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Fulu Holdings Limited

福祿控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2101)

ADOPTION OF RESTRICTED SHARE UNIT SCHEME

The Board is pleased to announce that the Company has adopted a Scheme on August 19, 2021. The purpose of the Scheme is to recognize and reward Eligible Persons for their contribution to the Group, to attract best available personnel, and to provide additional incentives to them so as to align the interests of these Eligible Persons with those of the Group and to further promote the success of the Group's business.

The Company may, at its sole discretion, establish a trust in connection with the Scheme (the "Trust") and appoint a trustee (the "Trustee") prior to the grant of any award by the Board or its delegate(s), which may vest (a) in the form of the Shares (the "Award Shares"); or (b) in the form of cash equivalent to the actual selling price of the Award Shares in cash in accordance with the Scheme.

An offer to grant a RSU will be made to an Eligible Person selected by the Board by a Grant Letter, in such form as the Board may determine. A Selected Person may accept an offer of the grant of RSUs in such manner as set out in the Grant Letter. Once accepted, the RSUs are deemed granted from the date of the approval of the Grant by the Board. The Board can determine the vesting criteria, conditions and the vesting schedule and such criteria, conditions and vesting schedule shall be stated in the Grant Letter. The Board or its delegate(s) may at any time cancel any unvested RSUs granted to a Grantee. Subject to early termination by the Board or its delegate(s), the Scheme shall be valid and effective for ten (10) years commencing on the Adoption Date. The Board or its delegate(s) may also appoint one or more independent third party contractors to assist in the administration of the Scheme as they think fit.

Unless otherwise duly approved by the Shareholders, the total number of Shares underlying the Scheme shall not exceed 20,000,000 Shares (excluding RSUs that have lapsed, been cancelled or forfeited in accordance with the Scheme Rules) subject to an annual limit of 3% of the total number of issued shares of the Company at the relevant time.

The Scheme does not constitute a share option scheme or an arrangement analogous to a share option scheme for the purposes of Chapter 17 of the Listing Rules.

ADOPTION OF THE RESTRICTED SHARE UNIT SCHEME

The Board is pleased to announce that it has adopted a Scheme on August 19, 2021. The purpose and the principal terms of the Scheme are summarized below.

1. Purpose

The purpose of the Scheme is to recognize and reward Eligible Persons for their contribution to the Group, to attract best available personnel, and to provide additional incentives to them so as to align the interests of these Eligible Persons with those of the Group and to further promote the success of the Group's business.

2. Participants in the Scheme

Persons eligible to receive RSUs under the Scheme include employees, Directors (including executive Directors, non-executive Directors and independent non-executive Directors), officers, consultants, advisors, distributors, contractors, customers, suppliers, agents, business partners, joint venture business partners or service providers of any member of the Group or any affiliate (including nominees and/or trustees of any employee benefit trust established for them) whom the Board or its delegate(s) considers, in its sole discretion, to have contributed or will contribute to the Group is eligible to receive an Award.

On and subject to the terms of the Scheme, the Board or its delegate(s), in its absolute discretion, shall be entitled at any time during the term of the Scheme to make a Grant to any Participant.

3. Administration

The Scheme shall be subject to the administration of the Board. The Board shall have the sole and absolute right to:

- (i) interpret and construe the provisions of the Scheme;
- (ii) determine the persons who will be granted Awards under the Scheme, the terms and conditions on which Awards are granted and when the RSUs granted pursuant to the Scheme may vest;
- (iii) make such appropriate and equitable adjustments to the terms of the Awards granted under the Scheme as it deems necessary; and
- (iv) make such other decisions or determinations as it shall deem appropriate in the administration of the Scheme.

The Board may by resolution delegate any or all of its powers in the administration of the Scheme to the administration committee or any other committee or any person(s) as authorized by the Board for such purpose. The Board or its delegate(s) may also appoint one or more independent third party contractors to assist in the administration of the Scheme as they think fit.

The Board may establish one or more separate programs under the Scheme for the purpose of issuing particular forms of Awards to one or more classes of Grantees.

4. Term

Subject to early termination by the Board or its delegate(s), the Scheme shall be valid and effective for ten (10) years commencing on the Adoption Date.

5. Grant and acceptance

(i) Making an offer

An offer to grant a RSU will be made to an Eligible Person selected by the Board by a Grant Letter, in such form as the Board may determine. The Grant Letter will specify the Selected Person's name, the manner of acceptance of the RSU, the number of RSUs granted and the number of underlying Shares represented by the RSUs, the vesting criteria and conditions, the vesting schedule and such other details and conditions as the Board shall determine and are not inconsistent with the Scheme, and will require the Selected Person to undertake to hold the RSU on the terms on which it is granted and to be bound by the provisions of the Scheme.

(ii) Acceptance of an offer

A Selected Person may accept an offer of the grant of RSUs in such manner as set out in the Grant Letter. Once accepted, the RSUs are deemed granted from the date of the approval of the Grant by the Board. Upon acceptance, the Selected Person becomes a Participant in the Scheme.

(iii) Restrictions on Grants and Grants to connected persons

No Grant shall be made to, nor shall any Grant be capable of acceptance by, any Selected Person at a time when the Selected Person would or might be prohibited from dealing in the Shares by the Listing Rules (where applicable) or by any other applicable rules, regulations or laws.

For as long as the Shares are listed on the Stock Exchange, a Grant must not be made after inside information has come to the knowledge of the Company until such inside information has been announced in accordance with the requirements of the Listing Rules. In particular during the period commencing one month immediately preceding the earlier of:

- the date of the meeting of the Board (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
- the deadline for the Company to publish an announcement of its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement;

no Award may be granted. Such period will cover any period of delay in the publication of a results announcement.

The Board may not grant any Awards to any Participants in any of the following circumstances:

- the requisite approvals for that Grant from any applicable regulatory authorities have not been obtained; or
- the securities laws or regulations require that a prospectus or other offering documents be issued in respect of the Grant or in respect of the Scheme, unless the Board or its delegate(s) determines otherwise; or
- where the Grant would result in a breach of any applicable securities laws, rules or regulations by any member of the Group or any of its Directors; or
- the Grant would result in breach of the limits of the Scheme or would otherwise cause the Company to issue Shares in excess of the permitted amount in the mandate approved by the Shareholders.

No instructions shall be given to the Trustee to purchase Shares when the Board is in possession of unpublished inside information in relation to the Group or where dealings in the Shares by the Directors are prohibited or in any other circumstances which are prohibited under any code or requirement of the Listing Rules and all application laws, rules, regulations from time to time.

For as long as the Shares are listed on the Stock Exchange, where any Award is proposed to be granted to a Director, it shall not be granted on any day on which the financial results of the Company are published and during the period of:

- 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and
- 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

For as long as the Shares are listed on the Stock Exchange, any Grant to any Director, chief executive or substantial shareholder of the Company, or any of their respective associates (as defined under the Listing Rules), shall be subject to the prior approval of the independent non-executive Directors (excluding the independent non-executive Director who is the proposed Grantee of the Awards in question) and shall otherwise be subject to compliance with the requirements of the Listing Rules.

Any grant of RSUs to the Directors or senior management of the Group must first be approved by the remuneration committee of the Board and any grant of RSUs to the Directors and any other connected person of the Company shall comply with all applicable laws, rules and regulations, including the Listing Rules and any corresponding code or securities dealing restrictions adopted by the Company. The Company will seek independent Shareholders' approval for any grant of new Shares to the Directors or any other connected person as required under Chapter 14A of the Listing Rules.

6. Maximum number of Shares pursuant to RSUs

Unless otherwise duly approved by the Shareholders, the total number of Shares underlying the Scheme shall not exceed 20,000,000 Shares (excluding RSUs that have lapsed, been cancelled or forfeited in accordance with the Scheme Rules) subject to an annual limit of 3% of the total number of issued Shares of the Company at the relevant time.

No RSU has been granted under the Scheme as of the date of this announcement.

7. Rights attached to RSUs

The RSUs do not carry any right to vote at general meetings of the Company. The Trustee shall not exercise any voting rights in respect of the Shares held or to be held by the Trustee for the purposes of these schemes.

No Grantee shall enjoy any of the rights of a Shareholder by virtue of the grant of an Award that has not been vested pursuant to the Scheme. In respect of the granted but unvested RSUs, unless otherwise specified by the Board in its entire discretion in the notice of Grant, the Grantees do not have any rights to any cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions from any Shares underlying an Award. Upon vesting of the RSUs, the Participants would only be entitled to the economic interests of those underlying Shares after being vested, without any voting rights.

8. Rights attached to Shares

The Shares to be allotted and issued upon the vesting of RSUs granted pursuant to the Scheme shall be subject to all the provisions of the memorandum and articles of association of the Company for the time being in force and shall rank *pari passu* in all respects with the existing fully paid Shares in issue on the date on which those Shares are allotted and issued accordingly shall entitle the holders to participate in all dividends or other distributions paid or made on or after the date on which Shares are allotted other than any dividends or distributions previously declared or recommended or resolved to be paid or made if the record date thereof shall be before the date on which the Shares are allotted.

9. Assignment of RSUs

Any Award granted pursuant to the Scheme but not yet vested are personal to the Selected Persons and cannot be assigned or transferred. No Grantee shall in any way sell, transfer, assign, charge, mortgage, encumber, hedge or create any interest in favour of any other person over or in relation to any RSU or any property held by the Trustee on trust for the Grantees, Awards, Shares underlying any Awards or any interest or benefits therein.

10. Vesting of RSUs

Within a reasonable time period as agreed between the Trustee and the Board from time to time prior to any vesting date, the Board or its delegate(s) will send a Vesting Notice to the relevant Selected Person and instruct the Trustee the extent to which the Award Shares held in the Trust shall be released from the Trust to the Selected Person. Subject to the receipt of the Vesting Notice and notification from the Board or its delegate(s), the Trustee will release the relevant Award in the manner as determined by the Board or its delegate(s).

11. Exercise of RSUs

The Participants' method of exercising RSUs is to sell their vested RSUs in the open market through the Trustee and obtain the economic benefits of the sale proceeds.

12. Appointment of the RSU Trustee

The Company may at its sole discretion, establish a Trust in connection with the Scheme and appoint a Trustee prior to the grant of any Award by the Board or its delegate(s), which may vest (a) in the form of the Award Shares; or (b) in the form of cash equivalent to the actual selling price of the Award Shares in cash in accordance with the Scheme.

The Company shall provide sufficient funds to the Trustee by whatever means as the Board may in its absolute discretion determine to enable the Trustee to satisfy its obligations in connection with the administration and vesting of RSUs granted pursuant to the Scheme.

If a Trust has been established for the purposes of the Scheme and if so required by the Company, the Company shall, as soon as reasonably practicable, (i) issue and allot the Shares to the Trustee under general or specific mandates sought from the Shareholders during the general meeting and/or (ii) transfer to the Trustee the necessary funds and instruct the Trustee to acquire the Shares through on-market transactions at the prevailing market price, so as to satisfy the Awards.

13. Rights on a takeover

In the event a general offer by way of voluntary offer, takeover or otherwise is made to all the Shareholders (or all such Shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer becomes or is declared unconditional prior to the vesting date of any RSU, the Board or its delegate(s) shall, prior to the offer becoming or being declared unconditional, determine at its absolute discretion whether such RSU shall vest and the period within which such RSU shall vest. If the Board or its delegate(s) determines that such RSU shall vest, it shall notify the Grantee that the RSU shall vest and the period within which such RSU shall vest.

14. Rights on a compromise or arrangement

In the event a compromise or arrangement between the Company and its Shareholders and/or creditors is proposed in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies, the Board or its delegate(s) shall determine at its discretion whether such RSU shall vest, and the period when such RSU shall vest. If the Board or its delegate(s) determines that such RSU shall vest, it shall notify the Grantee that the RSU shall vest and the period within which such RSU shall vest.

15. Rights on voluntary winding-up

In the event a notice is given by the Company to its Shareholders to convene a Shareholders' meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company prior to the vesting date of any RSU, the Board or its delegate(s) shall determine at its discretion whether such RSU shall vest, and the period when such RSU shall vest. If the Board or its delegate(s) determines that such RSU shall vest, it shall notify the Grantee that the RSU shall vest and the period within which such RSU shall vest.

16. Lapse of RSUs

(i) Full lapse of RSU

Any unvested RSU will automatically lapse immediately where:

- such Participant's employment or service terminates for any reason;
- such Participant suffers from serious disease, disability or death. Such "serious disease, disability" does not include the following three circumstances: (1) the Participant suffers from occupational disease or work-related injuries during his/her employment with the Group and is confirmed to have totally or partially lost the ability to work; (2) the Participant suffers from disease or non work-related injuries, within the prescribed medical period; or (3) the Participant who suffers from disease or non work-related injuries, is still able to perform the original work or any new work arranged by the Company after the expiration of the prescribed medical period; or
- the Participant makes any attempt or takes any action to sell, transfer, assign, charge, mortgage, encumber, hedge or create any interest in favour of any other person over or in relation to any RSUs or any interests or benefits pursuant to the RSUs.

(ii) If at any time, a Participant:

- ceases to be an employee of the Group;
- fails, during the course of his/her employment, to devote his/her enough time and attention to the business of the Group or to use his/her best endeavours to develop the business and interests of the Group;

- is concerned during the course of his/her employment with the Group (without the prior written consent of the Company) with any (competitive or other) business other than that of the Group; and/or
- is in breach of his/her contract of employment with or any other obligation to the Group (including without limitation certain restrictive covenants),

then all vested and unvested RSUs shall automatically lapse and such Participant shall have no claim whatsoever in respect of the RSUs or the underlying Shares.

17. Cancellation of RSUs

The Board or its delegate(s) may at any time cancel any unvested RSUs granted to a Grantee.

18. Reorganization of capital structure

In the event of any alteration in the capital structure of the Company, such as capitalization issue, rights issue, consolidation, sub-division and reduction of the share capital of the Company, the Board or its delegate(s) shall make such equitable adjustments that it considers appropriate, at its sole discretion, including:

- make arrangements for the grant of substitute RSUs of equivalent fair value to an Award in the purchasing or surviving company;
- reach such accommodation with the Grantee as it considers appropriate, including the payment of cash compensation to the Grantee equivalent to the fair value to any RSU to the extent not vested;
- waive any conditions to vesting of any RSU to the extent not already vested; or
- permit the continuation of an Award in accordance with its original terms.

19. Amendment of the Scheme

Save as provided in the Scheme, the Scheme may be altered in any respect by a resolution of the Board provided that no such alteration shall operate to affect adversely any subsisting rights of any Selected Person, except:

- with the consent in writing by Selected Persons amounting to three-fourths in nominal value of all Award Shares held by the Trustee on that date; or
- with the sanction of a special resolution that is passed at a meeting of the Selected Persons amounting to three-fourths in nominal value of all Award Shares held by the Trustee on that date.

20. Termination of the Scheme

The Board may at any time terminate the operation of the Scheme and in such event no further RSUs will be offered but in all other respects the provisions of the Scheme shall remain in full force and effect in respect of RSUs which are granted during the life of the Scheme and which remain unvested immediately prior to the termination of the operation of the Scheme. The Company and the relevant member of the Group shall notify the Trustee and all Eligible Persons of such termination and of how any property held by the Trustee on trust for the Eligible Persons (including, but not limited to, and Shares held) and the outstanding RSUs shall be dealt with.

LISTING RULES IMPLICATIONS

The Scheme does not constitute a share option scheme or an arrangement analogous to a share option scheme for the purposes of Chapter 17 of the Listing Rules. No Shareholders' approval is required for the adoption of the Scheme. As at the date of this announcement, no Award has been granted under the Scheme. Further announcement(s) will be made by the Company upon the proposed grant of the Award when and where necessary in compliance with the Listing Rules.

DEFINITIONS

In this announcement, save where the context otherwise requires, the following expressions have the respective meanings set opposite them:

“Adoption Date”	means August 19, 2021, being the date on which the Scheme was adopted by Board
“Award”	means an award of RSUs granted to an Eligible Person pursuant to the Scheme, an award may include, if so specified by the Board in its entire discretion, cash and non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions in respect of those Shares from the date that the Award is granted to the date that it vests
“Board”	means the board of directors of the Company or a duly authorized administration committee thereof or such other committee as the Board may authorize
“Board or its delegate(s)”	means the board of directors from time to time of the Company, or a committee of the Board, or the chief executive officer of the Company, or person(s) to which the Board has delegated its authority
“Board Lot”	means the board lot in which Shares are traded on the Stock Exchange from time to time
“Business Day”	means any day (excluding Saturday) on which banks in Hong Kong are generally open for business and the Stock Exchange is open for business of dealing securities

“Company”	means Fulu Holdings Limited
“Consolidated Affiliated Entities”	means the entities the financials of which are consolidated into the Company by virtue of contractual arrangements
“Director(s)”	means the director(s) of the Company
“Eligible Person”	means any individual, being an employee, Director (including executive Directors, non-executive Directors and independent non-executive Directors), officer, consultant, advisor, distributor, contractor, customer, supplier, agent, business partner, joint venture business partner or service provider of any member of the Group or any affiliate (including nominees and/or trustees of any employee benefit trust established for them) who the Board or its delegate(s) considers, in its sole discretion, to have contributed or will contribute to the Group is eligible to receive an Award. However, no individual who is resident in a place where the grant, acceptance or vesting of an Award pursuant to the Scheme is not permitted under the laws and regulations of such place or where, in the view of the Board or its delegate(s), compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such individual, shall be entitled to participate in the Scheme
“Grant”	means the offer of the grant of an Award made in accordance with the Scheme
“Grantee”	means any Eligible Person who accepts a Grant in accordance with the terms of the Scheme, or (where the context so permits) any person who is entitled to any Award in consequence of the death of the original Grantee
“Grant Letter”	means the letter pursuant to which RSUs are granted to a Selected Person
“Group”	means the Company, its subsidiaries and Consolidated Affiliated Entities
“Hong Kong”	means the Hong Kong Special Administrative Region of the People’s Republic of China
“IPO”	means the initial public offering and the listing of Shares on the Stock Exchange
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange
“Participant(s)”	means a Selected Person who accepts the offer of the grant of RSUs in accordance with the terms of the Scheme

“RSU(s)”	means a restricted shares unit conferring the Grantee a conditional right upon vesting of the Award to obtain either Shares or an equivalent value in cash with reference to the market value of the Shares on or about the date of vesting, as determined by the Board in its absolute discretion, less any tax, fees, levies, stamp duty and other charges applicable
“Scheme”	means the restricted share unit scheme of the Company adopted by the Board on August 19, 2021 in its present form or as amended from time to time
“Scheme Rules”	means the rules of the Scheme as amended from time to time
“Selected Person(s)”	means Eligible Persons selected by the Board to be granted RSUs under the Scheme at its discretion
“Shares”	means shares each in the share capital of the Company, or if there has been a sub-division, reduction, consolidation, reclassification or reconstruction of the share capital of the Company, the shares forming part of the ordinary equity share capital of the Company of such nominal amount as shall result from any such sub-division, reduction, consolidation, reclassification or reconstruction
“Shareholder(s)”	means holder(s) of Shares
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“Vesting Notice”	means a notice to be sent by the Company to each of the relevant Participants after the vesting criteria, conditions and time schedule have been reached, fulfilled, satisfied or waived

By order of the Board
Fulu Holdings Limited
Fu Xi
Chairman

Wuhan, Hubei Province, the PRC
August 19, 2021

As at the date of this announcement, the Board comprises Mr. Fu Xi, Mr. Zhang Yuguo, Mr. Shui Yingyu, Mr. Zhao Bihao and Mr. Mao Feng as executive Directors; and Mr. Li Wai Chung, Ms. Wang Yuyun and Mr. Wong Sincere as independent non-executive Directors.