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If you have sold or transferred all your shares in **EVA Precision Industrial Holdings Limited** (the “**Company**”), you should at once hand this document, together with the form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.



EVA Precision Industrial Holdings Limited
億和精密工業控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 838)

PROPOSALS FOR

(1) RE-ELECTION OF RETIRING DIRECTORS

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

**(3) ADOPTION OF NEW SHARE OPTION SCHEME AND TERMINATION OF
THE EXISTING SHARE OPTION SCHEME**

A letter from the chairman of the Company is set out on pages 5 to 16 of this document. A notice convening the annual general meeting of the shareholders of the Company to be held at 24/F, Admiralty Centre 1, 18 Harcourt Road, Admiralty, Hong Kong on Thursday, 18 May 2023 at 3:00 p.m. is set out on pages III-1 to III-5 of this document.

A form of proxy for the said meeting is enclosed with this document. Whether or not you intend to be present at the said meeting, you are requested to complete the form of proxy and return it to the principal place of business of the Company at Unit 8, 6th Floor, Greenfield Tower, Concordia Plaza, No. 1 Science Museum Road, Kowloon, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time fixed for the annual general meeting or any adjournment thereof (as the case may be). The completion and return of a form of proxy will not preclude you from attending and voting at the said meeting in person.

This document, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Stock Exchange for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this document 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 document misleading.

25 April 2023

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DEFINITIONS

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

“2022 Annual Report”	the annual report of the Company for the financial year ended 31 December 2022
“AGM”	the annual general meeting of the Company to be held at 24/F, Admiralty Centre 1, 18 Harcourt Road, Admiralty, Hong Kong on Thursday, 18 May 2023 at 3:00 p.m. or any adjournment thereof
“Articles”	the articles of association of the Company as amended from time to time
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors or a duly authorised committee of the board of Directors
“business day”	has the meaning ascribed to it under the Listing Rules
“chief executive”	has the meaning ascribed to it under the Listing Rules
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“Company”	EVA Precision Industrial Holdings Limited, a company incorporated in the Cayman Islands with limited liability and whose Shares are listed on the main board operated by the Stock Exchange
“Companies Ordinance”	the Companies Ordinance (Cap. 622 of the Laws of Hong Kong)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“core connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Date of Grant”	the date on which the Option to which the Offer relates shall be deemed to have been granted as referred to in paragraph 4.2 of “APPENDIX II – SUMMARY OF THE PRINCIPAL TERMS OF THE NEW SHARE OPTION SCHEME” to this document
“Director(s)”	director(s) from time to time of the Company
“Effective Date”	the date on which the New Share Option Scheme is approved and adopted by resolution of the Shareholders

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“Eligible Participant(s)”	Employee Participants and Service Providers
“Employee Participant(s)”	directors, chief executive, and employees (whether full-time or part-time) of any member of the Group (including persons who are granted Options under the New Share Option Scheme as an inducement to enter into employment contracts with any member of the Group)
“Existing Share Option Scheme”	the existing share option scheme of the Company adopted on 21 May 2015
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Individual Limit”	has the meaning as defined in paragraph 6.1 of “APPENDIX II – SUMMARY OF THE PRINCIPAL TERMS OF THE NEW SHARE OPTION SCHEME” to this document
“Issue Mandate”	has the meaning ascribed to it under the section headed “(2) GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES” of this document
“Latest Practicable Date”	19 April 2023, being the latest practicable date prior to the printing of this document for ascertaining certain information for inclusion in this document
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“New Share Option Scheme”	the share option scheme proposed to be adopted by the Shareholders at the AGM, a summary of the principal terms of which is set out in “APPENDIX II – SUMMARY OF THE PRINCIPAL TERMS OF THE NEW SHARE OPTION SCHEME” to this document
“Offer”	an offer to grant an Option in accordance with the New Share Option Scheme
“Offer Letter”	the letter by which an Offer is made to an Eligible Participant
“Option”	an option to subscribe for Shares granted pursuant to the New Share Option Scheme

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“Option Period”	has the meaning as defined in paragraph 10.1 of “APPENDIX II – SUMMARY OF THE PRINCIPAL TERMS OF THE NEW SHARE OPTION SCHEME” to this document
“Option Price”	the price per Share payable on the exercise of an Option as the Board may determine pursuant to the terms of the New Share Option Scheme
“PRC”	the People’s Republic of China
“Relevant Event”	has the meaning as defined in paragraph 19 of “APPENDIX II – SUMMARY OF THE PRINCIPAL TERMS OF THE NEW SHARE OPTION SCHEME” to this document
“Repurchase Mandate”	has the meaning ascribed to it under the section headed “ (2) GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES” of this document
“Scheme Limit”	has the meaning as defined in paragraph 5.1 of “APPENDIX II – SUMMARY OF THE PRINCIPAL TERMS OF THE NEW SHARE OPTION SCHEME” to this document
“Service Provider(s)”	<p>any persons who provide services to a member of the Group relating to the Group’s business of precision manufacturing services and production of moulds and components and automated assembly services for its office automation equipment business and automotive components business on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long term growth of the Group, including:</p> <ul style="list-style-type: none">(i) any persons who have stepped down from a directorship or employment position within the Group, but continues to provide advisory or consultancy services to the Group; and(ii) any advisors, consultants and/or independent contractors providing advisory services, consultancy and/or other professional services to the Group (such as specific-industry advice on the Group’s business and technical, financial or corporate management and strategic advice) where the continuity and frequency of their services are akin to those of employees,

DEFINITIONS

but for the avoidance of doubt, excluding (a) any placing agents and/or financial advisers providing advisory services for fundraising, mergers or acquisition, and (b) auditors, valuers and/or other professional service providers of the Group who provide assurance or are required to perform their services with impartiality and objectivity

“Service Provider Sublimit”	has the meaning as defined in paragraph 5.2 of “APPENDIX II – SUMMARY OF THE PRINCIPAL TERMS OF THE NEW SHARE OPTION SCHEME” to this document
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of \$0.1 each in the share capital of the Company (or of such other nominal amount as comprising the ordinary share capital of the Company as shall result from a sub-division or a consolidation of the share capital of the Company from time to time)
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	an amount equal to the Option Price multiplied by the relevant number of Shares in respect of which the Option is exercised
“substantial Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

LETTER FROM THE CHAIRMAN



EVA Precision Industrial Holdings Limited

億和精密工業控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 838)

Executive Directors:

Zhang Hwo Jie (*Chairman*)

Zhang Jian Hua (*Vice Chairman*)

Zhang Yaohua (*Chief Executive*)

Independent Non-executive Directors:

Lam Hiu Lo

Chai Ngai Chiu Sunny

Ling Kit Sum

Registered Office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Principal place of business in Hong Kong:

Unit 8, 6th Floor

Greenfield Tower

Concordia Plaza

No. 1 Science Museum Road

Kowloon

Hong Kong

25 April 2023

To the Shareholders and, for information only, holders of Options

Dear Sir or Madam,

PROPOSALS FOR
(1) RE-ELECTION OF RETIRING DIRECTORS
(2) GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES
AND
(3) ADOPTION OF NEW SHARE OPTION SCHEME AND TERMINATION OF
THE EXISTING SHARE OPTION SCHEME

INTRODUCTION

The purpose of this document is to provide you with information regarding the resolutions to be proposed at the AGM in relation to (1) the re-election of the retiring Directors; (2) the grant to the Directors of general mandates to allot, issue and deal with additional Shares and to repurchase Shares; and (3) the adoption of the New Share Option Scheme and termination of the Existing Share Option Scheme.

LETTER FROM THE CHAIRMAN

(1) RE-ELECTION OF RETIRING DIRECTORS

In accordance with article no. 84 of the Articles, Mr. Zhang Yaohua and Ms. Ling Kit Sum will retire by rotation at the AGM and, being eligible, have offered themselves for re-election.

The qualifications, previous experience and major appointments of all the Directors who stand for re-election at the AGM are set out in the “Directors and Senior Management Profile” section contained in the 2022 Annual Report, which is sent to the Shareholders together with this document. The biographical details of each of the said Directors, as required to be disclosed pursuant to rule 13.74 of the Listing Rules, are set out below for the Shareholders’ consideration.

1. Zhang Yaohua (aged 50)

Mr. Zhang Yaohua is the chief executive of the Group, and is also a director of certain subsidiaries of the Group. He was one of the co-founders of the Group in 1993 and was appointed as a Director on 11 January 2005. Mr. Zhang is responsible for the Group’s operation and management. He has more than 25 years of operational management experience in the industry of precision mould and component manufacturing. He is a member of the Hong Kong and Macau Committee of the 7th Shenzhen Committee of the Chinese People’s Political Consultative Conference (深圳市第七屆政協港澳委員). Mr. Zhang is also the vice chairman of the 8th executive committee of Shenzhen Federation of Industry & Commerce (深圳市工商業聯合會) and the executive president of Shenzhen Machinery Association (深圳市機械行業協會). Mr. Zhang did not hold any directorship in other listed companies in the last three years.

As at the Latest Practicable Date, Mr. Zhang Yaohua had personal interests (within the meaning of Part XV of the SFO) in 40,164,000 Shares and options to subscribe for 18,700,000 Shares under the Existing Share Option Scheme. Mr. Zhang Yaohua was also deemed to be interested in 156,000 Shares through the interest of his spouse. Mr. Zhang Yaohua is a brother of Mr. Zhang Hwo Jie (an executive Director and the chairman of the Board) and Mr. Zhang Jian Hua (an executive Director and the vice chairman of the Board). Save as disclosed above, Mr. Zhang Yaohua does not have any relationship with any other Directors, senior management or substantial or controlling Shareholders or hold any other position with the Company or any member of the Group.

Mr. Zhang Yaohua has entered into a service agreement with the Company for a term of two years commencing on 1 April 2022 which can be terminated by either party giving the other not less than one month’s written notice. Mr. Zhang is subject to retirement by rotation and re-election at the annual general meeting of the Company under the Articles.

LETTER FROM THE CHAIRMAN

2. Ms. Ling Kit Sum (aged 68)

Ms. Ling Kit Sum (alias: Ling Imma Kit Sum) was appointed as an independent non-executive Director on 1 July 2020. She is the chairman of the Company's audit committee. Ms. Ling does not hold any other position with the Company or any member of the Group or have any relationship with any other Directors, senior management or substantial or controlling Shareholders.

Ms. Ling has over 30 years of experience in the field of auditing and accounting. She was an assurance partner of PricewaterhouseCoopers before she retired from the partnership in June 2013. Ms. Ling is a council member and the treasurer of The Education University of Hong Kong. Ms. Ling is also a council member of The Hong Kong Federation of Youth Groups and an executive committee member of the Hong Kong Youth Hostels Association. She was appointed as an independent manager of the incorporated management committee of Ng Yuk Secondary School, aided school, in February 2023. She also served as a member of the Appeal Board Panel (Town Planning) from October 2016 to September 2022, and a member of the Hospital Governing Committee of the Hospital Authority from April 2015 to March 2022. She is also a member of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants, the Chartered Professional Accountants of Canada and the Chartered Institute of Management Accountants. She is an accredited general mediator. Ms. Ling is an independent non-executive director of Arta TechFin Corporation Limited, Wise Ally International Holdings Limited and Raymond Industrial Limited, all of which are listed on the Stock Exchange. Ms. Ling was an independent non-executive director of Digital Hollywood Interactive Limited from 2017 to 2021. Digital Hollywood Interactive Limited is listed on the Stock Exchange. Save as disclosed, Ms. Ling did not hold any directorship in other listed companies in the last three years.

As at the Latest Practicable Date, Ms. Ling had personal interests (within the meaning of Part XV of the SFO) in options to subscribe for 400,000 Shares under the Existing Share Option Scheme.

Ms. Ling has entered into a service agreement with the Company for a term of two years commencing from 1 July 2022 which can be terminated by either party giving to the other party not less than one month's prior written notice. Ms. Ling is subject to retirement by rotation and re-election at the annual general meeting of the Company under the Articles.

Directors' Emoluments

- (a) Mr. Zhang Yaohua is entitled under his service agreement to a basic annual salary of currently \$5,760,000 and a fixed one-month year-end bonus of \$480,000.
- (b) Mr. Zhang Yaohua is also entitled under his service agreement to:
 - (i) a discretionary year-end bonus of an amount to be determined by the Board and the remuneration committee of the Company;

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- (ii) participate in any bonus scheme that may be introduced by the Company; and
 - (iii) participate in the mandatory provident fund scheme of the Company and may also be entitled to other employees' benefits, including bonus and car allowance.
- (c) Ms. Ling Kit Sum is entitled under her service agreement to receive an annual director's fee of currently \$160,000.
- (d) The emoluments of all Directors are determined on the basis of the relevant Director's experience, level of responsibilities within the Group and the current market situation.

Save for the information set out in this section and in the 2022 Annual Report, there is no other matter that needs to be brought to the attention of the Shareholders or any information that should be disclosed under paragraphs (h) to (v) of rule 13.51(2) of the Listing Rules.

(2) GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

As the general mandates granted to the Directors to allot, issue, and deal with additional Shares and to repurchase Shares respectively pursuant to resolutions passed by the Shareholders at the Company's annual general meeting held on 18 May 2022 will lapse at the conclusion of the AGM, resolutions will be proposed at the AGM to renew the grant of these general mandates. The relevant resolutions, in summary, are:

- an ordinary resolution to grant to the Directors a general and unconditional mandate to allot, issue, and deal with additional securities of the Company (including, inter alia, offers, agreements, options, warrants or similar rights in respect thereof) not exceeding 20% of the aggregate number of the Company's issued Shares as at the date of passing the relevant resolution for the period from the close of the AGM until the conclusion of the next annual general meeting of the Company (or such earlier period as stated in the resolution) (the "**Issue Mandate**"). On the basis of 1,740,919,800 Shares in issue as at the Latest Practicable Date, and assuming no further Shares will be issued or repurchased by the Company on or before the date of the AGM, the Company would be allowed under the Issue Mandate to issue a maximum of 348,183,960 Shares;
- an ordinary resolution to grant to the Directors a general and unconditional mandate to exercise all the powers of the Company to repurchase such number of Shares not exceeding 10% of the aggregate number of the Company's issued Shares as at the date of passing the relevant resolution for the period from the close of the AGM until the conclusion of the next annual general meeting of the Company (or such earlier period as stated in the resolution) (the "**Repurchase Mandate**"). On the basis of 1,740,919,800 Shares in issue as at the Latest Practicable Date, and assuming no further Shares will be issued or repurchased by the Company on or before the date of the AGM, the exercise of the Repurchase Mandate in full would result in up to 174,091,980 Shares being repurchased by the Company; and

LETTER FROM THE CHAIRMAN

- conditional on the passing of the resolutions to grant the Issue Mandate and the Repurchase Mandate, an ordinary resolution to authorise the Directors to exercise the powers of the Company to allot, issue, and deal with additional securities under the Issue Mandate by adding those Shares repurchased by the Company pursuant to the Repurchase Mandate.

The explanatory statement providing the requisite information regarding the Repurchase Mandate as required to be sent to Shareholders under the Listing Rules is set out in “APPENDIX I – EXPLANATORY STATEMENT FOR THE REPURCHASE MANDATE” to this document.

(3) ADOPTION OF THE NEW SHARE OPTION SCHEME AND TERMINATION OF THE EXISTING SHARE OPTION SCHEME

Termination of the Existing Share Option Scheme

The Existing Share Option Scheme was adopted by the Company on 21 May 2015, and is valid and effective for a period of ten (10) years from the date of its adoption, and will expire on 21 May 2025.

Pursuant to the terms of the Existing Share Option Scheme, the maximum number of Shares in respect of which share options may be granted by the Company under the Existing Share Option Scheme must not exceed 10% of the Shares in issue as at the date of adoption of the Existing Share Option Scheme (being 186,405,180 Shares), unless further Shareholders’ approval was obtained by the Company to refresh such limit. At the annual general meeting of the Company held on 21 May 2018 (the “**2018 AGM**”), such limit under the Existing Share Option Scheme was refreshed with Shareholders’ approval, and the maximum number of Shares which may be issued in respect of all share options granted by the Company under the Existing Share Option Scheme under the refreshed limit shall not in aggregate exceed 172,901,180 Shares, representing 10% of the Shares in issue as at the date of the 2018 AGM. Since the adoption of the Existing Share Option Scheme and up to the Latest Practicable Date, 137,350,000 share options were granted under the Existing Share Option Scheme prior to the 2018 AGM, and a further 69,200,000 share options were granted under the Existing Share Option Scheme after the refreshment of the limit at the 2018 AGM, of which (i) 32,538,000 share options were exercised, (ii) 54,512,000 share options had lapsed; and (iii) none of the share options had been cancelled. As at the Latest Practicable Date, the Company had 119,500,000 outstanding share options granted under the Existing Share Option Scheme, which shall continue to be valid and exercisable during the prescribed exercisable period in accordance with the rules of the Existing Share Option Scheme.

The Company does not intend to grant any further share options under the Existing Share Option Scheme prior to the AGM.

Pursuant to the Consultation Conclusions on Proposed Amendments to Listing Rules relating to Share Schemes of Listed Issuers and Housekeeping Rule Amendment published by the Stock Exchange in July 2022, Chapter 17 of the Listing Rules was amended with effect from 1 January 2023. In light of the above, the Company proposes to terminate the Existing Share Option Scheme and adopt the New Share Option Scheme to replace the Existing Share Option Scheme. Pursuant to the terms of the Existing Share Option Scheme, the Company may by an ordinary resolution in general meeting terminate the operation of the Existing Share Option Scheme. Upon such termination, no further share

LETTER FROM THE CHAIRMAN

options may be granted under the Existing Share Option Scheme, but in all other respects, the provisions of the Existing Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any share options granted prior thereto or otherwise as may be required in accordance with the terms of the Existing Share Option Scheme and share options granted under the Existing Share Option Scheme prior to such termination shall continue to be valid and exercisable in accordance with the rules of the Existing Share Option Scheme.

Adoption of the New Share Option Scheme

The Company proposes to adopt the New Share Option Scheme to replace the Existing Share Option Scheme, and the terms of the New Share Option Scheme will comply with the requirements of the amended Chapter 17 of the Listing Rules which has taken effect from 1 January 2023.

Reasons for the adoption of the New Share Option Scheme

The Board proposes the adoption of the New Share Option Scheme, which will be valid and effective for a period of ten (10) years from the Effective Date. The purpose of the New Share Option Scheme is to replace the Existing Share Option Scheme and provide the Eligible Participants with an opportunity to obtain an equity interest in the Company, thus linking their interest with the interests of the Group and thereby providing them with an incentive to work better for the interests of the Group by granting Options to them as incentives or rewards.

(a) Eligible Participants

Eligible Participants include Employee Participants and Service Providers. In determining the eligibility of an Eligible Participant, the Board would take into consideration such Eligible Participant's contribution (or, with respect to an Employee Participant, potential contribution) to the development and growth of the Group. In assessing whether Options are to be granted to any Eligible Participant, the Board will take into account various factors, including but not limited to, the nature and extent of contributions provided by such Eligible Participant to the Group (or potential contributions that may be provided by an Employee Participant to the Group), the special skills or technical knowledge possessed by them which is beneficial to the continuing development of the Group, the positive impacts which such Eligible Participant has brought (or, with respect to Employee Participants, will potentially bring) to the Group's business and development, and whether granting Options to such Eligible Participant is an appropriate incentive to motivate such Eligible Participant to continue to contribute towards the betterment of the Group. The Board also has the discretion to specify certain conditions (including but not limited to performance targets and vesting conditions) on the Options to be granted to such Eligible Participants, which allows the Board to have the flexibility to take into consideration the particular circumstances relevant to each grant to an Eligible Participant and to offer more meaningful incentives or rewards which align with the purpose of the Scheme.

The assessment criteria for the selection of Employee Participants are set out in paragraph 2.3 and of "APPENDIX II – SUMMARY OF THE PRINCIPAL TERMS OF THE NEW SHARE OPTION SCHEME" to this document, which include, among others, the qualifications, experience and other qualities, the performance, time commitment and employment conditions

LETTER FROM THE CHAIRMAN

as compared to the prevailing market practice and industry standards, the length of engagement with the Group, and the contributions or potential contributions to the development and growth of the Group. The Board considers that granting Options to Employee Participants will motivate them to contribute to the long-term development and growth of the Group, and will also assist the Group in recruiting and retaining quality staff which will benefit the Group as a whole, and therefore aligns with the purpose of the New Share Option Scheme.

The Board (including the independent non-executive Directors) is also of the view that, apart from the contributions of Employee Participants, Service Providers (which include (i) persons who may have stepped down from directorship or employment position within the Group, but continues to provide advisory or consultancy services to the Group; and (ii) other advisors, consultants or consultants and/or independent contractors providing advisory services, consultancy and or other professional services to the Group (such as industry-specific advice on the Group's business and technical, financial or corporate management and strategic advice) where the continuity and frequency of their services are akin to those of employees) also contribute to the continued success of the Group's business and operations.

Persons who were previously directors or employees of the Group are experienced with, and are accustomed to, the business needs and strategies of the Group, and are familiar with the industry in which the Group operates. They are, therefore, in a strong position to provide meaningful guidance, advice and other support to the Group in the long term.

In addition, a sustainable and stable collaborative relationship with persons outside the Group such as advisors, consultants and/or independent contractors who have the relevant industry knowledge and experience are also essential to the development and growth of the Group, particularly given the specialised and technical skills and expertise, such as market development, technical specifications and requirements, and production management, required for the Group's development and growth in various business segments, including further expansion of the Group's existing segments of office automation equipment and automotive components, and expansion plans in new segments, such as the automobile and new energy vehicle sector and the information technology application innovation industry in Hong Kong and overseas markets.

The assessment criteria for the selection of Service Providers are set out in paragraph 2.4 of "APPENDIX II – SUMMARY OF THE PRINCIPAL TERMS OF THE NEW SHARE OPTION SCHEME" to this document, which include, among others, the qualifications, experience and other qualities, the performance and track record of the quality of services provided, the length of engagement with the Group, the materiality of their business dealings with the Group and the benefits, strategic value, business opportunities and external connections brought by such Service Provider to the Group. The Board (including the independent non-executive Directors) considers that granting Options to Service Providers will incentivise them to provide quality services to the Group on a long term basis and strengthen their loyalty with the Group, as such incentives are a more long-lasting recognition of their contributions to the Group as compared to expending cash resources in the form of one-off monetary payments, and will also link their interests with the interests of the Group moving forward. Given the above considerations, the Board (including the independent non-executive

LETTER FROM THE CHAIRMAN

Directors) is of the view that the inclusion of Service Providers as Eligible Participants are in line with the Company's business needs, and aligns with the purpose of the Scheme and the long term interests of the Company and the Shareholders as a whole.

(b) *Scheme Limit and Service Provider Sublimit*

As at the Latest Practicable Date, there were 1,740,919,800 Shares in issue. Assuming that no further Shares will be issued or repurchased by the Company from the Latest Practicable Date up to the Effective Date, (i) the maximum number of Shares which may be issued in respect of all Options granted under the New Share Option Scheme and any options or awards granted under any other schemes of the Group shall not in aggregate exceed 174,091,980 Shares, representing 10% of the Shares in issue as at the Effective Date and (ii) the maximum number of Shares which may be issued in respect of all Options granted to Service Providers under the New Share Option Scheme and any options or awards granted to Service Providers under any other schemes of the Group shall not in aggregate exceed 17,409,198 Shares, representing 1% of the Shares in issue as at the Effective Date.

In determining the Service Provider Sublimit (namely, 1% of the Shares in issue as at the Effective Date or the relevant date of approval of any refreshment of the Service Provider Sublimit in accordance with the terms of the New Share Option Scheme), the Board has considered, among other things, (i) the importance of striking a balance between achieving the purpose of the New Share Option Scheme and protecting the Shareholders from the potential dilutive effect arising from grants of a substantial amount of Options to Service Providers; (ii) the fees and other payment arrangements with Service Providers of the Group; (iii) the current and expected contribution to the development and growth of the Company attributable to Service Providers; and (iv) the Company expects that a majority of Options will be granted to Employee Participants, and therefore the need to reserve a larger portion of the Scheme Limit for grants to Employee Participants. Given the above, the Board considers that a Service Provider Sublimit of 1% would not lead to an excessive dilution of the shareholding of the existing Shareholders. Further, taking into account that (i) the Company has no other share schemes other than the New Share Option Scheme after termination of the Existing Share Option Scheme; and (ii) the assessment criteria for the selection of Service Providers as disclosed in the paragraph headed “(a) *Eligible Participants*” above allows the flexibility for the Board to consider and evaluate a variety of factors at its discretion to ensure the grant of Options are to eligible Service Providers, the Board (including the independent non-executive Directors) is of the view that, the Service Provider Sublimit is in line with the Company's business needs, and aligns with the purpose of the Scheme and the long term interests of the Company and the Shareholders as a whole.

The maximum number of Shares which may be issued in respect of all Options granted to any Eligible Participant (including both exercised and outstanding Options, but excluding any Options lapsed in accordance with the terms of the New Share Option Scheme) in any twelve (12) month period up to and including the Date of Grant must not exceed 1% of the Shares in issue as at the Date of Grant.

LETTER FROM THE CHAIRMAN

(c) *Vesting period*

Generally, under the New Share Option Scheme, Options must be held by the Option holder for at least twelve (12) months before the Option can be exercised.

However, the Board and the remuneration committee of the Company consider that, to fully achieve the purpose of the New Share Option Scheme, there are circumstances where a strict twelve (12) month vesting period would not be feasible or would not be fair to certain Employee Participants, and the terms of the New Share Option Scheme allow the Board to exercise its discretion to specify a shorter vesting period for Employee Participants in those circumstances, which are set out in paragraph 11.2 of “APPENDIX II – SUMMARY OF THE PRINCIPAL TERMS OF THE NEW SHARE OPTION SCHEME” to this document. In particular, the Board may specify that a shorter vesting period is applicable to an Employee Participant where:

- (i) there is a need for the Company to retain flexibility to formulate its own talent recruitment and retention strategies in order to offer a competitive remuneration package to recruit and retain individuals in response to changing market conditions and industry competition, such as, depending on the individual circumstances, (A) granting “make-whole” Options to new joiners, in order to replace the share options and/or share awards forfeited when leaving their previous employers, as part of the competitive remuneration package offered by the Group (please refer to paragraph 11.2(a) of Appendix II); (B) incentivising Employee Participants to meet performance targets with accelerated vesting by imposing performance-based vesting conditions instead of time-based vesting conditions (please refer to paragraph 11.2(c) of Appendix II); or (C) granting Options with a mixed or accelerated vesting schedule where such Options may vest evenly over a twelve (12) month period (please refer to paragraph 11.2(e) of Appendix II);
- (ii) the Employee Participant's employment has been terminated (A) due to death, ill health, injury or disability or the occurrence of any event outside the control of the Company (please refer to paragraph 11.2(b) of Appendix II); or (B) due to retirement, redundancy which is not as a result of or relating to any fault of such Employee Participant or any event which is within the control of the Company (please refer to paragraph 11.2(f) of Appendix II), each of which would result in the Employee Participant being allowed to exercise the relevant Option within a period specified by the New Share Option Scheme after the relevant event, and failing which a lapse of the relevant Option in accordance with paragraph 14 of “APPENDIX II – SUMMARY OF THE PRINCIPAL TERMS OF THE NEW SHARE OPTION SCHEME” to this document; and
- (iii) granting Options that are made in batches during a year for administrative and compliance reasons, which include Options that should have been granted earlier if not for such administrative or compliance reasons (please refer to paragraph 11.2(d) of Appendix II), in order to reflect the time from when the Option would have been granted.

LETTER FROM THE CHAIRMAN

The Board is of the view that the measure of providing a shorter vesting period as set out above will be (i) effective in attracting and retaining talents and incentivising the relevant Employee Participants to expedite the process of achieving relevant performance targets imposed by the Group; and (ii) necessary for administrative and compliance reasons.

As such, the Board and the remuneration committee of the Company are of the view that the specific circumstances, where a shorter vesting period is permitted, as set out in paragraph 11.2 of “APPENDIX II – SUMMARY OF THE PRINCIPAL TERMS OF THE NEW SHARE OPTION SCHEME” to this document are in line with the market practice and appropriate, reasonable and align with the purpose of the New Share Option Scheme to provide the Eligible Participants with an opportunity to obtain an equity interest in the Company, thus linking their interest with the interests of the Group and thereby providing them with an incentive to contribute to growth and success of the Group with enhanced quality and efficiency.

(d) *Basis of determining the Option Price*

Eligible Participants to whom Options shall be granted are entitled to subscribe for the number of Shares at the Option Price as the Board may determine, but in any event the Option Price shall at least be the higher of (i) the nominal value of the Shares; (ii) the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet on the date of the Offer, which must be a business day; and (iii) the average closing price of the Shares as stated in the Stock Exchange’s daily quotations sheets for the five business days immediately preceding the date of the Offer, or (where applicable) such price as from time to time adjusted upon the occurrence of any Relevant Event pursuant to the terms of the New Share Option Scheme, as further set out in paragraph 3 of “APPENDIX II – SUMMARY OF THE PRINCIPAL TERMS OF THE NEW SHARE OPTION SCHEME” to this document. The Directors consider that such basis of determining the Option Price will preserve the value of the Company and encourage Eligible Participants to acquire proprietary interests in the Company.

(e) *Performance targets and clawback mechanism*

The Board may, in its discretion, set out in the Offer Letter that the Eligible Participant must attain certain performance targets before the Options granted to such Eligible Participant may be exercised. Such performance targets include, without limitation, revenue, profit (before or after income tax), cash flow (before or after dividends), earnings per share, market value or economic value added, return on assets, return on equity, return on investment, share price, return on shareholders’ equity, cost reductions (including expense management), customer satisfaction metrics, product quality metrics, research and development milestones, productivity and operating margins and results, and other targets as the Board may from time to time determine, as more specifically set out in paragraph 12 of “APPENDIX II – SUMMARY OF THE PRINCIPAL TERMS OF THE NEW SHARE OPTION SCHEME” to this document.

The Board may also, in its discretion, set out in the Offer Letter that any Option prior to it being exercised may be subject to a clawback or a longer vesting period or such other conditions or limitations as the Board may decide in the event of serious misconduct, a

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material misstatement in the Company's financial statements or other circumstances as more specifically set out in paragraph 13 of "APPENDIX II – SUMMARY OF THE PRINCIPAL TERMS OF THE NEW SHARE OPTION SCHEME" to this document.

The Board is of the view that such performance targets and clawback mechanism will provide the Board with more flexibility and guidance to impose appropriate conditions after taking into consideration the particular circumstances relevant to each grant to an Eligible Participant and to offer more meaningful incentives or rewards which align with the purpose of the Scheme.

Conditions precedent to the adoption of the New Share Option Scheme

The adoption of the New Share Option Scheme is conditional upon:

- (a) the passing of an ordinary resolution at the AGM to (i) terminate the Existing Share Option Scheme; (ii) approve the adoption of the New Share Option Scheme, and (iii) authorise the Directors to grant Options and to allot, issue and deal with the Shares pursuant to the exercise of Options granted under the New Share Option Scheme; and
- (b) the Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in, any Shares to be issued pursuant to the exercise of Options granted under the New Share Option Scheme.

An application will be made to the Listing Committee of the Stock Exchange for the approval of the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of Options granted under the New Share Option Scheme.

General

As at Latest Practicable Date, the Company has no other share schemes other than the Existing Share Option Scheme. The Company currently does not have any intention or plan to grant Options under the New Share Option Scheme.

None of the Directors is a trustee of the New Share Option Scheme and none of the Directors has a direct or indirect interest in the trustees of the New Share Option Scheme.

A summary of the principal rules of the New Share Option Scheme is set out in "APPENDIX II – SUMMARY OF THE PRINCIPAL TERMS OF THE NEW SHARE OPTION SCHEME" to this document. A copy of the New Share Option Scheme will be made available for inspection at the AGM and will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.eva-group.com) for not less than 14 days before the date of the AGM.

As at the Latest Practicable Date, to the best knowledge of the Directors and having made all reasonable enquiries, no Shareholder had a material interest in the adoption of the New Share Option Scheme. As such, no Shareholder is required to abstain from voting on the resolutions in relation thereto.

LETTER FROM THE CHAIRMAN

(4) AGM AND POLL PROCEDURES

The notice convening the AGM is set out in “APPENDIX III – NOTICE OF AGM” to this document. At the AGM, among others, ordinary resolutions will be proposed to approve (i) the re-election of the retiring Directors; (ii) the grant to the Directors of the Issue Mandate and the Repurchase Mandate; and (iii) the adoption of the New Share Option Scheme and the termination of the Existing Share Option Scheme.

A form of proxy for use at the AGM is enclosed with this document. Whether or not you intend to attend the AGM, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon to the Company’s principal place of business at Unit 8, 6th Floor, Greenfield Tower, Concordia Plaza, No. 1 Science Museum Road, Kowloon, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the AGM should you so wish.

Pursuant to rule 13.39(4) of the Listing Rules, any votes of the Shareholders at a general meeting must be taken by poll. Accordingly, the resolutions to be proposed at the AGM will be voted by way of a poll by the Shareholders.

(5) RECOMMENDATION

The Directors consider that the resolutions to be proposed at the AGM regarding (i) the re-election of the retiring Directors; (ii) the grant to the Directors of the Issue Mandate and the Repurchase Mandate; and (iii) the adoption of the New Share Option Scheme and termination of the Existing Share Option Scheme are in the best interests of the Company and its Shareholders as a whole. Accordingly, the Directors recommend Shareholders to vote in favour of the proposed resolutions.

Yours faithfully,
Zhang Hwo Jie
Chairman

This is the explanatory statement required by rule 10.06(1)(b) of the Listing Rules to be given to all Shareholders relating to a resolution to be proposed at the AGM authorising the Repurchase Mandate.

1. EXERCISE OF THE REPURCHASE MANDATE

Exercise in full of the Repurchase Mandate, on the basis of 1,740,919,800 Shares in issue as at the Latest Practicable Date and assuming no further Shares will be issued or repurchased by the Company on or before the date of the AGM, could result in up to 174,091,980 Shares being repurchased by the Company during the period from the passing of the resolution relating to the Repurchase Mandate up to 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 Articles or any applicable laws to be held; and (iii) the revocation, variation or renewal of the Repurchase Mandate by ordinary resolution of the Shareholders in general meeting.

2. REASONS FOR REPURCHASES

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

3. FUNDING OF REPURCHASES

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its Articles and the applicable laws of the Cayman Islands. Such funds include profits available for distribution.

4. GENERAL

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 latest published audited accounts as contained in the 2022 Annual Report) in the event that the Repurchase Mandate is exercised in full. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or on the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

5. DIRECTORS, THEIR CLOSE ASSOCIATES AND CORE CONNECTED PERSONS

As at the Latest Practicable Date, to the best knowledge of the Directors having made all reasonable enquiries, none of the Directors or any of their respective close associates have a present intention, in the event that the Repurchase Mandate is approved and exercised, to sell Shares to the Company. No core connected persons have notified the Company that they have a present intention to sell Shares to the Company, or have undertaken not to do so, in the event that the Repurchase Mandate is approved and exercised.

6. UNDERTAKING

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

7. THE HONG KONG CODE ON TAKEOVERS AND MERGERS

If as a result of a repurchase of Shares, 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. As a result, a Shareholder, or a group of Shareholders acting in concert (within the meaning under the Takeovers Code), depending on the level of increase in the Shareholder's interests, 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. A waiver of this provision would not normally be given except in extraordinary circumstances. As at the Latest Practicable Date, approximately 38.70% of the issued Shares was held by Prosper Empire Limited which is wholly-owned by Mr. Zhang Hwo Jie (an executive Director and the chairman of the Board) and his brother, Mr. Zhang Yaohua (an executive Director and the chief executive of the Company). In addition, Mr. Zhang Hwo Jie and Mr. Zhang Yaohua had or were taken or deemed to have an aggregate interest of approximately 3.93% of the issued Shares.

In the event that the Directors exercise in full the power to repurchase Shares which is proposed to be granted at the AGM, and assuming no further Shares will be issued by the Company, the number of issued Shares held by Prosper Empire Limited would be increased from 38.70% to 43.00% thereby triggering an obligation to make a mandatory offer under rule 26 of the Takeover Code. The Directors, however, have no present intention of exercising the Repurchase Mandate to such extent as would result in a mandatory offer.

The Directors are not aware of any Shareholder, or group of Shareholders acting in concert, who will become obliged to make a mandatory offer as a result of repurchases of Shares.

8. SHARE REPURCHASES MADE BY THE COMPANY

During the six months immediately preceding the Latest Practicable Date, the Company has repurchased the Shares (whether on the Stock Exchange or otherwise) as follows:

	Number of Shares repurchased	Highest price paid per Shares (\$)	Lowest price paid per Share (\$)
13 October 2022	450,000	1.200	1.190
14 October 2022	500,000	1.250	1.230
17 October 2022	236,000	1.240	1.220
18 October 2022	250,000	1.260	1.250
19 October 2022	650,000	1.290	1.280
20 October 2022	914,000	1.260	1.190

9. SHARE PRICES

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

	Highest (\$)	Lowest (\$)
April 2022	1.690	1.170
May 2022	1.570	1.200
June 2022	1.640	1.330
July 2022	2.280	1.290
August 2022	2.140	1.500
September 2022	1.620	1.270
October 2022	1.370	1.000
November 2022	1.250	1.000
December 2022	1.260	0.940
January 2023	1.300	0.960
February 2023	1.430	1.110
March 2023	1,200	0.970
April 2023 (<i>up to the Latest Practicable Date</i>)	0.990	0.830

Set out below is a summary of the principal terms of the New Share Option Scheme.

1. PURPOSE

The purpose of the New Share Option Scheme is to provide the Eligible Participants with an opportunity to obtain equity interest in the Company, thus linking their interest with the interests of the Group and thereby providing them with an incentive to work better for the interests of the Group by granting Options to them as incentives or rewards.

2. WHO MAY JOIN AND THE BASIS OF DETERMINING ELIGIBILITY OF ELIGIBLE PARTICIPANTS

- 2.1 The Board may at any time within the period of ten (10) years from the Effective Date at its absolute discretion (subject to any conditions, restrictions or limitations as it may think fit) offer to an Eligible Participant an Option to subscribe at the Option Price (as determined in accordance with paragraph 3 below) for such number of Shares as the Board may determine.
- 2.2 The eligibility of any of the Eligible Participants to an Offer shall be determined by the Board from time to time on the basis of the Board's opinion as to the Eligible Participant's contribution (or, with respect to Employee Participants, potential contribution) to the development and growth of the Group. In assessing whether Options are to be granted to any Eligible Participant, the Board shall take into account various factors, including but not limited to, the nature and extent of contributions provided by such Eligible Participant to the Group (or potential contributions that may be provided by an Employee Participant to the Group), the special skills or technical knowledge possessed by them which is beneficial to the continuing development of the Group, the positive impacts which such Eligible Participant has brought (or, with respect to Employee Participants, will potentially bring) to the Group's business and development, and whether granting Options to such Eligible Participant is an appropriate incentive to motivate such Eligible Participant to continue to contribute towards the betterment of the Group.
- 2.3 In assessing the eligibility of Employee Participants, the Board will consider, among others:
- (a) the Employee Participant's skills, educational and professional qualifications, knowledge, experience, expertise and other relevant personal qualities;
 - (b) the Employee Participant's performance, time commitment, responsibilities, employment conditions as compared to the prevailing market practice and industry standards;
 - (c) the Employee Participant's length of engagement with the Group; and
 - (d) the nature and extent of the Employee Participant's contribution made or potential contribution to the development and growth of the Group.

- 2.4 In assessing the eligibility of Service Providers, the Board will consider, among others:
- (a) the skills, professional qualifications, knowledge and industry experience and expertise of the Service Provider;
 - (b) the performance of and the track record in the quality of services provided by the Service Provider;
 - (c) the length of engagement or collaboration between the Service Provider and the Group;
 - (d) the materiality, scale and nature of the business dealings between the Service Provider and the Group (such as whether they relate to the core business of the Group and whether such business dealings could be readily replaced by third parties);
 - (e) the fees chargeable by the Service Provider as compared to the prevailing market fees chargeable by other third parties;
 - (f) the benefits and strategic value brought by the Service Provider to the Group's development, growth and future prospects in terms of the profits and/or income, or the reduction in costs, which is attributable to such Service Provider's engagement or collaboration with the Group; and
 - (g) the business opportunities and external connections that the Service Provider has introduced or will potentially introduce to the Group.

3. OPTION PRICE

The price per Share payable on the exercise of an Option granted under the New Share Option Scheme shall be at such price per Share as the Board may determine, but in any event such price per Share shall at least be the higher of:

- (a) the nominal value of the Shares;
- (b) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of Offer, which must be a business day; and
- (c) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of the Offer,

or (where applicable) such price as from time to time adjusted upon the occurrence of any Relevant Event pursuant to the terms of the New Share Option Scheme, as further set out in paragraph 19 below.

4. ACCEPTANCE OF OFFER

- 4.1 An Offer may be accepted, in whole or in part, in a board lot of dealing in Shares on the Stock Exchange or an integral multiple thereof and in writing received by any of the Directors or the company secretary of the Company until 5:00 p.m. on the date specified in the Offer Letter, provided that no such Offer shall be accepted after the expiry of the period of ten (10) years from the Effective Date or after the New Share Option Scheme has been terminated in accordance with the rules thereof.
- 4.2 The Offer shall be deemed to have been accepted and the Option to which such Offer relates shall be deemed to have been granted and to have taken effect when the duplicate of the Offer Letter comprising acceptance of such Offer duly signed by the Eligible Participant to which such Offer is made, with the number of Shares in respect of which such Offer is accepted clearly stated therein, together with payment of \$1.00 by way of consideration for the grant thereof is received by the Company within twenty-one (21) days from the date of such Offer or within such other period of time as the Board may determine in accordance with the Listing Rules. Such payment shall in no circumstances be refundable nor deemed to be part of the Subscription Price.

5. MAXIMUM NUMBER OF SHARES FOR WHICH OPTIONS MAY BE GRANTED

- 5.1 The maximum number of Shares which may be issued upon exercise of all Options granted under the New Share Option Scheme and any share options or share awards granted under any other schemes of the Group shall not in aggregate exceed 174,091,980, representing 10% of the Shares in issue as at the Effective Date (the “**Scheme Limit**”), unless the Company obtains an approval from the Shareholders pursuant to paragraphs 5.4 or 5.5 below.
- 5.2 Subject to paragraph 5.1 above, the maximum number of Shares which may be issued upon exercise of all Options granted to Service Providers and any share options or share awards granted to Service Providers under any other schemes of the Group within the Scheme Limit under the New Share Option Scheme shall not in aggregate exceed 17,409,198 Shares, representing 1% of the Shares in issue as at the Effective Date (the “**Service Provider Sublimit**”).
- 5.3 If the Company conducts a share consolidation or subdivision after the Scheme Limit or the Service Provider Sublimit has been approved in general meeting, the maximum number of Shares that may be issued in respect of all Options, share options and share awards to be granted under all of the schemes of the Group under the Scheme Limit or the Service Provider Sublimit as a percentage of the maximum number of issued Shares at the date immediately before and after such consolidation or subdivision shall be the same, rounded to the nearest whole Share.

- 5.4 The Company must seek Shareholders' approval in general meeting to refresh the Scheme Limit and the Service Provider Sublimit under the New Share Option Scheme after three (3) years from the Effective Date or the date of Shareholders' approval for the last refreshment, provided that:
- (a) the maximum number of Shares which may be issued in respect of all options, share options and share awards to be granted under all of the schemes of the Group under the Scheme Limit as refreshed (the "**New Scheme Limit**") must not exceed 10% (and the Service Provider Sublimit as refreshed (the "**New Service Provider Sublimit**") must not exceed 1%) of the Shares in issue as at the date of the Shareholders' approval of such New Scheme Limit (and New Service Provider Sublimit);
 - (b) the Company must send a circular to the Shareholders containing (i) the number of Options, share options and share awards that were already granted under the existing Scheme Limit and the existing Service Provider Sublimit; and (ii) the reason for the refreshment, together with the notice of the relevant general meeting; and
 - (c) any refreshment to the Scheme Limit and the Service Provider Sublimit within any three (3)-year period must be approved by Shareholders, and any controlling Shareholders and their associates (or if there is no controlling Shareholder, Directors (excluding independent non-executive Directors) and the chief executive of Company and their respective associates) must abstain from voting in favour of the relevant resolution at the general meeting of the Company and in accordance with the requirements under the Listing Rules.

The requirements under paragraph 5.4(c) above do not apply if the refreshment is made immediately after an issue of securities by the Company to the Shareholders on a pro rata basis as set out in rule 13.36(2)(a) of the Listing Rules such that the unused part of the Scheme Limit (as a percentage of the total number of Shares in issue) upon refreshment is the same as the unused part of the Scheme Limit immediately before the issue of securities, rounded to the nearest whole Share.

- 5.5 The Company must seek separate Shareholders' approval in general meeting to grant Options beyond the Scheme Limit (or the Service Provider Sublimit) or the New Scheme Limit (or the New Service Provider Sublimit) (as the case may be), provided that:
- (a) the Options in excess of the Scheme Limit (or the Service Provider Sublimit) or the New Scheme Limit (or the New Service Provider Sublimit) (as the case may be) are granted only to Eligible Participants specifically identified by the Company before such approval is sought; and
 - (b) the Company must send a circular to the Shareholders containing (i) the name of each specified Eligible Participant who may be granted such Options; (ii) the number and terms of the Options to be granted to each Eligible Participant; (iii) the purpose of granting Options to the specified Eligible Participants; and (iv) an explanation as to how

the terms of the Options serve such purpose, together with the notice of the relevant general meeting. The number and terms of Options to be granted to such Eligible Participants must be fixed before the Shareholders' approval; and in respect of any Options to be granted, the date of the meeting of the Board for proposing such grant should be taken as the date of the Offer for the purpose of calculating the Option Price.

6. MAXIMUM NUMBER OF OPTIONS TO EACH ELIGIBLE PARTICIPANT

- 6.1 The maximum number of Shares which may be issued upon the exercise of all Options granted to any Eligible Participant (including both exercised and outstanding Options, but excluding any Options lapsed in accordance with the terms of the New Share Option Scheme) in any twelve (12) month period up to and including the Date of Grant must not exceed 1% of the Shares in issue as at the Date of Grant (the "**Individual Limit**").
- 6.2 The Company must seek Shareholders' approval in general meeting to grant Options in excess of this 1% limit and:
- (a) such Eligible Participant and its close associates (or its associates if such Eligible Participant is a connected person of the Company) must abstain from voting at such general meeting; and
 - (b) the Company must send a circular to the Shareholders containing (i) the identity of the Eligible Participant; (ii) the number and terms of the Options to be granted (and those previously granted to such Eligible Participant in such twelve (12) month period); (iii) the purpose of granting the Options to such Eligible Participant; and (iv) an explanation as to how the terms of the Options serve such purpose, together with the notice of the relevant general meeting. The number and terms of the Options to be granted to such Eligible Participant must be fixed before the Shareholders' approval; and in respect of any Options to be granted, the date of the meeting of the Board for proposing such further grant should be taken as the date of the Offer for the purpose of calculating the Option Price.

7. GRANT OF OPTIONS TO CONNECTED PERSONS

- 7.1 Any grant of Options to a Director, chief executive of the Company or substantial Shareholder of the Company, or any of their respective associates, must be approved by all independent non-executive Directors (excluding any independent non-executive Director who is or is proposed to be an Option holder).
- 7.2 If the Company proposes to grant Options to an independent non-executive Director or a substantial Shareholder of the Company, or any of their respective associates which will result in the Shares issued and to be issued in respect of all Options granted (excluding any Options lapsed in accordance with the terms of the New Share Option Scheme) to such person in the twelve (12) month period up to and including the Date of Grant representing in aggregate over 0.1% of the Shares in issue, such further grant of Options must be approved by the

Shareholders in general meeting. For the purpose of and in connection with the convening of such general meeting, (a) the grantee, his associates and all core connected persons of the Company must abstain from voting in favour of the relevant resolution at such general meeting; and (b) the Company must send a circular to the Shareholders setting out the details as required under rule 17.04(5) of the Listing Rules. The Company must also comply with rules 13.40, 13.41 and 13.42 of the Listing Rules.

8. RESTRICTIONS ON THE TIMES OF GRANT OF OPTIONS

The Company shall not make an Offer after any inside information has come to the knowledge of the Company until (and including) the business day after an announcement of such inside information has been published in accordance with the requirements of the Listing Rules. In particular, the Company shall not make an Offer during the period commencing one (1) month immediately preceding the earlier of:

- (a) the date of the meeting of the Board (as such date is first notified to the Stock Exchange under the Listing Rules) for approving 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 deadline for publishing an announcement of the Company's results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules),

and ending on the date of the results announcement.

9. TRANSFERABILITY OF OPTIONS

An Option is personal to the Option holder and shall not be transferred or assigned. No Option holder shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favour of any other person over or in relation to any Option, except for the transmission of an Option on the death of the Option holder to his personal representative(s) on terms of the New Share Option Scheme. Any breach of the foregoing shall entitle the Company to cancel the relevant grantee's outstanding Options in whole or in part without incurring any liability on the part of the Company.

10. EXERCISE OF OPTIONS

10.1 Subject to the rules of the New Share Option Scheme, Options may be exercised by an Eligible Participant (or in the case of his death, his personal representative(s)), in whole or in part, at any time during the period commencing from the Date of Grant and ending on such date as the Board may determine in granting the Option, but in any event not exceeding ten (10) years

from the Date of Grant (the “**Option Period**”). In order for the exercise of an Option to be effective, the secretary of the Company or any other agent designated by the Company must, prior to the expiry of the Option Period, have received:

- (a) a written notice exercising the Option, signed by or on behalf of the Option holder and specifying the number of Shares in respect of which the Option is being exercised; and
- (b) payment in full of the Subscription Price.

10.2 An Option holder is required to satisfy all the conditions (and any performance target, if required, to be achieved as pursuant to paragraph 12 below) imposed by the Board before the Option holder may exercise any of such Options.

10.3 No Director shall deal in any securities of the Company unless he fully complies with the provisions of the Model Code for Securities Transactions by Director of Listed Issuers of the Listing Rules from time to time.

11. VESTING PERIOD

11.1 Save for the circumstances as referred to in paragraph 11.2 below, an Option must be held by the Option holder for at least twelve (12) months before the Option can be exercised.

11.2 An Option which has been or may be granted to an Option holder who is an Employee Participant may have a shorter vesting period if so determined at the discretion of the Board (or the remuneration committee of the Company where the arrangements relate to a grant of Option to an Option holder who is a Director or a senior manager of the Group) in any of the following circumstances:

- (a) grants of “make-whole” Options to new joiners to replace the share options and/or share awards forfeited when leaving their previous employers;
- (b) Options which have been granted to an Employee Participant whose employment is terminated due to death, ill health, injury or disability or any out of control event;
- (c) grants of Options with performance-based vesting conditions provided in the New Share Option Scheme in lieu of time-based vesting conditions;
- (d) grants of Options that are made in batches during a year for administrative and compliance reasons, which include Options that should have been granted earlier if not for such administrative or compliance reasons. In such case, the vesting period may be shorter to reflect the time from when the Option would have been granted;
- (e) grants of Options with a mixed or accelerated vesting schedule where such Options may vest evenly over a twelve (12) month period; and

- (f) Options which have been granted to an Employee Participant whose termination is due to retirement, redundancy which is not as a result of or relating to any fault of such Employee Participant or any event which is within the control of the Company.

12. PERFORMANCE TARGETS

12.1 Subject to the terms and conditions of the New Share Option Scheme, (i) in respect of any Eligible Participant who is a Director or a senior manager, the remuneration committee of the Company may; (ii) in respect of any other Eligible Participant who is an employee of the Group, the Directors may or; (iii) in respect of any Eligible Participant who is a Service Provider, the Board (after having obtained the affirmative views from the independent non-executive Directors) may establish performance targets that must be attained by the Eligible Participant before the Options granted to such Eligible Participant may be exercised either in whole or in part, and such performance targets (if required) shall be stated in the Offer Letter. The Board shall have the authority, after the grant of any Option which is performance linked, to make fair and reasonable adjustments to the prescribed performance targets during the relevant Option Period if there is a change in circumstances, provided that any such adjustments shall be less onerous than the prescribed performance targets and are considered fair and reasonable by the Board.

12.2 The term “performance targets” shall mean any one or more performance measures related to the Eligible Participant, the Company, a department, division or business unit of the Company or the Group as a whole, which shall be assessed either annually or cumulatively over a period of time, on an absolute basis or relative basis based on pre-established targets, past or current performance or comparison to internal targets or industry performance, in each case as specified by the Board (or, as the case may be, the remuneration committee of the Company) in their sole discretion, including, without limitation, revenue, profit (before or after income tax), cash flow (before or after dividends), earnings per share, market value or economic value added, return on assets, return on equity, return on investment, share price, return on shareholders’ equity, cost reductions (including expense management), customer satisfaction metrics, product quality metrics, research and development milestones, productivity and operating margins and results, and other targets as the Board may from time to time determine.

13. CLAWBACK MECHANISM

The Board may provide in the Offer Letter that any Option prior to it being exercised may be subject to clawback or a longer vesting period or such other conditions or limitations as the Board may decide if any of the following events (“**Clawback Event**”) shall occur during the relevant Option Period:

- (a) the Option holder has been liable for a material misstatement in the financial statements of the Company; or

- (b) the Option holder being guilty of fraud or serious misconduct, regardless of whether there is any accounting restatement or a material error in calculating or determining the performance metrics or other criteria; or
- (c) if a grant or the exercise of any Option is linked to any performance targets and the Board is of the opinion that there occurred any circumstances that showed or lead to any of the prescribed performance targets having been assessed or calculated in a materially inaccurate manner; or
- (d) the Option holder has been convicted of any offence (i) involving fraud, dishonesty or corruption; (ii) under any Ordinance as set out in rule 13.51(2)(m)(ii) of the Listing Rules; or (iii) in respect of which the Option holder has been sentenced to a period of imprisonment of six (6) months or more, including suspended or commuted sentences,

and the Board may (but are not obliged to) by notice in writing to the Option holder (A) claw back such number of Options (to the extent not being exercised) granted as the Board may consider appropriate; or (B) extend the vesting period (regardless of whether the initial vesting date has occurred) in relation to all or any of the Options (to the extent not being exercised) to such longer period as the Board may consider appropriate, provided always that in each case the Board may in its absolute discretion decide that such Options shall not be clawed back or that the vesting period in relation to such Options shall not be extended, subject to such conditions or limitations as the Board may decide. The Options that are clawed back will be regarded as cancelled, and the Options so cancelled will be regarded as utilised for the purpose of calculating the Scheme Limit.

14. RIGHTS ON CESSATION AS ELIGIBLE PARTICIPANT

14.1 In the event that an Option holder who is an Employee Participant ceases to be an Eligible Participant under the New Share Option Scheme during the relevant Option Period:

- (a) by reason of ill health, injury, disability (all evidenced to the satisfaction of the Board), or because his employing company ceases to be a member of the Group, then any outstanding Offer to him shall lapse and he may exercise all his Options within a period of six (6) months of such ill-health, injury, disability or cessation, failing which such Options shall lapse and terminate at the end of the relevant period;
- (b) by reason of death, then any outstanding Offer to him shall lapse and his personal representative(s) may exercise all his Options within a period of twelve (12) months from the date of death, failing which such Options shall lapse and terminate at the end of the relevant period;
- (c) by reason of retirement in accordance with his contract of employment or upon expiration of his contract of employment or term of directorship, then any outstanding Offer to him shall lapse and he may exercise all his Options within six (6) months after he so retires or expiration of his contract of employment or term of directorship, failing which such Options shall lapse and terminate at the end of the relevant period; or

- (d) by reason of voluntary resignation other than by reason of the circumstances set out above or by termination of his employment in accordance with the termination provisions of his contract of employment by his employing company before exercising his Options in full, such Options and any outstanding Offer to him shall lapse and terminate on the date of the resignation or termination;

provided always that in each case, such Options must be held by the Option holder for at least twelve (12) months before the Option can be exercised as required in paragraph 11.1 above (or such other shorter vesting period as may be determined at the discretion of the Board in the specific circumstances set out in paragraph 11.2 above), and the Board may in its absolute discretion decide that such Options shall not so lapse or terminate subject to such conditions or limitations as the Board may decide.

- 14.2 In the event that an Option holder who is a Service Provider ceases to be an Eligible Participant under the New Share Option Scheme during the relevant Option Period by reason of his ceasing to be or qualify as a Service Provider at the sole determination of the Board, then any outstanding Offer to him shall lapse and all his Options shall lapse and terminate on the date of such cessation as notified in writing by the Board to him. Such Options must be held by the Option holder for at least twelve (12) months before the Option can be exercised.

15. RIGHTS ON GENERAL OFFERS

If a general offer by way of takeover is made to all the Shareholders and the offeror shall have obtained control of the Company as a consequence, Option holders shall, subject to paragraph 14 above, be entitled at any time within the period of one (1) month after control has been obtained to exercise the Options in whole or in part (to the extent not already exercised), notwithstanding any restrictions in the terms of grant of the Option which would otherwise have prevented the Option from being exercised during such period, provided always that such Options must be held by the Option holder for at least twelve (12) months before the Option can be exercised as required in paragraph 11.1 above (or, with respect to any Employee Participant, such other shorter vesting period as may be determined at the discretion of the Board in the specific circumstances set out in paragraph 11.2 above). Any Option that has not been so exercised within the one (1) month period shall cease and terminate.

16. RIGHTS ON WINDING-UP

In the event that a notice is duly given of a general meeting at which a resolution will be proposed for the voluntary winding-up of the Company, every Option shall subject to paragraph 14 above be exercisable in whole or in part (but so that any exercise hereunder shall only be valid if, (i) at the time of such resolution being passed, the Option shall not have ceased and terminated in accordance with any terms of the New Share Option Scheme; and (ii) provided always that such Options must be held by the Option holder for at least twelve (12) months before the Option can be exercised as required in paragraph 11.1 above (or, with respect to any Employee Participant, such other shorter vesting period as may be determined at the discretion of the Board in the specific circumstances set out in paragraph 11.2 above)) at any time thereafter until such resolution is duly passed or defeated or

the general meeting concluded or adjourned sine die, whichever shall first occur. If such resolution is duly passed, all Options shall, to the extent that they have not been exercised, thereupon cease and terminate and all outstanding Offers shall lapse.

17. RIGHTS ON COMPROMISE OR ARRANGEMENT BETWEEN THE COMPANY AND ITS MEMBERS OR CREDITORS

If a compromise or arrangement between the Company and the Shareholders or between the Company and its creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies, the Company shall give notice thereof to all Option holders on the same date as it despatches the notice which is sent to each Shareholder or creditor of the Company summoning the meeting to consider the compromise or arrangement, and thereupon each Option holder (or where permitted his personal representatives) shall forthwith and until the expiry of the period commencing with that date and ending with the earlier of the date two (2) calendar months thereafter or the date on which the compromise or arrangement is sanctioned by the court be entitled to conditional exercise of his Option in whole or in part (provided always that such Options must be held by the Option holder for at least twelve (12) months before the Option can be exercised as required in paragraph 11.1 above (or, with respect to any Employee Participant, such other shorter vesting period as may be determined at the discretion of the Board in the specific circumstances set out in paragraph 11.2 above)), on the basis that the exercise of an Option as aforesaid shall only become effective upon the compromise or arrangement being sanctioned by the court and becoming effective. Upon the compromise or arrangement becoming effective, all Options shall lapse except insofar as exercised under this paragraph and all outstanding Offers shall lapse. The Company may thereafter require each Option holder to transfer or otherwise deal with the Shares issued as a result of the exercise of Options in these circumstances so as to place the Option holder in the same position as nearly as would have been the case had the Shares been subject to the compromise or arrangement.

18. RANKING OF SHARES ISSUED UPON EXERCISE OF OPTIONS

A Share to be allotted and issued upon the exercise of an Option shall not carry voting rights and shall not be entitled to dividend or other distribution until the registration of the Option holder (or any other person nominated by the Option holder) as the holder thereof. Subject to the aforesaid, Shares allotted and issued upon the exercise of an Option will rank *pari passu* in all respects with the Shares in issue as at the date of the exercise of such Option, including in respect of those rights arising on a liquidation of the Company.

19. EFFECT ON REORGANISATION OF CAPITAL STRUCTURE

Upon any variation in the share capital of the Company arising from any reduction, sub-division or consolidation of share capital of the Company, any rights issue or the issue of any share capital of the Company by way of capitalisation of profits or reserves (each a “**Relevant Event**”), the number or nominal amount of Shares comprised in each Option and/or the Option Price thereunder may be adjusted in any manner as the Board (having received a statement in writing from the auditors or an approved independent financial adviser, acting as experts and not as arbitrators, that in their opinion

the proposed adjustments satisfy the requirements set out in the note to rule 17.03(13) of the Listing Rules and/or the rules, requirements and guidelines issued by the Stock Exchange from time to time) may determine, provided that:

- (a) no increase shall be made in the aggregate Subscription Price relating to any Option;
- (b) any adjustments should give an Option holder the same proportion of the share capital of the Company as that to which he was previously entitled prior to such adjustments;
- (c) no adjustments shall be made to the extent that a Share would be issued at less than its nominal value; and
- (d) where the Relevant Event arises from an issue of Shares, reference herein to Options shall include references to Options that have been exercised prior to the date of the adjustment in respect of Shares which otherwise do not rank and are not entitled to participate in the issue.

20. DURATION OF THE NEW SHARE OPTION SCHEME

Subject to earlier termination by the Company in general meeting, the New Share Option Scheme shall be valid and effective for a period commencing from the Adoption Date and expiring at 5:00 p.m. on the trading day immediately preceding the tenth (10th) anniversary of the Adoption Date, after which no further Options may be granted but in all other respects the terms of the New Share Option Scheme shall remain in full force and effect.

21. LAPSE OF OPTION

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

- (a) the date of expiry of the relevant Option Period;
- (b) the date on which the Option holder commits a breach as referred to in paragraph 9 above;
- (c) the expiry of the periods as referred to in paragraph 14.1 above;
- (d) the occurrence of the event as referred to in paragraph 14.2 above;
- (e) the expiry of the periods as referred to in paragraph 15 above;
- (f) the date an effective resolution is duly passed for the voluntary winding-up of the Company as referred to in paragraph 16 above; and
- (g) subject to the compromise or arrangement being sanctioned by the court and becoming effective, the expiry of the period as referred to in paragraph 17 above.

22. ALTERATION OF THE NEW SHARE OPTION SCHEME

The Board may from time to time in its absolute discretion waive, amend or otherwise alter the terms of the New Share Option Scheme, except that:

- (a) any alterations to the terms of the New Share Option Scheme relating to the matters set out in rule 17.03 of the Listing Rules to the advantage of the Option holders (existing or future) or Eligible Participants (existing or future) must be approved by the Shareholders in general meeting;
- (b) any alteration to the terms of the New Share Option Scheme, which are of a material nature, must be first approved by the Shareholders in general meeting, save that this shall not apply where the alterations take effect automatically under the existing terms of the New Share Option Scheme;
- (c) any change to the terms of Options granted to an Eligible Participant must be approved by the Board, the remuneration committee of the Company, the independent non-executive Directors and/or the Shareholders (as the case may be) if the initial grant of the Options requires such approval (except where the changes take effect automatically under the existing terms of the New Share Option Scheme);
- (d) any change to the authority of the Board to alter the terms of the New Share Option Scheme must be approved by the Shareholders in general meeting; and
- (e) the amended terms of the New Share Option Scheme or the options or awards granted thereunder must still comply with the relevant requirements of Chapter 17 of the Listing Rules.

23. CANCELLATION OF OPTIONS

Any Option granted but not exercised may be cancelled if the relevant Option holder so agrees. The Shares underlying any Options granted under the New Share Option Scheme or any share options or share awards granted under any other schemes of the Group which have been cancelled in accordance with their respective terms will be regarded as utilised for the purpose of calculating the Scheme Limit (or the New Scheme Limit). The Company may only issue new Options to the same Option holder if there are unissued Options available under the New Share Option Scheme (excluding the cancelled Options) within the Scheme Limit (or the New Scheme Limit) and in compliance with the terms of the New Share Option Scheme. The Shares underlying both the cancelled and the re-issued Options will be regarded as utilised for the purpose of calculating the Scheme Limit (or the New Scheme Limit). The Options lapsed in accordance with the terms of the New Share Option Scheme will, however, not be regarded as utilised for the purpose of calculating the Scheme Limit (or the new Scheme Limit).

24. TERMINATION OF THE NEW SHARE OPTION SCHEME

The Company may, by ordinary resolution in general meeting, terminate the operation of the New Share Option Scheme and in such event no further Options shall be offered, but in all other respects the terms of the New Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any Options granted prior thereto or otherwise as may be required in accordance with the terms of the New Share Option Scheme and Options granted prior to such termination shall continue to be valid and exercisable in accordance with the rules of the New Share Option Scheme.

25. ADMINISTRATION OF THE NEW SHARE OPTION SCHEME

The New Share Option Scheme shall be subject to the administration of the Board whose decision in relation to any disputes relating to an Option or any matter relating to the New Share Option Scheme shall be final and binding on all parties.



EVA Precision Industrial Holdings Limited
億和精密工業控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 838)

NOTICE IS HEREBY GIVEN that the annual general meeting of the shareholders of EVA Precision Industrial Holdings Limited (the “**Company**”) will be held at 24/F, Admiralty Centre 1, 18 Harcourt Road, Admiralty, Hong Kong on Thursday, 18 May 2023 at 3:00 p.m. for the following purposes:

1. To receive and consider the audited consolidated financial statements of the Company and its subsidiaries and the reports of the directors and auditor for the year ended 31 December 2022.
2. (A) To re-elect Mr. Zhang Yaohua as an executive director;
(B) To re-elect Ms. Ling Kit Sum as an independent non-executive director;
(C) To authorise the directors to fix the remuneration of the directors for the year ending 31 December 2023.
3. To declare a final dividend for the year ended 31 December 2022.
4. To re-appoint auditor and to authorise the board of directors to fix its remuneration.
5. As special business to consider and, if thought fit, pass with or without modifications, the following resolutions as ordinary resolutions:
 - 5.A. **“THAT:**
 - (a) subject to paragraph (c), the exercise by the directors of the Company during the Relevant Period of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company or securities convertible into such shares or warrants or similar rights to subscribe for any shares in the Company and to make or grant offers, agreements and options which might require the exercise of such power be and is hereby generally and unconditionally approved;
 - (b) the approval in paragraph (a) shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements and options which would or might require the exercise of such power after the end of the Relevant Period;
 - (c) the aggregate number of shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the directors of the Company pursuant to the approval in paragraph (a), otherwise than pursuant to the shares of the Company issued

as a result of a Rights Issue or pursuant to the exercise of options under the share option schemes of the Company or similar arrangement, or any scrip dividend or similar arrangement providing for the allotment of shares of the Company in lieu of the whole or part of the dividend on the shares of the Company in accordance with the Company's articles of association, shall not exceed 20% of the aggregate number of issued shares of the Company as at the date of passing of 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 date of 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 Articles of Association of the Company or any applicable laws of the Cayman Islands to be held; or
- (iii) revocation or variation of the authority given under this resolution by 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 of the Company to holders of shares of the Company on the register on a fixed record date in proportion to their holdings of such shares (subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of, any recognised regulatory body or any stock exchange in any territory outside Hong Kong)."

5.B. **"THAT:**

- (a) subject to paragraph (b), the exercise by the directors of the Company during the Relevant Period of all the powers of the Company to repurchase shares of the Company on The Stock Exchange of Hong Kong Limited (the **"Stock Exchange"**) or on any other stock exchange on which the securities of the Company may be listed and recognised by the Securities and Futures Commission and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange on which the securities of the Company may be listed as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the aggregate number of shares of the Company to be repurchased by the Company pursuant to the approval mentioned in paragraph (a) during the Relevant Period shall not exceed 10% of the aggregate number of the issued shares of the Company as at the date of passing of this resolution and the said approval shall be limited accordingly; and

- (c) the expression “**Relevant Period**” shall for the purposes of this resolution have the same meaning as assigned to it under ordinary resolution 5.A.(d) of this notice.”
- 5.C. “**THAT** conditional upon resolutions 5.A. and 5.B. above being passed, the aggregate number of shares in the capital of the Company which are repurchased by the Company under the authority granted to the directors as mentioned in resolution 5.B. above shall be added to the aggregate number of shares that may be allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to resolution 5.A., provided that the number of shares repurchased by the Company shall not exceed 10% of the total number of the issued shares of the Company as at the date of this resolution.”
6. As special business to consider and, if thought fit, pass with or without modifications, the following resolution as an ordinary resolution:

“**THAT:**

- (a) the share option scheme adopted by the Company on 21 May 2015 be and is hereby terminated (save with respect to any outstanding, issued and unexercised options thereof) with effect from the conclusion of the AGM;
- (b) conditional upon the Listing Committee of the Stock Exchange granting the approval of the listing of, and permission to deal in, the shares of the Company to be issued pursuant to the exercise of any options granted under the share option scheme referred to in the circular despatched to the shareholders of the Company on the same day as this notice, the terms of which are set out in the printed document marked “A” now produced to this meeting and for the purpose of identification signed by the Chairman of this meeting hereof (the “**New Share Option Scheme**”), the New Share Option Scheme be and is hereby approved and adopted to be the share option scheme of the Company and that the Directors be authorised:
- (i) to grant options thereunder and to allot and issue shares pursuant to the New Share Option Scheme;
- (ii) to alter and/or modify the New Share Option Scheme from time to time provided that such alteration and/or modification is effected in accordance with the provisions of the New Share Option Scheme relating to the alteration and/or modification and subject to Chapter 17 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”);
- (iii) to allot and issue from time to time such number of shares of the Company as may be required to be allotted and issued pursuant to the exercise of options granted under the New Share Option Scheme and subject to the Listing Rules; and
- (iv) to take all such steps as may be necessary or desirable to implement the New Share Option Scheme;

- (c) the Scheme Limit (as defined in the New Share Option Scheme), being that the maximum number of shares of the Company in respect of which all options and awards to be granted to Eligible Participants (as defined in the New Share Option Scheme) under all share schemes of the Company and its subsidiaries shall not in aggregate exceed 10% of the aggregate number of issued shares of the Company as at the date of passing of this resolution, be and is hereby approved and adopted, and the directors of the Company be and are hereby authorised to grant options and awards to such Eligible Participants up to the Scheme Limit, to allot, issue and deal with the shares of the Company pursuant to the exercise of such options and awards, and to do all such acts and things and to enter into all such transactions, arrangements and agreements, for and on behalf of the Company, as the directors of the Company may consider necessary, desirable or expedient in order to give full effect to and implement the Scheme Limit; and
- (d) the Service Provider Sublimit (as defined in the New Share Option Scheme), being that the maximum number of shares of the Company in respect of which all options and awards to be granted to Service Providers (as defined in the New Share Option Scheme) under all share schemes of the Company and its subsidiaries shall not in aggregate exceed 1% of the aggregate number of issued shares of the Company as at the date of passing of this resolution, be and is hereby approved and adopted, and the directors of the Company be and are hereby authorised to grant options and awards to such Service Providers up to the Service Provider Sublimit, to allot, issue and deal with the shares of the Company pursuant to the exercise of such options and awards, and to do all such acts and things and to enter into all such transactions, arrangements and agreements, for and on behalf of the Company, as the directors of the Company may consider necessary, desirable or expedient in order to give full effect to and implement the Service Provider Sublimit.”

By order of the Board
LEE Hiu Laam
Secretary

Hong Kong, 25 April 2023

Principal office:
Unit 8, 6th Floor
Greenfield Tower
Concordia Plaza
No. 1 Science Museum Road
Kowloon
Hong Kong

Notes:

1. A shareholder entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a shareholder of the Company.
2. In order to be valid, the instrument appointing a proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney or other authority, must be deposited at the principal place of business of the Company in Hong Kong at Unit 8, 6th Floor, Greenfield Tower, Concordia Plaza, No. 1 Science Museum Road, Kowloon, Hong Kong not less than 48 hours before the time appointed for holding the said meeting or adjourned meeting.
3. The register of members of the Company will be closed from Monday, 15 May 2023 to Thursday, 18 May 2023, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the meeting, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, namely, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 12 May 2023.
4. The register of members of the Company will be closed from Wednesday, 24 May 2023 to Monday, 29 May 2023, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the entitlement to the proposed final dividend, all transfers of shares of the Company accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, namely, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 23 May 2023.
5. The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.