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## **TIANLI HOLDINGS GROUP LIMITED**

**天利控股集團有限公司**

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

**(Stock Code: 117)**

### **A. ADOPTION OF SHARE AWARD SCHEME; AND B. GRANT OF AWARD SHARES**

On 14 July 2017, the Board adopted the Share Award Scheme with immediate effect for the purposes of (i) providing the Beneficiaries with an opportunity to acquire a proprietary interest in the Company; (ii) encouraging and retaining the Beneficiaries to work with the Company; and (iii) providing additional incentive for the Beneficiaries to achieve performance goals, with a view to achieving the objectives of increasing the value of the Company and aligning the interests of the Beneficiaries directly to the Shareholders through ownership of Shares.

On 14 July 2017, the Board has further resolved to approve the proposal of the Remuneration Committee to award a total of 17,874,000 Award Shares to three Proposed Beneficiaries (who are all Directors). Such Award Shares shall be granted by way of purchase of existing Shares on the Stock Exchange to three Proposed Beneficiaries under the Share Award Scheme.

#### **A. THE SHARE AWARD SCHEME**

On 14 July 2017, the Board adopted the Share Award Scheme which has taken effect immediately. The Share Award Scheme is not a share option scheme and is not subject to the provisions of Chapter 17 of the Listing Rules.

The following is a summary of the principal terms and conditions of the Share Award Scheme:

##### **1. PURPOSE**

The purposes of the Share Award Scheme are (i) to provide the Beneficiaries with an opportunity to acquire a proprietary interest in the Company; (ii) to encourage and retain such individuals to work with the Company; and (iii) to provide

additional incentive for them to achieve performance goals, with a view to achieving the objectives of increasing the value of the Company and aligning the interests of the Beneficiaries directly to the Shareholders through ownership of Shares.

## **2. DETERMINATION OF PROPOSED BENEFICIARIES**

The Board may propose or determine which Employees shall be entitled to receive grants of Award Shares under the Share Award Scheme, together with the number of Award Shares to which each such Employee shall be entitled, and make the relevant grant of Award Shares to the Beneficiaries under the Share Award Scheme subject to such conditions as the Board may deem appropriate at its discretion.

## **3. GRANT OF AWARD SHARES**

The Company will notify each relevant Proposed Beneficiary of his entitlement to Award Shares by way of a Notice of Award. The Notice of Award will specify the terms and conditions of the grant and the Share Award Scheme such as the number of Award Shares to be granted, the relevant vesting scale, criteria and conditions, the Vesting Date(s) and such other details as the Board may consider necessary.

Each grant of Award Shares under the Share Award Scheme to any connected person of the Company or any of its subsidiaries must be subject to the prior approval of the independent non-executive Directors (excluding any independent non-executive Director who is a Proposed Beneficiary) and in accordance with the Listing Rules (if applicable). The Company will comply with the relevant requirements under Chapter 14A of the Listing Rules for any grant and issue of Shares to connected persons of the Company.

## **4. RESTRICTIONS ON GRANTS AND TIMING OF GRANTS**

No grant of Award Shares shall be made under the Share Award Scheme where any Director is in possession of unpublished price sensitive information in relation to the Company or any of its subsidiaries or where dealings in Shares have been suspended or dealings in Shares by any Director are prohibited under any code or requirement of the Listing Rules or any applicable legal or regulatory requirement from time to time or where such grant of Award Shares would result in a breach of the Scheme Limit (as defined below).

In the event that any proposed grant of Award Shares under the Share Award Scheme is to be satisfied by new Shares to be allotted and issued to the Trustee by the Company, such proposed grant of Award Shares shall be subject to compliance with the requirements of the Listing Rules.

## **5. MAXIMUM NUMBER OF SHARE GRANTS**

The aggregate number of Shares, whether they are new Shares to be allotted and issued by the Company or existing Shares to be purchased on-market by the Trustee, underlying all grants made pursuant to the Share Award Scheme shall not exceed in total 10% of the Company's issued share capital as at the Adoption Date

(the “**Scheme Limit**”). No account shall be taken into the calculation of the Scheme Limit of any Shares where the right to acquire such Shares has been released or lapsed in accordance with the Share Award Scheme.

The Scheme Limit may be refreshed from time to time subject to obtaining of prior approval from the Board (the “**New Approval**”) but in any event the aggregate number of Award Shares administered under the Share Award Scheme shall not exceed 10% of the issued share capital of the Company as at the date of the New Approval.

## **6. RIGHTS ATTACHED TO THE SHARES**

Any Award Shares transferred to a Beneficiary pursuant to the Share Award Scheme will be subject to all the provisions of the Articles and will form a single class with the fully paid Shares in issue on the relevant date.

## **7. ISSUE OF SHARES AND/OR TRANSFER OF FUNDS TO THE TRUSTEE**

The Award Shares may be satisfied by (i) existing Shares to be acquired by the Trustee from the market; or (ii) new Shares to be allotted and issued to the Trustee by the Company under the mandate sought from the Shareholders in its general meeting, in both case the costs of which will be borne by the Company.

The Company shall cause sufficient funds to be made available to the Trustee for the proper administration and operation of the Share Award Scheme in accordance with the terms of the Share Award Scheme and the Trustee shall upon receipt of written instruction from the Company purchase Shares in the open market at the prevailing market price reasonably obtainable by it or a price within a specified price range and deposit the same into CCASS for credit to the CCASS participant account of, or designated by, the Trustee. In the case of new Shares to be allotted and issued to the Trustee by the Company, the Company shall cause sufficient new Shares to be made available to the Trustee for the proper administration and operation of the Share Award Scheme in accordance with the terms of the Share Award Scheme.

The Trustee shall hold all Shares acquired by it for the benefit of the Beneficiaries and deal with such Shares pursuant to the terms of the Share Award Scheme. When the Beneficiary has satisfied all vesting conditions specified by the Board at the time of granting the Award Shares and become entitled to the Award Shares, the Trustee shall transfer the relevant Award Shares to or for the benefit of that Beneficiary.

The Company shall comply with the relevant Listing Rules when issuing new Award Shares and application will be made to the Stock Exchange for the granting of the listing of, and permission to deal in, the new Award Shares to be issued.

The Company shall not issue or allot Shares nor instruct the Trustee to acquire Shares through on-market transactions at the prevailing market price or a price within a specified price range, where such action (as applicable) is prohibited under the Listing Rules, the SFO or other applicable laws from time to time or where

such action (as applicable) would render the Company the subject of a mandatory offer under the Takeovers Code from time to time. Where such a prohibition causes the prescribed timing imposed by the rules of the Share Award Scheme or the Trust Deed to be missed, such prescribed timing shall be treated as extended until as soon as reasonably practicable after the first Business Day on which the prohibition no longer prevents the relevant action.

## **8. VESTING**

Vesting shall only occur upon satisfaction of the conditions set forth in the Notice of Award issued to the Beneficiaries, unless otherwise permitted under the Share Award Scheme.

For the purposes of vesting of the Award, the Board or the committee of the Board or person(s) to which the Board delegated its authority may either: (a) direct and procure the Trustee to release from the Trust the Award Shares to the Beneficiaries by transferring the number of Award Shares to the Beneficiaries in such manner as determined by the Board from time to time; or (b) to the extent that, at the determination of the Board or its delegate(s), it is not practicable for the Beneficiaries to receive the Award Shares in Shares solely due to legal or regulatory restrictions with respect to the Beneficiary's ability to receive the Award Shares in Shares or the Trustee's ability to give effect to any such transfer to the Beneficiary, the Board or its delegate(s) will direct and procure the Trustee to sell, on-market at the prevailing market price, the number of Award Shares so vested in respect of the Beneficiary and pay the Beneficiary the proceeds in cash arising from such sale based on the Actual Selling Price of such Award Shares.

In respect of a Beneficiary who died or retired at his normal retirement date or earlier by agreement with the Company or any of its subsidiaries at any time prior to the relevant Vesting Date(s), all the Award Shares outstanding and unvested to which he is entitled shall be deemed to be vested on the day immediately prior to his death or retirement at his normal retirement date or at an earlier date by agreement with the Company or any of its subsidiaries.

## **9. VOTING**

Neither the Beneficiary nor the Trustee may exercise the voting rights in respect of any Award Shares that have not yet vested.

Upon the Award Shares being vested and transferred in the relevant Beneficiary, each Beneficiary shall be entitled to exercise all voting rights in respect of such Award Shares.

## **10. RIGHTS PERSONAL AND NO TRANSFERS**

The rights of each Beneficiary under the Notice of Award are personal to such Beneficiary and are not assignable except by succession.

Any attempt by each Beneficiary to sell, transfer, charge, mortgage, grant, encumber or create any interest in favour of any third party over the Award Shares outstanding and unvested to which he is entitled shall be null and void, except in accordance with the Share Award Scheme.

#### **11. CHANGE IN CONTROL AND WINDING-UP**

If there occurs an event of change in control of the Company, whether by way of offer, merger, scheme of arrangement or otherwise, all the outstanding Award Shares shall immediately vest in the respective Beneficiary on the date when such change of control event becomes or is declared unconditional and such date shall be deemed to be the Vesting Date.

In addition, where 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 the “**Total Lapse**”), the Beneficiary shall cease forthwith to be entitled to the Award Shares outstanding and unvested.

For the purpose the above “**control**” shall have the meaning as specified in the Takeovers Code from time to time.

#### **12. DISQUALIFICATION OF A BENEFICIARY**

In the event that a Beneficiary ceases to be an Employee (otherwise than by reason of redundancy or by unilateral termination of employment by the Company without cause), the Beneficiary shall be deemed to have waived all its rights and benefits to the Award Shares outstanding and unvested. For the avoidance of doubt, in the event that a Beneficiary ceases to be an Employee by reason of redundancy or by unilateral termination of employment by the Company without cause, such Employee shall be entitled to all his rights and benefits to the Award Shares outstanding and unvested and such outstanding and unvested Award Shares shall continue to vest in accordance with the Notice of Award.

#### **13. ALTERATION OF THE SHARE AWARD SCHEME**

The Share Award Scheme may be altered or varied in any respect by a resolution of the Board, provided that no alteration or variation shall be made which will adversely affect any subsisting rights of any Beneficiary (present or future) except with the sanction of an ordinary resolution passed at a meeting of the Shareholders.

#### **14. ADMINISTRATION OF THE SHARE AWARD SCHEME**

The Board shall have the power from time to time to make or vary regulations for the administration and operation of the Share Award Scheme, provided that the same are not inconsistent with the provisions of the Share Award Scheme.

## 15. DURATION AND TERMINATION

Subject to any early termination as may be determined by the Board, the Share Award Scheme shall be valid and effective for a term of 10 years commencing from the Adoption Date (the “**Scheme Period**”).

### B. THE GRANT OF AWARD SHARES

On 14 July 2017, the Board has further resolved to approve the proposal of the Remuneration Committee to award a total of 17,874,000 Award Shares to three Proposed Beneficiaries. Such Award Shares shall be granted by way of purchase of existing Shares on the Stock Exchange to the three Proposed Beneficiaries under the Share Award Scheme.

#### 1. SOURCE OF SATISFYING THE AWARD SHARES

The 17,874,000 Award Shares are to be awarded by way of on-market purchases of existing Shares on the Stock Exchange (“**Purchase Shares**”), representing approximately 2.4% of the Company’s issued share capital as at the Adoption Date. The Board shall cause to pay the Trustee the purchase price and the related expense from the Company’s internal resources. The Trustee shall purchase from the market the relevant number of Purchase Shares and shall hold the Purchase Shares on Trust for the relevant Beneficiary, in accordance with the terms of the Share Award Scheme, until the Board has notified the Trustee that all the vesting conditions specified by the Board in the Notice of Award have been satisfied.

#### 2. SPECIFICS OF THE GRANT AND ITS LISTING RULES IMPLICATIONS

On the Adoption Date, the Board (including all independent non-executive Directors), based on the recommendation by the Remuneration Committee and pursuant to the Share Award Scheme, has resolved to grant a total of 17,874,000 Shares to three Proposed Beneficiaries, namely Mr. Kwok Oi Lung Roy, Mr. Xue Hongjian and Mr. Zhou Chunhua, all of which are executive Directors. Subject to the fulfillment of specific vesting conditions as determined by the Remuneration Committee and the Board in the Notice of Award, each of the Proposed Beneficiary will be entitled to the grant of Award Shares in the following manner:

<b>Vesting Date</b>	<b>Number of Award Shares</b>
31 March 2018	1,986,000
31 March 2019	1,986,000
31 March 2020	1,986,000

*Note:* Subject to the expiration of the Scheme Period, in the event that the vesting conditions cannot be fulfilled on a particular Vesting Date of any given year, the entire vesting schedule shall be adjourned until such conditions are met. Upon expiry of the Scheme Period, any outstanding but unvested Award Shares shall lapse and become Returned Shares.

As Mr. Kwok Oi Lung Roy, Mr. Xue Hongjian and Mr. Zhou Chunhua are executive Directors, hence, they are connected persons of the Company under Chapter 14A of the Listing Rules. As the grant of Award Shares to them will form part of their remuneration package under the relevant service contracts entered into between each of the Proposed Beneficiaries and the Company, and it is therefore, fully exempt from the reporting, announcement and independent Shareholders' approval requirements under Rules 14A.73(6) and 14A.95 of the Listing Rules. The three Proposed Beneficiaries had abstained from voting so far as the resolution for the approval of the grant of the Award Shares to them was concerned.

There is currently no fixed timetable for the on-market purchases of Shares by the Trustee.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Actual Selling Price”	the actual price at which the Award 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 Share Award 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”	14 July 2017, being the date on which the Share Award Scheme is adopted by the Board
“Articles”	the articles of association of the Company
“Award”	an award granted by the Board to a Beneficiary, which may vest in the form of Award Shares or the Actual Selling Price of the Award Shares in cash, as the Board may determine in accordance with the terms of the rules of the Share Award Scheme
“Award Shares”	the Shares that each Proposed Beneficiary will be entitled to be granted under the Share Award Scheme
“Beneficiary/(ies)”	each Proposed Beneficiary who so returns an acknowledgement form pursuant to the Share Award Scheme
“Board”	the board of directors from time to time of the Company
“Business Day(s)”	any day(s) (excluding Saturday and Sunday) on which banks in Hong Kong generally are open for business and the Stock Exchange is open for the business of dealing in securities and the Shares

“CCASS”	the Central Clearing and Settlement System operated by Hong Kong Securities Clearing Company Limited
“Company”	Tianli Holdings Group Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Stock Exchange (stock code: 117)
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“Employee(s)”	any Director or employee of the Company or any of its subsidiaries
“HK\$”	Hong Kong dollars, 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)
“Notice of Award”	the notice issued by the Company to notify each relevant Proposed Beneficiary of his entitlement to the Award Shares
“Proposed Beneficiary/(ies)”	the proposed person(s) to be entitled to receive Shares under the Share Award Scheme
“Related Distributions”	all distributions in the form other than cash or Shares declared and distributed by the Company in respect of any Share (including nil-paid rights, bonus warrants, non-cash and non-scrip distributions) held upon the Trust not sold by the Trustee in accordance with the terms of the Share Award Scheme and remain valid under the terms and conditions attached thereto
“Remuneration Committee”	the remuneration committee of the Company
“Related Income”	all income derived from any Share (including, but not limited to, dividends and other cash distributions, any bonus Shares and scrip Shares received in respect of the Share) held upon the Trust. For the avoidance of doubt, nil-paid rights, bonus warrants, non-cash and non-scrip distributions are excluded



“Returned Shares”	such Award Shares and Related Income relating thereto which are forfeited in accordance with the terms of the Scheme (whether as a result of a Total Lapse or otherwise), the Related Distributions of such Award Shares, or such Shares being deemed to be Returned Shares in accordance with the terms of the Share Award Scheme and the cash distribution and dividends declared and distributed by the Company in respect of the Returned Shares
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Share Award Scheme”	the share award scheme adopted by the Company on the Adoption Date, as amended from time to time
“Share(s)”	the ordinary share(s) of the Company
“Shareholder(s)”	the holder(s) of the Shares
“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 ascribed to it under the Companies Ordinance of Hong Kong (Chapter 622 of the Laws of Hong Kong)) of the Company whether incorporated in Hong Kong or elsewhere
“Takeovers Code”	The Code on Takeovers and Mergers
“Trust”	the trust constituted by the Trust Deed to service the Share Award Scheme
“Trust Deed”	the trust deed to be 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 Share Award Scheme
“Trustee”	the trustee to be appointed by the Company for the purpose of the Trust
“Vesting Date(s)”	the vesting date(s) of the Award Shares as applicable to the Beneficiary

“%”

per cent.

By order of the Board of  
**Tianli Holdings Group Limited**  
**Huang Mingxiang**  
*Executive Director, Chairman and CEO*

Hong Kong, 14 July 2017

*As at the date of this announcement, the Board comprises six Executive Directors, namely, Mr. Huang Mingxiang, Mr. Jing Wenping, Mr. Kwok Oi Lung Roy, Mr. Xue Hongjian, Mr. Zhou Chunhua and Mr. Zhu Xiaodong; one Non-executive Director, namely, Mr. Sue Ka Lok and four Independent Non-executive Directors, namely Mr. Chan Chi On, Derek, Mr. Chu Kin Wang, Peleus, Mr. To Yan Ming, Edmond and Mr. Xu Xuechuan.*