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Zhongliang Holdings Group Company Limited

中梁控股集团有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2772)

ADOPTION OF SHARE INCENTIVE SCHEME

The Board is pleased to announce that it has adopted the Scheme on 31 December 2021 to recognize the contributions by certain Eligible Persons (other than Excluded Persons) and to provide them with incentives in order to retain talented people for the continual operation and development of the Group.

The Scheme does not constitute a share option scheme pursuant to Chapter 17 of the Listing Rules. No Shareholders' approval is required for the adoption or implementation of the Scheme.

The Board is pleased to announce that the Company has adopted the Scheme with effect from 31 December 2021. A summary of the principal terms of the Scheme is set out in this announcement.

PURPOSE AND OBJECTIVE

The purpose and the objective of the Scheme are to recognize the contributions by certain Eligible Persons (other than Excluded Persons) and to provide them with incentives in order to retain them for the continual operation and development of the Group and to attract suitable personnel for the growth and further development of the Group.

DURATION AND TERMINATION

Subject to any early termination as may be determined by the Board pursuant to the rules of the Scheme, the Scheme shall be valid and effective for a term of 10 years commencing on the Adoption Date (the "**Trust Period**").

Upon termination of the Scheme, no further grant of Incentive Shares may be made under the Scheme and all the Incentive Shares granted under the Scheme shall continue to be held by the Trustee and become vested in the Selected Participants according to the conditions of the vesting of Incentive Shares. Upon expiration of the Trust Period, all Shares (except for any Incentive

Shares subject to vesting on the Selected Participants) remaining in the Trust Fund shall be sold by the Trustee and all net proceeds (after deducting the relevant expenses) will be remitted to the Company.

ADMINISTRATION

The Scheme shall be subject to the administration of the Board and the Trustee in accordance with the rules of the Scheme and the Trust Deed. The decision of the Board with respect to any matter arising under the Scheme (including the interpretation of any provision) shall be final and binding.

SCHEME LIMIT

The Board shall not grant any further Incentive Share which will result in the aggregated number of Incentive Shares underlying all grants made pursuant to the Scheme (excluding Incentive Shares that have been forfeited in accordance with the Scheme) exceeding 5% of the total number of issued Shares from time to time. For the avoidance of doubt, such maximum number is not a limit set for yearly basis but the maximum number of the Shares that may be granted throughout the Trust Period.

Any Incentive Shares lapsed or forfeited in accordance with the terms of the Scheme shall not vest on the relevant Vesting Date and would be used for further grants subject to relevant terms of the Scheme and compliance with the Listing Rules and all applicable laws.

The maximum number of Shares which may be granted to a Selected Participant under the Scheme in any 12-month period shall not exceed 1% of the number of the Shares in issue.

OPERATION OF THE SCHEME

Source of Incentive Shares

As of the date of this announcement, Mr. Yang Jian (“**Mr. Yang**”), the executive Director and controlling shareholder of the Company, has transferred the entire interest in Liangyi, which in turn directly holds 89,121,090 Shares, representing approximately 2.49% of the total number of issued Shares by way of gift to the Trustee which is an Independent Third Party. The Trustee holds Liangyi as part of the Trust Fund under the Trust and the said 89,121,090 Shares held by Liangyi are regarded as the Incentive Shares for the purpose of the Scheme.

According to the Scheme and the Trust Deed, any further Incentive Shares shall be either (i) existing Shares purchased by the Trustee from the open market (either on-market or off-market); or (ii) new Shares to be allotted and issued to the Trustee (which will hold the same on behalf of the Selected Participant(s)) by the Company pursuant to the general mandate granted by the Shareholders at the annual general meeting of the Company from time to time. None of the

Incentive Shares will be granted to any directors, chief executives or substantial shareholders of the Company or their respective close associates as they are not the Eligible Persons under the Scheme. The Incentive Shares will be held by the independent Trustee as public float.

Subject to the rules of the Scheme, in the event that any Incentive Shares are to be allotted and issued as new Shares under the general mandate, the Company shall comply with the relevant Listing Rules when allotting and issuing any new Shares under general mandate and application shall be made to the Stock Exchange for the granting of the listing of, and permission to deal in the new Shares to be issued at the time of offering the Shares.

Granting of Incentive Shares

The Remuneration Committee is proposed to consider and make recommendation to the Board on the overall number of Incentive Share(s) to be granted to the Eligible Person(s) (excluding any Excluded Person(s)) from time to time with reference to (i) the contribution of the Eligible Person(s); (ii) the financial performance of the Group; (iii) the business target and development plan of the Group; and (iv) any other relevant factors that the Remuneration Committee may think fit. The Board, after taking into consideration the recommendation provided by the Remuneration Committee, will, where appropriate, approve the grant to the Selected Participant(s) and consider, amongst others, the relevant number of Incentive Shares, the relevant vesting period and where applicable, any conditions for vesting such as performance target(s) for each proposed grant.

Source of funding

The Board may from time to time cause to be paid a Contributed Amount to the Trust contributed by the Group as directed by the Board which shall constitute part of the Trust Fund, for the purchase of existing Shares or subscription of new Shares and other purposes set out in the rules of the Scheme and the Trust Deed. The Trustee shall keep the Board informed from time to time of the number of Shares purchased and the price at which those Shares have been purchased. The Shares so purchased and any balance of the funds after completion of the purchase shall form part of the Trust Fund. The Trustee shall hold such Trust Fund and any income, cash, dividends, distributions and/or proceeds arising therefrom in accordance with the rules of the Scheme and the terms of the Trust Deed.

Voting rights

The Trustee shall not exert any power in respect of the voting rights attached to the Shares held under the Trust. The Board is of the view that the non-exercise of the voting rights by the Trustee would help avoid potential misperception of the Company's influence over the Trustee's decision in casting the votes in respect of the Shares held under the Trust at general meetings of the Company.

Vesting of Incentive Shares

In relation to a Selected Participant, subject to the fulfilment of all vesting conditions to the vesting of the Incentive Shares on such Selected Participant, the Incentive Shares held by the Trustee on behalf of the Selected Participant shall vest in such Selected Participant pursuant to the rules of the Scheme. The Board shall, as long as allowed under applicable laws and regulations, have absolute discretion to waive the fulfilment of any vesting condition.

Any Incentive Shares granted under the Scheme but not yet vested shall, unless otherwise allowed under applicable laws and regulations and approved by the Board, be personal to the Selected Participant to whom it is made and shall not be assignable or transferrable and no Selected Participant shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to any Incentive Shares, or enter into any agreement to do so.

LAPSE OF INCENTIVE SHARES

In the event that prior to or on the Vesting Date, a Selected Participant is found to be an Excluded Person or is deemed to cease to be an Eligible Person or any event of lapse is applicable to such Selected Participant pursuant to the rules of the Scheme, the relevant Incentive Share granted to such Selected Participant shall automatically lapse and the relevant Incentive Shares shall not vest on the relevant Vesting Date but shall remain part of the Trust Fund and would be used for further grants subject to relevant terms of the Scheme and compliance with the Listing Rules and all applicable laws.

RESTRICTION

No Incentive Shares shall be granted by the Board and no instructions to acquire any Shares shall be given to the Trustee under the Scheme (a) after an event involving inside information relating to the Company has occurred or has been subject of a decision until such information has been publicly announced in accordance with the applicable laws and the Listing Rules; (b) during the black-out periods applicable for publication of annual or interim results of the Company as prescribed under the Listing Rules; and (c) in any circumstance which is prohibited under the Listing Rules or any other applicable laws, or where requisite approval from any government or regulatory authority has not been granted.

LISTING RULES IMPLICATIONS

The Scheme does not constitute a share option scheme pursuant to Chapter 17 of the Listing Rules. No Shareholders' approval is required for the adoption or implementation of the Scheme. As at the date of this announcement, no Incentive Share has been granted under the Scheme and it is the intention of the Company that none of the Incentive Share will be granted to any directors, chief executives or substantial shareholders of the Company or their close associates. Further announcement will be made by the Company upon the proposed grant of the Incentive Shares when and where necessary in compliance with applicable rules.

DEFINITIONS

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

“Adoption Date”	31 December 2021
“Board”	the board of Directors and for the purpose of the Scheme, it shall include such committees or subcommittees or person(s) delegated by the Board to administer the Scheme
“BVI”	the British Virgin Islands
“close associate”	shall have the same meaning as ascribed to it under the Listing Rules
“Company”	Zhongliang Holdings Group Company Limited (中梁控股集團有限公司), a company incorporated in the Cayman Islands as an exempted company with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange
“Contributed Amount”	cash paid or made available to the Trust by the Group pursuant to the Scheme and as determined by the Board
“controlling shareholder(s)”	shall have the same meaning as ascribed to it under the Listing Rules
“Director”	a director of the Company, and “Directors” shall be construed accordingly
“Eligible Person(s)”	any of the (i) senior management of the Group; and (ii) employees of the Group. For the avoidance of doubt, excluding directors, chief executives or substantial shareholders of the Company and any of their respective close associates
“Excluded Person(s)”	any Eligible Person who is resident in a place where the grant of the Incentive Shares and/or the vesting and transfer of the Incentive Shares pursuant to the terms of the Scheme is not permitted under the laws and regulations of such place, or in the view of the Board or the Trustee (as the case may be), compliance with applicable laws or regulations in such place makes it necessary or expedient to exclude such Eligible Person
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Incentive Share(s)”	the Shares granted to a Selected Participant pursuant to the Scheme
“Independent Third Party”	party which is not a connected person of the Company under Chapter 14A of the Listing Rules
“Liangyi”	Liangyi International Co., Ltd. (梁益國際有限公司), a company incorporated in the BVI
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Remuneration Committee”	the remuneration committee of the Board
“Residual Cash”	cash in the Trust Fund (including without limitation (i) any Contributed Amount or any remaining amount thereof; (ii) any cash income or dividend derived from Shares held under the Trust; (iii) other cash income or net proceeds of sale of non-cash and non-scrip distribution derived from or in respect of the Shares held under the Trust; and (iv) all interests or income derived therefrom deposits which has not been applied in the acquisition of any Shares)
“Scheme”	the share incentive scheme of the Company adopted by the Board with effect from the Adoption Date, as amended and supplemented from time to time
“Selected Participant(s)”	Eligible Person(s) selected by the Board for participation in the Scheme
“Share(s)”	ordinary share(s) with nominal value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trust”	the trust constituted by the Trust Deed

“Trust Deed”	the trust deed dated 31 December 2021 entered into between the Company as settlor and the Trustee (as restated, supplemented and amended from time to time)
“Trust Fund”	<p>the funds and properties held under the Trust and managed by the Trustee for the benefit of the Selected Participants (other than the Excluded Persons), including without limitation:</p> <p>(a) all Shares acquired by the Trustee for the purpose of the Trust out of the Residual Cash and such other scrip income (including but not limited to bonus Shares and scrip dividends declared by the Company) derived from the Shares held under the Trust;</p> <p>(b) any Residual Cash;</p> <p>(c) any Incentive Shares or other property to be vested or not vested with the Selected Participant under the terms of the Scheme; and</p> <p>(d) all other properties from time to time representing (a), (b) and (c) above</p>
“Trustee”	Unity Trust Limited, being the licensed trustee registered under the Trustee Ordinance (Chapter 29, Laws of Hong Kong) and acting as trustee for the Trust and an Independent Third Party
“Vesting Date”	in respect of a Selected Participant, the date on which his/her entitlement to the Incentive Shares is vested in such Selected Participant in accordance with the Scheme
“%”	per cent

By order of the Board
Zhongliang Holdings Group Company Limited
Yang Jian
Chairman

Hong Kong, 31 December 2021

As at the date of this announcement, Mr. Yang Jian, Mr. Chen Hongliang, Mr. He Jian and Mr. Yau Sze Ka (Albert) are the executive Directors, and Mr. Wang Kaiguo, Mr. Wu Xiaobo and Mr. Au Yeung Po Fung are the independent non-executive Directors.