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

If you have sold or transferred all of your shares in Huaxi Holdings Company Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee, or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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HUAXI HOLDINGS COMPANY LIMITED

華禧控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01689)

**(1) PROPOSAL FOR GENERAL MANDATES TO ISSUE NEW SHARES
AND TO REPURCHASE SHARES;
(2) PROPOSED RE-ELECTION OF RETIRING DIRECTORS;
(3) PROPOSED ADOPTION OF THE 2023 SHARE OPTION SCHEME
AND TERMINATION OF THE EXISTING SHARE OPTION SCHEME;
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the annual general meeting of Huaxi Holdings Company Limited to be held at Room 5906–5912, 59/F, The Center, 99 Queen’s Road Central, Hong Kong on Friday, 16 June 2023 at 2:30 p.m. is set out on pages 33 to 38 of this circular of the Company. A form of proxy for use at the AGM is enclosed with this circular. The form of proxy can also be downloaded from websites of the Company at www.huaxihds.com.hk and Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk.

Whether or not you are able to attend the annual general meeting, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong as soon as possible and in any event not less than forty-eight (48) hours before the time appointed for the holding of the annual general meeting or any adjournment thereof. Completion and return of the enclosed form of proxy will not preclude you from attending and voting in person at the annual general meeting or any adjourned thereof should you so wish.

28 April 2023

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	5
APPENDIX I — REPURCHASE MANDATE EXPLANATORY STATEMENT	16
APPENDIX II — PARTICULARS OF DIRECTORS TO BE RE-ELECTED AT THE AGM	19
APPENDIX III — SUMMARY OF THE PRINCIPAL TERMS OF THE 2023 SHARE OPTION SCHEME	21
NOTICE OF ANNUAL GENERAL MEETING	33

DEFINITIONS

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

“2023 Share Option Scheme”	the share option scheme of the Company proposed to be approved and adopted by the Shareholders at the AGM
“Acceptance Date”	in relation to any Option, the day on which the offer to grant such Option is accepted by the relevant Eligible Participant in accordance with the provisions of the 2023 Share Option Scheme
“Adoption Date”	the date of approval and adoption of the 2023 Share Option Scheme by the Shareholders
“AGM”	the annual general meeting of the Company to be held at Room 5906–5912, 59/F, The Center, 99 Queen’s Road Central, Hong Kong on Friday, 16 June 2023 at 2:30 p.m.
“AGM Notice”	the notice of the AGM as set out in pages 33 to 38 of this circular
“Articles”	the memorandum and articles of association of the Company
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“chief executive”	has the same meaning ascribed to it under the Listing Rules
“Company”	Huaxi Holdings Company Limited, a company incorporated in Cayman Islands with limited liability and the Shares of which are listed on the Stock Exchange
“connected person(s)”	has the same meaning as defined in 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”	in relation to any Option, the day (which must be a trading day) on which the Directors resolve to make an offer of that Option to an Eligible Participant subject to the provisions of the 2023 Share Option Scheme
“Director(s)”	the director(s) of the Company
“Effective Date”	the effective date of the 2023 Share Option Scheme

DEFINITIONS

“Eligible Participant(s)”	the Employee Participants and the Service Providers
“Employee Participant(s)”	the directors, chief executive and employees of the Company or any of its subsidiaries (including persons who are granted options under the 2023 Share Option Scheme as an inducement to enter into employment contracts with the Company or any of its subsidiaries), provided that the Board shall have absolute discretion to determine whether or not one falls within such category
“Existing Share Option Scheme”	the share option scheme of the Company adopted on 14 November 2013
“Extension Mandate”	a general and unconditional mandate to the Directors to the effect that any Shares repurchased under the Repurchase Mandate will be added to the aggregate number of Shares which may be allotted, issued and dealt with under the Issue Mandate
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Individual Limit”	has the meaning as defined in paragraph 4 of the Appendix III to this circular
“INED(s)”	the independent non-executive Director(s)
“Issue Mandate”	a general and unconditional mandate to the Directors to exercise all powers of the Company to allot, issue and otherwise deal with Shares not exceeding 20% of the aggregate number of Shares in issue on the date of passing the relevant resolution
“Latest Practicable Date”	24 April 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Option(s)”	option(s) to subscribe for Shares pursuant to the 2023 Share Option Scheme

DEFINITIONS

“Option Holder(s)”	the holder(s) of any outstanding Option or (where the context so permits) any person who is entitled to such Option in consequence of the death or disability of the original holder, or the legal personal representative of such holder
“Option Period”	in respect of any Option, the period commencing on the Acceptance Date and expiring at the close of business on a day as determined by the Directors (both days inclusive), which period may, if the Directors so determine, be set at different length for different Eligible Participants provided always that such period shall not be longer than ten (10) years from the date upon which any Option is granted in accordance with the 2023 Share Option Scheme
“Option Price”	the price per Share payable on the exercise of an Option (in whole or in part) as determined by the Directors (which price may, if the Directors so determine, be set at different levels for different periods during the Option Period) provided always that it shall comply with the provisions of the 2023 Share Option Scheme
“PRC” or “China”	the People’s Republic of China, which for the purpose of this announcement shall exclude Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Principal Subsidiary”	has the meaning ascribed to it under Rule 17.14 of the Listing Rules
“Remuneration Committee”	the remuneration committee of the Company
“Repurchase Mandate”	a general and unconditional mandate to the Directors to exercise all powers of the Company to repurchase Shares not exceeding 10% of the aggregate number of the Share of the Company in issue on the date of passing of the relevant resolution
“Scheme Mandate Limit”	has the meaning as defined in paragraph 3.1 of the Appendix III to this circular

DEFINITIONS

“Service Provider(s)”	any person(s) (whether a natural person, a corporate entity or otherwise) who provide services to the Group on a continuing and recurring basis in its ordinary and usual course of business which are in the interest of the long-term growth of the Group, including (a) suppliers of goods and/or services to any member of the Group; and (b) advisors (professional or otherwise) or consultants to any area of business or business development of any member of the Group, but for the avoidance of doubt excludes placing agents or financial advisers providing advisory services for fundraising, mergers or acquisition, professional service providers such as auditors or valuers who provide assurance, or are required to perform their services with impartiality and objectivity, and provided that the Board shall have absolute discretion to determine whether or not one falls within such category
“Service Provider Sublimit”	has the meaning as defined in paragraph 3.2 of the Appendix III to this circular
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (as amended, supplemented or otherwise modified from time to time)
“Share(s)”	share(s) of HK\$0.005 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	in relation to an Option, an amount equal to the Option Price multiplied by the relevant number of Shares in respect of which such Option is exercised
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	The Hong Kong Codes on Takeovers and Mergers
“%”	per cent.



HUAXI HOLDINGS COMPANY LIMITED

華禧控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01689)

Executive Directors:

Mr. Zheng Andy Yi Sheng

(Chairman and Chief Executive Officer)

Mr. Zheng Minsheng

Non-Executive Director:

Mr. Hao Jiming

Independent Non-Executive Directors:

Mr. Lau Kwok Hung

Mr. Fok Po Tin

Mr. Cai Xiaowen

Registered Office:

Windward 3, Regatta Office Park

P.O. Box 1350

Grand Cayman

KY1-1108 Cayman Islands

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Grand Millennium Plaza

183 Queen's Road Central

Central, Hong Kong

28 April 2023

To the Shareholders

Dear Sir or Madam,

**(1) PROPOSAL FOR GENERAL MANDATES TO ISSUE NEW SHARES
AND TO REPURCHASE SHARES;**

(2) PROPOSED RE-ELECTION OF RETIRING DIRECTORS;

**(3) PROPOSED ADOPTION OF THE 2023 SHARE OPTION SCHEME
AND TERMINATION OF THE EXISTING SHARE OPTION SCHEME;**

AND

NOTICE OF ANNUAL GENERAL MEETING

INTRODUCTION

The purpose of this circular is to give you notice of AGM and provide you with information in respect of the proposals relating to (i) the grant of the Issue Mandate to the Directors; (ii) the grant of the Repurchase Mandate to the Directors; (iii) the grant of the Extension Mandate to the Directors; (iv) the re-election of the retiring Directors; and (v) the adoption of the 2023 Share Option Scheme.

LETTER FROM THE BOARD

GENERAL MANDATE, REPURCHASE MANDATE AND EXTENSION MANDATE

At the annual general meeting of the Company held on 2 June 2022, the ordinary resolutions were passed to grant general mandates, authorising the Directors to (i) to allot, issue and deal with up to 20% of the aggregate number of Shares in issue as at 2 June 2022; (ii) to repurchase Shares up to a maximum of 10% of the aggregate number of Shares in issue as at 2 June 2022; and (iii) to extend the general mandate to increase the number of Shares to be issued and allotted by additional number representing such number of Shares repurchased.

The above general mandates will lapse at the conclusion of the forthcoming AGM. In order to provide continual flexibility to the Directors, the following resolutions (among other matters) will be proposed at the AGM:

- (a) to grant the Issue Mandate to the Directors, i.e. to exercise all powers of the Company to allot, issue and otherwise deal with additional Shares up to a maximum of 20% of the aggregate number of Shares in issue on the date of passing of such resolution;
- (b) to grant the Repurchase Mandate to the Directors, i.e. to exercise all powers of the Company to repurchase Shares up to a maximum of 10% of the aggregate number of Shares in issue on the date of passing of such resolution; and
- (c) to grant the Extension Mandate to the Directors, i.e. to extend the aggregate number of Shares to be issued, allotted and dealt with under the Issue Mandate by adding the aggregate number of Shares repurchased under the Repurchase Mandate.

As at the Latest Practicable Date, the Company had an aggregate of 701,430,000 Shares in issue. Subject to the passing of the proposed resolution for the grant of the Issue Mandate and on the basis that no Shares are allotted and issued or repurchased by the Company prior to the AGM, the Company would be allowed under the Issue Mandate (if approved by the Shareholders at the AGM) to issue up to a maximum of 140,286,000 new Shares.

Further, subject to the passing of the proposed resolution for the grant of the Repurchase Mandate and on the basis that no Shares are allotted and issued or repurchased by the Company prior to the AGM, the Company would be allowed under the Repurchase Mandate (if approved by the Shareholders at the AGM) to repurchase up to a maximum of 70,143,000 Shares. Each of the Issue Mandate and Repurchase Mandate, if approved, will continue in force until the earliest of: (i) the conclusion of the next annual general meeting of the Company following the AGM; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles or any other applicable laws of the Cayman Islands to be held; or (iii) the revocation and variation of the authority given under such resolution by an ordinary resolution of the Shareholders in a general meeting prior to the next annual general meeting of the Company following the AGM.

LETTER FROM THE BOARD

Under the Listing Rules, the Company is required to give the Shareholders all information which is reasonably necessary to enable the Shareholders to make an informed decision as to whether to vote for or against the resolution for the grant of the Repurchase Mandate to the Directors. The explanatory statement required by the Listing Rules is set out in Appendix I to this circular.

RE-ELECTION OF RETIRING DIRECTORS

Pursuant to article 108(a) of the Articles, at each annual general meeting of the Company, one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the AGM at which he retires.

Accordingly, Mr. Zheng Andy Yi Sheng and Mr. Cai Xiaowen shall retire from office at the AGM and offer themselves for re-election at the AGM. The respective qualifications, skills and experience, time commitment and contribution of Mr. Zheng Andy Yi Sheng and Mr. Cai Xiaowen were assessed and considered. With reference to the nomination and the Board diversity policy, the Board recommends both Mr. Zheng Andy Yi Sheng and Mr. Cai Xiaowen to retire at the upcoming AGM to stand for re-election.

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

PROPOSED ADOPTION OF THE 2023 SHARE OPTION SCHEME AND TERMINATION OF THE EXISTING SHARE OPTION SCHEME

The Existing Share Option Scheme was adopted by the Company pursuant to a resolution passed on 14 November 2013. The Existing Share Option Scheme will remain in force for a period of 10 years from the adoption date and shall expire on 13 November 2023.

Since the adoption of the Existing Share Option Scheme and up to the Latest Practicable Date, the Company has granted options relating to 60,000,000 Shares under the Existing Share Option Scheme representing approximately 8.6% of the total issued Shares as at the Latest Practicable Date, of which options relating to 2,400,000 Shares were granted to the Directors, options relating to 49,600,000 Shares were granted to the senior management and employees and options relating to 8,000,000 Shares were granted to the consultants. As at the Latest Practicable Date, 7,350,000 options had been exercised of which 2,000,000 options were exercised by the Directors, 4,350,000 options were exercised by the senior management and employees, and 1,000,000 options were exercised by the consultants, and 52,650,000 options had been lapsed. As all the share options that have been granted under the Existing Share Option Scheme since its adoption had been exercised, lapsed or cancelled, there were no options outstanding as at the Latest Practicable Date.

LETTER FROM THE BOARD

As the Board has no intention of granting any further options under the Existing Share Option Scheme during the period from the Latest Practicable Date and the date of the AGM, no options will remain outstanding after the Existing Share Option Scheme is terminated. The Company has no outstanding options, convertible securities or warrants which confer the right to subscribe for Shares as at the Latest Practicable Date.

According 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, and in such event, no further options can be granted under the Existing Share Option Scheme.

Upon termination of the Existing Share Option Scheme, no further options may be granted but in all other respects, the provisions of the Existing Share Option Scheme shall remain in full force and effect. Therefore, the termination of the Existing Share Option Scheme will not in any event affect the terms of the grant of such outstanding options that have already been granted under the Existing Share Option Scheme and outstanding options granted under the Existing Share Option Scheme shall continue to be subject to the provisions of the Existing Share Option Scheme.

An ordinary resolution will be proposed at the AGM for the Shareholders to consider, and if thought fit, to approve the termination of the Existing Share Option Scheme and adoption of the 2023 Share Option Scheme. The 2023 Share Option Scheme complies with the latest requirements under Chapter 17 of the Listing Rules.

As at the Latest Practicable Date, the issued share capital of the Company comprised 701,430,000 Shares. Assuming that there is no change in the issued share capital between the period from the Latest Practicable Date and the Adoption Date, the maximum number of Shares which may be issued upon exercise of all options to be granted under the 2023 Share Option Scheme and any other share option scheme(s) of the Company and the awards to be granted under any share award scheme(s) that involve(s) the issuance of new Shares (if any), in aggregate will be 70,143,000 Shares, representing 10% of the total number of Shares in issue as at the Adoption Date.

The Service Provider Sublimit of the 2023 Share Option Scheme will be 7,014,300 Shares, representing 1% of the total number of Shares in issue on the Adoption Date. The basis for determining the Service Provider Sublimit includes the potential dilution effect arising from grants to the Service Providers, and the importance of striking a balance between achieving the purpose of the 2023 Share Option Scheme and protecting Shareholders from the dilution effect from granting a substantial amount of Options to the Service Providers, the actual or expected increase in the Group's revenue or profits which is attributable to the Service Providers, the extent of use of Service Provider in the Group's business, the current payment and/or settlement arrangement with the Service Providers, and the fact that the Company expects that a majority of Options will be granted to Employee Participants and as such there is a need to reserve a larger portion of the Scheme Mandate Limit for grants to the Employee Participants. Given the above, the Directors have made reference to the 1% Individual Limit and considered that a sublimit of 1% would not lead to an excessive dilution of existing Shareholders' holdings.

LETTER FROM THE BOARD

Considering that there are no other share schemes involving grant of options over new Shares and that the Service Providers have contributed to the long-term growth of the Company's businesses, the Board is of the view that the Service Provider Sublimit is appropriate and reasonable as it provides flexibility to grant Options to the Service Providers to achieve the purpose of the 2023 Share Option Scheme and the relatively low threshold of 1% can provide adequate safeguard against excessive dilution. The Service Provider Sublimit is subject to separate approval by the Shareholders at the AGM.

None of the Directors is a trustee of the 2023 Share Option Scheme or has any direct or indirect interest in the trustees of the 2023 Share Option Scheme, if any. As at the Latest Practicable Date, the Company has no other share option schemes or share award schemes other than the Existing Share Option Scheme.

The Company does not have any plan or intention to grant Option to the Eligible Participants under the 2023 Share Option Scheme in the next 12-month period after 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 has any material interest in the proposed adoption of the 2023 Share Option Scheme. As such, no Shareholder is required to abstain from voting on the resolution in relation thereto.

Conditions precedent of the 2023 Share Option Scheme

The 2023 Share Option Scheme will take effect upon satisfaction of the following conditions:

- (i) the passing of an ordinary resolutions by the Shareholders in the AGM to terminate the Existing Share Option Scheme;
- (ii) the passing of an ordinary resolution by the Shareholders in the AGM to approve the adoption of the 2023 Share Option Scheme and to authorise the Board to grant Options to subscribe for Shares thereunder and to allot, issue and deal with Shares pursuant to the exercise of any Options granted under the 2023 Share Option Scheme; and
- (iii) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, any Shares to be issued pursuant to the exercise of Options granted under the 2023 Share Option Scheme.

An application will be made to the Stock Exchange for the approval of the listing for, and permission to deal in, the Shares to be issued pursuant to the exercise of the Options granted under the 2023 Share Option Scheme.

Explanation of the terms of the 2023 Share Option Scheme

A summary of the principal terms of the 2023 Share Option Scheme is set out in Appendix III to this circular.

LETTER FROM THE BOARD

The purpose of the 2023 Share Option Scheme is to recognise the past contribution and future performance and contribution of the Eligible Participants to the long term growth of the Group by granting Options to them as incentive or reward and to attract, retain and motivate high-calibre Eligible Participants in line with the performance goals of the Group. The 2023 Share Option Scheme shall strengthen the long-term relationships that the Eligible Participants may have with the Group.

Eligible Participants

Eligible Participants include the Employee Participants and the Service Providers.

Service Providers who are eligible under the 2023 Share Option Scheme shall include any person providing services to the Group on a continuing and recurring basis in its ordinary and usual course of business of the Group, the grant of Share Options to whom is in the interests of the long term growth of the Group as determined by the Board, namely:

(i) Suppliers of goods and/or services

Service Providers under this category are businesses that supply the Group with goods on a continuing and recurring nature in the ordinary and usual course of the Group's business (for example, retailers that the Group collaborates with for its sales of cigarette packaging materials business), with which the Group would consider important to maintain a close business relationship on an ongoing basis. These Service Providers have been providing services akin to employees as they are closely connected to and crucial to the Group's day-to-day operations which spans across procurement, sales and manufacturing, and their contribution directly impacts the results of operations of the Group.

(ii) Advisors or consultants

Service Providers under this category include advisors and consultants with relevant expertise in fields related to the industry, namely:

- (i) any person providing advisory services and/or consultancy services to the Group after stepping down from an employment or director position with the Group; and
- (ii) any person providing, including but not limited to, advisory services, consultancy services, sales and marketing services, technology services and/or administrative services to the Group as consultants, independent contractors where the continuity and frequency of their services are akin to those of employees (such as technical consultants which may advise on and assist the company in its product development and improve its production management capabilities).

Such Service Providers contribute to the long-term growth of the Group by advising or consulting on a set of specialized skills and knowledge in the business activities of the Group. As these Service Providers possess industry-specific knowledge or expertise and often have extensive experience and understanding of the market, they are able to provide insight on areas such as market development, technological trends and innovations, technical specifications for products, production management, as well as marketing. The strategic advice and guidance

LETTER FROM THE BOARD

provided by engaging these Service Providers benefit the Group in its ordinary and usual course of business and often allows it to more effectively plan its future business strategies for long-term growth.

In determining the basis of eligibility of each Eligible Participant, the Board would mainly take into account individual performance, time commitment (full time or part time), responsibilities or employment conditions according to the prevailing market practice and industry standard, or where appropriate, contribution to the revenue, profits or business development of the Group by the Eligible Participant (if the Eligible Participant is an employee or a director of any member of the Group), the actual degree of involvement in and/or cooperation with the Group and length of collaborative relationship the Eligible Participant has established with the Group (if the Eligible Participant is a Service Provider of any member of the Group), and the amount of support, assistance, guidance, advice, efforts and contributions the Eligible Participant has exerted and given towards the success of the Group and/or the amount of potential support, assistance, guidance, advice, efforts and contributions the Eligible Participant is likely to be able to give or make towards the success of the Group in the future.

The Board (including the INEDs) consider that the proposed categories of Service Providers are in line with the Company's business needs and the industry norm, and the criteria for the selection of Eligible Participants and the terms of the Grant align with the purpose of the 2023 Share Option Scheme, based on the following reasons:

(i) *Service Providers*

- (a) the nature and norm of the cigarette packaging materials industry and the environmental and ecological restoration treatment industry respectively. It is in line with the industry norm to co-operate with former employees or management or seasoned professionals by engaging them as Service Providers instead of employing them as full-time or part-time employees, directors or officers of the Group for various reasons, including their preference or compliance with legal requirements to be engaged on self-employment basis, and/or their in-depth industry know-how which is highly regarded by comparable companies and thus unwillingness to serve the Group exclusively. The industry-specific knowledge and connections accumulated based on their years of experience in the cigarette packaging materials industry and the environmental and ecological restoration treatment industry and/or with the Group are key to the successful business development in such industries. In particular, to cope with the challenges in expanding business scale of the Group in the rapid environmental and ecological restoration treatment market in view of the relaxation of COVID-19 restrictions in the PRC, the Group expects that the research and development of such technologies will require substantial support from these professional parties, who are likely to be engaged externally as Service Providers;
- (b) the engagement of Service Providers by the Group. As at the Latest Practicable Date, the Company has granted Options to technical consultants, marketing consultants and other consultants under the Existing Share Option Scheme. The Group has also collaborated with consultants, advisory services, consultancy services, sales and marketing services, technology services, and/or administrative services to the Group

LETTER FROM THE BOARD

(but for the avoidance of doubt exclude placing agents or financial advisers providing advisory services for fundraising, mergers or acquisition, professional service providers such as auditors or valuers who provide assurance, or are required to perform their services with impartiality and objectivity) and they have played significant roles in the Group's business development by contributing their specialized skills in fields such as market development, technological trends and innovations, production management, as well as marketing and other areas in relation to the Group's business operation, financial and management advisory and consulting. In addition, it is also the Group's strategic direction to, among other things, maintain strategic sustainable partnerships with its major suppliers so as to ensure sufficient supply of raw materials and components of cigarette packaging materials. Therefore, the Board considers that the Group would maintain a higher flexibility in procuring services or raw materials from the Service Providers by offering equity incentives (instead of monetary consideration) as part of their compensation packages in the future, which is in line with the purpose of the 2023 Share Option Scheme to reward their contribution to the Group; and

(ii) Eligibility criteria and terms of grants

- (a) adequate factors in determining eligibility and terms of grants. As elaborated above, the Board will take into account a number of qualitative and quantitative factors when assessing the eligibility of and actual or potential contribution by the different categories of Eligible Participants who are not Employee Participants on a case-by-case basis. Additionally, the Board has the discretion to impose different terms and conditions (including but not limited to vesting conditions such as performance targets and clawback provisions) on Options to be granted to these Eligible Participants, which allows the Board having greater flexibility to impose appropriate conditions in light of the particular circumstances of each grant, which would place the Group in a better position to assess the contribution of Eligible Participants and align with the purpose of the 2023 Share Option Scheme.

Based on the above, the Board (including the INEDs) considers that the inclusion of the Service Providers as non-employee Eligible Participants aligns with the purpose of the 2023 Share Option Scheme and the long term interests of the Company and the Shareholders.

Vesting period

The vesting period for Options under the 2023 Share Option Scheme shall not be less than twelve (12) months. To ensure the practicability in fully attaining the purpose of the 2023 Share Option Scheme, the Board and the Remuneration Committee are of the view that (a) there are certain instances where a strict twelve (12)-month vesting requirement would not work or would not be fair to the Option Holder, such as those set out in paragraphs 7.2(i) to (iii) of Appendix III to this circular; (b) there is a need for the Company to retain flexibility to reward exceptional performers with accelerated vesting or in exceptional circumstances where justified; and (c) the Company should be allowed discretion to formulate its own talent recruitment and retention strategies in response to changing market conditions and industry

LETTER FROM THE BOARD

competition, and thus should have flexibility to impose vesting conditions such as performance-based vesting conditions instead of time-based vesting criteria depending on individual circumstances.

Hence, the Board and the Remuneration Committee are of the view that the shorter vesting period prescribed in sub-paragraph 7.2 of Appendix III to this circular is in line with the market practice and is appropriate and aligns with the purpose of the 2023 Share Option Scheme.

Performance targets and clawback mechanism

The rules of the 2023 Share Option Scheme will not prescribe specific performance targets that must be met before an Option can be exercised or clawback mechanism to recover or withhold Options to be granted. However, the rules of the 2023 Share Option Scheme will give the Board discretion to impose such conditions on the Share Options or prescribe such clawback mechanism where appropriate. The Directors consider that it may not always be appropriate to impose such conditions or prescribe such clawback mechanism particularly when the purpose of granting the Options is to remunerate or compensate Eligible Participants for past contributions. The Directors consider it more beneficial to the Company to retain the flexibility to determine whether such conditions or clawback mechanism are appropriate in light of the particular circumstances of each grant.

Basis of determination of 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 determined by the Board in its discretion on the Date of Grant, but in any event the Option Price shall be at least the highest of (i) the closing price of the Shares as stated in the daily quotations sheet issued by the Stock Exchange on the Date of Grant; (ii) the average of the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five (5) trading days immediately preceding the Date of Grant; and (iii) the nominal value of the Shares on the Date of Grant. The basis for determining the Option Price is also specified precisely in the rules of the 2023 Share Option Scheme. The Directors consider that such basis will serve to preserve the value of the Company and encourage the Eligible Participants to acquire proprietary interests in the Company.

Value of the Options

The Directors consider that it is not appropriate and impractical to state the value of all the Options that can be granted under the 2023 Share Option Scheme as if they had been granted at the Latest Practicable Date, given that various factors (such as the Option Price and other terms and conditions to which an Option may be subject) crucial for valuation cannot be predicted or ascertained at this stage and may vary from case to case. The Directors believe that any calculation of the value of the Options as at the Latest Practicable Date based on assumptions would be speculative, not meaningful to, and may be misleading to the Shareholders.

LETTER FROM THE BOARD

DOCUMENT ON DISPLAY

A copy of the 2023 Share Option Scheme will be published on the respective websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.huaxihds.com.hk) for display for a period of not less than 14 days before the date of AGM and will be made available for inspection at the AGM.

ANNUAL GENERAL MEETING

The Notice of AGM is set out on pages 33 to 38 of this circular. At the AGM, ordinary resolutions will be proposed to approve, inter alia, (i) the grant of the Issue Mandate to the Directors; (ii) the grant of the Repurchase Mandate to the Directors; (iii) the grant of the Extension Mandate to the Directors; (iv) the re-election of the retiring Directors; and (v) the adoption of the 2023 Share Option Scheme.

A form of proxy for use by the Shareholders at the AGM is enclosed with this circular. Whether or not you intend to present at the AGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not less than forty-eight (48) hours before the time appointed for holding the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude the Shareholders from attending and voting in person at the AGM or any adjourned meeting should you so wish.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 13 June 2023 to Friday, 16 June 2023 (both days inclusive), during which no transfers of Shares will be registered. In order to be eligible to attend and vote at the AGM, all transfer documents accompanied by the relevant Share certificates must be lodged for registration with the branch share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Monday, 12 June 2023.

VOTING BY POLL

In compliance with the Rule 13.39(4) of the Listing Rules, all votes of the Shareholders at a general meeting must be taken by poll save that the chairman of the meeting may in good faith allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, all resolutions will be put to vote by way of poll at the AGM. The Company will appoint scrutineers to handle vote taking procedures at the AGM. The results of the poll will be published on the websites of the Stock Exchange and the Company as soon as possible after the AGM in accordance with Rule 13.39(5) of the Listing Rules.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors consider that the proposed resolutions set out in the notice of AGM, for the proposals for (i) the granting of the Issue Mandate to the Directors; (ii) the granting of the Repurchase Mandate to the Directors; (iii) the granting of the Extension Mandate to the Directors; (iv) the re-election of the retiring Directors; and (v) the adoption of the 2023 Share Option Scheme are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend Shareholders to vote in favour of all the ordinary resolutions to be proposed at the AGM.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

GENERAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

By Order of the Board
Huaxi Holdings Company Limited
Zheng Andy Yi Sheng
Chairman

APPENDIX I REPURCHASE MANDATE EXPLANATORY STATEMENT

This appendix serves as an explanatory statement as required under the Listing Rules to provide the requisite information to you for consideration of the Repurchase Mandate.

SHARE CAPITAL

As at the Latest Practicable Date, the authorised share capital of the Company was HK\$20,000,000 divided into 4,000,000,000 Shares, among which an aggregate of 701,430,000 Shares were issued and fully paid-up. Subject to the passing of the ordinary resolution of the Repurchase Mandate at the AGM and on the basis that no further Shares are issued or repurchased prior to the AGM, the Company would be allowed to repurchase a maximum of 70,143,000 Shares during the period which the Repurchase Mandate remains in force.

REASONS FOR SHARE REPURCHASES

The Directors believe that the proposed grant of the Repurchase Mandate is in the interests of the Company and its Shareholders as a whole. The Repurchase Mandate will give the Company the flexibility to repurchase Shares as and when appropriate. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or its earnings per Share and will only be made when the Directors believe that such repurchase will benefit the Company and its Shareholders as a whole.

The Directors have no present intention to repurchase any Shares and they would only exercise the power to repurchase Shares in circumstances where they consider that the repurchase would be in the best interest of the Company and its Shareholders as a whole.

FUNDING AND IMPACT OF REPURCHASES

In repurchasing Shares, the Company may only apply funds legally available for such repurchase in accordance with the Articles, the Listing Rules, the laws of the Cayman Islands and other applicable laws. Repurchases pursuant to the Repurchase Mandate will be made out of funds of the Company legally permitted to be utilised in this connection, including the funds of the Company otherwise available for dividend or distribution or the proceeds of a fresh issue of Shares made for such purpose.

As compared with the financial position of the Company as at 31 December 2022 (being the date of its latest audited consolidated financial statements), the Directors consider that there would not be a material adverse impact on the working capital or gearing position of the Company if the Repurchase Mandate is to be exercised in full during the proposed repurchase period.

DIRECTORS' UNDERTAKING

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

DISCLOSURE OF INTERESTS

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, their associates, has any present intention to sell any Shares to the Company under the proposed Repurchase Mandate approved by the Shareholders.

No other connected persons (as defined in the Listing Rules) 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 by the Shareholders.

EFFECT OF THE TAKEOVERS CODE

If on the exercise of the power to repurchase shares pursuant to the Share Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Takeovers Code. As a result, a Shareholder or a group of Shareholders acting in concert, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date and insofar the Directors are aware of, the controlling Shareholders were (i) SXD Limited ("**SXD**") which owned 450,000,000 Shares (approximately 64.15% of the issued share capital of the Company); and (ii) Mr. Zheng Andy Yi Sheng ("**Mr. Zheng**"), the chairman and executive Director of the Company, who owned the entire issued share capital of SXD. In the event that the Repurchase Mandate was exercised in full, (i) the interest of SXD and Mr. Zheng in the Company will be increased from approximately 64.15% to approximately 71.28%. On the basis of the aforesaid increase of shareholding, the Directors are not aware of any consequences of such repurchase of Shares that would result in a Shareholder, or group of Shareholders acting in concert, becoming obliged to make a mandatory offer under the Takeovers Code.

The Company has no intention to exercise the Repurchase Mandate to such extent that it would give rise to an obligation to make a mandatory offer under the Takeovers Code or result in the amount of shares held by the public being reduced to less than 25% of the issued share capital of the Company.

SHARES PURCHASE

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

APPENDIX I REPURCHASE MANDATE EXPLANATORY STATEMENT

SHARE PRICES

The following table shows the highest and lowest prices at which the Shares have been traded on the Stock Exchange in each of the last thirteen months prior to the issue of this circular.

Month	Highest (HK\$)	Lowest (HK\$)
2022		
April	1.93	1.36
May	1.58	1.27
June	1.48	1.24
July	1.49	1.14
August	1.55	1.07
September	1.28	1.12
October	1.24	1.07
November	1.30	0.91
December	1.62	1.06
2023		
January	1.80	1.18
February	2.10	1.31
March	1.64	1.18
April (up to the Latest Practicable Date)	1.58	1.16

Stated below are the particulars of Directors who will be eligible for re-election at the AGM:

Mr. Zheng Andy Yi Sheng

Mr. Zheng Andy Yi Sheng (“**Mr. Zheng**”), aged 62, was appointed as a Director on 29 April 2013 and re-designated as an executive Director, chairman of the Board and chief executive officer on 24 July 2013. He is also the chairman of the nomination committee and corporate governance committee of the Company. Mr. Zheng has over 30 years of experience in the packaging material industry. Since 1992, he has been the director of Shantou Xinda Colour Printing & Packaging Materials Co. Ltd. and became our Chairman since 1997. Mr. Zheng was awarded a fellowship of Asian College of Knowledge Management in 2013. Mr. Zheng is the elder brother of Mr. Zheng Minsheng, an executive director of the Company.

Save as disclosed above, Mr. Zheng does not hold any directorship in other public companies which are listed on any securities market in Hong Kong or overseas in the last three years preceding the date of this circular nor was there any other information required to be disclosed pursuant to the requirement of Rule 13.51(2) of the Listing Rule.

As at the Latest Practicable Date, Mr. Zheng is the beneficial owner of the entire issued capital of SXD Limited, which in turn holds 450,000,000 Shares, representing approximately 64.15% of the issued share capital of the Company. Mr. Zheng is deemed or taken to be interested in all the Shares owned by SXD Limited. Save as disclosed above, Mr. Zheng does not have any interest in shares and/or underlying shares of the Company or its associated corporations within the meaning of Part XV of the SFO. Save as disclosed above, Mr. Zheng is not related to any directors, senior management, or substantial or controlling shareholders of the Company, and has not held any directorship in any other listed company in the last three years.

Mr. Zheng has entered into a service agreement with the Company for a term of three years commencing from 6 December 2022 subject to the early termination provisions contained therein. Pursuant to the service agreement, Mr. Zheng is entitled to receive an annual remuneration of HK\$500,000 per annum as determined and based on duties and responsibilities for acting as a chairman and executive Director and is subject to review from time to time by the Remuneration Committee.

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

Mr. Cai Xiaowen

Mr. Cai Xiaowen (“**Mr. Cai**”), aged 51, was appointed as an independent non-executive director on 1 April 2020. He is the member of the audit committee and remuneration committee of the Company. Mr. Cai holds a Bachelor degree in Law from Huaqiao University. He also holds a Master degree in Law from Southwest University of Political Science and Law and a Master of Common Law from The University of Hong Kong in 2004. Mr. Cai was also awarded a Doctor of Philosophy in Law (Procedural Law) from Macau University of Science and Technology.

Mr. Cai was qualified as a lawyer in the People’s Republic of China. He was the Vice President and Risk Control Director of Yihua (Enterprise) Group Co., Ltd. (“**Yihua Group**”). Yihua Group is the controlling shareholder of Yihua Life Technology Co., Ltd. (Shanghai Stock Exchange Stock code: 600978) and Yihua Health Medical Co., Ltd. (Shenzhen Stock Exchange Stock Code: 000150). Currently, Mr. Cai is working as a lawyer in the PRC, an arbitrator at Shantou Arbitration Commission, the Supervisor of Master of Laws of Jinan University and a tutor at School of Political Science and Law of Guangdong University of Technology.

Save as disclosed above, Mr. Cai does not hold any directorship in other public companies which are listed on any securities market in Hong Kong or overseas in the last three years preceding the date of this circular nor was there any other information required to be disclosed pursuant to the requirement of Rule 13.51(2) of the Listing Rule.

Mr. Cai does not have any interest in shares and/or underlying shares of the Company or its associated corporations within the meaning of Part XV of the SFO and is not related to any Directors, senior management, or substantial or controlling shareholders of the Company.

There is a letter of appointment entered into between Mr. Cai and the Company on 1 April 2020 for a term of three years, subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Articles. He is entitled to a director emolument of HK\$120,000 per annum as determined and based on duties and responsibilities for acting as an independent non-executive Director and is subject to review from time to time by the Remuneration Committee.

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

The following is a summary of the principal terms of the rules of the 2023 Share Option Scheme. It does not form part of, nor is it intended to be part of the rules of the 2023 Share Option Scheme and it should not be taken as affecting the interpretation of the rules of the 2023 Share Option Scheme. The Directors reserve the right at any time prior to the AGM to make such amendments to the 2023 Share Option Scheme as they may consider necessary or appropriate provided that such amendments do not conflict in any material aspects with the summary in this Appendix.

1. PURPOSE OF THE 2023 SHARE OPTION SCHEME

The purpose of the 2023 Share Option Scheme is to recognise the past contribution and future performance and contribution of the Eligible Participants to the long term growth of the Group by granting Options to them as incentives or rewards and to attract, retain and motivate high-calibre Eligible Participants in line with the performance goals of the Group. The 2023 Share Option Scheme shall strengthen the long-term relationships that the Eligible Participants may have with the Group.

2. ELIGIBLE PARTICIPANTS OF THE 2023 SHARE OPTION SCHEME AND THE BASIS OF DETERMINING ELIGIBILITY OF ELIGIBLE PARTICIPANTS

Eligible Participants include the Employee Participants and the Service Providers.

In determining the basis of eligibility of each Eligible Participant, the Board would mainly take into account of the experience of the Eligible Participant on the Group's businesses, the length of service of the Eligible Participant with the Group (if the Eligible Participant is an employee or a director of any member of the Group), the actual degree of involvement in and/or cooperation with the Group and length of collaborative relationship the Eligible Participant has established with the Group (if the Eligible Participant is a Service Provider of any member of the Group), and the amount of support, assistance, guidance, advice, efforts and contributions the Eligible Participant has exerted and given towards the success of the Group and/or the amount of potential support, assistance, guidance, advice, efforts and contributions the Eligible Participant is likely to be able to give or make towards the success of the Group in the future.

For Employee Participants, assessing factors include: the individual performance, time commitment (full time or part time), responsibilities or employment conditions according to the prevailing market practice and industry standard, the length of engagement with the Group and the individual contribution or potential contribution to the development and growth of the Group.

For each category of Service Providers, assessing factors include: the individual performance of relevant Service Providers, the length of business relationship with the Group, the materiality and nature of the business relationship with 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), track record in the quality of services provided to and/or cooperation with the Group and the scale of business dealings with the Group with regard to factors such as the actual or expected change in the Group's revenue or profits which is or may be attributable to the Service Providers.

In assessing whether the Service Provider provides services to the Group on a continuing and recurring basis and in its ordinary and usual course of business, the Board shall take into consideration the length and type of services provided and the recurrences and regularity of such services, the nature of the services provided to the Group by the Service Provider, and whether such services form part of or are directly ancillary to the businesses conducted by the Group, as disclosed in the Company's announcements, circulars, interim and annual reports.

3. MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION

- 3.1 The total number of Shares which may be issued upon the exercise of all Options to be granted under the 2023 Share Option Scheme and all options and awards to be granted under any other share option scheme(s) and share award scheme(s) of the Company (the "**Other Schemes**") shall not in aggregate exceed 70,143,000, representing 10% of the Shares in issue on the Adoption Date (the "**Scheme Mandate Limit**") unless the Company obtains an approval from the Shareholders pursuant to paragraph 3.3 below. Options or awards lapsed in accordance with the terms of the 2023 Share Option Scheme or Other Schemes shall not be counted for the purposes of calculating whether the Scheme Mandate Limit and the Service Provider Sublimit (as defined below) have been exceeded. If the Company conducts a share consolidation or subdivision after the Scheme Mandate Limit has been approved in general meeting, the maximum number of Shares that may be issued in respect of all Options to be granted under the 2023 Share Option Scheme and options and awards to be granted under all Other Schemes under the Scheme Mandate Limit or the Service Provider Sublimit as a percentage of the number of total issued Shares at the date immediately before and after such consolidation or subdivision shall be the same (rounded to the nearest whole Share).
- 3.2 Subject to paragraph 3.1 above, within the Scheme Mandate Limit, the total number of Shares which may be issued upon exercise of all options to be granted to the Service Providers shall not exceed 7,014,300 Shares, representing 1% of the total number of Shares in issue on the Adoption Date (the "**Service Provider Sublimit**").
- 3.3 The Company may seek approval of the Shareholders in the general meeting for refreshing the Scheme Mandate Limit and the Service Provider Sublimit set out in paragraphs 3.1 and 3.2 above under the 2023 Share Option Scheme after three (3) years from the date of approval by the Shareholders for the adoption of the 2023 Share Option Scheme or the last refreshment.

- 3.4 Any refreshment within any three (3)-year period must be approved by Shareholders subject to that:
- (i) any controlling shareholders and their associates (or if there is no controlling shareholder, Directors (excluding INEDs) and the chief executive of the Company and their respective associates) must abstain from voting in favour of the relevant resolution at the general meeting; and
 - (ii) the Company must comply with the requirements under Rules 13.39(6), 13.39(7), 13.40, 13.41 and 13.42 of the Listing Rules.
- 3.5 The requirements under paragraphs 3.4(i) and 3.4(ii) 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 Mandate Limit (as a percentage of the total number of Shares in issue) upon refreshment is the same as the unused part of the Scheme Mandate Limit immediately before the issue of securities (rounded to the nearest whole Share).
- 3.6 The total number of Shares which may be issued in respect of all Options to be granted under the 2023 Share Option Scheme (in aggregate with any other options and awards to be granted under any Other Schemes that involve(s) the issuance of new Shares) under the Scheme Mandate Limit as refreshed shall not exceed 10% of the total number of Shares in issue as at the date of approval of the refreshed Scheme Mandate Limit. The Company shall send to the Shareholders a circular containing all such information as may be required under the Listing Rules.
- 3.7 The Company may seek separate approval by the Shareholders in its general meeting for granting Options beyond the Scheme Mandate Limit provided the Options in excess of the Scheme Mandate Limit are granted only to the Eligible Participants specifically identified by the Company before such approval is sought. In such a case, the Company shall send to the Shareholders a circular containing the name of each specified Eligible Participant who may be granted such Options, the number and terms of the Options to be granted to each Eligible Participant, and the purpose of granting Options to the specified Eligible Participants with an explanation as to how the terms of the Options serve such purpose and all such information as may be required under the Listing Rules. The number and terms of Options to be granted to such Eligible Participants must be fixed before approval by the Shareholders. In respect of any Options to be granted, the date of Board meeting for proposing such grant should be taken as the Date of Grant for the purpose of calculating the Subscription Price.

4. MAXIMUM ENTITLEMENT OF SHARES OF EACH ELIGIBLE PARTICIPANT

Subject to paragraph 21 below, the total number of Shares issued and to be issued upon exercise of the options and awards granted to each Eligible Participant or grantee (including exercised and outstanding options but excluding any options and awards lapsed in accordance with the terms of such schemes) in any twelve (12)-month period up to the Date of Grant shall not exceed 1% of the number of the total issued Shares at the Date of Grant (the “**Individual Limit**”). Where it is proposed that any offer is to be made to an Eligible Participant (or where approximate, an existing grantee) which would result in the Shares issued and to be issued upon exercise of all options and awards granted and to be granted to such person (including exercised, cancelled and outstanding options and awards) in the twelve (12)-month period up to and including the relevant Date of Grant to exceed his, her or its Individual Limit, such offer and any acceptance thereof must be conditional upon approval by the Shareholders in the general meeting with such Eligible Participant (or where appropriate, an existing grantee) and his, her or its associates abstaining from voting. The Company must send a circular to the Shareholders disclosing the identity of the Eligible Participant or grantee, the number and terms of options to be granted (and options previously granted) to such Eligible Participant and the information required under the Listing Rules, including but not limited to the purpose of granting options to the Eligible Participant and an explanation as to how the terms of the options serve such purpose. The number and terms (including the Subscription Price) of options to be granted to such Eligible Participant must be fixed before the date on which approval of the Shareholders is sought and the date of the Board meeting for proposing such further grant should be taken as the Date of Grant for the purpose of calculating the Subscription Price.

5. ACCEPTANCE OF OPTION

Offers to grant an Option shall be open for acceptance in writing. Such acceptance must be received by the Company within a period of twenty-one (21) business days inclusive of, and from, the Date of Grant provided that no such offer shall be open for acceptance after the expiry of the period of the 2023 Share Option Scheme or after the 2023 Share Option Scheme has been terminated; or by a person who ceases to be an Eligible Participant after such offer has been made. An offer shall be deemed to have been accepted on the date when the duplicate comprising acceptance of the offer is duly signed by the Eligible Participant with the number of Shares in respect of which the offer is accepted clearly stated therein together with a remittance in favour of the Company of HK\$1.00 per Option by way of consideration for the grant thereof. Such consideration shall not be refundable.

Upon an offer of the grant of Options being accepted or deemed to have been accepted, each Option Holder gives the Company an unfettered right to publish an announcement relating to the terms of the offer in accordance with the Listing Rules.

6. PERIOD WITHIN WHICH THE OPTION MAY BE EXERCISED

Save as provided in paragraphs 7, 9 to 12 below, Options for the time being outstanding may be exercised in whole or in part at any time during the Option Period. In order for the exercise of an Option to be effective, the Company must, prior to the expiry of the Option Period, have received: (i) a written notice from the Option Holder of the intention to exercise the Option, signed by or on behalf of the Option Holder and specifying the number of Shares in respect of which the Option is intended to be exercised; and (ii) payment in full of the Subscription Price. Notwithstanding anything in provisions under the 2023 Share Option Scheme to the contrary, the Option Period shall not be extended and, on the expiry of the Option Period, all rights in respect of an Option for the time being outstanding shall terminate, except in so far as there has been an effective exercise of that Option prior thereto and the Company has not discharged all its obligations under the 2023 Share Option Scheme in relation to such exercise.

7. VESTING PERIOD OF OPTION

- 7.1 Save for the circumstances prescribed in paragraph 7.2 below, an Option must be held by the Option Holder for at least twelve (12) months before the Option can be exercised.
- 7.2 A shorter vesting period may be granted to the Employee Participants at the discretion of the Board or a committee or any other authorised agent(s) as deemed appropriate at the sole discretion of the Board in any of the following circumstances:
- (i) grants of “make-whole” Options to new joiners to replace the share awards or options they forfeited when leaving the previous employer;
 - (ii) grants to an Employee Participant whose employment is terminated due to death or disability or occurrence of any out of control event;
 - (iii) grants 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 but had to wait for subsequent batch. In such case, the vesting period may be shorter to reflect the time from which the Option would have been granted;
 - (iv) grants with a mixed or accelerated vesting schedule such as where the Option may vest evenly over a period of twelve (12) months; and
 - (v) grants with performance-based vesting conditions in lieu of time-based vesting criteria;

each of which are considered appropriate to provide flexibility to grant Options (a) as part of competitive terms and conditions to induce valuable talent to join the Group (sub-paragraphs (i) and (iv)); (b) reward past contribution which may otherwise be neglected due to administrative or technical reasons (sub-paragraphs (ii) and (iii)); (c) reward

exceptional performers with accelerated vesting (sub-paragraph (iv)); (d) to motivate exceptional performers based on performance metrics rather than time (sub-paragraph (v)); and (e) in exceptional circumstances where justified (sub-paragraphs (i) to (v)), which is consistent with the purpose of the 2023 Share Option Scheme.

8. OPTION PRICE

The Option Price (subject to adjustments in accordance with paragraph 15 below) shall be determined on the Date of Grant at the absolute discretion of the Directors as an amount per Share which shall be at least the highest of (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Date of Grant, which must be a trading day; (b) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five (5) trading days immediately preceding the Date of Grant; and (c) the nominal value of the Shares on the Date of Grant, provided that the Option Price shall be subject to adjustment in accordance with the provisions of paragraph 15 below.

9. RIGHTS ON WINDING UP

If notice is given of a general meeting of the Company at which a resolution will be proposed for the members' voluntary winding-up of the Company, each Option Holder shall be entitled, at any time not later than two (2) business days prior to the proposed resolution being duly passed, to exercise his outstanding Options in whole or in part, but only so far as such Options shall be subsisting immediately prior to the passing of such a resolution. Subject thereto, all Options then outstanding shall lapse and determine on the commencement of the winding-up.

10. RIGHTS ON A GENERAL OFFER

If, in consequence of any general offer made to all Shareholders (other than the offeror and/or any person controlled by the offeror and/or any person acting in association or connection with the offeror), any person shall have obtained control of the Company, each Option Holder shall be entitled to exercise at any time within a period of fourteen (14) business days after such control has been obtained the Option in whole or in part, unless the Directors (excluding the relevant Option Holder who is a Director) in their discretion notwithstanding the terms of the relevant Option, vary the option exercise period of such Options granted.

11. RIGHTS ON A COMPROMISE OR ARRANGEMENT

If a compromise or an arrangement between the Company and its members or creditors is proposed for the purposes of or in connection with a scheme of 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 to each member or creditor of the Company to consider such a compromise or an arrangement, and thereupon any Option Holder (or where permitted his personal representatives) may forthwith and until the expiry of the period commencing with such date and ending with the earlier of the date falling two (2) calendar months thereafter and the date on which such compromise or arrangement is

sanctioned by the Court be entitled to exercise his Option but the exercise of the Option shall be conditional upon such compromise or arrangement being sanctioned by the Court and becoming effective. The Company may thereafter require each Option Holder to transfer or otherwise deal with the Shares issued as a result of such exercise of his Option so as to place the Option Holders in the same position as nearly as would have been the case had such Shares been subject to such compromise or arrangement.

12. RIGHTS ON CEASING EMPLOYMENT, DEATH/DISABILITY OR DISMISSAL

- (i) in the event the Option Holder ceases to be an Eligible Participant by reason of death before exercising the Option in full and none of the events which would be a ground for termination of the Option Holder's employment, directorship, office, appointment or engagement under sub-paragraph (ii) below arises prior to his or her death the legal personal representative(s) of the Option Holder shall be entitled within a period of twelve (12) months from the date of death, to exercise the Option up to the entitlement of such Option Holder as at the date of death in whole or in part (to the extent which has become exercisable and not already exercised);
- (ii) in the event that the Option Holder ceases to be an Eligible Participant by reason of the termination of his or her employment, directorship, office, appointment or engagement on the grounds that he or she has been guilty of misconduct, or has been in breach of material term of the relevant employment contract, service contract, agency contract or engagement contract (as the case may be), or appears either to be unable to pay or have no reasonable prospect to be able to pay debts within the meaning of any applicable legislation in relation to bankruptcy or insolvency, or has become bankrupt or insolvent, or has been served a petition for bankruptcy or winding up, or has made any arrangements or composition with his or her creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty or (if so determined by the Board or the board of directors of the relevant company, as the case may be) on any other ground on which an employer, or an engaging party would be entitled to terminate his or her employment, directorship, office, appointment or engagement at common law or pursuant to any applicable laws or under the Option Holder's employment, service, agency or engagement contract (as the case may be) with the relevant company (as the case may be) or the employment, directorship, office, appointment or engagement of the Option Holder is terminated by the relevant company pursuant to the contract thereof without notice, and a resolution of the board of directors of the relevant member of the Group (as the case may be) to the effect that the employment, directorship, office, appointment or engagement of an Option Holder has or has not been terminated on one or more of the grounds specified in this sub-paragraph shall be conclusive and binding, then all his outstanding Options shall lapse and determine on the date he or she so ceases; in addition, in such event, any Option(s) exercised by the Option Holder the Shares of which have not been allotted shall, unless the Board determines otherwise, be deemed not to have been so exercised and the Company shall return to the Option Holder the amount of the Subscription Price for the Shares in respect of the purported exercise of such Option(s);

- (iii) in the event that the Option Holder ceases to be an Eligible Participant by reason of his or her retirement in accordance with his or her contract of employment or service, any outstanding Option(s) may be exercised during the Option Period subject to the criteria and conditions set out in the option letter; and
- (iv) for any reason other than as described in sub-paragraphs (i) to (iii) above, then all Options of his or her which are exercisable at the date he or she ceases to be an Eligible Participant may be exercised to the extent then exercisable within three (3) months of the date he or she so ceases and unless so exercised shall then lapse and determine;

provided always that in each case the Directors in their absolute discretion may decide that such Options or any part thereof shall not so lapse or determine subject to such conditions or limitations as they may decide.

13. DURATION OF THE 2023 SHARE OPTION SCHEME

The 2023 Share Option Scheme will remain in force for a period of ten (10) years commencing on the Effective Date (the “**Scheme Period**”).

14. LAPSE OF OPTION

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

- 14.1 the expiry of the Option Period;
- 14.2 the expiry of any of the periods referred to in paragraphs 10 (unless otherwise determined by the Directors), 11 and 12 above; and
- 14.3 subject to paragraph 9 above, the date of the commencement of the winding-up of the Company.

The Company shall owe no liability to an Option Holder for the lapse of any Option under this paragraph 14.

15. ADJUSTMENT

In the event of any alternation in the capital structure of the Company which arises or may arise immediately following the commencement of the Scheme Period from any issue of shares in or other securities of the Company by way of reduction, subdivision or consolidation of the share capital of the Company or any capitalisation issue or rights issue which the Board considers an adjustment necessary under this paragraph 15, the Option Price, the Individual Limit in relation to any Option Holder and/or the amounts of multiples of Shares capable of being exercised pursuant to the 2023 Share Option Scheme, may be adjusted in such manner as the Directors (having received a statement in writing from the independent auditors or

independent financial adviser of the Company, that in their opinion the adjustments proposed are fair and reasonable and at the same time satisfy the requirements of the Listing Rules) may deem appropriate, provided always that no such adjustment shall have the effect of rendering:-

- (a) the aggregate Subscription Price relating to any Option being increased;
- (b) the proportion of equity capital, rounded to the nearest whole share of the Company to which the Option Holder is entitled after the adjustment(s) becoming effective not being the same as that to which he or she was entitled before;
- (c) the aggregate percentage of the issued share capital of the Company available for the grant of Options shall not be greater than the Scheme Mandate Limit (subject to adjustments); and
- (d) the intrinsic value of any Option to have increased to the advantage of the Option Holder.

In addition, in respect of any adjustments under this paragraph 15, other than any adjustment made on a capitalisation issue, the independent auditors or independent financial adviser of the Company must confirm to the Directors in writing that the adjustments satisfy the requirements of the relevant provision of the Listing Rules.

16. CANCELLATION OF OPTIONS GRANTED

Options granted and accepted but not exercised may not be cancelled without the consent of the relevant Option Holder thereof and any new Options (or any other options) issued in replacement of Options cancelled may only be issued under the 2023 Share Option Scheme (or the Other Schemes) with available Scheme Mandate Limit and Service Provider Sublimit approved by the Shareholders as mentioned in paragraph 3 above. The Options cancelled will be regarded as utilised for the purpose of calculating the Scheme Mandate Limit and Service Provider Sublimit.

17. TERMINATION OF THE 2023 SHARE OPTION SCHEME

The Company by resolution in the general meeting may at any time terminate the operation of the 2023 Share Option Scheme before the expiry of the Scheme Period and in such event, no further offer to grant an Option shall be made but in all other respects the provisions of the 2023 Share Option Scheme shall remain in force. Upon such termination, details of the Options granted (including options exercised or outstanding) and (if applicable) Options that become void or non-exercisable as a result of the termination under the 2023 Share Option Scheme are required under the Listing Rules to be disclosed in the circular to the Shareholders seeking their approval of the first new scheme established thereunder or refreshment of any scheme mandate limit under any existing Other Schemes after such termination. All Options granted and accepted prior to such termination shall continue to be valid and exercisable in accordance with their terms and the terms of the 2023 Share Option

Scheme, and accordingly no relevant disclosure in relation to the Options that become void or non-exercisable as a result of the termination will be included in the circular to the Shareholders as such disclosure is not applicable.

18. TRANSFERABILITY OF OPTIONS

An Option shall be personal to the Option Holder and shall not be transferable and no Option Holder shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any Option, unless a waiver is granted by the Stock Exchange. Any breach of the foregoing shall entitle the Company to cancel any outstanding Option or part thereof granted to such Option Holder.

19. ALTERATION OF THE 2023 SHARE OPTION SCHEME

- 19.1 The Directors may from time to time in their absolute discretion waive or amend such of the provisions of the 2023 Share Option Scheme as they deem desirable, provided that, except with the prior sanction of the Shareholders in the general meeting, no alteration shall be made to the 2023 Share Option Scheme altering to the advantage of Option Holders (present or future) any of the provisions of the 2023 Share Option Scheme as to the definitions of “Eligible Participants”, “Option Period” and “Scheme Period” in sub-paragraph 1.1 of the 2023 Share Option Scheme, the terms and conditions of the 2023 Share Option Scheme which are of a material nature and all such other matters set out in Rule 17.03 of the Listing Rules.
- 19.2 No amendments to the 2023 Share Option Scheme shall be made which would have the effect of abrogating or altering adversely any of the subsisting rights of Option Holders except with such consent on their part as would be required under the provisions of the Articles as if the Options constituted a separate class of share capital and as if such provisions applied mutatis mutandis thereto.
- 19.3 Change to the terms of the Options granted to an Eligible Participant must be approved by the Board, the Remuneration Committee, the INEDs and/or Shareholders (as the case may be) if the initial grant of the Options was approved by the Board, the Remuneration Committee, the INEDs and/or the Shareholders (as the case may be). This requirement does not apply where the alterations take effect automatically under the existing terms of the 2023 Share Option Scheme.
- 19.4 Save as otherwise provided in the terms of the 2023 Share Option Scheme, an amendment of a material nature to the 2023 Share Option Scheme may not be made by the Directors, without the prior approval of Shareholders in the general meeting.
- 19.5 The amended terms of the 2023 Share Option Scheme or the Options must still comply with the relevant requirements of the Listing Rules.
- 19.6 Any change to the authority of the Directors or scheme administrators to alter the terms of the 2023 Share Option Scheme must be approved by the Shareholders in the general meeting.

20. PERFORMANCE TARGETS AND CLAWBACK MECHANISM

Unless otherwise imposed by the Directors and stated in the relevant offer letter, there is neither any performance targets required to be achieved by any Option Holder before an Option is capable of being exercised by the Option Holder nor any clawback mechanism under the 2023 Share Option Scheme for the Company to recover or withhold any remuneration (which may include Options granted to any Option Holder) to any Eligible Participants in the event of serious misconduct, a material misstatement in the Company's financial statements or other circumstances.

21. GRANT OF OPTIONS TO CONNECTED PERSONS

- 21.1 In addition to paragraph 4 above, any grant of Options to an Eligible Participant who is a Director, chief executive or substantial shareholder of the Company or their respective associates must be approved by the INEDs (excluding any INED who is a proposed grantee of the relevant Options) and shall comply with the requirements of Rule 17.04 of the Listing Rules.
- 21.2 Where Options are proposed to be granted to an INED or a substantial Shareholder, or any of their respective associates and if such grant would result in the total number of Shares issued and to be issued in respect of all options and awards (excluding any options and awards lapsed in accordance with the terms of the 2023 Share Option Scheme) granted to such person in the twelve (12)-month period up to and including the date of grant to such person representing in aggregate over 0.1% of the relevant class of Shares, then the proposed grant must be subject to the approval of the Shareholders taken on a poll in a general meeting.
- 21.3 In the circumstances described in paragraph 21.2 above, 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 relevant Option Holder, his or her associates and all core connected persons of the Company must abstain from voting in favour at such general meeting, the Company must comply with the requirements set out in Rules 13.40, 13.41 and 13.42 of the Listing Rules.

22. CONDITIONS OF THE 2023 SHARE OPTION SCHEME

The 2023 Share Option Scheme shall take effect upon satisfaction of the following conditions:

- 22.1 the passing of the necessary resolutions by the Shareholders in a general meeting to adopt the 2023 Share Option Scheme and to authorise the Directors to grant Options to subscribe for Shares hereunder and to allot, issue and deal with Shares pursuant to the exercise of any Options granted under the 2023 Share Option Scheme; and
- 22.2 the approval for the listing of, and permission to deal in, any Shares to be issued and allotted pursuant to the exercise of Options under the 2023 Share Option Scheme, being granted by the Listing Committee. If such approval, listing or permission is

not granted, then the 2023 Share Option Scheme shall forthwith determine and any Option granted or agreed to be granted pursuant to provisions of the 2023 Share Option Scheme and any offer of Options shall be of no effect after which, no person shall be entitled to any rights or benefits or be under any obligation under or in respect of the 2023 Share Option Scheme or any Option.

23. RANKING OF SHARES

The Shares to be allotted upon the exercise of an Option will be subject to all the provisions of the Articles for the time being in force and will rank *pari passu* with the fully paid Shares in issue on the date of allotment and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the date of allotment other than any dividend or other distribution previously declared or recommended or resolved to be paid or made. The Shares to be allotted upon the exercise of an option will not carry voting rights until completion of the registration of the Option Holder (or any other person) as the holder of those Shares.

24. RESTRICTION ON THE TIME OF GRANT OF OPTIONS

No offer of an Option shall be made and no Option shall be granted to any Eligible Participant after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision or inside information has come to the Company's knowledge until such price sensitive information or inside information has been publicly disseminated in accordance with the Listing Rules or during any period of time which is prohibited from any such offer and/or grant under the Listing Rules or any applicable law. In particular, no Option shall be granted during the period commencing one month immediately preceding the earlier of the date of the Board meeting (such date as first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules) and the deadline for the Company to publish an announcement of its results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement.

NOTICE OF ANNUAL GENERAL MEETING



HUAXI HOLDINGS COMPANY LIMITED

華禧控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01689)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the annual general meeting (“**AGM**”) of Huaxi Holdings Company Limited (the “**Company**”) will be held at Room 5906–5912, 59/F, The Center, 99 Queen’s Road Central, Hong Kong on Friday, 16 June 2023 at 2:30 p.m. for the following purposes:

Ordinary Business

1. To receive and consider the audited consolidated financial statements, the directors’ report and the independent auditor’s report for the year ended 31 December 2022;
2. To re-elect the retiring directors (the “**Directors**”) of the Company and to authorize the board of Directors (the “**Board**”) to fix their remuneration;
3. To re-appoint PricewaterhouseCoopers as auditors of the Company and to authorise the Board to fix their remuneration.

Special Business

As special business, to consider, and if thought fit, to pass with or without modifications the following resolutions as ordinary resolution:

4. “**THAT:**
 - (a) subject to paragraph (c) of this resolution, pursuant to the Rules Governing the Listing Securities of The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with ordinary shares of HK\$0.005 each in the capital of the Company (the “**Shares**”) to make and/or grant offers, agreements and options (including warrants, bonds, notes and debentures convertible into Shares, or options, similar rights to subscribe for any Shares) which would or might require the exercise of such powers be and is hereby generally and unconditionally approved;

NOTICE OF ANNUAL GENERAL MEETING

- (b) the approval in paragraph (a) of this resolution shall be in addition to any other authorisation given to the Directors and shall authorise the Directors during the Relevant Period to make and/or grant offers, agreements and options (including warrants, bonds, notes and debentures convertible into Shares) which would or might require the exercise of such power after the end of the Relevant Period;
- (c) the aggregate number of the Shares allotted, issued or dealt with, or agreed conditionally or unconditionally to be allotted, issued or dealt with (whether pursuant to an option or otherwise) by the Directors pursuant to the approval given under paragraph (a) of this resolution, otherwise than pursuant to:
 - (i) a Rights Issue (as hereinafter defined);
 - (ii) the exercise of the subscription or conversion rights attaching to any warrants, bonds, notes or any other securities issued by the Company which are convertible into Shares;
 - (iii) the exercise of options granted by the Company under any share option scheme or similar arrangement for the time being adopted for the grant or issue to the Directors, officers and/or employees of the Company and/or any of its subsidiaries and/or other eligible person (if any) of Shares or rights to acquire Shares; or
 - (iv) any scrip dividend or similar arrangements providing for the allotment of Shares in lieu of the whole or part of a dividend on the Shares in accordance with the Articles of Association of the Company;

shall not exceed 20 per cent. of the aggregate number of Shares of the Company in issue at the date of the passing of this resolution, and the said approval shall be limited accordingly;

- (d) subject to the passing of each of the paragraphs (a), (b) and (c) of this resolution, any prior approvals of the kind referred to in paragraphs (a), (b) and (c) of this resolution which had been granted to the Directors and which are still in effect be and are hereby revoked; and
- (e) for the purpose of this resolution:

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

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association of the Company or any applicable law of the Cayman Islands to be held; or

NOTICE OF ANNUAL GENERAL MEETING

(iii) the revocation or variation of the authority given under this resolution by ordinary resolution of the shareholders of the Company (the “**Shareholders**”) in general meeting;

and

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

5. “**THAT:**

- (a) subject to paragraph (b) of this resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase issued Shares 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 for this purpose by the Securities and Futures Commission and the Stock Exchange, subject to and in accordance with all applicable laws and the requirements of the Listing Rules or any other stock exchange (as amended from time to time), be and is hereby generally and unconditionally approved;
- (b) the aggregate number of Shares which the Company is authorised to repurchase pursuant to the approval in paragraph (a) of this resolution shall not exceed 10 per cent. of the aggregate number of Shares in issue as at the date of passing of this resolution;
- (c) subject to the passing of each of the paragraphs (a) and (b) of this resolution, any prior approvals of the kind referred to in paragraphs (a) and (b) of this resolution which had been granted to the Directors and which are still in effect be and are hereby revoked; and
- (d) for the purpose of this resolution:

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

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association of the Company or any applicable law of the Cayman Islands to be held; and

NOTICE OF ANNUAL GENERAL MEETING

- (iii) the revocation or variation of the authority given under this resolution by ordinary resolution of the Shareholders in general meeting.”
6. “**THAT** conditional upon the passing of resolutions no. 4 and no. 5 set out in the notice convening the AGM, the aggregate number of Shares which are repurchased by the Company under the authority granted to the Directors as mentioned in the said resolution no. 5 shall be added to the aggregate number of Shares that may be allotted, issued or dealt with or agreed conditionally or unconditionally to be allotted, issued or dealt with by the Directors pursuant to the approval in the said resolution no. 4.”
7. “**THAT**
- (a) the share option scheme adopted by the Company on 14 November 2013 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) subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) granting the approval for the listing of, and permission to deal in, the shares in the capital of the Company (“**Shares**”) which may fall to be issued and allotted pursuant to the exercise of any options that may be granted under the share option scheme of the Company (the rules of which are contained in the document marked “A” produced to the AGM and signed by the chairman of the AGM for the purpose of identification) (“**2023 Share Option Scheme**”), the 2023 Share Option Scheme be and is hereby approved and adopted and the directors of the Company be and are hereby authorised to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the 2023 Share Option Scheme including without limitation:
- (i) to administer the 2023 Share Option Scheme under which options will be granted to eligible participants under the 2023 Share Option Scheme to subscribe for Shares;
- (ii) to modify and/or amend the 2023 Share Option Scheme from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the 2023 Share Option Scheme relating to modification and/or amendment;
- (iii) to issue and allot from time to time such number of Shares as may be required to be issued pursuant to the exercise of the options under the 2023 Share Option Scheme and subject to the Rules Governing the Listing of Securities on the Stock Exchange;
- (iv) to make application at the appropriate time or times to the Stock Exchange for the listing of, and permission to deal in any Shares which may thereafter from time to time be issued and allotted pursuant to the exercise of the options under the 2023 Share Option Scheme; and

NOTICE OF ANNUAL GENERAL MEETING

- (v) to consent, if they deem fit and expedient, to such conditions, modifications and/or variations as may be required or imposed by the relevant authorities in relation to the 2023 Share Option Scheme.”
8. “**THAT** the Scheme Mandate Limit (as defined in the 2023 Share Option Scheme) on the total number of Shares that may be issued in respect of all options and awards to be granted to the eligible participants under all the share schemes of the Company (i.e. 10% of the Shares in issue 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 take all such steps and attend all such matters, approve and execute (whether under hand or under seal) such documents and do such other things, for and on behalf of the Company, as the directors of the Company may consider necessary, desirable or expedient to effect and implement the Scheme Mandate Limit.”
9. “**THAT** the Service Provider Sublimit (as defined in the 2023 Share Option Scheme) on the total number of Shares that may be issued in respect of all options and awards to be granted to service providers under all the share schemes of the Company (i.e. 1% of the Shares in issue 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 take all such steps and attend all such matters, approve and execute (whether under hand or under seal) such documents and do such other things, for and on behalf of the Company, as the directors of the Company may consider necessary, desirable or expedient to effect and implement the Service Provider Sublimit.”

By order of the Board
Huaxi Holdings Company Limited
Zheng Andy Yi Sheng
Chairman

Hong Kong, 28 April 2023

Head office and principal place of business in Hong Kong:

Unit 1906–07, 19th Floor
Cosco Tower
Grand Millennium Plaza
183 Queen’s Road Central
Central, Hong Kong

Registered office:

Windward 3, Regatta Office Park
P.O. Box 1350
Grand Cayman
KY1-1108 Cayman Islands

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. Any Shareholder entitled to attend and vote at the AGM shall be entitled to appoint another person as his proxy to attend and vote instead of him. A proxy need not be a Shareholder.
2. Please insert the number of Shares registered in your name(s). If no number is inserted, this form of proxy will be deemed to relate to all the Shares registered in your name(s).
3. Delivery of the form of proxy shall not preclude a Shareholder from attending and voting in person at the AGM and in such event, the form of proxy shall be deemed to be revoked.
4. Where there are joint Shareholders, any one of such joint Shareholder may vote, either in person or by proxy, in respect of such shares as if he were solely entitled thereto, but if more than one of such joint Shareholders be present at the above meeting the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint Shareholders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
5. The form of proxy and (if required by the Board) the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, shall be delivered to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.
6. The register of members of the Company will be closed from Tuesday, 13 June 2023 to Friday, 16 June 2023 (both days inclusive), for the purpose of determining Shareholders' entitlement to attend and vote at the AGM, during which day no transfers of shares will be registered. In order to be eligible to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Monday, 12 June 2023.
7. If Typhoon Signal No. 8 or above, or a "black" rainstorm warning is in effect any time after 3 hours before the time of the annual general meeting, the meeting will be postponed. The Company will publish an announcement on the websites of the Company and the Stock Exchange to notify shareholders of the Company of the date, time and venue of the rescheduled meeting.
8. The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.