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BAGUIO GREEN GROUP LIMITED

碧瑤綠色集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1397)

ADOPTION OF SHARE AWARD PLAN

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The Board is pleased to announce that it has resolved to adopt the Plan as an incentive to recognise and reward the contributions of certain Eligible Participants to the growth and development of the Group and to give 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.

Pursuant to the Plan Rules, the Shares Pool will comprise of (A) such Shares as may be (i) transferred to the Trustee or SPV (as the case may be) from any person (other than the Group) by way of gift; or (ii) purchased by the Trustee or SPV (as the case may be) in accordance with the Plan Rules by utilising the funds received by the Trustee or SPV (as the case may be) from the Gift Contribution; (B) such Shares as may be subscribed or purchased by the Trustee or SPV (as the case may be) in accordance with the Plan Rules utilising the Group Contribution; (C) such Shares as may be purchased by the Trustee or SPV (as the case may be) at its discretion pursuant to the Plan Rules by utilising any surplus Gift Contribution or, as the case may be, the net proceeds of the sale of the relevant nil-paid rights, options or warrants; and (D) such Returned Shares which remain unvested and revert to the Trustee or SPV (as the case may be).

LISTING RULES IMPLICATION

The Plan does not constitute a share option scheme or an arrangement involving the grant of options to participants over new Shares or other new securities of the Company which is analogous to a share option scheme for the purpose of Chapter 17 of the Listing Rules and is not required to comply with the rules thereunder. No Shareholders' approval is required to adopt the Plan.

ADOPTION OF THE SHARE AWARD PLAN

The Board is pleased to announce that it has approved the adoption of the Plan on 12 December 2017. A summary of the Plan Rules is set out as follows:

Purposes and Objectives

The purpose of the Plan is to recognise and reward the contributions of certain Eligible Participants to the growth and development of the Group and to give 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.

Administration

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

Maximum Limit

The maximum number of Shares which may be awarded for each financial year under the Plan shall not exceed 10% of the total number of Shares in issue at the beginning of such financial year.

Operation

The Board shall notify the Selected Participant in writing within 3 Business Days (or otherwise determined) after an Award has been provisionally made to such Selected Participant and the notice shall contain substantially the same information as that set out in the Award Notice in accordance with the Plan Rules.

Upon the receipt of an Award Notice, the Compensation Committee shall via the Trustee or SPV (as the case may be) set aside from the Shares Pool the Awarded Shares provisionally awarded to the Selected Participant to whom such Award Notice relates pending the transfer and vesting of the Awarded Shares under the Award to which such Award Notice relates in accordance with the Plan Rules. The Trustee or SPV (as the case may be) shall hold the Awarded Shares so set aside during the Vesting Period on the terms directed by the Compensation Committee.

Shares Pool

The Trustee or SPV (as the case may be) may, at any time during the continuation of the Plan and the Trust Deed, set aside the appropriate number of Awarded Shares out of the Shares Pool comprising the following:

- (A) such Shares as may be (i) transferred to the Trustee or SPV (as the case may be) from any person (other than the Group) by way of gift; or (ii) purchased by the Trustee or SPV (as the case may be) in accordance with the Plan Rules by utilising the funds received by the Trustee or SPV (as the case may be) from the Gift Contribution;
- (B) such Shares as may be subscribed or purchased by the Trustee or SPV (as the case may be) in accordance with the Plan Rules utilising the Group Contribution;

- (C) such Shares as may be purchased by the Trustee or SPV (as the case may be) at its discretion pursuant to the Plan Rules by utilising any surplus Gift Contribution or, as the case may be, the net proceeds of the sale of the relevant nil-paid rights, options or warrants;
- (D) such Returned Shares which remain unvested and revert to the Trustee or SPV (as the case may be).

Restrictions

For so long as the Shares are listed on the Stock Exchange:

- (A) an Award or, as the case may be, any instruction of the Board to the Trustee or SPV (as the case may be) to subscribe or acquire Shares for purpose of increasing the Shares in the Shares Pool may not be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been published in accordance with the Listing Rules. In particular, during the period preceding the publication of financial results in which the Directors are prohibited from dealing in Shares as prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by the Company and up to the date of publication of the relevant financial results, no Award may be made; and
- (B) the Board may not make an Award to any Director during the periods or times in which the Directors are prohibited from dealing in Shares as prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by the Company.

Vesting and Lapse

Subject to the Plan Rules, the Trustee or SPV (as the case may be) shall transfer to and vest in any Selected Participant the legal and beneficial ownership of the Awarded Shares to which such Selected Participant is entitled under the relevant Award and all the Other Distributions attributable to such Awarded Shares within ten (10) Business Days after the latest of:

- (A) the earliest Vesting Date as specified in the Award Notice which such Award relates; and
- (B) where applicable, the date on which the condition(s) or performance target(s) (if any) to be attained by such Selected Participant as specified in the related Award Notice have been attained and notified to the Trustee or board of the SPV by the Board in writing.

Subject to the Plan Rules, an Award shall automatically lapse when (i) a Selected Participant who is an Eligible Employee ceases to be an Eligible Employee; (ii) the subsidiary or the Invested Entity by which a Selected Participant is employed ceases to be a subsidiary or an Invested Entity of the Company (or of a member of the Group); (iii) the Directors shall at their absolute discretion determine in respect of a Selected Participant (other than an Eligible Employee) that (a) the Selected Participant or his associate has committed any breach of any contract entered into between the Selected Participant or his associate on the one part and any member of the Group or any Invested Entity on the other part as the Directors may at their absolute discretion determine; (b) the Selected Participant has

committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his creditors generally; or (c) the Selected Participant could no longer make any contribution to the growth and development of any member of the Group by reason of the cessation of its relations with the Group or by any other reason whatsoever; or (iv) an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company (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 pass to a successor company). In any of the above events, the relevant Awarded Shares and Other Distributions attributable thereto shall not vest on the relevant Vesting Date but shall become Returned Shares for the purposes of the Plan.

In the event (i) a Selected Participant is found to be an Excluded Participant; or (ii) a Selected Participant fails to return duly executed transfer documents within the prescribed period, the relevant part of an Award made to such Selected Participant shall automatically lapse forthwith and the relevant Awarded Shares and Other Distributions attributable thereto shall not vest on the relevant Vesting Date but shall become Returned Shares for the purposes of the Plan.

The Trustee or SPV (as the case may be) shall hold Returned Shares exclusively for the benefit of all or one or more of the Eligible Participants as the Board shall in its absolute discretion at any time determine and select in writing as the Selected Participant(s).

Duration and Termination

The Plan shall be valid and effective for a term of 10 years commencing from the Adoption Date subject to any early termination as may be determined by the Board in accordance with the Plan Rules.

Upon termination, all the Awarded Shares and the Other Distributions attributable thereto shall become vested on the Selected Participant so referable on the Vesting Date save for lapse events set out in the above. Returned Shares and such non-cash income remaining in the trust fund shall be sold and, together with such other funds remaining in the trust constituted by the Trust Deed or in the SPV (as the case may be) shall be remitted to the Company forthwith after the sale.

LISTING RULES IMPLICATION

The Plan does not constitute a share option scheme or an arrangement involving the grant of options to participants over new Shares or other new securities of the Company which is analogous to a share option scheme for the purpose of Chapter 17 of the Listing Rules and is not required to comply with the rules thereunder. No Shareholders' approval is required to adopt the Plan.

DEFINITIONS

“Adoption Date”	12 December 2017, being the date when the Plan was adopted by the Board
“Award”	a provisional award of the Awarded Shares made in accordance with the Plan Rules
“Award Notice”	the notice to be sent to the Trustee or board of the SPV (as the case may be) upon the making of an Award containing particulars of an Award
“Awarded Shares”	the Share(s) provisionally awarded to a Selected Participant pursuant to an Award
“Board”	the board of Directors
“Business Day(s)”	a day on which the Stock Exchange is open for the business of dealing in securities
“Company”	Baguio Green Group Limited, a limited liability company incorporated in the Cayman Islands, the shares of which are listed on the Main Board of the Stock Exchange
“Compensation Committee”	the compensation committee established on 12 December 2017 comprising Mr. Ng Wing Hong, the Chairman of the audit committee of the Company, the Chairman of the remuneration committee of the Company and the Chairman of the nomination committee of the Company to administer the Plan
“Director(s)”	the director(s) of the Company
“Eligible Employee”	any employee (whether full time or part time, including any director and including any person who has entered into an employment contract with the Group, provided that the commencement date of his tenure under the employment contract shall fall on a date before the Vesting Date and such employment contract shall remain valid and subsisting up to and including the Vesting Date, and provided further that such person shall not be regarded as Eligible Employee if he dies before the commencement date of his tenure under the employment contract) of the Group or any Invested Entity
“Eligible Participant”	any person belonging to the following classes of participants: (a) any Eligible Employee;

- (b) any director (including independent non-executive directors) of the Group or any Invested Entity;
- (c) any supplier of goods or services to any member of the Group or any Invested Entity;
- (d) any customer of any member of the Group or any Invested Entity;
- (e) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity;
- (f) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;
- (g) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; and
- (h) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group

“Excluded Participant”	any person who is resident in a place where 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 Plan is 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 make it necessary or expedient to exclude such person
“Gift Contribution”	any Shares or moneys being transferred to the Trustee or SPV (as the case may be) by way of gift or for nominal consideration from any person other than the Group
“Group”	the Company and its subsidiaries
“Group Contribution”	funds allocated by the Board out of the Company’s resources
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Invested Entity”	any entity in which any member of the Group holds any equity interest
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Other Distributions”	any dividends and other distributions declared and made in respect of any Awarded Shares
“Personal Representative(s)”	the person or persons who, in accordance with the laws of succession applicable in respect of the death of a Selected Participant (being an individual), is or are entitled to the Awarded Shares to be vested in such Selected Participant
“Plan”	the share award plan adopted by the Board on the Adoption Date
“Plan Rules”	the rules relating to the Plan adopted by the Board
“Returned Shares”	such Awarded Shares and Other Distributions which are not vested and/or forfeited in accordance with the Plan Rules, or was forfeited in accordance with the Plan Rules, or such Shares being deemed to be Returned Shares
“Selected Participant”	any Eligible Participant for whom Shares have been provisionally set aside pursuant to an Award or (where the context so permits under the Plan Rules) his Personal Representative
“Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company, or if there has been a sub-division, consolidation, reclassification or reconstruction or reduction or reorganisation of the share capital of the Company, shares forming part of the ordinary equity share capital of the Company of such other nominal amount as shall result from any of such sub-division, consolidation, re-classification or re-construction or reduction or reorganisation
“Shares Pool”	a pool of issued Shares, fully paid or credited as fully paid, for the time being and from time to time held by the Trustee or SPV (as the case may be) for the purpose of the Plan
“Shareholders”	the holder(s) of shares of the Company
“SPV”	Gainly Shares Ltd (嘉勵股份有限公司), a company incorporated in Hong Kong being a special purpose vehicle established for the purpose of the Plan
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Trust Deed”	where applicable, the trust deed to be executed by the Company as settlor and the Trustee as trustee in respect of Shares and other trust fund (if any) to be held by the Trustee subject to the terms thereof, as amended from time to time
“Trustee”	where applicable, such trustee (if any) as shall be from time to time appointed by the Company for the administration of Shares and other trust fund to be held by the Trustee for the implementation of this Plan pursuant to and in accordance with the terms of the Trust Deed
“Vesting Date”	in relation to any Selected Participant, the date on which the legal and beneficial ownership of the Awarded Shares are transferred to and vested in such Selected Participant pursuant to an Award
“Vesting Period”	in relation to any Selected Participant, the period commencing on the date on which the Awarded Shares have been provisionally set aside pursuant to an Award to such Selected Participant and ending on the Vesting Date (both dates inclusive)

By order of the Board of
Baguio Green Group Limited
Ng Wing Hong
Chairman

Hong Kong, 12 December 2017

As at the date of this announcement, the Board comprises Mr. Ng Wing Hong, Ms. Ng Yuk Kwan Phyllis, Mr. Ng Wing Chuen, Ms. Leung Shuk Ping, Ms. Chan Shuk Kuen and Ms. Cheung Siu Chun as executive directors of the Company and Mr. Sin Ho Chiu, Dr. Law Ka Hung and Mr. Lau Chi Yin Thomas as independent non-executive directors of the Company.