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## **JIANGNAN GROUP LIMITED**

**江南集團有限公司**

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

**(Stock code: 1366)**

### **ADOPTION OF SHARE AWARD SCHEME**

The Board is pleased to announce that, on 9 September 2015, the Board adopted the Scheme (i.e. Jiangnan Group Employees' Share Award Scheme) in which the Group's employees, executives, officers or directors will be entitled to participate.

Pursuant to the terms and conditions of the Scheme, Shares will be acquired by the Trustee at the cost of the Company and held in trust for the Selected Employees until the end of each vesting period. Awarded Shares will be transferred at a nominal consideration to the Selected Employees. The total nominal value of the Shares to be awarded under the Scheme is limited to 10% of the issued share capital of the Company from time to time. The maximum nominal value of the Shares which may be granted to a Selected Employee under the Scheme shall not exceed 1% of the issued share capital of the Company from time to time.

The Board is pleased to announce that, on 9 September 2015, the Board adopted the Scheme, a summary of the terms of which is set out below:

#### **OBJECTIVES**

The specific objectives of the Scheme are (i) to recognise the contributions by the Group's employees, executives, officers or directors at any time during the Trust Period and to provide them with incentives in order to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group.

#### **ADMINISTRATION**

The Scheme shall be subject to the administration of the Board and the Trustee in accordance with the rules of the Scheme and the Trust Deed.

#### **DURATION**

Subject to any early termination as may be determined by the Board, the Scheme shall be valid

and effective for a term of 10 years commencing on the Adoption Date.

## **SCHEME MAXIMUM LIMIT**

The Board shall not make any further award of Awarded Shares which will result in the nominal value of the Shares awarded by the Board under the Scheme exceeding 10% of the issued share capital of the Company from time to time. The maximum nominal value of the Shares which may be awarded to a Selected Employee under the Scheme shall not exceed 1% of the issued share capital of the Company from time to time.

## **RESTRICTIONS**

No instructions to acquire any Shares shall be given to the Trustee under the Scheme when dealings in the Shares are prohibited under any code or requirement of the Listing Rules and all applicable laws from time to time.

## **OPERATION**

### **The Trust Fund**

Pursuant to the terms and conditions of the Scheme, the Board may from time to time instruct the Trustee to purchase Shares. The Board shall cause to pay the Trustee the purchase price and the related expenses from the Company's resources for the purchase of Shares at the prevailing market price according to the instructions of the Board. The Trustee shall purchase from the market the relevant number of Shares awarded and shall hold such Shares until they are vested in accordance with the terms and conditions of the Scheme. The Shares so purchased and the remaining balance of any Residual Cash shall form part of the Trust Fund.

### **Award of Awarded Shares**

Subject to the terms of the Scheme, the Board may, from time to time, at its absolute discretion select any Employee (other than any Excluded Employee) for participation in the Scheme as a Selected Employee, and grant such number of Awarded Shares to any Selected Employee at a nominal consideration of HK\$0.01 per Awarded Share to be paid on vesting and subject to such terms and conditions as it may determine in its absolute discretion.

The Board is entitled to impose any conditions (the "**Performance Conditions**"), as it deems appropriate in its absolute discretion with respect to the vesting of the Awarded Shares on the Selected Employee, and shall inform the Trustee and such Selected Employee the Performance Conditions of the Award and the Awarded Shares. The Performance Conditions may be different for different Employees.

Where any grant of Awarded Shares is proposed to be made to any Selected Employee who is a Director (including any independent non-executive Director), such grant must first be approved by all the members of the remuneration committee of the Company, or in the case where the grant is proposed to be made to any member of the remuneration committee, by all of the other members of the remuneration committee.

Where any grant of Awarded Shares is proposed to be made to any person who is a connected person of the Company within the meaning of the Listing Rules, the Company shall comply with such provisions of the Listing Rules as may be applicable unless otherwise exempted under the Listing Rules.

Prior to the Vesting Date, any Award made under the Scheme Rules shall be personal to the Selected Employee to whom it is made and shall not be assignable and no Selected Employee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to the Awarded Shares referable to him pursuant to such Award.

### **Vesting of Awarded Shares**

Subject to the terms and conditions of the Scheme and the fulfillment of all relevant vesting conditions, the Awarded Shares and the related income derived therefrom are subject to a vesting scale in tranches of 25% each in accordance with the vesting schedule which make reference to the anniversary date of the first vesting date. Vesting of the Shares will be conditional on the Selected Employee remaining an employee of the Group until and on each of the relevant vesting dates and his/ her execution of the relevant documents to effect the transfer from the Trustee.

An Award shall automatically lapse when a Selected Employee ceases to be an employee of the Group or an order of winding up of the Company is made or a notice is duly given by the Company to its shareholders to convene a shareholders' meeting for the purpose of considering a resolution for the voluntary winding up, save that in the case when a Selected Employee dies, or retires at his/her normal retirement age or earlier by agreement prior to or on the Vesting Date, all the Awarded Shares and the related income shall be deemed to be vested on the day immediately prior to his/her death or retirement.

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 Shares awarded 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 Shares awarded and related income shall not vest on the relevant vesting date but shall become Returned Shares and form part of the Trust Fund for the purposes of the Scheme.

If there occurs an event of change in control (have the meaning as specified in The Codes on Takeovers and Mergers and Share Repurchases from time to time, but excluding any change of control as a result of any arrangement made between the controlling shareholder of the Company (as defined in the Listing Rules) and parties acting in concert with it (have the meaning as specified in the Hong Kong Codes on Takeovers and Mergers and Share Repurchases)) of the Company, whether by way of offer, merger, scheme of arrangement or otherwise prior to the Vesting Date, all the Awarded Shares and the related incomes shall immediately vest in the Selected Employee on the date when such change in control event becomes or is declared unconditional or in the case of a scheme of arrangement on the record date for determining entitlements under such scheme and such date shall be deemed the Vesting Date.

Where the Awarded Shares do not vest in accordance with the terms and conditions of the Scheme, those Awarded Shares shall become Returned Shares and form part of the Trust Fund.

### **ALTERATION OF 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 Employee except with the consent in writing of Selected Employees whose Awarded Shares amount to three-fourths in nominal value of all Shares held by the Trustee on that date or the sanction of a resolution at a meeting of Selected Employees passed by not less than three-fourths of the votes

cast by Selected Employees entitled to vote at the meeting.

## **VOTING RIGHTS**

The Trustee shall not exercise the voting rights in respect of any Shares held under the Trust (if any) (including but not limited to the Awarded Shares, the Further Shares, the Returned Shares, any bonus Shares and scrip Shares derived therefrom).

The Board is of the view that not exercising the voting rights by the Trustee might help avoid potential misperception of the Company's influence over the Trustee's decision in casting the votes in respect of the Shares held under the Trust at general meetings.

## **TERMINATION**

The Scheme shall terminate on the earlier of the 10th anniversary date of the Adoption Date or such date of early termination as determined by the Board by a resolution of the Board provided that such termination shall not affect any subsisting rights of the Selected Employees.

Upon termination, no further grant of Awarded Shares may be made under the Scheme. All Awarded Shares and the related income derived therefrom shall become vested on the Selected Employees so referable on such date of termination, subject to the receipt by the Trustee of the transfer documents duly executed by the Selected Employees within the stipulated period. The Trustee shall dispose of the Shares (except for any Awarded Share subject to vesting on the Selected Employees) remaining in the Trust Fund within the stipulated period and net proceeds of such sale together with such other funds and properties remaining in the Trust Fund (after making appropriate deductions in respect of all disposal costs, liabilities and expenses) shall be remitted to the Company forthwith.

## **DEFINITIONS**

Unless the context requires otherwise, the following words and phrases used in this announcement have the following meanings:

“Adoption Date”	9 September 2015, being the date on which the Board adopted the Scheme
“Award”	an award of Awarded Shares by the Board to a Selected Employee pursuant to the Scheme
“Awarded Shares”	in respect of a Selected Employee, such number of Shares awarded by the Board
“Board”	the board of directors of the Company, such committee or sub-committee or person(s) delegated with the power and authority by the board of directors of the Company to administer the Scheme
“Company”	Jiangnan Group Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange
“Excluded Employee”	any Employee who is resident in a place where the award of the Awarded Shares and/or the vesting and transfer of the Awarded Shares pursuant to the terms of the Scheme are not permitted under the laws and regulations of such place or where in the view of the

	Board or the Trustee (as the case may be) compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such employee
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Residual Cash”	cash in the Trust Fund (including without limitation (i) any cash paid or made available to the Trust by way of settlement or otherwise contributed by the Group to the Trust as determined by the Board from time to time or any remaining amount thereof; (ii) any cash income or dividends derived from Shares held under the Trust; (iii) other cash income or net proceeds of sale of non-cash and non-scrip distribution derived from or in respect of the Shares held under the Trust; and (iv) all interest or income derived from deposits maintained with licensed banks in Hong Kong) which has not been applied in the acquisition of any Shares
“Returned Shares”	Such Awarded Shares and their Related Income which are not vested in accordance with the terms of the Scheme (whether as a result of a lapse or otherwise), or were forfeited in accordance with the terms of the Scheme, or such Shares which are deemed to be Returned Shares, or Related Income of any Returned Shares
“Scheme”	the Jiangnan Group Employees’ Share Award Scheme adopted by the Board on the Adoption Date whereby awards of Shares may be made to employees, executives, officers and directors of the Group
“Selected Employee(s)”	employee(s), executive(s), officer(s) and director(s) of the Group selected by the Board for participation in the Scheme pursuant to the terms and conditions of the Scheme
“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, reduction or reconstruction of the share capital of the Company from time to time)
“Subsidiary(ies)”	subsidiary(ies) of the Company from time to time within the meaning of the Companies Ordinance (Cap.622 of the Laws of Hong Kong)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trust”	the trust constituted by the Trust Deed
“Trust Deed”	the trust deed executed by Company as settlor and the Trustee as trustee on 9 September 2015, pursuant to which the Scheme was established
“Trust Fund”	the funds and properties held under the Trust and managed by the Trustee for the benefit of the employees, executives, officers and directors of the Group (other than the Excluded Employees),

including without limitation:

- (a) all Shares acquired by the Trustee for the purpose of the Trust out of the Residual Cash and such other scrip income (including but not limited to bonus Shares and scrip dividends declared by the Company) derived from the Shares held upon the Trust;
- (b) any Residual Cash;
- (c) any Awarded Shares or other property to be vested or not vested with the Selected Employee under the terms of the Scheme;
- (d) any Returned Shares; and
- (e) all other properties from time to time representing (a), (b) (c) and (d) above

“Trust Period” the period beginning with the Adoption Date and ending upon the first to happen of the following, namely:

- (a) 8 September 2025, being the expiry of the period of 10 years beginning from the Adoption Date; or
- (b) such date of early termination as determined by the Board

“Trustee” Bank of Communications Trustee Limited, a third party independent of the Company and its connected persons (within the meanings under the Listing Rules) and any additional or replacement trustees, being the trustee or trustees for the time being declared in this Trust Deed

“Vesting Date” in respect of a Selected Employee, the date on which his entitlement to the Awarded Shares is vested in the Selected Employee in accordance with the Scheme

“%” percentage

On behalf of the Board  
**Jiangnan Group Limited**  
**Rui Fubin**  
*Chairman*

9 September 2015

*As at the date of this announcement, the Board comprises five executive directors, namely Mr. Rui Fubin, Mr. Chu Hui, Ms. Xia Yafang, Mr. Jiang Yongwei and Mr. Hao Minghui; and three independent non-executive directors, namely Mr. He Zhisong, Mr. Yang Rongkai and Mr. Poon Yick Pang Philip.*