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KA SHUI INTERNATIONAL HOLDINGS LIMITED

嘉瑞國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 822)

GRANT OF SHARE OPTIONS UNDER THE SHARE OPTION SCHEME

This announcement is made pursuant to Rule 17.06A of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The board (the “**Board**”) of directors (the “**Director(s)**”) of Ka Shui International Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) has resolved to grant an aggregate of 40,210,000 share options (the “**Share Options**”) under the share option scheme adopted by the Company on 19 May 2017 (the “**Share Option Scheme**”) to 79 eligible participants (the “**Grantees**”) on 31 October 2022 (the “**Date of Grant**”), subject to the acceptance of the Share Options by the Grantees, to subscribe for up to an aggregate of 40,210,000 ordinary shares (the “**Share(s)**”) of HK\$0.10 each in the share capital of the Company, representing approximately 4.50% of the issued share capital of the Company as at the date of this announcement and 4.31% of the issued share capital of the Company as enlarged by the full exercise of the Share Options. Details of the Share Options granted are set out as follows:

Date of Grant : 31 October 2022

Exercise price of Share Options granted : HK\$0.39 (representing the highest of (i) the closing price of HK\$0.39 per Share as stated in the Stock Exchange’s daily quotation sheets on the Date of Grant; (ii) the average closing price of HK\$0.376 per Share as stated in the Stock Exchange’s daily quotation sheets for the five business days immediately preceding the Date of Grant; and (iii) HK\$0.1, being the nominal value of a Share) to subscribe for one Share

Number of Share Options granted : 40,210,000 Share Options (each Share Option shall entitle the Grantee of the Share Option to subscribe for one Share)

Closing price of the Shares on the Date of Grant : HK\$0.39 per Share

Validity period of the Share Options : the Share Options shall be exercisable in whole or in parts from the Date of Grant until 31 October 2027 and subject to the following vesting periods:

- (a) 50% of the Share Options granted to each Grantee will be vested on the first anniversary date of the Date of Grant (i.e. 31 October 2023);
- (b) 50% of the Share Options granted to each Grantee will be vested on the second anniversary date of the Date of Grant (i.e. 31 October 2024).

Performance Target : Not required

With Directors having interests and/or deemed to have interest therein abstaining from voting in respect of the relevant resolutions, the offer of the Share Options to each of the Grantees had been approved by the Board.

Among an aggregate of 40,210,000 Share Options granted, 6,600,000 Share Options were granted to three executive Directors (one of which being substantial shareholder as well) and their associate, with details as follows:

Name of Grantees	Number of Share Options granted	Approximate % to issued share capital of the Company as at the Date of Grant and the date of this Announcement
Lee Yuen Fat (“ Mr. Lee ”) (<i>Executive Director, Chairman and Substantial Shareholder</i>)	2,000,000	0.22%
Wong Wing Chuen (<i>Executive Director and Vice Chairman</i>)	2,000,000	0.22%
Chan So Wah (<i>Executive Director</i>)	2,000,000	0.22%
Li Yuen Wah (<i>Employee and associate of Mr. Lee</i>)(“ Mr. Li YW ”)	600,000	0.07%
Sub-total	6,600,000	0.74%

Further, among an aggregate of 40,210,000 Share Options granted, 5,800,000 Share Options were granted to five consultants, with details as follows:

Name of Grantees	Number of Share Options granted	Approximate % to issued share capital of the Company as at the Date of Grant and the date of this Announcement
Xu Xiaoran	600,000	0.07%
Gao Shihong	600,000	0.07%
Yang Jianfang	600,000	0.07%
Keung Wing Ching	2,000,000	0.22%
Au Yeung Kai Chor	2,000,000	0.22%
Sub-total	5,800,000	0.65%

Ms. Xu Xiaoran is engaged for advising on preferential and subsidies policies with regard to smart manufacturing and die-casting as issued by the relevant authorities in the PRC from time to time, exploring suitable research and development institutions and projects for cooperation with the Company and facilitating communications with the authorities through her industry experience.

Ms. Gao Shihong is engaged for providing advice on the current global development of new magnesium and aluminum materials, and assisting the Company in promoting the application of new materials through her personal connections.

Mr. Yang Jianfang is engaged for providing assistance on the testing and certification of developed and new materials, and the formulation of new material formulas.

Mr. Keung Wing Ching is engaged for advising on the business operation of the Company and representing the Company in industry seminars and forums participated.

Mr. Au Yeung Kai Chor is engaged for advising on the corporate finance, potential merger and acquisition and investor relations related matters of the Group and sourcing potential strategic investors to the Company.

The Share Options are granted to the aforesaid consultants as their service fees.

The aforesaid consultants possess personal network, comprehensive knowledge and/or industry experience. The Company believes that the grant of Share Options would provide motivations for them to create value for the Company without affecting the operating cost of the Company. The number of Share Options granted to them is determined with reference to the potential benefits and/or income they may bring to the Group.

Further, among an aggregate of 40,210,000 Share Options granted, in addition to the 600,000 Share Options granted to Mr. Li YW (being an employee and an associate of Mr. Lee) as disclosed above, the remaining 27,810,000 Share Options were granted to the employees of the Company who are individuals responsible for operations of the Group. The Board believes that the grant of Share Options to employees shall provide incentives and motivate the employees to perform their best and contribute to the success of the Company.

Save as disclosed in this announcement, none of the other Grantees is a Director, chief executive or substantial shareholder of the Company, nor an associate (as defined in the Listing Rules) of any of them.

Under Rule 17.04(1) of the Listing Rules and the provision of the Share Option Scheme, each grant of Share Options to a Director, chief executive or substantial shareholder of the Company, or any of their respective associates, must be approved by the independent non-executive Directors. The grant of the Share Options to each of the aforesaid Directors, substantial shareholder and their associate has been approved by all independent non-executive Directors pursuant to Rule 17.04(1) of the Listing Rules.

Further, pursuant to Rule 17.04(1) of the Listing Rules, where any grant of Share 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 Share Options already granted and to be granted (including share options exercised, cancelled and outstanding) under the Share Option Scheme or any other schemes of the Company 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 of the Company in issue; and (ii) having an aggregate value, based on the closing price of the Shares of the Company at the date of each grant, in excess of HK\$5 million, such further grant of options must be separately approved by the Company's shareholders (the "**Shareholders**") in general meeting.

The total number of new Shares to be issued upon exercise of the Share Options of Mr. Lee (together with his associate) represents in aggregate more than 0.1% of the Shares in issue, and the aggregate value of Share Options granted to Mr. Lee (together with his associate) based on the closing price of the Date of Grant (being HK\$0.39 per Share) is only approximately HK\$1,014,000, which is less than HK\$5 million. Therefore, the grant of Share Options to Mr. Lee (together with his associate) is not subject to the approval of the Shareholders under the Listing Rules.

No share options of the Company have been granted within the 12-month period prior to the grant of Share Options.

By order of the Board
Ka Shui International Holdings Limited
LEE YUEN FAT
Chairman

Hong Kong, 31 October 2022

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Lee Yuen Fat, Mr. Wong Wing Chuen, Mr. Chu Weiman and Ms. Chan So Wah, and four independent non-executive Directors, namely Professor Sun Kai Lit, Cliff BBS, JP, Ir Dr. Lo Wai Kwok GBS, MH, JP, Mr. Andrew Look and Mr. Kong Kai Chuen, Frankie.