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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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**If you are in any doubt** as to any aspect about this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

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

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### **Karrie International Holdings Limited**

**嘉利國際控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1050)**

### **GENERAL MANDATES TO ISSUE AND TO REPURCHASE SHARES, PROPOSED RE-ELECTION OF DIRECTORS, PROPOSED ADOPTION OF NEW SHARE OPTION SCHEME AND TERMINATION OF EXISTING SHARE OPTION SCHEME, AND NOTICE OF ANNUAL GENERAL MEETING**

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A notice convening the annual general meeting of the Company to be held at 9/F., Southeast Industrial Building, 611-619 Castle Peak Road, Tsuen Wan, New Territories, Hong Kong on Tuesday, 24 August 2021 at 3:00 p.m. is set out on pages 34 to 39 of this circular. Whether or not you are able to attend the annual general meeting, you are requested to complete the form of proxy accompanying the notice of the annual general meeting in accordance with the instructions printed thereon and return it to the Company’s principal place of business in Hong Kong at 9th Floor, Southeast Industrial Building, 611-619 Castle Peak Road, Tsuen Wan, New Territories, Hong Kong not less than 48 hours before the time appointed for the holding of the meeting or any adjourned meeting. Completion and delivery of the form of proxy shall not preclude shareholders from attending and voting in person at the meeting or any adjourned meeting should they so wish.

#### **PRECAUTIONARY MEASURES FOR THE ANNUAL GENERAL MEETING**

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

- (1) Compulsory temperature checks
- (2) Wearing of surgical face mask
- (3) No distribution of refreshments and corporate gifts

Any person who does not comply with the precautionary measures or is subject to any Hong Kong Government prescribed quarantine may be denied entry into the AGM venue. For the health and safety of the Shareholders, the Company would like to encourage Shareholders to exercise their right to vote at the AGM by appointing the Chairman of the AGM as their proxy and to return their proxy forms by the time specified above, instead of attending the AGM in person.

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## PRECAUTIONARY MEASURES FOR THE AGM

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In view of the ongoing COVID-19 epidemic and recent requirements for prevention and control of its spread, the Company will implement the following preventive measures at the AGM to protect each attendee from the risk of infection:

- (1) Compulsory body temperature checks will be conducted on each attendee at the entrance of the AGM venue. Any attendee with a body temperature of over 37.4 degrees Celsius may be denied entry into the AGM venue, or be required to leave the AGM venue.
- (2) The Company requires each attendee to wear a surgical face mask throughout the AGM and in the AGM venue, and to maintain a safe distance between seats.
- (3) No refreshments will be served and no corporate gifts will be distributed.

To the extent permitted under the laws of Hong Kong, the Company reserves the right to entry into the AGM venue or require any person to leave the AGM venue, in order to ensure safety of the attendees at the AGM.

In the interest of all stakeholders' health and safety and consistent with recent COVID-19 guidelines for prevention and control, the Company reminds all Shareholders that physical attendance in person at the AGM is not necessary for the purpose of exercising voting rights. As alternative, by using form of proxy with voting instructions inserted, Shareholders may appoint chairman of the AGM as their proxy to vote on the relevant resolutions at the AGM instead of attending the AGM in person.

If Shareholders have any question relating to the AGM, please contact the Company's Hong Kong branch share registrar as follows:

Computershare Hong Kong Investor Services Limited  
Rooms 1712-6, 17th Floor  
Hopewell Centre  
183 Queen's Road East  
Wanchai, Hong Kong  
Tel: (852) 2862-8628  
Fax: (852) 2529-6087

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## DEFINITIONS

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

“Annual General Meeting”	the annual general meeting of the Company to be held at 9/F., Southeast Industrial Building, 611-619 Castle Peak Road, Tsuen Wan, New Territories, Hong Kong on Tuesday, 24 August 2021 at 3:00 p.m.;
“Board”	the board of Directors;
“Bye-laws”	the bye-laws of the Company;
“CG Code”	the Corporate Governance Code, as set out in Appendix 14 to the Listing Rules;
“Company”	Karrie International Holdings Limited, a company incorporated in Bermuda with limited liability, whose Shares are listed on the Main Board of the Stock Exchange;
“Director(s)”	director(s) of the Company;
“Eligible Participant”	any director (whether executive, non-executive or independent non-executive director), employee (whether full time or part time employee), consultant, customer, supplier, agent, partner, joint venture partner or advisers of or contractor to the Group or Invested Entity; and any discretionary trust whose discretionary objects include any director (whether executive, non-executive or independent non-executive director), employee (whether full time or part time employee), consultant, customer, supplier, agent, partner, joint venture partner or adviser of or contractor to the Group or Invested Entity;
“Existing Share Option Scheme”	The existing share option scheme adopted by the Company on 24 August 2012;
“General Mandates”	the Issuance Mandate, the Repurchase Mandate and the Top-up Mandate;

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## DEFINITIONS

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“Grantee”	means any Eligible Participant who accepts the offer in accordance with the terms of the New Share Option Scheme or (where the context so permits) his personal representative(s);
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Invested Entity”	means any entity in which the Company or any subsidiary holds any equity interest;
“Issuance Mandate”	as defined in paragraph 2(a) of the Letter from the Board in this circular;
“Latest Practicable Date”	12 July 2021, 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 of Hong Kong Limited (as amended from time to time);
“New Share Option Scheme”	the share option scheme which is proposed to be adopted by the Company at the Annual General Meeting, the principal terms of which are set out in Appendix III to this circular;
“Options”	the right granted under the Share Option Scheme to subscribe for Shares in accordance with the Share Option Scheme;
“Repurchase Mandate”	as defined in paragraph 2(b) of the Letter from the Board in this circular;

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## DEFINITIONS

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“Securities and Futures Ordinance”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (as amended from time to time);
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Supplementary Guidance”	means the supplementary guidance attached to the letter from the Stock Exchange dated 5 September 2005 and any guidance and interpretation issued from time to time by the Stock Exchange relating to share option schemes;
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-Backs;
“Top-up Mandate”	as defined in paragraph 2(c) of the Letter from the Board in this circular; and
“%”	per cent.

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LETTER FROM THE BOARD

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**Karrie International Holdings Limited**

**嘉利國際控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1050)**

*Executive Directors:*

Mr. Ho Cheuk Fai (*Chairman & CEO*)

Ms. Chan Ming Mui, Silvia

Mr. Zhao Kai

Mr. Chan Raymond

*Registered Office:*

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

*Non-executive Directors:*

Mr. Ho Cheuk Ming (*Deputy Chairman*)

Mr. Ho Kai Man

*Principal place of business*

*in Hong Kong:*

9th Floor

Southeast Industrial Building

611-619 Castle Peak Road

Tsuen Wan, New Territories

Hong Kong

*Independent Non-executive Directors:*

Mr. Fong Hoi Shing

Mr. Yam Chung Shing

Dr. Lau Kin Wah

19 July 2021

*To the Shareholders*

Dear Sirs or Madams,

**GENERAL MANDATES TO ISSUE AND TO REPURCHASE SHARES,  
PROPOSED RE-ELECTION OF DIRECTORS,  
PROPOSED ADOPTION OF NEW SHARE OPTION SCHEME AND  
TERMINATION OF EXISTING SHARE OPTION SCHEME,  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

\* For identification purpose only

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## LETTER FROM THE BOARD

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### 1. INTRODUCTION

The purpose of this circular is to provide the Shareholders with information in respect of the resolutions to be proposed at the Annual General Meeting for (i) granting of the General Mandates to the Directors; (ii) re-electing the retiring Directors; (iii) the proposed adoption of the New Share Option Scheme and termination of the Existing Share Option Scheme, and to give Shareholders the notice of the Annual General Meeting.

### 2. GENERAL MANDATES TO ISSUE AND TO REPURCHASE SHARES

At the annual general meeting of the Company held on 28 August 2020, approval was given by Shareholders for the granting of, inter alia, general mandates to the Directors to (i) repurchase Shares on the Stock Exchange up to 10% of the number of issued Shares of the Company as at the date of passing of the relevant resolution; and (ii) allot and issue Shares not exceeding 20% of the number of issued Shares of the Company as at the date of passing of the relevant resolution. In accordance with the terms of the approval, these general mandates will expire on 24 August 2021 upon the conclusion of the forthcoming Annual General Meeting.

To keep in line with current corporate practice of the Company, the grant of fresh general mandates for the same purpose is being sought from Shareholders and ordinary resolutions will be proposed at the Annual General Meeting to approve the granting of general mandates to the Directors:

- (a) to allot, issue or deal with Shares of not exceeding 20% of the number of issued Shares of the Company on the date of passing of such resolution (the “**Issuance Mandate**”). As at the Latest Practicable Date, the total number of issued Shares was 2,016,139,200 Shares. Assuming that there is no issuance of Shares or any repurchase of Shares from the Latest Practicable Date up to the date of the Annual General Meeting, up to a maximum of 403,227,840 Shares representing 20% of the total number of issued Shares of the Company as at the date of the Annual General Meeting may be issued under the Issuance Mandate;
- (b) to purchase Shares on the Stock Exchange of up to 10% of the number of issued Shares of the Company on the date of passing of such resolution (the “**Repurchase Mandate**”). As at the Latest Practicable Date, the total number of issued Shares was 2,016,139,200 Shares. Assuming that there is no issuance of Shares or any repurchase of Shares from the Latest Practicable Date up to the date of the Annual General Meeting, up to a maximum of 201,613,920 Shares representing 10% of the total number of issued Shares of the Company as at the date of the Annual General Meeting may be repurchased by the Company under the Repurchase Mandate; and

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## LETTER FROM THE BOARD

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- (c) to extend the Issuance Mandate by an amount representing the number of the Shares repurchased by the Company pursuant to and in accordance with the Repurchase Mandate (the “**Top-up Mandate**”).

The General Mandates will continue in force until whichever is the earliest of: (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by any applicable law or the Bye-laws to be held; and (iii) the passing of an ordinary resolution of the Company in general meeting revoking or varying the authority set out in the above resolutions. The existing mandates granted to the Directors to issue and to repurchase Shares shall expire at the conclusion of the Annual General Meeting. With reference to the Issuance Mandate and the Repurchase Mandate, the Directors wish to state that they have no immediate plan to repurchase any Shares or issue any Shares pursuant thereto.

In accordance with the requirements of the Listing Rules, the Company is required to send to the Shareholders an explanatory statement containing all the information reasonably necessary to enable them to make an informed decision on whether to vote for or against the granting of the Repurchase Mandate. The explanatory statement as required by the Listing Rules in connection with the Repurchase Mandate is set out in Appendix I to this circular.

### 3. PROPOSED RE-ELECTION OF DIRECTORS

Pursuant to the Bye-law 87(1) of the Bye-laws, at each annual general meeting, one-third of the Directors for the time being (or if their number is not a multiple of three, the number nearest to but not greater than one-third) shall retire from office by rotation provided that the chairman of the Board and/or the managing director of the Company shall not, whilst holding their office, be subject to retirement by rotation or be taken into account in determining the number of directors to retire each year.

In addition, every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years according to Code Provision A.4.2 of the CG Code. Therefore, Mr. Ho Cheuk Fai, Mr. Zhao Kai and Mr. Chan Raymond will retire from office by rotation at the Annual General Meeting.

Brief biographical details of the above Directors who are proposed to be re-elected at the Annual General Meeting are set out in Appendix II to this circular.

Furthermore, pursuant to Bye-law 86(2) of the Bye-laws, any Director appointed by the Board to fill a casual vacancy on the Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election at that meeting. Dr. Lau

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## LETTER FROM THE BOARD

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Kin Wah was appointed as an independent non-executive Director by the Board with effect from 1 December 2020 to fill a casual vacancy on the Board. In accordance with Bye-law 86(2) of the Bye-laws, Dr. Lau Kin Wah shall retire from office at the Annual General Meeting and being eligible, will offer themselves for re-election.

#### **4. PROPOSED ADOPTION OF THE NEW SHARE OPTION SCHEME AND TERMINATION OF THE EXISTING SHARE OPTION SCHEME**

##### **Termination of the Existing Share Option Scheme**

The Existing Share Option Scheme adopted by the Company on 24 August 2012 will expire on 23 August 2022. The Existing Share Option Scheme is the only share option scheme adopted by the Company as at the Latest Practicable Date. For illustration purpose, the maximum number of Shares which may be issued upon exercise of all options to be granted under the existing scheme mandate limit of the Existing Share Option Scheme is 23,900,000 Shares. As at the Latest Practicable Date, there were 4,000,000, 5,200,000 and 14,700,000 outstanding options with respective exercise price of HK\$0.419, HK\$0.7 and HK\$1.69 granted under the Existing Share Option Scheme, which shall remain effective after the termination of the Existing Share Option Scheme. The Company has no intention to grant any additional options under the Existing Share Option Scheme from the Latest Practicable Date to the date of the Annual General Meeting.

Pursuant to the terms of the Existing Share Option Scheme, the Existing Share Option Scheme could be terminated by ordinary resolution by the Shareholders in a general meeting or the Board may at any time terminate the operation of the Existing Share Option Scheme and in such event no further options will be offered, but in all other respects the provisions of the Existing Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the provisions of the Existing Share Option Scheme and options granted prior to such termination shall continue to be valid and exercisable in accordance with the Existing Share Option Scheme.

The Board is of the view that it is appropriate to terminate the Existing Share Option Scheme and to adopt the New Share Option Scheme as the Existing Share Option Scheme will expire soon. The Board considers that the New Share Option Scheme, which is in compliance with the current Chapter 17 of the Listing Rules, will enable the Company to offer meaningful incentive to attract and retain quality personnel that are valuable to the development of the Group. In addition, for the ease of administration, the Board also considers it unnecessary to keep two share option schemes that serve similar purposes at the same time. Therefore, at the Annual General Meeting, ordinary resolutions will be proposed to the Shareholders to terminate the Existing Share Option Scheme and to adopt the New Share Option Scheme.

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## LETTER FROM THE BOARD

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### **Adoption of the New Share Option Scheme**

The Board proposes to adopt the New Share Option Scheme, the principal terms of which are set out in Appendix III to this circular. A copy of the New Share Option Scheme will be available for inspection during normal business hours from 9:00 a.m. to 6:00 p.m. (save for Saturdays, Sundays and public holidays) at the principal place of business of the Company in Hong Kong at 9th Floor, Southeast Industrial Building, 611-619 Castle Peak Road, Tsuen Wan, New Territories, Hong Kong, from the date of this circular up to and including the date of the Annual General Meeting and at the Annual General Meeting.

The purpose of the New Share Option Scheme is to recognise and acknowledge the contributions which the Eligible Participants have made or will make to the Group. The Board believes that the inclusion of persons other than the employees, shareholders and directors of the Group as Eligible Participants is appropriate given that the success of the Group also requires the cooperation and contribution from persons who play a role in the business of the Group, such as advisers and consultants of the Group. For the better development of the Group, it is important that the Group is able to maintain good relationship with its business partners. Having a share option scheme in place is one of the means to attract and retain those persons who contribute to the continuous development of the Group, so that they have an incentive to render improved services and/or patronage to the Group on a long-term basis. The Board also believes that it is in the interest of the Group by giving incentive to a broader category of Eligible Participants (other than the employees, shareholders and directors) such as consultants, advisers and other business partners to participate in the growth of, and contribute to the Group in the form of options, as the Eligible Participants will share common interest and objectives with the Group.

The basis of eligibility of any classes of Eligible Participants to the grant of any option shall be determined by the Board from time to time based on their potential or actual contribution to the development and growth of the Group.

The New Share Option Scheme will be valid for 10 years from the date of its adoption. The New Share Option Scheme does not specify a minimum period for which an option must be held nor a performance target which must be achieved before an option can be exercised. However, the Board may, at its sole discretion, determine such terms(s) and impose such other restrictions on the grant of an option. The New Share Option Scheme also sets out the basis of determining the exercise price of an option. Subject to the Listing Rules, the Board has the discretion in determining the exercise price in respect of any option. The Directors consider that the aforesaid criteria and rules will enable the Directors to properly operate and regulate the New Share Option Scheme and thus help serve the purpose of the New Share Option Scheme and to preserve the value of the Company.

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## LETTER FROM THE BOARD

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The New Share Option Scheme is conditional upon (i) the passing of an ordinary resolution by the Shareholders at the Annual General Meeting approving the adoption of the New Share Option Scheme and authorising the Board to grant options to subscribe for Shares thereunder and to allot and issue Shares pursuant to the exercise of any options granted under the New Share Option Scheme; and (ii) the termination of the Existing Share Option Scheme. No Shareholders are required to abstain from voting in favour of the resolution to approve the New Share Option Scheme. The grant of options under the New Share Option Scheme is conditional upon the Listing Committee granting the approval for the listing of, and permission to deal in, the Shares which may fall to be issued upon the exercise of subscription rights attaching to the options to be granted under the New Share Option Scheme.

The Directors believe that any calculation of the fair value of the options as at the Latest Practicable Date before the options are actually granted would not be meaningful and would be misleading to Shareholders, because any valuation of the fair value of the options would have to be based on the circumstances as at the Latest Practicable Date, but options would not be granted until the New Share Option Scheme is approved, which will be after the Latest Practicable Date. Given also the fact that there are various factors relevant to each individual grant (including vesting periods), such valuation figure cannot be relied upon as being an accurate measure of the fair value of all options that may, in the future, be granted.

Subject to the adoption of the New Share Option Scheme by the Shareholders at the Annual General Meeting, the total number of Shares which may be issued upon the exercise of all the options to be granted under the New Share Option Scheme and any other share option schemes of the Company must not, in aggregate, exceed 10% of the total issued Shares as at the date of adoption of the New Share Option Scheme. Based on 2,016,139,200 Shares in issue as at the Latest Practicable Date and assuming that there is no change in the issued share capital of the Company before the Annual General Meeting, the maximum number of Shares to be issued upon the exercise of options that may be granted under the New Share Option Scheme is 201,613,920 Shares (“**Scheme Mandate Limit**”). The Company may seek approval of the Shareholders in general meetings to refresh the Scheme Mandate Limit. Notwithstanding that the Scheme Mandate Limit may be refreshed, the Board shall not grant options which would result in the maximum aggregate number of Shares which may be issued upon exercise of all the outstanding options granted but yet to be exercised under the New Share Option Scheme and any other share option schemes of the Company exceeding, in aggregate, 30% of the issued share capital of the Company from time to time.

### 5. ANNUAL GENERAL MEETING AND PROXY ARRANGEMENT

The notice of the Annual General Meeting is set out on pages 34 to 39 of this circular.

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## LETTER FROM THE BOARD

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A form of proxy for use at the Annual General Meeting is enclosed with this circular. To be valid, this form of proxy, together with the power of attorney or other authority, if any, under which it is signed, or a certified copy of that power or authority must be deposited at the Company's principal place of business in Hong Kong at 9th Floor, Southeast Industrial Building, 611-619 Castle Peak Road, Tsuen Wan, New Territories, Hong Kong not less than 48 hours before the time appointed for the holding of the Annual General Meeting or any adjourned meeting. Completion and delivery of the form of proxy shall not preclude Shareholders from attending and voting in person at the Annual General Meeting or any adjourned meeting should they so wish.

### **6. VOTING BY WAY OF POLL**

Pursuant to Rule 13.39 of the Listing Rules, all votes of the Shareholders at the Annual General Meeting must be taken by poll except where the chairman of the Annual General Meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted upon by a show of hands. The chairman of the meeting will therefore demand a poll for every resolution put to the vote of the Annual General Meeting pursuant to Bye-law 66 of the Bye-laws.

The results of the poll will be published after the conclusion of the Annual General Meeting on the respective websites of the Stock Exchange and the Company.

### **7. RESPONSIBILITY STATEMENT**

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

### **8. ADDITIONAL INFORMATION**

Your attention is drawn to the additional information set out in Appendix I (Explanatory Statement on the Repurchase Mandate), Appendix II (Details of the Directors proposed to be re-elected at the Annual General Meeting), and Appendix III (Summary of the principal terms of New Share Option Scheme) to this circular.

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## LETTER FROM THE BOARD

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### 9. RECOMMENDATION

The Directors consider that the resolutions to be proposed at the Annual General Meeting for (i) granting of the General Mandates to the Directors; (ii) re-electing the retiring Directors as set out in the notice of the Annual General Meeting; and (iii) the termination of the Existing Share Option Scheme and the adoption of the New Share Option Scheme are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolutions to be proposed at the Annual General Meeting.

Yours faithfully,

On behalf of the Board

**Karrie International Holdings Limited**

**Ho Cheuk Fai**

*Chairman*

*This appendix serves as the explanatory statement required to be sent to Shareholders by the Listing Rules in connection with the repurchase by companies with a primary listing on the Stock Exchange of their own securities. The intention of this explanatory statement is to provide Shareholders with all the information reasonably necessary to enable them to make an informed decision on whether to vote for or against the proposed Repurchase Mandate to be granted to the Directors.*

### **1. SHARE CAPITAL**

As at the Latest Practicable Date, the total number of issued Shares of the Company comprised 2,016,139,200 Shares.

Subject to the passing of the proposed resolution in respect of the granting of the Repurchase Mandate and on the basis that no further Shares are issued or repurchased prior to the Annual General Meeting, the Company will be allowed under the Repurchase Mandate to repurchase a maximum of 201,613,920 Shares (representing 10% of the total number of issued Shares as at the date of granting of the Repurchase Mandate).

### **2. REASON FOR REPURCHASES**

The Directors believe that the Repurchase Mandate is in the best interest of the Company and the Shareholders. Such repurchase may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value and/or earnings per Share and will only be made when the Directors believe that such repurchase will benefit the Company and the Shareholders. The Directors have no present intention to repurchase any Shares.

### **3. FUNDING OF REPURCHASES**

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum of association, the Bye-laws and the laws of Bermuda. Bermuda law provides that the amount of capital repaid in connection with a share repurchase may only be paid out of either the capital paid up on the relevant shares, or out of the funds of the Company which would otherwise be available for dividend or distribution or out of the proceeds of a fresh issue of shares made for such purpose. The amount of premium payable on a purchase may only be paid out of either funds of the Company that would otherwise have been available for dividend or distribution or out of the share premium account of the Company.

There might be an adverse impact on the working capital or gearing position of the Company as compared with the position disclosed in the audited financial statements contained in the annual report of the Company for the year ended 31 March 2021 in the event that the repurchase of Shares were to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the repurchase of Shares to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

#### 4. SHARE PRICES

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

<b>Month</b>	<b>Highest</b> <i>HK\$</i>	<b>Lowest</b> <i>HK\$</i>
<b>2020</b>		
July	1.18	1.04
August	1.15	1.10
September	1.11	1.02
October	1.09	1.01
November	1.23	1.04
December	1.19	1.16
<b>2021</b>		
January	1.18	1.08
February	2.07	1.15
March	1.62	1.41
April	1.85	1.45
May	1.86	1.65
June	1.92	1.70
July (up to the Latest Practicable Date)	1.82	1.71

## 5. UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchases pursuant to the Repurchase Mandate and in accordance with the Listing Rules and the applicable laws of Bermuda and in accordance with the memorandum of association of the Company and the Bye-laws.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their respective close associates (as defined in Rule 1.01 of the Listing Rules), has any present intention to sell any Shares to the Company or its subsidiaries under the Repurchase Mandate if such resolution is approved by the Shareholders.

No core connected persons (as defined in Rule 1.01 of the Listing Rules) of the Company have notified the Company that they have a present intention to sell Shares to the Company or its subsidiaries, or have undertaken not to do so, in the event that the Repurchase Mandate is approved by the Shareholders.

## 6. TAKEOVERS CODE

If on the exercise of the powers to repurchase Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. As a result, a Shareholder or group of Shareholders acting in concert (as defined in the Takeovers Code) 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. To the best knowledge and belief of the Directors, having made all reasonable enquiries, as at the Latest Practicable Date, New Sense Enterprises Limited, Castfast Properties Development Co., Ltd., Mr. Ho Cheuk Fai, Mr. Ho Cheuk Ming and Ms. Ho Po Chu (together the "**Concert Group**") were together beneficially interested in 1,478,070,000 Shares, representing approximately 73.31% of the issued share capital of the Company. On the basis that no Shares are issued or repurchased prior to the date of the Annual General Meeting, in the event that the Directors should exercise in full the Repurchase Mandate, the shareholding of the Concert Group will be increased to approximately 81.46% of the issued share capital of the Company. The Directors are not aware of any consequences which may arise under the Takeovers Code as a result of any repurchases made under the Repurchase Mandate. If the Repurchase Mandate is exercised in full, the number of Shares held by the public would be reduced to less than the minimum public float of 25%. However, the Directors have no present intention to repurchase Shares to such extent.

**7. SHARE REPURCHASE MADE BY THE COMPANY**

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

<b>Date of repurchase</b>	<b>Number of Shares repurchased</b>	<b>Highest price paid per Share (HK\$)</b>	<b>Lowest price paid per Share (HK\$)</b>
2 July 2021	104,000	1.75	1.73
5 July 2021	424,000	1.78	1.76
8 July 2021	170,000	1.75	1.74

*As required by the Listing Rules, the following are the particulars of the Directors to be re-elected at the Annual General Meeting:*

**MR. HO CHEUK FAI**

Mr. HO Cheuk Fai (“**Mr. Ho**”), aged 75, was appointed as a Director of the Company in October 1996 and is the Chairman and Chief Executive Officer of the Company as well as the founder of the Group. He is also the director of certain subsidiaries of the Group. Prior to founding the Group in 1980, Mr. Ho had experience in factory management for several decades and in running operations specialised in manufacturing plastic, metal and electronic products. He is responsible for the Group’s overall corporate strategies and objectives. He is also a director of New Sense Enterprises Limited and Honford Investments Limited, a corporate substantial shareholder of the Company, and the brother of Mr. Ho Cheuk Ming, who is a non-executive Director and Deputy Chairman, the husband of Ms. Ho Po Chu, who is a member of management team and the uncle of Mr. Ho Kai Man, a non-executive Director of the Company.

Mr. Ho was appointed as member of the 10th Guangdong Provincial Committee of Political Consultative Conference in January 2008 and was reappointed as a member of 11th Chinese People’s Political Consultative Conference, Dongguan City, Guangdong Province in January 2007. He was also awarded as the Honorable Citizen of Dongguan City and Honorable Citizen of Yixing City. The solid business knowledge and working experience gained by Mr. Ho throughout the years are recognized by the industries. He was awarded the Honorary Fellowship of the Professional Validation Council of Hong Kong Industries in October 2020. He was also the Honorary Vice-Chairman of Hang Seng Management College — Foundation and the Honorary Director of Hong Kong CPPCC (Provincial) Members Association Foundation. Mr. Ho currently participates in affairs of different social and commercial associations, which include Former Guangdong Province CPPCC Members Association, Overseas Friendship Association of Dongguan, Former Dongguan City CPPCC Members Association, The Association of the Hong Kong Members of Dongguan’s (Hong Kong & Macau) CPPCC, Guangdong Overseas Chinese Enterprises Association, Hong Kong Metals Manufacturers Association, World Dongguan Entrepreneurs, China Association of Enterprises with Foreign Investment, Dongguan City Association of Enterprises with Foreign Investment, Dongguan City Fenggang Association of Enterprises with Foreign Investment, Federation of Hong Kong Guangdong Community Organisations, Hong Kong Fenggang (Dongguan) Natives Association Limited, The Hong Kong Chinese Importers’ & Exporter’s Association, Dongguan Foundation for the Disabled and Dongguan City Fenggang Industrial Development Association (東莞市鳳崗產業發展促進會). Save as disclosed above, Mr. Ho did not hold any directorship in other listed companies in the past three years.

So far as the Directors are aware, as at the Latest Practicable Date, Mr. Ho was interested within the meaning of Part XV of the Securities and Futures Ordinance in 1,466,670,000 Shares. Save as disclosed above, as at the Latest Practicable Date, Mr. Ho had no relationship with any Directors, senior management, substantial Shareholders nor controlling Shareholders of the Company.

According to the service agreement between Mr. Ho and the Company, Mr. Ho is entitled to an annual salary of HK\$4,736,400. During the year ended 31 March 2021, Mr. Ho received a total amount of HK\$3,292,700 as bonuses, including a discretionary performance bonus which is based on his performance during the previous year and which will not exceed his monthly salary from time to time, and a bonus payment with reference to the audited consolidated net profit of the Group for the relevant financial year. Both types of bonuses are to be determined by the Board at its absolute discretion. Mr. Ho's emoluments are determined by the Board with reference to his experience, performance and duties as well as the prevailing market conditions. The service agreement which is without a fixed period commenced from 1 December 1996 and shall continue thereafter until terminated by either Mr. Ho or the Company giving to the other party not less than three months' but not more than one year's written notice without payment of compensation (other than statutory compensation).

Save as disclosed herein, there is no other information to be disclosed pursuant to the requirements of Rule 13.51(2)(h) to (v) of the Listing Rules and the Board is not aware of any other matters which need to be brought to the attention of the Shareholders.

#### **MR. ZHAO KAI**

Mr. ZHAO Kai ("**Mr. Zhao**"), aged 46, was appointed as a Director of the Company in November 2012. He has been appointed as the General Manager and the Convener of Executive Committee of the Group with effect from 1 April 2013, responsible for overall manufacturing management and operation of the Group. Mr. Zhao graduated from Xihua University (formerly known as Sichuan Institute of Technology) in the PRC with a Bachelor Degree in Foundry Engineering. He had over 20 years' experience in metal plastic, mould engineering and project management and more than 15 years' experience in production management and operation. Mr. Zhao joined the Group in December 2011. Mr. Zhao currently is a director of Guangdong Cuifeng Robotics Technology Limited (廣東翠峰機器人科技股份有限公司) ("**Cuifeng**") (Securities Code: 871244) on the National Equities Exchange and Quotations of the People's Republic of China. Save as disclosed above, Mr. Zhao does not hold any directorship in other companies listed on the Stock Exchange in the past three years.

So far as the Directors are aware, as at the Latest Practicable Date, Mr. Zhao was interested within the meaning of Part XV of the Securities and Futures Ordinance in 10,672,000 Shares and outstanding Options to subscribe for 1,000,000 Shares. As at the Latest Practicable Date, Mr. Zhao had no relationship with any directors, senior management, substantial shareholders nor controlling shareholders of the Company.

According to the service agreement dated 1 November 2012 between Mr. Zhao and the Company, Mr. Zhao is entitled to an annual salary and allowances of approximately HK\$1,224,010.20. During the year ended 31 March 2021, Mr. Zhao received a total amount of approximately HK\$3,110,402 as bonuses, including discretionary performance bonus which was based on his performance during the previous year and did not exceed his then monthly salary and allowances, and a bonus payment with reference to the audited consolidated net profit of the Group for the relevant financial year, both were determined by the Board at its absolute discretion. Mr. Zhao's emoluments are determined by the Board with reference to his experience, performance and duties as well as the prevailing market conditions. The service agreement which is without a fixed period commenced from 1 November 2012 and shall continue thereafter until terminated by either Mr. Zhao or the Company giving to the other party not less than three months' written notice without payment of compensation (other than statutory compensation). After his re-election at the Annual General Meeting, he will continue to serve on the Board until he resigns or is removed and he will be subject to retirement by rotation and re-election at the annual general meeting in accordance with the Bye-laws.

Save as disclosed herein, there is no other information relating to the re-election of Mr. Zhao as an executive Director that is required to be disclosed under of Rule 13.51(2)(h) to (v) of the Listing Rules and the Board is not aware of any other matters which need to be brought to the attention of the Shareholders.

#### **MR. CHAN RAYMOND**

Mr. CHAN Raymond ("**Mr. Chan**"), aged 54, was appointed as an executive Director in June 2016. He is also the Marketing Executive General Manager and a member of the Executive Committee of the Group, responsible for the Group's marketing and business development. He is also the director of certain subsidiaries of the Group. He joined the Group in 1985 and has over 25 years' experience in sales and marketing. Save as disclosed above, Mr. Chan has not held any directorship in any listed companies in the last 3 years.

So far as the Directors are aware, as at the Latest Practicable Date, Mr. Chan was interested within the meaning of Part XV of the Securities and Futures Ordinance in 5,000,000 Shares and outstanding Options to subscribe for 1,000,000 Shares. As at the Latest Practicable Date, Mr. Chan had no relationship with any directors, senior management, substantial shareholders nor controlling shareholders of the Company.

According to the service agreement dated 1 June 2016 between Mr. Chan and the Company, Mr. Chan is entitled to an annual salary of HK\$1,032,000. During the year ended 31 March 2021, Mr. Chan received a total amount of HK\$1,946,800 as bonuses, including discretionary performance bonus which was based on his performance during the previous year and did not exceed his then monthly salary, and a bonus payment with reference to the audited consolidated net profit of the Group for the relevant financial year, both were determined by the Board at its absolute discretion. Mr. Chan's emoluments are determined by the Board with reference to his experience, performance and duties as well as the prevailing market conditions. The service agreement which is without a fixed period commenced from 1 June 2016 and shall continue thereafter until terminated by either Mr. Chan or the Company giving to the other party not less than three months' written notice without payment of compensation (other than statutory compensation). After his re-election at the Annual General Meeting, he will continue to serve on the Board until he resigns or is removed and he will be subject to retirement by rotation and reelection at the annual general meeting in accordance with the Bye-laws.

Save as disclosed herein, there is no other information relating to the re-election of Mr. Chan as an executive Director that is required to be disclosed under of Rule 13.51(2)(h) to (v) of the Listing Rules and the Board is not aware of any other matters which need to be brought to the attention of the Shareholders.

#### **DR. LAU KIN WAH**

Dr. LAU Kin Wah ("**Dr. Lau**"), JP, aged 61, has been appointed as an independent non-executive Director, a member of each of the audit committee and remuneration committee of the Company in December 2020. Dr. Lau has rich and extensive experience in business operation and management and is the founder, chairman and managing director of Hanville Co. Ltd. He holds a Doctor of Business Administration from Bulacan State University in Philippines and becomes a prominent figure in watch and clock industry. He graduated from the Lee Wai Lee Technical Institute in the 1980s. He was presented with the 20th Anniversary Award for Outstanding Graduate by the VTC in 2002. Also, he was an awardee of the Young Industrialist Awards of Hong Kong in 2004 and conferred the VTC Honorary Fellowship in 2013. On 1 July 2013 he was appointed a justice of the peace.

Dr. Lau is also a Vice-Convenor of The Employees Retraining Board Industry Consultative Networks (Business Services), a Member of Education Bureau Curriculum Development Council (CDC) Committee on Applied Learning, a Member of The Hong Kong Polytechnic University Intellectual Property Assessment Committee (IPAC), a Member of Hong Kong Productivity Council Hong Kong Watch & Clock Technology Centre Management Committee, an Advisor of Hong Kong Brand Development Council and a Specialist of The Hong Kong Council for Accreditation of Academic and Vocational Qualifications (HKCAAVQ). Save as disclosed herein, Dr. Lau does not hold any directorship in other companies listed on the Stock Exchange in the past three years.

So far as the Directors are aware, as at the Latest Practicable Date, Dr. Lau did not have any interest (within the meaning of Part XV of the Securities and Futures Ordinance) in the Shares. As at the Latest Practicable Date, Dr. Lau had no relationship with any directors, senior management, substantial shareholders nor controlling shareholders of the Company.

Dr. Lau is currently receiving a Director's fee of HK\$150,000 per annum which is determined by the Board with reference to his experience, performance and duties. He entered into an appointment letter with the Company for a term of one year with effect from 1 December 2020, subject to extension by mutual agreement and retirement by rotation and re-election at the annual general meeting of the Company as and when required under the Bye-laws.

Save as disclosed herein, there is no other information relating to the re-election of Dr. Lau as an independent non-executive Director to be disclosed pursuant to the requirements of Rule 13.51(2)(h) to (v) of the Listing Rules and the Board is not aware of any other matters which need to be brought to the attention of the Shareholders.

**NEW SHARE OPTION SCHEME**

The following is a summary of the principal terms of the New Share Option Scheme proposed to be approved at the Annual General Meeting.

1. (a) The New Share Option Scheme is a share incentive scheme and is established to recognise and acknowledge the contributions which the Eligible Participants have made or will make to the Group or Invested Entity.
- (b) The New Share Option Scheme will provide the Eligible Participants with an opportunity to have a personal stake in the Company with a view to motivating the Eligible Participants to utilise their performance and efficiency for the benefit of the Group or Invested Entity; and attracting and retaining or otherwise maintaining an ongoing relationship with the Eligible Participants whose contributions are or will be beneficial to the long term growth of the Group or Invested Entity.
2. The Board may at its discretion grant options to:
  - (a) any director (whether executive, non-executive or independent non-executive director), employee (whether full time or part time employee), consultant, customer, supplier, agent, partner, joint venture partner or advisers of or contractor to the Group or Invested Entity; and
  - (b) any discretionary trust whose discretionary objects include any director (whether executive, non-executive or independent non-executive director), employee (whether full time or part time employee), consultant, customer, supplier, agent, partner, joint venture partner or adviser of or contractor to the Group or Invested Entity.
3. The overall limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Share Option Scheme and any other share option schemes for the time being of the Company shall not, in aggregate, exceed such number of Shares as equals 30% of the Shares in issue from time to time, subject to the conditions set out below. As at the Latest Practicable Date, such 30% represented 604,841,760 Shares. No option may be granted under the

New Share Option Scheme or any other share option scheme of the Company if it will result in the above-mentioned 30% limit being exceeded. Within the above-mentioned limit:

- (a) The total number of Shares which may be issued upon exercise of all options to be granted under the New Share Option Scheme and any other share option scheme of the Company must not, in aggregate, exceed 10% of the Shares in issue as at the date of approval of the New Share Option Scheme by the Shareholders (the “**Scheme Mandate Limit**”), unless Shareholders’ approval has been obtained pursuant to paragraphs 3(b) or 3(c). As at the Latest Practicable Date, such 10% represents 201,613,920 Shares. Options lapsed in accordance with the terms of the New Share Option Scheme or any other share option scheme of the Company will not be counted for the purpose of calculating the Scheme Mandate Limit.
- (b) The Scheme Mandate Limit referred to under paragraph 3(a) may be renewed at any time subject to prior Shareholders’ approval but in any event, the total number of Shares which may be issued upon exercise of all options to be granted under the New Share Option Scheme and any other share option schemes of the Company under the limit as refreshed must not exceed 10% of the Shares in issue as at the date of approval of the renewed limit. Options previously granted under the New Share Option Scheme or any other share option schemes of the Company (including those outstanding, cancelled, lapse in accordance with the terms of exercised options) will not be counted for the purpose of the calculating the limit as renewed.
- (c) Notwithstanding the foregoing, the Company may grant options beyond the Scheme Mandate Limit to Eligible Participants if (i) separate Shareholders’ approval has been obtained for granting options beyond the Scheme Mandate Limit to Eligible Participants specifically identified by the Company before such Shareholders’ approval is sought; and (ii) the Company, in connection with the seeking of such separate Shareholders’ approval, has first sent a circular to Shareholders containing such information as may be required by the Listing Rules then prevailing to be included in such circular.

Pursuant to Note 1 to Rule 17.03(3) of the Listing Rules, the Company must send a circular to the Shareholders containing a generic description of the specified Eligible Participants who may be granted such options, the number and terms of the options to be granted, the purpose of granting options to the specified Eligible

Participants with an explanation as to how the terms of the options serve such purpose, the information required under Rule 17.02(2)(d) and the disclaimer required under Rule 17.02(4).

4. (a) Unless approved by Shareholders in a general meeting, no option may be granted to any Eligible Participant which, if exercised in full, would result in the total number of Shares issued and to be issued upon exercise of all options already granted or to be granted to such Eligible Participant (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such new grant exceeding 1% of the Shares in issue as at the date of such new grant.

Pursuant to the Note to Rule 17.03(4) of the Listing Rules, such further grant must be separately approved by Shareholders in general meeting with such Eligible Participant and his associates abstaining from voting. The Company must send a circular to the Shareholders and the circular must disclose the identity of the Eligible Participant, the number and terms of the options to be granted (and options previously granted to such Eligible Participant), the information required under Rule 17.02(2)(d) and the disclaimer required under Rule 17.02(4).

- (b) Any grant of options to a director, chief executive or substantial Shareholder of the Company or its subsidiaries or any of their respective associates under the New Share Option Scheme must be subject to the prior approval of the independent non-executive Directors (excluding any independent non-executive Director who is a Grantee of the relevant options).
- (c) Where any grant of options to a substantial shareholder or an independent non-executive director of the Company or any of their respective associates would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:
- (i) representing in aggregate over 0.1% of the Shares in issue, and
  - (ii) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5,000,000.

then such further grant must be subject to the approval by Shareholders at a general meeting taken on a poll. All connected persons of the Company must abstain from voting in favour of such resolution in such general meeting. The Company shall issue a circular to the Shareholders containing such information from time to time required by the Stock Exchange, including a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is a Grantee of the relevant options) on whether or not to vote in favour of the proposed grant.

The circular mentioned above must contain:

- (i) details of the number and terms (including the exercise price) of the options to be granted to such Eligible Participant, which must be fixed before the Shareholders' meeting, and the date of board meeting for proposing such further grant is to be taken as the date of grant for the purpose of calculating the exercise price;
  - (ii) a recommendation from the independent non-executive Directors (excluding independent non-executive Director who is the Grantee of the options) to the independent Shareholders as to voting;
  - (iii) the information required under Rules 17.02(2)(c) and (d) and the disclaimer required under Rule 17.02(4); and the information required under Rule 2.17.
5. (a) The period within which the options must be exercised will be specified by the Company at the time of grant, but shall expire no later than 10 years from the relevant date of grant.
- (b) In the event of the Grantee (being an individual) who is a director of the Company or any subsidiary or Invested Entity, or an executive or an employee of the Company or any subsidiary or Invested Entity ceasing to be an Eligible Participant by reason of ill-health, injury, disability or death (in each case evidenced to the satisfaction of the Directors), then he or (as the case may be) his personal representatives may exercise all or any of his options in whole or in part at any time within a period ending on the earlier of (i) 6 months after the date he ceases to be so eligible and (ii) the date on which the relevant option would but for the operation of paragraph 5 have ceased to be exercisable, and any option or options not so exercised shall lapse and determine at the end of such period.

- (c) In the event of the Grantee who is a director of the Company or any subsidiary or Invested Entity, or an executive or an employee of the Company or any subsidiary or Invested Entity ceasing to be such a director or employee by reason of his resignation, whether or not in accordance with the provisions of his contract of employment, then all his options (whether or not exercised) shall lapse and determine on the date upon which such resignation is received by his employing company.
- (d) In the event of the Grantee ceasing to be an Eligible Participant by reason of his dismissal without notice (or payment in lieu) for misconduct or other grounds entitling the Company, subsidiary or Invested Entity to summarily terminate his employment, then all his options shall lapse and determine immediately without compensation at the time of notification by the Company, subsidiary or Invested Entity of such termination.
- (e) In the event of the Grantee ceasing to be an Eligible Participant as and when determined by the Board by resolution for any reason other than as described in this paragraph 5, then all his options shall lapse and determine on the date he so ceases (to the extent not already exercised).
- (f) If, in consequence of any general offer made to all the Shareholders (or all such Shareholders other than the offeror, any person controlled by the offeror and any person acting in association or concert with the offeror) (including an offer made in the first instance on a condition such that, if it is satisfied, the offeror will have control of the Company) or otherwise, and such offer becomes or is declared unconditional prior to the expiry date of the relevant option, then the Board shall as soon as practicable thereafter notify every Grantee accordingly and each Grantee (or his personal representative) shall be entitled at any time within the period of 21 days after such offer becomes or is declared unconditional, to exercise all or any of his outstanding option (to the extent that such options have been vested and have not lapsed or been cancelled), and such option shall, to the extent not having been exercised, lapse and determine without compensation upon the expiry of such period.
- (g) In the event a notice is given by the Company to the Shareholders to convene a general meeting for the purpose of considering and, if thought fit, approving a resolution for the voluntary winding up of the Company, the Company shall as soon as possible give notice thereof to every Grantee and the Grantee (or his personal representative) shall be entitled by notice in writing to the Company (such

notice to be received by the Company not later than five business days prior to the proposed general meeting) to exercise all or any of his option (to the extent that such options have been vested and have not lapsed or been cancelled) and the Company shall as soon as possible and in any event not later than the day immediately prior to the date of the proposed general meeting, allot and issue such number of Shares to the Grantee which falls to be issued on such exercise and all options shall, to the extent not having been exercised, lapse and determine without compensation on the date of commencement of the winding up of the Company.

- (h) In the event of a compromise or arrangement between the Company and its members or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies, the Company shall give notice thereof to every Grantee on the same day as it despatches to each Shareholder or creditor of the Company a notice summoning the meeting to consider such a compromise or arrangement, and thereupon each Grantee (or his personal representative) shall be entitled by notice in writing to the Company accompanied by the remittance for the subscription price in respect of his option (such notice to be received by the Company not later than two business days prior to the proposed meeting) to exercise all or any of his option (to the extent that such options have not lapsed or been cancelled). With effect from the date of such meeting, the rights of all Grantees to exercise their respective options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all options shall, to the extent not having been exercised, thereupon lapse and determine without compensation. The Board shall endeavour to procure that the Shares issued as a result of the exercise of options under this paragraph shall for the purposes of such compromise or arrangement form part of the issued share capital of the Company on the effective date thereof and that such Shares shall in all respects be subject to such compromise or arrangement. If for any reason such compromise or arrangement is not approved by the relevant court having jurisdiction (the “**Court**”) (whether upon the terms presented to the Court or upon any other terms as may be approved by such Court), the rights of the Grantees to exercise their respective options shall with effect from the date of the making of the order by the Court be restored in full and shall thereupon become exercisable (but subject to the other terms of the New Share Option Scheme) as if such compromise or arrangement had not been proposed by the Company and no claim shall lie against the Company or any of its officers for any loss or damage sustained by any Grantee as a result of the aforesaid suspension.

- (i) Upon the occurrence of any of the events referred to in paragraphs 5(f) to 5(h), the Company may at its discretion and notwithstanding the terms of the relevant option, also give notice to the Grantee that his option may be exercised at any time within such period as shall be notified by the Company and/or to the extent (not being less than the extent to which it could then be exercised in accordance with its terms) notified by the Company.
- (j) In any case where options lapse pursuant to paragraphs 5(b) to 5(e), the Board may in its absolute discretion determine that all or any of such options shall not so lapse (or shall lapse on a later date) subject to such conditions or limitations as the Board may decide.
6. At the time of grant of the options, the Company may specify any minimum period(s) for which an option must be held before it can be exercised. The New Share Option Scheme does not contain any such minimum period.
7. At the time of the grant of the options, the Company may specify any performance target(s) which must be achieved before the options can be exercised. The New Share Option Scheme does not contain any performance targets.
8. An offer of options (“**Offer**”) shall be deemed to have been accepted by an Eligible Participant in respect of all Shares which are offered to such Eligible Participant (save when acceptance of a lesser number of Shares is clearly stated in the duplicate letter comprising acceptance of the Offer) when the duplicate letter comprising acceptance of the Offer duly signed by the Eligible Participant together with a remittance in favour of the Company of HK\$10.00 by way of consideration for the grant thereof is received by the secretary of the Company at the principal place of business of the Company in Hong Kong on or before the last day by which the Offer must be accepted. Such remittance shall in no circumstances be refundable. To the extent that the Offer is not accepted within 28 days or any such shorter or longer period as the Board may specify, from the date on which the letter containing the Offer is delivered to that Eligible Participant in the manner indicated in this paragraph, it shall be deemed to have been irrevocably declined.
9. Subject to adjustments made in a situation contemplated under paragraph 13 below, the subscription price in respect of any option shall be at the discretion of the Board, provided that it shall not be less than the highest of:

- (a) the closing price of a Share as shown in the daily quotations sheet of the Stock Exchange on the date of grant (which must be a business day) in respect of such option;
  - (b) the average of the closing prices of the Shares as shown in the daily quotations sheet of the Stock Exchange for the five business days immediately preceding the relevant date of grant in respect of such option; and
  - (c) the nominal value of a Share.
10. The Shares to be allotted upon the exercise of an option will be subject to all the provisions of the Bye-laws for the time being in force and will rank *pari passu* in all respects with the existing fully paid Shares in issue on the date on which the option is duly exercised or, if that date falls on a day when the register of members of the Company is closed, the first day of the re-opening of the register of members (the “**Exercise Date**”) and accordingly will entitle the holders thereof to participate in all dividends or other distributions (including distributions made upon the liquidation of the Company) paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Exercise Date. A Share allotted and issued upon the exercise of an option shall not carry voting rights until the name of the Grantee has been duly entered onto the register of members of the Company the holder thereof.
11. The New Share Option Scheme shall be valid and effective for a period of ten years commencing on the adoption of the New Share Option Scheme. No further options shall be offered or granted under the New Share Option Scheme on or after the date of the tenth anniversary of the adoption of the New Share Option Scheme.
12. The option period referred in paragraph 5(a) in respect of any option shall automatically terminate and that option (to the extent not already exercised) shall lapse on the earliest of:
- (a) the expiry of the option period (subject to the provisions of the New Share Option Scheme);
  - (b) any expiry date or the expiry of any period (as the case may be) referred to in paragraphs 5(b) to 5(j);

- (c) the date on which the Grantee ceases to be an Eligible Participant by reason of a termination of his employment with the Group on the grounds that:
  - (i) he has been guilty of persistent or serious misconduct;
  - (ii) he appears either to be unable to pay or to have no reasonable prospect of being able to pay debts;
  - (iii) he has committed any act of bankruptcy or has become bankrupt or insolvent or has made any arrangement or composition with his creditors generally;
  - (iv) he has been convicted of any criminal offence (other than an offence which in the opinion of the Board does not bring the Grantee or the Group or Invested Entity into disrepute); or
  - (v) he has been in breach of the terms of his engagement or service agreement with the Group or Invested Entity;
- (d) the date of commencement of the winding up of the Company;
- (e) the date on which the Grantee commits a breach of paragraph 16;
- (f) unless otherwise waived by the Board, the date on which any of the following events happen:
  - (i) any liquidator, provisional liquidator, receiver or any person carrying out any similar function has been appointed anywhere in the world in respect of the whole or any part of the assets or undertaking of the Grantee (being a corporation);
  - (ii) the Grantee (being a corporation) has ceased or suspended payment of its debts, become unable to pay its debts (within the meaning of Section 178 of the Companies Ordinance or any similar laws or regulations) or otherwise become insolvent;
  - (iii) there is unsatisfied judgement, order or award outstanding against the Grantee (being a corporation);

- (iv) there are circumstances which entitle any person to take any action, appoint any person, commence proceedings or obtain any order of the type mentioned in sub-paragraphs (i), (ii) and (iii) above;
- (v) a bankruptcy order has been made against any director of the Grantee (being a corporation) in any jurisdiction; or
- (vi) a petition for bankruptcy has been presented against any director of the Grantee (being a corporation) in any jurisdiction;
- (g) the date on which the Grantee commits a breach of any terms and conditions of the New Share Option Scheme or the grant of his option, if the Board shall exercise the Company's right to cancel the option without compensation;
- (h) the date on which the Board considers that the Grantee fails to meet the continuing eligibility criteria as provided in the New Share Option Scheme, if the Board shall exercise the Company's right to cancel the option without compensation; or the date on which the Board resolves to cancel any option pursuant to paragraph 14.

If any of the events set out in paragraph 12(f) happen or the Grantee commits a breach of any terms and conditions of the New Share Option Scheme or the grant of his option, the Board shall have the right to cancel his option without compensation. If an Option lapses under paragraph 12, the Grantee shall not be entitled to any compensation from the Company.

13. (a) In the event of any alteration in the capital structure of the Company (other than an issue of Shares as consideration in respect of a transaction to which the Company is a party) whilst any option remains exercisable or the New Share Option Scheme remains in effect as a result of any dividend distribution (including distribution in specie), capitalisation of profits or reserves, bonus issue, rights issue, open offer, consolidation or sub-division of Shares or reduction of share capital of the Company in accordance with legal requirements and requirements of the Stock Exchange, then, in any such case the number or nominal amount of Shares to which the New Share Option Scheme or any option(s) relates (insofar as it is/they are unexercised) and/or the subscription price thereunder and/or the relevant maximum limits determined under paragraph 3 may be adjusted in such manner as the Board may deem appropriate provided always that:

- (i) any such adjustment shall be made to give a Grantee the same proportion of the equity capital of the Company as that to which that Grantee was previously entitled (as interpreted in accordance with the Supplementary Guidance);
  - (ii) any such adjustment shall be made on the basis that the aggregate subscription price payable by a Grantee on the full exercise of any option shall remain as nearly as possible the same (but shall not be greater than) as it was before such event;
  - (iii) no such adjustment shall be made the effect of which would be to enable a Share to be issued at less than its nominal value; and
  - (iv) any adjustments as a result of a rights issue, open offer or capitalisation issue, shall be made in accordance with the acceptable adjustments set forth in the Supplementary Guidance and such other guidelines or supplementary guidance as may be issued by the Stock Exchange from time to time.
- (b) If any adjustments occur pursuant to paragraph 13(a) above (save where an adjustment arises by way of a capitalisation issue) the Board shall instruct the auditors or an independent financial adviser to certify in writing that in their fair and reasonable opinion the adjustments proposed comply with Rule 17.03(13) of the Listing Rules (as amended from time to time) and the note thereto and the Supplementary Guidance.
- (c) If there has been any alteration in the capital structure of the Company as referred to in paragraph 13(a), the Company shall, upon receipt of a notice from a Grantee, inform the Grantee of such alteration and shall either inform the Grantee of the adjustment to be made in accordance with the certificate of the auditors or the independent financial adviser obtained by the Company for such purpose or, if no such certificate has yet been obtained, inform the Grantee of such fact and instruct the auditors or the independent financial adviser as soon as practicable thereafter to issue a certificate in that regard in accordance with paragraph 13(b).
- (d) In giving any certificate under this paragraph 13, the auditors or the independent financial adviser shall be deemed to be acting as experts and not as arbitrators and their certificate shall, in the absence of manifest error, be final, conclusive and binding on the Company and all persons who may be affected thereby.

14. (a) Any options granted but not exercised may be cancelled by the Board and such cancellation is recommended by the remuneration committee of the Company. Any options granted but subsequently renounced by the Grantee may be cancelled by the Board.
- (b) If an option is cancelled under paragraph 14(a), the Grantee shall not be entitled to any compensation from the Company.
- (c) Where the Company cancels options and issue new options to the same Grantee, the issue of such new options may only be made with available unissued options (excluding the cancelled options) within the Scheme Mandate Limit.
15. The Company by an ordinary resolution in a general meeting or the Board may at any time terminate the operation of the New Share Option Scheme and in such event no further options will be offered but in all other respects the provisions of the New Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the provisions of the New Share Option Scheme and any options granted prior to such termination shall continue to be valid and exercisable in accordance with the New Share Option Scheme.
16. An option shall be personal to the Grantee and shall not be assignable or transferable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest whatsoever in favour of any third party over or in relation to any option or enter into any agreement so to do. Any breach of the foregoing by a Grantee shall entitle the Company to cancel any option or part thereof granted to such Grantee without compensation to the extent not already exercised without incurring any liability on the part of the Company.
17. (a) The New Share Option Scheme may be altered in any respect by a resolution of the Board except that the provisions of the New Share Option Scheme relating to matters set out in Rule 17.03 of the Listing Rules shall not be altered to the advantage of any Grantees or prospective Grantees except with the prior sanction of a resolution of the Company in a general meeting. Any alteration to the terms and conditions of the New Share Option Scheme which are of a material nature or any change to the terms of the options granted prior to such alteration shall be approved by the Shareholders in a general meeting, except where the alterations take effect automatically under the existing terms of the New Share Option Scheme.

- (b) The Board shall be entitled to amend the terms of the New Share Option Scheme so as to comply with the Listing Rules and any Supplementary Guidance or any future guidance or interpretation of the Listing Rules from time to time applicable to the New Share Option Scheme, provided that such amendments are allowed by the Listing Rules and any Supplementary Guidance. Any change to the authority of the Board in relation to any alteration to the terms of the New Share Option Scheme must be approved by the Shareholders in a general meeting.

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## NOTICE OF ANNUAL GENERAL MEETING

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### **Karrie International Holdings Limited**

**嘉利國際控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1050)**

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting (“AGM”) of Karrie International Holdings Limited (the “Company”) will be held at 9/F., Southeast Industrial Building, 611-619 Castle Peak Road, Tsuen Wan, New Territories, Hong Kong on Tuesday, 24 August 2021 at 3:00 p.m. for the purpose of transacting the following businesses:

1. To receive and adopt the audited consolidated financial statements of the Company and the reports of the directors (the “**Directors**”) and the auditors of the Company for the year ended 31 March 2021;
2. To consider and declare a final dividend for the year ended 31 March 2021;
- 3A. (i) To re-elect Mr. Ho Cheuk Fai as an executive Director;  
(ii) To re-elect Mr. Zhao Kai as an executive Director;  
(iii) To re-elect Mr. Chan Raymond as an executive Director;  
(iv) To re-elect Dr. Lau Kin Wah as an independence non-executive Director.
- 3B. To authorise the board (the “**Board**”) of Directors to fix the remuneration of the Directors;
4. To re-appoint Messrs. KPMG as the auditors of the Company and authorise the Board to fix their remuneration.

\* For identification purpose only

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## NOTICE OF ANNUAL GENERAL MEETING

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As special business, to consider and, if thought fit, pass with or without amendments the following resolutions as Ordinary Resolutions:

5A. **“THAT:**

- (a) subject to paragraph (c) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options, including warrants to subscribe for shares, which might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall be in addition to any other authorisation given to the Directors and shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options, including warrants to subscribe for shares, which might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate number of Shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to a Rights Issue (as hereinafter defined) or any issue of shares of the Company on the exercise of the subscription rights attaching to any warrants which may be issued by the Company from time to time or on the exercise of any options granted under the share option scheme of the Company or an issue of shares in lieu of the whole or part of a dividend on shares in accordance with the Bye-laws (the **“Bye-laws”**) of the Company, shall not exceed 20 per cent. of the number of issued Shares of the Company as at the date of passing of this resolution, and the said approval shall be limited accordingly; and
- (d) for the purposes of this resolution:

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

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

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## NOTICE OF ANNUAL GENERAL MEETING

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- (iii) the passing of an ordinary resolution of the Company in general meeting revoking or varying the authority set out in this resolution.

“**Rights Issue**” means an offer of shares open for a period fixed by the Directors to holders of shares whose names appear on the Register of Members of the Company on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognized regulatory body or any stock exchange in, any territory applicable to the Company).”

5B. “**THAT:**

- (a) subject to paragraph (b) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) or on any other stock exchange on which the securities may be listed and which is recognised by the Securities and Futures Commission and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and/or the requirements of the Stock Exchange or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the aggregate number of Shares authorised to be repurchased by the Company pursuant to the approval in paragraph (a) above during the Relevant Period shall not exceed 10 per cent. of the number of issued Shares of the Company as at the date of passing of this resolution and the said approval shall be limited accordingly; and
- (c) for the purposes of this resolution:

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

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

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## NOTICE OF ANNUAL GENERAL MEETING

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(iii) the passing of an ordinary resolution of the Company in general meeting revoking or varying the authority set out in this resolution.”

- 5C. “**THAT** conditional on the passing of the resolutions set out in paragraphs 5A and 5B of the notice convening this meeting, the general mandate granted to the Directors and for the time being in force to exercise the powers of the Company to allot, issue and deal with additional shares pursuant to the resolution set out in paragraph 5A of the notice convening this meeting be and is hereby extended by the addition to the aggregate number of Shares of the Company which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to such general mandate of an amount representing the aggregate number of Shares of the Company repurchased by the Company under the authority granted pursuant to the resolution set out in paragraph 5B of the notice convening this meeting, provided that such extended amount shall not exceed 10 per cent. of the aggregate number of issued Shares of the Company as at the date of passing this resolution.”
6. “**THAT** the share option scheme adopted by the Company on 24 August 2012 (“**Existing Share Option Scheme**”) be terminated upon such that no further options will be granted under the Existing Share Option Scheme but in all other respects the provisions of the Existing Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the provisions of the Existing Share Option Scheme and options granted prior to such termination shall continue to be valid and exercisable in accordance with the Existing Share Option Scheme.”
7. “**THAT** conditional on the passing of the resolution set out in paragraph 6 of the notice convening this meeting, the new share option scheme (“**New Share Option Scheme**”), the terms of which are contained in the document marked “A” and produced to this meeting and for the purposes of identification signed by the Chairman thereof, be and is hereby approved and adopted, and with effect from the date of the New Share Option Scheme becoming unconditional and coming into effect, the Board (or any committee thereof) be and is 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 New Share Option Scheme, including but without limitation:
- (a) to administer the New Share Option Scheme;

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## NOTICE OF ANNUAL GENERAL MEETING

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- (b) to modify and/or amend the New Share Option Scheme from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the New Share Option Scheme relating to modification and/or amendment;
- (c) to allot and issue from time to time such number of Shares as may fall to be issued pursuant to the exercise of the options granted under the New Share Option Scheme, provided always that such acts are done in compliance with the Bye-laws and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
- (d) to apply at the appropriate time or times to the Stock Exchange for listing of and permission to deal in any Shares which may from time to time fall to be issued pursuant to the exercise of the options granted under the New Share Option Scheme; and
- (e) to consent, if it so deems fit and expedient, to such conditions, modifications and/or variations as may be required or imposed by the relevant authorities in relation to the New Share Option Scheme.”

*As at the date of this notice, the executive Directors are Mr. Ho Cheuk Fai, Ms. Chan Ming Mui, Silvia, Mr. Zhao Kai and Mr. Chan Raymond; the non-executive Directors are Mr. Ho Cheuk Ming and Mr. Ho Kai Man; the independent non-executive Directors are Mr. Fong Hoi Shing, Mr. Yam Chung Shing and Dr. Lau Kin Wah.*

By Order of the Board  
**Karrie International Holdings Limited**  
**Ho Cheuk Fai**  
*Chairman*

Hong Kong, 19 July 2021

*Principal place of business in Hong Kong:*  
9th Floor, Southeast Industrial Building  
611-619 Castle Peak Road  
Tsuen Wan, New Territories  
Hong Kong

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## NOTICE OF ANNUAL GENERAL MEETING

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*Notes:*

1. Any member of the Company entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote instead of him. A member who is holding two or more shares of the Company is entitled to appoint more than one proxy to attend and vote in his stead. A proxy need not be a member of the Company. A form of proxy for use at the above meeting is enclosed herewith.
2. To be valid, this form of proxy, together with the power of attorney or other authority, if any, under which it is signed, or a certified copy of that power or authority must be deposited at the Company's principal place of business in Hong Kong at 9th Floor, Southeast Industrial Building, 611-619 Castle Peak Road, Tsuen Wan, New Territories, Hong Kong not less than 48 hours before the time appointed for the holding of the meeting or any adjourned meeting. Completion and return of the form of proxy will not preclude any member from attending and voting at the AGM (or any adjournment thereof) in person.
3. Where there are joint holders of any share any one of such joint holder may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at any meeting, the vote of the person whose name stands first in the register of members of the Company in respect of such share, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.
4. The register of members of the Company will be closed from Wednesday, 18 August 2021 to Tuesday, 24 August 2021 (both dates inclusive) during which period no transfer of shares will be registered. In order to qualify for entitlement to attend and vote at the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 17 August 2021.
5. The register of members of the Company will be closed from Monday, 30 August 2021 to Tuesday, 31 August 2021 (both dates inclusive) during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend for the year ended 31 March 2021, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 27 August 2021.
6. In the event that a black rainstorm warning or a tropical cyclone warning signal number 8 or above is hoisted or remains hoisted at 6:00 a.m. or any time after 6:00 a.m. on Tuesday, 24 August 2021, the AGM will be adjourned to the same time and place on the first business day after Tuesday, 24 August 2021.