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Fufeng Group Limited
阜豐集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 546)

**SUPPLEMENTAL ANNOUNCEMENT
IN RELATION TO THE ANNUAL REPORT FOR
THE YEAR ENDED 31 DECEMBER 2022**

Reference is made to the annual report of Fufeng Group Limited (the “**Company**”) for the year ended 31 December 2022 published on 20 April 2023 (the “**Annual Report**”). Unless otherwise defined in this announcement, capitalised terms used herein shall have the same meaning as those defined in the Annual Report. Further to the disclosures made in the Annual Report of the Company, the Company wishes to clarify and supplement the following information in respect of the share option schemes of the Company.

**DETAILS ON THE SHARE OPTIONS GRANTED DURING THE YEAR ENDED
31 DECEMBER 2022 UNDER THE NEW SHARE OPTION SCHEME**

For the avoidance of doubt, the Company granted 2,000,000 share options under the New Share Option Scheme to eligible employees of the Group on 4 July 2022. Accordingly, 2,000,000 new Shares, representing approximately 0.08% of the average number of all Shares in issue, may be issued in respect of all options granted during the year ended 31 December 2022 to eligible participants of the Company’s share option schemes.

As stated in note 24(d) to the consolidated financial statements in the Annual Report, the vesting period of the share options granted on 4 July 2022 under the New Share Option Scheme vests in tranches over a period of up to 5 years. Each tranche represents up to 25% of the granted share options, and there are 4 tranches in total. The first tranche vests after the 2nd anniversary following the date of the grant. The remaining 3 tranches vest annually on the 3rd, 4th and 5th anniversaries following the date of the grant. Accordingly:

- (a) Up to 25% of the share options granted may be exercisable from 4 July 2024;

- (b) Up to 50% of the share options granted may be exercisable from 4 July 2025;
- (c) Up to 75% of the share options granted may be exercisable from 4 July 2026; and
- (d) Up to 100% of the share options granted may be exercisable from 4 July 2027.

The closing price of the Shares immediately before the date on which such share options were granted was HK\$5.03.

The grant had been considered and approved unanimously by the Board (including all independent non-executive directors and Remuneration Committee members), taking into account the remuneration package of the grantee, which includes equity incentives, the positive performance of the grantees, their seniority and level of contribution to the Group, the Group's overall business performance during the period and the desire to align the interests between key employees with the long-term performance of the Company, in accordance with the objectives for which the scheme was established.

DETAILS OF OPTIONS CANCELLED DURING THE YEAR ENDED 31 DECEMBER 2022

No share options were cancelled during the year ended 31 December 2022.

NUMBER OF OPTIONS AVAILABLE FOR GRANT UNDER THE NEW SHARE OPTION SCHEME (A) IN TOTAL, AND (B) AT THE BEGINNING AND (C) AT THE END OF THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

The scheme mandate limit of the New Share Option Scheme allows the Company to issue up to 254,673,403 Shares (rather than the 212,668,463 Shares disclosed). At the time of the adoption of the New Share Option Scheme at the annual general meeting on 12 May 2017, the total number of issued Shares was 2,546,734,037 shares, and accordingly the scheme mandate limit of the scheme is 254,673,403 Shares, which is equivalent to 10% of the number of total issued Shares as at the time of adoption. The reason the scheme mandate limit was reported as 212,668,463 Shares was due to the inadvertent oversight in accounting for the increase in the issued share capital of the Company resulting from the conversion of certain RMB-denominated USD-settled convertible bonds between March 2017 and early May 2017 and placing of and subscription for Shares announced on 20 April 2017 and allotted on 4 May 2017, which took place shortly before the adoption of the New Share Option Scheme.

As at 31 December 2022, the scheme mandate limit of the New Share Option Scheme represented 10.04% of the issued share capital of 2,535,939,037 Shares of the Company.

The number of share options available for grant under the New Share Option Scheme was 247,473,403 Shares as at 1 January 2022, and 250,473,403 Shares as at 31 December 2022. The increase is due to the lapse of 5,000,000 unexercised share options that had been granted to Mr. Su Chen Hung (the then Executive Director) whose employment had terminated, net of the 2,000,000 share options granted on 4 July 2022.

For completeness, no share options were available for grant under the Post-IPO Share Option Scheme in 2022 because the scheme had expired on 7 February 2017.

In light of the information above, the tabular summary of the Company's share option schemes (as originally appearing in page 57 of the Annual Report) is amended and restated below.

Details of the share options granted and outstanding for the financial year ended 31 December 2022 are as follows:

Director and eligible employees	Note*	Number of share options					At 31 December 2022	Date of grant	Exercise price (HKD)	Exercise period	Vesting Period [#]
		At 1 January 2022	Granted during the Year	Exercised during the Year	Forfeited during the Year	Lapsed during the Year					
Under the Post-IPO Share Option Scheme											
Zheng Yu (Former Independent non-executive Director)	A	300,000	-	-	-	(300,000)	-	9/11/2016	3.50	9/11/2018 – 31/12/2021	9/11/2016 – 8/11/2021
Eligible employees	A	3,000,000	-	(2,000,000)	-	(1,000,000)	-	9/11/2016	3.50	9/11/2018 – 8/11/2022	9/11/2016 – 8/11/2021
Eligible employees	B	300,000	-	(300,000)	-	-	-	30/12/2016	3.82	30/12/2018 – 29/12/2022	30/12/2016 – 29/12/2021
Under the New Share Option Scheme											
Eligible employees	C	2,200,000	-	-	-	-	2,200,000	31/3/2021	2.95	31/3/2023 – 30/3/2027	31/3/2021 – 30/3/2026
Su Chen Hung (Former Executive Director)	D	5,000,000	-	-	-	(5,000,000)	-	4/6/2021	2.68	4/6/2023 – 3/6/2027	4/6/2021 – 3/6/2026
Eligible employees	E	-	2,000,000	-	-	-	2,000,000	4/7/2022	4.96	4/7/2024 – 3/7/2028	4/7/2022 – 3/7/2027
		<u>10,800,000</u>	<u>2,000,000</u>	<u>(2,300,000)</u>	<u>-</u>	<u>(6,300,000)</u>	<u>4,200,000</u>				

* For clarity, the notes refer to the corresponding columns in the table appearing in page 58 of the Annual Report.

The vesting schedule of all share options granted under both the Post-IPO Share Option Scheme and the New Share Option Scheme are the same. The options under each grant vest in tranches over a period of up to 5 years. Each tranche represents up to 25% of the granted share options, and there are 4 tranches in total. The first tranche vests after the 2nd anniversary following the date of the grant. The remaining 3 tranches vest annually on the 3rd, 4th and 5th anniversaries following the date of the grant.

The above supplemental information does not affect other information contained in the Annual Report. Save as disclosed above, all other information in the Annual Report remains unchanged.

By order of the Board
Fufeng Group Limited
Li Xuechun
Chairman

Hong Kong, 12 July 2023

As at the date of this announcement, the executive directors of the Company are Mr. Li Xuechun, Mr. Li Deheng and Mr. Li Guangyu and the independent non-executive directors of the Company are Mr. Lau Chung Wai, Mr. Zhang Youming and Ms. Li Ming.