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品牌中国
BRANDING CHINA

BRANDING CHINA GROUP LIMITED

品牌中國集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8219)

ADOPTION OF EMPLOYEES' SHARE AWARD SCHEME

The Board has adopted the Scheme on 29 September 2014 pursuant to which existing Shares will be acquired by the Trustee from the market at the cost of the Company and held in trust for the Selected Employees until such Shares are vested with the relevant Selected Employees in accordance with the provisions of the Scheme.

THE SHARE AWARD SCHEME

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For the avoidance of doubt, no new Share will be issued and granted by the Company under the Scheme.

Listing Rules Implications

The Scheme does not constitute a share option scheme pursuant to Chapter 23 of the GEM Listing Rules and is a discretionary award scheme of the Company.

Pursuant to the Scheme, existing Shares will be purchased by the Trustee and held in trust for the relevant Selected Employees. Where any award of Shares is proposed to be made to any Selected Employee who is a director of the Company or Subsidiary, or where the Board proposes to waive any conditions, restrictions or limitation imposed on any award of Shares made to any Selected Employee who is a director of the Company or Subsidiary, such award of Shares or waiver (as the case may be) must first be approved by the Remuneration Committee of the Company. The grant of the Awarded Shares to a director of the Company or any of its Subsidiaries may also constitute a connected transaction of the Company. However, in a case the grant of Awarded Shares to a director of the Company or its Subsidiary forms part of the remuneration of the relevant Director under his/her service contract, such grant of Awarded Shares is exempted from all the reporting, announcement and independent Shareholders' approval requirements under Rule 20.93 of the GEM Listing Rules. For the award of Shares to Selected Employees who are connected persons (excluding directors whose service contracts include the award of Shares under the Scheme as part of their remuneration package thereunder), such award must be approved by all the independent non-executive Directors, and the Company will comply with the relevant requirements under the GEM Listing Rules.

A summary of the principal terms of the Scheme is set out below:

SUMMARY OF THE SCHEME

Purposes and Objectives

The purposes and objectives of the Scheme is to recognise the contributions by certain Employees and to give incentives thereto in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group.

Administration

The Scheme shall be subject to the administration of the Board in accordance with the Scheme Rules.

Duration

Subject to any early termination as may be determined by the Board pursuant to the Scheme Rules and subject to the relevant provisions pursuant to the Trust Deed, the Scheme shall be valid and effective for a period of 10 years commencing on the Adoption Date provided that no further issue of Awarded Shares and no further settlement of Reference Amount shall be made on or after the 10th anniversary date of the Adoption Date.

Scheme Limit

The Board shall not make any further Award which will result in the number of Shares awarded by the Board under the Scheme to be in excess of 5% of the issued share capital of the Company as at the Adoption Date. The maximum number of Shares which may be awarded to a Selected Employee under the Scheme shall not exceed 1% of the issued share capital of the Company as at the Adoption Date. On the basis of a total 246,810,194 Shares in issue as at the Adoption Date, the Board shall make award of Awarded Shares up to 12,340,509 Shares, representing approximately 5% of the issued share capital of the Company as at the Adoption Date, during the duration of the Scheme.

Restrictions

No instructions to acquire Shares shall be given to the Trustees under the Scheme where any Director or any relevant Employees is in possession of unpublished inside information in relation to the Company or where dealings by Directors are prohibited under any code or requirement of the GEM Listing Rules and all applicable laws from time to time.

Operation

Pursuant to the Scheme Rules, the Board may, from time to time, at its absolute discretion select any Employee (excluding any Excluded Employee) for participation in the Scheme as a Selected Employee and determine the number of Awarded Shares to be awarded at each Reference Date, and the vesting period and conditions subject to which the Awarded Shares shall vest including any consideration to be payable by the relevant Selected Employee(s) for receiving the Awarded Shares.

The Board shall cause to pay the Trustee the Reference Amount. The Trustee shall, within 20 Business Days on which trading of the Shares has not been suspended (or such longer period as the Trustee and the Board may agree from time to time having regard to the circumstances of the purchase concerned), apply the same towards the purchase from the market the number of Awarded Shares at the prevailing market price and in the manner prescribed by the Company. Where the Reference Amount paid or caused to be paid by the Company to the Trustee is not sufficient to purchase all the Awarded Shares, the Trustee shall acquire the maximum number of board lots of Shares and seek further funds from the Company until all the Awarded Shares are purchased. The Shares so purchased shall form part of the trust fund of the Trust.

When the Selected Employee has satisfied all vesting conditions specified by the Board and became entitled to the Shares forming the subject of the Award, the Trustee shall transfer the relevant vested Awarded Shares and the Related Income to such Selected Employee.

Vesting and Lapse

Unless otherwise determined by the Board at its absolute discretion, Awarded Shares and the Related Income (being all income derived from a Share held upon the Trust in the form of the Shares) held by the Trustee upon the Trust and which are referable to a Selected Employee shall vest in the Selected Employee at such time and upon such conditions as the Board

may determine at its absolute discretion on the Reference Date, provided that the Selected Employee shall be at all times between the Reference Date and the relevant Vesting Date(s) an Employee of the Company or of a Subsidiary (as the case may be).

In the event (i) that a Selected Employee ceases to be an Employee prior to the fulfillment of all vesting conditions for relevant Awarded Shares held by him/her; or (ii) that the Subsidiary by which a Selected Employee is employed ceases to be a Subsidiary (or of a member of the Group); or (iii) any of the vesting conditions upon an Award to the relevant Selected Employee as determined by the Board on the Reference Date are not fulfilled; or (iv) that an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company or any of its Subsidiaries (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 or any of its Subsidiaries pass to a successor company), the Award shall automatically lapse forthwith and all the Awarded Shares and the Related Income of such Award shall not vest on the relevant Vesting Date but shall become Returned Shares for the purposes of the Scheme.

In the event (i) a Selected Employee is found to be an Excluded Employee; or (ii) a Selected Employee fails to return duly executed transfer documents prescribed by the Trustee for the relevant Awarded Shares and the Related Income within the stipulated period, the relevant part of an Award made to such Selected Employee shall automatically lapse forthwith and the relevant Awarded Shares and the Related Income shall not vest on the relevant Vesting Date but shall become Returned Shares for the purposes of the Scheme.

The Trustee shall hold the Returned Shares exclusively for the benefit of all or one or more of the Selected Employees (excluding any Excluded Employee) as it determines in its reasonable discretion at any time after discussing with the Board and having taken into consideration recommendation of the Board.

The cash income and net proceeds of sale of non-cash or non-scrip distribution declared in respect of a Share held upon the Trust shall form part of the trust fund of the Trust and the Trustee may (i) apply such cash for the purchase of Shares which shall become Returned Shares for the purpose of the Scheme, (ii) apply such cash to defray such fees, costs and expenses incurred by the Trustee, or (iii) return such cash to the Company.

If there occurs an event of change in control of the Company, whether by way of offer, merger, scheme of arrangement or otherwise, all the Awarded Shares and the Related Income shall immediately vest on the date when such change in control event becomes or is declared unconditional and such date shall be deemed the Vesting Date.

Voting Rights

The Trustee shall not exercise the voting rights in respect of any Shares held under the Trust.

Termination

The Scheme shall terminate on the earlier of:

- (a) on the 10th anniversary date of the Adoption Date; and
- (b) such date of early termination as determined by the Board provided that such termination shall not affect any subsisting rights of any Selected Employee hereunder.

Upon termination, all Awarded Shares and the Related Income shall become vested on the Selected Employees so referable on such date of termination. Net sale proceeds (after making appropriate deductions) of the Returned Shares and such non-cash income together with the residual cash and such other funds remaining in the Trust shall be remitted to the Company forthwith after the sale.

Definition

Unless otherwise defined, the following expressions in this announcement have the following meanings:

“Adoption Date”	29 September 2014, being the date on which the Scheme is adopted by the Board
“Award”	an award of Shares together with any Related Income by the Board to a Selected Employee pursuant to the Scheme
“Awarded Shares”	in respect of a Selected Employee, such number of Shares purchased by the Trustee out of cash paid by the Company and has the meaning ascribed to such term in the Scheme Rules
“Board”	the board of Directors, such committee or such sub-committee or person(s) delegated with the power and authority by the board of directors of the Company to administer the Scheme
“Business Days”	a day (other than a Saturday, Sunday or public holiday in Hong Kong) on which the Stock Exchange is open for trading and on which commercial banks are open for ordinary banking business in Hong Kong
“Company”	Branding China Group Limited (品牌中國集團有限公司), a company incorporated in Cayman Islands with limited liability and the Shares of which are listed on GEM
“connected persons”	have the same meaning as ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) of the Company

“Employee”	any employee (including director of the Company or of any of its Subsidiaries)
“Excluded Employee”	any Employee who is resident in a place where the settlement of the Reference Amount and the award of the 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 of where in the view of the Board or the Trustee (as the case may be) compliance with applicable laws and regulations in such place make it necessary or expedient to exclude such Employee, in each case determined by the Board in its absolute discretion
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“Group”	the Company and its Subsidiaries
“Reference Amount”	the sum of (i) the aggregate consideration of the Awarded Shares calculated on the basis of the number of Awarded Shares and the closing price of the Shares as at the Reference Date; and (ii) the related purchase expenses (including for the time being, if any, the brokerage fee, stamp duty, transaction levy of the Securities and Futures Commission of Hong Kong, Stock Exchange trading fee and investor compensation levy and such other necessary expenses required for the completion of the purchase of all the Awarded Shares)
“Reference Date”	the date of final approval by the Board of the total number of shares to be awarded to the Selected Employee in a single occasion pursuant to the Scheme
“Related Income”	all income derived from a Share since the date of the relevant Award and held upon the Trust in the form of the Shares
“Returned Shares”	such Awarded Shares and Related Income which are referable to a Selected Employee and which are not accepted or vested and/or forfeited in accordance with the terms of the Scheme Rules
“Scheme”	the share award scheme of the Company adopted by the Board on the Adoption Date, as amended from time to time
“Scheme Rules”	the rules relating to the Scheme

“Selected Employee(s)”	any Employee(s) selected by the Board pursuant to the Scheme Rules for participation in the Scheme and has the meaning ascribed to such term in the Scheme Rules
“Share(s)”	ordinary Share(s) of HK\$0.01 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)
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary(ies)”	subsidiary(ies) of the Company from time to time within the meaning of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Trust”	the trust constituted by the Trust Deed
“Trust Deed”	the trust deed or other document to be entered into between the Company and the Trustee (as restated, supplemented and amended from time to time) in respect of, inter alia, the constitution of the Trust and the appointment of the Trustee for the administration and operation of the Scheme
“Trustee”	First Shanghai Securities Limited, or such other trustee to be appointed by the Company for the administration and operation of the Scheme, who shall be a party independent of and not connected with the Company and its connected person(s)
“Vesting Date”	in respect of a Selected Employee, the date on which the Selected Employee’s entitlement to the Awarded Shares accrues in accordance with the terms and conditions as imposed by the Board or is deemed to have accrued pursuant to the terms of the Scheme Rules

By order of the Board
Branding China Group Limited
Fang Bin
Chairman

Shanghai, the People’s Republic of China, 29 September 2014

As at the date of this announcement, the executive Directors are Mr. Fang Bin, Ms. He Weiqi and Mr. Song Yijun; the non-executive Director is Mr. Fan Youyuan; and the independent non-executive Directors are Mr. Zhou Ruijin, Mr. Lin Zhiming and Ms. Hsu Wai Man, Helen.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the Stock Exchange’s website at www.hkexnews.hk for 7 days from the date of its posting. This announcement will also be posted on the Company’s website at www.brandingchinagroup.com.