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## **Zhong Ao Home Group Limited**

**中奧到家集團有限公司**

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

**(Stock Code: 1538)**

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

On 20 June 2017, the Board adopted the Share Award Scheme which has taken effect immediately pursuant to which Shares will be acquired by the Administration Committee or the Trustee at the cost of the Company or new Shares may be allotted and issued to the Administration Committee or the Trustee under general mandates granted or to be granted by the Shareholders at general meetings from time to time and be held in trust for the Selected Persons until the end of each vesting period.

#### **THE SHARE AWARD SCHEME**

On 20 June 2017, the Board adopted the Share Award Scheme which has taken effect immediately. The following is a summary of the principal terms and conditions of the Share Award Scheme:

##### **Purposes and objectives**

The purposes and objectives of the Share Award Scheme are to recognise the contributions by certain employees of the Group and to provide them with incentives 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.

##### **Duration**

Subject to any early termination as may be determined by the Board, the Share Award Scheme shall be valid and effective for a term of ten (10) years commencing on the Adoption Date.

## **Administration**

The Share Award Scheme shall be subject to the administration of the Administration Committee or the Trustee (if the Trustee is appointed by the Company) in accordance with the rules of the Share Award Scheme and the terms of the Trust Deed (as the case may be).

## **Operation of the Share Award Scheme**

The Board may select any Eligible Person (other than Excluded Person) for participation in the Share Award Scheme and determine the number of the Awarded Shares to be awarded to the Selected Persons. The Board is entitled to impose any conditions (including a period of continued service within the Group after the Reference Date), as it deems appropriate with respect to the entitlement of the Selected Person to the Awarded Shares.

## **Purchase of Awarded Shares by the Administration Committee or the Trustee**

As soon as practicable after the Reference Date, the Board shall cause the Reference Amount to be paid from the Company's resources into the Account or to the Trustee to be held on trust for the relevant Selected Person for the purchase of the Awarded Shares.

The Administration Committee or the Trustee shall, within 20 business days on which trading of the Shares is not suspended after receiving the Reference Amount, apply the Reference Amount towards the purchase of the Awarded Shares at the prevailing market price. If the Reference Amount paid to the Account or the Trustee is not sufficient to purchase all the Awarded Shares at the prevailing market price, the Administration Committee or the Trustee shall acquire the maximum number of board lots of Shares that can be acquired with that amount and seek further funds from the Board until all the Awarded Shares are purchased.

The Administration Committee or the Trustee shall purchase further Shares for the Selected Persons to be funded by the proceeds of the sale of any non-scrip and non-cash distribution declared in respect of the Shares held by the Administration Committee or upon the Trust. When the Selected Person has satisfied all vesting conditions specified by the Board at the time of making the Award and become entitled to the Awarded Shares, the Administration Committee or the Trustee shall transfer the relevant Award Shares to that Selected Person.

## **Issue of new Awarded Shares and general mandate**

Pursuant to the Share Award Scheme, new Awarded Shares may be allotted and issued to the Administration Committee or the Trustee under general mandates granted or to be granted by the Shareholders at general meetings of the Company from time to time and be held in trust for the Selected Persons until the end of each vesting period. The issue price of such new Shares shall be at the nominal value of Shares. When the Selected Person has satisfied all vesting conditions specified by the Board at the time of making the Award and become entitled to the Awarded Shares, the Administration Committee or the Trustee shall transfer the relevant Awarded Shares to that Selected Person. The Company shall comply with the relevant Listing Rules when issuing the new Awarded Shares and application will be made to the Stock Exchange for the granting of the listing of, and permission to deal in, the new

Awarded Shares to be issued at the time of offer of the Awarded Shares. The Company intends to use the general mandate available at the time of granting the Awarded Shares in accordance with the terms of the Share Award Scheme.

### **Vesting and lapse**

Any Awarded Shares and the related income thereof held in the Account or by the Trustee and which are referable to a Selected Person shall vest in that Selected Person in accordance with the timetable and conditions as imposed by the Board at its absolute discretion, provided that the Selected Person remains at all times after the Reference Date and on the relevant Vesting Date(s) an Eligible Person of the Group.

In respect of a Selected Person who died or retired at his normal retirement date or earlier by agreement with the Group at any time prior to a Vesting Date, all the Awarded Shares and the related income of a Selected Person shall be deemed to be vested on the date immediately prior to his death or retirement at his normal retirement date or earlier by agreement with the Group.

In the event (i) a Selected Person ceases to be an Eligible Person, or (ii) the subsidiary by which a Selected Person is employed ceases to be a subsidiary of the Company, or (iii) an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company, the Award shall automatically lapse forthwith and all the Awarded Shares and related income thereof shall not vest on the relevant Vesting Date in accordance with the terms of the Share Award Scheme.

In the event (i) a Selected Person is found to be an Excluded Person or (ii) a Selected Person fails to return duly executed transfer documents prescribed by the Administration Committee or the Trustee for the relevant Awarded Shares within the stipulated period, the relevant part of an Award made to such Selected Person shall automatically lapse forthwith and the relevant Awarded Shares and related income thereof shall not vest in that Eligible Person on the relevant Vesting Date in accordance with the terms of the Share Award Scheme provided always that in each case the Board in its absolute discretion may decide that such Award or any part thereof shall not so lapse or subject to such conditions or limitations as the Board may decide.

A Selected Person shall be ceased to be an Eligible Person

- (a) by reason of voluntary resignation or dismissal, or by termination of his employment or service in accordance with the termination provisions of his contract of employment or service by the Group otherwise than by reason of redundancy; or
- (b) on the grounds that he has committed any act of bankruptcy or has become insolvent or has made arrangements or composition with his creditors generally or has committed any serious misconduct or has been convicted of any criminal offence (other than an offence which in the opinion of the Board does not bring the Selected Person or the Group or the relevant controlling Shareholder into disrepute); or
- (c) if in the absolute discretion and determination of the Board the person is no longer eligible or appropriate to be an Eligible Person under the Share Award Scheme,

provided always that in each case the Board in its absolute discretion may decide that such Award or any part thereof shall not so lapse or subject to such conditions or limitations as the Board may decide.

If there occurs an event of change of control of the Company, whether by way of offer, merger, scheme of arrangement or otherwise, unless otherwise directed by the Board at its absolute discretion, all the Awarded Shares and the related income shall immediately vest in the respective Selected Person on the date when such change of control event becomes or is declared unconditional and such date shall be deemed to be the Vesting Date.

### **Rights and restrictions**

A Selected Person shall only have a contingent interest in the Awarded Shares and the related income thereof which are referable to him subject to the vesting of such Shares on the Vesting Date. A Selected Person shall have no rights in the Residual Cash.

The Administration Committee or the Trustee shall not exercise the voting rights in respect of any Shares held by the Administration Committee or the Trustee (including but not limited to the Awarded Shares, any bonus Shares and scrip Shares).

### **Scheme limit**

The Board shall not make any further award of Awarded Shares which will result in the number of Shares awarded by the Board under the Share Award Scheme exceeding 3% 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 Person under the Share Award Scheme shall not exceed 1% of the issued share capital of the Company as at the Adoption Date. Based on the 794,172,000 Shares in issue as at the Adoption Date, the maximum number of Awarded Shares under the Share Award Scheme would be 23,825,160 Shares.

The aforesaid limit may be refreshed or amended by approval of the Shareholders in general meeting. Nevertheless, the total number of Shares which may be issued under the Share Award Scheme and the exercise of all options to be granted under other incentive and option schemes of the Company (including the share option scheme adopted by the Company on 20 April 2015) as so refreshed shall not exceed 10% of the Shares in issue as at the date of approval of the limit. Awards or options previously granted under the Share Award Scheme or the share option scheme (including those vested, outstanding, cancelled and lapsed) will not be counted for the purpose of calculating the limit as refreshed. The Company will not issue any Awarded Shares under the Share Award Scheme which would result in the total number of the Awarded Shares together with Shares which may be issued upon exercise of all outstanding share options granted but yet to be exercised under the share option scheme or any other incentive or option schemes of the Company representing in aggregate over 30% of the Shares in issue as at the date of such grant.

Where any Awarded Shares is proposed to be offered to a connected person of the Company (as defined under Chapter 14A of the Listing Rules), such offer of Awarded Shares has to be first approved by the independent non-executive Directors of the Company and the Company will comply with the applicable requirements of Chapter 14A of the Listing Rules in respect of such offer (including but not limited to the obtaining of independent Shareholders' approval if necessary).

## **Termination**

The Share Award Scheme shall terminate on the earlier of (i) the date falling on the 10th anniversary date of the Adoption Date and (ii) such date of early termination as determined by the Board provided that such termination shall not affect any subsisting rights of any Selected Person thereunder.

Upon all the Awarded Shares of the Selected Persons granted under the Share Award Scheme having been vested, the Residual Cash and such other funds remaining in the Account or the trust fund shall be remitted to the Company forthwith.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following words and expressions shall have the meanings ascribed to them below:

“Account”	the securities account opened in the name of the Company to be operated solely for the purpose of operating the Share Award Scheme and the funds thereof to be held on trust by the Company for the Selected Persons
“Administration Committee”	the remuneration committee of the Company and the chairman of the Board, delegated with the power and authority by the Board to administer the Share Award Scheme
“Adoption Date”	the date on which the Share Award Scheme is adopted by the Board
“Award”	an award of Shares (together with any related income) by the Board to a Selected Person pursuant to the Share Award Scheme
“Awarded Amount”	in respect of a Selected Person, the closing price of the Shares as quoted by the Stock Exchange as at the Reference Date multiplied by the number of Awarded Shares comprised in the Award
“Awarded Shares”	in respect of a Selected Person, such number of Shares determined by the Board and (i) issued as new Shares by the Company to the Administration Committee or the Trustee held on trust for the Selected Person or (ii) purchased by the Trustee or the Administration Committee on the market, in either case out of cash paid by the Company by way of settlement to the Trustee or the Administration Committee pursuant to the Share Award Scheme
“Board”	the board of Directors

“Company”	Zhong Ao Home Group Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Stock Exchange
“Directors”	the directors of the Company
“Eligible Person(s)”	any full-time employee of the Company or any of its subsidiary who have contributed or will contribute to the growth and development of the Group
“Excluded Person”	any Eligible Person 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 Share Award Scheme is not permitted under the laws and regulations of such place or where in the view of the Board or the Administration Committee 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 Eligible Person
“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
“Reference Amount”	the sum of (i) the Awarded Amount and (ii) the related purchase expenses (including for the time being, the brokerage fee, stamp duty, Securities and Futures Commission transaction levy, Stock Exchange trading fee) and such other necessary expenses required for the completion of the purchase of all the Awarded Shares
“Reference Date”	in respect of a Selected Person, the date of final approval by the Board of the total number of Shares to be awarded to the relevant Selected Person in a single occasion pursuant to the Share Award Scheme
“Residual Cash”	in respect of a Selected Person, being cash remaining in the Account or the trust fund set up by the Trustee in respect of an Awarded Share (including interest income derived from deposits maintained with licensed banks in Hong Kong, cash income and sale proceeds which have not been applied in the acquisition of further Shares)
“Selected Person(s)”	Eligible Person(s) selected by the Board for participation in the Share Award Scheme

“Share Award Scheme”	the share award scheme adopted by the Board on the Adoption Date, as amended from time to time
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trust Deed”	a trust deed as may be entered into between the Company and the Trustee (as restated, supplemented and amended from time to time) in respect of the appointment of the Trustee for the administration of the Share Award Scheme
“Trustee”	the trustee corporation(s) as may be appointed by the Company for the administration of the Share Award Scheme
“Vesting Date”	in respect of a Selected Person, the date on which his entitlement to the Awarded Shares accrues in accordance with the conditions as imposed by the Board or is deemed to have accrued pursuant to the terms of the Share Award Scheme
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong

By order of the Board  
**Zhong Ao Home Group Limited**  
**Yu Ho Ming**  
*Company Secretary*

Hong Kong, 20 June 2017

*As at the date of this announcement, our executive directors are Mr. Liu Jian, Ms. Chen Zhuo, Mr. Liang Bing, Mr. Long Weimin, our non-executive directors are Mr. Wei Zhe, Ms. Wu Qimin, Mr. Zheng Dong, and our independent non-executive directors are Mr. Zhang Weilun, Mr. Lee Kwok Tung Louis, Mr. Chan Wai Cheung, Admiral and Mr. Chan Ka Leung, Kevin.*