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Hidili Industry International Development Limited

恒鼎實業國際發展有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01393)

EMPLOYEES' SHARE AWARD SCHEME

The Board is pleased to announce that it has adopted the Scheme on 31 March 2014 as an incentive to retain employees and to attract suitable talents for the continual operation and development of the Group. All employees (including without limitation any executive directors) of the Group will be entitled to participate in the Scheme. Pursuant to the Scheme Rules, existing Shares will be acquired by the Trustee from the market at the cost of the Company for the Selected Employees until the end of the vesting period.

The number of Shares to be awarded under the Scheme throughout its duration is limited to 3.91% (i.e. 80,000,000 Shares) of the issued share capital of the Company as at the Adoption Date (i.e. 2,045,598,399 Shares) unless otherwise determined by the Board by written resolution.

THE SCHEME

On 31 March 2014, the Board adopted the Scheme, pursuant to which existing Shares will be acquired by the Trustee from the market at the cost of the Company, subject to the Scheme Rules, for the Selected Employees until the end of the vesting period.

The following is a summary of the principal terms and conditions of the Scheme:

Purpose and objectives

The purposes and objectives of the Scheme are to recognise the contribution 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 the Group.

Duration

Unless early terminated by the Board, the Scheme shall be valid and effective for a term of 10 years commencing on the Adoption Date provided that no contribution to the trust fund will be made by the Company on or after the 10th anniversary date of the Adoption Date.

Administration

The Scheme shall be subject to the administration of the Board and the Trustee pursuant to the Scheme Rules and terms of the Trust Deed.

Maximum Limit

The Board shall not make any further award of Shares which will result in the number of Shares awarded by the Board under the Scheme to be in excess of 3.91% (i.e. 80,000,000 Shares) of the issued share capital of the Company as at the Adoption Date (i.e. 2,045,598,399 Shares) unless otherwise determined by the Board by written resolution.

Returned Shares shall not be counted in calculating the 3.91% limit.

The maximum number of Shares which may be awarded to a Selected Employee under the Scheme in any 12-month period shall not exceed 1% of the issued share capital of the Company immediately preceding such allocation and award.

Operation

The Administration Committee (and/or the Trustee pursuant to its power under the Trust Deed) may, from time to time, at their absolute discretion, select any Employee (excluding any Excluded Employee), for participation in the Scheme as a Selected Employee.

The Board shall, based on the recommendation of the Remuneration Committee (and/or the Trustee pursuant to its powers under the Trust Deed) and after having regard to the requirements under the Scheme Rules, determine and approve an amount (the “**Reference Amount**”) to be set aside from the Company’s fund for the purchase of Awarded Shares under the Scheme which shall, in aggregate not exceed 80,000,000 Shares. The Administration Committee shall, after having regard to the requirement under the Scheme Rules, cause to be paid the Reference Amount, together with all related purchase expenses reasonably incurred by the Trustee in relation to the purchase to the Trustee from the Company’s resources as soon as practicable.

Pursuant to the Scheme Rules, the Administration Committee shall select Selected Employee(s) and determine the number of Awarded Shares, provided that the making of an Award to any connected person (as defined under the Listing Rules) or any members of the Administration Committee shall be (a) recommended by the Remuneration Committee; (b) approved by the Board comprising disinterested Directors at the relevant time at duly convened Board meetings in accordance with the articles of association of the Company (as amended from time to time); and (c) in compliance with the Listing Rules.

No payment shall be made to the Trustees and no instructions to acquire Shares shall be given to the Trustees under the Scheme where any Director is in possession of (a) “inside information” as defined in Part XIVA of the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong) (the “**Inside Information Provision**”) or (b) information that is likely to create a false market in the securities of the Company referred to in Rule 13.09 of the Listing Rules, until such information has been published in accordance with the Inside Information Provisions or the Listing Rules (as the case may be), or where dealings by Directors are prohibited under any code or requirement of the Listing Rules and all applicable laws from time to time.

Vesting

Unless otherwise determined by the Board at its sole and absolute discretion, Awarded Shares held by the Trustee upon the Trust shall vest in a Selected Employee in such proportion as the Board shall at its sole and absolute discretion determine on 31 December 2016, in accordance with the percentage level of fulfilment of the performance targets specified by the Board on the Reference Date (the “**Performance Targets**”), provided that the Selected Employee remains at all times after the Reference Date and on the vesting date an Employee of the Company or a subsidiary subject to the receipt of duly executed prescribed transfer documents by the Trustee within the period stipulated by the Trustee.

Voting rights

The Trustee shall not exercise the voting rights in respect of any Shares held under the Trust (including but not limited to the Awarded Shares, the Returned Shares and further Shares acquired out of the income derived therefrom).

Lapse of Award

The Award granted to a Selected Person shall automatically lapse immediately if any of the following events occurs on or before the relevant vesting date:

- (a) a Selected Employee ceases to be an Employee;
- (b) a Selected Employee dies (other than during the course of performing his work duties), loses his working capability or retires at his normal retirement date or an earlier retirement date (by agreement with the Company or the subsidiary);
- (c) a Selected Employee is reassigned to, or designated with, a lower job position (unless the Board otherwise determines that the Award to such Selected Employee shall be vested on him);
- (d) a Selected Employee commits any serious or persistent non-observance of the law or the rules, code of conduct or registration requirements of any applicable regulatory body or disclose the confidential information of the Group which is detrimental to the interest or reputation of the Company (or of a member of the Group);
- (e) a subsidiary by which a Selected Employee is employed ceases to be a subsidiary of the Company (or of a member of the Group);

- (f) a Selected Employee commits an act of bankruptcy or becomes insolvent or makes any arrangement or composition with his creditors generally; or
- (g) 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).

Upon lapse of the Award, the relevant Awarded Shares shall not vest on the relevant vesting date but shall become Returned Shares for the purpose of the Scheme.

Termination

The Scheme shall terminate on the earlier of:

- (a) the 10th anniversary date of the Adoption Date;
- (b) the date when 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); or
- (c) the auditors of the Company issue a qualified opinion or are unable to express an opinion in respect of the financial statements of the Company in its audited financial statements for the most recent financial year; or
- (d) the Company is subject to sanctions of the Stock Exchange in the most recent year due to material breach of laws and regulations; or
- (e) other circumstances as the Stock Exchange may determine; or
- (f) 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 the Awarded Shares to which a Selected Employee is entitled shall, subject to the fulfilment of the Performance Targets by the Selected Employee and the determination by the Board, become vested on the Selected Employee so referable on such date of termination save in respect of the total lapse, subject to the receipt by the Trustee of the confirmation from the Board on the number of Awarded Shares to be vested on the Selected Employee and the transfer documents prescribed by the Trustee and duly executed by the Selected Employee within the period stipulated by the Trustee. Returned Shares and such non-cash income remaining in the trust fund of the Trust shall be sold by the Trustee, within 20 Business Days (on which the trading of the Shares has not been suspended) of receiving notice of such termination of the Scheme (or such longer period as the Administration Committee may otherwise determine). Residual cash, net proceeds of sale referred to in above and such other funds remaining in the Trust (after making appropriate deductions in respect of all disposal costs, liabilities and expenses in accordance with the Trust Deed) shall be remitted to the Company forthwith after the sale.

LISTING RULES IMPLICATION

The Scheme does not constitute a share option scheme within the meaning of Chapter 17 of the Listing Rules. No Shareholders' approval is required to adopt the Scheme.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions have the meanings set out below:

“Adoption Date”	31 March 2014, being the date on which the Scheme is adopted by the Board
“Administration Committee”	a board committee established by the Board with its members appointed by the Board from time to time for the purpose of administering the operation of the Scheme, initially comprises Mr. Xian Yang and Mr. Sun Jiankun, the executive Directors, Mr. Huang Rongsheng, an independent non-executive Director and the director of the human resources department of the Company
“Award”	an award of Shares by the Board to a Selected Employee in accordance with the Scheme Rules
“Awarded Shares”	in respect of a Selected Employee, such number of Shares purchased with the Reference Amount and allocated by the Trustee from the total number of Shares purchased out of cash paid by the Company by way of settlement pursuant to the Scheme Rules, which shall include Returned Shares
“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 to administer the Scheme
“Business Day”	a day (other than a Saturday) on which the Stock Exchange is open for trading and on which banks are open for business in Hong Kong
“Company”	Hidili Industry International Development Limited 恒鼎實業國際發展有限公司, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange
“Director(s)”	the director(s) of the Company
“Employee”	any employee (including without limitation any executive director) of the Company or of any subsidiary

“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 or transfer of Shares pursuant to the terms of the Scheme is not permitted under the laws and regulations of such place or where in the view of the Administration Committee 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
“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 Date”	the date of the Performance Targets specified by the Board
“Remuneration Committee”	the remuneration committee of the Board
“Returned Shares”	such Awarded Shares which are not vested and/or forfeited in accordance with the terms of the Scheme (whether as a result of lapse or otherwise), or was forfeited in accordance with the terms of the Scheme, or such Shares being deemed to be Returned Shares
“Scheme”	the Employees’ Share Award Scheme adopted by the Board whereby awards of Shares may be made to employees of the Company or its subsidiaries (such Shares being purchased by the Trustee) pursuant to the Trust Deed and the Scheme Rules
“Scheme Rules”	the rules relating to the Scheme in its present form or any amended form
“Selected Employee(s)”	employee(s) of the Group selected by the Administration Committee and employee(s) of the Group selected by the Trustee after having taken into consideration recommendations of the Administration Committee, for participation in the Scheme pursuant to the Scheme Rules
“Shareholders”	holders of share(s) of the Company
“Share(s)”	share(s) of HK\$0.10 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Trust”	the trust named “Hidili Industry International Development Limited — Employees’ Share Award Scheme” constituted by the Trust Deed
“Trust Deed”	a trust deed to be entered into between the Company and the Trustee (as restated, supplemented and amended from time to time)
“Trustee”	Cantrust (Far East) Limited, and any additional or replacement trustees, being the trustee or trustees for the time being of the trusts declared in the Trust Deed (which is independent and not connected with the Company)
“%”	per cent.

By Order of the Board
Hidili Industry International Development Limited
Xian Yang
Chairman

Hong Kong
1 April 2014

As at the date of this announcement, the executive directors of the Company are Mr. Xian Yang (Chairman) and Mr. Sun Jiankun; and the independent non-executive directors of the Company are Mr. Chan Chi Hing, Mr. Chen Limin and Mr. Huang Rongsheng.