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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 OPTION SCHEME AND TERMINATION OF EXISTING SHARE OPTION SCHEME

The Board is pleased to announce that on 29 November 2022 (after trading hours), it has resolved to propose the adoption of the Share Option Scheme and termination of the Existing Share Option Scheme. The purposes and objectives of the Share Option Scheme are to recognise and acknowledge the contributions of the Eligible Participants to the Group by granting Options to them as incentives or rewards 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 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 Existing Share Option Scheme adopted on 27 October 2014 will expire on 25 October 2024. In view of (i) adopting the Amended Rules for the Company's Share Option Scheme; and (ii) the expiration of the Existing Share Option Scheme on 25 October 2024, the Board proposes the adoption of the Share Option Scheme and termination of the Existing Share Option Scheme. The Share Option Scheme is prepared in accordance with the Amended Rules and other relevant requirements of the Listing Rules.

The Share Option Scheme will constitute a share option scheme for the purposes of Chapter 17 of the Listing Rules currently in effect and the Amended Rules. Therefore, the adoption of the Share Option Scheme will be subject to, among others, Shareholders' approval at the EGM. 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 Share Option Scheme and termination of the Existing Share Option Scheme.

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

PROPOSED TERMINATION OF EXISTING SHARE OPTION SCHEME

The Existing Share Option Scheme was adopted by the Company on 27 October 2014 and is valid and effective for a period of 10 years commencing from the date of its adoption, and will expire on 25 October 2024. According to the terms of the Existing Share Option Scheme, the Company may by an ordinary resolution in general meeting terminate the operation of the Existing Share Option Scheme, and in such event no further options can be granted under the Existing Share Option Scheme.

In view of (i) adopting the Amended Rules for the Company's Share Option Scheme; and (ii) the expiration of the Existing Share Option Scheme on 25 October 2024, the Board proposes to take the opportunity to adopt the Share Option Scheme and terminate the Existing Share Option Scheme. The provisions of the Existing Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any options granted prior to its termination or otherwise as may be required in accordance with the provisions of the Existing Share Option Scheme. Options granted prior to such termination shall continue to be valid and exercisable in accordance with the rules of the Existing Share Option Scheme. As at the date of this announcement, there were a total of 4,710,000 options granted by the Company but not yet exercised or lapsed under the Existing Share Option Scheme. The table below shows a breakdown of options granted by the Company but not yet exercised or lapsed under the Existing Share Option Scheme as at the date of this announcement:

Name of grantee	Number of options granted	Date of grant	Exercise price, vesting period and exercise period
Mr. Chen Chung Po	800,000	28 June 2022	HK\$1.49 per Share, exercisable from the date immediately following the expiry of twelve-months vesting period from the date of grant up to and inclusive of 27 June 2032
Ms. Yiu Kwan Yu	400,000	28 June 2022	
Ms. Yong Jian Hui	400,000	28 June 2022	
Mr. Chen Wei Wu	200,000	28 June 2022	
Other 24 grantees	<u>2,910,000</u>	28 June 2022	
Total	<u><u>4,710,000</u></u>		

The Directors confirm that prior to the EGM, they will not grant any further option under the Existing Share Option Scheme.

PROPOSED ADOPTION OF SHARE OPTION SCHEME

The Board is of the view that granting of equity incentives is an effective instrument to encourage, retain and attract talents of significant importance to the future business development of the Group. Therefore, the Company recognises the needs to have in place incentive mechanisms by way of share option to support the long-term development of the Group. In view of (i) adopting the Amended Rules for the Company's Share Option Scheme; and (ii) the expiration of the Existing Share Option Scheme on 25 October 2024, the Board proposes to take the opportunity to adopt the Share Option Scheme and terminate the Existing Share Option Scheme. On 29 November 2022 (after trading hours), the Board has resolved to propose the adoption of the Share Option Scheme. The Share Option Scheme is prepared in accordance with the Amended Rules and other relevant requirements of the Listing Rules. The Share Option Scheme will take effect on the date of its adoption at the EGM and is conditional upon: (i) the passing of the resolutions by the Shareholders to approve and adopt the Share Option Scheme and to authorise the Board to grant Options under the Share Option Scheme and to allot and issue Share pursuant to the exercise of any Option; (ii) the passing of the resolution by the Shareholders at the EGM to approve the termination of the Existing Share Option Scheme; and (iii) the Listing Committee granting approval to the listing of, and permission to deal in, any Shares which may fall to be allotted and issued pursuant to the exercise of any Option to be granted under the Share Option Scheme. A summary of the key terms of the Share Option Scheme and other relevant information are set out below in this announcement.

Purposes and objectives

The purposes and objectives of the Share Option Scheme are to recognise and acknowledge the contributions of the Eligible Participants to the Group by granting Options to them as incentives or rewards 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 Share Option Scheme.

Eligible Participant

Eligible Participants include any executive, employee, director (including non-executive director and independent non-executive director) of the Company or any of its Subsidiaries. The eligibility of any of the Eligible Participants to an Offer shall be determined by the Board from time to time on the basis of the Board's opinion as to his/her contribution and/or future contribution to the development and growth of the Group. In assessing the eligibility of any Eligible Participants, the Board will consider all relevant factors as appropriate, including, among others, (i) length of service of the Eligible Participant; (ii) experience of the Eligible Participant on the Group's business; (iii) amount of contribution the Eligible Participant has made or is likely to make towards the success of the Group; and (iv) such other factors as the Board may at its discretion consider appropriate.

Administration and duration

The Share Option Scheme shall be subject to the administration of the Board whose decision (save as otherwise provided herein) shall be final and binding on all parties. The Share Option Scheme shall be valid and effective for a period commencing on the Effective Date and expiring at 5:00 p.m. on the Business Day preceding the tenth anniversary of the Effective Date, after which no further Options may be granted but in all other respects the provisions of the Share Option Scheme shall remain in full force and effect.

Grant of Options

On and subject to the terms of the Share Option Scheme, the Board may during the period of the Share Option Scheme at its absolute discretion (subject to any conditions as it may think fit) offer to an Eligible Participant an Option to subscribe at the Option Price for such number of Shares as the Board may determine, save and except that (i) in addition to the Shareholders' approval set out in rules of the Share Option Scheme, any grant of Options to a Director, chief executive or substantial shareholder of the Company or any of their respective associates under the Share Option Scheme must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is proposed to be an Option Holder); and (ii) where any grant of Options to a substantial shareholder of the Company or an independent non-executive Director or any of their respective associates would result in the Shares issued and to be issued in respect of all Options and awards granted (excluding any Options and awards lapsed in accordance with the terms of the Share Option Scheme and the Share Award Scheme) to such person in the period of twelve (12) consecutive months up to and including the Date of Grant representing in aggregate over 0.1% of the Shares in issue, such further grant of Options must be approved by the Shareholders in general meeting in accordance with the relevant rules and E.1.9 of the Corporate Governance Code under the Listing Rules. In the circumstances described above, the Company must send a circular to the Shareholders in accordance with the relevant requirements under the Listing Rules. The grantee, his/her associates and all core connected persons of the Company must abstain from voting in favour at such general meeting.

Scheme Limit

The total number of Shares which may be issued upon exercise of all Options and Awards to be granted under the Share Option Scheme, the Share Award Scheme and any other schemes of the Group shall not in aggregate exceed 10% of the Shares in issue as at the date of approval of the Share Option Scheme (the "**Scheme Limit**"), unless further Shareholders' approval has been obtained pursuant to rules of the Share Option Scheme, provided that Options lapsed in accordance with the terms of the Share Option Scheme will not be regarded as utilised for the purpose of calculating the Scheme Limit. As at the date of this announcement, the total number of Shares in issue is 216,825,000 Shares. Assuming (i) the passing of the proposed ordinary resolution approving the Scheme Limit at the EGM; and (ii) no change in the total number of Shares in issue between the date of this announcement and the date of the EGM, the Scheme Limit will be 21,682,500 Shares.

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 and all awards to be granted under the Scheme and the Share Award 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 maximum number of Shares of which Options may be granted to an Eligible Participant under the Share Option Scheme in any 12-month period up to and including the date of such grant shall not exceed one per cent. (1%) of the issued share capital of the Company as at the Effective Date or the date of approval of the refreshed Scheme Limit (as the case may be). Where any grant of Option to an individual Eligible Participant would result in the Shares issued and to be issued in respect of all Options and awards granted to such Eligible Participant (excluding any Options and awards lapsed in accordance with the terms of the Share Option Scheme and the Share Award Scheme, respectively) in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the relevant class of Shares in issue, such grant must be separately approved by Shareholders in general meeting with such Eligible Participant and his close associates (or associates if the Eligible Participant is a connected person) abstaining from voting. In such case, the Company shall send a circular to the Shareholders containing the identity of each Eligible Participant who may be granted such Option, the number and terms of the Options to be granted to each Eligible Participant (and those previously granted to such participant in the 12-month period), the purpose of granting Options to the Eligible Participants with an explanation as to how the terms of the Options serve such purpose and other relevant requirements under the Listing Rules. The number and terms of Options to be granted to such Eligible Participant must be fixed before the Shareholders' approval.

Vesting period

Subject to the rules of the Share Option Scheme, Options may be exercised by an Eligible Participant (or in the case of his/her death, his/her personal representative(s)), in whole or in part, at any time during the Option Period except that no Option may be exercised until the expiry of 12 months vesting period after the Date of Grant.

Option Price

The Option Price shall be the price per Share payable on the exercise of an Option as-determined by the Board and shall at least be the highest of:

- (i) the nominal value of the Shares;
- (ii) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of Offer, which shall be a Business Day; and
- (iii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the date of Offer; or (where applicable) such price as from time to time adjusted pursuant to the Share Option Scheme.

LISTING RULES IMPLICATIONS

The Share Option Scheme will constitute a share option scheme for the purposes of Chapter 17 of the Listing Rules currently in effect and the Amended Rules. Therefore, the adoption of the Share Option Scheme will be subject to, among others, Shareholders' approval at the EGM. 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 Share Option Scheme and termination of the Existing Share Option Scheme.

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

The Share Option 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:

“Amended Rules”	The amended rules stated in the “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;
“associate(s)”	has the meaning ascribed to it in the Listing Rules;
“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;
“close associate(s)”	has the meaning ascribed to it in the Listing Rules;
“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;
“Date of Grant”	the date on which an Option Certificate is issued by the Company pursuant to a resolution of the Board provided that such issue shall not be later than seven (7) days after the end of the period of acceptance pursuant to the Share Option Scheme;
“Director(s)”	the director(s) of the Company;
“Effective Date”	being the date on which the Share Option Scheme is adopted by the resolution of the Shareholders at the EGM;
“EGM”	the extraordinary general meeting of the Company to be held and convened for the purpose of considering and, if thought fit, approving the adoption of the Share Award Scheme and the Share Option Scheme and the termination of the Existing Share Option Scheme;
“Eligible Participant”	any executive, employee, director (including non-executive director and independent non-executive director) of the Company or any of its Subsidiaries;
“Existing Share Option Scheme”	the existing share option scheme approved and adopted by the Company on 27 October 2014;
“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 Committee”	the listing committee of the board of directors of the Stock Exchange for the purpose of the listing on the Main Board of the Stock Exchange;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;

“Offer”	an offer to grant an Option pursuant to the Share Option Scheme;
“Option”	an option or right to subscribe for Shares pursuant to the Share Option Scheme;
“Option Certificate”	a certificate issued to an Eligible Participant upon the grant of any Option to him, in such form as the Board may from time to time determine;
“Option Holder”	any Eligible Participant who accepts an Offer in accordance with the terms of the Share Option Scheme or (where the context so permits) a person who is entitled to any such Option by operation of law or otherwise in consequence of the death of the original Option Holder;
“Option Period”	the period within which an Option may be exercised by the Option Holder under the Share Option Scheme, commencing from the Date of Grant and ending on such date as the Board may determine in granting the Option but in any event not exceeding ten (10) years from the Date of Grant;
“Option Price”	the price per Share payable on the exercise of an Option as-determined by the Board and shall at least be the highest of: <ul style="list-style-type: none"> (i) the nominal value of the Shares; (ii) the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet on the date of Offer, which shall be a Business Day; and (iii) the average closing price of the Shares as stated in the Stock Exchange’s daily quotations sheets for the five Business Days immediately preceding the date of Offer; or (where applicable) such price as from time to time adjusted pursuant to the Share Option Scheme;
“Share(s)”	fully paid ordinary shares of HK\$0.01 each in the capital of the Company;
“Share Award Scheme”	the share award scheme proposed to be adopted by the Company at the EGM, in its present form or as amended from time to time;
“Share Option Scheme”	the share option scheme proposed to be adopted by the Company, in its present form or as amended from time to time;
“Shareholder(s)”	holder(s) of Share(s) from time to time;

“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subsidiary(ies)”	shall have the meaning ascribed to it under the Listing Rules;
“substantial shareholder”	shall have the meaning ascribed to it under the Listing Rules;
“%”	per cent.

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

Hong Kong, 29 November 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.