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Yoho Group Holdings Limited

友和集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2347)

GRANT OF SHARE OPTIONS

This announcement is made pursuant to Rule 17.06A of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The board (the “**Board**”) of directors (the “**Directors**”) of Yoho Group Holdings Limited (“**Company**”, and together with its subsidiaries, the “**Group**”) announces that on 21 July 2023, the Company granted an aggregate of 12,800,000 share options (the “**Share Options**”) to certain Directors, Chief Executive Officer (“**CEO**”), Chief Operating Officer (“**COO**”) and substantial shareholders of the Company (collectively, the “**Grantees**”), under the share option scheme adopted by the Company on 20 May 2022 (the “**Share Option Scheme**”), subject to acceptance by the Grantees. The Share Options shall entitle the Grantees to subscribe for a total of 12,800,000 new ordinary shares in the nominal value of US\$0.0001 each in the capital of the Company (the “**Shares**”). The Share Options represent, upon full exercise, approximately 2.56% of the total number of issued Shares as of the date of this announcement.

The Board believes that the grant of Share Options is to align the interests of the Grantees with those of the Group through ownership of Shares, dividends and other distributions paid on Shares and/or the increase in value of the Shares, recognise the contributions made by the Grantees, motivate the Grantees to commit to the Group’s future continued competitiveness, operating results and growth and attract and retain talent for the continuous operations and development of the Group.

Subject to the prevailing market conditions and any changes in the Group’s business operational environment, the Company will consider to grant further share options to eligible employees of the Group in near future under the Share Option Scheme, with a view to provide incentives to the employees of the Group to work towards enhancing the value of the Group and to align their interests with that of the Company and the shareholders of the Company (“**Shareholders**”) as a whole. Further announcement will be published by the Company in this regard as and when appropriate.

Details of the Share Options granted are set out below:

- Date of grant (“Date of Grant”)** : 21 July 2023
- Total number of Shares to be allotted and issued upon full exercise of the Share Options granted** : 12,800,000 Shares (each Share Option shall entitle the holder of the Share Option to subscribe for one Share)
- Exercise price of Share Options granted** : HK\$1.00 per Share for an aggregate of 400,000 Share Options granted, HK\$1.50 per Share for an aggregate of 400,000 Share Options granted, HK\$2.00 per Share for an aggregate of 2,400,000 Share Options granted, HK\$2.50 per Share for an aggregate of 2,400,000 Share Options granted, HK\$3.00 per Share for an aggregate of 2,400,000 Share Options granted, HK\$3.50 per Share for an aggregate of 2,400,000 Share Options granted, and HK\$4.00 per Share for an aggregate of 2,400,000 Share Options granted. All the exercise prices are the higher than the following:
- (i) the closing price of HK\$0.75 per Share as quoted on the Stock Exchange on the Date of Grant;
 - (ii) the average closing price of HK\$0.77 per Share as quoted on the Stock Exchange for the five business days immediately preceding the Date of Grant; and
 - (iii) the nominal value of US\$0.0001 per Share.

The exercise prices for the Share Options granted to our executive Directors, Mr. Wu Faat Chi and Ms. Tsui Ka Wing, range from HK\$2.00 to HK\$4.00 per Share, while those granted to other Grantees range from HK\$1.00 to HK\$4.00 per Share.

The below table sets out details of the exercise price of the Share Options granted by category of Grantee:

| Category of Grantee | Exercise price of Share Options granted | Number of Shares issuable under Share Options granted |
|------------------------------------------------------------------------------------------------------------|------------------------------------------------|--------------------------------------------------------------|
| Executive Director & CEO & substantial Shareholders and Executive Director & COO & substantial Shareholder | HK\$2.00 | 2,000,000 |
| | HK\$2.50 | 2,000,000 |
| | HK\$3.00 | 2,000,000 |
| | HK\$3.50 | 2,000,000 |
| | HK\$4.00 | 2,000,000 |
| Non-executive Directors | HK\$1.00 | 240,000 |
| | HK\$1.50 | 240,000 |
| | HK\$2.00 | 240,000 |
| | HK\$2.50 | 240,000 |
| | HK\$3.00 | 240,000 |
| | HK\$3.50 | 240,000 |
| | HK\$4.00 | 240,000 |
| Independent non-executive Directors | HK\$1.00 | 160,000 |
| | HK\$1.50 | 160,000 |
| | HK\$2.00 | 160,000 |
| | HK\$2.50 | 160,000 |
| | HK\$3.00 | 160,000 |
| | HK\$3.50 | 160,000 |
| | HK\$4.00 | 160,000 |
| Total | | <u>12,800,000</u> |

Closing price of Shares on the Date of Grant: : HK\$0.75 per Share

Consideration of the grant : HK\$1.00 to be paid by each Grantee upon acceptance of the Share Options

Exercise period of the Share Options : Commencing from the Date of Grant to 20 July 2033 (both days inclusive) and the Share Options shall lapse at the expiry of the exercise period.

- Vesting period of the Share Options** : (i) 25% of the Share Options to be vested on 21 July 2024;
- (ii) 25% of the Share Options to be vested on 21 July 2025;
- (iii) 25% of the Share Options to be vested on 21 July 2026; and
- (iv) 25% of the Share Options to be vested on 21 July 2027.

- Performance target and clawback mechanism** : There is no performance target nor clawback mechanism attached to the Share Options.

The remuneration committee of the Board (the “**Remuneration Committee**”) is of the view that performance targets are not necessary as (i) the value of the Share Options is subject to the future market price of the Shares, which, in turn, depends on the business performance of the Group, to which the Grantees would directly contribute; and (ii) the Share Options are subject to the vesting period as stated above and certain vesting conditions, which could ensure that the Grantees would be motivated to contribute to the Group’s development.

In addition, the Remuneration Committee is of the view that a clawback mechanism is not necessary considering the lapse and cancellation of share options under various scenarios has already been provided for under the Share Option Scheme, which could adequately safeguard the Company’s interests. As such, the Remuneration Committee and the Board believe that without additional performance target and clawback mechanism, the grant of the Share Options could align the interests of the Grantees with that of the Company and the Shareholders, provide incentive to the Grantees to devote to the future continuous competitiveness, results of operation and growth of the Company, and reinforce their commitment to long term services of the Company, which is in line with the purpose of the Share Option Scheme.

- Financial assistance** : The Group has not provided any financial assistance to the Grantees to facilitate the purchase of Shares under the Share Option Scheme.

All the Share Options were granted to the Directors and substantial Shareholders of the Company, details of which are as follows:

| Name of Grantee | Position held in/relationship with the Company | Number of Shares issuable under Share Options granted |
|------------------------------|---------------------------------------------------------------|-------------------------------------------------------|
| Wu Faat Chi | Chairman, CEO, executive Director and substantial Shareholder | 5,000,000 |
| Tsui Ka Wing | Executive Director, COO and substantial Shareholder | 5,000,000 |
| Man Lap | Non-executive Director | 560,000 |
| Hsieh Wing Hong Sammy | Non-executive Director | 560,000 |
| Adamczyk Alexis Thomas David | Non-executive Director | 560,000 |
| Qian Sam Zhongshan | Independent non-executive Director | 560,000 |
| Ho Yun Tat | Independent non-executive Director | 560,000 |
| Total | | <u>12,800,000</u> |

The grant of the Share Options to each of the above Directors, chief executive and/or substantial Shareholder of the Company has been approved by the independent non-executive Directors pursuant to Rule 17.04(1) of the Listing Rules. Each of the above Directors has abstained from voting so far as the resolution for the approval of the grant of Share Options to him/her was concerned.

Pursuant to Rule 17.04(3) of the Listing Rules, if the grant of Share Options to an independent non-executive director or a substantial shareholder of the Company or any of their respective associates would result in the Shares in issue and to be issued in respect of all Share Options granted (excluding any Share Options lapsed under the terms of the Share Option Scheme) to such person during the 12-month period up to and including the date of grant representing in aggregate over 0.1% of the Shares of the relevant class in issue, such proposed grant of Share Options shall be approved by the Shareholders in a general meeting in the manner described in Rule 17.04(4) of the Listing Rules.

As the total number of Shares issued and to be issued upon exercise of the Share Options proposed to be granted to each of Mr. Qian Sam Zhongshan and Mr. Ho Yun Tat (as independent non-executive Directors) and Mr. Wu Faat Chi and Ms. Tsui Ka Wing (as substantial Shareholders of the Company) would, in a 12-month period up to and including the Date of Grant, represent over 0.1% of the Shares in issue, the proposed grant of Share Options will therefore be subject to the approval by the independent Shareholders of the Company at the forthcoming annual general meeting of the Company (the “AGM”) pursuant to Rule 17.04(3) of the Listing Rules. A resolution for approving the grant of Share Options to all Grantees as a whole will be included in the circular to be despatched to the Shareholders. The abovementioned Grantees and their respective associates shall abstain from voting in favour of the relevant resolution for the purpose of approving the grant of the Share Options to each of such Grantee, and all core connected persons of the Company shall also abstain from voting in favour of the relevant resolution, at the AGM pursuant to the Listing Rules.

Saved as disclosed above, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, none of the Grantees is (i) a Director, chief executive or substantial Shareholder of the Company or any of their respective associate (as defined under the Listing Rules), or otherwise a connected person of the Company; (ii) a participant with options granted and to be granted exceeding the 1% individual limit under Rule 17.03D of the Listing Rules; or (iii) a related entity participant or service provider with options granted and to be granted in any 12-month period exceeding 0.1% of the issued Shares, as at the date of this announcement.

Upon granting the Share Options, the number of Shares available for future grant pursuant to the Share Option Scheme becomes 37,200,000 Shares, subject to refreshment of the scheme mandate limit.

A circular containing, among other things, further information in relation to the conditional grant of the Share Options to the Grantees together with the notice of the AGM, will be despatched to the Shareholders in due course.

By Order of the Board
Yoho Group Holdings Limited
Wu Faat Chi
Chairman and Executive Director

Hong Kong, 21 July 2023

As at the date of this announcement, the Board comprises Mr. Wu Faat Chi and Ms. Tsui Ka Wing as executive Directors; Mr. Man Lap, Mr. Hsieh Wing Hong Sammy and Mr. Adamczyk Alexis Thomas David as non-executive Directors; and Dr. Qian Sam Zhongshan, Mr. Chan Shun and Mr. Ho Yun Tat as independent non-executive Directors.