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B & B NATURAL PRODUCTS LIMITED

(蜂林天然產品有限公司)*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8156)

SHARE AWARD SCHEME

The Board announces the proposed adoption of the Share Award Scheme pursuant to which employees and consultants of the Group shall be entitled to participate.

The Board announces the adoption of the Share Award Scheme for employees (excluding executive directors and chief executives of the Group) and consultants of the Group for the purpose of recognising, inter alia, the loyalty, performance and/or contribution of certain employees and consultants, in order to retain them for the continual operation, development and growth of the Group and to attract suitable personnel for further development of the Group. Those Employees who, after joining the Share Award Scheme, are promoted to directorship would continue to be permitted in the Scheme. Each Participant shall be required to confirm in writing whether he/she is a connected person (as that term is defined in the GEM Listing Rules) of the Company prior to the transfer of an award to him/her. To the extent applicable, the Company shall comply with Chapter 20 of the GEM Listing Rules in relation to the transfer of an award to the Participant.

The Scheme does not constitute a share option scheme pursuant to Chapter 23 of the GEM Listing Rules and is a discretionary scheme of the Company.

OPERATION OF THE SCHEME

Administration

The Scheme shall be subject to the administration of the Committee in accordance with the provisions of the Scheme and the Scheme Agreement. The Committee has the absolute discretion (having regards to a Participant's seniority, performance and work ethics (where applicable)) to select any Participant to participate in the Scheme. However, no Participant shall be entitled to participate in the Scheme and there shall be excluded from the term Selected Participant any Participant who is resident in a place where the setting aside of sums of money and/or Shares and/or the subscription of Shares pursuant to the terms of the Scheme is not legally permitted or where in the view of the Committee compliance with applicable laws and regulations in such place make it necessary or expedient to exclude such Participant.

Determination of the value of the Award

Pursuant to the rules of the Scheme, the Committee has the absolute discretion to determine at any time a notional number of Shares (the “Number of Awarded Shares”) which shall constitute a bonus referable to each Selected Participant pursuant to the Scheme. The Number of Awarded Shares to the Selected Employee will be transferred from the Committee’s resources of Shares and/or cash held after satisfaction of the vesting criteria subject to the listing of, and permission to deal in, such Shares, having been obtained in the case of the number of Awarded Shares comprises new Shares.

The Company may pay the equivalent cash amount of the Number of Awarded Shares, valued as at the date of the granting of the award, to the Committee for purchase and/or subscription of the Shares. The Committee may in its absolute discretion upon Selected Participant satisfying the vesting criteria to either (i) transfer a cash amount equivalent to the value of the Number of Awarded Shares or (ii) transfer a combination of Shares and cash equivalent to the value of a part of the Number of Awarded Shares in lieu of the Number of Awarded Shares to the Selected Participant.

Matters considered by the Committee

In determining the Number of Awarded Shares, the Committee may take into consideration matters including (without limitation), the general financial condition (such as net profit, interim results, cash on hand) of the Group, the Group’s overall business objectives (such as expansion plans) and future development plan and performance of the Selected Participant.

Conditions of the Scheme

The conditions of the Scheme are, inter alia, as follows:

- (i) the vesting criteria having been satisfied and such further conditions as the Committee at its discretion may have stipulated and which have been communicated to the Selected Participant in writing on or before the date on which the Participant is notified of the award; and
- (ii) that the Selected Participant remains at all times after and on the vesting date (or, as the case may be, on each relevant vesting date) an Employee or consultant of the Group.

For the avoidance of doubt, in the event that an Employee ceases to be an eligible Participant by reason of redundancy, severance or unfair dismissal or because he has tendered his resignation, then such person will (subject to rules of the Scheme) be deemed to have ceased to be a Participant for the purposes of the Scheme and the condition referred to therein shall fail to have been satisfied.

Notwithstanding any other provision of the Scheme (but subject to any applicable laws), the Committee shall be at liberty to waive any conditions referred to in the Scheme other than that in relation to the maximum number of Shares administered.

Scheme Limit

The maximum number of Shares administered under the Scheme will not exceed 20% of the issued share capital of the Company from time to time.

Duration

The term of the Scheme is valid for 10 years commencing on the relevant adoption date save and except early termination contemplated in the Scheme.

Miscellaneous

The Number of Share Awarded Shares (if comprising new Shares) shall be allotted and issued by the Directors using the general mandate granted to them by the shareholders of the Company unless a separate shareholders of the Company's approval is obtained in general meeting.

In respect of the Share Award Scheme, the Company shall disclose in its annual report (i) the aggregate Number of Awarded Shares; (ii) the aggregate amount of cash utilised by the Company for the Share Award Scheme; (iii) whether the Awarded Shares were purchased or subscribed and the basis of such determination.

DEFINITIONS

In this Announcement, unless the context requires otherwise, the following expressions have the following meanings:

“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	board of Directors
“Committee”	the board of directors or any compensation committee or sub-committee of the Board of Directors (comprising in majority non-executive directors and/or independent non-executive directors) delegated with the authority to administer the Scheme
“Company”	B & B Natural Products Limited, a company incorporated in the Cayman Islands with limited liability and whose securities are listed on the Growth Enterprise Market of the Stock Exchange
“Directors”	the directors of the Company

“Employee”	any bona fide employee (whether full time or part time (i.e. working more than 15 hours per week)) of the Company or of any Subsidiary of the Company (whether seconded or otherwise) who has obtained 18 years of age, but excluding executive directors and chief executives of the Company and any Subsidiary of the Company, provided always that such term shall exclude any person who at the relevant time has tendered his resignation or who is working out his period of notice pursuant to his employment contract or otherwise
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Participants”	Employees and consultants who have contributed or may contribute to the growth and/or business of the Group
“Scheme”	the Share Award Scheme
“Scheme Agreement”	the agreement to be entered into between the Company and the Committee on 24th January, 2005 in relation to the administration of the Share Award Scheme
“Selected Participants”	means Participants selected to participate in the Scheme (excluding directors and chief executives)
“Shares”	ordinary shares in the authorised capital of the Company
“Share Award Scheme”	the share award scheme proposed to be adopted by the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	subsidiaries of the Company from time to time

By order of the Board
Chan Ting
Director

Hong Kong, 24th January, 2005

* *For identification purposes only*

As at the date of this announcement, the board of directors of the Company comprises three executive directors, being Madam Cheung Kwai Lan, Mr. Chan Tung Mei, Mr. Chan Ting, one non-executive director, Mr. Kyle Arnold Shaw Junior, and four independent non-executive directors, Professor Peter Chin Wan Fung, Mr. Tian He Nian, Mr. Du Ying Min and Mr. Tsui Wing Tak.

This announcement, for which the directors (the “Directors”) of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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