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If you have sold or transferred all your shares in Shenguan Holdings (Group) Limited (the “Company”), you should at once hand this circular with the enclosed form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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SHENGUAN HOLDINGS (GROUP) LIMITED
神冠控股(集團)有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 00829)

**RENEWAL OF GENERAL MANDATES
TO ISSUE NEW SHARES AND REPURCHASE SHARES
RETIREMENT OF DIRECTORS AND
RE-ELECTION OF RETIRING DIRECTORS
ADOPTION OF THE NEW SHARE OPTION SCHEME
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening an annual general meeting of the Company to be held on 29 May 2020 (Friday) at 11:00 a.m. at Taishan Room, Level 5, Island Shangri-La, Hong Kong, Pacific Place, Supreme Court Road, Central, Hong Kong is set out on pages 27 to 33 of this circular. Whether or not you are able to attend the annual general meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the office of the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services 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 the annual general meeting. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the annual general meeting or any adjourned meeting thereof should you so desire.

PRECAUTIONARY MEASURES FOR THE AGM

To safeguard the health and safety of the Shareholders, the Company will implement the following precautionary measures at the AGM to prevent the spreading of the COVID-19:

- (1) Compulsory body temperature checks will be conducted for every attendee at the entrance of the AGM venue. Any person with a body temperature of over 37.4 degrees Celsius may be denied entry into the AGM venue and be requested to leave the AGM venue;
- (2) Every attendee will be required to wear surgical facial mask throughout the AGM and maintain a safe distance between seats. Please note that no masks will be provided at the AGM venue and attendees should wear their own masks; and
- (3) The Company will not provide refreshments and will not distribute corporate gifts.

In light of the continuing risks posed by the COVID-19, the Company encourages the Shareholders to consider appointing the Chairman of the AGM as their proxy to vote on the relevant resolutions at the AGM as an alternative to attending the AGM in person.

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DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be held on 29 May 2020 (Friday) (or any adjournment thereof) at 11:00 a.m. at Taishan Room, Level 5, Island Shangri-La, Hong Kong, Pacific Place, Supreme Court Road, Central, Hong Kong;
“AGM Notice”	the notice convening the AGM set out on pages 27 to 33 of this circular;
“Articles”	the articles of association of the Company;
“Board”	the board of Directors or a duly authorised committee of the Board;
“Business Day”	any day on which the Stock Exchange is open for the business of dealings in securities;
“close associates”	has the same meaning as defined in the Listing Rules;
“Companies Law”	the Companies Law of the Cayman Islands, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, as amended from time to time;
“Company”	Shenguan Holdings (Group) Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Stock Exchange;
“core connected person”	has the same meaning as defined in the Listing Rules;
“Director(s)”	the directors of the Company;
“Final Dividends”	the final dividend of HK2.0 cents per Share and the special final dividend of HK4.0 cents per Share recommended by the Board;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;

DEFINITIONS

“Issue Mandate”	a general and unconditional mandate proposed to be granted to the Directors to exercise all powers of the Company to allot and issue Shares set out as resolution no. 5 in the AGM Notice;
“Latest Practicable Date”	23 April 2020, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Old Share Option Scheme”	the share option scheme of the Company adopted on 19 September 2009 and has expired on 18 September 2019;
“Option(s)”	option(s) to subscribe for Shares granted to (and subject to acceptance by) eligible participant(s) under the Share Option Scheme;
“PRC”	the People’s Republic of China, and for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan Region;
“Repurchase Mandate”	a general and unconditional mandate proposed to be granted to the Directors to exercise all powers of the Company to repurchase Shares set out as resolution no.6 in the AGM Notice;
“RMB”	Renminbi, the lawful currency of the PRC;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share Option Scheme”	the new share option scheme of the Company proposed to be adopted at the AGM, the principal terms of which are set out in Appendix III to this circular;
“Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company;
“Shareholder(s)”	holder(s) of (a) Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Takeovers Code”	The Code on Takeovers and Mergers and Share Buy-backs; and
“%”	per cent.

LETTER FROM THE BOARD



SHENGUAN HOLDINGS (GROUP) LIMITED

神冠控股(集團)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00829)

Executive Directors:

Ms. Zhou Yaxian (*Chairman and President*)

Mr. Shi Guicheng

Mr. Ru Xiquan

Mr. Mo Yunxi

Non-executive Director:

Dato' Sri Low Jee Keong

Independent non-executive Directors:

Mr. Tsui Yung Kwok

Mr. Meng Qinguo

Mr. Yang Xiaohu

Registered Office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman

KY1-1111

Cayman Islands

*Principal Place of Business
in Hong Kong:*

Unit 2902, Sino Plaza

255-257 Gloucester Road

Causeway Bay

Hong Kong

27 April 2020

To the Shareholders

Dear Sir or Madam,

**RENEWAL OF GENERAL MANDATES
TO ISSUE NEW SHARES AND REPURCHASE SHARES
RETIREMENT OF DIRECTORS AND
RE-ELECTION OF RETIRING DIRECTORS
ADOPTION OF THE NEW SHARE OPTION SCHEME
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to: (i) provide you with details of the proposed Issue Mandate and the proposed Repurchase Mandate; (ii) set out an explanatory statement regarding the Repurchase Mandate; (iii) furnish you details of the proposed re-election of retiring Directors; (iv) giving details of the Share Option Scheme; and (v) give you notice of the AGM.

LETTER FROM THE BOARD

DISTRIBUTION OF FINAL DIVIDENDS

As announced by the Company in its announcement dated 30 March 2020 regarding the final results of the Group for the year ended 31 December 2019, the Board recommended a final dividend of HK2.0 cents per Share and a special final dividend of HK4.0 cents per Share, subject to the approval of Shareholders at the AGM by way of ordinary resolutions.

The Final Dividends are payable on or around 29 June 2020 (Monday) to the Shareholders whose names appear on the register of members of the Company at close of business on 9 June 2020 (Tuesday), being the record date for determination of entitlement to the Final Dividends. For determining the entitlement to the Final Dividend (if approved at AGM), the register of members of the Company will be closed from 4 June 2020 (Thursday) to 9 June 2020 (Tuesday), both days inclusive, and no transfer of shares will be effected during such period. In order to qualify for the Final Dividends, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 3 June 2020 (Wednesday).

GENERAL MANDATES TO ISSUE NEW SHARES AND REPURCHASE SHARES

The Company's existing mandates to issue and repurchase Shares were approved by its then Shareholders on 22 May 2019. Unless otherwise renewed, the existing mandates to issue and repurchase Shares will lapse at the conclusion of the AGM.

Ordinary resolutions will be proposed at the AGM to grant to the Directors new general mandates:

- (i) to allot, issue and otherwise deal with new Shares with an amount not exceeding 20% of the aggregate number of issued Shares as at the date of passing the proposed resolution at the AGM; and
- (ii) to repurchase Shares with an amount not exceeding 10% of the aggregate number of issued Shares as at the date of passing the proposed resolution at the AGM.

In addition, a separate ordinary resolution will be proposed at the AGM to add to the Issue Mandate those Shares repurchased by the Company pursuant to the Repurchase Mandate (if granted to the Directors at the AGM).

The Directors have no present intention to exercise the Issue Mandate or the Repurchase Mandate (if granted to the Directors at the AGM).

As at the Latest Practicable Date, a total of 3,230,480,000 Shares were in issue. Subject to the passing of the proposed resolution granting the Issue Mandate to the Directors and on the basis that no Shares will be issued and/or repurchased by the Company prior to the AGM, the Company will be allowed to issue a maximum of 646,096,000 Shares, representing 20% of the aggregate number of issued Shares as at the date of the AGM.

LETTER FROM THE BOARD

An explanatory statement containing information regarding the Repurchase Mandate is set out in Appendix I to this circular.

RETIREMENT OF DIRECTORS AND RE-ELECTION OF RETIRING DIRECTORS

Each of Ms. Zhou Yaxian, Mr. Shi Guicheng, Mr. Ru Xiquan, Mr. Mo Yunxi and Dato' Sri Low Jee Keong will retire from office as Director by rotation at the AGM. All of them, being eligible, offer themselves for re-election pursuant to Article 84 of the Articles.

In proposing each of Ms. Zhou Yaxian, Mr. Shi Guicheng, Mr. Ru Xiquan and Mr. Mo Yunxi to be re-elected as an executive Director and Dato' Sri Low Jee Keong to be re-elected as a non-executive Director at the AGM, the Board has considered the respective contributions of Ms. Zhou Yaxian, Mr. Shi Guicheng, Mr. Ru Xiquan, Mr. Mo Yunxi and Dato' Sri Low Jee Keong to the Board and their commitment to their roles.

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

ADOPTION OF SHARE OPTION SCHEME

The Old Share Option Scheme was adopted by the Company on 19 September 2009 and was expired on 18 September 2019. The Company had no subsisting option scheme as at the Latest Practicable Date.

As at the Latest Practicable Date, the Company had no options outstanding under the Old Share Option Scheme. Given that the Old Share Option Scheme had expired, the Board proposes to adopt the Share Option Scheme with terms in compliance with the current provisions of Chapter 17 of the Listing Rules in order to provide the Company with the flexibility of granting Options to the Directors, employees and other eligible participants as incentives or rewards for their contributions or potential contributions to the Group. The principal terms of the Share Option Scheme are set out in Appendix III to this circular.

The adoption of the Share Option Scheme is conditional upon (i) the approval of the adoption of the Share Option Scheme as an ordinary resolution by Shareholders at the AGM; and (ii) the Stock Exchange granting the listing of, and permission to deal in, any Shares to be issued pursuant to the exercise of any Options under the Share Option Scheme.

An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Shares which may be issued upon the exercise of the Options under the Share Option Scheme.

The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group and to promote the success of the business of the Group. The Directors believe the Share Option Scheme will give the participants an opportunity to have a personal stake in the Company and will help motivating the participants to optimise their

LETTER FROM THE BOARD

performance and efficiency and attracting and retaining the participants whose contributions are important to the long-term growth and profitability of the Group.

The Directors considers that it is necessary to ensure the scope of participants under the Share Option Scheme is wide enough to cover those individuals and entities, which are able to contribute to the Group but fall outside of the traditional employer-and-employee relationship, and allow the Company to have flexibility to incentivise and reward these parties as the Board considers commercially appropriate.

In the event that any substantial shareholder(s) of the Group is able to contribute to the long-term business growth of the Group by being a strategic investor or by introducing potential business opportunities to the Group, the Share Option Scheme could align the interest of the Group and these external parties and incentivises their participation and involvement in promoting the business of the Group.

The Group's operations from time to time rely heavily on a long term and sustainable business relationship with the persons who play a role in the business of the Group, including consultant or advisor to provide necessary professional or business advice on the operation and management of the Group; contractor, supplier, agent or service provider to provide valuable goods or services to the business development or product research and development of the Group; and any customer, business partner or distributor of the Group who has maintained a long-term business relationship with the Group or may refer more clients or introduce new business opportunities to the Group.

Therefore, it is desirable for, and in the interest of, the Company to align the interests of such parties with those of the Group and to maintain good business relationships with such parties. The Directors will consider the merits of each grant on a case-by-case basis and the scope of eligible participants as set out in the Share Option Scheme allows the flexibility for the Board to exercise their discretion in case these individuals or entities have made or will make significant contributions to or have an important role in the growth of the Group as a whole. In addition, the Board may devise appropriate conditions under the Share Option Scheme in light of the circumstances of each grant of options, including, without limitation, performance targets, exercise periods or such other conditions as the Board may at its discretion determine. It is expected that with suitable motivation measures to be set by the Board as condition(s) to the exercise of options to be granted, the grantees of the options will make an effort to contribute to the business and financial performance of the Group and build a closer partnership with the Group in cases they are not employees or directors of the Group.

Based on the above, the Directors considers that the inclusion of eligible participants other than employees and directors of the Group is appropriate fair and reasonable and in the interest of the Company and the Shareholders as a whole.

The Share Option Scheme does not specify a minimum period for which an Option must be held nor a performance target which must be achieved before an option can be exercised. However, the rules of the Share Option Scheme provide that the Board may determine, at its sole discretion, such terms and conditions on the grant of an Option, including the minimum period for which the Options must be held and/or the performance targets that must be achieve before

LETTER FROM THE BOARD

such Options can be exercised and/or any other terms which may be imposed. This determination may vary on a case by case basis but no such terms will be imposed the result of which will be to the advantage of the participant. The basis for the determination of the subscription price is specified in the rules of the Share Option Scheme. With such authority and flexibility, the Board may impose different conditions for each participant as it considers appropriate so as to provide incentives or rewards to such selected participants for their contribution or potential contribution to the Group. Based on 3,230,480,000 Shares in issue as at the Latest Practicable Date and assuming that there is no change in the total number of Shares in issued before the AGM, the maximum number of Shares that may be issued upon the exercise of the Options that may be granted under the Share Option Scheme is 323,048,000 Shares, being 10% of the total number of Shares in issued as at the date of the adoption of the Share Option Scheme. The aggregate number of Shares which may be issued upon the exercise of all Options that may be granted under the Share Option Scheme and all outstanding share options granted and yet to be exercised under the other share option schemes of the Company has not exceeded 30% of the Shares in issue as at the Latest Practicable Date.

The Directors consider that it is not appropriate to state the value of the Options which may be granted under the Share Option Scheme as if they had been granted as 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 the Shareholders, since the Options to be granted shall not be assignable, and no holder of the Options shall in any way sell, transfer, charge, mortgage or create any interest (legal or beneficial) in favour of any third party over or in relation to any Option. In addition, any such valuation would have to be made on the basis of certain option pricing model or other methodology, which depends on various assumptions, including the subscription price, the exercise period, lock-up period (if any), interest rate, expected volatility and other variables. As no Options had been granted as at the Latest Practicable Date under the Share Option Scheme, certain variables are not available for calculating the value of the Options thereunder, the Directors believe that any calculation of the value of the Options under the Share Option Scheme as at the Latest Practicable Date based on a great number of speculative assumptions would not be meaningful and may be misleading to the Shareholders and the investors of the Company.

None of the Directors are appointed as trustees of the Share Option Scheme or have a direct or indirect interest in the trustees of the Share Option Scheme as no trustees has been appointed or intended to be appointed under the Share Option Scheme.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder is required to abstain from voting on the resolution approving the Share Option Scheme.

A summary of the principal terms of the proposed Share Option Scheme is set forth in Appendix III to this circular. The rules of the Share Option Scheme proposed to be adopted by the Company at the AGM will be available for inspection at the principal place of business in Hong Kong at Unit 2902, Sino Plaza, 255–257 Gloucester Road, Causeway Bay, Hong Kong during normal business hours from the Latest Practicable Date up to and including the date of AGM.

LETTER FROM THE BOARD

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.

AGM

A notice convening the AGM to be held on 29 May 2020 (Friday) at 11:00 a.m. at Taishan Room, Level 5, Island Shangri-La, Hong Kong, Pacific Place, Supreme Court Road, Central, Hong Kong is set out on pages 27 to 33 of this circular for the purpose of considering and, if thought fit, passing the resolutions set out therein.

You will find enclosed a form of proxy for use at the AGM. Whether or not you are able to attend the AGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the office of the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the AGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM, or any adjournment thereof, should you so wish.

RECOMMENDATION

The Directors consider that the distribution of the Final Dividends, the granting of the Issue Mandate, the Repurchase Mandate, the Share Option Scheme and the re-election of the retiring Directors are in the best interests of the Company and the Shareholders. Accordingly, the Directors recommend that all Shareholders vote in favour of the relevant resolutions as set out in the AGM Notice at the AGM.

By order of the Board
Shenguan Holdings (Group) Limited
Zhou Yaxian
Chairman

This appendix includes an explanatory statement required by the Stock Exchange to be presented to the Shareholders concerning the Repurchase Mandate proposed to be granted to the Directors.

1. STOCK EXCHANGE RULES FOR REPURCHASES OF SHARES

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their shares on the Stock Exchange subject to certain restrictions.

The Listing Rules provide that all proposed repurchases of shares by a company with a primary listing on the Stock Exchange must be approved by shareholders in advance by an ordinary resolution at a general meeting, either by way of a general mandate or by a specific approval of a particular transaction and that the shares to be repurchased must be fully paid up.

2. FUNDING AND IMPACT OF REPURCHASES

Any repurchase will be made out of funds which are legally available for the purpose in accordance with the Articles, the Listing Rules and the applicable laws of the Cayman Islands. As compared with the financial position of the Company as at 31 December 2019 (being the date to which the latest audited accounts of the Company have been made up), the Directors consider that there would not be a material adverse impact on the working capital and on the gearing position of the Company in the event that the proposed repurchases were to be carried out in full during the proposed repurchase period.

The Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital of the Company or the gearing position which in the opinion of the Directors are from time to time appropriate for the Company.

3. REASONS FOR REPURCHASES

The Directors believe that it is in the best interests of the Company and the Shareholders to have a general authority from the Shareholders to enable the Directors to repurchase Shares on the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or its earning per Share and will only be made when the Directors believe that such repurchases will benefit the Company and the Shareholders.

4. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 3,230,480,000 Shares.

Subject to the passing of the relevant ordinary resolutions to approve the general mandates to issue and repurchase Shares and on the basis that no further Shares are issued or repurchased between the Latest Practicable Date and the date of AGM, the Directors would be authorised to exercise the powers of the Company to repurchase a maximum of 323,048,000 Shares.

5. UNDERTAKING OF THE DIRECTORS

The Directors have undertaken to the Stock Exchange to exercise the Repurchase Mandate in accordance with the Listing Rules, the Articles and the applicable laws of the Cayman Islands.

6. EFFECT OF THE TAKEOVERS CODE

If as a result of a repurchase of Shares pursuant to the 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 purpose of the Takeovers Code.

As a result, a Shareholder or a group of Shareholders acting in concert (within the meaning of the Takeovers Code), depending on the level of increase of the shareholding, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date and insofar the Directors are aware of, the controlling Shareholders were (i) Rich Top Future Limited ("**Rich Top Future**") which owned 1,936,434,000 Shares (approximately 59.94% of the issued share capital of the Company); (ii) Shenguan Biology Science & Technology Investment Company Limited ("**Hong Kong Shenguan**") which owned 67,470,000 Shares (approximately 2.09% of the issued share capital of the Company) and the entire issued share capital of Glories Site Limited ("**Glories Site**") and that of Xian Sheng Limited ("**Xian Sheng**") which owned 248,724,000 Shares (approximately 7.70% of the issued share capital of the Company); (iii) Glories Site which owned approximately 65.45% interest in Rich Top Future; and (iv) Ms. Zhou Yaxian ("**Ms. Zhou**") who owned the entire issued share capital of Hong Kong Shenguan. For the purpose of the SFO, (i) Hong Kong Shenguan is deemed or taken to be interested in all the Shares owned by Rich Top Future and Xian Sheng; (ii) Glories Site is deemed or taken to be interested in all the Shares owned by Rich Top Future; and (iii) Ms. Zhou is deemed or taken to be interested in all the Shares in which Hong Kong Shenguan is interested. In the event that the Repurchase Mandate was exercised in full, (i) the interest of Rich Top Future in the Company will be increased from approximately 59.94% to approximately 66.60%; (ii) the interest of Hong Kong Shenguan in the Company will be increased from approximately 69.73% to approximately 77.48%; (iii) the interest of Glories Site in the Company will be increased from approximately 59.94% to approximately 66.60%; and (iv) the interest of Ms. Zhou in the Company will be increased from approximately 69.74% to approximately 77.49%. On the basis of the aforesaid increase of shareholding, the Directors are not aware of any consequences of such repurchases of Shares that would result in a Shareholder, or group of Shareholders acting in concert, becoming obliged to make a mandatory offer under Rule 26 of the Takeovers Code if the Repurchase Mandate was exercised in full.

Moreover, the Directors do not intend to exercise the power to repurchase Shares to an extent which would render any Shareholder or group of Shareholders obliged to make a mandatory offer under Rule 26 of the Takeovers Code. The Directors have no intention to exercise the Repurchase Mandate to such an extent that results in a public shareholding of less than the minimum public float requirement of 25% of the total number of issued Shares.

7. DIRECTORS, THEIR ASSOCIATES AND CONNECTED PERSONS

None of the Directors nor, to the best knowledge and belief of the Directors, having made all reasonable enquiries, any of their respective close associates has any present intention, in the event that the proposed Repurchase Mandate is granted, to sell Shares to the Company. No core connected person of the Company has notified the Company that he/she/it has a present intention to sell Shares to the Company nor has he/she/it undertaken not to sell any of the Shares held by him/her/it to the Company in the event that the Company is authorised to make repurchases of Shares.

8. SHARE REPURCHASE MADE BY THE COMPANY

No repurchase of Shares has been made by the Company (whether on the Stock Exchange or otherwise) in the previous six months immediately preceding the Latest Practicable Date.

9. SHARE PRICES

The highest and lowest prices at which the Shares have traded on the Stock Exchange in each of the previous twelve months up to the Latest Practicable Date were as follows:

	Shares	
	Highest	Lowest
	<i>HK\$</i>	<i>HK\$</i>
2019		
April	0.455	0.400
May	0.420	0.370
June	0.370	0.325
July	0.345	0.310
August	0.335	0.285
September	0.315	0.290
October	0.340	0.285
November	0.300	0.275
December	0.320	0.275
2020		
January	0.325	0.285
February	0.310	0.285
March	0.300	0.224
April (until the Latest Practicable Date)	0.320	0.285

Set out below are details of the proposed Directors to be re-elected at the AGM.

EXECUTIVE DIRECTORS

Ms. Zhou Yaxian (周亞仙女士) (“Ms. Zhou”)

Ms. Zhou, aged 60, is a founder of the Group and a director of all the subsidiaries of the Company. She is primarily responsible for the Group’s overall strategic planning, technology and business management. Ms. Zhou has nearly 40 years of experience in the collagen sausage casing industry. Before founding the Group, she had been involved in the trial production of collagen sausage casings in the Meat Products Factory of Wuzhou Food Products Corporation (梧州市食品總公司肉類製品廠) from 1979 to 1989 and was employed by Wuzhou Protein Casing Factory (梧州市蛋白腸衣廠) (“**Wuzhou Protein Factory**”) in 1989, mainly responsible for technology development. She was appointed as the head of Wuzhou Protein Factory and the Deputy General Manager of Guangxi Wuzhou Zhongheng Group Co., Ltd. (廣西梧州中恒集團股份有限公司) in 1992 and 1997, respectively. Since 2004, Ms. Zhou has been the chairman of the board of directors and the general manager of Wuzhou Shenguan Protein Casing Co., Ltd. (梧州神冠蛋白腸衣有限公司) (“**Wuzhou Shenguan**”).

Ms. Zhou completed the course of Economic Management held by The Central Party School (中共中央黨校) in December 2001. She is one of the inventors of four national patents in respect of production method and facilities for collagen sausage casings and has received special allowances granted by the State Council since 2008. Ms. Zhou was awarded the “The Third Class Prize in National Science and Technology Advancement Award” (國家科學技術進步三等獎) by the National Science and Technology Committee of the PRC (中華人民共和國國家科學技術委員會) in 1995, the “Guangxi Outstanding Expert” (廣西優秀專家) by the Wuzhou Government in 2006, the “Influential Person in China Meat Industry” (中國肉類行業影響力人物) by the China Meat Association (中國肉類協會) in 2007, the “2007 Guangxi Outstanding Entrepreneur” (2007年度廣西優秀企業家) jointly by the Guangxi Enterprises Union (廣西企業聯合會) and the Guangxi Entrepreneurs Association (廣西企業家協會) in 2008, the “China Outstanding Female Entrepreneur” (中國傑出創業女性) by the China Female Entrepreneurs Association (中國女企業家協會) in 2008, the “Binshan Cup Technological Innovative Figure in China Meat Industry” (冰山杯—中國肉類產業科技創新人物) in 2009, the “Technological Leaders in China Meat Industry” (中國肉類產業科技領軍人物) by the China Meat Association (中國肉類協會) in 2012, and the “Influential Entrepreneur of China Meat Product Industry” (中國肉類食品行業影響力企業家) by the China Meat Association (中國肉類協會) in 2013. She was appointed as a Director on 24 February 2009 and redesignated as an executive Director, and appointed as the Chairman of the Board on 19 September 2009.

As at the Latest Practicable Date, Ms. Zhou held 100% interest in Shenguan Biology Science & Technology Investment Company Limited (“**Hong Kong Shenguan**”), which held 67,470,000 Shares and 100% interest in Glories Site Limited (“**Glories Site**”). Glories Site held approximately 65.45% interest in Rich Top Future, which in turn held 1,936,434,000 Shares. Hong Kong Shenguan also held 100% interest in Xian Sheng Limited (“**Xian Sheng**”), which in turn held 248,724,000 Shares. Therefore, Ms. Zhou was deemed or taken to be, interested in all the Shares beneficially owned by Hong Kong Shenguan, Rich Top Future and Xian Sheng for the purpose of the SFO. Ms. Zhou is a director of each of Hong Kong Shenguan, Glories Site, Xian Sheng and Rich Top Future. Moreover, Ms. Zhou beneficially owned 200,000 Shares.

Ms. Zhou has entered into a director’s service agreement with the Company for a term of three years commencing from 13 October 2018, which may be terminated by giving the other party not less than three months’ prior notice in writing. Ms. Zhou is entitled to receive an annual remuneration of RMB3,000,000 which is determined with reference to the prevailing market practice, the Company’s remuneration policy, her duties and responsibilities with the Group.

Save as disclosed above, Ms. Zhou does not hold any directorship in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years or any other position with the Company and other members of the Group or other major appointments and professional qualifications.

Save as disclosed above, Ms. Zhou does not have any relationship with other Directors, senior management of the Company, substantial or controlling Shareholders and she has no interests in the Shares which are required to be disclosed pursuant to Part XV of the SFO.

Save as disclosed above, there are no other matters relating to the re-election of Ms. Zhou that need to be brought to the attention of the Shareholders and there is no other information that should be disclosed pursuant to paragraph 13.51(2)(h) to (v) of the Listing Rules.

Mr. Shi Guicheng (施貴成先生) (“Mr. Shi”)

Mr. Shi’s official Chinese name is 施貴成, he has previously used another Chinese name 施桂成. Mr. Shi, aged 56, is primarily responsible for the Group’s machinery and equipment management. He is a mechanical engineer and has nearly 27 years of experience in the collagen sausage casing industry. Mr. Shi graduated from Guangxi Central Radio and TV University (廣西廣播電視大學) and attained the Professional Qualification Graduation Certificate in Mechanical Production in July 1987. Mr. Shi joined Wuzhou Protein Factory as the Head of Technology in 1993. He was appointed as the Deputy Head of Wuzhou Protein Factory in 2001 and has been the Deputy General Manager of Wuzhou Shenguan since 2004, responsible for machinery and equipment management, production safety and environmental protection. He was appointed as a Director on 19 September 2009. As at the Latest Practicable Date, Mr. Shi beneficially owned 800,000 Shares.

Mr. Shi has entered into a director's service agreement with the Company for a term of three years commencing from 13 October 2018, which may be terminated by giving the other party not less than three months' prior notice in writing. Mr. Shi is entitled to receive an annual remuneration of RMB1,200,000 which is determined with reference to the prevailing market practice, the Company's remuneration policy, his duties and responsibilities with the Group.

Save as disclosed above, Mr. Shi does not hold any directorship in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years or any other position with the Company and other members of the Group or other major appointments and professional qualifications.

Save as disclosed above, Mr. Shi does not have any relationship with other Directors, senior management of the Company, substantial or controlling Shareholders and he has no interests in the Shares which are required to be disclosed pursuant to Part XV of the SFO.

Save as disclosed above, there are no other matters relating to the re-election of Mr. Shi that need to be brought to the attention of the Shareholders and there is no other information that should be disclosed pursuant to paragraph 13.51(2)(h) to (v) of the Listing Rules.

Mr. Ru Xiquan (茹希全先生) ("Mr. Ru")

Mr. Ru, aged 57, is primarily responsible for matters relating to the Group's accounting, treasury and financial planning. He has nearly 29 years of experience in the collagen sausage casing industry. Mr. Ru graduated from Guangxi Central Radio and TV University (廣西廣播電視大學) and attained the Professional Qualification Graduation Certificate in Finance and Accounting in July 1989. He obtained the certificate of accounting professional issued by the Wuzhou Finance Bureau in November 2001. He also completed the course of Economic Management held by The Central Party School (中共中央黨校) in 2002. Mr. Ru is an accountant and joined Wuzhou Protein Factory as the Head of the Finance and Accounting Department in 1990. He has been the Chief Accountant of Wuzhou Shenguan since 2004, responsible for matters relating to accounting and finance. He was appointed as an executive Director on 19 September 2009.

As at the Latest Practicable Date, Mr. Ru beneficially owned 800,000 Shares. Mr. Ru has entered into a director's service agreement with the Company for a term of three years commencing from 13 October 2018, which may be terminated by giving the other party not less than three months' prior notice in writing. Mr. Ru is entitled to receive an annual remuneration of RMB1,200,000 which is determined with reference to the prevailing market practice, the Company's remuneration policy, his duties and responsibilities with the Group.

Save as disclosed above, Mr. Ru does not hold any directorship in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years or any other position with the Company and other members of the Group or other major appointments and professional qualifications.

Save as disclosed above, Mr. Ru does not have any relationship with other Directors, senior management of the Company, substantial or controlling Shareholders and he has no interests in the Shares which are required to be disclosed pursuant to Part XV of the SFO.

Save as disclosed above, there are no other matters relating to the re-election of Mr. Ru that need to be brought to the attention of the Shareholders and there is no other information that should be disclosed pursuant to paragraph 13.51(2)(h) to (v) of the Listing Rules.

Mr. Mo Yunxi (莫運喜先生) (“Mr. Mo”)

Mr. Mo, aged 51, is primarily responsible for the Group’s product and technology developments. He has long been engaged in product development and has nearly 27 years of experience in the collagen sausage casing industry. Mr. Mo graduated from Tianjin College of Commerce (天津商學院), majoring in Food Engineering in July 1990. Mr. Mo joined Wuzhou Protein Factory in 1993 and he has been the Deputy General Manager of Wuzhou Shenguan since 2004. Mr. Mo is a senior engineer in food engineering. He was awarded the “First Prize in Wuzhou Science and Technology Advancement” (梧州市科學技術進步一等獎) and the “First Prize in Guangxi Outstanding Achievement on New Products” (廣西新產品優秀成果一等獎) by the Wuzhou Government and The People’s Government of Guangxi, respectively, in 2008. He was appointed as an executive Director on 16 May 2012. As at the Latest Practicable Date, Mr. Mo beneficially owned 800,000 Shares.

Mr. Mo has entered into a director’s service agreement with the Company for a term of three years commencing from 16 May 2018, which may be terminated by giving the other party not less than three months’ prior notice in writing. Mr. Mo is entitled to receive an annual remuneration of RMB1,200,000 which is determined with reference to the prevailing market practice, the Company’s remuneration policy, his duties and responsibilities with the Group.

Save as disclosed above, Mr. Mo does not hold any directorship in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years or any other position with the Company and other members of the Group or other major appointments and professional qualifications.

Save as disclosed above, Mr. Mo does not have any relationship with other Directors, senior management of the Company, substantial or controlling Shareholders and he has no interests in the Shares which are required to be disclosed pursuant to Part XV of the SFO.

Save as disclosed above, there are no other matters relating to the re-election of Mr. Mo that need to be brought to the attention of the Shareholders and there is no other information that should be disclosed pursuant to paragraph 13.51(2)(h) to (v) of the Listing Rules.

NON-EXECUTIVE DIRECTOR

Dato' Sri Low Jee Keong (劉子強先生) (“Dato' Sri Low”)

Dato' Sri Low, aged 54, Dato' Sri Low's Chinese name 劉子強 is an unofficial name. Dato' Sri Low has nearly 27 years of experience in the collagen sausage casing industry. Before founding the Group, Dato' Sri Low, through LJK Frozen SDN. BHD. (“LJK”) (formerly known as Exceltech Enterprise SDN. BHD.), started his business relationship with Wuzhou Protein Factory for the resale of edible collagen sausage casing products in Malaysia in 1993, and has maintained the relationship with Wuzhou Shenguan after the acquisition of the entire ownership rights of Wuzhou Protein Factory by Wuzhou Shenguan in November 2004. Dato' Sri Low is a founder of the Group and has been a director of Wuzhou Shenguan since 2004. Dato' Sri Low has not been involved in the Group's day-to-day operations as he resides in Malaysia. However, he has participated, and will continue to participate, in the strategic planning and decision-making processes in the Group's business operations. He is also a director of Full Win Consultants Limited and Excel Gather Limited, both are subsidiaries of the Company. Dato' Sri Low was awarded a Datukship by Pahang State Government of Malaysia on 24 October 2012. He was appointed as a Director on 19 September 2009.

As at the Latest Practicable Date, Dato' Sri Low held 100% interest in Wealthy Safe Management Limited (“Wealthy Safe”), which in turn held 78,936,000 Shares. Therefore, Dato' Sri Low was deemed or taken to be, interested in all the Shares held by Wealthy Safe for the purpose of the SFO. Dato' Sri Low also held 100% interest in Brighten Lane Limited, which held approximately 20.84% interest in Rich Top Future, which in turn held 1,936,434,000 Shares.

Dato' Sri Low has entered into a director's service agreement with the Company for a term of three years commencing from 13 October 2018, which may be terminated by giving the other party not less than three months' prior notice in writing. Dato' Sri Low is entitled to receive an annual remuneration of HK\$80,000 which is determined with reference to the prevailing market practice, the Company's remuneration policy, his duties and responsibilities with the Group.

Save as disclosed above, Dato' Sri Low does not hold any directorship in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years or any other position with the Company and other members of the Group or other major appointments and professional qualifications.

Save as disclosed above, Dato' Sri Low does not have any relationship with other Directors, senior management of the Company, substantial or controlling Shareholders and he has no interests in the Shares which are required to be disclosed pursuant to Part XV of the SFO.

Save as disclosed above, there are no other matters relating to the re-election of Dato' Sri Low that need to be brought to the attention of the Shareholders and there is no other information that should be disclosed pursuant to paragraph 13.51(2)(h) to (v) of the Listing Rules.

APPENDIX III PRINCIPAL TERMS OF THE SHARE OPTION SCHEME

This appendix is a summary of the principal terms of the Share Option Scheme to be conditionally approved by the Shareholders at the AGM but does not form, nor was it intended to be, part of the Share Option Scheme nor should it be taken as affecting the interpretation of the rules of the Share Option Scheme. The Directors reserve the right at any time prior to the AGM to make such amendments to the Share Option Scheme as they may consider necessary or appropriate provided that such amendments do not conflict in any material respect with such terms as summarized in this appendix and the Listing Rules and any other applicable laws.

The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules.

(a) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group and to promote the success of the business of the Group.

(b) Who may join and basis of eligibility

The Board may, at its absolute discretion and on such terms as it may think fit, grant:

- (i) any employee (full-time or part-time) of the Group; or
- (ii) any director (including executive director, non-executive director and independent non-executive director) of the Group; or
- (iii) any consultant or adviser of the Group who provides necessary professional or business advice on the operation and management of the Group; or
- (iv) any substantial shareholder of the Group who has contributed or will contribute to the long-term business growth of the Group by introducing potential business opportunities to the Group; or
- (v) any contractor, supplier, agent or service provider of the Group who provides valuable goods or services to the business development or product research and development of the Group; or
- (vi) any customer, business partner or distributor of the Group who has maintained a long-term business relationship with the Group or may refer more clients or introduce new business opportunities to the Group,

APPENDIX III PRINCIPAL TERMS OF THE SHARE OPTION SCHEME

options to subscribe at a price calculated in accordance with paragraph (c) below for such number of Shares as it may determine in accordance with the terms of the Share Option Scheme. The basis of eligibility of any participant to the grant of any option shall be determined by the Board (or as the case may be, where required under the Listing Rules, the independent non-executive Directors) from time to time on the basis of the participant's contribution or potential contribution to the development and growth of the Group.

(c) Price of Shares

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the higher of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a Business Day; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five (5) Business Days immediately preceding the date of grant of the option; and (iii) the nominal value of a Share on the date of grant of the option. For the purpose of calculating the subscription price, where the Company has been listed on the Stock Exchange for less than five Business Days, the issue price of the Shares on the Stock Exchange shall be used as the closing price for any Business Day fall within the period before listing.

(d) Grant of options and acceptance of offers

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK\$1.

(e) Maximum number of Shares

- (i) Subject to sub-paragraphs (ii) and (iii) below, the maximum number of Shares issuable upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company as from the Adoption Date must not in aggregate exceed 10% of all the Shares in issue as at the Adoption Date. Options lapsed in accordance with the terms of the Share Option Scheme will not be counted for the purposes of calculating the 10% limit. Therefore, it is expected that the Company may grant options in respect of up to 323,048,000 Shares (or such numbers of Shares as shall result from a subdivision or a consolidation of such 323,048,000 Shares from time to time) to the participants under the Share Option Scheme.
- (ii) The 10% limit as mentioned in the sub-paragraphs (i) above may be refreshed at any time by approval of the Shareholders in general meeting provided that the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company must not exceed 10% of the Shares in issue as at the date of approval of the refreshed limit. Options previously granted under the Share

APPENDIX III PRINCIPAL TERMS OF THE SHARE OPTION SCHEME

Option Scheme and any other share option schemes of the Company (including those outstanding, cancelled or lapsed in accordance with the terms of the Share Option Scheme and any other share option schemes of the Company) will not be counted for the purpose of calculating the refreshed 10% limit. A circular must be sent to the Shareholders containing the information as required under the Listing Rules in this regard.

- (iii) The Company may seek separate approval from the Shareholders in general meeting for granting options beyond the 10% limit provided the options in excess of the 10% limit are granted only to grantees specifically identified by the Company before such approval is sought. In such event, the Company must send a circular to the Shareholders containing a generic description of such specified grantees, the number and terms of such options to be granted and the purpose of granting options to such specified grantees with an explanation as to how the terms of the options will serve such purpose and all other information required under the Listing Rules.
- (iv) The aggregate number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the Shares in issue from time to time. No options may be granted under the Share Option Scheme or any other share option schemes of the Company if this will result in such 30% limit being exceeded.

(f) Maximum entitlement of each participant

The total number of Shares issued and to be issued upon exercise of options granted to each participant (including exercised, cancelled and outstanding options) under the Share Option Scheme or any other share option schemes of the Company in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue. Any further grant of options in excess of such 1% limit must be separately approved by the Shareholders in general meeting with such participant and his close associates abstaining from voting. In such event, the Company must send a circular to the Shareholders containing the identity of the participant, the number and terms of the options to be granted (and options previously granted to such person), and all other information required under the Listing Rules. The number and terms (including the subscription price) of the options to be granted to such participant must be fixed before the approval of the Shareholders and the date of the Board meeting proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

(g) Grant of options to certain connected persons

Notwithstanding the aforesaid,

- (i) any grant of an option to a Director, chief executive or substantial Shareholder of the Company (or any of their respective close associates) must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the option).
- (ii) where any grant of options to a substantial Shareholder or an independent non-executive Director (or any of their respective close associates) will result in the total number of Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person under the Share Option Scheme and any other share option schemes of the Company in any 12-month period up to and including the date of grant:
 - (a) representing in aggregate over 0.1% of the Shares in issue; and
 - (b) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million,

such further grant of options must be approved by the Shareholders at a general meeting of the Company, with voting to be taken by way of poll. The Company shall send a circular to the Shareholders containing all information as required under the Listing Rules in this regard. All core connected persons of the Company shall abstain from voting (except where any core connected person intends to vote against the proposed grant). Any change in the terms of an option granted to a substantial Shareholder or an independent non-executive Director or any of their respective close associates is also required to be approved by the Shareholders in the aforesaid manner.

(h) Restrictions on the times of grant of options

- (i) The Company may not grant any options after inside information has come to its knowledge until such inside information has been announced pursuant to the requirements of the Listing Rules and the SFO. In particular, no options may be granted during the period commencing one month immediately preceding the earlier of:
 - (a) the date of the Board meeting (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 other interim period (whether or not required under the Listing Rules); and

APPENDIX III PRINCIPAL TERMS OF THE SHARE OPTION SCHEME

- (b) the deadline for the Company to publish an announcement of the results for any year, or half-year under the Listing Rules, or quarterly or other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement.
- (ii) Further to the restrictions in paragraph (i) above, no option may be granted to a Director on any day on which financial results of the Company are published:
 - (a) during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and
 - (b) during the period of 30 days immediately preceding the publication date of the quarterly results and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

(i) Time of exercise of option

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed ten (10) years from the date of grant subject to the provisions of early termination thereof. Save as determined by the Board and provided in the offer of the grant of the relevant options, there is no minimum period for which an option must be held before any of the options can be exercised.

(j) Performance targets

Save as determined by the Board and provided in the offer of the grant of the relevant options, there is no performance target which must be achieved before any of the options can be exercised.

(k) Ranking of Shares

The Shares to be allotted upon the exercise of an option will be subject to all the provisions of the Articles for the time being in force and will rank *pari passu* in all respects with the fully paid Shares in issue on the date of allotment and accordingly will entitle the holders to participate in all dividends or other distributions paid or made after the date of allotment other than any dividend or other distribution previously declared or recommended or resolved to be paid or made with respect to a record date which shall be on or before the date of allotment, save that the Shares allotted upon the exercise of any option shall not carry any voting rights until the name of the grantee has been duly entered on the register of members of the Company as the holder thereof.

(l) Rights are personal to grantee

An option shall not be transferable or assignable and shall be personal to the grantee of the option.

(m) Rights on cessation of employment by death

In the event of the death of the grantee (provided that none of the events which would be a ground for termination of employment referred to in (n) below arises within a period of three (3) years prior to the death, in the case the grantee is an employee at the date of grant), the legal personal representative(s) of the grantee may exercise the option up to the grantee's entitlement (to the extent which has become exercisable and not already exercised) within a period of 12 months following his death provided that where any of the events referred to in (q), (r) and (s) occurs prior to his death or within such period of 12 months following his death, then his legal personal representative(s) may so exercise the option within such of the various periods respectively set out therein.

(n) Rights on cessation of employment by dismissal

In the event that the grantee is an employee of the Group at the date of grant and he subsequently ceases to be an employee of the Group on any one or more of the grounds that he has been guilty of serious misconduct, or has committed an act of bankruptcy or has become insolvent or has made any arrangement or composition with his creditors generally, or has been convicted of any criminal offence involving his integrity or honesty or (if so determined by the Board) on any other ground on which an employer would be entitled to terminate his employment at common law or pursuant to any applicable laws or under the grantee's service contract with the Group, his option shall lapse automatically (to the extent not already exercised) on the date of cessation of his employment with the Group.

(o) Rights on cessation of employment for other reasons

In the event that the grantee is an employee, a consultant or an adviser (as the case may be) of a member of the Group at the date of grant and he subsequently ceases to be an employee, a consultant or an adviser (as the case may be) of the Group for any reason other than his death or the termination of his employment of an employee or engagement of a consultant or an adviser (as the case may be) on one or more of the grounds specified in (n) above, the option (to the extent not already lapsed or exercised) shall lapse on the expiry of three (3) months after the date of cessation of such employment of an employee or engagement of a consultant or an adviser (as the case may be) (which date will be in the case of an employee the last actual working day, on which the grantee was physically at work with the Company or the relevant member of the Group whether salary is paid in lieu of notice or not, and in the case of a consultant or an adviser (as the case may be), the last actual day of providing consultancy or advisory services to the relevant member of the Group).

(p) Effects of alterations to share capital

In the event of any alteration in the capital structure of the Company whilst any option remains exercisable, whether by way of capitalisation issue, rights issue, sub-division or consolidation of Shares or reduction of the share capital of the Company (other than an issue of Shares as consideration in respect of a transaction to which any member of the Group is a party), such corresponding adjustments (if any) shall be made in the number of Shares subject to the option so far as unexercised; and/or the subscription prices of any unexercised option, as the auditors of or independent financial adviser to the Company shall certify or confirm in writing (as the case may be) to the Board to be in their opinion fair and reasonable in compliance with the relevant provisions of the Listing Rules (or any guideline or supplemental guideline as may be issued by the Stock Exchange from time to time), provided that any such alteration shall give a grantee, as near as possible, the same proportion of the issued share capital of the Company as (but in any event shall not be greater than) that to which he was previously entitled, but no adjustment shall be made to the effect of which would be to enable a Share to be issued at less than its nominal value.

(q) Rights on a general offer

In the event of a general offer (whether by way of takeover offer or scheme of arrangement or otherwise in like manner) being made to all the Shareholders (or all such holders other than the offeror and/or any persons controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer becoming or being declared unconditional, the grantee (or, as the case may be, his legal personal representative(s)) shall be entitled to exercise the option in full (to the extent not already lapsed or exercised) at any time within one month after the date on which the offer becomes or is declared unconditional.

(r) Rights on winding-up

In the event a notice is given by the Company to the members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date as or soon after it despatches such notice to each member of the Group give notice thereof to all grantees and thereupon, each grantee (or, as the case may be, his legal personal representative(s)) shall be entitled to exercise all or any of his options at any time not later than two (2) Business Days prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given whereupon the Company shall as soon as possible and, in any event, no later than the Business Day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the grantee credited as fully paid.

(s) Rights on compromise or arrangement

In the event of a compromise or arrangement between the Company and the Shareholders or the creditors of the Company being proposed in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies pursuant to the Companies Law, the Company shall give notice thereof to all the grantees (or, as the case may be, their legal personal representatives) on the same day as it gives notice of the meeting to the Shareholders or the creditors to consider such a compromise or arrangement and the options (to the extent not already lapsed or exercised) shall become exercisable in whole or in part on such date not later than two (2) Business Days prior to the date of the general meeting directed to be convened by the court for the purposes of considering such compromise or arrangement (“**Suspension Date**”), by giving notice in writing to the Company accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given whereupon the Company shall as soon as practicable and, in any event, no later than 3:00 p.m. on the Business Day immediately prior to the date of the proposed general meeting, allot and issue the relevant Shares to the grantee credited as fully paid. With effect from the Suspension Date, the rights of all grantees to exercise their respective options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all options shall, to the extent that they have not been exercised, lapsed and determined. The Board shall endeavor to procure that the Shares issued as a result of the exercise of options hereunder shall for the purposes of such compromise or arrangement form part of the issued share capital of the Company on the effective date thereof and that such Shares shall in all respects be subject to such compromise or arrangement. If for any reason such compromise or arrangement is not approved by the court (whether upon the terms presented to the court or upon any other terms as may be approved by such court), the rights of grantees to exercise their respective options shall with effect from the date of the making of the order by the court be restored in full but only up to the extent not already exercised and shall thereupon become exercisable (but subject to the other terms of the Share Option Scheme) as if such compromise or arrangement had not been proposed by the Company and no claim shall lie against the Company or any of its officers for any loss or damage sustained by any grantee as a result of such proposal, unless any such loss or damage shall have been caused by the act, neglect, fraud or wilful default on the part of the Company or any of the Company’s officers.

(t) Lapse of options

An option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:

- (i) the expiry of the period referred to in paragraph (i) above;
- (ii) the expiry of the relevant period or the occurrence of the relevant event referred to in paragraphs (m), (n), (o), (q), (r) or (s) above;

APPENDIX III PRINCIPAL TERMS OF THE SHARE OPTION SCHEME

- (iii) subject to paragraph (r) above, the date of the commencement of the winding-up of the Company;
- (iv) the occurrence of any serious misconduct, act of bankruptcy, insolvency or entering into of any arrangements or compositions with his creditors generally by the grantee, or conviction of the grantee of any criminal offence involving his integrity or honesty;
- (v) the date on which the Board exercises the Company's right to cancel, revoke or terminate the option on the ground that the grantee commits a breach of paragraph (l);
- (vi) where the grantee is only a substantial shareholder of any member of the Group, the date on which the grantee ceases to be a substantial shareholder of such member of the Group; or
- (vii) subject to the compromise or arrangement as referred to in paragraph (s) become effective, the date on which such compromise or arrangement becomes effective.

(u) Cancellation of options granted but not yet exercised

Any cancellation of options granted but not exercised may be effected on such terms as may be agreed with the relevant grantee, as the Board may in its absolute discretion sees fit and in manner that complies with all applicable legal requirements for such cancellation.

(v) Period of the Share Option Scheme ("Scheme Period")

The Share Option Scheme will remain in force for a period of ten (10) years commencing on the date on the Adoption Date and shall expire at the close of business on the Business Day immediately preceding the tenth (10th) anniversary thereof unless terminated earlier by the Shareholders in general meeting.

(w) Alteration to the Share Option Scheme

- (i) The Share Option Scheme may be altered in any respect by resolution of the Board except that alterations of the provisions of the Share Option Scheme which alters to the advantage of the grantees of the options relating to matters governed by Rule 17.03 of the Listing Rules shall not be made except with the prior approval of the Shareholders in general meeting.
- (ii) Any alteration to the terms and conditions of the Share Option Scheme which are of a material nature or any change to the terms of options granted, or any change to the authority of the Board in respect of alteration of the Share Option Scheme,

APPENDIX III PRINCIPAL TERMS OF THE SHARE OPTION SCHEME

must be approved by the Shareholders in general meeting except where the alterations take effect automatically under the existing terms of the Share Option Scheme.

- (iii) Any amendment to any terms of the Share Option Scheme or the options granted shall comply with the relevant requirements of Chapter 17 of the Listing Rules.

(x) Termination to the Share Option Scheme

The Company by resolution in general meeting or the Board may at any time terminate the operation of the Share Option Scheme and in such event no further options will be offered but options granted prior to such termination shall continue to be valid and exercisable in accordance with provisions of the Share Option Scheme.

(y) Conditions of the Share Option Scheme

The Share Option Scheme is conditional upon the Stock Exchange granting the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme.

NOTICE OF ANNUAL GENERAL MEETING



SHENGUAN HOLDINGS (GROUP) LIMITED

神冠控股(集團)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00829)

NOTICE IS HEREBY GIVEN that an annual general meeting (the “**Meeting**”) of Shenguan Holdings (Group) Limited (the “**Company**”) will be held on 29 May 2020 (Friday) at 11:00 a.m. at Taishan Room, Level 5, Island Shangri-La, Hong Kong, Pacific Place, Supreme Court Road, Central, Hong Kong for considering and, if thought fit, passing, with or without amendments, the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. To receive and consider the audited consolidated accounts and reports of the directors (the “**Directors**”) and auditors of the Company and its subsidiaries for the year ended 31 December 2019.
2. “**THAT:**
 - (a) The declaration and payment of a final dividend of HK2.0 cents per ordinary share and a special final dividend of HK4.0 cents per ordinary share of the Company for the year ended 31 December 2019 (the “**Final Dividends**”) to the shareholders of the Company whose names appear on the register of members of the Company at the close of business on 9 June 2020, being the record date for determination of entitlement to the Final Dividends, be and is hereby approved; and
 - (b) any Director be and is hereby authorised to take such action, do such things and execute such further documents as the Director may at his/her absolute discretion consider necessary or desirable for the purpose of or in connection with the implementation of the payment of the Final Dividends.”
3. To re-appoint Ernst & Young as auditors of the Company and to authorise the board of Directors (the “**Board**”) to fix their remuneration.
4.
 - (a) Ms. Zhou Yaxian be re-elected as an executive Director;
 - (b) Mr. Shi Guicheng be re-elected as an executive Director;
 - (c) Mr. Ru Xiquan be re-elected as an executive Director;

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- (d) Mr. Mo Yunxi be re-elected as an executive Director;
- (e) Dato' Sri Low Jee Keong be re-elected as a non-executive Director; and
- (f) the Board be and is hereby authorised to fix the remuneration of the Directors.

5. **“THAT:**

- (A) subject to paragraph (C) of this resolution below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares of the Company and 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 powers be and is hereby generally and unconditionally approved;
- (B) the Directors be and are hereby authorised 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 or would require the exercise of such powers (including but not limited to the power to allot, issue and deal with additional shares of the Company) during or after the end of the Relevant Period;
- (C) the aggregate number of shares of the Company allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors pursuant to the approval in paragraphs (A) and (B) of this resolution above, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); or (ii) the exercise of any options granted under the share option scheme adopted by the Company or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of shares or rights to subscribe for shares in the Company; or (iii) any scrip dividend scheme or similar arrangement providing for the allotment of shares in the Company in lieu of the whole or part of a dividend in accordance with the articles of association of the Company from time to time, shall not exceed 20% of the aggregate number of issued shares of the Company at the time of passing this resolution and the said approval shall be limited accordingly; and

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(D) for the purposes of this resolution:

“Relevant Period” means the period from the time of the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the laws of the Cayman Islands or the Company’s articles of association to be held; or
- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.

“Rights Issue” means an offer of shares open for a period fixed by the Directors to holders of shares on the register of members on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction, or the requirements of any recognised regulatory body or any stock exchange).”

6. **“THAT:**

- (A) subject to paragraph (C) of this resolution below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all powers of the Company to repurchase issued shares of the Company on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) or any other stock exchange on which the shares of the Company may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, and that the exercise by the Directors of all powers of the Company to repurchase such shares are subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange, be and is hereby, generally and unconditionally approved;
- (B) the approval in paragraph (A) of this resolution above shall be in addition to any other authorisation given to the Directors and shall authorise the Directors on behalf of the Company during the Relevant Period to procure the Company to repurchase its shares at a price determined by the Directors;

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(C) the aggregate number of shares of the Company repurchased or agreed conditionally or unconditionally to be repurchased by the Company pursuant to the approval in paragraph (A) of this resolution above during the Relevant Period shall not exceed 10% of the aggregate number of issued shares of the Company as at the time of passing this resolution and the said approval shall be limited accordingly; and

(D) for the purposes of this resolution:

“Relevant Period” means the period from the time of the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company unless, by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the laws of the Cayman Islands or the Company’s articles of association to be held; or
- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

7. “**THAT** conditional upon the passing of resolutions 5 and 6 as set out in this notice convening the Meeting of which this resolution forms part, the general mandate granted to the Directors pursuant to resolution 5 as set out in this notice convening the Meeting of which this resolution forms part be and is hereby extended by the addition thereto of an amount representing the aggregate number of shares of the Company repurchased by the Company under the authority granted pursuant to resolution 6 as set out in this notice convening the Meeting of which this resolution forms part, provided that such amount shall not exceed 10% of the aggregate number of issued shares of the Company as at the date of passing this resolution.”

8. “**THAT** conditional upon the Stock Exchange granting approval of the listing of, and permission to deal in, the ordinary share(s) of HK\$0.01 each in the capital of the Company (or of such other nominal amount of the shares comprising the ordinary share capital of the Company as shall result from a sub-division or a consolidation of such shares from time to time) of the Company to be issued pursuant to the exercise of any options granted under the share option scheme referred to in the circular dispatched to the shareholders on the same day as this notice, the terms of which are set out in the printed document marked “A” now produced to the meeting and for the purpose of identification signed by the chairman hereof (the “**Share Option Scheme**”), the Share Option Scheme be and is hereby approved and adopted to be the share option scheme of the Company and that the Directors be and are hereby

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authorised to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the Share Option Scheme, including but without limitation:

- (i) to administer the Share Option Scheme under which share options will be granted to the participant(s) (as defined in the Share Option Scheme) eligible under the Share Option Scheme to subscribe for Shares, including but not limited to determining and granting the share options in accordance with the terms of the Share Option Scheme;
- (ii) to modify and/or amend the Share Option Scheme from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the Share Option Scheme relating to the modification and/or amendment and subject to Chapter 17 of the Listing Rules;
- (iii) to allot and issue from time to time such number of Shares in the share capital of the Company as may be required to be allotted and issued pursuant to the exercise of the share options under the Share Option Scheme and subject to the Listing Rules;
- (iv) make application at appropriate time or times to the Stock Exchange and any other stock exchanges upon which the issued Shares may for the time being be listed, for listing of, and permission to deal in, any Shares which may hereafter from time to time be allotted and issued pursuant to the exercise of the share options under the Share Option Scheme; and
- (v) to consent, if it so deems fit and expedient, to such conditions, modifications and/or variations as may be required or imposed by the relevant authorities in relation to the Share Option Scheme.”

By order of the Board
Shenguan Holdings (Group) Limited
Zhou Yaxian
Chairman

Hong Kong, 27 April 2020

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Notes:

1. Any member of the Company entitled to attend and vote at the Meeting shall be entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at the Meeting. A proxy need not be a member of the Company. On a poll, votes may be given either personally or by proxy.
2. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.
3. To be valid, the instrument appointing a proxy and (if required by the Board) the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be delivered to the office of the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.
4. No instrument appointing a proxy shall be valid after expiration of 12 months from the date named in it as the date of its execution, except at an adjourned meeting or on a poll demanded at the Meeting or any adjournment thereof in cases where the Meeting was originally held within 12 months from such date.
5. Where there are joint holders of any shares, any one of such joint holders may vote at the Meeting, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders be present at the Meeting, the vote of the senior holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose, seniority shall be determined by the order in which the names stand in the Register of Members of the Company in respect of the joint holding.
6. Completion and delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the Meeting if the member so wish and in such event, the instrument appointing a proxy should be deemed to be revoked.
7. An explanatory statement containing the information necessary to enable the members to make an informed decision as to whether to vote for or against the ordinary resolution no. 6 as set out in this notice is set out in Appendix I to this circular.
8. For the purpose of determining the entitlement to attend and vote at the Meeting, the transfer books and register of members of the Company will be closed from 26 May 2020 (Tuesday) to 29 May 2020 (Friday), both days inclusive. During such period, no share transfers will be effected. In order to qualify for attending the Meeting, all transfer documents, accompanied by the relevant share certificates, must be lodged with the office of the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 25 May 2020 (Monday).
9. The record date for entitlement to the proposed final dividend and the special final dividend is 9 June 2020 (Tuesday). For determining the entitlement to the proposed final dividend and the special final dividend (if approved at Meeting), the register of members of the Company will be closed from 4 June 2020 (Thursday) to 9 June 2020 (Tuesday), both days inclusive, and no transfer of shares will be effected during such period. In order to qualify for the proposed final dividend and the special final dividend, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 3 June 2020 (Wednesday). It is expected that the final dividend and the special final dividend will be paid on or around 29 June 2020 (Monday).
10. Details of each of the retiring Directors proposed to be re-elected as a Director at the Meeting are set out in Appendix II to this circular.
11. A form of proxy for use at the Meeting is enclosed.

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12. To safeguard the health and safety of the Shareholders, the Company will implement the following precautionary measures at the AGM to prevent the spreading of the COVID-19:
- (i) Compulsory body temperature checks will be conducted for every attendee at the entrance of the AGM venue. Any person with a body temperature of over 37.4 degrees Celsius may be denied entry into the AGM venue and be requested to leave the AGM venue;
 - (ii) Every attendee will be required to wear surgical facial mask throughout the AGM and maintain a safe distance between seats. Please note that no masks will be provided at the AGM venue and attendees should wear their own masks; and
 - (iii) The Company will not provide refreshments and will not distribute corporate gifts.

In light of the continuing risks posed by the COVID-19, the Company encourages the Shareholders to consider appointing the Chairman of the AGM as their proxy to vote on the relevant resolutions at the AGM as an alternative to attending the AGM in person.