

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 799)**

**(1) ADOPTION OF THE PERFORMANCE-BASED SHARE AWARD SCHEME  
(2) GRANT OF PERFORMANCE-BASED AWARDED SHARES  
AND  
(3) CONNECTED TRANSACTION RELATING TO  
GRANT OF PERFORMANCE-BASED AWARDED SHARES TO  
CONNECTED PERSONS**

**ADOPTION OF THE SCHEME**

The Board is pleased to announce that it has approved the adoption of the Scheme on 21 May 2021. The purpose of the Scheme is to recognise the contributions by certain Eligible Persons, particularly the Directors, senior management and key personnel of certain divisions of the Group. The Board may, at its absolute discretion, impose certain vesting conditions such as performance index to the grant of Performance-based Awarded Shares which shall incentivize Selected Grantees in achieving targeted performance indicators for the continuing development and growth of the Group, and to retain suitable personnel for further development of the Group. The Scheme will complement the Share Award Scheme of the Company adopted on 24 December 2013.

The Scheme does not constitute a share option scheme pursuant to Chapter 17 of the Listing Rules and is a discretionary scheme of the Company.

**GRANT OF PERFORMANCE-BASED AWARDED SHARES UNDER THE SCHEME**

On 21 May 2021, the Board resolved to conditionally grant up to 71,635,355 Performance-based Awarded Shares to be vested subject to, among others, the satisfaction of the Growth Performance Condition in five tranches in relation to five financial years ending 31 December 2021, 2022, 2023, 2024 and 2025 (subject to adjustment in the event of any sub-division, consolidation or bonus issue of Shares in accordance with the rules of the Scheme) to 12 Grantees at nil consideration under the Scheme, among which (a) up to 69,486,293 Performance-based Awarded Shares were granted to nine Connected Grantees; and (b) up to 2,149,062 Performance-based Awarded Shares were granted to three Non-connected Grantees. The grant of the Performance-based Awarded Shares to the Grantees shall be satisfied by the issue and allotment of new Shares to the Grantees under the Specific Mandate to be sought at the EGM.

## **LISTING RULES IMPLICATIONS**

Each of the Connected Grantees, being a director of the Company or a director of a Subsidiary, is a connected person of the Company. Accordingly, the grant of the Performance-based Awarded Shares to the Connected Grantees constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Specific Mandate will also be sought from the Shareholders for the issue and allotment of new Shares to the Non-connected Grantees in respect of the Performance-based Awarded Shares granted to them.

The EGM will be convened to consider and, if thought fit, approve the Specific Mandate and the grant of the Performance-based Awarded Shares to the Grantees. A circular containing, among other things, (i) details of the grant of the Performance-based Awarded Shares to the Grantees; (ii) the letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the grant of the Performance-based Awarded Shares to the Connected Grantees; and (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the grant of the Performance-based Awarded Shares to the Connected Grantees, will be despatched to the Shareholders on or before 21 June 2021, as further time is required to prepare the information in the circular.

### **(1) ADOPTION OF THE SCHEME**

The Board is pleased to announce that it has approved the adoption of the Scheme on 21 May 2021.

#### **Purpose of the Scheme**

The purpose of the Scheme is to recognise the contributions by certain Eligible Persons, particularly the Directors, senior management and key personnel of certain divisions of the Group. The Board may, at its absolute discretion, impose certain vesting conditions, such as performance index to the grant of Performance-based Awarded Shares which shall incentivize the Selected Grantees in achieving targeted performance indicators for the continuing development and growth of the Group, and to retain suitable personnel for further development of the Group.

#### **Duration**

Subject to any early termination as may be determined by the Board pursuant to the terms of the Scheme, the Scheme shall be valid and effective for a term of five (5) years commencing on the Adoption Date.

#### **Administration**

The Scheme shall be subject to the administration of the Board in accordance with the terms stated in the Scheme. The Board may appoint a Trustee to assist with the administration and vesting of the Performance-based Awarded Shares to be granted pursuant to the Scheme.

## **Operation of the Scheme**

### ***Eligibility***

The Board may, from time to time, at its absolute discretion select any Eligible Person (excluding any Excluded Grantee) for participation in the Scheme as a Selected Grantee. However, until so selected, no Eligible Person shall be entitled to participate in the Scheme.

### ***Satisfaction of Awards***

The Performance-based Awarded Shares shall be either:–

- (i) allotted and issued by the Company under general mandates or specific mandates granted to the Board by the Shareholders in the general meetings of the Company from time to time;
- (ii) allotted and issued by the Company under specific mandates granted to the Board by the Shareholders in the general meetings of the Company where (a) any grant of the Performance-based Awarded Shares would cause the Company to issue and allot Shares in excess of the permitted amount in the general mandate available from time to time; or (b) any Award is made to a connected person of the Company; or
- (iii) acquired by the Trustee from the open market by utilising the Company's resources provided to the Trustee, subject to the absolute discretion of the Board.

### ***Awards to Connected Persons***

In respect of any proposed Award to a Selected Grantee who is also regarded as a connected person of the Company or any of his Associates, it must be:

- (i) approved by all independent non-executive Directors (excluding the relevant independent non-executive Director if the grant is proposed to be made to him/her); and
- (ii) if required under Chapter 14A of the Listing Rules, be separately approved by Shareholders in general meeting, with such connected person and his Associates abstaining from voting, and shall comply with all other requirements of Chapter 14A of the Listing Rules applicable to such Award from time to time.

### ***Vesting of Performance-based Awarded Shares***

Performance-based Awarded Shares which are referable to a Selected Grantee shall vest to that Selected Grantee in accordance with a vesting schedule determined at the discretion of the Board, provided that the Selected Grantee remains at all times after the Reference Date and on each relevant vesting date(s) an Eligible Person (for this purpose, the date or each such date on which the Performance-based Awarded Shares are to vest being hereinafter referred to as a “**Vesting Date**”). The Board may also, in its absolute discretion, determine the performance, operating and financial targets and other criteria, if any, to be satisfied by the Selected Grantee before the Performance-based Awarded Shares can vest.

### ***Lapse of Performance-based Awarded Shares***

In the event that prior to or on the Vesting Date, (i) a Selected Grantee who is an Employee ceases to be an Employee, or (ii) the Subsidiary by which a Selected Grantee is employed ceases to be a Subsidiary of the Company (or of a member of the Group), or (iii) a Selected Grantee who is a director of the Company or a Subsidiary ceases to be a director of the same, or (iv) a Selected Grantee ceases to hold the office or position by virtue of which he/she has been granted the Performance-based Awarded Shares (irrespective of whether he/she remains an Employee or not), or (v) a Selected Grantee has passed away or retired, whether at his/her normal retirement date or earlier by agreement with the Company or a Subsidiary (as the case may be), or (vi) 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 passed to a successor company (each of these, an event of “**Total Lapse**”), the Award shall, unless the Board otherwise agrees, lapse and all the Performance-based Awarded Shares shall not vest on the relevant Vesting Date but shall become Returned Shares for the purposes of the Scheme where applicable.

In the event a Selected Grantee is found to be an Excluded Grantee (“**Partial Lapse**”), the relevant part of an Award made to such Selected Grantee shall, unless the Board otherwise agree, lapse and the relevant Performance-based Awarded Shares shall not vest on the relevant Vesting Date but shall become Returned Shares for the purposes of the Scheme where applicable.

### ***Non-Transferable***

Prior to the Vesting Date, any Award made under the Scheme shall be personal to the Selected Grantee to whom it is made and shall not be assignable and no Selected Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to either the Reference Amount or the Performance-based Awarded Shares referable to him pursuant to such Award or the Related Income or any of the Returned Shares under the Scheme. Upon receiving a vesting notice from the Company, subject to the approval of the Board, the Selected Grantee may direct the Company and/or the Trustee to transfer the Performance-based Awarded Shares to his wholly-owned company or trust (the beneficiaries of which include such Selected Grantee and/or his immediate family members) on the Vesting Date.

### ***Right of Participants before Vesting***

A Selected Grantee will have no rights in respect of any Shares subject to Performance-based Awarded Shares (including any income, dividends, other distributions or voting rights) until the Shares are vested in him pursuant to the Scheme on the relevant Vesting Date.

### ***Black-out Period***

No Award shall be made by the Board and no payment shall be made to the Trustee pursuant to the Scheme and no instructions to acquire or subscribe for Shares shall be given to the Trustee under the Scheme and the Trustee shall not sell the Performance-based Awarded Shares for the relevant Selected Grantees:–

- (i) where the Company is in possession of unpublished inside information (as defined in the SFO) in relation to the Company;
- (ii) where dealings by Directors are prohibited under any code or requirement of the Listing Rules or any applicable laws from time to time. Such requirement also applies to Directors' Associates, any Eligible Person who can get access to inside information of the Group through his or her position or responsibility in the Group;
- (iii) during the period of 60 days immediately preceding the publication date of the annual results of the Company or, if shorter, the period from the end of the relevant financial year up to the publication date of the results;
- (iv) during the period of 30 days immediately preceding the publication date of the quarterly results (if any) and interim results of the Company or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results; or
- (v) in any circumstance which is prohibited under the Listing Rules, the SFO or any other law or regulation or where any requisite approval from any governmental or regulatory authority has not been granted.

### **Consolidation, sub-division and bonus issue**

In the event that the Company undertakes a sub-division or consolidation of the Shares, corresponding changes will be made to the number of Performance-based Awarded Shares that have been granted provided that the adjustments shall be made in such manner as the Board determines to be fair and reasonable in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Scheme for the Selected Grantees. All fractional share (if any) arising out of such consolidation in respect of the Performance-based Awarded Shares and the Related Income of a Selected Grantee shall be deemed as Returned Shares for the purposes of the Scheme and shall not be transferred to the relevant Selected Grantee on the relevant Vesting Date.

In the event of an issue of Shares by the Company credited as fully paid to the holders of the Shares by way of capitalization of profits or reserves, the Shares attributable to any Performance-based Awarded Shares shall be deemed to be an accretion to such Performance-based Awarded Shares and all the provisions hereof in relation to the original Performance-based Awarded Shares shall apply to such additional Shares.

## **Scheme limit**

No Shares shall be subscribed for and/or purchased pursuant to the Scheme nor any amounts paid to the Trustee for the purpose of making such a subscription and/or purchase, if as a result of such subscription and/or purchase, the number of Shares administered under the Scheme would represent more than 6% of the number of the issued Shares as at the Adoption Date (subject to adjustment in the event of sub-division, consolidation or bonus issue of Shares in accordance with the rules of the Scheme).

## **Amendment to the Scheme**

The Scheme may be altered in any respect by a resolution of the Board, including alterations to the terms and conditions of the Scheme which are of material nature, provided that the Scheme so altered must comply with the Listing Rules and the articles of association of the Company.

Written notice of any amendment to the Scheme shall be given to all Selected Grantees.

## **Termination**

The Scheme shall terminate on the earlier of:

- (i) on the 5th anniversary date of the Adoption Date; and
- (ii) such date of early termination as determined by the Board,

provided that such termination shall not affect any subsisting rights of any Selected Grantee thereunder.

Upon termination of the Scheme, (i) no further grant of Performance-based Awarded Shares may be made under the Scheme; and (ii) all the Performance-based Awarded Shares of the Selected Grantees granted under the Scheme shall continue to be held by the Trustee, where applicable, and shall be vested in the Selected Grantees according to the vesting schedule and conditions of the Awards, subject to the receipt by the Board or the Trustee of any prescribed subscription and/or transfer documents (where applicable and as may be required by the Board or the Trustee) duly executed by the Selected Grantees.

## **Other information**

The Board currently proposes to grant the Performance-based Awarded Shares to the Grantees directly upon vesting, rather than via a Trustee. However, the Board may appoint a Trustee (which should be a third party independent of the Company) in the future to assist the Company with the administration of the Scheme and vesting of the Awards granted. Under the Scheme, to the extent permitted by the applicable laws and by the Listing Rules, the Company may (i) allot and issue Shares to the Trustee to be held by the Trustee pending the vesting of Awards granted and which will be used to satisfy the Awards upon vesting; and/or (ii) direct and procure the Trustee to make on-market purchases of the Shares to satisfy the Awards upon vesting. The terms on which a Trustee would be appointed would be governed by a Trust Deed to be entered into between the Company and the Trustee. The Trustee shall not exercise any voting rights attached in respect of any Shares held by it under the Trust (if any) (including but not limited to the Performance-based Awarded Shares and any bonus Shares and scrip Shares derived therefrom).

The Scheme does not constitute a share option scheme pursuant to Chapter 17 of the Listing Rules and is a discretionary scheme of the Company.

Given the Eligible Persons also include the Group's employees resident in California, the Company is seeking advice from its U.S. counsel if the adoption and/or continuance of the Scheme shall be subject to approval by the Shareholders under the California Securities Laws. If Shareholders' approval is required, a resolution will be proposed at the forthcoming EGM to confirm and ratify the adoption of the Scheme.

### **(2) GRANT OF PERFORMANCE-BASED AWARDED SHARES UNDER THE SCHEME**

On 21 May 2021, the Board resolved to conditionally grant up to a total of 71,635,355 Performance-based Awarded Shares, representing 6% of the current total issued share capital of the Company and being the maximum number of Performance-based Awarded Shares that are available for grant under the Scheme as at the Adoption Date, to 12 Grantees for nil consideration, among which (a) up to 69,486,293 Performance-based Awarded Shares were granted to nine Connected Grantees; and (b) up to 2,149,062 Performance-based Awarded Shares were granted to three Non-connected Grantees. The grant of the Performance-based Awarded Shares to the Grantees shall be satisfied by the issue and allotment of new Shares to the Grantees under the Specific Mandate to be sought at the EGM. The Directors, namely Mr. Zongjian Cai, Mr. Yuan Xu, Mr. Hong Zhang, Ms. Jessie Shen and Mr. Feng Chen, each being a Connected Grantee, have abstained from approving the relevant board resolutions on the grant of the relevant Performance-based Awarded Shares to himself/herself.

Details of the grant of the Performance-based Awarded Shares to the Grantees are set out below:

Name of Grantees	Position held within the Group	Number of Performance- based Awarded Shares	Approximate % to the total issued share capital of the Company on the Date of Award
<i>Connected Grantees</i>			
Mr. Zongjian Cai	Founder of the Group, Executive Director, Chairman and chief executive officer of the Group	38,444,306	3.22%
Mr. Yuan Xu	Executive Director and chief operating officer of the Group	7,163,535	0.60%
Mr. Hong Zhang	Executive Director, chief technology officer and senior vice president of the global operations of the Group	6,447,181	0.54%
Ms. Jessie Shen	Executive Director, chief financial officer and a joint company secretary of the Group	5,253,259	0.44%
Mr. Feng Chen	Executive Director and the senior vice president of corporate strategy of the Group	2,865,414	0.24%
Ms. Meijia Chen	Director of subsidiaries of the Company and senior vice president of operation of the Group	7,163,536	0.60%
Mr. Hanling Fang	Director of subsidiaries of the Company and vice president of the Group	716,354	0.06%
Mr. Shuo Wang	Director of subsidiaries of the Company and vice president of investment department of the Group	716,354	0.06%
Mr. Chengfeng Luo	Director of subsidiaries of the Company and senior supervisor of project management of the Group	716,354	0.06%
Subtotal		69,486,293	5.82%
<i>Non-connected Grantees</i>	Key personnel of certain divisions of the Group	2,149,062	0.18%
<b>Total</b>		<b>71,635,355</b>	<b>6.00%</b>

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Non-connected Grantees are third parties independent of the Company and connected persons of the Company.



The grant of the Performance-based Awarded Shares to the Grantees shall be satisfied by the issue and allotment of new Shares to the Grantees subject to the terms and conditions of the rules of the Scheme and the satisfaction of the vesting conditions. The aggregate of 71,635,355 Performance-based Awarded Shares granted represent approximately 6.00% of the total number of Shares in issue as at the Date of Award and approximately 5.66% of the total number of Shares in issue as enlarged by the issue and allotment of the new Shares, among which 69,486,293 Performance-based Awarded Shares to be issued and allotted to the Connected Grantees represent approximately 5.82% of the total number of Shares in issue as at the Date of Award and approximately 5.49% of the total number of Shares in issue as enlarged by the issue and allotment of the new Shares.

Based on the closing price of HK\$11.02 per Share as quoted on the Stock Exchange as at 21 May 2021, being the Date of Award, the market value of the maximum number of 69,486,293 and 2,149,062 Performance-based Awarded Shares granted to the Connected Grantees and Non-connected Grantees was approximately HK\$765,738,948.86 and HK\$23,682,663.24, respectively.

The Performance-based Awarded Shares, when issued, shall rank *pari passu* among themselves and with the Shares in issue on the date of allotment.

Application will be made by the Company to the Stock Exchange for the granting of the listing of, and permission to deal in, the aggregate of 71,635,355 Performance-based Awarded Shares.

### **Vesting schedule and conditions**

Subject to the terms and conditions of the Scheme and the satisfaction of the vesting conditions, the aggregate of up to 71,635,355 Performance-based Awarded Shares (subject to adjustment in the event of any sub-division, consolidation or bonus issue of Shares in accordance with the rules of the Scheme) will be vested in five tranches, each to be vested to the Grantees as soon as reasonably practicable after the end of each of the relevant Measurement Period and upon determination by the Board as to whether the vesting conditions have been satisfied for each such tranche and the actual number of Performance-based Awarded Shares to be vested under each such tranche.

### ***Conditions***

The issue and allotment of the Performance-based Awarded Shares to the Grantees shall be subject to the following vesting conditions:

- (i) if applicable, the approval by the Shareholders of the adoption of the Scheme at the EGM, to the extent required by California Securities Laws;
- (ii) the approval by the Independent Shareholders at the EGM in respect of the issue and allotment of the Performance-based Awarded Shares to the Grantees under the Specific Mandate;

- (iii) the granting of the listing approval by the Stock Exchange in respect of the Performance-based Awarded Shares granted to the Grantees;
- (iv) the relevant Grantee is and remains as an Eligible Person and the Performance-based Awarded Shares have not lapsed pursuant to the terms of the Scheme; and
- (v) for each tranche of the Performance-based Awarded Shares, the achievement of a compound annual growth rate of not less than 10% (“**Expected Growth Rate**”) on the Initial Benchmark Price based on the Measurement Price for each relevant Measurement Period (“**Growth Performance Condition**”).

In determining whether the Expected Growth Rate is achieved for the purpose of vesting condition (v) above for each tranche of the Performance-based Awarded Shares, the Company will refer to the target price for the relevant financial year (“**Target Price**”) to which each Measurement Period relates, which shall be calculated as follows:

$$\text{Target Price} = \text{Initial Benchmark Price} * (1 + \text{Expected Growth Rate at 10\%})^n$$

Where the value of n for each relevant financial year are as follows:

<b>Relevant financial year</b>	<b>Value of n</b>
Ending 31 December 2021	n = “a”, which represents the number of days elapsed since the date on which the Initial Benchmark Price is determined (i.e. either the Date of Award or the date on which the Award of the Performance-based Awarded Shares is approved by the Independent Shareholders at the EGM) up to the date on which the annual results for the financial year ending 31 December 2021 are published (both dates inclusive), divided by 365
Ending 31 December 2022	n = 1+a
Ending 31 December 2023	n = 2+a
Ending 31 December 2024	n = 3+a
Ending 31 December 2025	n = 4+a

The Growth Performance Condition will be satisfied in relation to each tranche of the Performance-based Awarded Shares where the Measurement Price for each relevant financial year to which such tranche relates is higher than the Target Price for each such relevant financial year.

### ***Actual number of Performance-based Awarded Shares to be vested***

An aggregate of up to 14,327,071 Performance-based Awarded Shares (subject to adjustment in the event of any sub-division, consolidation or bonus issue of Shares in accordance with the rules of the Scheme) may be vested to the Grantees under each tranche. The actual number of Performance-based Awarded Shares to be vested to each Grantee under each tranche shall be calculated as follows:

$$\text{Actual number of Performance-based Awarded Shares to be vested} = \frac{(\text{Measurement Price} - \text{Target Price}) * X\% * \text{Total Issued Shares}}{\text{Reference Price}}$$

Where,

- (i) “Total Issued Shares” refers to the total number of issued Shares in the capital of the Company as at the end of the relevant Measurement Period.
- (ii) “Reference Price” refers to the average closing price of the Shares during the relevant Measurement Period as quoted on the Stock Exchange.
- (iii) “X%” with respect to each Grantee, refers to the percentage of the number of Performance-based Awarded Shares granted to such Grantee to the total issued share capital of the Company on the Date of Award.

For the purpose hereof:

“**Initial Benchmark Price**” refers to the higher of (i) the average closing price of the Shares during the trading days within the thirty calendar days immediately preceding the Date of Award as quoted on the Stock Exchange, or (ii) the average closing price of the Shares during the trading days within the thirty calendar days immediately preceding the date on which the grant of the Performance-based Awarded Shares is approved by the Independent Shareholders at the EGM as quoted on the Stock Exchange (in both cases subject to adjustment in the event of sub-division, consolidation or bonus issue of Shares).

“**Measurement Period**” refers to, in relation to each tranche of the Performance-based Awarded Shares, the trading days within the thirty calendar days immediately after the date on which the annual results for the relevant financial year are published by the Company on the Stock Exchange. The relevant financial year for each tranche is as follows:

First tranche:	Financial year ending 31 December 2021
Second tranche:	Financial year ending 31 December 2022
Third tranche:	Financial year ending 31 December 2023
Fourth tranche:	Financial year ending 31 December 2024
Fifth tranche:	Financial year ending 31 December 2025

“**Measurement Price**” refers to, in relation to each tranche of the Performance-based Awarded Shares, the average closing price of the Shares during the relevant Measurement Period as quoted on the Stock Exchange, plus the amount of dividends and other distributions per Share paid or in respect of which an ex-dividend event occurred during the relevant financial year. The Measurement Price has to reach approximately 25% over the Target Price during each of the relevant Measurement Period for each tranche of Performance-based Awarded Shares to be vested in full.

### ***Suspension of repurchase***

In order to avoid the conflict of interest, the Company will not make any repurchase of its Shares at any time during the Measurement Period, other than in exceptional circumstances where the Board (excluding the Grantees) considers appropriate and necessary to repurchase its Shares at the interests of the Company and Shareholders as a whole.

### **FURTHER DETAILS OF THE GRANT OF THE PERFORMANCE-BASED AWARDED SHARES**

Further information in relation to the grant of 71,635,355 Performance-based Awarded Shares to the Grantees, is set out below:

Securities to be issued: Up to 71,635,355 new Shares (subject to adjustment in the event of any sub-division, consolidation or bonus issue of Shares in accordance with the rules of the Scheme)

Consideration of the Performance-based Awarded Shares granted: Nil

Funds to be raised: No funds will be raised by the Company as a result of the issue and allotment of the Performance-based Awarded Shares

Market price of the Shares: The closing price of the Shares as at 21 May 2021 as quoted on the Stock Exchange is HK\$11.02 per Share.

The average closing price of the Shares for the five consecutive trading days immediately preceding 21 May 2021 as quoted on the Stock Exchange is approximately HK\$11.04 per Share.

The average closing price of the Shares during the trading days within the thirty calendar days immediately preceding 21 May 2021 as quoted on the Stock Exchange is approximately HK\$12.12 per Share.

Vesting: Subject to the terms and conditions of the rules of the Scheme and the satisfaction of the vesting conditions, up to 71,635,355 Performance-based Awarded Shares (subject to adjustment in the event of any sub-division, consolidation or bonus issue of Shares) will be vested in five tranches, each to be vested to the Grantees as soon as reasonably practicable after the end of each of the relevant Measurement Period and upon determination by the Board as to whether the vesting conditions have been satisfied for each such tranche and the actual number of Performance-based Awarded Shares to be vested under each such tranche.

Fund raising activities in the past 12 months: The Company has not engaged in any fund raising exercises in the 12 months immediately preceding the date of this announcement.

## **REASONS FOR THE GRANT OF THE PERFORMANCE-BASED AWARDED SHARES**

The Company adopted the Share Award Scheme on 24 December 2013 for granting Share awards to recognise the contribution of Employees as a whole, and to give incentives to them in order to retain them for the continuing operation and development of the Group as well as to attract suitable personnel for future development of the Group. Pursuant to the rules of the Share Award Scheme, the maximum number of Shares which may be granted to an individual grantee shall not exceed 1% of the issued share capital of the Company as at the adoption date of the same and total number of Shares granted or to be granted thereunder shall not in aggregate exceed 10% of the issued share capital of the Company as at the adoption date of the Share Award Scheme. As at the date of this announcement, the remaining Shares available for grant under the Share Award Scheme represent approximately 7.8% of the issued share capital of the Company as at the adoption date of the Share Award Scheme. The Company will consider the merit for the extension of the term of the Share Award Scheme prior to its expiry in December 2023.

The Scheme is a separate incentive scheme that operates in parallel with the Share Award Scheme. The Scheme, which does not impose any specified limit for the grant to an individual grantee, will provide more flexibility for the Company to award the Eligible Persons, particularly the Directors, senior management and key personnel of certain divisions of the Group. For instance, the vesting conditions of the Performance-based Awarded Shares granted to the Grantees include the Growth Performance Condition, which would provide incentives to the Grantees to achieve the targeted growth of the Group in the upcoming five years. Therefore, the Board is of the view that the adoption of the Scheme will complement the Share Award Scheme and is beneficial to the Company and the Shareholders as a whole.

The Board considers that the grant of the Performance-based Awarded Shares to the Grantees provides reward to the Grantees for the past business performance of the Group and also gives incentives to the Grantees in order to retain them for the continuing operation and future development of the Group, and further aligns the interests of the Grantees to the Shareholders' through direct ownership of Shares.

### **Roles and contribution of the Grantees**

In assessing the fairness and reasonableness of the grant of the Performance-based Awarded Shares to the Grantees, the Board has taken into consideration the roles, performance and the period of service of all the Grantees. Mr. Zongjian Cai, being the founder of the Group and the chairman of the Board and the chief executive officer of the Group, is primarily responsible for overall strategic planning and management of the Group, as well as the business direction of the global business operations of the Group. He has been the chief executive officer since the establishment of the Group and has provided significant contribution to the development of the Group over the past years and is regarded as a core figure for the Group's future development, which justifies the reason for being granted with the highest percentage of Performance-based Awarded Shares under the Scheme. The Grantees, being the core management team of the Group who are responsible for the overall management of the Group's business operation, including project development and operation, technology, finance and strategic investment, have collectively contributed to the growth and development of the Group.

The background of the Connected Grantees are set out below:–

<b>Name of Connected Grantees</b>	<b>Position held within the Group</b>	<b>Roles of the Connected Grantees</b>	<b>Date of joining the Group</b>
Mr. Zongjian Cai	Founder of the Group, executive Director, chairman and chief executive officer of the Group	Responsible for the corporate strategic planning and overall business development and management of the Group	February 2006
Mr. Yuan Xu	Executive Director and chief operating officer of the Group	Responsible for global operation strategies of the Group	September 2007
Mr. Hong Zhang	Executive Director, chief technology officer and senior vice president of the global operations of the Group	Responsible for the overall technology operation of the Group	December 2008
Ms. Jessie Shen	Executive Director, chief financial officer and a joint company secretary of the Group	Responsible for corporate finance, accounting, legal and listing compliance matters on the Stock Exchange	March 2009
Mr. Feng Chen	Executive Director and the senior vice president of corporate strategy of the Group	Responsible for leading several strategic investments in external startups and internal incubated projects	April 2014
Ms. Meijia Chen	Director of subsidiaries of the Company and senior vice president of operation of the Group	Responsible for game operation management	June 2007
Mr. Hanling Fang	Director of subsidiaries of the Company and vice president of the Group	Responsible for operation and management of the R&D innovation centers, also the former vice president of human resources department responsible for the human resources and administration management	July 2007

<b>Name of Connected Grantees</b>	<b>Position held within the Group</b>	<b>Roles of the Connected Grantees</b>	<b>Date of joining the Group</b>
Mr. Shuo Wang	Director of subsidiaries of the Company and vice president of investment department of the Group	Responsible for strategic investment management, also the former vice president of finance department responsible for the finance and tax management and construction of internal control system	October 2006
Mr. Chengfeng Luo	Director of subsidiaries of the Company and senior supervisor of project management of the Group	Responsible for project management and in charge of art center	June 2009

### **Business performance of the Group**

Established in 2006, the Group is a renowned developer and publisher of mobile games with a strong global presence and an international customer base of over 1 billion users in total. Leveraging its success in client and browser PC online games, the Group changed its strategy to target the mobile games market in 2013. Over the years, the Group's mobile games and apps are now available in 23 different languages worldwide with nearly 39 million monthly active users, and the Group has been listed among the "Top 52 Publishers" globally by App Annie for seven consecutive years. Embracing the corporate spirit of "Innovators at Work, Gamers at Heart", the Group is dedicated to creating high-quality and enjoyable games that will stand the test of time.

The Group is headquartered in Singapore with local offices in the United States, China, Canada, Japan, South Korea, Thailand, Belarus, the Philippines, the United Arab Emirates, Indonesia, Brazil, Turkey, Italy and Spain, and users from more than 200 countries and regions worldwide.

Over the years, under the leadership and management of the Grantees, the Group has aggressively pursued a strategy of globalisation in R&D and operations, establishing long-term relationships with more than 100 business partners, including art studios, advertising channels, as well as global platforms such as Apple, Google, Amazon, and Microsoft. The Group's international presence and partnerships have enhanced its competitive advantage in the industry.

The Board considers that the grant of the Performance-based Awarded Shares provides reward to the Grantees for the past business performance of the Group. As illustrated below, the financial performance of the Group achieved rapid growth during the past five years under the leadership and management of the Grantees:

	<b>During the year ended 31 December</b>					<b>Compound annual growth rate</b>
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	
<b>Revenue</b>	704,128	667,648	748,785	607,253	322,087	21%
<b>Profit from operation</b>	299,732	191,939	237,710	179,711	78,350	39%
<b>Net profit</b>	270,204	164,782	189,311	155,132	71,623	39%
<b>Total equity</b>	497,640	374,605	281,382	227,818	195,655	26%

### **Alignment with Shareholders' interest**

The Board considers that the grant of the Performance-based Awarded Shares provides incentives to the Grantees to lead the future developments and direction of the Group. Based on the Growth Performance Condition for the vesting of the Performance-based Awarded Shares, in order for the Grantees to have the Performance-based Awarded Shares to vest in full, the Share price has to reach approximately 25% over the Target Price during each of relevant Measurement Periods.

If the Share price reaches approximately 25% over the Target Price during each of relevant Measurement Period, the growth rate on the Share price compared to the Initial Benchmark Price during each of the relevant Measurement Periods are illustrated as follows:

<b>Year</b>	<b>Growth rate on the Share price compared to Initial Benchmark Price</b>
2022	37%
2023	51%
2024	66%
2025	83%
2026	101%

As illustrated above, the price of Shares will be increased by approximately 101% compared to the Initial Benchmark Price (approximately two times of the Initial Benchmark Price) in such circumstance.

Accordingly, the Award granted to the Grantees and the economic benefits of the Performance-based Awarded Shares are dependent on the improvement in the price of the Shares and hence the Grantees can only benefit when all the Shareholders are also in a position to benefit from the increase in Share price. In addition, as the grant of the Performance-based Awarded Shares will vest over a period of five years, the Grantees' interests will be further aligned with that of the Shareholders in increasing the value of the Company and price of the Shares over a sustained period.



## No cash outflow under the grant of the Performance-based Awarded Shares

The grant of the Performance-based Awarded Shares to the Grantees to be satisfied by the issue and allotment of new Shares will enable the Company to obviate cash outflow while allowing long-term incentives to the Grantees to make future contribution to the operation of the Group and drive the Group's performance, as compared to other alternatives which have been considered by the Board including cash incentives.

### Immaterial dilution impact

As at the date of this announcement, the total number of Shares in issue was 1,193,922,599 Shares. Set out below is the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the allotment and issue of the Performance-based Awarded Shares assuming that all Performance-based Awarded Shares are vested in full and no changes to the number of Shares in issue other than as a result of the allotment and issue of the Performance-based Awarded Shares:

Shareholders	As at the date of this announcement		Immediately after the issue and allotment of the Performance-based Awarded Shares	
	Number of Shares (Note 2)	Approximate % (Note 3)	Number of Shares (Note 2)	Approximate %
<b>Connected Grantees</b>				
Mr. Zongjian Cai (Note 1)	258,261,731	21.63	310,316,753	24.52
Mr. Yuan Xu (Note 1)	258,261,731	21.63	310,316,753	24.52
Mr. Hong Zhang (Note 1)	258,261,731	21.63	310,316,753	24.52
Ms. Jessie Shen	3,470,000	0.29	8,723,259	0.69
Mr. Feng Chen	13,340,000	1.12	16,205,414	1.28
Ms. Meijia Chen	–	–	7,163,536	0.57
Mr. Hanling Fang	368,000	0.03	1,084,354	0.09
Mr. Shuo Wang	–	–	716,354	0.06
Mr. Chengfeng Luo	183,750	0.02	900,104	0.07
<b>Other Directors who are not Grantees</b>				
Mr. Yuan Chi – Non-executive Director	153,920,000	12.89	153,920,000	12.16
Dr. Hong Kee Leong – independent non-executive Director	60,000	0.01	60,000	0.00
Mr. Daijian Yu – independent non-executive Director	621,188	0.05	621,188	0.05
Ms. Zhao Lu – independent non-executive Director	60,000	0.01	60,000	0.00

<b>Shareholders</b>	<b>As at the date of this announcement</b>		<b>Immediately after the issue and allotment of the Performance-based Awarded Shares</b>	
	<i>Number of Shares</i> (Note 2)	<i>Approximate %</i> (Note 3)	<i>Number of Shares</i> (Note 2)	<i>Approximate %</i>
<b>Non-connected Grantees</b>	292,382	0.02	2,441,444	0.19
<b>Concert Party Group</b>				
Duke Online Holdings Limited (Note 1)	258,261,731	21.63	310,316,753	24.52
Ms. Kai Chen (Note 1)	258,261,731	21.63	310,316,753	24.52
Mr. Zhixiang Chen (Note 1)	258,261,731	21.63	310,316,753	24.52
<b>Other Shareholders</b>	<u>763,345,548</u>	<u>63.94</u>	<u>763,345,548</u>	<u>60.32</u>
<b>Total</b>	<u><u>1,193,922,599</u></u>	<u><u>100.00</u></u>	<u><u>1,265,557,954</u></u>	<u><u>100.00</u></u>

*Notes:*

- (1) Mr. Zongjian Cai, Duke Online Holdings Limited, Mr. Yuan Xu, Mr. Hong Zhang, Ms. Kai Chen (spouse of Mr. Zongjian Cai) and Mr. Zhixiang Chen agreed that they would act in concert with each other with respect to material matters relating to the Company's operation pursuant to an act in concert agreement dated 16 September 2013, as amended by an amendment dated 18 October 2016.
- (2) For the purpose of calculation of the number of Shares held by the Shareholders, (a) share options granted to the respective Shareholder pursuant to the share option scheme of the Company which have not been exercised as at the date of this announcement; and (b) awarded shares granted to the respective Shareholder pursuant to the Share Award Scheme which have not been vested as at the date of this announcement have not been taken into account.
- (3) The breakdown of the percentage figures may not equal to 100% due to rounding.

As illustrated above, assuming that the Performance-based Awarded Shares are vested in full and there are no changes to the number of Shares in issue other than as a result of the allotment and issue of the Performance-based Awarded Shares and based on the shareholding structure as at the date of this announcement, the shareholding of the other Shareholders will be diluted from approximately 63.94% to approximately 60.32% in five years' time. Meanwhile, the Share price has to reach approximately 25% over the Target Price for each tranche of Performance-based Awarded Shares to be vested in full. Accordingly, in the circumstances the Grantees were to be allotted the maximum number of Performance-based Awarded Shares, hypothetically, the other Shareholders will be able to benefit from an increase in the price of the Shares by approximately 101% as compared to the Initial Benchmark Price at a "cost" of dilution of the other Shareholders' shareholding of only approximately 3.62% in a period of five years as illustrated above.

The Board also considered the grant of share options to the Grantees as an alternative to provide incentives to the Grantees, but given the Grantees would be required to pay the exercise price upon exercise of the share options and as such significantly higher number of share options would need to be granted to the Grantees to provide the comparable incentives as the grant of the Performance-based Awarded Shares, thereby resulting in higher dilution impact on the shareholding interests of the other Shareholders, the Board considers the grant of share options to be a less desirable alternative compared to the grant of the Performance-based Awarded Shares. In addition, the Company had, in rare circumstances, granted share options under the share option scheme of the Company adopted on 16 September 2013 which will be expiring in September 2023. As at the date of this announcement, the total number of share options granted only amounted to less than 1% of the current issued share capital of the Company.

Having considered (i) the roles and past contribution by the Grantees to the Group; (ii) the business developments of the Group under the leadership and management of the Grantees; (iii) that the grant of the Performance-based Awarded Shares is conditional upon the achievement of the Expected Growth Rate on the Initial Benchmark Price and will vest over a period of five years; (iv) that there will not be any actual cash outflow by the Group under the grant of the Performance-based Awarded Shares in providing incentives to the Grantees; and (v) that the dilution effect on the shareholding structure is not material, the Directors (other than the independent non-executive Directors who will give their opinion after considering the advice from the Independent Financial Adviser) consider that the terms and conditions of the grant of the Performance-based Awarded Shares to the Connected Grantees are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Moreover, the Directors (including the independent non-executive Directors) consider that the terms of the grant of the Performance-based Awarded Shares to the Non-connected Grantees are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

Each of the Connected Grantees, being a director of the Company or a director of a Subsidiary, is a connected person of the Company. Accordingly, the grant of the Performance-based Awarded Shares to the Connected Grantees constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Pursuant to Chapter 14A of the Listing Rules, the Connected Grantees and their Associates are required to abstain from voting on the relevant resolution at the EGM to approve the Specific Mandate and the grant of Performance-based Awarded Shares to the Connected Grantees. As at the date of this announcement, so far as the Directors were aware and based on available information, the Connected Grantees (including the Concert Party Group) and their Associates are collectively interested in 297,155,271 Shares, representing approximately 24.89% of the total issued share capital of the Company.

As at the date of this announcement, the Non-connected Grantees and their Associates hold 292,382 Shares in aggregate, representing approximately 0.02% of the number of Shares in issue, and are required to abstain from voting on the relevant resolution at the EGM to approve the Specific Mandate and the grant of Performance-based Awarded Shares to the Non-connected Grantees.

Save for the aforesaid and to the best knowledge, information and belief of the Board, no other Shareholder is required to abstain from voting on the resolution(s) to approve the Specific Mandate and the grant of the Performance-based Awarded Shares to the Grantees at the EGM.

## **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

The Independent Board Committee has been formed to advise the Independent Shareholders as to whether the grant of the Performance-based Awarded Shares to the Connected Grantees is on normal commercial terms, and in the ordinary and usual course of business of the Group and that the terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Innovax Capital Limited has been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

## **EGM AND CIRCULAR**

The EGM will be convened to consider and, if thought fit, approve the Specific Mandate and the grant of the Performance-based Awarded Shares to the Grantees. A circular containing, among other things, (i) details of the grant of the Performance-based Awarded Shares to the Grantees; (ii) the letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the grant of the Performance-based Awarded Shares to the Connected Grantees; and (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the grant of the Performance-based Awarded Shares to the Connected Grantees, will be despatched to the Shareholders on or before 21 June 2021, as further time is required to prepare the information in the circular.

In addition, given the Eligible Persons also include the Group's employees resident in California, the Company is seeking advice from its U.S. counsel if the adoption and/or continuance of the Scheme shall be subject to approval by the Shareholders under the California Securities Laws. If Shareholders' approval is required, a resolution will be proposed at the forthcoming EGM to confirm and ratify the adoption of the Scheme.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following words and expressions shall have the meanings ascribed to them below:

“Adoption Date”	21 May 2021, the date on which the Scheme is adopted by the Company
“Associate”	has the meaning ascribed to it under the Listing Rules
“Award”	an award of the Performance-based Awarded Shares by the Board to a Selected Grantee
“Board”	the board of directors of the Company
“Company”	IGG Inc, an exempted company incorporated in the Cayman Islands and whose shares are listed on the Main Board of the Stock Exchange
“Concert Party Group”	Mr. Zongjian Cai, Duke Online Holdings Limited, Mr. Yuan Xu, Mr. Hong Zhang, Ms. Kai Chen and Mr. Zhixiang Chen, who agreed that they would act in concert with each other with respect to material matters relating to the Company's operation pursuant to an act in concert agreement dated 16 September 2013, as amended by an amendment dated 18 October 2016

“Connected Grantees”	Mr. Zongjian Cai, Mr. Yuan Xu, Mr. Hong Zhang, Ms. Jessie Shen, Mr. Feng Chen, Ms. Meijia Chen, Mr. Hanling Fang, Mr. Shuo Wang and Mr. Chengfeng Luo, the grantees who are connected persons of the Company and have been granted the Award by the Board on the Date of Award
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Date of Award”	21 May 2021, the date on which the Board resolved to award the Performance-based Awarded Shares to the Grantees under the Scheme
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Specific Mandate and the grant of the Performance-based Awarded Shares to the Grantees
“Eligible Person(s)”	any Employee or director (including, without limitation, any executive, non-executive or independent non-executive directors) of any member of the Group
“Employee”	employee (whether full time or part time) of the Company or any Subsidiary
“Excluded Grantee”	any Eligible Person who is resident in a place where the settlement of the Reference Amount and the award of the Performance-based Awarded Shares and/or the award of the Returned Shares and/or the vesting and transfer of Shares pursuant to the terms of the Scheme is not permitted under the laws and regulations of such place or where in the view of the Board (as the case may be) compliance with applicable laws and regulations in such place make it necessary or expedient to exclude such Eligible Person
“Grantees”	the Connected Grantees and the Non-connected Grantees
“Group”	the Company, its Subsidiaries and its consolidated affiliated entities from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent board committee of the Board, comprising all the independent non-executive Directors of the Company, namely Dr. Horn Kee Leong, Mr. Dajian Yu and Ms. Zhao Lu, formed for the purpose of advising the Independent Shareholders of the grant of the Performance-based Awarded Shares to the Connected Grantees

“Independent Financial Adviser”	Innovax Capital Limited, a corporation licensed under the SFO permitted to engage in type 1 and type 6 regulated activities (as defined under the SFO), being the independent financial adviser appointed to advise the Independent Board Committee and Independent Shareholders in relation to the grant of the Performance-based Awarded Shares to the Connected Grantees
“Independent Shareholders”	the Shareholders who are not required to abstain from voting on the resolution(s) in respect of the grant of the Specific Mandate and the grant of the Performance-based Awarded Shares to the Connected Grantees at the EGM under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Non-connected Grantees”	the three grantees who are not connected persons of the Company and have been granted the Award by the Board on the Date of Award
“Performance-based Awarded Shares”	in respect of a Selected Grantee, such number of Shares awarded by the Board
“Reference Amount”	the amount of funds which the Company shall pay for the Trustee to arrange for the subscription and/or purchase of Performance-based Awarded Shares prior to the date that such Performance-based Awarded Shares vest in accordance with the Scheme
“Reference Date”	the date of final approval by the Board of the total number of Shares to be awarded to the Selected Grantees in a single occasion pursuant to the Scheme or the date of an Award by the Trustee pursuant to the Trust Deed
“Related Income”	all income derived from a Share (net of all expenses or charges incurred in relation to the receipt or payment of such income) held upon the Trust in the form of Shares (including but not limited to, any bonus Shares or scrip Shares received in respect of the Share). For the avoidance of doubt, excluding any nil paid right, bonus warrant, or Residual Cash
“Residual Cash”	being cash remaining in the trust fund (including interest income derived from deposits maintained with licensed banks in Hong Kong which have not been applied in the acquisition and/or subscription of Shares)
“Returned Shares”	such Performance-based Awarded Shares and Related Income which are not vested and/or forfeited in accordance with the terms of the Scheme (whether as a result of a Total Lapse or a Partial Lapse or otherwise), or was forfeited in accordance with the terms of the Scheme, or such Performance-based Awarded Shares being deemed to be Returned Shares
“Scheme”	the performance-based share award scheme adopted by the Company on the Adoption Date, in its present form or as amended from time to time in accordance with the provisions thereof

“Selected Grantee(s)”	Eligible Person(s) selected by the Board pursuant to the terms of the Scheme
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shares”	shares of US\$0.0000025 each in the capital of the Company (or of such other nominal amount as shall result from a sub-division, consolidation, reclassification or reconstruction of the share capital of the Company from time to time)
“Share Award Scheme”	the share award scheme adopted by the Company on 24 December 2013, the principal terms of which are summarised in the announcement of the Company dated 24 December 2013
“Shareholder(s)”	holder of the Share(s)
“Specific Mandate”	a specific mandate to be sought at the EGM to issue and allot up to 71,635,355 Performance-based Awarded Shares to the Grantees pursuant to the Scheme
“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 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)) of the Company, whether incorporated in Hong Kong or elsewhere
“Trust”	the trust to be constituted by the Trust Deed
“Trust Deed”	a trust deed in relation to the Scheme to be entered into between the Company and the Trustee (as restated, supplemented and amended from time to time)
“Trustee”	a professional trustee which the Company may appoint to assist with the administration of the Scheme and the vesting of the Awards granted

By order of the Board  
**IGG INC**  
**Zongjian Cai**  
*Chairman*

Hong Kong, 21 May 2021

*As at the date of this announcement, the Board comprises five executive Directors, namely, Mr. Zongjian Cai, Mr. Yuan Xu, Mr. Hong Zhang, Ms. Jessie Shen and Mr. Feng Chen; one non-executive Director, namely, Mr. Yuan Chi; and three independent non-executive Directors, namely, Dr. Horn Kee Leong, Mr. Dajian Yu and Ms. Zhao Lu.*