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Tianyun International Holdings Limited **天韻國際控股有限公司**

(Incorporated in the British Virgin Islands with limited liability)

(Stock code: 6836)

ADOPTION OF SHARE AWARD SCHEME

The Board is pleased to announce that the Company has adopted the Scheme on 4 September 2018.

The Company has appointed Core Pacific-Yamaichi International (H.K.) Nominees Limited as the Trustee to handle and hold Shares for the purpose of the Scheme.

This announcement is made on a voluntary basis. The Scheme is a discretionary share scheme of the Company and does not constitute a share option scheme within the meaning of Chapter 17 of the Listing Rules. As such, no Shareholders' approval is required for the adoption of the Scheme.

INTRODUCTION

The Board is pleased to announce that it has adopted the Scheme on 4 September 2018. The purpose and the principal terms of the Scheme are summarized below.

1. Purpose

The purposes of the Scheme are (i) to recognise the contributions by certain Employees and give incentives thereto in order to retain them for the continual operation and development of the Group; (ii) to encourage certain Employees to hold a stake in the Group in order to motivate them to further the long-term development and appreciation of the value of the Group and the Shares; and (iii) to attract suitable personnel for further development of the Group.

2. Administration

The Scheme shall be subject to the administration of the Board in accordance with the rules of the Scheme. The Board may delegate the authority to administer the Scheme to a committee authorized by the Board.

3. Term

Subject to early termination by the Board, the Scheme shall be terminated on the 10th anniversary date of the Adoption Date.

4. Maximum number of Awards

The maximum number of Awards that may be granted under the Scheme in aggregate shall not be in excess of ten (10) percent of the issued share capital of the Company as at the Adoption Date.

5. Rights attached to Awards

A Selected Employee may not exercise voting rights in respect of the Shares held under the Trust.

6. Rights attached to Shares

A Selected Employee shall only have a contingent interest in any Shares underlying the Scheme. Any Shares transferred to a Selected Employee in respect of any Award will be subject to all the provisions of the articles of association of the Company.

7. Assignment of Awards

The unvested Award granted pursuant to the Scheme shall be personal to each of the Selected Employees and are not assignable.

8. Vesting of Awards

The Awarded Shares and Related Income held by the Trustee shall vest in the Selected Employee upon satisfaction of the vesting conditions as the Board may determine at its discretion.

A vesting notice, which requires the Selected Employee to execute to effect vesting and transfer of the Awarded Shares and the Related Income on the relevant vesting date, shall be sent by the Trustee to the Selected Employee. The Trustee shall transfer the Awarded Shares and the Related Income to the Selected Employee upon receipt by the Trustee of (i) transfer documents; and (ii) a written confirmation from the Company that all vesting conditions are fulfilled.

9. Appointment of the Trustee

The Company shall have the power to appoint a new or additional Trustee for the purpose of assisting with the administration and vesting of Awards granted under the Scheme. The Company may (i) make payments to the Trustee, from time to time, to enable the Trustee to purchase Shares of the Company pursuant to the Scheme Rules; (ii) instruct the Trustee to apply such amount of money towards the purchase of Shares in the market in the manner prescribed by the Board to form part of the Trust Fund.

10. Rights on a takeover

A Selected Employee's Awarded Shares and the Related Income shall immediately vest on the date when a change of control event becomes or is declared unconditional and such date shall be deemed the vesting date.

11. Rights on an open offer

If the Company undertakes an open offer in relation to the Shares which are held by the Trustee, the Trustee shall not subscribe for any new Shares.

12. Rights on a right issue

The Trustee shall sell the amount of the nil-paid rights allotted to it as appropriate and the net proceeds shall be held as income of the Trust Properties in the event of a rights issue. The Trustee shall return the income of the Trust Properties to the Company upon instruction of the Board. In the absence of such instructions, the income of the Trust Fund shall be applied towards (i) the purchase of Further Shares in the Scheme and relevant expenses; (ii) the fees, costs and expenses in connection to the Trust and the Scheme; and (iii) return the remainder, if any, to the Company.

13. Rights on voluntary winding-up

If an effective resolution is passed for the voluntary winding-up of the Company (other than for the purposes of a reconstruction, amalgamation or scheme of arrangement), the Award shall automatically lapse forthwith.

14. Lapse of Awarded Shares and Related Income

(1) Full lapse of Award

Any unvested Award shall automatically lapse immediately and all the Awarded Shares and Related Income shall become Returned Shares in the Scheme where:

- (a) a Selected Employee ceases to be an employee;
- (b) the Subsidiary which employed the Selected Employee ceases to be a subsidiary of the Company;
- (c) the vesting conditions are not fulfilled; or
- (d) an order of the voluntary winding up of the Company is passed.

(2) Partial lapse of Award

The relevant part of an Award shall automatically lapse immediately and the relevant Awarded Shares and Related Income shall become Returned Shares in the Scheme where:

- (a) a Selected Employee is found to be an Excluded Employee; or
- (b) a Selected Employee fails to return transfer documents prescribed by the Trustee.

15. Death of the Selected Employee

In the event of the death of a Selected Employee who died or retired at any time prior to a vesting date, all the Awards shall be deemed to be vested on the day immediately prior to his death or retirement at his normal retirement date or earlier by agreement with the Company or the Subsidiary. In the event of death of a Selected Employee, the Trustee shall hold the vested Award Shares and the Related Income upon trust and transfer to the Selected Employee's legal personal representative.

16. Alteration of the Scheme

The Scheme may be altered in any respect by the Board by a resolution of the board of directors of the Company. Further, any alterations to the terms and conditions of the Scheme which operates to adversely affect any subsisting rights of any Selected Employee shall be subject to the consent in writing of the Selected Employee representing three-fourths in nominal value of all underlying Shares so held by the Trustee on the relevant date or the sanction of a special resolution passed at the meeting of the Selected Employees.

17. Termination of the Scheme

The Scheme shall terminate on the earlier of:

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

APPOINTMENT OF TRUSTEE

The Company has appointed Core Pacific – Yamaichi International (H.K.) Nominees Limited as the Trustee to hold Shares for the purpose of the Scheme. No Award has been granted under the Scheme as of the date of this announcement.

IMPLICATIONS UNDER THE LISTING RULES

This announcement is made on a voluntary basis. The Scheme is a discretionary share scheme of the Company and does not constitute a share option scheme within the meaning of Chapter 17 of the Listing Rules. As such, no Shareholders' approval is required for the adoption of the Scheme.

DEFINITIONS AND INTERPRETATION

In the Scheme, unless the context requires otherwise, the following words and expressions shall have the following meanings:

“Adoption Date”	4 September 2018, 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 pursuant to the Scheme
“Awarded Shares”	in respect of a Selected Employee, such number of Shares determined by the Board and purchased by the Trustee out of cash paid by the Company
“Board”	the board of Directors or such committee or such sub-committee or person(s) delegated with the power and authority by the board of Directors to administrate the Scheme
“Company”	TIANYUN INTERNATIONAL HOLDINGS LIMITED, a limited liability company incorporated in the British Virgin Islands, the Shares of which are listed on the main board of the Stock Exchange
“Director”	any director (including independent non-executive director) of the Company from time to time
“Employee”	employee of the Company
“Excluded Employee”	any Employee who is resident in a place where (i) the settlement of the award of the Awarded Shares and/or the award of the Returned Shares and/or vesting or transfer of Shares pursuant to the term of the Scheme is not permitted under the laws and regulations of such place or (ii) where in the view of the Board or the Trustee (as the case may be) compliance with applicable laws or regulations in such place make it necessary or expedient to exclude the Employee

“Further Shares”	Shares purchased by the Trustee out of cash income or net proceeds of sale of non-cash or non-scrip distributions declared and distributed by the Company in respect of Shares held upon the Trust
“Group”	the Company and its Subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Related Income”	all income derived from a Share held upon the Trust in the form of the Shares (including but not limited to, the Further Shares, and any bonus Shares and scrip Shares received in respect of the Share and for the avoidance of doubt, excluding any nil paid right, bonus warrant, non cash and non scrip distribution or proceeds of sale of the same or Residual Cash)
“Residual Cash”	being cash remaining in the Trust Properties (including but not limited to any interest income derived from deposit maintained with licensed banks in Hong Kong, cash income and sale proceeds of any nil paid right, bonus warrant, other non-cash and non-scrip distribution derived from the Shares held upon the Trust)
“Returned Shares”	such Awarded Shares and Related Income of the relevant Awarded Shares which are referable to a Selected Employee and which are not vested in accordance with the terms of the Scheme (whether as a result of a total lapse or a partial lapse or otherwise), or forfeited in accordance with the terms of the Scheme
“Scheme”	the “Share Award Scheme” constituted by the rules hereof; in present form or as amended from time to time in accordance with the provisions hereof
“Selected Employee(s)”	Employee(s) selected by the Board for participation in the Scheme

“Shareholder(s)”	holder(s) of the Share(s)
“Shares”	fully paid ordinary shares of no par value in the capital of the Company (or, if there has been a consolidation, reduction, re-classification, sub-division or reconstruction of the share capital of the Company, shares forming part of the equity share capital of the Company of such revised amount as shall result from such consolidation, reduction, re-classification, sub-division or reconstruction of such ordinary shares from time to time)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trust”	the trust constituted by the Trust Deed
“Trust Deed”	the trust deed dated 4 September 2018 entered into between the Company and the Trustee (as restated, supplemented and amended from time to time)
“Trust Properties”	<p>all properties held or deemed to be held upon the trust of this Trust Deed, including:</p> <ul style="list-style-type: none"> (a) all Shares acquired by the Trustee for the purpose of the Trust out of cash paid to the Trustee by way of settlement or otherwise contributed by the Company and such other person; (b) Related Income; (c) remaining cash; and (d) all other properties from time to time representing (a) to (c) above

“Trustee”

Core Pacific – Yamaichi International (H.K.) Nominees Limited, being the trustee for the time being of the trust, and/or any additional or replacement trustees, which shall be a party independent of and not connected with the Company and its connected person(s) (as defined under the Listing Rules)

By Order of the Board
Tianyun International Holdings Limited
Yang Ziyuan
Chairman and Executive Director

Hong Kong, 4 September 2018

As at the date of this announcement, the Board of the Company comprises (i) Mr. Yang Ziyuan and Mr. Sun Xingyu as the executive Directors; (ii) Ms. Chu Yinghong and Mr. Wong Yim Pan as the non-executive Directors; and (iii) Mr. Liang Zhongkang, Mr. Tsang Yuen Wai and Ms. Hui Yung Yung Janet as the independent non-executive Directors.