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

If you have sold or transferred all your Shares in **Million Hope Industries Holdings 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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Million Hope Industries Holdings Limited

美亨實業控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1897)

PROPOSALS RELATING TO (i) RE-ELECTION OF DIRECTORS (ii) GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES (iii) ADOPTION OF NEW SHARE OPTION SCHEME AND NOTICE OF ANNUAL GENERAL MEETING

A notice convening an annual general meeting of Million Hope Industries Holdings Limited (the “**Company**”) to be held at Ballroom II - III, 2/F., Courtyard by Marriott Hong Kong Sha Tin, 1 On Ping Street, Shatin, New Territories, Hong Kong on Tuesday, 25 August 2020 at 11:00 a.m. is set out on pages 29 to 34 of this circular. Whether or not you intend to attend the meeting, you are advised to read the notice and complete and return the accompanying form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjourned meeting thereof should you so wish and, in such event, the form of proxy shall be deemed to be revoked.

PRECAUTIONARY MEASURES FOR THE ANNUAL GENERAL MEETING

To safeguard the health and safety of shareholders and other participants, the following precautionary measures will be implemented at the annual general meeting of the Company:

- (i) Compulsory body temperature check.
- (ii) Compulsory health declaration.
- (iii) Wearing of surgical face mask at any time within the meeting venue (no mask will be provided).
- (iv) No food and drinks or souvenirs will be provided.
- (v) To ensure appropriate social distancing, seats will be limited at the meeting and will be available on a first-come-first-served basis.

Any person who refuses to co-operate with any of the above precautionary measures, or whose body temperature measures above 37.0 degrees Celsius, or who exhibits flu-like symptoms or is subject to any Hong Kong Government prescribed quarantine may be denied entry to the meeting venue.

For the health and safety of shareholders, the Company encourages shareholders NOT to attend the meeting in person, and strongly recommends shareholders to appoint the Chairman of the meeting as their proxy to vote on the relevant resolutions at the meeting as an alternative to attending the meeting in person.

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PRECAUTIONARY MEASURES AT THE ANNUAL GENERAL MEETING

To safeguard the health and safety of shareholders and other participants attending the annual general meeting, the Company will implement the following precautionary measures at the annual general meeting:

- (i) Compulsory body temperature checks will be conducted for every individual attending the meeting venue. Any person with a body temperature of over 37.0 degrees Celsius, or who exhibits flu-like symptoms or is subject to any Hong Kong Government prescribed quarantine may be denied entry to the meeting venue or be required to leave the meeting venue.
- (ii) Every attendee will be required to complete and sign a health declaration form before admission to the meeting venue.
- (iii) Every attendee will be required to wear a surgical face mask at any time within the annual general meeting venue (including queuing for registration). Please note that no masks will be provided and attendees should wear their own masks.
- (iv) No food and drinks or souvenirs will be provided.
- (v) Seats at the meeting venue will be arranged to ensure appropriate social distancing. As a result, there will be limited capacity for attendees. Seats will be limited at the meeting and will be available on a first-come-first-served basis.

Any attendee who refuses to co-operate with any of the above precautionary measures may not be admitted to the meeting venue.

Shareholders are requested to carefully consider the risk of attending the annual general meeting, taking into account their own personal circumstances. The Company reminds all shareholders that physical attendance in person at the annual general meeting is not necessary for the purpose of exercising voting rights.

For the health and safety of shareholders, the Company encourages shareholders NOT to attend the meeting in person, and strongly recommends shareholders to appoint the Chairman of the meeting as their proxy to vote on the relevant resolutions at the meeting as an alternative to attending the meeting in person.

The form of proxy can be downloaded from the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company's website (www.millionhope.com.hk). In order to be valid, the form of proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power attorney or other authority shall be deposited at the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

Subject to the development of the novel coronavirus situation in Hong Kong, the Company may implement further precautionary measures, and issue further announcement(s) on such measures as and when appropriate.

DEFINITIONS

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

“Adoption Date”	the date on which the Share Option Scheme is conditionally adopted by the Shareholders at a general meeting of the Company
“AGM”	the annual general meeting of the Company to be held at Ballroom II - III, 2/F., Courtyard by Marriott Hong Kong Sha Tin, 1 On Ping Street, Shatin, New Territories, Hong Kong on Tuesday, 25 August 2020 at 11:00 a.m. or any adjournment thereof
“AGM Notice”	the notice convening the AGM
“Articles”	The amended and restated articles of association of the Company
“associates”	has the meaning as defined in the Listing Rules
“Auditors”	the auditors for the time being of the Company
“Board”	the board of Directors
“close associates”	has the meaning as defined in the Listing Rules
“connected person”	has the meaning as defined in the Listing Rules
“core connected person”	has the meaning as defined in the Listing Rules
“Company”	Million Hope Industries Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the securities of which are listed on the Main Board of the Stock Exchange (stock code: 1897)
“Director(s)”	the director(s) of the Company

DEFINITIONS

“Grantee(s)”	any Participant who accepts an Offer in accordance with the terms of the Share Option Scheme or (where the context so permits) a person entitled to any such Option in consequence of the death of the original Grantee or the legal personal representative of such person
“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 People’s Republic of China
“Latest Practicable Date”	20 July 2020, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange and any amendments thereto
“Offer”	the offer of the grant of an Option made in accordance with the terms of the Share Option Scheme
“Option”	an option to subscribe for Shares granted pursuant to the Share Option Scheme
“Participant(s)”	directors (including executive directors, non-executive directors and independent non-executive directors) and full-time employees of any member the Group and any advisers, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture partners, promoters, service providers of any member of the Group who the Board considers, in its sole discretion, to have contributed or will contribute to the Group
“PRC”	the People’s Republic of China
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

DEFINITIONS

“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Share Option Scheme”	the share option scheme proposed to be approved and adopted at the AGM, a summary of the principal terms of which is set out in Appendix III
“Subsidiary”	a company which is for the time and from time to time being a subsidiary (within the meaning of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) of the Company, whether incorporated in Hong Kong or elsewhere and “Subsidiaries” shall be construed accordingly
“substantial shareholder(s)”	has the meaning as defined in the Listing Rules
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers issued by the Securities and Futures Commission of Hong Kong
“Trading Day(s)”	day(s) on which the Stock Exchange is open for the business of dealing in securities
“%”	per cent

LETTER FROM THE BOARD



Million Hope Industries Holdings Limited

美亨實業控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1897)

Directors:

Mr. Cha Mou Sing, Payson (*Chairman*)*

Mr. Wong Sue Toa, Stewart (*Deputy Chairman*)*

Mr. Chuk Kin Lun (*Joint Managing Director*)

Mr. Lee Cheuk Hung (*Joint Managing Director*)

Mr. Chung Sam Tin Abraham*

Mr. Tai Sai Ho*

Mr. Chau On Ta Yuen#

Professor Ho Richard Yan Ki#

Mr. Poon Kan Young#

Mr. Yip Kai Yung#

Dr. Zhang Wei

(Alternate Director to Mr. Cha Mou Sing, Payson)

Registered Office:

Maples Corporate Services Limited

P.O. Box 309, Umland House

Grand Cayman, KY1-1104

Cayman Islands

Principal Office in Hong Kong:

Office A, 20th Floor

Kings Wing Plaza 1

3 On Kwan Street

Shek Mun

Shatin, New Territories

Hong Kong

* *Non-executive Director*

Independent Non-executive Director

24 July 2020

To the Shareholders

Dear Sir or Madam,

PROPOSALS RELATING TO
(i) RE-ELECTION OF DIRECTORS
(ii) GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES
(iii) ADOPTION OF NEW SHARE OPTION SCHEME
AND
NOTICE OF ANNUAL GENERAL MEETING

1. INTRODUCTION

The purpose of this circular is to give you the AGM Notice, and information regarding resolutions to be proposed at the AGM relating to, among other things, (i) the re-election of Directors; (ii) the granting to the Directors of general mandates to issue and repurchase Shares; and (iii) the adoption of the new Share Option Scheme.

LETTER FROM THE BOARD

2. RE-ELECTION OF DIRECTORS

Pursuant to Article 16.19 of the Articles, Mr. Cha Mou Sing, Payson, Mr. Lee Cheuk Hung and Mr. Yip Kai Yung shall retire from office by rotation at the AGM. Pursuant to Article 16.2 of the Articles, Mr. Chau On Ta Yuen, who was appointed by the Board on 26 June 2020, shall retire at the AGM. All the retiring Directors, being eligible, offer themselves for re-election at the AGM.

Details of the above retiring Directors are set out in Appendix I to this circular.

The nomination committee of the Company has reviewed the structure, size and composition (including skills, knowledge, experience and diversity of perspectives) with reference to the Company's Board Diversity Policy and Policy of Nomination of Directors. It is considered that the retiring Directors possess comprehensive experience and expertise in their respective professional fields, and they have made valuable contributions to the Group's development through making constructive and informed comments to the Board.

The nomination committee of the Company has assessed the independence of the retiring independent non-executive Directors, Mr. Yip Kai Yung and Mr. Chau On Ta Yuen, based on their annual written confirmation of independence to the Company pursuant to Rule 3.13 of the Listing Rules and considered that Mr. Yip and Mr. Chau remain independent. It is believed that Mr. Yip and Mr. Chau will be able to maintain an independent view of the Group's affairs and promote Board diversity with Mr. Yip's comprehensive experience and invaluable expertise in accounting, financial and regulatory matters and Mr. Chau's extensive business experiences.

3. PROPOSED GENERAL MANDATE TO ISSUE NEW SHARES

At the last annual general meeting of the Company held on 27 August 2019, a general mandate was given to the Directors to exercise the power of the Company to issue Shares. Such mandate will lapse at the conclusion of the forthcoming AGM. It is therefore proposed to seek your approval of the ordinary resolutions No. 9(A) and 9(C) as set out in the AGM Notice to give a fresh general mandate to the Directors to exercise the power of the Company to allot, issue and deal with additional Shares not exceeding the sum of 20% of the issued share capital of the Company at the date of passing of the resolution (the "**Share Issue Mandate**") and the nominal amount of any Shares repurchased by the Company up to a maximum of 10% of the issued share capital of the Company as at the date of passing of the resolution.

As at the Latest Practicable Date, the issued share capital of the Company comprised 436,332,630 Shares. On the basis that no further Shares are issued or repurchased by the Company between the Latest Practicable Date and the date of the AGM, the Company would be allowed under the general mandate to issue Shares to allot and issue up to 87,266,526 Shares, representing 20% of the issued share capital of the Company as at the date of the AGM.

Concerning ordinary resolutions No. 9(A) and 9(C), the Directors wish to state that they have no immediate plan to issue any new Shares. Approval is being sought from the Shareholders as a general mandate for the purposes of the Listing Rules.

LETTER FROM THE BOARD

4. PROPOSED GENERAL MANDATE TO REPURCHASE SHARES

At the last annual general meeting of the Company held on 27 August 2019, a general mandate was given to the Directors to exercise the power of the Company to repurchase Shares. Such mandate will lapse at the conclusion of the AGM. It is therefore proposed to seek your approval of the ordinary resolution No. 9(B) as set out in the AGM Notice to give a fresh general mandate to the Directors to exercise the power of the Company to repurchase Shares up to a maximum of 10% of the issued share capital of the Company as at the date of passing of the resolution (the “**Share Repurchase Mandate**”).

An explanatory statement, as required by the relevant rules set out in the Listing Rules to regulate the repurchase by companies with primary listings on the Stock Exchange of their own securities on the Stock Exchange, to provide requisite information to you for your consideration of the Share Repurchase Mandate, is set out in Appendix II to this circular.

5. ADOPTION OF NEW SHARE OPTION SCHEME

As at the Latest Practicable Date, the Company does not have any existing share option scheme. An ordinary resolution will be proposed to the Shareholders to adopt the Share Option Scheme at the AGM. The purpose of the Share Option Scheme is to reward Participants who have contributed or will contribute to the Group and to encourage Participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole, and to maintain or attract business relationships with Participants whose contributions are or may be beneficial to the growth of the Group. The purpose of including parties other than directors and employees of the Group as Participants is to give more flexibility to the Company to provide rewards or incentives to persons who have made, or are under an obligation to make, a contribution to or for the benefit of the Group over a sustained or longer term period, by granting such parties an equity interest in the Company. For example, to consultants or other independent contractors working on, or assisting the Company to secure, long term build projects. The eligibility of Participants, other than directors and employees of the Group, will be determined by the Board with regard to the relevant person’s actual and/or potential contribution to the business or operation of the Group. The Company considers that the grant of Options to such persons will have the benefit of aligning the interests of such persons with that of the Group, thus encouraging such persons to continue to contribute positively to the Group and enabling the Group to foster long term co-operation with such persons.

A summary of the principal terms of the Share Option Scheme is set out in Appendix III to this circular. A copy of the Share Option Scheme will be available for inspection during normal business hours at the Company’s principal place of business in Hong Kong at Office A, 20th Floor, Kings Wing Plaza 1, 3 On Kwan Street, Shek Mun, Shatin, New Territories, Hong Kong from the date of this circular up to and including the date of the AGM.

LETTER FROM THE BOARD

The Share Option Scheme will take effect on the date of its adoption at the AGM and is conditional upon:

- (a) the passing of an ordinary resolution by the Shareholders in a general meeting of the Company to approve and adopt the Share Option Scheme and to authorise the Board to grant Options at their absolute discretion under the Share Option Scheme and to allot and issue Shares pursuant to the exercise of any Options; and
- (b) the Stock Exchange granting the approval of the listing of, and permission to deal in, the Shares which fall to be issued pursuant to the exercise of any Options.

As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder is required under the Listing Rules to abstain from voting on the ordinary resolution to approve and adopt the Share Option Scheme. None of the Directors is a trustee of the Share Option Scheme or has any direct or indirect interest in the trustees (if any) of the Share Option Scheme.

The Share Option Scheme does not stipulate either a minimum period for which an Option must be held or any performance targets a Grantee is required to achieve before an Option may be exercised. However, the Board may, at its discretion, specify any terms on which the Option is granted when making an offer of an Option to a Grantee.

The aggregate number of Shares which may be issued upon exercise of all Options to be granted under the Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed 10% of the total number of Shares in issue on the date of adoption of the Share Option Scheme. The maximum number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the total number of Shares in issue from time to time.

As at the Latest Practicable Date, the issued share capital of the Company comprised 436,332,630 Shares. Assuming that no further Shares are issued or repurchased by the Company between the Latest Practicable Date and the date of the AGM, the total number of Shares which may be issued upon exercise of all Options to be granted under the Share Option Scheme would be 43,633,263 Shares. As at the Latest Practicable Date, the Company does not have any fixed plans to grant Options to any Participants upon the adoption of the Share Option Scheme. The Board will consider from time to time whether to grant Options based on a number of factors, including but not limited to, the Group's financial performance and the relevant individual's performance and contribution to the Group.

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

LETTER FROM THE BOARD

The Board considers that it would not be appropriate to state the value of all Options that may be granted under the Share Option Scheme as if they had been granted on the Latest Practicable Date on the basis that there are a number of variables that are crucial for the calculation of the value of the Share Options (including the exercise price, option period, any lock-up period and other variables) which cannot be reasonably fixed at this stage. The Board believes that any calculation of the value of the Share Options as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful and would be misleading to the Shareholders.

6. VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules and Article 13.5 of the Articles, the votes of Shareholders at a general meeting will be taken by poll and the Company shall announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

Pursuant to Article 14.1 of the Articles, on a poll, every member who is present in person (or, in the case of a member being a corporation, is present by its duly authorised representative) or by proxy shall have one vote for each share registered in his name in the register. A member entitled to more than one vote is under no obligation to cast all his votes in the same way.

7. FORM OF PROXY

The notice convening the AGM is set out on pages 29 to 34 of this circular. Enclosed with this circular is the form of proxy for use at the AGM. Whether or not you intend to attend the AGM, you are advised to read the AGM Notice and complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible and in any event not less than 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 you from attending and voting in person at the AGM or any adjournment thereof should you so wish and, in such event, the form of proxy shall be deemed to be revoked.

8. 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.

LETTER FROM THE BOARD

9. RECOMMENDATION

The Directors consider that the above proposals relating to the re-election of Directors, the Share Issue Mandate, the Share Repurchase Mandate, the extension of the Share Issue Mandate and the adoption of the new Share Option Scheme are all in the best interests of the Company and its Shareholders as a whole. Accordingly, the Directors recommend you to vote in favour of the relevant resolutions to be proposed at the AGM.

Yours faithfully,
By order of the Board
Wong Sue Toa, Stewart
Deputy Chairman

APPENDIX I DETAILS OF DIRECTORS PROPOSED FOR RE-ELECTION

The followings are the details of the Directors proposed for re-election at the AGM.

1. **Mr. Cha Mou Sing, Payson**, aged 77, was appointed as a non-executive Director and the Chairman of the Company on 9 August 2018. Mr. Cha has extensive experience in property development. Mr. Cha is the non-executive chairman of Hanison Construction Holdings Limited (Stock Code: 896) (“**Hanison**”), the ultimate holding company of the Company before the listing of the Shares on the Main Board of the Stock Exchange in March 2019 (the “**Listing**”). He is the chairman and executive director of HKR International Limited (Stock Code: 480) (“**HKRI**”). Mr. Cha is an independent non-executive director of New World Development Company Limited (Stock Code: 17) (“**NWDCL**”), Eagle Asset Management (CP) Limited (the Manager of Champion Real Estate Investment Trust (Stock Code: 2778) (“**CREIT**”)) and Hongkong International Theme Parks Limited (owner and operator of Hong Kong Disneyland Resort), and a director of a number of public and private companies in Hong Kong and overseas. The securities of Hanison, HKRI, NWDCL and CREIT are listed on the Main Board of the Stock Exchange. Mr. Cha holds an honorary doctorate degree of Social Science from City University of Hong Kong. He is a Justice of the Peace. He is a member of One Country Two Systems Research Institute Limited, a governing board member of China-United States Exchange Foundation, a board member of the Real Estate Developers Association of Hong Kong, the chairman of Qiu Shi Science & Technologies Foundation, a trustee of Sang Ma Trust Fund and an honorary trustee of Oregon State University Foundation. Mr. Cha is also a director of CCM Trust (Cayman) Limited (“**CCM Trust**”), CCM Capital Corporation (“**CCM Capital**”) and LBJ Regents Limited (“**LBJ**”), and the executive chairman of Mingly Corporation (“**Mingly**”). Each of CCM Trust, CCM Capital, LBJ and Mingly is a shareholder of the Company discloseable under Part XV of the Securities and Futures Ordinance (the “**SFO**”).

As at the Latest Practicable Date, Mr. Cha had notified the Company of his interests in 231,674,492 Shares within the meaning of Part XV of the SFO. The term of appointment of Mr. Cha is fixed for three years which is determinable by either party on a two-month notice, subject to the retirement by rotation provisions as set out in the Articles and the Listing Rules. Mr. Cha is entitled to receive director’s fee in the amount of HK\$1,000,000 per annum. Details of the amount of emoluments paid to him for the year ended 31 March 2020 are set out in note 12(a) to the consolidated financial statements in the Company’s annual report 2019/2020.

Save as disclosed herein, Mr. Cha did not hold any directorship in other listed public companies in the last three years. Save as disclosed herein and in the Company’s annual report 2019/2020, Mr. Cha does not have any relationship with any Directors, senior management, or substantial or controlling Shareholders.

2. **Mr. Lee Cheuk Hung**, aged 54, was appointed as an executive Director and Joint Managing Director of the Company on 9 August 2018. Mr. Lee joined the Group since 1998 and is a director of all subsidiaries of the Group. Mr. Lee also serves as a member of the investment committee of the Company. Mr. Lee was a director of the building materials division of Hanison Co from 2009 until his resignation upon the Listing. The securities of Hanison are listed on the Main Board of the Stock Exchange. Mr. Lee has comprehensive experience in the building industry in Hong Kong. Mr. Lee holds a certificate in mechanical engineering from Lee Wai Lee Technical Institute (now known as IVE (Lee Wai Lee)).

As at the Latest Practicable Date, Mr. Lee has notified the Company of his interests in 560,000 Shares within the meaning of Part XV of the SFO. The term of appointment of Mr. Lee is fixed for three years which is determinable by either party on a six-month notice, subject to the retirement by rotation provisions as set out in the Articles and the Listing Rules. The remuneration of Mr. Lee is determined with reference to the remuneration benchmark in the industry and the prevailing market conditions, performance-related bonus that is subject to individual and the Company's performance and profitability, and contribution to retirement scheme. For the year ended 31 March 2020, Mr. Lee received emoluments in a total sum of approximately HK\$2,503,000. Details of the amount of emoluments paid to him for the year ended 31 March 2020 are set out in note 12(a) to the consolidated financial statements in the Company's annual report 2019/2020.

Save as disclosed herein, Mr. Lee did not hold any directorships in other listed public companies in the last three years. Mr. Lee does not have any relationship with any Directors, senior management, or substantial or controlling Shareholders.

3. **Mr. Yip Kai Yung**, aged 68, was appointed as an independent non-executive Director on 22 February 2019. He also serves as the chairman of the audit committee of the Company and as a member of each of the remuneration committee and nomination committee of the Company. Mr. Yip holds the general certificates of education examination at ordinary level and advanced level issued by the University of London and the general certificates of education at ordinary level and advanced level at Hong Kong issued by the Associated Examining Board. Mr. Yip is a member of the Hong Kong Institute of Certified Public Accountants and a fellow of The Institute of Chartered Accountants in England and Wales. Mr. Yip has over 30 years of experience in the financial audit industry in Hong Kong and the PRC. He worked in a Certified Public Accountants firm in Hong Kong from August 1977 to November 1990, and joined Kwan Wong Tan & Fong, a Certified Public Accountants firm in Hong Kong, as a manager in the audit department in April 1992. Kwan Wong Tan & Fong merged with Deloitte Touche Tohmatsu in August 1997. Mr. Yip left Deloitte Touche Tohmatsu as a partner in May 2011. From June 2011 to March 2013, Mr. Yip was a director of another Certified Public Accountants firm in Hong Kong. Mr. Yip established his own Certified Public Accountants firm as a sole proprietor in December 2012 and has been a consultant of such firm since January 2017.

As at the Latest Practicable Date, Mr. Yip did not have any interest in the Shares within the meaning of Part XV of the SFO. The term of appointment of Mr. Yip is fixed for three years which is determinable by either party on a two-month notice, subject to the retirement by rotation provisions as set out in the Articles and the Listing Rules. Mr. Yip is entitled to receive director's fee in the amount of HK\$200,000 per annum. Details of the amount of emoluments paid to him for the year ended 31 March 2020 are set out in note 12(a) to the consolidated financial statements in the Company's annual report 2019/2020.

Save as disclosed herein, Mr. Yip did not hold any directorship in other listed public companies in the last three years. Mr. Yip does not have any relationship with any Directors, senior management, or substantial or controlling Shareholders.

4. **Mr. Chau On Ta Yuen**, aged 72, was appointed as an independent non-executive Director on 26 June 2020. Mr. Chau also serves as a member of each of the nomination committee, remuneration committee and audit committee of the Company. Mr. Chau graduated from Xiamen University in the PRC in August 1968 with a bachelor's degree in Chinese language and literature. He is currently a Standing Committee Member of the Thirteenth National Committee of the Chinese People's Political Consultative Conference, and the Eleventh honorary consultant of the Hong Kong Federation of Fujian Association. Mr. Chau is awarded with a Bronze Bauhinia Star (BBS) and Silver Bauhinia Star (SBS) by the Government of HKSAR in July 2010 and July 2016, respectively.

Mr. Chau is currently an executive director and the chairman of the board of directors of ELL Environmental Holdings Limited (Stock Code: 1395) ("**ELL**"), and an independent non-executive director of Good Resources Holdings Limited (Stock Code: 109) ("**Good Resources**"), Redco Properties Group Limited (Stock Code: 1622) ("**Redco Group**"), Come Sure Group (Holdings) Limited (Stock Code: 794) ("**Come Sure**") and Hang Pin Living Technology Company Limited (formerly known as Hua Long Jin Kong Company Limited) (Stock Code: 1682) ("**HP Living**"). He was a non-executive director and the honorary chairman of the board of directors of China Ocean Industry Group Limited (Stock Code: 651) ("**China Ocean Ind**") from 23 June 2015 to 1 December 2019. The securities of ELL, Good Resources, Redco Group, Come Sure, HP Living and China Ocean Ind are listed on the Main Board of the Stock Exchange.

As at the Latest Practicable Date, Mr. Chau did not have any interest in the Shares within the meaning of Part XV of the SFO. The term of appointment of Mr. Chau is fixed for three years which is determinable by either party on a two-month notice, subject to the retirement by rotation provisions as set out in the Articles and the Listing Rules. Mr. Chau is entitled to receive director's fee in the amount of HK\$200,000 per annum.

Save as disclosed herein, Mr. Chau did not hold any directorship in other listed public companies in the last three years. Mr. Chau does not have any relationship with any Directors, senior management, or substantial or controlling Shareholders.

Save as disclosed herein, there is no other matter that needs to be brought to the attention of the Shareholders and there is no information relating to Mr. Cha Mou Sing, Payson, Mr. Lee Cheuk Hung, Mr. Yip Kai Yung and Mr. Chau On Ta Yuen which is required to be disclosed pursuant to any of the requirements of Rule 13.51(2) of the Listing Rules.

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

SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 436,332,630 Shares. Subject to the passing of the relevant ordinary resolution to approve the Share Repurchase Mandate and on the basis that no further Shares will be issued or repurchased prior to the date of AGM, the Company would be allowed under the Share Repurchase Mandate to repurchase a maximum of 43,633,263 Shares, representing 10% of the issued share capital of the Company as at the date of passing of the resolution.

REASONS FOR REPURCHASES

The Directors believe that the proposed granting of the Share Repurchase Mandate is in the best interests of the Company and its Shareholders as a whole. While it is not possible to anticipate in advance any specific circumstances in which the Directors might think it appropriate to repurchase Shares, they believe that an ability to do so would give the Company additional flexibility that would be beneficial to the Company and its Shareholders as such repurchases may, depending on market conditions and funding arrangements at that time, lead to an enhancement of the net asset value per Share and/or its earnings per Share or may otherwise be in the interests of the Company, and will only be made when the Directors believe that such repurchases will benefit the Company and its Shareholders as a whole. At present, the Directors have no intention to repurchase any of the Shares.

FUNDING OF REPURCHASES

Repurchases of Shares will be financed out of funds legally available for the purpose in accordance with the Articles and the applicable laws of the Cayman Islands. Any repurchases by the Company may be made out of capital paid up on the Shares to be repurchased, funds of the Company which would otherwise be available for dividend or distribution or out of an issue of new Shares made for the purpose of the repurchase and, in the case of any premium payable on the repurchase out of the funds of the Company which would otherwise be available for dividend or distribution or from sums standing to the credit of the other reserves account of the Company. There would not have a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited accounts contained in the annual report for the year ended 31 March 2020) in the event that the Share Repurchase Mandate is exercised in full. The Directors do not propose to exercise the Share Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

UNDERTAKING

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

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

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

TAKEOVERS CODE

If as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition of voting rights for the purpose of the Takeovers Code. As a result, a Shareholder, or a group of Shareholders acting in concert, depending on the level of increase in the Shareholder's interests, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

For the purpose of the Takeovers Code, members of the Cha Family (comprising, inter alios, Mr. Cha Mou Sing, Payson being a Director) as listed below had an aggregate interest in 241,094,410 Shares, representing approximately 55.25% of the issued share capital of the Company as at the Latest Practicable Date.

Members of the Cha Family	Direct and/ or indirect interests in Shares	Approximate % of issued share capital
CCM Trust <i>(Note 1)</i>	195,080,814	44.71%
LBJ <i>(Note 2)</i>	27,131,828	6.21%
Mr. Cha Mou Sing, Payson <i>(Note 3)</i>	18,881,768	4.33%
TOTAL	241,094,410	55.25%

Notes:

- (1) These share interests comprise 153,383,496 Shares directly held by CCM Trust and 41,697,318 Shares held indirectly through Mingly and its wholly-owned subsidiaries. CCM Trust is interested in 87.5% equity interest in Mingly. CCM Trust is holding the 153,383,496 Shares as the trustee of certain but not identical discretionary trusts of which members of the Cha Family (comprising, inter alios, Mr. Cha Mou Sing, Payson being a Director) are among the discretionary objects. Mr. Cha Mou Sing, Payson is also a director of CCM Trust.
- (2) These share interests comprise 24,409,172 Shares directly held by LBJ and 2,722,656 Shares held indirectly through Bie Ju Enterprises Limited, its wholly-owned subsidiary. LBJ is holding the 24,409,172 Shares as the trustee of certain but not identical discretionary trusts of which members of the Cha Family (comprising, inter alios, Mr. Cha Mou Sing, Payson being a Director) are among the discretionary objects. Mr. Cha Mou Sing, Payson is also a director of LBJ.
- (3) These share interests comprise 10,615,168 Shares held personally and 8,266,600 Shares held by Accomplished Investments Limited and Kola Heights Limited, companies that are wholly-owned by Mr. Cha Mou Sing, Payson.

In the event that the Directors exercise in full the power to repurchase Shares pursuant to the Share Repurchase Mandate, the aggregate interests of certain members of the Cha Family as listed above would be increased from 55.25% to 61.39% of the issued share capital of the Company. Such an increase in the Cha Family's aggregate interest would not apparently give rise to a mandatory offer obligation under Rule 26 of the Takeovers Code. Moreover, the Directors are not otherwise aware of any consequences of any purchases which would give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code. The Directors do not intend to exercise the power of the Company to repurchase Shares pursuant to the Share Repurchase Mandate to the extent that it would reduce the aggregate amount of the issued share capital of the Company in the public hands below 25%.

SHARE PRICES

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

	Price per Share	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2019		
July	0.73	0.67
August	0.68	0.57
September	0.65	0.57
October	0.69	0.63
November	0.77	0.64
December	0.78	0.67
2020		
January	0.81	0.72
February	0.81	0.73
March	0.77	0.60
April	0.68	0.60
May	0.68	0.58
June	0.66	0.54
July (up to the Latest Practicable Date)	0.69	0.57

SHARE REPURCHASE MADE BY THE COMPANY

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

APPENDIX III SUMMARY OF THE PRINCIPAL TERMS OF THE SHARE OPTION SCHEME

The following is a summary of the principal terms of the Share Option Scheme:-

APPROVAL OF THE SHARE OPTION SCHEME

The Share Option Scheme will take effect on the date of its adoption at the AGM and is conditional upon:

- (a) the passing of an ordinary resolution by the Shareholders in a general meeting of the Company to approve and adopt the Share Option Scheme and to authorise the Board to grant Options at their absolute discretion under the Share Option Scheme and to allot and issue Shares pursuant to the exercise of any Options; and
- (b) the Stock Exchange granting the approval of the listing of, and permission to deal in, the Shares which fall to be issued pursuant to the exercise of any Options.

PURPOSE OF THE SHARE OPTION SCHEME

The purpose of the Share Option Scheme is to reward Participants who have contributed or will contribute to the Group and to encourage Participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole, and to maintain or attract business relationships with Participants whose contributions are or may be beneficial to the growth of the Group.

ADMINISTRATION

The Share Option Scheme shall be subject to the administration of the Board and the decision of the Board shall be final and binding on all parties.

WHO ARE ELIGIBLE

Any director (including executive directors, non-executive directors and independent non-executive directors) and full-time employees of any member the Group and any advisers, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture partners, promoters, service providers of any member of the Group who the Board considers, in its sole discretion, to have contributed or will contribute to the Group are eligible to participate in the Share Option Scheme.

APPENDIX III SUMMARY OF THE PRINCIPAL TERMS OF THE SHARE OPTION SCHEME

On and subject to the terms of the Share Option Scheme and the requirements of the Listing Rules, the Board shall be entitled at any time within ten years after the Adoption Date to make an Offer to any Participant, as the Board may in its absolute discretion select, to take up an Option pursuant to which such Participant may, during the option period, subscribe for such number of Shares as the Board may determine at the subscription price.

MAXIMUM NUMBER OF SHARES SUBJECT TO OPTIONS

- (i) The total number of Shares which may be issued upon exercise of all Options to be granted under the Share Option Scheme and other share option schemes of the Company shall not exceed 10% of the Shares in issue on the Adoption Date (the “**Scheme Mandate Limit**”). Options lapsed in accordance with the terms of the Share Option Scheme shall not be counted for the purpose of calculating the Scheme Mandate Limit.
- (ii) The Company may seek approval of the Shareholders in general meeting for refreshing the Scheme Mandate Limit such that the total number of Shares which may be issued upon exercise of all Options to be granted under the Share Option Scheme and any other share option schemes of the Company under the limit as “refreshed” shall not exceed 10% of the total number of Shares in issue as at the date of approval of the limit as “refreshed”. Options previously granted under the Share Option Scheme or any other share option schemes of the Company (including Options outstanding, cancelled, lapsed or exercised in accordance with the terms of the Share Option Scheme or any other share option schemes of the Company) will not be counted for the purpose of calculating the limit as “refreshed”. A circular containing the information as required under the Listing Rules will be sent to the Shareholder for the purpose of seeking approval of Shareholders to refreshing the Scheme Mandate Limit.
- (iii) The Company may seek separate Shareholders’ approval for granting Options beyond the Scheme Mandate Limit to Participants specifically identified by the Company before the aforesaid Shareholders’ meeting where such approval is sought. A circular shall be sent to Shareholders containing a generic description of the identified Participants, the number and terms of the Options to be granted, the purpose of granting Options to the identified Participants, and how those Options serve such purpose.
- (iv) 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 Share Option Scheme and other share option schemes must not exceed 30% of the Shares in issue from time to time.

APPENDIX III SUMMARY OF THE PRINCIPAL TERMS OF THE SHARE OPTION SCHEME

- (v) The maximum number of Shares shall be adjusted, in such manner as the Auditors shall certify to be appropriate, fair and reasonable in the event of any alteration in the capital structure of the Company in accordance with paragraph entitled “Reorganisation of Capital Structure” below whether by way of capitalisation of profits or reserves, rights issue, subdivision or consolidation of Shares, reduction of the share capital of the Company.

MAXIMUM NUMBER OF OPTIONS TO ANY ONE PARTICIPANT

The total number of Shares issued and to be issued upon exercise of the Options granted and to be granted to each Participant (including both exercised and outstanding Options) in any 12-month period shall not exceed 1% of the Shares in issue (the “**Individual Limit**”).

Any further grant of Options to a Participant which would result in the Shares issued and to be issued upon exercise of all Options granted and to be granted to such Participant (including exercised and outstanding Options) in the 12-month period up to and including the date of such further grant exceeding the Individual Limit shall be subject to Shareholders’ approval in advance with such Participant and his close associates (or his associates if the Participant is a connected person) abstaining from voting.

A circular must be sent to the Shareholders disclosing the identity of the Participant and the number and terms of the Options granted and to be granted.

GRANT OF OPTIONS TO ANY DIRECTOR, CHIEF EXECUTIVE OR SUBSTANTIAL SHAREHOLDER OF THE COMPANY, OR ANY OF THEIR RESPECTIVE ASSOCIATES

Each grant of Options to any director, chief executive or substantial shareholder of the Company, or any of their respective associates shall be subject to the prior approval of the independent non-executive directors of the Company (excluding any independent non-executive director who is a proposed Grantee of the Option). 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 as at the date of each grant, in excess of HK\$5 million,

APPENDIX III SUMMARY OF THE PRINCIPAL TERMS OF THE SHARE OPTION SCHEME

such grant of Options must be approved by the Shareholders in general meeting. The Company must send a circular to all Shareholders containing the information required under the Listing Rules. Such Grantee, his associates and all core connected persons of the Company shall abstain from voting in favour at such general meeting, provided that such persons may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the circular.

RIGHTS ARE PERSONAL TO GRANTEE

An Option shall be personal to the Grantee and shall not be transferable or assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to any Option or enter into any agreement to do so.

RIGHTS ON CEASING EMPLOYMENT

In the event the Grantee ceases to be a Participant for any reason other than (i) his or her death or (ii) termination of employment on one or more of the grounds specified in sub-paragraph (e) in the section entitled “Lapse of Option”, the Grantee may exercise the Option up to his or her entitlement at the date of cessation in whole or in part (to the extent which has become exercisable and not already exercised) which date shall be the last actual working day with the Company or the relevant Subsidiary whether salary is paid in lieu of notice or not, or such longer period following the date of cessation as the Board may determine.

RIGHTS ON DEATH

In the event the Grantee dies before exercising the Option in full and none of the events for termination of employment under sub-paragraph (e) in the section entitled “Lapse of Option” then exists with respect to such Grantee, the legal personal representative(s) of the Grantee shall be entitled within a period of 12 months from the date of death (or such longer period as the Board may determine) to exercise the Option up to the entitlement of such Grantee as at the date of death in whole or in part (to the extent which has become exercisable and not already exercised).

APPENDIX III SUMMARY OF THE PRINCIPAL TERMS OF THE SHARE OPTION SCHEME

RIGHTS ON TAKEOVER

If a general offer by way of takeover or otherwise (other than by way of scheme of arrangement pursuant to the paragraph “Rights on general offer by way of scheme of arrangement” below) is made to all the Shareholders (or all such holders other than the offeror, any person controlled by the offeror and any person acting in association or concert with the offeror) and such offer becomes or is declared unconditional, a Grantee shall be entitled to exercise his or her Option (to the extent not already exercised) to its full extent or to the extent as notified by the Company at any time within such period as shall be notified by the Company pursuant to the terms of the Share Option Scheme.

RIGHTS ON GENERAL OFFER BY WAY OF SCHEME OF ARRANGEMENT

If a general offer for Shares by way of scheme of arrangement is made to all the Shareholders and has been approved by the necessary number of Shareholders at the requisite meetings, the Company shall forthwith give notice thereof to all the Grantees and any Grantee may at any time thereafter (but before such time as shall be notified by the Company) exercise the Option either to its full extent or to the extent notified by the Company pursuant to the terms of the Share Option Scheme.

RIGHTS ON WINDING-UP

In the event a notice is given by the Company to its Shareholders to convene a general meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall forthwith give notice thereof to the Grantee and the Grantee may at any time thereafter (but before such time as shall be notified by the Company) exercise the Option either to its full extent or to the extent notified by the Company pursuant to the terms of the Share Option Scheme, and the Company shall as soon as possible and in any event no later than three days prior to the date of the proposed general meeting, allot, issue and register in the name of the Grantee such number of fully paid Shares which fall to be issued on exercise of such Option.

APPENDIX III SUMMARY OF THE PRINCIPAL TERMS OF THE SHARE OPTION SCHEME

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

In the event of a compromise or arrangement between the Company and its creditors (or any class of them) or between the Company and its Shareholders (or any class of them), in connection with a scheme for the reconstruction or amalgamation of the Company (other than a scheme of arrangement contemplated in paragraph entitled “Rights on general offer by way of scheme of arrangement” above), the Company shall give notice thereof to all Grantees on the same day as it first gives notice of the meeting to its members and/or creditors to consider such a scheme or arrangement and the Grantee may at any time thereafter but before such time as shall be notified by the Company exercise the Option either to its full extent or to the extent notified by the Company pursuant to the terms of the Share Option Scheme, and the Company shall as soon as possible and in any event no later than three days prior to the date of the proposed meeting, allot, issue and register in the name of the Grantee such number of fully paid Shares which fall to be issued on exercise of such Option.

OPTION PERIOD

The Share Option Scheme shall be valid and effective for a period of 10 years commencing on the Adoption Date. The period within which the Grantee may exercise the Option shall be notified by the Board to each Grantee at the time of making an Offer but such period shall not expire later than 10 years from the date of grant.

TERMS OF THE OFFER

The Offer shall specify the terms on which the Option is to be granted. Such terms shall include the minimum period(s) (if any) for which an Option must be held and the minimum performance target(s) (if any) that must be reached, before the Option can be exercised in whole or in part, and may include at the discretion of the Board other terms imposed (or not imposed) either on a case by case basis or generally.

TIME OF EXERCISE OF THE OPTION

At the time of making an offer, the Company must specify the minimum period(s), if any, for which an Option under the Share Option Scheme must be held before it can be exercised in whole or in part.

APPENDIX III SUMMARY OF THE PRINCIPAL TERMS OF THE SHARE OPTION SCHEME

PERFORMANCE TARGETS

There is no performance target that has to be achieved before the exercise of any Option except otherwise imposed by the Board pursuant to the terms of the Share Option Scheme. At the time of making an Offer, the Company must specify the minimum performance target(s), if any, that must be reached before an Option under the Share Option Scheme can be exercised in whole or in part.

AMOUNT PAYABLE ON ACCEPTANCE OF THE OFFER

An Option shall be deemed to have been granted and to have taken effect (with retrospective effect from the date of grant) when the duplicate of the Offer letter comprising acceptance of the Option duly signed by the Grantee 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 by way of consideration for the grant thereof, is received by the Company. Such remittance shall not be refundable in any circumstances.

SUBSCRIPTION PRICE

The subscription price in respect of any particular Option shall be such price as determined by the Board in its absolute discretion (which shall be stated in the letter containing the Offer) but in any case the subscription price must be at least the higher of:

- (i) 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;
- (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Trading Days immediately preceding the date of grant; and
- (iii) the nominal value of a Share.

RIGHTS ATTACHING TO THE OPTIONS

The Shares to be allotted and issued upon the exercise of an Option shall be subject to all the provisions of the Articles for the time being in force, and will be identical and rank *pari passu* with the fully paid Shares in issue on the date the name of the Grantee is registered on the register of members of the Company. Prior to the Grantee being registered on the register of members of the Company, the Grantee shall not have any voting rights, or rights to participate in any dividends or distributions of any rights, including those arising on a liquidation of the Company, in respect of the Shares to be issued upon the exercise of the Option.

APPENDIX III SUMMARY OF THE PRINCIPAL TERMS OF THE SHARE OPTION SCHEME

GRANTING PERIOD

No Option may be granted under the Share Option Scheme after the date of the 10th anniversary of the Adoption Date of the Share Option Scheme, but the provisions of the Share Option Scheme shall remain in full force and effect in all other respects to give effect to the exercise of any outstanding Options (to the extent not already exercised).

LAPSE OF OPTION

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

- (a) the expiry of the relevant option period;
- (b) the expiry of any of the periods for exercising the Option as referred to in the paragraphs titled “Rights on Ceasing Employment”, “Rights on Death”, “Rights on Takeover”, or “Rights on compromise or arrangement between the Company and its members or creditors” (subject, in the case of paragraph titled “Rights on Takeover”, to the proviso set out at the end of this section);
- (c) subject to the scheme of arrangement (referred to in the paragraph titled “Rights on general offer by way of scheme of arrangement”) becoming effective, the expiry of the period for exercising the Option as referred to in paragraph titled “Rights on general offer by way of scheme of arrangement”;
- (d) subject to paragraph titled “Rights on Winding-up”, the date of the commencement of the winding-up of the Company;
- (e) the date on which the Grantee (if an employee or Director of the Company or another member of the Group) ceases to be a Participant by reason of the termination of his or her employment or directorship on the grounds that he or she has been guilty of serious misconduct, or has committed any act of bankruptcy or has become insolvent or has made any arrangement or compromise 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) on any other ground on which an employer would be entitled to terminate his or her employment at common law or pursuant to any applicable laws or under the Grantee’s service contract with the Company or the relevant Subsidiary;
- (f) the date on which the Grantee commits a breach of paragraph titled “Rights are Personal to the Grantee”; or

APPENDIX III SUMMARY OF THE PRINCIPAL TERMS OF THE SHARE OPTION SCHEME

- (g) subject to paragraph titled “Rights on Ceasing Employment”, the date on which the Grantee ceases to be a Participant by any other reason;

provided that, in the context of any general offer as referred to in the paragraph titled “Rights on Takeover”, the Option (to the extent not exercised during the relevant period) need not lapse automatically in circumstances where its continuation is approved by or on behalf of the Board and the offeror and its continuation is not contrary to any provision of the Takeovers Code.

REORGANISATION OF CAPITAL STRUCTURE

In the event of any alteration in the capital structure of the Company which arises as a result of capitalisation of profits or reserves, rights issue, consolidation, subdivision or reduction or similar reorganisation of the share capital of the Company (other than an issue of Shares as consideration in respect of a transaction to which the Company is a party), such corresponding adjustments (if any) shall be made in (a) the number and/or nominal amount of Shares subject to the Options so far as unexercised; (b) the subscription price; (c) the method of exercise of the Option; or (d) the maximum number of Shares available for subscription, and an independent financial adviser or the Auditors shall certify in writing to the Board that the corresponding adjustments (if any) to the Options are in their opinion fair and reasonable, provided that any adjustments shall be made on the basis that the proportion of the issued share capital of the Company to which a Grantee is entitled after such adjustments shall remain the same as that to which he was entitled before such adjustments and 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, but so that no such adjustments shall be made the effect of which would be to enable any Share to be issued at less than its nominal value. Any adjustments as a result of an issue of securities with a price-dilutive element, such as a rights issue or open offer, are based on a scrip factor similar to the one used in accounting standards in adjusting the earnings per share figures (referred to in Hong Kong Accounting Standards 33). No such adjustments will be required in circumstances where there is an issue of Shares or other securities of the Group as consideration in a transaction.

CANCELLATION OF OPTIONS

Any Options granted but not exercised may be cancelled by the Board if the Grantee so agrees and new Options may be granted to the Participant provided that such new Options fall within the limits specified in paragraph titled “Maximum Number of Shares subject to Options” above and are otherwise granted in accordance with the terms of the Share Option Scheme with available unissued Options (excluding the cancelled Options).

APPENDIX III SUMMARY OF THE PRINCIPAL TERMS OF THE SHARE OPTION SCHEME

TERMINATION

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

ALTERATION OF THE SHARE OPTION SCHEME

The Share Option Scheme may be altered in any respect by resolution of the Board except that:

- (a) the provisions relating to the matters set out in rule 17.03 of the Listing Rules to the advantage of Participants;
- (b) any alteration to the terms and conditions of this Share Option Scheme which are of a material nature;
- (c) any change to the terms of Options granted; and
- (d) any change to the authority of the Board or Share Option Scheme administrators in relation to any alteration to the terms of the Share Option Scheme,

must be approved by a resolution of the Shareholders in general meeting, except where such alterations take effect automatically under the existing terms of the Share Option Scheme, provided that the amended terms of the Share Option Scheme or the Options shall still comply with the requirements of Chapter 17 of the Listing Rules.

**Million Hope Industries Holdings Limited****美亨實業控股有限公司**

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1897)

NOTICE IS HEREBY GIVEN that the annual general meeting (the “AGM”) of Million Hope Industries Holdings Limited (the “Company”) will be held at Ballroom II - III, 2/F., Courtyard by Marriott Hong Kong Sha Tin, 1 On Ping Street, Shatin, New Territories, Hong Kong on Tuesday, 25 August 2020 at 11:00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements, the Report of the Directors and the Independent Auditor’s Report of the Company for the year ended 31 March 2020.
2. To declare a final dividend for the year ended 31 March 2020.
3. To re-elect Mr. Cha Mou Sing, Payson as a non-executive director of the Company.
4. To re-elect Mr. Lee Cheuk Hung as an executive director of the Company.
5. To re-elect Mr. Yip Kai Yung as an independent non-executive director of the Company.
6. To re-elect Mr. Chau On Ta Yuen as an independent non-executive director of the Company.
7. To consider and, if thought fit, authorise the board of directors of the Company to fix the remuneration of all directors of the Company (including any new director of the Company who may be appointed) for the year ending 31 March 2021.
8. To re-appoint Deloitte Touche Tohmatsu as the independent auditor of the Company for the ensuing year and to authorise the board of directors of the Company to fix its remuneration.

9. To consider and, if thought fit, pass with or without modification, the following resolutions as **Ordinary Resolutions**:

(A) **“THAT:**

- (i) subject to paragraph (iii) below and all applicable laws, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue, grant, distribute and otherwise deal with additional shares in the share capital of the Company and to make, issue, or grant offers, agreements, options, warrants and other securities including but not limited to bonds, debentures and notes convertible into shares in the Company, be and is hereby generally and unconditionally approved;
- (ii) the approval in paragraph (i) above shall authorise the directors of the Company during the Relevant Period to make, issue or grant offers, agreements or options, warrants and other securities, which would or might require the exercise of such powers after the end of the Relevant Period;
- (iii) the aggregate nominal amount of share capital allotted, issued, granted, distributed or otherwise dealt with or agreed conditionally or unconditionally to be allotted, issued, granted, distributed or otherwise dealt with (whether pursuant to an option or otherwise) by the directors of the Company pursuant to the approval in paragraph (i) above, otherwise than pursuant to or in consequence of:
 - (a) a Rights Issue (as hereinafter defined); or
 - (b) an issue of ordinary shares in the Company under any option scheme or similar arrangement for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of ordinary shares in the Company or rights to acquire ordinary shares in the Company; or

- (c) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of whole or part of a dividend on shares in the Company in accordance with the amended and restated articles of association of the Company from time to time,

shall not exceed the aggregate of:

- (aa) twenty per cent of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this Resolution 9(A); and
- (bb) (if the directors of the Company are so authorised by a separate ordinary resolution of the shareholders of the Company) the nominal amount of share capital of the Company repurchased by the Company subsequent to the passing of this Resolution 9(A) (up to a maximum equivalent to ten per cent of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this Resolution 9(A)),

and the said approval shall be limited accordingly; and

- (iv) for the purpose of this Resolution 9(A):

“Relevant Period” means the period from the passing of this Resolution 9(A) until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by the amended and restated articles of association of the Company or any other applicable laws to be held; or
- (c) the revocation, variation or renewal of this Resolution 9(A) by an ordinary resolution of the shareholders of the Company in general meeting.

“Rights Issue” means an offer of shares in the Company, or an offer of warrants, options or other securities giving rights to subscribe for shares, open for a period fixed by the directors of the Company to holders of shares in the Company on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares (subject in all cases to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any legal or practical restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any jurisdiction or territory outside Hong Kong).”

(B) **“THAT:**

- (i) subject to paragraph (ii) below, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase shares in the capital of the Company be and is hereby generally and unconditionally approved;
- (ii) the aggregate nominal amount of the shares which may be repurchased on The Stock Exchange of Hong Kong Limited or any other stock exchange recognised for this purpose by the Securities and Futures Commission of Hong Kong and The Stock Exchange of Hong Kong Limited under the Code on Share Buy-backs pursuant to the approval in paragraph (i) above shall not exceed ten per cent of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this Resolution 9(B), and the said approval shall be limited accordingly; and
- (iii) for the purpose of this Resolution 9(B):

“Relevant Period” means the period from the passing of this Resolution 9(B) until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;

- (b) the expiration of the period within which the next annual general meeting of the Company is required by the amended and restated articles of association of the Company or any other applicable laws to be held; or
 - (c) the revocation, variation or renewal of this Resolution 9(B) by an ordinary resolution of the shareholders of the Company in general meeting.”
- (C) “**THAT**, conditional upon the passing of the above Resolutions 9(A) and 9(B), the directors of the Company be and are hereby authorised to exercise the powers referred to in paragraph (i) of Resolution 9(A) in respect of the share capital of the Company as referred to in sub-paragraph (bb) of paragraph (iii) of Resolution 9(A).”
- (D) “**THAT**, subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting approval of the listing of and permission to deal in the shares falling to be issued pursuant to the exercise of any options granted under the share option scheme of the Company (a copy of which is produced to the meeting marked “A” and signed by the chairman of this meeting for the purpose of identification) (the “**Share Option Scheme**”), the Share Option Scheme be approved and adopted to be the share option scheme of the Company and that the directors of the Company be authorised to grant options at their absolute discretion thereunder and to allot and issue shares pursuant to the exercise of any options under the Share Option Scheme, to administer the Share Option Scheme in accordance with its terms and take all such steps and enter into all such transactions and arrangements as may be necessary or desirable in order to implement and give full effect to the Share Option Scheme.”

By order of the Board
Kwok Wing Fai
Company Secretary

Hong Kong, 24 July 2020

Notes:

1. The register of members of the Company will be closed from 20 August 2020 to 25 August 2020 (both days inclusive) for the purpose of determining the identity of members who are entitled to attend and vote at the AGM. In order to be eligible to attend and vote at the AGM, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on 19 August 2020.
2. Any member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company.
3. In the case of joint holders, 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 holders and for this purpose seniority shall be determined by reference to the order in which the names stand on the register of members in respect of the joint holding.
4. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or other authority shall be deposited at the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjourned meeting thereof (as the case may be). Completion and return of the form of proxy shall not preclude a member from attending and voting in person at the meeting or any adjourned meeting thereof should he so wish and, in such event, the form of proxy shall be deemed to be revoked.
5. The register of members of the Company will be closed from 1 September 2020 to 3 September 2020 (both days inclusive) for the purpose of determining the identity of members who are entitled to the final dividend of the Company for the year ended 31 March 2020. In order to qualify for the final dividend, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on 31 August 2020.
6. With regard to the proposed resolutions No. 9(A) and 9(C), the directors of the Company wish to state that they have no immediate plan to issue any new shares in the Company pursuant to the general mandates referred to thereunder.
7. With regard to the proposed resolution No. 9(B), the directors of the Company wish to state that they have no immediate plan to repurchase any shares of the Company pursuant to the general mandate referred to thereunder.
8. The registration of the AGM will start at 10:30 a.m. on Tuesday, 25 August 2020. In order to ensure the meeting can start on time, shareholders or their proxies are encouraged to arrive for registration at least 15 minutes before the meeting starts.
9. If Tropical Cyclone Signal No. 8 or above is expected to be issued as announced by the Hong Kong Observatory or remains hoisted on the date of the AGM, the Company will, where appropriate, post an announcement on the Company's website (www.millionhope.com.hk) and HKExnews website (www.hkexnews.hk) to notify the shareholders of the Company for arrangements of the AGM in response to the signal issued.
10. In view of the novel coronavirus situation and to safeguard the health and safety of the shareholders of the Company and other participants, certain precautionary measures will be implemented at the AGM, including but not limited to (i) compulsory body temperature check; (ii) compulsory health declaration; (iii) wearing of surgical face mask at any time within the meeting venue (no mask will be provided); (iv) no food and drinks or souvenirs will be provided; and (v) seats will be limited at the meeting to ensure appropriate social distancing and will be available on a first-come-first-served basis. The Company reminds attendees that they should carefully consider the risk of attending the AGM, taking into account their own personal circumstances. Subject to the development of the novel coronavirus situation in Hong Kong, the Company may implement further precautionary measures, and issue further announcement(s) on such measures as and when appropriate.