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## **DONGYUE GROUP LIMITED**

**東岳集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 189)**

### **GRANT OF OPTIONS UNDER EMPLOYEE OPTION SCHEME AND CONNECTED TRANSACTIONS IN RELATION TO GRANT OF OPTIONS TO DIRECTORS**

Reference is made to the announcement of Dongyue Group Limited dated 27 December 2018 (the “**Announcement**”) in relation to the adoption of employee option scheme. Unless otherwise defined herein, capitalized terms used in this announcement shall have the same meanings as defined in the Announcement.

#### **GRANT OF OPTIONS UNDER THE SCHEME**

On 9 July 2021, the Board has resolved to grant Options to a total of 1,372 Selected Employees to purchase a total of 62,570,000 Option Shares, which have been acquired by the Trustee from the open market by utilizing the Contributed Amount made available to the Trustee by the Company, pursuant to the Scheme.

Details of the Grant are set out below:

Date of Grant:	9 July 2021
Number of Options granted:	62,570,000 Options (each Option shall entitle the holder of the Option to purchase one Option Share from the Trustee at the Exercise Price)
Exercise Price:	HK\$4.27 per Option Share, payable at the exercise of the relevant Option(s)
Closing price of the Shares on the date of Grant:	HK\$9.99 per Share

Exercise period of the Options granted: 5 calendar years commencing from 9 July 2021 and expiring on 8 July 2026, both dates inclusive

Among the 62,570,000 Options granted, an aggregate of 22,450,000 Options were granted to the Directors (the “**Company Director Grantees**”) as follows:

	<b>Position(s) held with the Company</b>	<b>Number of Options granted</b>
Mr. Zhang Jianhong	Chairman and executive Director	7,000,000
Mr. Fu Kwan	Executive Director	1,000,000
Mr. Wang Weidong	Executive Director	7,000,000
Mr. Zhang Zhefeng	Executive Director	6,000,000
Mr. Zhang Bishu	Executive Director	300,000
Mr. Zhang Jian	Executive Director	300,000
Mr. Ting Leung Huel, Stephen	Independent non-executive Director	500,000
Mr. Yang Xiaoyong	Independent non-executive Director	300,000
Mr. Ma Zhizhong	Independent non-executive Director	<u>50,000</u>
Total		<u>22,450,000</u>

The grant of Options to the Company Director Grantees has been approved by the Remuneration Committee. Mr. Yang Xiaoyong is the chairman of and Mr. Ting Leung Huel, Stephen and Mr. Zhang Jianhong are members of the Remuneration Committee, and each of them has abstained from voting so far as the grant of Options to himself was concerned. In addition, Options were granted to certain directors of subsidiaries of the Company (the “**Subsidiary Director Grantees**”, together with the Company Director Grantees, the “**Connected Grantees**”). To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, each of the Selected Employees other than the Connected Grantees is an employee of the Group who is a third party independent of the Company and its connected persons.

The 62,570,000 Option Shares under the Options granted represent approximately 2.96% of the total number of Shares in issue as at the date of this announcement. Based on the closing price of HK\$9.99 per Share as quoted on the Stock Exchange on the date of Grant, the total market value of the 62,570,000 Option Shares under the Options granted to the Selected Employees amounts to approximately HK\$625,074,300, of which the total market value of the 22,450,000 Option Shares under the Options granted to the Company Director Grantees amounts to approximately HK\$224,275,500.

According to the Scheme Rules, the Board shall not give any further instruction to the Trustee to acquire (and the Trustee shall not acquire) any Shares which will cause the aggregate number of Shares held by the Trustee and Option Shares outstanding under the Scheme to exceed 200,000,000

or to constitute 10% or more of the total number of Shares in issue, whichever is lower, at any relevant time. As at the date of this announcement and before any exercise of the Options granted, the aggregate number of Shares held by the Trustee and Option Shares outstanding under the Scheme is 62,570,000, and therefore the Trustee may further acquire a maximum of 137,430,000 Shares upon instructions from the Board.

## **REASONS FOR AND BENEFITS OF THE GRANT**

The Scheme forms part of the incentive schemes of the Group. The purpose of the Grant is to recognize the contributions by the Selected Employees and to provide them with incentives in order to retain them for the continual operation and development of the Group. The number of Options granted was determined based on the relevant Selected Employee's position, experience, performance and contribution to the Group. The Exercise Price was determined with reference to the Initial Acquisition Price.

The Directors (including the independent non-executive Directors) consider that the terms of the Options granted to the Selected Employees (including the Connected Grantees) are normal commercial terms which are fair and reasonable, and the Grant is in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As each of the Connected Grantees is a connected person (within the meaning of the Listing Rules) of the Company, the grant of Options to each of them constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the grant of Options to each of Mr. Zhang Jianhong, Mr. Wang Weidong and Mr. Zhang Zhefeng exceed(s) 0.1% but is/are less than 5%, the grant of Options to each of the said Directors is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As all of the applicable percentage ratios in respect of the grant of Options to each of the Connected Grantees other than Mr. Zhang Jianhong, Mr. Wang Weidong and Mr. Zhang Zhefeng are less than 0.1% and the grant of Options is on normal commercial terms, the grant of Options to each of such other Connected Grantees is fully exempt from the reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.76(1) of the Listing Rules.

Each of the Directors has abstained from voting so far as the relevant Board resolution approving the grant of Options to himself was concerned.

The Scheme does not constitute a share option scheme or an arrangement analogous to a share option scheme for the purpose of Chapter 17 of the Listing Rules. As the Option Shares under the Options granted are existing Shares acquired by the Trustee from the open market, the Grant will not result in any issue of new Shares or any dilution effect on the existing shareholding of the Company.

## **INFORMATION ON THE GROUP**

The Group is principally engaged in (i) manufacturing and sale of fluoropolymers, organic silicone, refrigerants and other products such as dichloromethane, polyvinyl chloride and liquid alkali; and (ii) property development.

By Order of the Board  
**Dongyue Group Limited**  
**Zhang Jianhong**  
*Chairman*

The PRC, 9 July 2021

*As at the date of this announcement, the directors of the Company are Mr. Zhang Jianhong, Mr. Fu Kwan, Mr. Wang Weidong, Mr. Zhang Zhefeng, Mr. Zhang Bishu and Mr. Zhang Jian as executive directors, and Mr. Ting Leung Huel, Stephen, Mr. Yang Xiaoyong and Mr. Ma Zhizhong as independent non-executive directors.*