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KFM KINGDOM HOLDINGS LIMITED

KFM 金德控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 3816)

PROPOSED AMENDMENTS TO THE SHARE OPTION SCHEME

INTRODUCTION

Pursuant to the Consultation Conclusions, Chapter 17 of the Listing Rules was amended to govern both share option schemes and share award schemes with effect from 1 January 2023.

In light of the above, the Board is pleased to announce that it has resolved on 26 June 2023 to propose the Proposed Amendments to be made to the Share Option Scheme to bring it in line with the Amended Rules.

PROPOSED AMENDMENTS TO THE SHARE OPTION SCHEME

The key changes entailed by the Proposed Amendments are set out below:

- (a) to revise the definition of “eligible participants” by only including:
 - (i) any Employee Participant;
 - (ii) any non-executive Directors (including independent non-executive Directors) or any subsidiary of the Company; and
 - (iii) any Related Entity Participant;

- (b) to allow for options held by a grantee to be transferred to a trust or a private company for the benefit of the grantee and any family member of such grantee for the purpose of estate planning or tax planning or any other reason the Directors and the Stock Exchange consider to be justifiable would meet the purpose of the Amended Share Option Scheme and comply with the requirements of the Listing Rules;
- (c) to include a scheme mandate limit of not exceeding 10% of the Company's issued shares to all Share Schemes (which includes the Amended Share Option Scheme);
- (d) to require independent Shareholders' approval for refreshment of scheme mandate within a three-year period from the date of Shareholders' approval for the last refreshment (or, as the case may be, the date of the adoption of the Share Option Scheme);
- (e) to require approval by the Shareholders for grant of share options over new Shares to an individual participant if the maximum number of Shares which may be allotted and issued in respect of all options and awards granted under the Share Schemes (which includes the Amended Share Option Scheme) to an individual participant will exceed 1% of the issued share capital of the Company in any 12-month period (i.e. the 1% Individual Limit);
- (f) to require approval by the Shareholders for grant of share options over new Shares to an independent non-executive Director or a substantial shareholder if the maximum number of Shares which may be allotted and issued in respect of all options and awards granted under the Share Schemes (which includes the Amended Share Option Scheme) to an independent non-executive Director or a substantial shareholder will exceed 0.1% of the issued shares of the Company in any 12-month period;
- (g) to include a minimum vesting period of 12 months, where grant of share options to Employee Participants are subject to a shorter vesting period under specific circumstances, and grant of share options to Directors and senior management of the Company with a shorter vesting period must be approved by the remuneration committee of the Company; and
- (h) to include other house-keeping amendments for the purpose of making consequential amendments in line with the Proposed Amendments, and to better align the wording with that of the Amended Rules.

Pursuant to the Amended Rules and the Share Option Scheme, alternations to the terms and conditions of a share scheme which are of a material nature must be approved by shareholders of the listed issuer in general meeting. As the Proposed Amendments are of a material nature, the Proposed Amendments will be subject to Shareholders' approval at the AGM.

SHAREHOLDERS' APPROVAL

The Board will convene the AGM for the purposes of, among other things, seeking the approval from the Shareholders for the adoption of the Proposed Amendments.

A circular containing, among other things, the details of the Proposed Amendments, together with a notice of the AGM, will be despatched to the Shareholders in accordance with the requirements of the Listing Rules in due course.

As of the date of this announcement, the Proposed Amendments remain subject to the approval of the Shareholders. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

“1% Individual Limit”	the limit that the maximum number of Shares which may be allotted and issued in respect of all options and awards granted under the Share Scheme(s) to an individual participant shall not exceed 1% of the issued share capital of the Company in any 12-month period
“AGM”	the annual general meeting of the Company to be held on 23 August 2023 and convened for the purpose of considering and, if thought fit, approving, among others, the adoption of the Amended Share Option Scheme
“Amended Rules”	the amendments to the Listing Rules relating to share schemes of listed issuers, which will take effect on 1 January 2023 pursuant to the Consultation Conclusions
“Amended Share Option Scheme”	the amended share option scheme which has incorporated all of the Proposed Amendments
“associate(s)”	shall bear the meaning as defined in the Listing Rules;
“Board”	the board of Directors
“Company”	KFM Kingdom Holdings Limited, a limited liability company incorporated in the Cayman Islands, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 3816)

“Consultation Conclusions”	consultation conclusions on the proposed amendments to Listing Rules relating to share schemes of listed issuers and housekeeping rule amendment published by the Stock Exchange in July 2022
“Director(s)”	director(s) of the Company
“Employee Participant”	any employee (whether full time or part time, including any executive Director, but excluding any non-executive Director) of the Company or any of its subsidiaries (and including persons who are granted options under the Amended Share Option Scheme as an inducement to enter into employment contracts with these companies)
“Group”	the 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
“Proposed Amendments”	the proposed amendments to the Share Option Scheme, key changes of which are set out in this announcement
“Related Entity Participant”	any director or employee of the holding companies, fellow subsidiaries or associated companies of the Company
“Share(s)”	ordinary share(s) of HK\$0.1 each in the issued share capital of the Company
“Share Option Scheme”	the share option scheme adopted by the Company on 23 August 2022
“Share Scheme(s)”	share option schemes and/or share award schemes involving issuance of new Shares adopted and/or to be adopted by the Company from time to time, including the Amended Share Option Scheme
“Shareholder(s)”	the holder(s) of the Share(s)

“Stock Exchange” The Stock Exchange of Hong Kong Limited

“substantial
shareholder” shall bear the meaning as defined in the Listing Rules

For and on behalf of
KFM KINGDOM HOLDINGS LIMITED
Zhang Haifeng
Chairman

Hong Kong, 26 June 2023

As at the date of this announcement, the executive Directors are Mr. Sun Kwok Wah Peter and Mr. Wong Chi Kwok; the non-executive Director is Mr. Zhang Haifeng (Chairman); and the independent non-executive Directors are Mr. Wan Kam To, Ms. Zhao Yue and Mr. Shen Zheqing.