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**China Feihe Limited**

**中國飛鶴有限公司**

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

**(Stock Code: 6186)**

**ANNOUNCEMENT  
ADOPTION OF SHARE AWARD PLAN**

The Board is pleased to announce that, on 25 May 2023, the Board has resolved to adopt the Share Award Plan to (i) recognise and reward the contribution of certain Eligible Participants to the growth and development of the Group and give incentives thereto in order to retain them for the continual operation and development of the Group, and (ii) attract suitable personnel for further development of the Group. Pursuant to the Share Award Plan, the Board shall select the Eligible Participants and make the grant of Share Award out of the Shares Pool to any of the Eligible Participants.

The Share Award Plan constitutes a share scheme under Chapter 17 of the Listing Rules and shall be subject to the applicable disclosure requirements under Rule 17.12 of the Listing Rules. However, it does not constitute a scheme involving the issue of new shares as referred to in Chapter 17 of the Listing Rules as the Share Award Plan was contemplated and adopted to be funded solely by the existing Shares. Therefore, the adoption of the Share Award Plan will not be subject to Shareholders' approval.

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## **SUMMARY**

### **Purpose**

The Share Award Plan aims at (i) recognise and reward the contribution of certain Eligible Participants to the growth and development of the Group and give incentives thereto in order to retain them for the continual operation and development of the Group; and (ii) attract suitable personnel for further development of the Group.

### **Scope of Eligible Participants**

Eligible Participant is any person belonging to the following classes of participants: (i) Employee Participant; (ii) Related Entity Participant; and (iii) Service Provider.

The eligibility of any of the Eligible Participants to a Share Award shall be determined by the Board or the Committee from time to time on the basis of the Board's or the Committee's opinion as to his contribution and/or future contribution to the development and growth of the Group.

### **Shares Pool**

The Shares Pool is comprised of the following: (i) such Shares as may be purchased by the Trustee on the Stock Exchange or off the market by utilising the Group Contribution and other distributions in accordance with the terms of the Share Award Plan; (ii) such Shares which remain unvested and revert to the Trustee pursuant to the terms of the Share Award Plan; (iii) such Shares which any person or company recommended by the Company may irrevocably donate or transfer to or irrevocably vest or caused to be vested in the Trustee to be held upon trusts and with and subject to the powers and provisions in the Trust Deed; and (iv) the Returned Shares.

### **Duration**

The Share Award Plan shall be valid and effective for a term of 10 years commencing from the Adoption Date, and after the expiry of such 10-year term no further Share Awards may be made but the terms of the Share Award Plan shall remain in full force and effect to the extent necessary to give effect to any Share Awards made prior thereto and the administration of the trust property held by the Trustee pursuant to the Trust Deed.

## **Administration**

The Share Award Plan shall be subject to the administration by the Board or the Committee in accordance with the terms of the Share Award Plan and the Trust Deed.

The Board or the Committee shall, subject to and in accordance with the terms of the Share Award Plan, be entitled (but shall not be bound) to, at any time during the continuation of the Share Award Plan, make a Share Award out of the Shares Pool to any of the Eligible Participants (as it shall in its absolute discretion select but excluding any Excluded Participant) such number of issued Shares, fully paid or credited as fully paid, as the Board or the Committee shall determine pursuant to the terms of the Share Award Plan.

The Board or the Committee may not make any Share Award to any Eligible Participant or give any instruction to the Trustee to acquire Shares for the purpose of increasing the Shares in the Shares Pool during the periods or times when such a Share Award is prohibited under the Listing Rules, any corresponding code or securities dealing restrictions adopted by the Company and all applicable laws from time to time.

## **Award of Shares**

The Board or the Committee shall notify the Trustee by an Award Notice in writing upon the making of a Share Award under the Share Award Plan and, in the Award Notice, the Board or the Committee shall specify the following: (i) the name, address, identity card number and position of the relevant Selected Participant and whether the Selected Participant is a connected person; (ii) the number of Awarded Shares provisionally awarded to the relevant Selected Participant pursuant to such Share Awards; (iii) the earliest date and other subsequent date(s), if any, on which the Trustee may vest the legal and beneficial ownership of the Awarded Shares (or the relevant portions thereof) or the net proceeds thereof in the relevant Selected Participant under the terms of the Share Award Plan; (iv) the condition(s) and/or performance target(s), if any, that must be duly fulfilled by the relevant Selected Participant before any of the Awarded Shares (or the net sales proceeds thereof) may be vested in and transferred to such Selected Participant under such Share Awards; (v) whether the Awarded Shares or any part thereof should be acquired by purchase of Shares and/or whether the Awarded Shares or any part thereof should be satisfied by applying any Returned Share(s); and (vi) such other terms and conditions of such Share Awards as may be imposed by the Board or the Committee which are not inconsistent with these terms of the Share Award Plan and the Trust Deed on either the Trustee (with the prior written consent of the Trustee unless the same has already been provided for in the Trust Deed) and the relevant Selected Participant, or any of them before the Awarded Shares may be vested in and transferred to such Selected Participant.

The Board or the Committee shall notify the Selected Participant in writing after a Share Award has been provisionally made to such Selected Participant and the notice shall contain substantially the same information as that set out in the Award Notice provided that nothing contained in such notice shall be construed as conferring any rights, interests, benefits and title to and in the Awarded Shares on such Selected Participant before the vesting of the legal and beneficial ownership of such Awarded Shares in the Selected Participant in accordance with the terms of the Share Award Plan.

## **Maximum Grant Limit**

The Board or the Committee shall not make any further Share Awards which will result in the number of Shares awarded by the Board or the Committee under the Share Award Plan exceeding 10 per cent (10%) of the issued share capital of the Company as at the Adoption Date (i.e. 906,825,170 Shares) (the “**Plan Mandate Limit**”). The Board or the Committee shall not make any further Share Awards to any Service Provider which will result in the number of Shares awarded by the Board or the Committee to all Service Providers under the Share Award Plan exceeding 0.5 per cent (0.5%) of the issued share capital of the Company as at the Adoption Date (i.e. 45,341,258 Shares) (the “**Service Provider Sub-limit**”). The Board or the Committee shall not instruct the Trustee to purchase any Shares for the purpose of the Share Award Plan when such purchase will result in the Plan Mandate Limit or the Service Provider Sub-limit being exceeded.

In particular, any grant of Share Awards to any Director, chief executive or substantial Shareholder of the Company, or any of their respective associates, shall be subject to the prior approval of the remuneration committee of the Board and the independent non-executive Directors of the Company (excluding anyone who is a proposed recipient of the grant of the Share Award).

In addition, (i) where any grant of Share Awards (excluding grant of share options) to any Director (other than an independent non-executive Director) or chief executive of the Company, or any of their respective associates, would result in the Shares issued and to be issued in respect of all Share Awards granted (excluding any Share Awards lapsed in accordance with the terms of the Share Award Plan) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the Shares in issue at the date of such grant; or (ii) where any grant of Share Awards to an independent non-executive Director or substantial Shareholder of the Company or any of their respective associates would result in the number of Shares issued and to be issued upon exercise of all Share Awards already granted (excluding any Share Awards lapsed in accordance with the terms of the Share Award Plan) to such person in the 12 month period up to and including the date of such grant representing in aggregate over 0.1% of Shares in issue at the date of such grant, such further grant of Share Awards must be approved by Shareholders in general meeting in the manner as required under the Listing Rules.

## **Vesting and Vesting Period**

Pursuant to the terms of the Share Award Plan, the Trustee shall vest in and transfer to any Selected Participant the legal and beneficial ownership of the Awarded Shares to which such Selected Participant is entitled under the relevant Share Awards as soon as practicable after the latest of: (i) the earliest vesting date as specified in the Award Notice to which such Share Awards relates; (ii) the receipt by the Trustee of the requisite information and documents stipulated by the Trustee within the stipulated period; and (iii) where applicable, the date on which the condition(s) and/or performance target(s) (if any) to be attained or paid by such Selected Participant as specified in the related Award Notice having been attained or paid and notified to the Trustee by the Board or the Committee in writing.

## **Rights Contained in the Share Award**

The Trustee shall not exercise the voting rights in respect of any Shares held under the trust constituted by the Trust Deed. In particular, the Trustee holding unvested Shares under the Share Award Plan, 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.

The Selected Participants shall not have any right to receive any Awarded Shares set aside for them pursuant to the terms of the Share Award Plan unless and until the Trustee has vested and transferred the legal and beneficial ownership of such Awarded Shares in and to the Selected Participants in accordance with the terms of the Share Award Plan. Prior to the vesting of any Awarded Shares, a Selected Participant is not entitled to any interest or rights attaching to the unvested Awarded Shares, including but not limited to voting rights and rights to receive dividends.

## **Lapse of Awards and Returned Shares**

In the event (i) a Selected Participant ceases to be an Employee Participant or Related Entity Participant other than for reason as provided in certain terms of the Share Award Plan, or (ii) the Subsidiary or Related Entity by which a Selected Participant is employed or, in respect of a deceased or retired Selected Participant under certain terms of the Share Award Plan, was employed immediately prior to his death or retirement, ceases to be a Subsidiary or Related Entity of the Company (or of a member of the Group), or (iii) the Board or the Committee shall at its absolute discretion determine in respect of a Service Provider that (a) the Service Provider or his associate has committed any breach of any contract entered into between the Service Provider or his associate on one part and any member of the Group or any Related Entity on the other part as the Board or the Committee may in its absolute discretion determine; or (b) the Selected Participant has been guilty of misconduct, or has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his creditors generally, or has been convicted any criminal offence involving his integrity or honesty; or (c) the Selected Participant could no longer make any contribution to the growth and development of any member of the Group or the Related Entity by reason of the cessation of its relationship with the Group or its Related Entity or by any other reasons whatsoever; or (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 or reconstruction in such circumstances that substantially the whole of the undertaking, assets and liabilities of the Company pass to a successor company) (each of these, an event of "**Total Lapse**"), the Share Award shall automatically lapse forthwith and all the Awarded Shares shall not vest on the relevant Vesting Date but shall become Returned Shares and the dividends and other distributions declared and made in respect of the deemed vested Awarded Shares shall form part of the income of the trust fund for the purposes of the Share Award Plan.

In the event (i) a Selected Participant is found to become an Excluded Participant or (ii) a Selected Participant fails to return duly executed transfer documents prescribed by the Trustee (or such later date as may be determined by the Board or the Committee at its sole and absolute discretion having to all relevant circumstances) for the relevant Awarded Shares within the stipulated period (each of these, an event of “**Partial Lapse**”), the relevant part of a Share 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 become Returned Shares and the dividends and other distributions declared and made in respect of the deemed vested Awarded Shares shall form part of the income of the trust fund for the purposes of the Share Award Plan.

## **Termination**

The Share Award Plan shall terminate on the earlier of: (i) the 10th anniversary date of the Adoption Date; and (ii) such date of early termination as determined by the Board or the Committee and notified to the Trustee in writing, provided that such termination shall not affect any subsisting rights of any Selected Participant.

Subject to the decision of the Board or the Committee and the terms of the Share Award Plan, all the Awarded Shares shall become vested in the Selected Participant on such date of termination, save in respect of any event of Total Lapse.

## **APPLICATION OF THE LISTING RULES**

The Share Award Plan constitutes a share scheme under Chapter 17 of the Listing Rules and shall be subject to the applicable disclosure requirements under Rule 17.12 of the Listing Rules. However, it does not constitute a scheme involving the issue of new shares as referred to in Chapter 17 of the Listing Rules as the Share Award Plan was contemplated and adopted to be funded solely by the existing Shares. Therefore, the adoption of the Share Award Plan will not be subject to Shareholders’ approval.

## **DEFINITIONS**

In this announcement, the following expressions have the meanings set out below, unless the context requires otherwise.

“Adoption Date”	25 May 2023
“associate”	has the meaning ascribed to it under the Listing Rules
“Award Notice”	the notice to be sent to the Trustee upon the making of a Share Award containing the particulars referred to in the Share Award Plan
“Awarded Share(s)”	the Share(s) provisionally awarded to a Selected Participant pursuant to a Share Award
“Board”	the board of Directors

“Company”	China Feihe Limited (中國飛鶴有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 26 October 2012, the shares of which are listed on the Main Board of the Stock Exchange
“Committee”	the person(s) from time to time delegated by the Board with the power and authority to administer the Share Award Plan in accordance with the terms of the Share Award Plan
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Eligible Participants”	any person belonging to the following classes of participants: <ul style="list-style-type: none"> <li>(a) Employee Participant;</li> <li>(b) Related Entity Participant; and</li> <li>(c) Service Provider</li> </ul>
“Employee Participant”	any director and employee of the Group
“Excluded Participant”	any person who is resident in a place where the award of the Awarded Shares and/or the award of the Returned Shares and/or the vesting and transfer of Shares pursuant to the terms of the Share Award Plan is not permitted under the laws and regulations of such place or where in the view of the Board or the Committee or the Trustee (as the case may be) compliance with applicable laws and regulations in such place make it necessary or expedient to exclude such person
“Group”	the Company and its Subsidiaries
“Group Contribution”	such contribution in the form of money or otherwise made by the Company or any of its Subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Related Entity”	the holding companies, fellow Subsidiaries or associated companies of the Company
“Related Entity Participant”	directors and employees of the Related Entity

“Returned Shares”	such Awarded Shares which are not vested and/or forfeited in accordance with the terms of the Share Award Plan (whether as a result of a Total Lapse or a Partial Lapse or otherwise), or such Shares being deemed to be Returned Shares
“Selected Participant”	any Eligible Participant for whom Shares have been provisionally set aside pursuant to a Share Award or his personal representative
“Service Provider”	any supplier, distributor, contractor, adviser (professional or otherwise) or consultant in any area of business or business development of any member of the Group, who provided its services to any member of the Group on a continuing and recurring basis
“Share Award(s)”	a provisional award of the Awarded Shares made in accordance with the terms of the Share Award Plan
“Share Award Plan”	the share award plan constituted by the rules thereof, in its present form or as may be altered from time to time in accordance with the terms thereof
“Share(s)”	ordinary share(s) in the share capital of the Company, with a nominal value of US\$0.000000025 each
“Shareholder(s)”	the holder(s) of Share(s)
“Shares Pool”	the appropriate number of Awarded Shares set aside by the Trustee, at any time during the continuation of the Share Award Plan and the Trust Deed, out of a pool of issued Shares, fully paid or credited as fully paid, for the time being and from time to time held by the Trustee pursuant to the Trust Deed
“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 of Division 4 of Part 1 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)) of the Company, whether incorporated in Hong Kong or elsewhere
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Trust Deed”	the trust deed dated 25 May 2023 entered into by the Company as settlor and the Trustee as trustee in respect of Shares and other trust fund (if any) held or to be held by the Trustee subject to the terms thereof, as amended from time to time



“Trustee”	the original trustee or other trustee or trustees as shall be appointed pursuant to and in accordance with the terms of the Trust Deed
“Vesting Date”	in relation to any Selected Participant, the date on which the legal and beneficial ownership of the Awarded Shares are vested in such Selected Participant pursuant to a Share Award
“%”	per cent

By Order of the Board  
**China Feihe Limited**  
**LENG Youbin**  
*Chairman*

Beijing, China, 25 May 2023

*As at the date of this announcement, our executive directors are Mr. LENG Youbin, Mr. LIU Hua, Mr. CAI Fangliang and Ms. Judy Fong-Yee TU; our non-executive directors are Mr. GAO Yu, Mr. Kingsley Kwok King CHAN and Mr. CHEUNG Kwok Wah; and our independent non-executive directors are Ms. LIU Jinping, Mr. SONG Jianwu, Mr. FAN Yonghong and Mr. Jacques Maurice LAFORGE.*