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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a 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 Huazhong In-Vehicle Holdings Company Limited (the “**Company**”), you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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HUAZHONG IN-VEHICLE HOLDINGS COMPANY LIMITED
華眾車載控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 6830)

**RE-ELECTION OF DIRECTORS,
GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES,
EXTENSION OF THE ISSUE MANDATE,
DECLARATION OF FINAL DIVIDEND,
TERMINATION OF EXISTING SHARE OPTION SCHEME,
ADOPTION OF NEW SHARE OPTION SCHEME
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening an annual general meeting of the Company to be held at 中國浙江省寧波市高新區清水橋路595號25號樓二樓會議室 (Meeting Room, 2/F., Building No. 25, No. 595, Qingshuiqiao Road, Gaoxin District, Ningbo City, Zhejiang Province, China*) on Wednesday, 2 June 2021 at 2:30 p.m. is set out on pages 27 to 31 of this circular.

A form of proxy for use at the annual general meeting is also enclosed. Such form of proxy is also published on the website of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the website of the Company (<http://www.cn-huazhong.com>).

Whether or not you are able to attend the annual general meeting, please complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company’s Hong Kong share registrar and transfer office, 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 the holding of the annual general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the annual general meeting if they so wish.

27 April 2021

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DEFINITIONS

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

“Annual General Meeting”	an annual general meeting of the Company to be held at 中國浙江省寧波市高新區清水橋路595號25號樓二樓會議室 (Meeting Room, 2/F., Building No. 25, No. 595, Qingshuiqiao Road, Gaoxin District, Ningbo City, Zhejiang Province, China*) on Wednesday, 2 June 2021 at 2:30 p.m., the notice of which is set out on pages 27 to 31 of this circular, or any adjournment thereof
“Articles of Association”	the articles of association of the Company currently in force
“Board”	the board of Directors
“Business Day(s)”	any day on which the Stock Exchange is open for the business of dealing in securities
“Company”	Huazhong In-Vehicle Holdings Company Limited (華眾車載控股有限公司), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Eligible Employee(s)”	any employee (whether full time or part time employee, including any director) of the Company, any subsidiary of the Company
“Existing Scheme”	the existing share option scheme of the Company adopted pursuant to an ordinary resolution passed by the then Shareholders on 15 December 2011
“Group”	the Company and its subsidiaries
“HK\$” and “HK cent(s)”	Hong Kong dollars and cent(s), respectively, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Issue Mandate”	has the same meaning as defined in paragraph 3(a) of the letter from the Board which is set out on page 5 of this circular

DEFINITIONS

“Latest Practicable Date”	16 April 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Date”	12 January 2012, the date on which dealings in the Shares commenced on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Scheme”	the new share option scheme proposed to be adopted by the Company at the Annual General Meeting for the benefit of the employees and directors of the Group and other eligible participants
“Nomination Committee”	the nomination committee of the Company
“Repurchase Mandate”	has the same meaning as defined in paragraph 3(b) of the letter from the Board which is set out on page 6 of this circular
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Shares(s)”	ordinary share(s) of HK\$0.10 each in the capital of the Company or if there has been a subsequent sub-division, consolidation, reclassification or reconstruction of the share capital of the Company, shares forming part of the ordinary equity share capital of the Company
“Share Options”	the options granted under the New Scheme to subscribe for Shares in accordance with the New Scheme
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission in Hong Kong
“%”	per cent

** The English translation is for reference only*

LETTER FROM THE BOARD

HUAZHONG IN-VEHICLE HOLDINGS COMPANY LIMITED
華眾車載控股有限公司

(incorporated in the Cayman Islands with limited liability)
(Stock Code: 6830)

Executive Directors:

Mr. Zhou Minfeng
(Chairman and Chief Executive)
Mr. Chang Jingzhou
Mr. Wu Bichao *(Vice-chairman)*

Registered Office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Non-executive Directors:

Ms. Lai Cairong
Mr. Wang Yuming
Mr. Guan Xin
Mr. Yu Zhuoping

Principal Place of

Business in Hong Kong:

Unit 19, 36th Floor
China Merchants Tower
Shun Tak Centre
Nos. 168-200 Connaught Road Central
Hong Kong

Independent Non-executive Directors:

Mr. Wong Luen Cheung Andrew *(Vice-chairman)*
Mr. Yu Shuli
Mr. Tian Yushi
Mr. Xu Jiali

27 April 2021

To the Shareholders

Dear Sir or Madam,

**RE-ELECTION OF DIRECTORS,
GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES,
EXTENSION OF THE ISSUE MANDATE,
DECLARATION OF FINAL DIVIDEND,
TERMINATION OF EXISTING SHARE OPTION SCHEME,
ADOPTION OF NEW SHARE OPTION SCHEME
AND
NOTICE OF ANNUAL GENERAL MEETING**

1. INTRODUCTION

The purpose of this circular is to provide the Shareholders with information in respect of certain resolutions to be proposed at the Annual General Meeting for (i) the re-election of Directors; (ii) the granting of the Issue Mandate to the Directors; (iii) the granting of the Repurchase Mandate to the Directors; (iv) the extension of the Issue Mandate by adding to it the aggregate number of the issued Shares repurchased by the Company under the Repurchase Mandate; (v) the declaration of final dividend; (vi) the termination of the Existing Scheme; and (vii) the adoption of the New Scheme.

LETTER FROM THE BOARD

2. RE-ELECTION OF DIRECTORS

As at the Latest Practicable Date, the Board comprised of Mr. Zhou Minfeng, Mr. Chang Jingzhou and Mr. Wu Bichao as executive Directors, Ms. Lai Cairong, Mr. Wang Yuming, Mr. Guan Xin and Mr. Yu Zhuoping as non-executive Directors and Mr. Wong Luen Cheung Andrew, Mr. Yu Shuli, Mr. Tian Yushi and Mr. Xu Jiali as independent non-executive Directors.

Pursuant to Articles 84(1) and 84(2) of the Articles of Association, Mr. Zhou Minfeng, Mr. Chang Jingzhou, Ms. Lai Cairong and Mr. Wong Luen Cheung Andrew shall retire from office at the Annual General Meeting. Mr. Zhou Minfeng, Ms. Lai Cairong and Mr. Wong Luen Cheung Andrew, being eligible, will offer themselves for re-election at the Annual General Meeting. Mr. Chang Jingzhou will not offer himself for re-election of the Annual General Meeting due to his other business commitments.

Each of Mr. Wong Luen Cheung Andrew, Mr. Yu Shuli, Mr. Tian Yushi and Mr. Xu Jiali has made an annual confirmation of independence pursuant to the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that each of Mr. Wong Luen Cheung Andrew, Mr. Yu Shuli, Mr. Tian Yushi and Mr. Xu Jiali is independent in accordance with the independence guidelines. Hence, the Company recommends Mr. Wong Luen Cheung Andrew to be re-elected as independent non-executive Director.

In accordance with the nomination policy of the Company and the objective criteria (including without limitation, gender, age, ethnicity, cultural and educational background, professional experiences and knowledge) with due regard for the benefits of diversity, as set out under the board diversity policy of the Company, the Nomination Committee has reviewed the re-election of the Directors through:

- (a) evaluating the performance and contribution of the retiring Directors during the last financial year of the Company and the period thereafter up to the date of evaluation; and
- (b) assessing the independence of the independent non-executive Directors, being Mr. Wong Luen Cheung Andrew, Mr. Yu Shuli, Mr. Tian Yushi and Mr. Xu Jiali, and considered whether they remained independent and suitable to continue to act in such roles.

After due evaluation and assessment, the Nomination Committee is of the opinion that:

- (a) the performance of the retiring Directors was satisfactory and contributed effectively to the operation of the Board; and

LETTER FROM THE BOARD

- (b) based on the information available to the Nomination Committee and the annual written independence confirmation received from the independent non-executive Directors, the Nomination Committee was satisfied that Mr. Wong Luen Cheung Andrew, Mr. Yu Shuli, Mr. Tian Yushi and Mr. Xu Jiali
 - i. fulfill the requirements of an independent non-executive Director as stipulated under 3.13 of the Listing Rules; and
 - ii. are the persons of integrity and independent in character and judgement.

Accordingly, the Nomination Committee recommended to the Board, and the Board has considered the re-election of Mr. Zhou Minfeng as the executive Director, Ms. Lai Cairong as the non-executive Director and Mr. Wong Luen Cheung Andrew as the independent non-executive Director, is in the best interests of the Company and the Shareholders as a whole and has resolved to propose to re-elect each of the retiring Directors at the Annual General Meeting.

Details of the Directors who will be proposed to be re-elected at the Annual General Meeting are set out in Appendix I to this circular.

3. GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

At the annual general meeting of the Company held on 19 June 2020, ordinary resolutions were passed by the Shareholders to grant the existing general mandates to the Directors to issue and repurchase Shares respectively. Such general mandates will lapse at the conclusion of the Annual General Meeting.

Ordinary resolutions will be proposed at the Annual General Meeting to approve the granting of new general mandates to the Directors:

- (a) to allot, issue or deal with additional Shares of up to 353,838,760 Shares, being 20% of the issued shares of the Company as at the date of passing of the proposed ordinary resolution contained in item 10 of the notice of the Annual General Meeting on the basis that 1,769,193,800 Shares were in issued as at the Latest Practicable Date and no further Shares are issued or repurchased before the Annual General Meeting (the “**Issue Mandate**”);
- (b) to exercise all powers of the Company to repurchase Shares on the Stock Exchange of up to 176,919,380 Shares, being 10% of the issued shares of the Company as at the date of passing of the proposed ordinary resolution contained in item 11 of the notice of the Annual General Meeting on the basis that 1,769,193,800 Shares were in issue as at the Latest Practicable Date and no further Shares are issued or repurchased before the Annual General Meeting (the “**Repurchase Mandate**”); and
- (c) to extend the Issue Mandate by adding the amount of Shares repurchased by the Company pursuant to the Repurchase Mandate.

LETTER FROM THE BOARD

With reference to the Issue Mandate and the Repurchase Mandate, the Directors wish to state that they have no immediate plan to issue any new Shares or repurchase any Shares pursuant thereto.

An explanatory statement required by the Listing Rules to provide the Shareholders with requisite information reasonably necessary for the Shareholders to make an informed decision on whether to vote for or against the granting of the Repurchase Mandate is set out in Appendix II to this circular.

Each of the Issue Mandate and the Repurchase Mandate will expire at the earliest of:

- (a) the conclusion of the Company's next annual general meeting; or
- (b) the expiration of the period within which the Company is required by law or the Articles of Association to hold its next annual general meeting; or
- (c) when varied or revoked by an ordinary resolution of the Shareholders in a general meeting.

4. FINAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

In order to determine the entitlement of the shareholders to attend and vote at the forthcoming Annual General Meeting, the register of members of the Company will be closed from Friday, 28 May 2021 to Wednesday, 2 June 2021, both days inclusive, during which period no transfer of shares in the Company will be registered. In order to be eligible to attend and vote at the forthcoming Annual General Meeting, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong share registrar and transfer office, 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 Thursday, 27 May 2021.

As stated in the announcement issued by the Company dated 29 March 2021 relating to the annual results of the Group for the year ended 31 December 2020, the Board recommended the payment of a final dividend of RMB0.6080 cent (equivalent to HK0.7262 cent at exchange rate of HK\$1 equals to RMB0.8372) per ordinary share for the year ended 31 December 2020 (the "**2020 Final Dividend**") to Shareholders whose names appear on the register of members of the Company on Friday, 18 June 2021. The proposed 2020 Final Dividend is subject to approval by the Shareholders at the Annual General Meeting and a resolution will be proposed to the Shareholders for voting at the Annual General Meeting. If the resolution for the proposed 2020 Final Dividend is passed at the Annual General Meeting, the proposed 2020 Final Dividend is expected to be paid on or before Friday, 30 July 2021.

LETTER FROM THE BOARD

The register of members of the Company will also be closed from Wednesday, 16 June 2021 to Friday, 18 June 2021, both days inclusive, during which period no transfer of shares in the Company will be registered. In order to qualify for the entitlement to the proposed 2020 Final Dividend, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong share registrar and transfer office, 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 Tuesday, 15 June 2021.

5. TERMINATION OF EXISTING SCHEME

The Existing Scheme was adopted by the Company pursuant to the passing of an ordinary resolution of the then Shareholders on 15 December 2011. The Existing Scheme enables the Group to grant options to the Directors, the employees of the Group and other selected participants as incentives for their contribution to the Group. Pursuant to the terms of the Existing Scheme, it shall be valid and effective for a period of 10 years commencing on the adoption date (i.e. 15 December 2011) of the Existing Scheme.

As at the Latest Practicable Date, the Company had no share options granted under the Existing Scheme which remained outstanding.

Other than the Existing Scheme, the Company currently does not maintain any other share option scheme. Taking into account that the Existing Scheme will expire on 14 December 2021, the Board proposes to adopt the New Scheme which complies with Chapter 17 of the Listing Rules and a resolution will be proposed at the Annual General Meeting for the adoption of the New Scheme.

Conditional upon the passing of the ordinary resolution by the Shareholders at the Annual General Meeting, the Existing Scheme will be terminated and no further options shall be granted pursuant to the Existing Scheme but the Existing Scheme shall in all other respects remain in force to the extent necessary to give effect to the exercise of any outstanding share options granted prior to its termination.

6. ADOPTION OF NEW SCHEME

Since the Existing Scheme will expire on 14 December 2021, the Board proposes to adopt the New Scheme pursuant to Chapter 17 of the Listing Rules, and an ordinary resolution will be proposed at the Annual General Meeting for the adoption of the New Scheme.

The purpose of the New Scheme is to enable the Group to grant options for rewarding its employees, the Directors and other eligible participants for their contribution to the Group. The eligibility of any of the eligible participants to the grant of any option shall be determined by the Directors from time to time on the basis of the Directors' opinion as to his/her contribution to the development and growth of the Group.

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As at the Latest Practicable Date, no share options had been agreed to be granted under the New Scheme. None of the Directors are appointed as trustees of the New Scheme or have a direct or indirect interest in the trustees of the New Scheme. There are no material differences on the principal terms between the Existing Scheme and the New Scheme.

Scheme Mandate Limit

The initial maximum number of Shares which may be allotted and issued upon exercise of all outstanding options granted under the New Scheme and any other share option schemes of the Company (including the Existing Scheme) may represent up to 10% of the Shares in issue on the date of approval of the New Scheme by the Shareholders at the Annual General Meeting (the “**General Scheme Limit**”), which maximum number may however be refreshed as detailed in paragraph (3) of Appendix II to this circular.

On the basis of 1,769,193,800 Shares in issue as at the Latest Practicable Date and assuming that, prior to the Annual General Meeting, no Shares are issued or repurchased by the Company, the General Scheme Limit will be 176,919,380 Shares.

Conditions of the adoption of the New Scheme

The adoption of the New Scheme is conditional upon:

- (i) the termination of the Existing Scheme by an ordinary resolution at the Annual General Meeting;
- (ii) the approval of the New Scheme at the Annual General Meeting and the allotment and issue of the Shares which may fall to be allotted and issued upon the exercise of the options granted under the New Scheme; and
- (iii) the Stock Exchange granting approval of the listing of, and permission to deal in, the number of Shares which may fall to be allotted and issued upon the exercise of the options granted up to 10% of the Shares in issue as at the date of the Annual General Meeting in accordance with the terms and conditions of the New Scheme.

Values of all options that can be granted under the New Scheme

The Directors consider that it is not possible to state the value of all options that may be granted pursuant to the New Scheme as if they had been granted on the Latest Practicable Date, because the calculation of the value of the options is based on a number of variables such as the exercise price, exercise period, interest rate, expected volatility and other relevant variables. As options have not been granted under the New Scheme, certain variables are not available for calculating the value of the options. The Directors believe that any calculation of the value of the options as at the Latest Practicable Date prior to the approval of the New Scheme at the Annual General Meeting based on a great number of speculative assumptions would not be meaningful to the Shareholders.

LETTER FROM THE BOARD

Compliance to the Listing Rules

The provisions of the New Scheme comply with the requirements of Chapter 17 of the Listing Rules. With respect to the operation of the New Scheme, the Company will, where applicable, comply with the relevant requirements under Chapter 17 of the Listing Rules.

General

An ordinary resolution to approve and adopt the New Scheme will be proposed to be approved at the Annual General Meeting. A summary of the principal terms of the rules of the New Scheme is set out in Appendix III to this circular. A copy of the rules of the New Scheme is available for inspection at the principal place of business of the Company in Hong Kong at Unit 19, 36th Floor, China Merchants Tower, Shun Tak Centre, Nos. 168-200 Connaught Road Central, Hong Kong during normal business hours from the date of this circular up to and including the date of the Annual General Meeting.

Application will be made to the Stock Exchange for the approval of the listing of, and permission to deal in, the Shares to be allotted and issued pursuant to the exercise of the options granted under the New Scheme (up to 10% of the Shares in issue as at the date of the Annual General Meeting).

7. ANNUAL GENERAL MEETING AND PROXY ARRANGEMENT

The notice of the Annual General Meeting is set out on pages 27 to 31 of this circular.

A form of proxy for use at the Annual General Meeting is enclosed with this circular and such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (<http://www.cn-huazhong.com>). To be valid, the form of proxy must be completed and signed in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority at the Company's Hong Kong share registrar and transfer office, 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 Annual General Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the Annual General Meeting if you so wish.

8. VOTING BY POLL

Pursuant to the rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, all resolutions set out in the notice of the Annual General Meeting will be taken by way of poll. The chairman would explain the detailed procedures for conducting a poll at the commencement of the Annual General Meeting. No Shareholder is required to abstain from voting on the resolutions proposed at the Annual General Meeting.

LETTER FROM THE BOARD

9. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, include particulars given in the compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Director, 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.

10. RECOMMENDATION

The Directors consider that the proposed resolutions are in the best interests of the Company and the Shareholders. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolutions to be proposed at the Annual General Meeting.

Yours faithfully,
For and on behalf of the Board
Huazhong In-Vehicle Holdings Company Limited
Zhou Minfeng
Chairman and Chief Executive

The following are details of the Directors who will be proposed to be re-elected at the Annual General Meeting.

Mr. Zhou Minfeng (周敏峰) (“**Mr. Zhou**”), aged 54, was appointed as an executive Director on 3 December 2010. Mr. Zhou is the chairman of the Board and executive Director of the Company. He is also a member of the remuneration committee and the chairman of the nomination committee of the Company. Mr. Zhou has over 25 years of experience in the automobile body parts industry and is primarily responsible for the overall corporate strategic planning and business development of the Group. Mr. Zhou is the founder of the Group and is also a director of all the subsidiaries of the Company. Mr. Zhou assumes several social positions, such as the vice chairman of the Ningbo Enterprise Federation (寧波企業聯合會), Ningbo Entrepreneurs Association (寧波市企業家協會) and Ningbo Federation of Industrial Economy (寧波市工業經濟聯合會) since 2009. Mr. Zhou is also a representative of the 12th and 13th Standing Committee of Ningbo Municipal People’s Congress (寧波市第十二、十三屆人民代表大會常務委員會代表). Mr. Zhou received a diploma of Master Business Administration from the China Europe International Business School (中歐國際工商學院) in March 2003. Mr. Zhou is the son of Ms. Lai Cairong (賴彩絨), a non-executive Director.

Mr. Zhou has entered into a service contract with the Company for an initial fixed term of three years commencing on 12 January 2021, as an executive Director and, subject to re-election when appropriate in accordance with the Articles of Association at the annual general meeting of the Company, will continue thereafter until terminated by not less than three months’ notice in writing served by either party on the other.

As at the Latest Practicable Date, Mr. Zhou is entitled to a Director’s emolument at HKD600,000 per annum which was determined upon negotiation between Mr. Zhou and the Company at arm’s length on the basis of his previous experience, professional qualifications, responsibilities to be involved in the Company, the amount of time to be devoted to the Company’s business, the financial position of the Company and the prevailing market rate.

As at the Latest Practicable Date, Mr. Zhou has interest in 1,321,100,000 Shares, of which 1,100,000 Shares are interest of his spouse. Save as disclosed above, Mr. Zhou does not have any other interest in the Shares, underlying Shares or debentures of the Company within the meaning of Part XV of the SFO.

Save as disclosed above, (i) Mr. Zhou has not held any other directorships in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years; (ii) he has not held any other positions in the Company and its subsidiaries; (iii) he does not have any relationship with any Directors, senior management, substantial shareholders or controlling shareholders of the Company and (iv) no other information that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

Ms. Lai Cairong (賴彩絨) (“Ms. Lai”), aged 76, was appointed as a non-executive Director on 7 December 2011. Ms. Lai served as a director of Ningbo Huazhong Plastic since September 1999. Since August 2008, Ms. Lai also served as the chairperson of the board of Xiangshan Huangxiang International Hotel (象山華翔國際大酒店). Ms. Lai is the mother of Mr. Zhou Minfeng, an executive Director and the chairman of the Company. Ms. Lai graduated from Xizhou Middle School (西周中學) in July 1961.

Ms. Lai has entered into a letter of appointment with the Company for a term of three years with effect from 27 May 2019, subject to re-election when appropriate in accordance with the Articles of Association at the annual general meeting of the Company during her tenure, unless a three-month notice in writing is served by Ms. Lai to the Company for resignation or a notice in writing is served by the Company specifying immediate termination of her position as a non-executive Director.

As at the Latest Practicable Date, Ms. Lai is entitled to a Director’s emolument at HKD240,000 per annum which was determined upon negotiation between Ms. Lai and the Company at arm’s length on the basis of her previous experience, professional qualifications, responsibilities to be involved in the Company, the amount of time to be devoted to the Company’s business, the current financial position of the Company and the prevailing market rate.

As at the Latest Practicable Date, Ms. Lai has no interest in the Shares, underlying Shares or debentures of the Company within the meaning of Part XV of the SFO.

Save as disclosed above, (i) Ms. Lai has not held any other directorships in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years; (ii) she has not held any other positions in the Company and its subsidiaries; and (iii) she does not have any relationship with any Directors, senior management, substantial Shareholders or controlling Shareholders of the Company.

Save as disclosed above, Ms. Lai and the Company are not aware of any other matters that needs to be brought to the attention of the Shareholders, and there is no other information relating to Ms. Lai that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

Mr. Wong Luen Cheung Andrew (王聯章) (“**Mr. Wong**”), aged 63, was appointed as an independent non-executive Director on 8 April 2015. Mr. Wong is currently an independent non-executive director of CITIC Bank, the chairman of its nomination and remuneration committees and a member of its audit and related party transactions control committee, an independent director of CANADIAN SOLAR INC and an independent non-executive director of ACE Life Insurance Co., Ltd. Mr. Wong is also a director of China Overseas Friendship Association. Since January 2013, he has been a member of the eleventh Chinese People’s Political Consultative Conference, Shaanxi Provincial Committee, Xian, China.

Mr. Wong held various senior positions at the Royal Bank of Canada, including the assistant representative for China operations, representative of southern China, the branch manager of the Shanghai branch. He also held various positions at the Union Bank of Switzerland, including head of China desk and an executive director of debt capital markets. Mr. Wong previously also served as a director of China Citicorp International Limited, a merchant banking arm of Citibank. Further, Mr. Wong was the head of Greater China business of Hang Seng Bank Limited and the managing director of corporate and investment banking — Greater China of DBS Bank Limited, Hong Kong.

Mr. Wong has been a member of the Shenzhen Committee of the Chinese People’s Political Consultative Conference since 2002. Mr. Wong was awarded the National Excellent Independent Director by the Shanghai Stock Exchange in 2010. Mr. Wong also received the Medal of Honour (Hong Kong SAR) from the Hong Kong SAR Government in 2011.

Mr. Wong was an independent non-executive director of China Minsheng Banking Corp., Ltd., a company listed on the Stock Exchange and the Shanghai Stock Exchange, from July 2006 to May 2012, and was also a member of its audit committee, risk management committee and nomination committee and the chairman of its compensation and remuneration committee. Mr. Wong was also a non-executive director of Intime Department Store (Group) Company Limited, a company listed on the Stock Exchange from 31 May 2013 to 5 September 2014.

Mr. Wong has entered into a letter of appointment with the Company for a term of three years with effect from 7 June 2018, subject to re-election when appropriate in accordance with the Articles of Association at the annual general meeting of the Company during his tenure, unless a three-month notice in writing is served by Mr. Wong to the Company for resignation or a notice in writing is served by the Company specifying immediate termination of his position as an independent non-executive Director.

As at the Latest Practicable Date, Mr. Wong is entitled to a Director’s emolument at HKD403,200 per month which was determined by the Board with reference to the current remuneration of the independent no-executive Directors and is subject to review by the remuneration committee of the Board.

As at the Latest Practicable Date, Mr. Wong has interest in 1,000,000 Shares. Save as disclosed above, Mr. Wong does not have any other interest in the Shares, underlying Shares or debentures of the Company within the meaning of Part XV of the SFO.

Save as disclosed above, (i) Mr. Wong has not held any other directorships in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years; (ii) he has not held any other positions in the Company and its subsidiaries; and (iii) he does not have any relationship with any Directors, senior management, substantial Shareholders or controlling Shareholders of the Company.

Save as disclosed above, Mr. Wong and the Company are not aware of any other matters that needs to be brought to the attention of the Shareholders, and there is no other information relating to Mr. Wong that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

The following is an explanatory statement required by the Listing Rules to provide the Shareholders with requisite information reasonably necessary for them to make an informed decision on whether to vote for or against the ordinary resolution to be proposed at the Annual General Meeting in relation to the granting of the Repurchase Mandate.

1. SHARE CAPITAL

As at the Latest Practicable Date, the issued shares of the Company are 1,769,193,800 Shares.

Subject to the passing of the ordinary resolution set out in item 11 of the notice of the Annual General Meeting in respect of the granting of the Repurchase Mandate and on the basis that no further Shares are issued or repurchased before the Annual General Meeting, the Directors would be authorized under the Repurchase Mandate to repurchase, during the period in which the Repurchase Mandate remains in force, a maximum of 176,919,380 Shares, representing 10% of the amount of Shares in issue as at the Latest Practicable Date.

2. REASONS FOR SHARE REPURCHASE

The Directors believe that the granting of the Repurchase Mandate is in the best interests of the Company and the Shareholders.

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

3. FUNDING OF REPURCHASE

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its Memorandum and Articles of Association, the laws of the Cayman Islands and any other applicable laws, as the case may be.

4. IMPACT OF REPURCHASE

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited accounts contained in the annual report of the Company for the year ended 31 December 2020) in the event that the Repurchase Mandate was to be carried out in full at any time during the proposed repurchase period. However, the Directors do not intend to exercise the Repurchase Mandate to such 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.

5. TAKEOVERS CODE

If, on the exercise of the power to repurchase 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 purposes of the Takeovers Code. Accordingly, a Shareholder, or group of Shareholders acting in concert, 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 for all the Shares not already owned by such Shareholder or group of Shareholders.

As at the Latest Practicable Date, Huayou Holdings Company Limited holds 1,320,000,000 Shares, representing 74.61% of the issued shares of the Company. In the event that the Directors exercise in full the power to repurchase Shares in accordance with the terms of Repurchase Mandate, then (if the present shareholdings otherwise remain the same) the interests of Huayou Holdings Company Limited would increase to approximately 82.90% of the issued shares of the Company. Such increase would not give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code but would reduce the amount of Shares held by the public to less than 25% of the total issued shares of the Company. The Company has no present intention to repurchase Shares to such extent as to result in the amount of Shares held by the public being reduced to less than 25%.

6. GENERAL

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their respective close associates (as defined in the Listing Rules) has any present intention to sell any Shares to the Company in the event that the granting of the Repurchase Mandate is approved by the Shareholders.

The Company has not been notified by any core connected persons (as defined in the Listing Rules) of the Company that they have a present intention to sell Shares to the Company, or that they have undertaken not to sell any of the Shares held by them to the Company, in the event that the granting of the Repurchase Mandate is approved by the Shareholders.

The Directors have undertaken to the Stock Exchange to exercise the power of the Company to make repurchases of Shares pursuant to the Repurchase Mandate in accordance with the Listing Rules and the applicable laws and regulations of the Cayman Islands.

7. MARKET PRICES OF SHARES

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

Month	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2020		
April	0.80	0.64
May	0.73	0.65
June	0.72	0.61
July	0.66	0.55
August	0.66	0.57
September	0.64	0.57
October	0.66	0.58
November	0.66	0.59
December	0.62	0.59
2021		
January	1.08	0.59
February	1.75	0.85
March	2.08	1.29
April (up to the Latest Practicable Date)	1.98	1.70

8. REPURCHASE OF SHARES MADE BY THE COMPANY

The Company had not repurchased any of the Shares (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.

Set out below is a summary of the principal terms and conditions of the New Scheme to provide sufficient information to the Shareholders for their consideration of the New Scheme proposed to be adopted at the Annual General Meeting.

(1) PURPOSE OF THE NEW SCHEME

The purpose of the New Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group. The Directors consider the New Scheme, with its broadened basis of participation, will enable the Group to reward the employees, the Directors and other selected participants for their contributions to the Group. Given that the Directors are entitled to determine any performance targets to be achieved as well as the minimum period that an option must be held before an option can be exercised on a case by case basis, and that the exercise price of an option cannot in any event fall below the price stipulated in the Listing Rules or such higher price as may be fixed by the Directors, it is expected that grantees of an option will make an effort to contribute to the development of the Group so as to bring about an increased market price of the Shares in order to capitalise on the benefits of the options granted.

(2) WHO MAY JOIN

The Directors (which expression shall, for the purpose of this Appendix, include a duly authorised committee thereof) may, at its absolute discretion, invite any person belonging to any of the following classes of participants, to take up options to subscribe for Shares:

- (a) any Eligible Employee;
- (b) any non-executive Directors (including independent non-executive Directors);
- (c) any supplier of goods or services to any member of the Group;
- (d) any customer of any member of the Group;
- (e) any person or entity that provides research, development or other technological support to any member of the Group;
- (f) any shareholder of any member of the Group or any holder of any securities issued by any member of the Group;
- (g) any adviser (professional or otherwise) or consultant to any area of business or business development of the Group; and

For the avoidance of doubt, the grant of any options by the Company for the subscription of Shares or other securities of the Group to any person who fall within any of the above classes of participants shall not, by itself, unless the Directors otherwise determined, be construed as a grant of option under the New Scheme.

The eligibility of any of the above class of eligible participants to the grant of any option shall be determined by the Directors from time to time on the basis of the Directors' opinion as to his/her contribution or potential contribution to the development and growth of the Group. The Board considers that the grant of the Share Options to these Eligible Employees will offer incentives for the any full time or part time employee, any Director or any subsidiary of the Company to demonstrate exceptional performance and dedication to the Group, for suppliers to offer more economic and quality supplies to the Group, for customers to maximise the quantity of their orders and increase loyalty to the Group, for advisors, consultants and agents to provide better services to the Group, thereby attracting and retaining experienced and qualified personnel, optimising performance efficiency and benefiting the long-term growth of the Group, for shareholders, to attract and retain or otherwise maintain on-going relationships with the Group. Accordingly, the Board will assess the eligibility of these Eligible Participants based on various factors such as performance conditions, or targets to be achieved and potential and/or actual contribution to the business affairs of and benefits to the Group. It is expected that grantees of the Share Options will make an effort to contribute to the development of the Group so as to bring about an increased market price of the Shares in order to capitalize on the benefits of the Share Options granted and in turn benefiting the Company and its Shareholders as a whole.

(3) MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION

- (a) The maximum number of Shares to be allotted and issued upon the exercise of all outstanding options granted and yet to be exercised under the New Scheme and any other share option scheme of the Group must not in aggregate exceed 30% of the issued shares of the Company from time to time.
- (b) The initial total number of Shares which may be allotted and issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the New Scheme and any other share option scheme of the Group) to be granted under the New Scheme and any other share option scheme of the Group must not in aggregate exceed 10% of the Shares in issue at the day on which the New Scheme is approved (the "**General Scheme Limit**").
- (c) Subject to (a) above but without prejudice to (d) below, the Company may issue a circular to the Shareholders and seek approval of the Shareholders in general meeting to refresh the General Scheme Limit provided that the total number of Shares which may be issued upon exercise of all options to be granted under the New Scheme and any other share options scheme of the Group must not exceed 10% of the Shares in issue as at the date of approval of the refreshed limit and for the purpose of calculating the refreshed limit, options (including those outstanding, cancelled, lapsed or exercised in accordance with the New Scheme and any other share option scheme of the Group) previously granted under the New Scheme and any other share option scheme of the Group will not be counted. The circular sent by the Company to the Shareholders shall contain, among other information, the information required under Rule 17.02(2)(d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules.

- (d) Subject to (a) above and without prejudice to (c) above, the Company may seek separate Shareholders' approval in general meeting to grant options beyond the General Scheme Limit or, if applicable, the refreshed limit referred to in (c) above to participants specifically identified by the Company before such approval is sought. In such event, the Company must send a circular to the Shareholders containing a general description of the specified participants, the number and terms of options to be granted, the purpose of granting options to the specified participants with an explanation as to how the terms of the options serve such purpose, the information required under Rule 17.02(2)(d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules.

(4) MAXIMUM ENTITLEMENT OF EACH ELIGIBLE PARTICIPANT

The total number of Shares issued and which may fall to be allotted and issued upon exercise of the options granted under the New Scheme and any other share option scheme of the Group (including both exercised or outstanding options) to each eligible participant in any 12-month period shall not exceed 1% of the issued Shares for the time being (the "**Individual Limit**"). Any further grant of options in excess of the Individual Limit in any 12-month period up to and including the date of such further grant shall be subject to the issue of a circular to the Shareholders and the Shareholders' approval in general meeting of the Company with such participant and his/her associates abstaining from voting. The number and terms (including the exercise price) of options to be granted to such participant must be fixed before the Shareholders' approval and the date of Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the exercise price under note (1) to Rule 17.03(9) of the Listing Rules.

(5) GRANT OF OPTIONS TO CONNECTED PERSONS

- (a) Any grant of options under the New Scheme to a Director, chief executive or substantial Shareholder of the Company or any of their respective associates (as defined under the Listing Rules) must be approved by independent non-executive Directors (excluding independent non-executive Director who is the grantee of the options).
- (b) Where any grant of options to a substantial Shareholder or an independent non-executive Director or any of their respective associates, would result in the 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 in the 12-month period up to and including the date of such grant:
- (i) representing in aggregate over 0.1% of the Shares in issue; and
 - (ii) 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 in general meeting. The Company must send a circular to the Shareholders containing the information required under Rule 17.04(3) of the Listing Rules and where the Listing Rules shall so require, the vote at the Shareholders' meeting convened to obtain the requisite approval shall be taken on a poll with those persons required under the Listing Rules abstaining from voting. Any change in the terms of options granted to a substantial Shareholder or an independent non-executive Director or any of their respective associates must be approved by the Shareholders in general meeting.

(6) TIME OF ACCEPTANCE AND EXERCISE OF OPTION

An offer of the grant of the option may be accepted by a participant within 21 days from the date of the offer of grant of the option.

An option may be exercised in accordance with the terms of the New Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence on the date upon which the offer for the grant of options is made but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination thereof.

(7) MINIMUM PERIOD

Unless otherwise determined by the Directors and stated in the offer of the grant of options to a grantee, there is no minimum period required under the New Scheme for the holding of an option before any options granted under the New Scheme can be exercised. The Board considers that this will provide the Board with more flexibility in imposing appropriate conditions in light of the circumstances of each grant to achieve of the purpose of the New Scheme.

(8) PERFORMANCE TARGETS

At the time of the grant of the Share Options, the Company may specify any performance target(s) which must be achieved before the Share Options can be exercised. Save as determined by the Board and provided in the offer of the grant of the relevant Share Options, there is no performance target which must be achieved before any of the Share Options can be exercised.

(9) SUBSCRIPTION PRICE FOR SHARES AND CONSIDERATION FOR THE OPTION

The subscription price for Shares under the New Scheme will be a price determined by the Directors, but shall not be less than the higher of (i) the closing price of Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a Business Day; (ii) the average closing price of Shares as stated in the Stock Exchange's daily quotations for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the Shares.

A nominal consideration of HK\$1 is payable on acceptance of the grant of an option.

(10) RANKING OF SHARES

- (a) Shares allotted upon the exercise of an option will be subject to all the provisions of the Articles of Association of the Company and will rank pari passu in all respects with the fully paid Shares in issue on the date on which the option is duly exercised or, if that date falls on a day when the register of members of the Company is closed, the first day of the re-opening of the register of members (the “**Exercise Date**”) and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Exercise Date. A Share allotted upon the exercise of an option shall not carry voting, dividend or other rights until the completion of the registration of the grantee on the register of members of the Company as the holder thereof.
- (b) Unless the context otherwise requires, references to “Shares” in this paragraph include references to shares in the ordinary equity share capital of the Company of such nominal amount as shall result from a subdivision, consolidation, re-classification or reduction of the share capital of the Company from time to time.

(11) EFFECT OF ALTERATIONS TO CAPITAL

In the event of any alteration in the capital structure of the Company whilst any option may become or remains exercisable, whether by way of capitalization issue, rights issue, consolidation, sub-division or reduction of share capital of the Company, such corresponding alterations (if any) shall be made in the number of Shares subject to any options so far as unexercised and/or the subscription price per Share of each outstanding option as the auditors of the Company or an independent financial adviser shall certify in writing to the Board to be in their/his/her opinion fair and reasonable in compliance with Rule 17.03(13) of the Listing Rules and the note thereto and the supplementary guidance issued by the Stock Exchange on 5 September 2005 and any future guidance and interpretation of the Listing Rules issued by the Stock Exchange from time to time and the note thereto. The capacity of the auditors of the Company or the approved independent financial adviser, as the case may be, in this paragraph is that of experts and not arbitrators and their certificate shall, in absence of manifest error, be final and conclusive and binding on the Company and the grantees.

Any such alterations will be made on the basis that a grantee shall have the same proportion of the issued share capital of the Company for which any grantee of an option is entitled to subscribe pursuant to the options held by him/her before such alteration and the aggregate subscription price payable on full exercise of any option is to remain as nearly as possible the same (and in any event not greater than) as it was before such event. No such alteration will be made the effect of which would be to enable a Share to be issued at less than its nominal value. The issue of securities as consideration in a transaction is not to be regarded as a circumstance requiring any such alterations.

(12) RESTRICTIONS ON THE TIME OF GRANT OF OPTIONS

For so long as the Shares are listed on the Stock Exchange, no offer for grant of options shall be made after a inside information has occurred or a inside information has been the subject of a decision until such inside information has been announced in accordance with the requirements of the Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of (a) the date of the meeting of the Directors for the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (b) the last date on which the Company must publish an announcement of its results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the announcement of the results, no offer for grant of option may be made.

The Directors may not grant any option to a participant who is subject to the Model Code for Securities Transactions by Directors of Listed Issuers prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by the Company during the periods or times in which such participants is prohibited from dealing in Shares pursuant to such code.

(13) PERIOD OF THE NEW SCHEME

The New Scheme will remain in force for a period of 10 years commencing on the date on which the New Scheme is adopted.

(14) RIGHTS ON CEASING EMPLOYMENT

If the grantee of an option is an Eligible Employee and ceases to be an Eligible Employee for any reason other than death, ill-health or retirement in accordance with his contract of employment or for serious misconduct or other grounds referred to in sub-paragraph (15) below before exercising his/her option in full, the option (to the extent not already exercised) will lapse on the date of cessation and will not be exercisable unless the Directors otherwise determine in which event the grantee may exercise the option (to the extent not already exercised) in whole or in part within such period as the Directors may determine following the date of such cessation, which will be taken to be the last day on which the grantee was at work with the Group whether salary is paid in lieu of notice or not.

(15) RIGHTS ON DEATH, ILL-HEALTH OR RETIREMENT

If the grantee of an option is an Eligible Employee and ceases to be an Eligible Employee by reason of his/her death, ill-health or retirement in accordance with his/her contract of employment before exercising the option in full, his/her personal representative(s), or, as appropriate, the grantee may exercise the option (to the extent not already exercised) in whole or in part within a period of 12 months following the date of cessation which date shall be the last day on which the grantee was at work with the Group whether salary is paid in lieu of notice or not or such longer period as the Directors may determine.

(16) RIGHTS ON DISMISSAL

If the grantee of an option is an Eligible Employee and ceases to be an Eligible Employee by reason that he/she has been guilty of serious misconduct or has committed any act of bankruptcy or has become insolvent or has made any arrangements or composition with his/her creditors generally, or has been convicted of any criminal offence (other than an offence which in the opinion of the Directors does not bring the grantee or the Group into disrepute), his/her option will lapse automatically and will not in any event be exercisable on or after the date of cessation to be an Eligible Employee.

(17) RIGHTS ON BREACH OF CONTRACT

If the Directors shall at their absolute discretion determine that (i) the grantee of any option (other than an Eligible Employee) or his/her associate has committed any breach of any contract entered into between the grantee or his/her associate on the one part and the Group on the other part; or (ii) that such grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his/her creditors generally; or (iii) such grantee could no longer make any contribution to the growth and development of the Group by reason of the cessation of its relations with the Group or by other reason whatsoever, the option granted to such grantee under the New Scheme shall lapse, his/her option will lapse automatically and will not in any event be exercisable on or after the date on which the event referred to (i), (ii) or (iii) above has occurred.

(18) RIGHTS ON A GENERAL OFFER, A COMPROMISE OR ARRANGEMENT

If a general or partial offer, whether by way of take-over offer, share re-purchase offer, or scheme of arrangement or otherwise in like manner is made to all the holders of Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, the Company shall use all reasonable endeavours to procure that such offer is extended to all the grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the options granted to them, Shareholders. If such offer becomes or is declared unconditional, a grantee shall be entitled to exercise his/her option (to the extent not already exercised) to its full extent or to the extent specified in the grantee's notice to the Company in exercise of his/her option at any time before the close of such offer (or any revised offer) or the record date for entitlements under such scheme of arrangement, as the case may be. Subject to the above, an option will lapse automatically (to the extent not exercised) on the date on which such offer (or, as the case may be, revised offer) closes.

(19) RIGHTS ON WINDING UP

In the event of a resolution being proposed for the voluntary winding-up of the Company during the option period, the grantee may, subject to the provisions of all applicable laws, by notice in writing to the Company at any time not less than two Business Days before the date on which such resolution is to be considered and/or passed, exercise his/her option (to the extent not already exercised) either to its full extent or to the extent specified in such notice in accordance with the provisions of the New Scheme and the Company shall allot and issue to the grantee the Shares in respect of which such grantee has exercised his/her option not less than one Business Day before the date on which such resolution is to be considered and/or passed whereupon the grantee shall accordingly be entitled, in respect of the Shares allotted and issued to him in the aforesaid manner, to participate in the distribution of the assets of the Company available in liquidation *pari passu* with the holders of the Shares in issue on the day prior to the date of such resolution. Subject thereto, all options then outstanding shall lapse and determine on the commencement of the winding-up of the Company.

(20) ADJUSTMENTS TO THE SUBSCRIPTION PRICE

In the event of a capitalisation issue, rights issue, subdivision or consolidation of Shares or reduction of capital of the Company whilst an option remains exercisable, such corresponding alterations (if any) certified by the auditor of the Company for the time being of or an independent financial adviser to the Company as fair and reasonable will be made to the number or nominal amount of Shares, the subject matter of the New Scheme and the option so far as unexercised and/or the option price of the option concerned, provided that (i) any adjustments shall give a grantee the same proportion of the issued share capital to which he/she was entitled prior to such alteration; (ii) the issue of Shares or other securities of the Group as consideration in a transaction may not be regarded as a circumstance requiring adjustment; and (iii) no alteration shall be made the effect of which would be to enable a Share to be issued at less than its nominal value, and in each case, any adjustment must be made in compliance with the Listing Rules and such rules, codes and guidance notes of the Stock Exchange from time to time. In addition, in respect of any such adjustments, other than any made on a capitalisation issue, such auditors or independent financial adviser must confirm to the Directors in writing that the adjustments satisfy the requirements of the relevant provision of the Listing Rules.

(21) CANCELLATION OF OPTIONS

Save as the breach of paragraph (23) below and subject to Chapter 17 of the Listing Rules, any cancellation of options granted but not exercised must be subject to the consent of the relevant grantee and the approval of the Directors.

When the Company cancels any option granted to a grantee but not exercised and issues new option(s) to the same grantee, the issue of such new option(s) may only be made with available unissued options (excluding the options so cancelled) within the General Scheme Limit or the new limits approved by the Shareholders pursuant to sub-paragraphs (3) (c) and (d) above.

(22) TERMINATION OF THE NEW SCHEME

The Company may, by resolution in general meeting, at any time terminate the operations of the New Scheme and in such event no further options shall be offered but in all other respects the provisions of the New Scheme shall remain in force to the extent necessary to give effect to the exercise of any options (to the extent not already exercised) granted prior to the termination or otherwise as may be required in accordance with the provisions of the New Scheme. Options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with the New Scheme.

(23) RIGHTS ARE PERSONAL TO THE GRANTEE

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

(24) LAPSE OF OPTION

An option shall lapse automatically (to the extent not already exercised) on the earliest of (a) the expiry of the option period in respect of such option; (b) the expiry of the periods or dates referred to in paragraphs (13), (14), (15), (16), (17), (18) and (19); or (c) the date on which the Directors exercise the Company's right to cancel the option by reason of a breach of paragraph (23) above by the grantee.

(25) OTHERS

- (a) The New Scheme is conditional on the Stock Exchange granting the listing of and permission to the obtaining of the approval of the Shareholders at the Annual General Meeting and deal in, such number of Shares to be issued pursuant to the exercise of any options which may be granted under the New Scheme, such number being not less than that of the General Scheme Limit.
- (b) The terms and conditions of the New Scheme relating to the matters set out in Rule 17.03 of the Listing Rules shall not be altered to the advantage of grantees of the options except with the approval of the Shareholders in general meeting.
- (c) Any alterations to the terms and conditions of the New Scheme which are of a material nature or any change to the terms of options granted must be approved by the Shareholders in general meeting. No alteration will take effect automatically under the existing terms of the New Scheme.
- (d) The amended terms of the New Scheme or the options shall comply with the relevant requirements of Chapter 17 of the Listing Rules.
- (e) Any change to the authority of the Directors or the scheme administrators in relation to any alteration to the terms of the New Scheme shall be approved by the Shareholders in general meeting.

NOTICE OF ANNUAL GENERAL MEETING

HUAZHONG IN-VEHICLE HOLDINGS COMPANY LIMITED 華眾車載控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 6830)

NOTICE IS HEREBY GIVEN that the annual general meeting (the “**Meeting**”) of Huazhong In-Vehicle Holdings Company Limited (the “**Company**”) will be held at 中國浙江省寧波市高新區清水橋路595號25號樓二樓會議室 (Meeting Room, 2/F., Building No. 25, No. 595, Qingshuiqiao Road, Gaoxin District, Ningbo City, Zhejiang Province, China*) on Wednesday, 2 June 2021 at 2:30 p.m. for the following purposes:

ORDINARY BUSINESS

1. To receive and consider the audited consolidated financial statements of the Company and its subsidiaries, the reports of the directors of the Company (the “**Director(s)**”) and the auditors of the Company for the year ended 31 December 2020.
2. To approve and declare a final dividend of RMB0.6080 cent (equivalent to HK0.7262 cent at exchange rate of HK\$1 equals to RMB0.8372) per ordinary share for the year ended 31 December 2020 to the shareholders of the Company which shall be paid out of the share premium, capital reserve or retained earnings of the Company.
3. To re-elect Mr. Zhou Minfeng as an executive Director.
4. To re-elect Ms. Lai Cairong as a non-executive Director.
5. To re-elect Mr. Wong Luen Cheung Andrew as an independent non-executive Director.
6. To authorize the board of Directors (the “**Board**”) to fix the remuneration of the Directors.
7. To re-appoint Ernst & Young as the auditor of the Company and to authorize the Board to fix its remuneration.

SPECIAL BUSINESS

8. 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, a general mandate be and is hereby generally and unconditionally given to the Directors during the Relevant Period (as defined below) to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such powers;

NOTICE OF ANNUAL GENERAL MEETING

- (b) the mandate in paragraph (a) above shall authorize the Directors to make or grant offers, agreements and options during the Relevant Period which would or might require the exercise of such powers after the end of the Relevant Period;
- (c) the amount of shares allotted and issued or agreed conditionally or unconditionally to be allotted and issued by the Directors pursuant to the mandate in paragraph (a) above, otherwise than pursuant to:
 - (i) a Rights Issue (as defined below);
 - (ii) the exercise of options under a share option scheme of the Company; and
 - (iii) any scrip dividend scheme or similar arrangement providing for the allotment and issue of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the articles of association of the Company,

shall not exceed 20% of the amount of the issued shares of the Company on the date of the passing of this resolution and the said mandate shall be limited accordingly; and

- (d) for the purposes of this resolution:

“**Relevant Period**” means the period from 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 any applicable laws to be held or by the articles of association of the Company; and
- (iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting.

“**Right Issue**” means an offer of shares open for a period fixed by the Directors to holders of shares of the Company or any class thereof on the register on a fixed record date in proportion to their then holdings of such shares or class thereof (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 recognized regulatory body or any stock exchange in any territory outside Hong Kong).”

NOTICE OF ANNUAL GENERAL MEETING

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

“**THAT:**

- (a) subject to paragraph (b) below, a general mandate be and is hereby generally and unconditionally given to the Directors to exercise during the Relevant Period (as defined below) all the powers of the Company to purchase its own shares on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in accordance with all applicable laws, rules and regulations;
- (b) the total amount of shares of the Company to be purchased pursuant to the mandate in paragraph (a) above shall not exceed 10% of the amount of the issued shares of the Company as at the date of passing of this resolution and the said mandate shall be limited accordingly; and
- (c) for the purposes of this resolution:

“**Relevant Period**” means the period from 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 any applicable laws or the articles of association of the Company to be held; and
- (iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting.”

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

“**THAT** conditional upon the passing of resolutions set out in items 8 and 9 of the notice convening the Meeting (the “**Notice**”), the general mandate referred to in the resolution set out in item 8 of the Notice be and is hereby extended by the addition to the amount of shares which may be allotted and issued or agreed conditionally or unconditionally to be allotted and issued by the Directors pursuant to such general mandate of an amount representing the amount of shares purchased by the Company pursuant to the mandate referred to in resolution set out in item 9 of the Notice, provided that such amount shall not exceed 10% of the amount of the issued shares of the Company in issue on the date of the passing of this resolution.”

NOTICE OF ANNUAL GENERAL MEETING

11. “**THAT** with effect from the close of business of the day on which this resolution is passed, the existing share option scheme (the “**Existing Scheme**”) adopted by the Company pursuant to a resolution passed by the then shareholders of the Company on 15 December 2011 (a copy of the Existing Scheme is produced to the meeting marked “A” and signed by the chairman of the meeting for the purpose of identification) be and it is hereby terminated and shall cease to have with any further effect save and except that the Existing Scheme will remain in force to the extent necessary to give effect to the exercise of the options granted thereunder prior to termination thereof.”
12. “**THAT** subject to the passing of resolution numbered 11 and subject also to and conditional upon the The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) granting the listing of, and permission to deal in, such number of shares of the Company which may fall to be allotted and issued pursuant to the exercise of the option which may be granted under the rules of the new share option scheme (the “**New Scheme**”), a draft of which is produced to the meeting marked “B” and signed by the chairman of the meeting for the purpose of identification, representing an amount (the “**General Scheme Limit**”) up to 10 per cent of the issued shares of the Company as at the day on which this resolution is passed, with effect from the close of business of the day on which this resolution is passed, the rules of the New Scheme be approved and adopted and the directors of the Company be and they are hereby authorised: (a) to approve any amendments to the rules of the New Scheme as may be acceptable or not objected to by the Stock Exchange; (b) at their absolute discretion to grant options to subscribe for shares of the Company in accordance with the rules of the New Scheme; (c) to allot, issue and deal with shares of the Company pursuant to the exercise of options granted under the New Scheme provided that the aggregate nominal amount of shares which fall to be allotted and issued pursuant to this authority, together with any issue of shares of the Company upon the exercise of any options granted under any other share option scheme as may from time to time be adopted by the Company or its subsidiaries, shall not exceed the General Scheme Limit; and (d) to take all such steps as may be necessary, desirable or expedient to carry the New Scheme into effect.”

By order of the Board
Huazhong In-Vehicle Holdings Company Limited
Zhou Minfeng
Chairman and Chief Executive

Hong Kong, 27 April 2021

As at the date of this notice, the executive Directors are Mr. Zhou Minfeng, Mr. Chang Jingzhou and Mr. Wu Bichao; the non-executive Directors are Ms. Lai Cairong, Mr. Wang Yuming, Mr. Guan Xin and Mr. Yu Zhuoping; and the independent non-executive Directors are Mr. Wong Luen Cheung Andrew, Mr. Yu Shuli, Mr. Tian Yushi and Mr. Xu Jiali.

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. All resolutions at the Meeting will be taken by poll pursuant to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and the results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Listing Rules.
2. A member of the Company entitled to attend and vote at the Meeting may appoint another person as his proxy to attend and vote on his behalf. 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. If more than one proxy is so appointed, the appointment shall specify the number of shares in respect of which each such proxy is so appointed.
3. In order to be valid, the form of proxy, together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney or authority, must be deposited at the Company’s Hong Kong share registrar and transfer office, 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 the holding of the Meeting or any adjournment thereof. Delivery of the form of proxy shall not preclude a member of the Company from attending and voting in person at the Meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. The register of members of the Company will be closed from Friday, 28 May 2021 to Wednesday, 2 June 2021, both days inclusive, during which period no transfer of shares in the Company will be registered. In order to be eligible to attend and vote at the Meeting, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company’s Hong Kong share registrar and transfer office, 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 Thursday, 27 May 2021.
5. The register of members of the Company will also be closed from Wednesday, 16 June 2021 to Friday, 18 June 2021, both days inclusive, during which period no transfer of shares in the Company will be registered. In order to qualify for the entitlement to the proposed final dividend, all transfer of shares, accompanied by the relevant share certificates, must be lodged with the Company’s Hong Kong share registrar and transfer office, 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 Tuesday, 15 June 2021.

** The English translation is for reference only*