareholder of the Company or any of their respective associates and a connected person

Any grant of the Awarded Shares to a Director, chief executive or substantial shareholder of the Company or any of their respective associates must be approved by independent non-executive Directors of the Company (excluding any independent non-executive Director who is the grantee of the Award(s)), and the Company shall also fulfil the requirements under the Corporate Governance Code and the Listing Rules.

Any Award proposed to be made to a connected person shall be subject to compliance by the Company of the applicable laws, rules and regulations including all relevant requirements under Chapter 14A of the Listing Rules.

Transferability of Award and rights attaching to the Award

Subject to the Scheme Rules, any Award made hereunder shall be personal to the Selected Employee to whom it is made and shall not be assignable 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 either the Reference Amount or the Awarded Shares referable to him pursuant to such Award or the Related Income or any of the Returned Shares under the Scheme.

A Selected Employee shall only have a contingent interest in the relevant Awarded Shares and the Related Income which are referable to him subject to the vesting of such Shares. A Selected Employee shall have no right in the Residual Cash or any of the Returned Shares. A Selected Employee has no right to give instruction to the Trustee in respect of the Awarded Shares and the Related Income, and such other properties of the Trust.

The Selected Employee shall have no right, benefit or interest in any Awarded Shares unless and until the Trustee has vested the legal and beneficial ownership of such Awarded Shares in the Selected Employee.

The Trustee shall not exercise the voting rights in respect of any Shares held under the Trust and the Trustee holding unvested Shares under the Scheme, whether directly or indirectly, shall abstain from voting on matters that require Shareholders' approval under the Listing Rules, unless otherwise required by law to vote in accordance with the beneficial owner's direction and such a direction is given.

Scheme Limit

The Board shall not make any further Award which will result in that the number of Shares awarded by the Board under the Scheme would represent in excess of 10% of the issued share capital of the Company as at the Adoption Date. The aforesaid Scheme limit of 10% refers to and includes such limit under both the Share Option Scheme and the Scheme (the "**Scheme Limit**").

If the Company conducts a share consolidation or subdivision after the Scheme Limit has been approved in general meeting, the maximum number of shares that may be issued in respect of all options under the Share Option Scheme and awards to be granted under the Scheme, as a percentage of the total number of issued shares at the date immediately before and after such consolidation or subdivision shall be the same, rounded to the nearest whole share.

The Company may seek approval by its Shareholders in general meeting for Refreshment of the Scheme Limit under the Scheme after three years from the Adoption Date or the date of the Shareholders' approval for the last Refreshment (as the case may be) in accordance with the relevant rules in the Listing Rules. Any Refreshment within any three year period must be approved by Shareholders in general meeting. The total number of Shares which may be issued in respect of all options and Awards to be granted under the Share Option Scheme and the Scheme under the Scheme Limit as refreshed shall not exceed 10% of the relevant class of Shares in issue as at the date of approval of the refreshed scheme mandate (the "**Refreshment Approval Date**").

The Company may seek separate approval by its Shareholders in general meeting for granting options or Awards beyond the Scheme Limit, provided that the options or Awards in excess of the Scheme Limit are granted only to Selected Employee specifically identified by the Company before such approval is sought. The maximum number of the shares which may be awarded to a Selected Employee under the Scheme in any 12-month period shall not exceed 1% of the issued share capital of the Company as at the Adoption Date or the Refreshment Approval Date (as the case may be).

If any grant of Award to an individual Selected Employee would result in the Shares issued and to be issued in respect of all options and awards granted to such Selected Employee in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the relevant class of the Shares in issue, such grant must be separately approved by Shareholders in general meeting with such Selected Employee and his close associates (or associates if the Selected Employee is a connected person) abstaining from voting. In such case, the Company shall send a circular to the Shareholders in accordance with the relevant requirements under the Listing Rules.

Alteration and termination 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 adversely any subsisting rights of any Selected Employee. No alteration shall be made to any of the Scheme Rules relating to the matters set out in Rule 17.03 of the Listing Rules to the advantage of Selected Employees unless such alteration is approved by Shareholders in general meeting.

The Scheme shall terminate on the earlier of (i) the 10th anniversary date of the Adoption Date; or (ii) such date of early termination as determined by the Board provided that such termination shall not affect any subsisting rights of any Selected Employee under the Scheme; 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 (otherwise than for the purposes of, and followed by, an amalgamation and reconstruction in such circumstances that substantially the whole of the undertaking, assets and liabilities of the Company pass to successor company).

LISTING RULES IMPLICATIONS

The Scheme does not constitute a share option scheme under Chapter 17 of the Listing Rules and no Shareholders' approval is required for the adoption of the Scheme. The Stock Exchange issued the Consultation Paper in October 2021 on its proposal to extend Chapter 17 of the Listing Rules to also govern share award schemes. In July 2022, the Stock Exchange published the Consultation Conclusions, with Amended Rules to reflect the proposed changes to Chapter 17 of the Listing Rules. The Consultation Conclusions states, among other things, that listed issuers may adopt the Amended Rules for their share schemes (including share option schemes and share award schemes). The Company has decided to adopt the Amended Rules for the Scheme. One of the Amended Rules for adoption of a new scheme (the amended Rule 17.02(1)(a)) stipulates, among other things, that the scheme of a listed issuer must be approved by shareholders of the listed issuer in general meeting. Accordingly, the Company will convene and hold the EGM for the Shareholders to consider and, if thought fit, pass the ordinary resolutions to approve, among other things, the proposed adoption of the Scheme.

A circular containing, among other things, the notice of the EGM and details of the Scheme will be despatched to the Shareholders as soon as possible in accordance with the requirements of the Listing Rules.

The Scheme remains subject to the approval of the Shareholders. Shareholders and potential investors of the Company are advised to exercise caution in dealing in the securities of the Company.

DEFINITIONS

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

“Adoption Date”	being the date on which the Scheme is adopted by the resolution of the Shareholders at the EGM;
“Amended Rules”	The amended rules stated in the Consultation Conclusions;
“Award”	an award of Awarded Shares by the Board to Selected Employee(s) pursuant to the Scheme;
“Awarded Share(s)”	in respect of a Selected Employee, such number of Shares determined by the Board for grant of an Award and such Shares can be:– <ol style="list-style-type: none">i. new Shares issued by the Company at par for the Selected Employee;ii. existing Shares purchased by the Trustee on the market; oriii. Returned Shares or Further Shares awarded under the Scheme;

“Board”	the board of Directors;
“Business Day(s)”	a day (other than a Saturday, Sunday or public holiday in Hong Kong) on which the Stock Exchange is open for trading and on which licensed banks are open for ordinary banking business in Hong Kong;
“Company”	Wai Chi Holdings Company Limited (偉志控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Stock Exchange;
“connected person”	shall have the meaning ascribed to it under the Listing Rules;
“Consultation Conclusions”	Consultation Conclusions on Proposed Amendments to Listing Rules relating to Share Schemes of Listed Issuers and Housekeeping Rule Amendment published by the Stock Exchange in July 2022;
“Consultation Paper”	Consultation Paper on Proposed Amendments to Listing Rules relating to Share Schemes of Listed Issuers published by the Stock Exchange in October 2021;
“Corporate Governance Code”	Appendix 14 “Corporate Governance Code” to the Listing Rules;
“Director(s)”	the director(s) of the Company;
“EGM”	the extraordinary general meeting of the Company to be held and convened for the purpose of considering and, if thought fit, approving the Scheme;
“Employee(s)”	any employee (including without limitation any director) of the Company or of any Subsidiary (including any person who is granted Award(s) under the Scheme as an inducement to enter into employment contract with the Company or any Subsidiary);
“Excluded Employee”	any Employee who is resident in a place where (i) the settlement of the Reference Amount and the award of the Awarded Shares and/or the award of the Returned Shares and/or vesting or transfer of Shares pursuant to the term of the Scheme is not permitted under the laws and regulations of such place or (ii) 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 the Employee, in each case as determined by the Board in its absolute discretion;
“Further Shares”	Shares purchased by the Trustee out of cash income or net proceeds of sale of non-cash or non-scrip distributions declared and distributed by the Company in respect of Shares held upon the Trust;

“Group”	the Company and its Subsidiaries from time to time;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Reference Amount”	the sum of (i) the closing price of a Share as at the Reference Date multiplied by the number of Awarded Shares and (ii) the related purchase expenses (including for the time being, if any, the brokerage fee, stamp duty, SFC transaction levy, Stock Exchange trading fee and investor compensation levy) and such other necessary expenses required for the completion of the purchase of all the Awarded Shares;
“Reference Date”	the date of final approval by the Board of the total number of Shares to be awarded to the Selected Employees in a single occasion pursuant to the Scheme;
“Refreshment”	the refreshing of the Scheme Limit as approved by Shareholders in general meeting in accordance with the relevant rules under the Listing Rules;
“Related Income”	all income derived from a Share held upon the Trust in the form of the Shares (including but not limited to, the Further Shares, and any bonus Shares and scrip Shares received in respect of the Share);
“Relevant Event”	any variation in the share capital of the Company arising from any capitalisation issue, reduction, sub-division or consolidation of share capital of the Company, any rights issue of any share capital of the Company by way of capitalisation of profits or reserves or in connection with an open offer to the Shareholders (except where Shares are issued as consideration or part consideration in a transaction);
“Residual Cash”	being cash remaining in the Trust Fund in respect of an Awarded Share (including interest income derived from deposit maintained with licensed banks in Hong Kong, cash income and sale proceeds which have not been applied in the acquisition of Further Shares);
“Returned Share”	such Awarded Shares and Related Income of the relevant Awarded Shares which are referable to a Selected Employee and which are not vested in accordance with the terms of the Scheme, or forfeited in accordance with the terms of the Scheme, or such Shares that are deemed to be Returned Shares;
“Scheme”	the share award scheme of the Company constituted by the Scheme Rules, in its present form or as amended from time to time;

“Scheme Rules”	the rules related to the Scheme in its present or any amended form;
“Selected Employee(s)”	Employee(s) (other than any Excluded Employee(s)) whom the Board may, from time to time, at its absolute discretion select for participation in the Scheme;
“SFC”	the Securities and Futures Commission of Hong Kong;
“Share(s)”	fully paid ordinary shares of HK\$0.01 each in the capital of the Company;
“Shareholder(s)”	holder(s) of Share(s) from time to time;
“Share Option Scheme”	the share option scheme approved and adopted by the Company on 27 October 2014;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subsidiary(ies)”	shall have the meaning ascribed to it under the Listing Rules;
“Trust”	the trust constituted by the Trust Deed to support and facilitate the operation of the Scheme;
“Trust Deed”	a trust deed to be entered into between the Company and the Trustee (as restated, supplemented and amended from time to time);
“Trustee”	the trustee to be appointed by the Company for the purpose of the Trust which will hold the Shares (and the Related Income, if any) on trust for the benefit of the Selected Employee under the Scheme pursuant to the terms of the relevant Trust Deed;
“Vesting Date”	the first anniversary date of the Reference Date or in case such date is not a Business Day, the Business Day immediately thereafter;
“%”	per cent.

By order of the Board
Wai Chi Holdings Company Limited
Chen Chung Po
Chairman

Hong Kong, 13 September 2022

As at the date of this announcement, the executive Directors of the Company are Mr. Chen Chung Po (Chairman and Chief Executive Officer), Ms. Luk Fong, Ms. Yiu Kwan Yu, Mr. Chen Wei Wu and Ms. Yong Jian Hui; and the independent non-executive Directors are Mr. Au Yeung Tin Wah, Mr. Chen Kwok Wang and Mr. Ho Chi Wai.