
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your Shares in **China High Precision Automation Group Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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CHINA HIGH PRECISION AUTOMATION GROUP LIMITED

中國高精密自動化集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 591)

(1) GENERAL MANDATES TO ISSUE SHARES
(2) PROPOSED ADOPTION OF THE SHARE OPTION SCHEME
AND
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING

A notice convening the extraordinary general meeting (the “EGM”) of China High Precision Automation Group Limited (the “Company”) to be held at the Savannah Meeting Room, 3rd Floor, Hotel Mingcheng Fuzhou, No. 86 Jiangbin East Avenue, Mawei District, Fuzhou, Fujian, China at 10:00 a.m. on Thursday, 13 February 2025 is set out on pages 24 to 28 of this circular. Whether or not you are able to attend the meeting, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

22 January 2025

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DEFINITIONS

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

“Acceptance Date”	the date upon which an offer for an Option must be accepted by the relevant Eligible Participant, being a date not later than 30 days after the Offer Date
“Adoption Date”	the date on which the Share Option Scheme is conditionally adopted by ordinary resolutions of the Shareholders
“Articles of Association”	the amended and restated articles of association of the Company adopted on 16 December 2022, as amended from time to time
“associates”	shall have the meaning as defined in the Listing Rules
“Auditors”	the auditors for the time being of the Company
“Board”	the board of Directors
“Business Day”	a day on which the Stock Exchange is open for the business of dealing in securities
“CCASS”	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“Commencement Date”	in respect of an Option, the date upon which such Option is deemed to be granted and accepted
“Company”	China High Precision Automation Group Limited, an exempted company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the main board of the Stock Exchange
“controlling shareholder(s)”	shall have the meaning as defined in the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held at Savannah Meeting Room, 3rd Floor, Hotel Mingcheng Fuzhou, No. 86 Jiangbin East Avenue, Mawei District, Fuzhou, Fujian, China at 10:00 a.m. on Thursday, 13 February 2025, or any adjournment thereof

DEFINITIONS

“Eligible Participant(s)”	any director and employee of the Company or any of the Subsidiaries (including persons who are granted Options under the Share Option Scheme as an inducement to enter into employment contracts with the Company or any of the Subsidiaries)
“Exercise Date”	the date of the notice given by the Grantee in respect of the exercise of the Option in accordance with the Share Option Scheme
“Exercise Price”	the price per Share, determined by the Board, at which a Grantee may subscribe for Shares on the exercise of an Option in accordance with the Share Option Scheme
“Expiry Date”	the date of the expiry of the Option as may be determined by the Board which shall not be later than the last day of the Option Period in respect of such Option
“Grantee”	any Eligible Participant who accepts the offer of the grant of an Option in accordance with the rules of the Share Option Scheme
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Issue Mandate”	a general and unconditional mandate proposed to be granted to the Directors to exercise the power of the Company to allot, issue and deal with Shares not exceeding 20% of the number of issued Shares (excluding Treasury Shares, if any) as at the date of the resolution approving such mandate
“Latest Practicable Date”	16 January 2025, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Approval Date”	the date of approving the New Scheme Limit by the Shareholders of the Company in general meeting
“New Scheme Limit”	Subject to the approval of the shareholders of the Company in general meeting in compliance with Rules 17.03C(1) and 17.03C(2) of the Listing Rules and/or such other requirements prescribed under the Listing Rules from time to time, the Scheme Limit may be refreshed from time to time to 10% of the number of Shares in issue (excluding Treasury Shares, if any)

DEFINITIONS

“Offer Date”	the date on which such Option is offered in writing to an Eligible Participant, which must be a Business Day
“Option(s)”	option(s) to subscribe for Shares pursuant to the Share Option Scheme
“Option Period”	in respect of an Option, the period to be notified by the Board to each Grantee within which the Option may be exercisable provided that such period of time shall not exceed a period of five years commencing on the Commencement Date
“Personal Representative(s)”	a person or persons who, in accordance with the laws of succession applicable in respect of the death of such Grantee is or are entitled to exercise the Option accepted by such Grantee (to the extent not already exercised) in consequence of the death of such Grantee
“PRC”	the People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Remuneration Committee”	remuneration committee of the Board
“Repurchase Mandate”	a general and unconditional mandate granted to the Directors to exercise the power of the Company to repurchase Shares not exceeding 10% of the number of issued Shares (excluding Treasury Shares, if any) at the annual general meeting on 16 December 2024
“Scheme Limit”	the total number of Shares which may be issued in respect of all Options to be granted under the Share Option Scheme and all options to be granted under any other share schemes of the Company must not, in aggregate, exceed 10% of the total number of Shares in issue (excluding Treasury Share, if any)
“Scheme Period”	a period commencing on the Adoption Date and ending on the tenth anniversary of the Adoption Date (both dates inclusive)
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	share(s) of HK\$0.10 each in the share capital of the Company
“Share Option Scheme”	the share option scheme proposed to be approved and adopted by the Shareholders at the EGM, a summary of the principal terms of which is set out in Appendix I to this circular
“Shareholder(s)”	holder(s) of the Share(s)

DEFINITIONS

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	the meaning ascribed to it in the Listing Rules and “Subsidiaries” shall be construed accordingly
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs, as amended from time to time
“Treasury Shares”	the Shares repurchased and held by the Company in treasury (which include Shares repurchased by the Company and held or deposited in CCASS for sale on the Stock Exchange) from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent



CHINA HIGH PRECISION AUTOMATION GROUP LIMITED

中國高精密自動化集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 591)

Executive Directors:

Wong Fun Chung (*Chairman and Chief Executive Officer*)
Zou Chong
Su Fang Zhong
Cheung Chuen

Independent Non-executive Directors:

Hu Guo Qing
Ji Qin Zhi
Chan Yuk Hiu, Taylor
Huang Shizhen

Registered Office:

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Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

*Hong Kong Principal Place
of Business:*

Room 703, Jubilee Centre,
18 Fenwick Street,
Wanchai, Hong Kong

22 January 2025

To the Shareholders

Dear Sir/Madam,

**(1) GENERAL MANDATES TO ISSUE SHARES
(2) PROPOSED ADOPTION OF THE SHARE OPTION SCHEME
AND
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

1. INTRODUCTION

The purpose of this circular is to provide you with information regarding certain resolutions to be proposed at the EGM relating to, among others, (i) the granting of the Issue Mandate to the Directors to exercise all the powers of the Company to allot, issue and otherwise deal with new Shares; (ii) to extend the Issue Mandate by an amount representing the number of issued Shares repurchased under the Repurchase Mandate; and (iii) the adoption of the Share Option Scheme.

LETTER FROM THE BOARD

2. GENERAL MANDATE TO ISSUE SHARES

An ordinary resolution will be proposed at the EGM for the Shareholders to consider, and if thought fit, to grant the general and unconditional mandate to the Directors to exercise the powers of the Company to allot, issue and deal with additional shares or resell treasury Shares (if permitted under the Listing Rules) in the share capital of the Company with the number of shares of up to 20 per cent of the total number of issued Shares (excluding Treasury Shares, if any) as at the date of passing the resolution in relation to the Issue Mandate. As at the Latest Practicable Date, a total number of 1,037,500,000 Shares were in issue and the Company does not hold any Treasury Shares. Subject to the passing of ordinary resolution, and on the basis that no further Shares are issued or repurchased after the Latest Practicable Date and up to the date of passing of the resolution approving the Issue Mandate and the Company does not hold any Treasury Shares, the Company will be allowed to issue a maximum of 207,500,000 Shares. The Directors wish to state that they have no immediate plans to issue any new Shares pursuant to the Issue Mandate.

Subject to the passing of the aforesaid resolutions in relation to the Issue Mandate, an ordinary resolution will also be proposed to authorise the Directors to extend the Issue Mandate to issue and allot Shares in an amount not exceeding the number of Shares repurchased by the Company pursuant to the Repurchase Mandate.

The Issue Mandate and its extension will end on (i) the conclusion of the next annual general meeting of the Company following the passing of the Issue Mandate; or (ii) the expiration of the period within which the next annual general meeting of the Company is required by any applicable law or the Articles of Association to be held; or (iii) the revocation or variation of the Issue Mandate by ordinary resolution of Shareholders in general meeting, whichever is the earliest.

3. PROPOSED ADOPTION OF THE SHARE OPTION SCHEME

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

As at the Latest Practicable Date, the issued share capital of the Company comprised 1,037,500,000 Shares. Assuming that there is no change in the issued share capital between the period from the Latest Practicable Date and the Adoption Date, the maximum number of Shares which may be issued upon exercise of all options and awards to be granted under the Share Option Scheme, and any other share scheme(s) of the Company that involve(s) the issuance of new Shares (if any), in aggregate will be 103,750,000 Shares, representing 10% of the total number of Shares in issue (excluding Treasury Shares, if any) as at the Adoption Date.

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

LETTER FROM THE BOARD

Conditions precedent of the Share Option Scheme

The Share Option Scheme shall take effect subject to and is conditional upon:

- (a) the passing of the necessary resolutions by the shareholders of the Company to approve and adopt the rules of the Share Option Scheme; and
- (b) the Stock Exchange granting the approval for the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of Options to be granted under the Share Option Scheme.

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

Explanation of the terms of the Share Option Scheme

A summary of the principal terms of the Share Option Scheme is set out in Appendix I to this circular. This serves as a summary of the terms of the Share Option Scheme but does not constitute the full terms of the same.

The purpose of the Share Option Scheme is to enable the Company to grant Options to Eligible Participants as incentives or rewards to recognize and acknowledge their contributions or potential contributions to the Company and/or any of the Subsidiaries. The Share Option Scheme is designed to provide the Eligible Participants an opportunity to have a personal stake in the Company with the view to achieving two key objectives: (i) motivate the Eligible Participants to optimize their performance efficiency for the benefit of the Company and/or any of the Subsidiaries; and (ii) attract and retain or otherwise maintain an on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Company and/or any of the Subsidiaries.

Eligible Participants

Eligible Participants are any director and employee of the Company or any of the Subsidiaries (including persons who are granted Options under the Share Option Scheme as an inducement to enter into employment contracts with the Company or any of the Subsidiaries).

The Directors are of the view that the adoption of the Share Option Scheme aligns with the market practice of providing incentives to Eligible Participants to work towards enhancing the enterprise value and achieving the long-term objectives for the benefit of the Group as a whole.

In determining the basis of eligibility of each Eligible Participant, the Board will take into account, among others, (a) the experience and qualification of the Eligible Participant in relation to the Group's business; (b) the length of service of the Eligible Participant with the Group; (c) the level of responsibilities assumed; and (d) the

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amount of support, assistance, guidance, advice, efforts and contributions the Eligible Participant has exerted and given towards the success of the Group and/or the amount of potential support, assistance, guidance, advice, efforts and contributions the Eligible Participant is likely to be able to give or make towards the success of the Group in the future.

As at the Latest Practicable Date, the Company had no specific plans or immediate intention to grant Options to independent non-executive Directors under the Share Option Scheme. However, the Board supports including independent non-executive Directors as eligible participants in the Share Option Scheme for two key reasons: (i) equity-based compensation remains a vital tool for aligning shareholder interests with those of all Board members, including independent non-executive Directors, and (ii) the inclusion of independent non-executive Directors in share schemes is a common practice among public companies. The Board believes that having the flexibility to offer share options will enhance the Company's ability to maintain competitive remuneration packages for attracting and retaining talented independent non-executive Directors.

The Company believes that the independence and impartiality of independent non-executive Directors will not be compromised by potential grants of Options or Awards based on three key safeguards: (i) independent non-executive Directors must maintain compliance with the independence requirements set out in Rule 3.13 of the Listing Rules; (ii) independent Shareholders' approval must be obtained for any Option grants to independent non-executive Directors or their respective associates if such grants would cause their total Share allocation to exceed 0.1% of issued Shares (excluding Treasury Shares, if any) within any 12-month period; and (iii) the Board will be mindful to the recommended best practice E.1.9 of the corporate governance code in Appendix C1 to the Listing Rules that issuers should generally not grant performance-linked equity-based remuneration to independent non-executive Directors.

For the avoidance of doubt, no grant of any Options by the Company shall be made if a prospectus is required to be issued under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) or any applicable laws or if such grant will result in the breach by the Company or the Directors of any applicable securities laws and regulations in any jurisdiction.

Maximum number of Shares subject to the Share Option Scheme

The Scheme Limit is the total number of Shares which may be issued in respect of all options to be granted under the Share Option Scheme and all options and awards to be granted under any other share schemes of the Company, which shall not exceed 10% of the total number of Shares in issue (excluding Treasury Shares, if any) on the Adoption Date. As at the Latest Practicable Date, there were 1,037,500,000 Shares in issue. Assuming there is no change in the number of issued Shares during the period from the Latest Practicable Date to the Adoption Date, the Scheme Limit will be 103,750,000 Shares.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the Board has not identified any specific grantee or made any immediate plan to make grants of Options. The Company may issue new Shares and/or utilise existing Treasury Shares (if any) to satisfy grants of the Options under the Share Option Scheme to the extent permitted by the Listing Rules, all applicable laws and regulations and the Articles of Association. As at the Latest Practicable Date, the Company had not decided whether to use Treasury Shares for the Share Option Scheme, if applicable.

Performance targets and clawback mechanism

The Share Option Scheme does not stipulate any performance target that the grantee is required to achieve before the relevant Option can be exercised. However, the Board retains discretionary power to impose conditions on Options when deemed appropriate. The Board believes that the Share Option Scheme can effectively motivate Eligible Participants to enhance their performance and help attract and maintain ongoing business relationships with those whose contributions are or will be beneficial to the Company's long-term growth. The Directors believe that the Share Option Scheme will provide the Board with flexibility in determining the applicable performance targets and any other conditions to which the specific grant of Options may be subject on a case-by-case basis, and thus will place the Group in a better position to attract human resources that are valuable to the long-term growth and development of the Group.

There is a clawback mechanism under the Share Option Scheme. Upon the occurrence of the events including the grantee being involved in serious misconduct, a material misstatement in the Company's financial statements, and any other clawback event implicitly or explicitly characterised in the Scheme occurs and/or any other event occurs as the Board may determine, the Board may clawback such number of Options (to the extent not being exercised) granted or extend the vesting period (regardless of whether the initial vesting date has occurred) in relation to all or any of the Options (to the extent not being exercised) to such longer period. The Options that are clawed back shall be regarded as cancelled accordingly. The Board is of the view that with such clawback mechanism in place, the Company would be able to claw back the equity incentives granted to the grantees culpable of misconduct, which is in line with the purpose of the Share Option Scheme and the interest of the Shareholders in general.

Vesting period

The vesting period for an Option shall not be less than 12 months.

To ensure the practicability in fully attaining the purpose of the Share Option Scheme, the Remuneration Committee is of the view and the Board concurs that (i) there are certain instances where a strict 12-month vesting requirement would not work or would not be fair to the Grantee, such as those set out in paragraph 5.2 of Appendix I to this circular; (ii) there is a need for the Group to retain flexibility to reward exceptional performers with accelerated vesting or in exceptional circumstances where justified; and (iii) the Group should be allowed discretion to formulate its own talent recruitment and retention strategies in response to changing market conditions and

LETTER FROM THE BOARD

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

Hence, the Board and the Remuneration Committee are of the view that the shorter vesting period prescribed in paragraph 5.2 of Appendix I to this circular, are appropriate because they are in line with market practice, and give the Company flexibility to provide a competitive remuneration package to reward exceptional performers with accelerated vesting or in exceptional circumstances as prescribed in paragraph 5.2 of Appendix I to this circular where justified, which is appropriate and aligns with the purpose of the Share Option Scheme.

Basis of determination of the Exercise Price

The Board will also determine the Exercise Price in respect of any Option pursuant to the terms of the Share Option Scheme, which shall be at least the highest of: (i) the closing price per Share as stated in the Stock Exchange's daily quotations sheet on the Offer Date, which must be a Business Day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five (5) Business Days immediately preceding the Offer Date; and (iii) the nominal value of a Share, provided that for the purpose of determining the Exercise Price where the Shares have been listed on the Stock Exchange for less than five (5) Business Days preceding the Offer Date, the issue price of the Shares in connection with such listing shall be deemed to be the closing price of the Shares for each Business Day falling within the period before the listing of the Shares on the Stock Exchange.

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

The Share Option Scheme does not have a trustee and hence none of the Directors is and will be a trustee of the Share Option Scheme.

As at the Latest Practicable Date, the Board has no present intention to grant any Options to any of the Eligible Participants under the Share Option Scheme after its adoption.

Document on display

A copy of the rules of the Share Option Scheme will be published on the respective websites of the Stock Exchange at www.hkexnews.hk and the Company at www.chpag.cn for display for a period of not less than fourteen (14) days before the date of the EGM and the rules of the Shares Option Scheme will be made available for inspection at the EGM.

4. EGM

The notice convening the EGM is set out on pages 24 to 28 of this circular.

LETTER FROM THE BOARD

A form of proxy for the EGM is enclosed with this circular. Whether or not you intend to attend and vote in person at the EGM, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon to the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time fixed for the EGM. Such form of proxy for use at the EGM is also published on the websites of the Company and the Stock Exchange. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof if you so wish.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of the Shareholders at a general meeting of the Company must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, the resolutions to be considered and, if thought fit, approved at the EGM will be voted by way of a poll by the Shareholders. An announcement on the poll results will be made by the Company after the EGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

5. 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.

6. RECOMMENDATION

The Directors consider that the proposed ordinary resolutions for (i) granting of the Issue Mandate, and the extension of the Issue Mandate; and (ii) the proposed adoption of the Share Option Scheme are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend all the Shareholders to vote in favour of all these resolutions to be proposed at the EGM.

By Order of the Board of
China High Precision Automation Group Limited
Wong Fun Chung
Chairman

The following is a summary of the principal rules of the Share Option Scheme but does not form part of, nor was it intended to be, part of the Shares Option Scheme nor should it be taken as affecting the interpretation of the Share Option Scheme.

1. PURPOSES OF THE SHARE OPTION SCHEME

1.1 The purpose of this Share Option Scheme is to enable the Company to grant Options to Eligible Participants as incentives or rewards to recognize and acknowledge their contributions or potential contributions to the Company and/or any of the Subsidiaries.

2. SHARE OPTION SCHEME PERIOD

2.1 Subject to paragraph 25, the Share Option Scheme shall be valid and effective for a period of ten (10) years commencing from the Adoption Date, after which period no further Options will be offered or granted 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 granted prior thereto or otherwise as may be required in accordance with the provisions of this Scheme and Options granted prior thereto but not yet exercised shall continue to be valid and exercisable in accordance with the Share Option Scheme.

3. PARTICIPANTS OF THE SHARE OPTION SCHEME AND ELIGIBILITY CRITERIA

3.1 The Eligible Participants of the Share Option Scheme are any director and employee of the Company or any of the Subsidiaries (including persons who are granted Options under the Share Option Scheme as an inducement to enter into employment contracts with the Company or any of the Subsidiaries).

3.2 In determining the basis of eligibility of each Eligible Participant, the Board will take into account, among others, (a) the experience and qualification of the Eligible Participant in relation to the Group's business; (b) the length of service of the Eligible Participant with the Group; (c) the level of responsibilities assumed; and (d) the amount of support, assistance, guidance, advice, efforts and contributions the Eligible Participant has exerted and given towards the success of the Group and/or the amount of potential support, assistance, guidance, advice, efforts and contributions the Eligible Participant is likely to be able to give or make towards the success of the Group in the future.

4. OFFER AND GRANT OF OPTIONS

4.1 The Board shall, subject to and in accordance with the provisions of the Share Option Scheme and the Listing Rules, be entitled to but shall not be bound, at any time on any Business Day during the Scheme Period offer to grant an Option to any Eligible Participant whom the Board may in its absolute discretion select and subject to such conditions (including, without limitation, the vesting period and/or any performance targets as assessed in accordance with the performance measures during a specified performance period which must be achieved before an Option can be exercised) as it may think fit.

5. VESTING PERIOD

5.1. Save in the circumstances prescribed in paragraph 5.2 below, an Option must be held by the grantee for at least twelve (12) months before the Option can be exercised.

5.2. Options may be subject to a shorter vesting period under any of the following circumstances:

- (a) grants of “make-whole” Options to new joiners to replace the awards or options they forfeited when leaving the previous employer;
- (b) grants to a Grantee whose employment is terminated due to death or disability or occurrence of any out of control event;
- (c) grants with performance-based vesting conditions in lieu of time-based vesting criteria;
- (d) grants that are made in batches during a year for administrative and compliance reasons, which include Options that should have been granted earlier if not for such administrative or compliance reasons but had to wait for subsequent batch. In such case, the vesting period may be shorter to reflect the time from which the Option would have been granted;
- (e) grants with a mixed or accelerated vesting schedule such as where the Options may vest evenly over a period of twelve (12) months; and
- (f) grants of Options with a total vesting and holding period of more than 12 months.

6. CLAWBACK

6.1. Notwithstanding the terms and conditions of this Scheme, the Board has the authority to provide that any Option shall be subject to a clawback if any of the following events shall occur during an Option Period:

- (a) the Grantee is involved in serious misconduct;
- (b) a material misstatement in the Company's financial statements;
- (c) any other clawback event implicitly or explicitly characterised in the Offer Letter occurs and/or any other event occurs as the Board may in its absolute discretion determines,

the Board may, (but is not obliged to) by notice in writing to the Grantee concerned (i) claw back such number of Options (to the extent not being exercised) granted as the Board may consider appropriate; or (ii) extend the vesting period (regardless of whether the initial vesting date has occurred, if applicable) in relation to all or any of the Options (to the extent not being exercised) to such longer period as the Board may consider appropriate. The Options that are clawed back pursuant to this Clause shall be regarded as cancelled and the Options so cancelled shall be regarded as utilised for the purpose of calculating the Scheme Limit (or the New Scheme Limit, as the case may be).

7. EXERCISE PRICE

7.1. The Exercise Price in relation to each Option offered to an Eligible Participant shall, subject to the adjustments referred to in paragraph 21, be determined by the Board in its absolute discretion but in any event must be at least the highest of:

- (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Offer Date, which must be a Business Day;
- (b) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five (5) Business Days immediately preceding the Offer Date; and
- (c) the nominal value of a Share,

provided that for the purpose of determining the Exercise Price where the Shares have been listed on the Stock Exchange for less than five (5) Business Days preceding the Offer Date, the issue price of the Shares in connection with such listing shall be deemed to be the closing price of the Shares for each Business Day falling within the period before the listing of the Shares on the Stock Exchange.

8. RESTRICTION ON THE TIME OF GRANT OF OPTION

8.1 The Board shall not grant any Option after inside information has come to the knowledge of the Company until it has announced such inside information pursuant to the requirements of the Listing Rules and the Inside Information Provisions of Part XIVA of the SFO. In particular, no Options shall be granted during the period commencing 30 days immediately preceding the earlier of:

- (i) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's annual results or the Company's results for half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
- (ii) the deadline for the Company to publish an announcement of the Company's annual results or the Company's results for half-year, quarterly or any other interim period (whether or not required under the Listing Rules),

and ending on the date of actual publication of the results for such year, half year, quarterly or interim period (as the case may be).

8.2 Where the grant of Options is to a Director of the Company, notwithstanding paragraph 8.1 above, no Options shall be granted to the Directors of the Company: (i) during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and (ii) during the period of 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

9. ACCEPTANCE OF OFFERS

9.1 If the Board determines to offer an Option to an Eligible Participant in accordance with paragraph 4.1 above, the Board shall forward to such Eligible Participant an offer document in the form prescribed in Share Option Scheme as the Board may from time to time determine.

9.2 An Option shall be deemed to have been granted and accepted by the Grantee and to have taken effect when the duplicate offer document constituting acceptance of the Option duly signed by the Grantee, together with a remittance or payment in favor of the Company of HK\$1.00 by way of consideration for the grant thereof, is received by the Company on or before the relevant Acceptance Date. Such remittance or payment shall in no circumstances be refundable.

10. MAXIMUM OF SHARES AVAILABLE FOR SUBSCRIPTION

10.1 The total number of Shares which may be issued in respect of all Options to be granted under the Share Option Scheme and all options and awards to be granted under any other share schemes of the Company must not in aggregate exceed 103,750,000, representing 10% of the total number of Shares in issue (excluding Treasury Shares, if any) (the “**Scheme Limit**”) at the Adoption Date. The Company may either issue new Shares or transfer Treasury Shares to the relevant Grantee to satisfy the awards upon exercise of the options granted under the Share Option Scheme.

10.2 Subject to the approval of the shareholders of the Company in general meeting in compliance with Rules 17.03C(1) and 17.03C(2) of the Listing Rules and/or such other requirements prescribed under the Listing Rules from time to time, the Scheme Limit may be refreshed from time to time to 10% of the number of Shares in issue (excluding Treasury Shares, if any) (the “**New Scheme Limit**”) as of the date of approval by the Shareholders of the Company in general meeting (the “**New Approval Date**”). Any refreshment within any three year period from the date of shareholders’ approval for the last refreshment (or the adoption of the Share Option Scheme) must be approved by shareholders of the Company subject to the following provisions:

- (i) any controlling shareholders and their associates (or if there is no controlling shareholder, Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates) abstaining from voting in favor of the relevant resolution at the general meeting of the Company; and
- (ii) the Company must comply with the requirements under Rules 13.39(6) and (7), 13.40, 13.41 and 13.42 of the Listing Rules.

10.3 Subject to the separate approval of the shareholders of the Company in general meeting in compliance with Rule 17.03C(3) of the Listing Rules and/or such other requirements as prescribed under the Listing Rules from time to time, the Board may grant Options exceeding the Scheme Limit (or the New Scheme Limit, as the case may be) to Eligible Participants specifically identified by the Board, provided that the grant is only to Eligible Participants specifically identified by the Company before the approval is sought. The Company must send a circular to the Shareholders containing the name of each specified Eligible Participant who may be granted such Options, the number and terms of the Options to be granted to each such Eligible Participant, and the purpose of granting Options to the specified Eligible Participants with an explanation as to how the terms of the Options serve such purpose. The number and terms of options to be granted to such Eligible Participant must be fixed before shareholders’ approval. In respect of any options to be granted, the date of the board meeting for proposing such grant should be taken as the date of grant for the purpose of calculating the Exercise Price under paragraph 7.1.

10.4 The Scheme Limit referred to in paragraph 10.1 (or as refreshed in accordance with paragraphs 10.2 and/or 10.3, as the case may be) shall be adjusted, in such manner as the Auditors or the approved independent financial advisor 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 21 whether by way of capitalization issue, rights issue, sub-division or consolidation of shares or reduction of share capital of the Company.

11. MAXIMUM ENTITLEMENT OF EACH ELIGIBLE PARTICIPANT

11.1 If the Board determines to offer Options to an Eligible Participant which, when aggregated with any Shares issued or to be issued in respect of all options or awards granted to that person (excluding any options or awards lapsed in accordance with the terms of the relevant schemes) under the Share Option Scheme and the other share schemes of the Company in any 12-month period up to and including the Offer Date, exceed 1% of the number of Shares in issue (excluding Treasury Shares, if any) on the Offer Date:

- (a) that grant shall be subject to the issue of a circular by the Company to its shareholders which shall comply with Rules 17.03D and 17.06 of the Listing Rules and/or such other requirements as prescribed under the Listing Rules from time to time;
- (b) such grant must be separately approved by the shareholders of the Company in general meeting with such Eligible Participant and his/her close associates (or his/her associates if the Eligible Participant is a connected person) abstaining from voting, and the number and terms of the share options to be further granted to such Grantee must be fixed before Shareholders' approval; and
- (c) in respect of any share options to be further granted, the date of the Board meeting at which the Board resolves to grant the proposed Options to such Eligible Participant shall be taken as the Offer Date for the purpose of calculating the Exercise Price.

12. GRANTS OF OPTIONS TO CERTAIN CONNECTED PERSONS

12.1 Subject to paragraphs 10.2, 10.3, 11.1 and 12.2 above, if the Board determines to offer to grant Options to a Director, chief executive or substantial shareholder of the Company or any of their respective associates, such grant must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the Grantee).

12.2 If the Board determines to offer to grant Options to a substantial shareholder or an independent non-executive Director (or any of their respective associates) and that grant would result in the number of Shares issued and to be issued in respect of all options and awards granted to such person under the Share Option Scheme and the other share schemes (excluding any options and awards lapsed in accordance with the terms of such schemes) in the 12-month period up to and including the Offer Date representing in aggregate over 0.1%, or such other percentage as may be from time to time provided under the Listing Rules, of the Shares in issue (excluding Treasury Shares, if any) on such Offer Date, such further grant shall be subject to the approval of the shareholders of the Company in general meeting in accordance with Rule 17.04(4) of the Listing Rules and/or such other requirements prescribed under the Listing Rules from time to time. The Grantee, his/her associates and all core connected persons of the Company must abstain from voting in favour at such general meeting (except that any such person may vote against the proposed grant provided that his/her intention to do so has been stated in the relevant circular to the shareholders of the Company). The Company must comply with the requirements under Rules 13.40, 13.41 and 13.42 of the Listing Rules. Unless provided otherwise in the Listing Rules, the date of the Board meeting at which the Board proposes to grant the proposed Options to that Eligible Participant shall be taken as the Offer Date for the purpose of calculating the Exercise Price.

13. TIME OF EXERCISE OF OPTION

13.1 An Option may be exercised in accordance with the terms of the Share Option Scheme at any time during the Option Period to be notified by the Board subject to the terms of grant, the expiry date of such Option Period not to exceed five (5) years from the Commencement Date.

14. RIGHTS ARE PERSONAL TO GRANTEE

14.1 Save for a transfer to a vehicle (such as a trust or a private company) for the benefit of the Grantee and any family members of such Grantee (including for estate planning or tax planning purposes) that would continue to meet the purpose of the Share Option Scheme and comply with other requirements of the Listing Rules, in which case a waiver must be obtained from the Stock Exchange, an Option and an offer to grant an Option shall be personal to the Grantee and shall not be transferrable or assignable. No Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favor of any third party over or in relation to any Option held by him/her or any offer relating to the grant of an Option made to him/her or attempt to do so (save that the Grantee may nominate a nominee in whose name the Shares issued pursuant to the Share Option Scheme may be registered). Any breach of the foregoing shall entitle the Company to cancel any outstanding Options or any part thereof granted to such Grantee.

15. RIGHTS ON CEASING EMPLOYMENT

15.1 In the event of the Grantee who is an Eligible Participant by reason of his/her employment with the Company or any of the Subsidiaries ceasing to be an employee of the Company and/or any of the Subsidiaries for any reason other than on his/her death, ill-health, injury, disability or the termination of his/her employment with the Company and/or any of the Subsidiaries on one or more of the grounds specified in paragraph 20.1(d) to (e), the Grantee may exercise the Option up to his/her entitlement at the date of cessation of being an Eligible Participant (to the extent not already exercised) within the period of one month (or such longer period as the Board may determine) following the date of such cessation (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).

16. RIGHTS ON DEATH, ILL-HEALTH, INJURY OR DISABILITY

16.1 In the case of the Grantee who is an Eligible Participant by reason of his/her employment with the Company or any of the Subsidiaries ceasing to be an employee of the Company and/or any of the Subsidiaries by reason of death, ill-health, injury or disability (all evidenced to the satisfaction of the Board) and none of the events which would be a ground for termination of his/her employment with the Company and/or any of the Subsidiaries under paragraph 20.1(d) to (e) has occurred, the Grantee or the Personal Representative(s) of the Grantee shall be entitled within a period of 12 months (or such longer period as the Board may determine) from the date of cessation of being an Eligible Participant or death to exercise the Option in full (to the extent not already exercised).

17. RIGHTS ON CORPORATE COMPROMISE OR ARRANGEMENT

17.1 If, pursuant to the Companies Act, a compromise or arrangement between the Company and its members and/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 all the Grantees (together with a notice of the existence of the provisions of this paragraph) on the same day as it despatches to members and/or creditors of the Company a notice summoning the meeting to consider such a compromise or arrangement and any Grantee may by notice in writing to the Company accompanied by a remittance for the full amount of the aggregate subscription price for Shares in respect of which the notice is given (such notice to be received by the Company not later than two Business Days prior to the proposed meeting), exercise the Option to its full extent or to the extent specified in the notice and the Company shall as soon as possible and in any event no later than the Business Day immediately prior to the date of the proposed meeting, issue such number of Shares to the Grantee which falls to be issued on such exercise of the Option credited as fully paid and register the grantee as holder thereof. 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 that they have not been exercised, lapse and determine. If for any reason such compromise or arrangement does not become effective and is terminated or lapses, the rights of Grantees to exercise their respective Options shall with effect from such termination be restored in full but only upon the extent not already exercised and shall become exercisable 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.

18. RIGHTS ON A GENERAL OFFER

18.1 If a general offer (whether by way of takeover offer, share repurchase offer or scheme of arrangement or otherwise in like manner) is made to all of holders of Shares (or all such holders of Shares other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror (as defined in the Takeovers Code)), the Company shall use its best endeavours to procure that such offer is extended to all the Grantees (on the same terms mutatis mutandis, and assuming that they shall become, by the exercise in full of the Options granted to them, shareholders of the Company). If such offer, having been approved in accordance with applicable laws and regulatory requirements becomes, or is declared unconditional, the Grantee (or his/her legal Personal Representative(s)) shall be entitled to exercise his/her Option in full (to the extent not already exercised) at any time within 14 days after the date on which such general offer becomes or is declared unconditional.

19. RIGHTS ON WINDING UP

19.1 In the event a notice is given by the Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind up the Company, the Company shall on the same date as or soon after it despatches such notice to each member of the Company give notice thereof to all Grantees and thereupon, each Grantee (or in the case of the death of the Grantee, his/her Personal Representative(s)) shall be entitled to exercise all or any of his/her Options at any time not later than two Business Days prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance or payment for the full amount of the aggregate Exercise Price for the Shares in respect of which the notice is given, whereupon the Company shall as soon as possible and, in any event, no later than the Business Day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the Grantee credited as fully paid and register the Grantee as holder thereof.

20. LAPSE OF OPTION

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

- (a) the Expiry Date relevant to that Option;
- (b) the expiry of any of the periods referred to in paragraphs 15, 16, 17, 18 and 19;
- (c) the date on which the scheme of arrangement of the Company referred to in paragraph 17 becomes effective;
- (d) the date on which the Grantee ceases to be an Eligible Participant by reason of such Grantee's resignation from the employment with the Company and/or any of the Subsidiaries or the termination of his/her employment or contract with the Company and/or any of the Subsidiaries on any one or more of the following grounds: (i) that he/she has been guilty of serious misconduct; (ii) that he/she has been convicted of any criminal offence involving his/her integrity or honesty or in relation to an employee of the Company and/or any of the Subsidiaries (if so determined by the Board); or (iii) that he/she has become insolvent, bankrupt or has made arrangements or compositions with his/her creditors generally; or
- (e) on any other ground as determined by the Board that would warrant the termination of his/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. A resolution of the Board or the board of directors of the relevant Subsidiary to the effect that the relationship of a Grantee has or has not been terminated on one or more of the grounds specified in this paragraph shall be conclusive.

21. EFFECT OF ALTERATIONS TO CAPITAL

21.1 In the event of any alteration in the capital structure of the Company whilst any option may become or remains exercisable, whether by way of capitalization issue, rights issue, consolidation, sub-division or reduction of share capital of the Company.

21.2 In respect of any adjustments required by paragraph 21.1, other than any made on a capitalization issue, the Auditors or the approved independent financial advisor, as the case may be, shall confirm to the Board in writing that the adjustments satisfy the requirements set out in Rule 17.03(13) of the Listing Rules and the note thereto and the supplementary guidance issued by the Stock Exchange on November 6, 2020 and any further guidance or interpretation of the Listing Rules issued by the Stock Exchange from time to time and/or such other requirement prescribed under the Listing Rules from time to time in relation to share schemes.

22. ALTERATION TO THE SHARE OPTION SCHEME

22.1 The terms and conditions of the Share Option Scheme and the regulations for the administration and operation of the Share Option Scheme (provided that the same are not inconsistent with the Share Option Scheme and the Listing Rules) may be altered in any respect by resolution of the Board except that:

- (a) any change to the terms of Options granted to a Grantee must be approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or the shareholders of the Company (as the case may be) if the initial grant of the Options was approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or the shareholders of the Company (as the case may be) (except any changes which take effect automatically under the terms of the Share Option Scheme); and
- (b) any alterations to the terms and conditions of the Share Option Scheme which are of a material nature or any alterations to the provisions relating to the matters set out in Rule 17.03 of the Listing Rules to the advantage of the Eligible Participants or any change to the authority of the directors or the administrators of the Share Option Scheme to alter the terms of the Share Option Scheme must be approved by the shareholders of the Company in general meeting,

PROVIDED THAT the amended terms of the Share Option Scheme or the Options shall remain in compliance with Chapter 17 of the Listing Rules.

Written notice of any alterations made in accordance with this paragraph 22.1 shall be given to all Grantees.

23. CANCELLATION OF OPTIONS

23.1 Any cancellation of Options granted but not exercised must be approved by the Grantees of the relevant Options in writing. For the avoidance of doubt, such approval is not required in the event any Option is cancelled pursuant to paragraph 14. Where the Company cancels Options, the grant of new options to the same Grantee may only be made under the Share Option Scheme within the limits set out in paragraphs 4.1, 10.1 and 10.2.

24. RANKING OF SHARES

24.1 The Share(s) to be issued and allotted upon the exercise of an Option will be subject to all the provisions of the Articles of Association for the time being in force and will rank *pari passu* in all respects with the 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 and accordingly will entitle the holders to participate in all dividends or other distributions (including distributions made upon the liquidation of the Company) declared, 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. The Options shall not carry any voting, dividend, transfer or other rights until the name of the grantee has been duly entered onto the register of members of the Company as the holder of a Share issued upon the exercise of an Option.

25. TERMINATION

- 25.1 The Company may by resolution in general meeting or the Board at any time terminate the operation of the Share Option Scheme and in such event no further Options shall be offered but the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any Option granted prior to the termination or otherwise as may be required in accordance with the provisions of the Share Option Scheme. Options granted prior to such termination but not yet exercised at the time of termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.
- 25.2 Details of the Options granted, including Options exercised or outstanding, under the Share Option Scheme shall be disclosed in the circular to shareholders of the Company seeking approval of the new scheme established or refreshment of the Scheme Limit under the Share Option Scheme after the termination of the Share Option Scheme.



CHINA HIGH PRECISION AUTOMATION GROUP LIMITED

中國高精密自動化集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 591)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the “EGM”) of China High Precision Automation Group Limited (the “**Company**”) will be held at Savannah Meeting Room, 3rd Floor, Hotel Mingcheng Fuzhou, No. 86 Jiangbin East Avenue, Mawei District, Fuzhou, Fujian, China at 10:00 a.m. on Thursday, 13 February 2025 for the following purposes:

ORDINARY RESOLUTIONS

1. To consider and, if thought fit, pass with or without amendments, the following as ordinary resolutions:

(A) “**THAT:**

- (i) subject to paragraphs (iii) and (iv) 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, options (including bonds, warrants and debentures convertible into shares of the Company) and rights of exchange or conversion which might require the exercise of such powers or to resell treasury shares (if permitted by the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”)), be and is hereby generally and unconditionally approved;
- (ii) the approval in paragraph (i) above shall authorise the Directors during the Relevant Period to make or grant offers, agreements, options (including bonds, warrants and debentures convertible into shares of the Company) and rights of exchange or conversion which might require the exercise of such powers after the end of the Relevant Period;
- (iii) the number of shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) or treasury shares to be resold (if permitted under the Listing Rules) by the Directors pursuant to the approval granted in paragraph (i) above, otherwise than pursuant to (a) a

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Rights Issue (as hereinafter defined); or (b) the exercise of options under any share option scheme or similar arrangement adopted by the Company for the grant or issue to the employees and Directors of the Company and/or any of its subsidiaries and/or other eligible participants specified thereunder of options to subscribe for or rights to acquire shares of the Company; or (c) an issue of shares upon the exercise of the subscription rights attaching to any warrants which may be issued by the Company; or (d) an issue of shares of the Company as scrip dividend or similar arrangement in accordance with the memorandum and articles of association of the Company, shall not exceed 20% of the number of issued shares of the Company (excluding Treasury Shares, if any) as at the date of the passing of this resolution, and the said approval shall be limited accordingly;

(iv) the exercise of powers by the Directors pursuant to the approval granted in paragraph (i) above shall be limited by the applicable rules and requirements of the Stock Exchange as amended from time to time, including the restrictions in exercising such power to issue (a) securities convertible into new shares for cash consideration, if the initial conversion price of such convertible securities is lower than the Benchmarked Price (as hereinafter defined) of the shares at the time of the relevant placing; and (b) warrants, options or similar rights to subscribe for new shares or securities convertible into new shares for cash consideration; and

(v) for the purpose of this resolution:

“**Benchmarked Price**” means the higher of:

- (a) the closing price of the shares of the Company as quoted on the Stock Exchange on the date of the relevant agreement involving the proposed issue of securities under this resolution; and
- (b) the average closing price of the shares of the Company as quoted on the Stock Exchange for the 5 trading days immediately prior to the earlier of: (i) the date of announcement of the proposed transaction or arrangement involving the proposed issue of shares under this resolution; (ii) the date of the agreement involving the proposed issue of securities under this resolution; and (iii) the date on which the price of shares of the Company that are proposed to be issued is fixed.

“**Relevant Period**” means the period from the date of passing of this resolution 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 articles of association of the Company or any applicable laws to be held; and

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- (c) the date on which the authority sets out in this resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.

“**Rights Issue**” means an offer of shares of the Company open for a period fixed by the Directors to holders of shares 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 legal restrictions under the laws of any relevant jurisdiction, or the requirements of any recognized regulatory body or any stock exchange, in any territory outside Hong Kong).”

(B) “**THAT:**

conditional upon the passing of the resolutions set out in paragraph 1(A) of the notice convening this meeting, the general mandate granted to the Directors to exercise the powers of the Company to allot, issue and otherwise deal with shares of the Company pursuant to the resolution set out in paragraph 1(A) of the notice convening this meeting and hereby extended by the addition thereto an amount of shares pursuant to the Repurchase Mandate passed on the annual general meeting on 16 December 2024, provided that such amount shall not exceed 10% of the number of issued shares of the Company as at the date of passing the Repurchase Mandate on 16 December 2024.”

- 2. To consider and, if thought fit, pass with or without amendments, the following as ordinary resolutions:

(A) “**THAT:**

- (i) To approve and adopt the rules of the share option scheme of the Company, a copy of which is tabled at the EGM marked “A” and signed by the chairman of the EGM for the purpose of identification (the “**Share Option Scheme**”), subject to and conditional upon the Listing Committee (“**Listing Committee**”) granting approval to the listing of and permission to deal in the shares which may fall to be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme;
- (ii) To authorise the Board to administer the Share Option Scheme under which share options will be granted to the eligible participants (as defined in the Share Option Scheme) who are eligible under the Share Option Scheme to subscribe for shares, including but not limited to determining and granting the options in accordance with the terms of the Share Option Scheme and the requirement of the Listing Rules; and

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- (iii) To authorise the Board to modify and/or amend the Share Option Scheme from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the Share Option Scheme relating to modification and/or amendment and the requirements of the Listing Rules.”
- (B) “**THAT** the Scheme Limit (as defined in the Share Option Scheme) on the total number of shares that may be issued in respect of all options to be granted to the eligible participants under all the share schemes of the Company (i.e. 10% of the Shares in issue (excluding Treasury Shares, if any) as at the date of passing of this resolution) be and is hereby approved and adopted and the Directors of the Company be and are hereby authorised to take all such steps and attend all such matters, approve and execute (whether under hand or under seal) such documents and do such other things, for and on behalf of the Company, as the Directors of the Company may consider necessary, desirable or expedient to effect and implement the Scheme Limit.”

By Order of the Board of
China High Precision Automation Group Limited
Wong Fun Chung
Chairman

Hong Kong, 22 January 2025

Notes:

- (1) Any shareholder of the Company entitled to attend and vote at the EGM is entitled to appoint one or more proxies to attend and vote on behalf of him. A proxy need not be a shareholder of the Company.
- (2) A form of proxy for the EGM is enclosed. In order to be valid, a form of proxy, together with the power of attorney or other authority (if any) under which the form is signed, or a certified copy of such power of attorney or authority, must be deposited at the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time fixed for holding the EGM or any adjournment thereof.
- (3) Where there are joint registered holders of any share, any one of such persons may vote at the EGM, either personally 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 the EGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
- (4) Completion and delivery of the form of proxy will not preclude shareholders of the Company from attending and voting in person at the EGM or any adjourned meeting or upon the poll concerned and, in such event, the instrument appointing a proxy will be deemed to be revoked.

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- (5) The register of members of the Company will be closed for the purpose of ascertaining the right of shareholders of the Company to attend and vote at the EGM from Monday, 10 February 2025 to Thursday, 13 February 2025, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for attending and voting at the EGM, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Friday, 7 February 2025.
- (6) With regard to the proposed resolutions no. 1(A) to 1(B) above, the Directors wish to state that they have no immediate plans to issue any new shares of the Company.
- (7) With regards to the proposed resolution no. 2(A) to 2(B) above, the Director wish to state that they has not identified any specific grantee or have any immediate plan to make grants of Options.
- (8) As at the date of this notice, Mr. Wong Fun Chung is an executive Director and the chairman of the board of Directors; Mr. Zou Chong, Mr. Su Fang Zhong and Mr. Cheung Chuen are the executive Directors; Dr. Hu Guo Qing, Ms. Ji Qin Zhi, Mr. Chan Yuk Hiu Taylor and Dr. Huang Shizhen are the independent non-executive Directors.