

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Hengan International Group Company Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or other transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

A registered shareholder whose name is entered in the register of members of Hengan International Group Company Limited as the holder of share(s) for another beneficial shareholder should provide such beneficial shareholder with the information contained herein in compliance with applicable laws, regulations and other relevant requirements.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss however arising from or in reliance upon the whole or any part of the contents of this circular.



恒安國際集團有限公司*

HENGAN INTERNATIONAL GROUP COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1044)

websites: <http://www.hengan.com>
<http://www.irasia.com/listco/hk/hengan>

(1) ADOPTION OF NEW SHARE OPTION SCHEME
(2) GENERAL MANDATES TO ISSUE AND
REPURCHASE SHARES
(3) RE-ELECTION OF RETIRING DIRECTORS
AND
(4) NOTICE OF AGM

A notice convening the AGM of Hengan International Group Company Limited to be held at 22/F United Centre, 95 Queensway, Hong Kong on Monday, 17 May 2021 at 9:30 a.m., is set out on pages 31 to 36 of this circular.

Whether or not Shareholders intend to attend the said meeting, they are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the form of proxy will not prevent you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

In compliance with the HKSAR Government's directive on social distancing, personal and environmental hygiene, and the guidelines issued by the Centre for Health Protection of the Department of Health on the prevention of coronavirus disease 2019 (COVID-19), the Company will implement additional precautionary measures at the AGM including, without limitation:

- compulsory body temperature screening. Any person with a body temperature of over 37.3 degrees Celsius will not be admitted to the venue;
- mandatory use of surgical face masks;
- mandatory health declaration – anyone subject to quarantine, has any flu-like symptoms or has travelled overseas within 14 days immediately before the AGM ("recent travel history"), or has close contact with any person under quarantine or with recent travel history will not be permitted to attend the AGM;
- anyone attending the AGM is reminded to observe good personal hygiene at all times; and
- appropriate distancing and spacing in line with the guidance from the HKSAR Government will be maintained and as such, the Company may limit the number of attendees at the AGM as may be necessary to avoid over-crowding.

In light of the continuing risks posed by the COVID-19 pandemic, the Company strongly encourages Shareholders NOT to attend the AGM in person, and advises Shareholders to appoint the Chairman of the AGM or any Director or Company Secretary of the Company as their proxy to vote according to their indicated voting instructions as an alternative to attending the AGM in person.

Subject to the development of COVID-19, the Company may implement further changes and precautionary measures and may issue further announcement on such measures as appropriate.

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	4
Appendix I — Summary of the Principal Terms of the New Share Option Scheme	11
Appendix II — Explanatory Statement	22
Appendix III — Details of Retiring Directors Proposed for Re-election ..	25
Notice of Annual General Meeting	31

DEFINITIONS

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

“Adoption Date”	the date on which the New Share Option Scheme is 17 May 2021, adopted by ordinary resolution of the Shareholders at the AGM;
“AGM”	the annual general meeting of the Company to be held at 22/F United Centre, 95 Queensway, Hong Kong on 17 May 2021 at 9:30 a.m.;
“Articles of Association”	the Articles of Association of the Company;
“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors of the Company or a duly authorised committee of the board of Directors from time to time;
“Business Day(s)”	a day on which the Stock Exchange is open for business of dealing in securities;
“Companies Law”	the Companies Law (2020 Revision) of the Cayman Islands;
“Company”	Hengan International Group Company Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the main board of the Stock Exchange;
“core connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules;
“Date of Grant”	the date on which an Offer is offered to an Participant;
“Director(s)”	the director(s) of the Company;
“Existing Share Option Scheme”	the existing share option scheme of the Company adopted on 26 May 2011;
“Grantee”	any participant who accepts the Offer in accordance with the terms of the New Share Option Scheme or (where the context so permits) the person(s) or the personal representatives(s) entitled to any such Option in consequence of the death of the original Grantee;

DEFINITIONS

“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Hui Family Trust”	the family trust of which Mr. Hui Lin Chit is settlor and beneficiary;
“Latest Practicable Date”	1 April 2021, being the latest practicable date for ascertaining certain information for inclusion in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“New Share Option Scheme”	the new share option scheme of the Company to be proposed for adoption by the Company at the AGM, the principal terms of which are set out in the Appendix I;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended from time to time;
“Offer”	the offer of the grant of an Option;
“Option”	an option to subscribe for Shares granted under the New Share Option Scheme;
“Option Period”	for the purpose of any Option, a period to be determined and notified by the Board in which an Option may be exercised by the Grantees in accordance with the terms of the New Share Option Scheme and the Offer. Such period shall commence on the Date of Grant and expire on such date as determined by the Board provided that the Option may not be exercised after the expiration of 10 years from the Date of Grant;
“Participant(s)”	Directors (including executive, non-executive or independent non-executive Director) and any full-time or part-time employees of the Group;
“Scheme Period”	the period commencing on the Adoption Date and expiring at the closing of business on the tenth anniversary thereof;

DEFINITIONS

“Share(s)”	Share(s) of HK\$0.10 each in the capital of the Company or, if there has been any subsequent sub-division, reduction, consolidation, reclassification or reconstruction of the share capital of the Company, the shares in the ordinary share capital of the Company resulting from such sub-division, reduction, consolidation, reclassification or reconstruction;
“Shareholder(s)”	holder(s) of issued Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription Price”	the price per share at which the Grantee may exercise the Option in accordance with the terms described in the section headed “Appendix I Summary of the Principal Terms of the Share Option Scheme — 4. Subscription Price”;
“substantial shareholders”	has the meaning ascribed to it under the Listing Rules;
“Supplementary Guidance”	FAQ No. 072/2020 published by the Stock Exchange on 6 November 2020 and its attachment;
“Sze’s Family Trust”	the family trust of which Mr. Sze Man Bok is settlor and beneficiary;
“Takeovers Code”	the Code on Takeovers and Mergers issued by the Securities and Futures Commission as amended from time to time;
“HK\$”	Hong Kong dollars; and
“%”	per cent.

LETTER FROM THE BOARD



恒安國際集團有限公司*

HENGAN INTERNATIONAL GROUP COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1044)

websites: <http://www.hengan.com>

<http://www.irasia.com/listco/hk/hengan>

Executive Directors:

Mr. Sze Man Bok (*Chairman*)

Mr. Hui Lin Chit

(*Deputy Chairman and Chief Executive Officer*)

Mr. Hung Ching Shan

Mr. Hui Ching Lau

Mr. Xu Shui Shen

Mr. Xu Da Zuo

Mr. Xu Chun Man

Mr. Sze Wong Kim

Mr. Hui Ching Chi

Mr. Li Wai Leung

Registered Office:

P.O. Box 309,

Ugland House,

Grand Cayman,

KY1-1104,

British West Indies

Head Office:

Hengan Industrial City,

Anhai Town, Jinjiang City,

Fujian Province,

PRC

Independent Non-Executive Directors:

Mr. Chan Henry

Ms. Ada Ying Kay Wong, JP

Mr. Ho Kwai Ching Mark

Mr. Zhou Fang Sheng

Mr. Theil Paul Marin

Place of Business in Hong Kong:

Unit 2101D, 21st Floor,

Admiralty Centre, Tower 1,

18 Harcourt Road,

Hong Kong

Hong Kong, 14 April 2021

To the Shareholders,

Dear Sir or Madam,

(1) ADOPTION OF NEW SHARE OPTION SCHEME

**(2) GENERAL MANDATES TO ISSUE AND
REPURCHASE SHARES**

**(3) RE-ELECTION OF RETIRING DIRECTORS
AND**

(4) NOTICE OF AGM

* for identification purposes only

LETTER FROM THE BOARD

1. INTRODUCTION

(a) Share option scheme

The Existing Share Option Scheme will expire on 26 May 2021. Subject to the approval by the Shareholders in the AGM, the Board proposes adoption of the New Share Option Scheme in order to have more flexibility in long term planning of granting the Options to eligible persons in a longer period in the future.

(b) General mandates to issue and repurchase Shares

By ordinary resolutions of the Shareholders of Company passed on 21 May 2020, general mandates were granted to the Directors (i) to repurchase, on the Stock Exchange, ordinary shares of HK\$0.10 each in the capital of the Company up to a maximum of 10% of the aggregate nominal amount of the share capital in issue of the Company; (ii) to allot, issue or otherwise deal with Shares up to a maximum of 20% of the total of the aggregate nominal amount of share capital in issue of the Company and the number of Shares repurchased (if any) pursuant to the aforesaid general mandate to repurchase Shares. These general mandates will expire at the conclusion of the AGM if they are not revoked or varied by an ordinary resolution of the Shareholders before the AGM. It is therefore proposed to seek your approval at the AGM to grant fresh general mandates to the Directors to exercise the above powers.

(c) Re-election of retiring Directors

Pursuant to Articles 99 and 116 of the Articles of Association and the Corporate Governance Code set out in Appendix 14 to the Listing Rules, Mr. Hui Ching Lau, Mr. Xu Da Zuo, Mr. Sze Wong Kim, Mr. Hui Ching Chi, Ms. Ada Ying Kay Wong and Mr. Ho Kwai Ching Mark will retire from office at the AGM, and being eligible, offer themselves for re-election at the AGM. It is therefore proposed to seek your approval at the AGM to re-elect the aforesaid Directors.

Please refer to the section headed "5. RE-ELECTION OF RETIRING DIRECTORS" for further details.

The purpose of this circular is to give you, amongst other things, further information reasonably necessary to enable you to make an informed decision on whether to vote for or against the resolutions proposed at the AGM.

2. ADOPTION OF NEW SHARE OPTION SCHEME

2.1 Existing Share Option Scheme

Pursuant to an ordinary resolution passed by the Shareholders at an annual general meeting on 26 May 2011, the Company had adopted the Existing Share Option Scheme. Under the Existing Share Option Scheme, the Board may offer

LETTER FROM THE BOARD

options to the eligible person prescribed in the Existing Share Option Scheme in its absolute discretion. As at the Latest Practicable Date, the Company had granted 19,999,000 options under the Existing Share Option Scheme to subscribe for an aggregate of 19,999,000 Shares, of which 1,494,196 options had been exercised, 3,185,000 options had been cancelled, and 15,319,804 outstanding options shall continue to be valid and exercisable in accordance the rules of the Existing Share Option Scheme. The Directors confirm that no further options will be granted under the Existing Share Option Scheme, provided that (i) the New Share Option Scheme is adopted by the Shareholders at the AGM and (ii) the Stock Exchange granting approval of the listing of, and permission to deal in, the Shares which may be issued upon the exercise of the Options granted under the New Share Option Scheme.

2.2 New Share Option Scheme

A summary of the principal terms of the rules of the proposed New Share Option Scheme is set out in Appendix I to this circular.

The purpose of the New Share Option Scheme is to encourage Participants to contribute to our Group through giving them certain equity interest of our Company and to enhance the value of our Company and our Shares, for the ultimate benefit of our Company and our Shareholders as a whole. Subject to the New Share Option Scheme becoming effective, the Board intends to exercise its powers under the New Share Option Scheme during the Scheme Period with the objective of serving the purposes of the New Share Option Scheme as stated above.

The New Share Option Scheme will become effective for a 10-year period ending at the close of business on the tenth anniversary of the date of the AGM subject to:

- (i) the passing of an ordinary resolution by our Shareholders to approve and adopt the New Share Option Scheme and to authorise our Board to grant Options thereunder and to allot and issue Shares pursuant to the exercise of any Options; and
- (ii) the Listing Committee of the Stock Exchange granting permission to deal in our Shares, which fall to be issued pursuant to the exercise of Options (subject to an initial limit of 10% of the aggregate nominal value of the Shares in issue on the date of AGM) on the Stock Exchange;

The Directors consider that it is not appropriate to state the value of all Options that can be granted pursuant to the New Share Option Scheme as if they had been granted at the Latest Practicable Date. The Directors believe that any statement regarding the value of the options as at the Latest Practicable Date will not be meaningful to Shareholders, taking into account the number of variables which are crucial for the calculation of the option value which have not been determined. Such variables include the exercise price, exercise period, any lock-up period, any performance targets set and other relevant variables.

Subject to the obtaining of Shareholders' approval with respect to the adoption of the New Share Option Scheme, the total number of Shares which may be

LETTER FROM THE BOARD

issued upon exercise of all options which may be granted under the New Share Option Scheme must not in aggregate exceed 10% of the aggregate nominal value of the Shares in issue at the date of approval of the New Share Option Scheme. Assuming no Shares will be issued or repurchased prior to the date of the AGM on which the New Share Option Scheme is expected to be approved by the Shareholders, the total number of the Shares in issue as at the date of the AGM will be 1,186,337,417. Subject to the New Share Option Scheme becoming effective, the Company may grant options entitling holders thereof to subscribe for up to 118,633,741 Shares under the New Share Option Scheme.

A copy of the proposed New Share Option Scheme is available for inspection at the principal place of business of the Company in Hong Kong at Unit 2101D, 21/F., Admiralty Centre, Tower I, 18 Harcourt Road, Hong Kong during normal business hours on any weekday (except public holidays) from the date of this circular up to and including the date of AGM (on which date it is also available at the venue of the AGM for inspection).

No Directors are trustees of the New Share Option Scheme or have a direct or indirect interest in the trustee.

Application will be made to the Listing Committee of the Stock Exchange for approval of the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of any such Options that may be granted under the New Share Option Scheme.

No Shareholders has a material interest in the adoption of the New Share Option Scheme, and hence no Shareholders are required to abstain from voting on relevant resolution at the AGM.

3. GENERAL MANDATE TO REPURCHASE SHARES

Under the Companies Law and the Listing Rules, listed companies are allowed to repurchase their own issued securities. The Articles of Association also enable such securities repurchases to be made. The Directors consider that the power to repurchase Shares increases flexibility in the conduct of the Company's affairs and is in the interests of its Shareholders.

At the AGM, an ordinary resolution will be proposed that the Directors be given a general mandate to exercise all powers of the Company to repurchase Shares subject to the Articles of Association, the applicable laws and relevant regulatory requirements. Shareholders should note that the maximum number of Shares that may be repurchased pursuant to the mandate as set out in Resolution No. 12 of the notice of AGM on pages 31 to 36 of this circular will be such number of Shares not exceeding 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of the AGM (the "Share Repurchase Mandate"). A resolution authorising the extension of the mandate as set out in Resolution No. 11 of the notice of AGM to the Directors to issue additional Shares by the number of Share repurchased (if any) under the repurchase mandate (as set out in Resolution No. 12) will be proposed as Resolution No. 13 at the AGM.

LETTER FROM THE BOARD

Appendix II to this circular contains the Explanatory Statement required under the Listing Rules that gives all the information reasonably necessary to enable Shareholders to make an informed decision in connection with their approval of the Share Repurchase Mandate.

4. GENERAL MANDATE TO ISSUE SHARES

An ordinary resolution will also be proposed at the AGM for the grant of a general mandate to the Directors to issue, allot or otherwise deal with additional Shares of the Company up to a maximum of 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of the resolution (the “Share Issuance Mandate”).

The Share Issuance Mandate is valid from the date of the passing of the resolution until the earliest of:

- (a) the conclusion of the next annual general meeting of the Company; or
- (b) the expiration of the period within which the next annual general meeting of the Company is required by any applicable laws or the Articles of Association to be held; or
- (c) the revocation or variation of the authority given under the resolution by ordinary resolution of the Shareholders in general meeting.

As at the Latest Practicable Date, the number of Shares in issue was 1,186,337,417 shares. Accordingly, the exercise of the Share Issuance Mandate in full would enable the Company to issue, allot or otherwise deal with an additional 237,267,483 Shares.

5. RE-ELECTION OF RETIRING DIRECTORS

As at the Latest Practicable Date, the Board comprised Mr. Sze Man Bok, Mr. Hui Lin Chit, Mr. Hung Ching Shan, Mr. Hui Ching Lau, Mr. Xu Shui Shen, Mr. Xu Da Zuo, Mr. Xu Chun Man, Mr. Sze Wong Kim, Mr. Hui Ching Chi and Mr. Li Wai Leung as executive Directors and Mr. Chan Henry, Mr. Theil Paul Marin, Ms. Ada Ying Kay Wong, Mr. Ho Kwai Ching Mark and Mr. Zhou Fang Sheng as independent non-executive Directors.

Pursuant to Articles 99 and 116 of the Articles of Association and the Corporate Governance Code set out in Appendix 14 to the Listing Rules, Mr. Hui Ching Lau, Mr. Xu Da Zuo, Mr. Sze Wong Kim, Mr. Hui Ching Chi, Ms. Ada Ying Kay Wong and Mr. Ho Kwai Ching Mark will retire from office at the AGM, and being eligible, offer themselves for re-election at the AGM.

Details of the Directors proposed to be re-elected at the AGM are set out in Appendix III to this circular.

LETTER FROM THE BOARD

6. CLOSURE OF REGISTER OF MEMBERS

(a) For determining the entitlement to attend and vote at the 2021 AGM

The annual general meeting is scheduled to be held on Monday, 17 May 2021. For determining the entitlement to attend and vote at AGM, the register of members of the Company will be closed from Wednesday, 12 May 2021 to Monday, 17 May 2021, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at 2021 AGM, unregistered holders of shares of the Company should ensure that all the share transfer documents accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Abacus Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 11 May 2021.

(b) For determining the entitlement to the proposed final dividend

The Proposed Final Dividend is subject to the approval of shareholders at the 2021 AGM. For determining the entitlement to the proposed final dividend for the year ended 31 December 2020, the register of members of the Company will also be closed from Monday, 24 May 2021 to Tuesday, 25 May 2021, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for entitlement to the proposed final dividend, unregistered holders of shares of the Company should ensure that all share transfer documents accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Abacus Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Friday, 21 May 2021.

7. ANNUAL GENERAL MEETING

The AGM will be held at 22/F United Centre, 95 Queensway, Hong Kong on Monday, 17 May 2021 at 9:30 a.m. The notice of AGM is set out on pages 31 to 36 of this circular. Resolutions in respect of adoption of the New Share Option Scheme, the general mandates to repurchase and issue Shares and re-election of retiring of Directors as referred to above will be proposed, amongst others, at the AGM.

8. ACTION TO BE TAKEN

A form of proxy for use at the AGM is enclosed. Whether or not you are able to attend the AGM, you are requested to complete and return the form of proxy to the Company's branch share registrar, Tricor Abacus Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible, and in any event not less than 48 hours before the time appointed for holding of the meeting. Completion and return of the form of proxy will not prevent you from attending and voting at the AGM should you so wish.

LETTER FROM THE BOARD

9. VOTING BY POLL

According to the Listing Rules, any vote of shareholders at a general meeting must be taken by poll, and hence the Chairman of the meeting will demand for a poll for all resolutions put forward at the forthcoming AGM to be held on 17 May 2021.

10. RECOMMENDATION

The Directors believe the general mandates to repurchase and issue Shares and the re-election of retiring Directors are in the best interests of the Company and Shareholders as a whole, and accordingly recommend you to vote in favour of all the relevant resolutions to be proposed at the AGM.

11. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules 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 the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

By order of the Board
Sze Man Bok
Chairman

1. PURPOSE OF THE NEW SHARE OPTION SCHEME

The purpose of the New Share Option Scheme is to encourage Participants to contribute to our Group through giving them certain equity interest of our Company and to enhance the value of our Company and our Shares, for the ultimate benefit of our Company and our Shareholders as a whole.

2. WHO MAY JOIN

Our Directors may, at their discretion, grant Participants Offers. To accept an Offer, a proposed Grantee must do so in writing (including fax or email) within 30 days from the Date of Grant and remit to our Company HKD1.00 as consideration for the grant of Option (such remittance is not refundable in any circumstances), provided that no such Option shall be open for acceptance: (a) after the expiry of the Option Period, or (b) the New Share Option Scheme has been terminated in accordance with its terms, or (c) after the proposed Grantee for whom the Offer is made has ceased to be a Participant.

The Offer shall specify the terms on which the Option is to be granted. Such terms may at the discretion of the Board, include among other things, (a) the Date of Grant, (b) the Subscription Price (subject to paragraph 4 below), (c) the number of such Shares that can be subscribed when the Option is exercised in whole, (d) the Option Period (may include the minimum period for which an Option must be held before it can be exercised), (e) (if applicable) a performance target that must be reached before the Option can be exercised in whole or in part and/or (f) any other terms, which may be imposed (or not imposed) either on a case-by-case basis or generally. Unless otherwise determined by the Board and stated in the offer for the grant of the Option, there is no performance target which must be achieved before an Option can be exercised under the New Share Option Scheme.

3. GRANT OF OPTIONS TO CORE CONNECTED PERSONS OR ANY OF THEIR ASSOCIATES

Any grant of Options to any Director, chief executive or substantial shareholder (as defined in the Listing Rules) of our Company, or any of their respective associates under the New Share Option Scheme or any other share option schemes of our Company or any of its Subsidiaries shall be subject to the prior approval of our independent non-executive Directors (excluding independent non-executive Directors who are the proposed Grantees of the Options in question). Where any proposed grant of Options to a substantial shareholder or an independent non-executive Director of our Company, or any of their respective associates, would result in our Shares issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled or outstanding) to such person in the 12 month period up to and including the date of such grant:

- (a) representing in aggregate over 0.1% of our Shares then in issue; and

- (b) having an aggregate value, based on the closing price of our Shares as stated in the daily quotations sheets issued by the Stock Exchange on the Date of Grant, in excess of HK\$5 million,

such further grant of Options shall be subject to prior approval by resolution of our Shareholders (voting by way of poll). Grantee, his associates and all core connected persons of the Company shall abstain from voting in favour of the resolution, but they may vote against the resolution at such general meeting of our Shareholders (provided that they have indicated such preference in their letters to the Shareholders in accordance with Rule 13.40 of the Listing Rules). The circular to be issued by the Company to Shareholders pursuant to the paragraph above shall contain the information required under Rule 17.04(3) of the Listing Rules (or otherwise in accordance with the Listing Rules effective from time to time).

4. SUBSCRIPTION PRICE

The Subscription Price shall be determined by our Board in its absolute discretion but in any event shall be at least the highest of:

- (a) the closing price of each of our Shares as stated in the daily quotations sheets issued by the Stock Exchange on the Date of Grant which must be a Business Day;
- (b) the average closing price of each of our Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five (5) Business Days immediately preceding the Date of Grant; and
- (c) the nominal value of each of our Shares.

5. MAXIMUM NUMBER OF SHARES

(a) Scheme Mandate Limit

Subject to paragraph 5(f), the maximum number of Shares which may be issued upon exercise of all Options to be granted under the New Share Option Scheme and other share option schemes of the Company shall not, in the absence of Shareholders' approval, in aggregate exceed 10% of nominal amount of the aggregate of Shares in issue on the date of the AGM (the "Scheme Mandate Limit"). Options lapsed in accordance with the terms of the New Share Option Scheme and (as the case may be) such other share option schemes of our Company will not be counted for the purpose of calculating the Scheme Mandate Limit.

(b) Renewal of Scheme Mandate Limit

Subject to paragraph 5(f), the Scheme Mandate Limit referred in paragraph 5(a) above may be renewed at any time subject to prior Shareholders' approval but in any event, the total number of Shares which may be issued upon exercise of all Options to be granted under this New Share Option Scheme and any other share option schemes of the Company under the limit as refreshed must not exceed 10% in nominal amount of the aggregate number of Shares in issue as at the date of approval of the renewed limit. Options previously granted under the New Share Option Scheme or any other share option schemes of our Company (including those outstanding, cancelled, lapsed in accordance with the terms or exercised options) will not be counted for the purpose of calculating the limit as renewed. Where the limit is renewed pursuant to this paragraph, our Company must send a circular to our Shareholders containing information required under 17.02(2)(d) of the Listing Rules and the disclaimer under 17.02(4) of the Listing Rules.

(c) Grant of Options beyond Scheme Mandate Limit

Subject to paragraph 5(f) and notwithstanding the foregoing, our Company may grant Options beyond the Scheme Mandate Limit to Participants if:

- (i) our Company has first sent a circular to the Shareholders containing the overall introduction of the identified Participant who is a proposed Grantee, the number and terms of the Options to be granted, the purpose of granting the Options to the identified Participant and an explanation of how the terms of Options achieve such purpose, and information required to be included in accordance with 17.02(2)(d) of the Listing Rules and the disclaimer required under 17.02(4) of the Listing Rules and any information as may be required by the Listing Rules then prevailing to be included in such circular; and
- (ii) separate Shareholders' approval has been obtained for granting Options beyond the Scheme Mandate limit to Participants specifically identified by the Company before such Shareholders' approval is sought.

(d) Maximum number of shares issued under Options

The total number of Shares issued and to be issued upon the exercise of the Options granted to each Participant pursuant to the New Share Option Scheme and any other share option scheme(s) of our Company in any 12-month period shall not exceed 1% of our Shares in issue (the "**Individual Limit**").

(e) **Grantee's maximum holding**

Subject to paragraph 5(f) below, where further Options are granted to a Participant, and all such shares issued and to be issued upon the exercise of the Participant's granted and to-be granted Options (including exercised, cancelled and outstanding Options) represent in aggregate over 1% of the Shares in issue in the 12-month period up to and including the date of such further grant, such Offer must be separately approved by Shareholders in general meeting with such Participant and his associates abstaining from voting. Our Company must send a circular to our Shareholders containing the identity of the Participant in question, the number and terms of the Options to be granted (and Options previously granted to such Participant), information required under 17.02(2)(d) of the Listing Rules, the disclaimer under 17.02(4) of the Listing Rules and any other information as may be required by the Listing Rules then prevailing to be included in such circular. The number of Options and terms of the Offer (including Subscription Price) must be fixed before the shareholders' approval. For the purpose of determining the Subscription Price according to paragraph 4 above, the Date of Grant shall be the date of the meeting of the Board when the motion to grant further Options is proposed.

(f) **Maximum limit**

At any time, the maximum number of Shares to be issued upon exercise of all Options which then have been granted and have yet to be exercised under the New Share Option Scheme and any other share option schemes of our Company shall not in aggregate exceed 30% of our Shares in issue from time to time ("**Scheme Limit**"). No relevant options may be granted under any scheme(s) of the Company if such grant would result in the Scheme Limit being exceeded.

6. TIME OF EXERCISE OF OPTION

Subject to the Listing Rules and the terms of the relevant Option, an Option may be exercised in accordance with the terms of the New Share Option Scheme at any time during the Option Period. Unless otherwise determined by the Board and stated in the Offer, there is no minimum period for which an Option must be held before it can be exercised.

7. RIGHTS ARE PERSONAL TO GRANTEES

An Option shall be personal to the Grantee and shall not be assignable or transferable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to any Option.

8. RIGHTS ON TERMINATION OF EMPLOYMENT BY DISMISSAL

If the Grantee who is a Director or an employee of our Company or another member of our Group ceases to be a Participant by reason of the termination of his employment or directorship on the grounds that he has been guilty of serious misconduct, or appears either to be unable to pay or to have no reasonable prospect of being able to pay his debts or has committed any act of bankruptcy or has become insolvent or has made any arrangements or compromise with his creditors generally, or has been convicted of any criminal offence involving his integrity or honesty or on any other grounds on which an employer would be entitled to terminate his employment summarily, his Option (both vested and unvested if not already exercised portion) will lapse automatically and not be exercisable on or after the date of termination of his employment (such date should be the last actual working date of the Grantee in our Company or the relevant subsidiaries, regardless of whether there is a payment in lieu of notice). If the Grantee have exercised his Option in full or in part pursuant to the terms of the New Share Option Scheme, but has not yet been allotted the Shares, then the Grantee is deemed as never having exercised such Option and our Company shall refund to the Grantee the amount of Subscription Price received for such Shares intended to be subscribed by the exercise of the relevant Option.

9. RIGHTS ON ILLNESS, INJURY, DISABILITY OR DEATH

If the Grantee who is an employee or a director of our Company or another member of our Group ceases to be a Participant by reason of his illness, injury, disability or death, the Grantee or its legal personal representative (as the case may be), can within 12 months from the date of occurrence of the abovementioned incident (or other longer periods at the discretion of the Board), exercise the Grantee's Option up to the Grantee's vested entitlement on the date the Grantee is no longer a Participant (to the extent not already exercised).

10. RIGHTS ON RETIREMENT

If the Grantee who is an employee or a director of our Company or another member of our Group ceases to be a Participant by reason of retirement at the normal retirement age or (subject to approval by the Board) before reaching normal retirement age, the Grantee or its legal personal representative (as the case may be) can exercise its option up to his vested entitlement on the day the Grantee is no longer a Participant (up to the extent not already exercised) within 12 months (or longer periods at the discretion of the Board) from the date his employment ceases (such date should be the last actual working date of the Grantee in our Company or the relevant subsidiaries, regardless of whether there is a payment in lieu of notice).

11. RIGHTS ON CEASING OF TO BE A PARTICIPANT BY OTHER REASONS

If the Grantee who is an employee or a director of our Company or another member of our Group ceases to be a Participant other than by reasons set out in paragraphs 8, 9 or 10, including but not limited to voluntary resignation or termination of service according to the terms of the employment contract, the Grantee cannot exercise any of his Options (both vested and unvested portion (if not already exercised)) on or after the last day of his employment (such date should be the last actual working date of the Grantee in our Company or the relevant subsidiaries, regardless of whether there is a payment in lieu of notice), but the Board may at its discretion re-determine the Option Period of such vested portion of the Option, and if applicable, specify such vested portion of the Option will not lapse on the day of employment termination but at a later date determined by the Board.

12. EFFECT OF ALTERATIONS TO SHARE CAPITAL

In the event of an alteration in the capital structure of our Company, by way of capitalisation of profits or reserves, bonus issue, rights issue, open offer, subdivision or consolidation of shares, or reduction of the share capital of our Company, corresponding adjustments (if any) shall be made by our company to:

- (a) the number or nominal amount of Shares subject to the Option so far as unexercised; or
- (b) the Subscription Price;
- (c) the maximum number of Shares as described in paragraph 5; and/or
- (d) the total amount to be paid to subscribe the relevant number of share when the relevant Option is exercised

or any combination thereof, provided that:

- (i) any such adjustments shall give a Grantee the same proportion of the equity capital of our Company as that to which that Grantee was previously entitled before the alteration; and
- (ii) notwithstanding paragraph 12 above, any adjustments as a result of an issue of securities with a price-dilutive element, such as a rights issue, open offer or capitalisation issue, should comply with the acceptable adjustments set out in the Supplementary Guidance and any future guidance/ interpretation of the Listing Rules issued by the Stock Exchange from time to time,

but no such adjustments shall be made to the extent that a Share would be issued at less than its nominal value, and the circumstances where our Company issues securities as consideration for a transaction or our Company's bondholders exercise their rights of conversion shall not be regarded as requiring such adjustments. In respect of any such adjustments, our auditors or an independent financial adviser must certify in writing that the adjustments made by our Company under this paragraph 12 satisfy the requirements set out in paragraph 12 above.

13. RIGHTS ON A GENERAL OFFER BY WAY OF TAKEOVER

Subject to paragraph 9, in the event of a general offer by way of takeover (other than by way of scheme of arrangement pursuant to paragraph 14 below) being made to all the Shareholders (or all such Shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) ("Remaining Shareholders") and such offer becomes or is declared unconditional during the Option Period and the offeror has the right under the Companies Law to send, and has sent notice to purchase all the shares held by the Remaining Shareholders, the Grantee can send written notice to our Company within 21 days from the date of such offeror's notice, exercise the Grantee's option to its full extent (to the extent already vested but not already exercised) or up to the limit specified in the Grantee's notice.

14. RIGHTS ON A GENERAL OFFER BY WAY OF SCHEME OF ARRANGEMENT

Subject to paragraph 9, in the event of a general offer by way of scheme of arrangement being made to all the Shareholders and has been approved by the necessary number of Shareholders at the requisite meetings, our Company shall forthwith notify all the Grantees (or their personal representatives) that they may at any time thereafter (but before such time limit as shall be notified by our Company) exercise all their options they are entitled (to the extent not already exercised or the amount limit specified in such notice).

15. RIGHTS ON WINDING-UP

In the event an effective resolution has been passed for the voluntary liquidation of the Company, a Grantee may give written notice to our Company within 21 days from the date such resolution is passed, to elect to deem all its entitlement or to the amount specified in the notice (to the extent not already exercised) as having been exercised before the resolution is passed. The Grantee thus enjoys the same rights of a Shareholder, to receive the fund that he is entitled under the relevant Shares from the distributable assets during voluntary liquidation, and subject to such election, less the corresponding Subscription Price that would have to be paid under other circumstances.

16. RIGHTS ON A COMPROMISE OR ARRANGEMENT

In the event a compromise or arrangement (other than a scheme of arrangement contemplated in paragraph 14 above) between our Company and our Shareholders or creditors is proposed in connection with a scheme for the reconstruction or amalgamation of our Company, our Company shall give notice to all the Grantees on the same date as it gives notice of the meeting to its Shareholders or creditors to consider such a compromise or arrangement, and any Grantee (or his legal personal representative) may at any time thereafter (but before such time as shall be notified by our Company) exercise the Option either to its full extent (up to the extent not already exercised) or to the extent notified by our Company and our Company shall as soon as possible and in any event no later than three days prior to the date of the proposed Shareholders' meeting, allot and issue and register in the name of the Grantee such number of Shares which fall to be issued on such exercise or under HKSCC Nominees Limited (if the Grantee has elected to deposit the Shares into CCASS Investor Participant stock account).

17. RIGHTS ATTACHING TO OPTIONS AND SHARES

Our Shares to be allotted upon the exercise of an Option shall be subject to all the provisions of our Memorandum and Articles of Association for the time being in force and shall rank *pari passu* in all respects with the existing fully paid Shares in issue on the date on which those Shares are allotted on exercise of the Option (including the right to vote and the right to participate in all dividends or other distributions paid or made after the date on which the Shares are allotted) but excluding any right to vote or any dividends or distributions previously declared or recommended or resolved to be paid or made if the record date thereof shall be on or before the date on which the Shares are allotted.

The Options (before exercise) do not carry any right to vote in general meeting of the Company, or any dividend, transfer or other rights, including those arising on the liquidation of the Company. Unless otherwise regulated by applicable law, a Grantee does not have any rights as a shareholder with respect to any Shares underlying an Option before the Shares are allotted upon exercise of the Option.

18. PERIOD OF THE NEW SHARE OPTION SCHEME

The New Share Option Scheme shall be adopted for a period of 10 years commencing from the Adoption Date (the "Expiration"), after which period no further Options will be granted but the provisions of the New Share Option Scheme shall remain in full force and effect in all other respect for the Options granted prior to the Expiration. Our Company may, by ordinary resolution in a general meeting or our Board may, terminate the New Share Option Scheme at any time prior to the Expiration without prejudice to the Options granted prior to such termination. The Options granted prior to such termination can continue to be exercised according to the New Share Option Scheme and their respective granted terms.

19. ALTERATIONS TO THE NEW SHARE OPTION SCHEME

- (i) The specific provisions of the New Share Option Scheme which relate to the matters set out in Rule 17.03 of the Listing Rules cannot be altered to the advantage of Participants without the prior approval of Shareholders in general meeting;
- (ii) Changes to the authority of the Board in relation to any alteration of the terms of the New Share Option Scheme shall not be made, without the prior approval of Shareholders in general meeting; and
- (iii) Any alterations to the terms and conditions of the New Share Option Scheme which are of a material nature, or any change to the terms of Options granted, must be approved by our Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the New Share Option Scheme. The New Share Option Scheme so altered must comply with Chapter 17 of the Listing Rules.

20. CONDITIONS OF THE NEW SHARE OPTION SCHEME

The New Share Option Scheme shall take effect subject to:

- (i) the passing of an ordinary resolution by our Shareholders to approve and adopt the New Share Option Scheme and to authorise our Board to grant Options thereunder and to allot and issue Shares pursuant to the exercise of any Options; and
- (ii) the Listing Committee (as defined in the Listing Rules) granting permission to deal in our Shares, which fall to be issued pursuant to the exercise of Options (subject to an initial limit of 10% of the aggregate nominal value of the Shares in issue on the date of AGM) on the Stock Exchange;

21. LAPSE OF OPTION

An Option shall lapse automatically and shall not be exercisable, to the extent not already exercised, on the earliest of:

- (i) the expiry of the Option Period (subject to terms of the New Share Option Scheme);
- (ii) the expiry of the periods referred to in paragraphs 8 to 11 and 15 to 16 above respectively;
- (iii) the expiry of the period referred to in paragraph 13, provided that no court of competent jurisdiction makes an order to prohibit the offeror from acquiring the remaining Shares;

- (iv) subject to the scheme of arrangement (referred to in paragraph 14 above) becoming effective, the expiry of the period for exercising the Option as referred to in paragraph 14 above;
- (v) the date of commencement of the winding-up of our Company;
- (vi) the date on which the Grantee, who is an employee or a director of our Company or another member of our Group, ceases to be a Participant as referred to in paragraph 8 above;
- (vii) the date on which the Grantee sells, transfers, charges, mortgages, encumbers or creates any interest in favour of any third party over or in relation to any Option;
- (viii) where the Grantee is a director, an officer or employee of a subsidiary of the Company (other than the Company), the date on which such subsidiary ceases to be a subsidiary of the Company; and
- (ix) unless the Board otherwise determines, the date where the Grantee ceases to be a Participant (as determined by a Board resolution) for any reason.

22. RESTRICTION ON GRANT OF OPTION

In addition, the Board may not grant Options 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 the newspapers, on the internet website or otherwise in accordance with the relevant provisions of the Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of:

- (i) the date of the board meeting of our Company (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
- (ii) the deadline for our Company to publish an announcement of its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or, not required under the Listing Rules),

and ending on the date of the results announcement, no Option may be granted. For the avoidance of doubt, the period during which no option may be granted will cover any period of delay in the publication of results announcement.

23. CANCELLATION

Any Options granted but not exercised may be cancelled if the Participant so agrees. New Options can be granted to the same Grantee, provided that such new Options is subject to the limits prescribed in paragraph 5 (excluding options already cancelled), and granted in accordance with the New Share Option Scheme.

24. PRESENT STATUS OF THE NEW SHARE OPTION SCHEME

As at the date of this circular, no Option has been granted or agreed to be granted by our Company under the New Share Option Scheme.

(A) PROPOSED SHARE REPURCHASE MANDATE

It is proposed that the Directors may exercise the powers of the Company to repurchase up to 10% of the Shares in issue as at the date of the passing of the resolution to approve the granting to the Directors the Share Repurchase Mandate. As at the Latest Practicable Date, the number of Shares in issue was 1,186,337,417 shares. Accordingly, the exercise of the Share Repurchase Mandate in full (being the repurchase of 10% of the Shares in issue as at the date of the passing of the resolution to approve the Share Repurchase Mandate) would enable the Company to repurchase 118,633,741 shares.

(B) REASONS FOR REPURCHASES

Repurchases of Shares will only be made if the Directors believe that such repurchases will benefit the Company and its Shareholders. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net value of the Company and its assets and/or its earnings per Share.

(C) FUNDING OF REPURCHASES

In repurchasing securities, the Company may only apply funds legally available for such purpose in accordance with the Articles of Association, the Listing Rules and the applicable laws of the Cayman Islands. It is envisaged that the funds required for any repurchase would be derived from the Company's available cash flow or working capital facilities.

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in its most recent published audited accounts) in the event that the Share Repurchase Mandate is exercised in full. However, the Directors do not propose to exercise the Share Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

(D) UNDERTAKING

None of the Directors or, to the best of their knowledge having made all reasonable enquiries, any of their associates has any present intention to sell Shares to the Company or its subsidiaries if the Share Repurchase Mandate is granted.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Share Repurchase Mandate in accordance with the Articles of Association, the Listing Rules and the applicable laws of the Cayman Islands.

No core connected person has notified the Company that he/she has a present intention to sell Shares to the Company, or has undertaken not to do so, in the event that the Share Repurchase Mandate is granted.

(E) IMPLICATION UNDER TAKEOVERS CODE AND THE PUBLIC FLOAT REQUIREMENT

If on the exercise of the power to repurchase Shares pursuant to the Share Repurchase Mandate, a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. As a result, a shareholder or a group of shareholders acting in concert, depending on the level of increase of the shareholders' interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. As at the Latest Practicable Date, the substantial shareholders of the Company, Mr. Sze Man Bok and Mr. Hui Lin Chit, were beneficially interested in an aggregate of 505,483,132 Shares, representing approximately 42.61% of the total issued share capital of the Company, which 504,907,532 Shares were held by Credit Suisse Trust Limited as trustee of The Sze's Family Trust and The Hui Family Trust, being discretionary trusts established by Mr. Sze and Mr. Hui respectively, and 575,600 Shares were personally held by Mr. Sze.

In the event the Directors exercise in full the power to repurchase Shares which is proposed to be granted pursuant to the Share Repurchase Mandate, the aggregate interests of the abovesaid Shareholders would be increased to approximately 47.34% of the total issued share capital of the Company after the repurchase. The Directors believe that such increase may give rise to such Shareholders an obligation to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. However, the Directors do not intend to exercise the power to repurchase Shares to such extent at present. The Directors are not aware of any other consequences which may arise under the Takeovers Code as a result of any repurchase made under the Share Repurchase Mandate.

Any repurchase of the Shares which results in the number of Shares held by the public being reduced to less than the prescribed percentage of the Shares then in issue could not be implemented unless waiver is granted by the Stock Exchange from strict compliance requirements regarding the public float under Rule 8.08 of the Listing Rules. However, in the event that the Share Repurchase Mandate is exercised in full, the number of Shares held by the public would not fall below 25% of the total number of Shares in issue.

(F) SHARE PRICES

The highest and lowest prices at which Shares had been traded on the Stock Exchange during each of the previous twelve months before the Latest Practicable Date, were as follows:

	Share Price	
	Highest HK\$	Lowest HK\$
2020		
April	70.00	55.75
May	68.00	60.10
June	66.60	58.80
July	69.50	60.25
August	72.00	60.70
September	62.65	54.55
October	57.80	51.35
November	59.30	52.25
December	57.50	52.10
2021		
January	59.00	53.65
February	55.90	53.55
March	55.95	50.75
April (up to the Latest Practicable Date)	51.60	50.50

(G) SHARE REPURCHASE MADE BY THE COMPANY

During the six months preceding the Latest Practicable Date, the Company had repurchased its shares on the Stock Exchange as follows:

Date of repurchase	Number of shares repurchased	Highest price paid HK\$	Lowest price paid HK\$
29 October 2020	550,000	53.45	51.45
30 October 2020	500,000	54.80	53.45
2 November 2020	800,000	53.55	52.25
3 November 2020	500,000	53.90	53.25
4 November 2020	500,000	54.70	53.60
10 November 2020	500,000	54.10	53.30
23 March 2021	600,000	51.55	50.90
24 March 2021	800,000	52.15	51.15
25 March 2021	400,000	52.25	51.20
26 March 2021	700,000	52.65	51.55
29 March 2021	400,000	53.15	52.10
30 March 2021	400,000	53.10	52.05
1 April 2021	400,000	51.05	50.80
	<u>7,050,000</u>		

EXECUTIVE DIRECTOR

MR. HUI CHING LAU

Mr. Hui Ching Lau, aged 41, joined the Group on 10 December 2020. He has about 19 years of experience in corporate management and will be responsible for providing planning, guidance and strategic advice on strategic development of the Group. He is currently an executive director and chairman of the board of directors of Qinqin Foodstuffs Group (Cayman) Company Limited (a company whose shares are listed on the main board of the Stock Exchange of Hong Kong, stock code: 1583). He is the managing director of Lianjie Investments Group Limited being responsible for the daily operation and management of Lianjie Investments Group Limited, an investment management company.

Mr. Hui was a director of AGORA Hospitality Group Co., Ltd. (a company whose shares are listed on the Tokyo Stock Exchange, stock code: 9704) from 29 March 2018 to 3 December 2020. Mr. Hui was a non-executive director of China Huiyuan Juice Group Limited (“Huiyuan Juice”) from 29 January 2018 to 10 January 2019. Huiyuan Juice is a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the Stock Exchange of Hong Kong (Stock code: 1886) until 18 January 2021 which the listed status were cancelled by the stock exchange, being principally engaged in production and sale of fruit juice, fruit and vegetable juice and other beverages. In October 2019, a winding-up petition and provisional liquidators application at the High Court of Hong Kong was served on Huiyuan Juice. For further details of the proceedings, please refer to the announcements of Huiyuan Juice including that dated 24 January 2019 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0124/ltn201901249978.pdf>), 24 October 2019 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/1025/2019102401207.pdf>), 19 November 2020 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/1119/2020111901298.pdf>) and 30 November 2020 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/1130/2020113001375.pdf>).

Mr. Hui graduated with a Degree of Bachelor of Arts in Accounting & Finance and Economics from the University of Kent at Canterbury in July 2001, and a Degree of Master of Science in Finance from the University of London (Imperial College of Science, Technology and Medicine) in November 2002, in the United Kingdom. He also received a Degree of Executive Master of Business Administration from Cheung Kong Graduate School of Business in September 2010 in the People’s Republic of China.

Mr. Hui is the son of Mr. Hui Lin Chit, the Vice-chairman of the Board and an executive director of the Company. Mr. Hui is also the brother of Mr. Hui Ching Chi, an executive director of the Company.

Mr. Hui has entered into a service agreement with the Company for an initial term of three years and continuing thereafter on an annual basis until terminated by not less than three months’ notice in writing served by either party. His directorship is subject to retirement by rotation and re-election in accordance with the Articles of Association. Mr. Hui received remuneration of approximately RMB3,374 for the year ended 31 December

2020, which was determined with reference to his experience, responsibilities, performance and the Group's financial results.

Save as disclosed above, Mr. Hui does not have any relationship with any directors, senior management, substantial or controlling shareholder of the Company. As at the Latest Practicable Date, he did not have any interests in the Company pursuant to Part XV of the SFO. He has not held any directorship in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years.

Save as disclosed above, Mr. Hui has confirmed that there are no other matters that need to be brought to the attention of the Shareholders or to be disclosed pursuant to Rule 13.51(2)(h) to (v) in connection with his re-election.

MR. XU DA ZUO

Mr. Xu Da Zuo, aged 54, is appointed as the Chief Executive Officer of Capital Operation and Investment Department of the Group on 26 March 2020 and ceases to be the Chief Financial Officer of the Group and the Chief Executive Officer of Services Sharing Center (in charge of Finance Department, Asset and Property Management Department and Information System Department). Joining the Group in 1985, Mr. Xu has over 36 years of experience in accounting and internal audit. He has the title of senior accountant in the PRC. He is an elder brother of Mr. Xu Shui Shen, a Director of the Company.

Mr. Xu has entered into a service agreement with the Company for an initial term of three years and continuing thereafter on an annual basis until terminated by not less than three months' notice in writing served by either party. His directorship is subject to retirement by rotation and re-election in accordance with the Articles of Association. Mr. Xu received remuneration of approximately RMB1,181,900 for the year ended 31 December 2020, which was determined with reference to his experience, responsibilities, performance and the Group's financial results.

Save as disclosed above, he does not have any relationship with any directors, senior management, substantial or controlling shareholder of the Company. As at the Latest Practicable Date, Mr. Xu was interested in 17,270,000 Shares and held 108,000 shares options granted under the Share Option Scheme adopted by the Company on 26 May 2011 to subscribe for 108,000 Shares of the Company within the meaning of Part XV of the SFO. The 17,270,000 Shares were held by Credit Suisse Trust Limited, as trustee of The Xu Family Trust, being a discretionary trust established by Mr. Xu. He has not held any directorship in other listed companies in the last three years. No public sanctions have been made against Mr. Xu by statutory or regulatory authorities.

Saved as disclosed below, no public sanctions have been made against Mr. Hui by statutory or regulatory authorities. Reference was made to the Stock Exchange announcement on 11 October 2001. During the period from September to December 1999, the Group had made temporary advances of HK\$46,425,000 to United Wealth International (Holdings) Limited (“United Wealth”) and Changde Hengan Paper Products Co., (“Changde Paper”). These temporary advances, representing approximately 3.02% of the Group’s consolidated net tangible assets as at 31 December 1999, were fully received with interest and handling fee between early January 2000 and February 2000. United Wealth was wholly owned by Mr. Sze Man Bok, Mr. Hui Lin Chit, Mr. Yeung Wing Chun and Mr. Hung Ching Shan, the Executive Directors of the Company for the time being, while Changde Paper was a 94% owned subsidiary of United Wealth. As such, the temporary advances constituted connected transactions of the Company. Mr. Xu and other relevant Executive Directors were publicly criticised for breaching the Listing Rules and Directors’ Undertaking as they failed to disclose these connected transactions by way of a press notice, seek independent Shareholders’ approval in advance and notify the Stock Exchange on a timely basis. Mr. Xu considers that he is appropriate to continue to act as a Director of the Company as the above infringement was unintentional and did not arise by reason of any bad faith or deliberate conduct. In addition, he has gained relevant experience and knowledge from the above event to prevent any similar infringement in the future. The Board also considers that Mr. Xu, who has over 36 years of experience in the consumer product industry, has the requisite knowledge and competence to act as an Executive Director of the Company.

Save as disclosed above, Mr. Xu has confirmed that there are no other matters that need to be brought to the attention of the Shareholders or to be disclosed pursuant to Rule 13.51(2)(i) to (v) of the Listing Rules in connection with his re-election.

MR. HUI CHING CHI

Mr. Hui Ching Chi, aged 36. He was appointed as Operation Management Department Director and also as the Deputy Chief Executive Officer of Operation Service Center in August 2017, responsible for supervising and implementing the operations of the Operation Service Center (including but not limited to sales services, procurement, production, logistic coordination management etc) and the Operations Service Center business management. He was the Director of Supply Chain Management of the Group from 2015 to 2016, was responsible for the overall strategy relating to the Group’s planning and purchasing of raw materials and logistic management. Mr. Hui worked in a major international bank in London prior to joining the Group in February 2008. Mr. Hui holds a Law Degree from the London University. He is a son of Mr. Hui Lin Chit, the Chief Executive Officer and a Director of the Company. He is also a younger brother of Mr. Hui Ching Lau, a Director of the Company. Mr. Hui was appointed as executive director of WZB on 25 September 2017.

Save as disclosed above, he is not connected with any other directors, senior management, substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Mr. Hui has personal interests of 40,000 shares and 20,000 share options granted under the Share Option Scheme adopted by the Company on 26 May 2011 to subscribe for 20,000 Shares of the Company within the meaning of Part XV of the SFO. He has not held any directorship in other listed companies in the last three years.

Mr. Hui has entered into a service contract with the Company for an initial term of three years and continuing thereafter on an annual basis until terminated by not less than three months' notice in writing served by either party. His directorship is subject to retirement by rotation and re-election in accordance with the Articles of Association. Mr. Hui received remuneration of approximately RMB1,204,851 for the year ended 31 December 2020, which was determined with reference to his experience, responsibilities, performance and the Group's financial results.

Save as disclosed above, Mr. Hui has confirmed that there are no other matters that need to be brought to the attention of the Shareholders or to be disclosed pursuant to Rule 13.51(2)(h) to (v) in connection with his re-election.

MR. SZE WONG KIM

Mr. Sze Wong Kim, aged 45, is responsible for overall strategy of the Group. Before joining the Group on 1 June 2010, Mr. Sze worked in two accountancy firms in Australia and gained extensive experience in assurance and business advisory work. He started his own business in 2005 on wholesale and distribution of branded electronic components and computer accessories products in Hong Kong and overseas markets. Mr. Sze graduated from the University of Technology, Sydney with a Bachelor Degree of Business majoring in accounting and obtained a Master Degree of Commerce in finance from the University of New South Wales, Australia. He was appointed as the Company Secretary and authorised representative of the Company on 30 November 2016 and resigned on 3 January 2017. He is a member of CPA Australia and a fellow member of the Hong Kong Institute of Certified Public Accountants. He is the son of Mr. Sze Man Bok, the Chairman and a Director of the Company.

Save as disclosed above, he is not connected with any other directors, senior management, substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Mr. Sze has personal interests of 151,700 shares and 20,000 share options granted under the Share Option Scheme adopted by the Company on 26 May 2011 to subscribe for 20,000 Shares of the Company within the meaning of Part XV of the SFO. He has not held any directorship in other listed companies in the last three years.

Mr. Sze has entered into a service contract with the Company for an initial term of three years and continuing thereafter on an annual basis until terminated by not less than three months' notice in writing served by either party. His directorship is subject to retirement by rotation and re-election in accordance with the Articles of Association. Mr. Sze received remuneration of RMB55,988 for the year ended 31 December 2020, which was determined with reference to his experience, responsibilities, performance and the Group's financial results.

Save as disclosed above, Mr. Sze has confirmed that there are no other matters that need to be brought to the attention of the Shareholders or to be disclosed pursuant to Rule 13.51(2)(h) to (v) in connection with his re-election.

INDEPENDENT NON-EXECUTIVE DIRECTOR

MS. ADA YING KAY WONG, JP

Ms. Ada Ying Kay Wong, JP, aged 61, is an Non-executive Director of the Company appointed in 1998. She is also a member of the Audit Committee, Nomination Committee and Remuneration Committee. Ms. Wong, a practicing solicitor, is a partner of Philip K. H. Wong, Kennedy Y. H. Wong & Co., Solicitors & Notaries. She is also a culture and creative education advocate. She is the supervisor of HKICC Lee Shau Kee School of Creativity and the council member of Hong Kong Shue Yan University. She was Chair of the Wanchai District Council (2004–2007), and is currently a member of Museum Advisory Committee and Art Sub-committee, Museum Advisory Committee. Currently, she is an independent non-executive director of Pak Fah Yeow International Limited, a company listed on the main board of the Stock Exchange with stock code 0239.

Ms. Wong has entered into a service agreement with the Company for a 3-year term expiring on 15 December 2023 subject to renewal and extension. Her directorship is subject to retirement by rotation and re-election in accordance with the Articles. Ms. Wong received remuneration of approximately RMB106,644 for the year ended 31 December 2020, which was determined with reference to her experience, responsibilities and performance.

Ms. Wong does not have any relationship with any directors, senior management, substantial or controlling shareholder of the Company. As at the Latest Practicable Date, Ms. Wong did not have any interests in the Company within the meaning of Part XV of SFO.

Save as disclosed above, Ms. Wong has confirmed that there are no other matters that need to be brought to the attention of the Shareholders or to be disclosed pursuant to Rule 13.51(2)(h) to (v) in connection with her re-election.

MR. HO KWAI CHING MARK

Mr. Ho Kwai Ching Mark, aged 59, is an Independent Non-executive Director of the Company appointed on 1 January 2013. He is also a member of the Audit Committee, Nomination Committee and Remuneration Committee. He is currently the co-founder and CEO OF ProMEX Limited and a consultant in the securities and futures industry and an independent non-executive director of Lee Kee Holdings Limited (stock code 0637) and Green Future Food Hydrocolloid Marine Science Company Limited (stock code 1084). He was the Chief Operating Officer of Oriental Patron Securities Limited, the Chief Compliance Officer of Hong Kong Mercantile Exchange Limited, the Director of Business Development of Sun Hung Kai Securities Limited and a Director of Phillip Securities (HK) Limited. He was also previously Vice President of Corporate Strategy of Hong Kong Exchanges and Clearing Limited and Head of Compliance of Hong Kong Futures Exchange Limited. He has more than 26 years of experience in the securities and futures industry.

Mr. Ho received a Bachelor Degree in Social Sciences from the University of Hong Kong in 1984 and is a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants.

Mr. Ho has entered into a letter of appointment with the Company for a term of three years expiring on 31 December 2021 subject to renewal and extension. His directorship is subject to retirement by rotation and re-election in accordance with the Articles of Association. Mr. Ho received remuneration of RMB106,644 for the year ended 31 December 2020 which was determined with reference to his experience, responsibilities and market rate. Save as disclosed above, Mr. Ho has not held any directorship in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years. Mr. Ho is not connected with any other directors, senior management, substantial or controlling shareholders of the Company. He does not hold any other positions with the Company or its subsidiaries. As at the Latest Practicable Date, Mr. Ho does not have any interests in the shares of the Company within the meaning of Part XV of the SFO.

Save as disclosed above, there is no other information in relation to the appointment of Mr. Ho required to be disclosed pursuant to any of the requirements of Rule 13.51(2)(h) to (v) of the Listing Rules nor there any other matter that needs to be brought to the attention of the shareholders of the Company

NOTICE OF ANNUAL GENERAL MEETING



恒安國際集團有限公司*

HENGAN INTERNATIONAL GROUP COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1044)

websites: <http://www.hengan.com>

<http://www.irasia.com/listco/hk/hengan>

NOTICE IS HEREBY GIVEN that the Annual General Meeting of shareholders of Hengan International Group Company Limited (the “Company”) will be held at 22/F United Centre, 95 Queensway, Hong Kong on Monday, 17 May 2021 at 9:30 a.m. for the following purposes:

1. To receive and consider the audited consolidated accounts and the reports of the directors and auditors for the year ended 31 December 2020;
2. To declare a final dividend for the year ended 31 December 2020;
3. To re-elect Mr. Hui Ching Lau as an executive director;
4. To re-elect Mr. Xu Da Zuo as an executive director;
5. To re-elect Mr. Hui Ching Chi as an executive director;
6. To re-elect Mr. Sze Wong Kim as an executive director;
7. To re-elect Ms. Ada Ying Kay Wong as an independent non-executive director;
8. To re-elect Mr. Ho Kwai Ching Mark as an independent non-executive director;
9. To authorise the board of directors to fix the remuneration of the directors;
10. To re-appoint auditors and authorise the board of directors to fix their remuneration;
11. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“THAT:

- (a) subject to paragraph (c) below, the exercise by the directors of the Company during the Relevant Period of all the powers of the Company to allot, issue or otherwise deal with additional shares in the capital of the Company, and to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into shares of

* for identification purposes only

NOTICE OF ANNUAL GENERAL MEETING

the Company) which might require the exercise of such power, be and is hereby generally and unconditionally approved;

- (b) the approval in paragraph (a) above shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into shares of the Company) which might require the exercise of such power after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to the approval in paragraph (a), otherwise than pursuant to (aa) Rights Issue; or (bb) the exercise of rights of subscription or conversion under the terms of any warrants or other securities issued by the Company carrying a right to subscribe for or purchase shares of the Company; or (cc) the exercise of any option under any share option scheme of the Company adopted by its shareholders for the grant or issue to participants of the Company and/or any of its subsidiaries of options to subscribe for or rights to acquire shares of the Company; or (dd) any scrip dividend or other similar scheme implemented in accordance with the Articles of Association of the Company, shall not exceed 20% of the total aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this Resolution and the said approval be limited accordingly; and
- (d) for the purpose of this Resolution, "Relevant Period" means the period from the date of the passing of this Resolution until whichever is the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company; or
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by any applicable law or the Company's articles of association to be held; or
 - (iii) the revocation or variation of the authority given under this Resolution by ordinary resolution of the shareholders in general meeting."

"Rights Issue" means an offer of shares or other securities open for a period fixed by the directors of the Company to holders of shares on the Register of Members of the Company on a fixed recorded date in proportion to their then holdings of such shares (subject to such exclusion or other arrangements the directors of the Company may deem necessary or expedient in relation to fractional entitlements of having regard to any restrictions or

NOTICE OF ANNUAL GENERAL MEETING

obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong).”

12. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“**THAT:**

- (a) subject to sub-paragraph (b) of this Resolution, the exercise by the directors of the Company during the Relevant Period of all the powers of the Company to repurchase issued shares in the capital of the Company or any other rights to subscribe shares in the capital of the Company in each case on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or on any other stock exchange on which the securities of the Company may be listed and recognised by the Securities and Futures Commission and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) shall be in addition to any other authorization given to the directors of the Company and shall authorize the directors of the Company on behalf of the Company during the Relevant Period to procure the Company to purchase its securities at a price determined by the directors of the Company;
- (c) the aggregate nominal amount of the ordinary share capital of the Company or any other rights to subscribe shares in the capital of the Company in each case which the directors of the Company are authorised to repurchase pursuant to the approvals in sub-paragraphs (a) and (b) of this Resolution shall not exceed 10% of the aggregate nominal amount of the ordinary share capital of the Company in issue on the date of the passing of this Resolution and the said approval shall be limited accordingly; and
- (d) for the purpose of this Resolution, “Relevant Period” means the period from the date of the passing of this Resolution until whichever is the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company; or
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by any applicable law or the articles of association of the Company to be held; or

NOTICE OF ANNUAL GENERAL MEETING

(iii) the revocation or variation of the authority given under this Resolution by ordinary resolution of the shareholders in general meeting.”

13. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“**THAT** the general mandate referred to in Resolution No. 11 above be and is hereby extended by the addition to the aggregate nominal amount of share capital which may be allotted and issued or agreed conditionally or unconditionally to be allotted and issued by the directors of the Company pursuant to such general mandate of an amount representing the aggregate nominal amount of share capital of the Company purchased by the Company since the granting of the general mandate referred to in Resolution No. 12 above and pursuant to the exercise by the directors of the powers of the Company to purchase such shares provided that such extended amount shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this Resolution.”

14. To consider and, if thought fit, pass with or without amendments, the following resolution as ordinary resolution:

“**THAT:**

- (a) subject to and conditional upon the granting by the Listing Committee of The Stock Exchange of Hong Kong Limited of the listing of and permission to deal in the shares in the capital of the Company with a par value of HK\$0.1 each to be issued and allotted by the Company under the new share option scheme of the Company (the “New Share Option Scheme”), the rules of which are set out in a document submitted to the meeting marked “A” and signed for the purpose of identification by the chairman of the meeting, the New Share Option Scheme be and is hereby approved and adopted as the Company’s share option scheme and the directors of the Company (“Directors”) be and are hereby authorised to take all such steps as they may deem necessary, desirable or expedient to carry into effect, vary or amend the New Share Option Scheme subject to the terms of the New Share Option Scheme and Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time); and

NOTICE OF ANNUAL GENERAL MEETING

- (b) the Directors be and are hereby authorised to grant options to subscribe for Shares in accordance with the rules of the New Share Option Scheme up to a maximum of 10% of the Shares in issue as at the date of passing of this resolution, to issue and allot Shares pursuant to the exercise of the options so granted, to administer the New Share Option Scheme in accordance with its terms and to take all necessary actions incidental thereto as the Directors deem fit.

By order of the Board
Li Wai Leung
Company Secretary

Hong Kong, 14 April 2021

Notes:

- (i) A member entitled to attend and vote at the above meeting is entitled to appoint one or more proxies (who must be an individual or individuals) to attend and vote instead of him. A proxy does not need to be a member of the Company.
- (ii) The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power of attorney of authority, must be lodged with the Company's branch share registrar, Tricor Abacus Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not less than 48 hours before the time appointed for holding the meeting and any adjourned meeting.
- (iii) For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Wednesday, 12 May 2021 to Monday, 17 May 2021, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the AGM, unregistered holders of shares of the Company should ensure that all the share transfer documents accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Abacus Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 11 May 2021.
- (iv) For determining the entitlement to the proposed final dividend for the year ended 31 December 2020, the register of members of the Company will also be closed from Monday, 24 May 2021 to Tuesday, 25 May 2021, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for entitlement to the proposed final dividend, unregistered holders of shares of the Company should ensure that all share transfer documents accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Abacus Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Friday, 21 May 2021.

NOTICE OF ANNUAL GENERAL MEETING

(v) In compliance with the HKSAR Government's directive on social distancing, personal and environmental hygiene, and the guidelines issued by the Centre for Health Protection of the Department of Health on the prevention of coronavirus disease 2019 (COVID-19), the Company will implement additional precautionary measures at the AGM including, without limitation:

- compulsory body temperature screening. Any person with a body temperature of over 37.3 degrees Celsius will not be admitted to the venue;
- mandatory use of surgical face masks;
- mandatory health declaration – anyone subject to quarantine, has any flu-like symptoms or has travelled overseas within 14 days immediately before the AGM ("recent travel history"), or has close contact with any person under quarantine or with recent travel history will not be permitted to attend the AGM;
- anyone attending the AGM is reminded to observe good personal hygiene at all times; and
- appropriate distancing and spacing in line with the guidance from the HKSAR Government will be maintained and as such, the Company may limit the number of attendees at the AGM as may be necessary to avoid over-crowding.

In light of the continuing risks posed by the COVID-19 pandemic, the Company strongly encourages Shareholders NOT to attend the AGM in person, and advises Shareholders to appoint the Chairman of the AGM or any Director or Company Secretary of the Company as their proxy to vote according to their indicated voting instructions as an alternative to attending the AGM in person.

Subject to the development of COVID-19, the Company may implement further changes and precautionary measures and may issue further announcement on such measures as appropriate.