
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 a stockbroker or other registered dealer in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Aoyuan Property Group Limited, you should at once hand this circular, together with the enclosed 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.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



中國奧園地產集團股份有限公司
China Aoyuan Property Group Limited
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 3883)

**PROPOSED RE-ELECTION OF RETIRING DIRECTORS
AND
PROPOSED GRANTING OF GENERAL MANDATES TO
BUY BACK SHARES AND TO ISSUE SHARES
AND
PROPOSED ADOPTION OF NEW SHARE OPTION SCHEME
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the Annual General Meeting of China Aoyuan Property Group Limited to be held at Rooms Peony, Magnolia and Camomile, Lower Level II, Kowloon Shangri-La, 64 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong on Tuesday, 29 May 2018 at 11:00 a.m. is set out on pages 26 to 30 of this circular. A form of proxy for use at the Annual General Meeting is also enclosed. Such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (www.aoyuan.com.cn).

Whether or not you are able to attend the Annual General Meeting, please complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the Annual General Meeting (i.e. not later than 11:00 a.m. on Sunday, 27 May 2018) or the adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the Annual General Meeting or any adjournment if they so wish.

References to time and dates in this circular are to Hong Kong time and dates.

This circular is in English and Chinese. In case of any inconsistency, the English version shall prevail.

10 April 2018

CONTENTS

	<i>Page</i>
Definitions	1
 Letter from the Board	
1. Introduction	5
2. Proposed Re-election of Retiring Directors	6
3. Proposed Granting of General Mandate to Buy Back Shares	6
4. Proposed Granting of General Mandate to Issue Shares	6
5. Proposed Adoption of New Share Option Scheme	7
6. Annual General Meeting and Proxy Arrangement	9
7. Recommendation	10
8. Responsibility Statement	10
 Appendix I – Details of the Retiring Directors Proposed to be Re-elected at the Annual General Meeting	
	11
 Appendix II – Explanatory Statement on the Share Buy-back Mandate. ..	
	14
 Appendix III – Principal Terms of the New Share Option Scheme.	
	17
 Notice of Annual General Meeting	 26

DEFINITIONS

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

“Adoption Date”	29 May 2018 (the date on which the New Share Option Scheme is adopted by an ordinary resolution of the Shareholders at the AGM)
“AGM Notice”	the notice convening the Annual General Meeting as set out on page 26 to 30 of this circular
“Annual General Meeting” or “AGM”	the annual general meeting of the Company to be held at Rooms Peony, Magnolia and Camomile, Lower Level II, Kowloon Shangri-La, 64 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong on Tuesday, 29 May 2018 at 11:00 a.m., to consider and, if appropriate, to approve the resolutions contained in the notice of the meeting which is set out on pages 26 to 30 of this circular, or any adjournment thereof
“Articles of Association”	the articles of association of the Company currently in force
“Board”	the board of Directors
“Company”	China Aoyuan Property Group Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“connected person”	has the same meaning as defined in the Listing Rules
“Director(s)”	the director(s) of the Company

DEFINITIONS

“Eligible Participant(s)”	any person who satisfies the eligibility requirements in the New Share Option Scheme namely: <ul style="list-style-type: none">(a) any full-time or part-time employees, executives or officers of our Company or any of its subsidiaries;(b) any directors (including non-executive directors and independent non-executive directors) of our Company or any of its subsidiaries; and(c) any advisers, consultants, suppliers, customers and agents to our Company or any of its Subsidiaries
“Exercise Price”	the price per Share at which an Eligible Participant who accepts an offer of the grant of option in accordance with the terms of the New Share Option Scheme may subscribe for Shares on the exercise of an Option
“Existing Share Option Scheme”	the Share Option Scheme adopted by the Company on 13 September 2007 and expired on 12 September 2017
“General Mandate(s)”	the Issuance Mandate and/or the Share Buy-back Mandate
“General Scheme Limit”	the total number of Shares which may be issued upon exercise of all Options to be granted under the New Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 10% of the Shares in issue as at the day of the passing of the relevant ordinary resolution approving the New Share Option Scheme
“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
“Issuance Mandate”	a general mandate proposed to be granted to the Directors to allot, issue or deal with additional Shares of not exceeding 20% of the total number of issued shares of the Company as at the date of passing of the proposed ordinary resolution contained in item 6 of the AGM notice as set out on pages 26 to 30 of this circular

DEFINITIONS

“Latest Practicable Date”	3 April 2018, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Committee”	the listing committee of the Stock Exchange for considering applications for listing and the granting of listing
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Share Option Scheme”	the New Share Option Scheme of the Company to be proposed for adoption by the Company at the AGM, the principal terms of which are set out in Appendix III
“Option(s)”	an option (if any) to subscribe for Shares granted or to be granted under the Existing Share Option Scheme or the New Share Option Scheme, as the context requires
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company or if there has been a subsequent sub-division, consolidation, reclassification or reconstruction of the share capital of the Company, shares forming part of the ordinary equity share capital of the Company
“Share Buy-back Mandate”	a general mandate proposed to be granted to the Directors to buy back Shares on the Stock Exchange of not exceeding 10% of the total number of issued shares of the Company as at the date of passing of the proposed ordinary resolution contained in item 5 of the AGM notice as set out on pages 26 to 30 of this circular
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Subsidiary”	a company which is for the time being and from time to time a subsidiary (within the meaning of the Companies Ordinance (Cap. 622 of the Laws of Hong Kong)) of the Company, whether incorporated in Hong Kong or elsewhere
“substantial shareholder(s)”	shall have the meaning ascribed to it under the Listing Rules
“Takeovers Code”	The Code on Takeovers and Mergers approved by the Securities and Futures Commission as amended from time to time
“%”	per cent

LETTER FROM THE BOARD



中國奧園地產集團股份有限公司
China Aoyuan Property Group Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3883)

Executive Directors:

Mr. Guo Zi Wen (*chairman*)

Mr. Guo Zi Ning

(*vice chairman and chief executive officer*)

Ms. Zhong Ping (*chief financial officer*)

Mr. Ma Jun (*chief operating officer*)

Independent Non-executive Directors:

Mr. Tsui King Fai

Mr. Cheung Kwok Keung

Mr. Hu Jiang

Registered Office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Principal Place of Business

in Hong Kong:

Units 1901-2, 19th Floor

One Peking, No. 1 Peking Road

Tsim Sha Tsui, Kowloon

Hong Kong

10 April 2018

To the Shareholders

Dear Sir/Madam,

**PROPOSED RE-ELECTION OF RETIRING DIRECTORS
AND
PROPOSED GRANTING OF GENERAL MANDATES TO
BUY BACK SHARES AND TO ISSUE SHARES
AND
PROPOSED ADOPTION OF NEW SHARE OPTION SCHEME
AND
NOTICE OF ANNUAL GENERAL MEETING**

1. INTRODUCTION

The purpose of this circular is to provide the Shareholders with information in respect of certain resolutions to be proposed at the Annual General Meeting to be held on 29 May 2018.

LETTER FROM THE BOARD

2. PROPOSED RE-ELECTION OF RETIRING DIRECTORS

In accordance with Article 87 of the Articles of Association, Ms. Zhong Ping, Mr. Ma Jun and Mr. Cheung Kwok Keung shall retire at the Annual General Meeting. All of the above retiring Directors, being eligible, will offer themselves for re-election at the Annual General Meeting.

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

3. PROPOSED GRANTING OF GENERAL MANDATE TO BUY BACK SHARES

At the annual general meeting of the Company held on 26 May 2017, a general mandate was granted to the Directors to buy back Shares. Such mandate will lapse at the conclusion of the Annual General Meeting. In order to give the Company the flexibility to buy back Shares if and when appropriate, an ordinary resolution will be proposed at the Annual General Meeting to approve the granting of the Share Buy-back Mandate to the Directors to buy back Shares on the Stock Exchange of not exceeding 10% of the total number of issued Shares of the Company as at the date of passing of the proposed ordinary resolution contained in item 5 of the AGM notice as set out on pages 26 to 30 of this circular (i.e. a total of 268,157,135 Shares on the basis that the issued share capital of the Company remains unchanged on the date of the Annual General Meeting and no further Shares are issued or bought back before the Annual General Meeting). The Directors wish to state that they have no immediate plan to buy back any Shares pursuant to the Share Buy-back Mandate.

An explanatory statement required by the Listing Rules to provide the Shareholders with requisite information reasonably necessary for them to make an informed decision on whether to vote for or against the granting of the Share Buy-back Mandate is set out in Appendix II to this circular.

4. PROPOSED GRANTING OF GENERAL MANDATE TO ISSUE SHARES

At the annual general meeting of the Company held on 26 May 2017, a general mandate was granted to the Directors to issue Shares. Such mandate will lapse at the conclusion of the Annual General Meeting. In order to give the Company the flexibility to issue Shares if and when appropriate, an ordinary resolution will be proposed at the Annual General Meeting to approve the granting of the Issuance Mandate to the Directors to allot, issue or deal with additional Shares of not exceeding 20% of the total number of issued Shares of the Company as at the date of passing of the proposed ordinary resolution contained in item 6 of the AGM notice as set out on pages 26 to 30 of this circular (i.e. a total of 536,314,270 Shares on the basis that the issued share capital of the Company remains unchanged on the date of the Annual General Meeting and no further Shares are issued or bought back before the Annual General Meeting). An ordinary resolution to extend the Issuance Mandate by adding the number of Shares bought back by the Company pursuant to the Share Buy-back Mandate will also be proposed at the Annual General Meeting.

The Directors wish to state that they have no immediate plan to issue any new Shares pursuant to the Issuance Mandate.

LETTER FROM THE BOARD

5. PROPOSED ADOPTION OF NEW SHARE OPTION SCHEME

Expiry of the Existing Share Option Scheme and Adoption of the New Share Option Scheme

The Existing Share Option Scheme allowing the Company to grant share Options to Eligible Participants for the purpose of, among others, providing incentive or rewards to the Eligible Participants for their contribution to the Group, is valid and effective for a period of 10 years commencing on 13 September 2007. Accordingly, the Existing Share Option Scheme expired on 12 September 2017.

The Board proposes to the Shareholders to adopt the New Share Option Scheme at the AGM. A summary of the principal terms of the New Share Option Scheme is set out in Appendix III to this circular. This serves as a summary of the terms of the New Share Option Scheme but does not constitute the full terms of the same. A copy of the rules of the New Share Option Scheme is available for inspection at the principal place of business in Hong Kong of the Company at Units 1901-2, 19th Floor, One Peking, No. 1 Peking Road, Tsim Sha Tsui, Kowloon, Hong Kong during normal business hours for a 14-day period immediately preceding the AGM and at the venue of the AGM during the AGM.

Under the Existing Share Option Scheme, the Board may offer Options to the eligible persons prescribed in the Existing Share Option Scheme in its absolute discretion. As at the Latest Practicable Date, the Company had granted 128,429,000 Options to subscribe for a total of 128,429,000 Shares. In the year of 2013, as disclosed in the announcement of the Company dated 4 July 2013 and the 2013 annual report of the Company, the number of new Shares to be allotted and issued upon full exercise of the subscription rights attaching to the outstanding share options granted under the Existing Share Option Scheme in the previous years was subject to an upward adjustment of 517,565 Shares to reflect the distribution of special dividend in the form of scrip dividend shares on 4 July 2013. 18,249,429 Options to subscribe for 18,249,429 Shares have been exercised, 106,397,136 Options to subscribe for 106,397,136 Shares have lapsed, and 4,300,000 Options have been cancelled under the Existing Share Option Scheme. Accordingly, there were no outstanding Options as at the Latest Practicable Date.

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

- (a) the passing of an ordinary resolution at the AGM approving the adoption of the New Share Option Scheme, and authorising the Directors to grant Options thereunder and to allot and issue Shares pursuant to the exercise of any Option; and
- (b) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, any new Shares which may be allotted and issued upon the exercise of the subscription rights attaching to the Options granted under the New Share Option Scheme up to the General Scheme Limit.

LETTER FROM THE BOARD

As at the Latest Practicable Date, there were 2,681,571,354 Shares in issue. Assuming that there are no further allotment of Shares from the Latest Practicable Date up to the date of approval of the New Share Option Scheme, Options to subscribe for up to 268,157,135 Shares may be issued under the New Share Option Scheme and any other schemes of the Company pursuant to Rule 17.03(3) of the Listing Rules, representing 10% of Shares in issue as at the date of approval of the New Share Option Scheme.

The Directors consider that it is not appropriate to state the value of all the Options that can be granted under the New Share Option Scheme as if they had been granted as at the Latest Practicable Date prior to the approval of the New Share Option Scheme given that the variables which are critical for the calculation of the value of such Options cannot be determined. These variables include but are not limited to, the Exercise Price, whether or not Options will be granted under the New Share Option Scheme and the timing of the granting of such Options, the period during which the subscription rights may be exercised, the discretion of the Board to impose any performance target that has to be achieved before the subscription rights attaching to the Options can be exercised and any other conditions that the Board may impose with respect to the Options and whether or not such Options, if granted, will be exercised. The Exercise Price depends on the price of the Shares as quoted on the Stock Exchange, which in turn depends on when the Board is to grant Options under the New Share Option Scheme. With a scheme life of ten years, the Board is of the view that it is too premature to state whether or not Options will be granted under the New Share Option Scheme and, if so, the number of Options that may be granted. It is also difficult to ascertain with accuracy the Exercise Price given the volatility to which the price of Shares may be subject to during the ten-year life span of the New Share Option Scheme.

The Directors are of the view that the value of the Options depends on a number of variables which are either difficult to ascertain or can only be ascertained subject to a number of theoretical bases and speculative assumptions. Accordingly, the Directors believe that any calculation of the value of the Options will not be meaningful and may be misleading to Shareholders in the circumstances.

The Company is not required to appoint any trustee for the purpose of administering the New Share Option Scheme. The New Share Option Scheme will be subject to administration of the Board. None of the Directors is or will be a trustee of the New Share Option Scheme or have a direct or indirect interest in any such trustee.

Application for Listing

An application will be made to the Listing Committee of the Stock Exchange for the approval of the listing of, and permission to deal in, the Shares which may fall to be allotted and issued pursuant to the exercise of any Options that may be granted under the New Share Option Scheme up to the General Scheme Limit.

LETTER FROM THE BOARD

Reasons for Adopting the New Share Option Scheme

The Existing Share Option Scheme expired on 12 September 2017. The Directors consider that it is appropriate to adopt the New Share Option Scheme. The Directors consider that the New Share Option Scheme, which will be valid for ten years from the date of its adoption, will provide the Company with more flexibility in long term planning of granting of the share options to eligible persons in a longer period in the future. The New Share Option Scheme also provides appropriate incentives or rewards to eligible persons for their contributions or potential contributions to the Group. The purpose of the New Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees, directors, consultants, advisers and shareholders of the Group and to promote the success of the business of the Group.

The New Share Option Scheme also expressly provides that, the Board may, with respect to each grant of Options, determine the Exercise Price (being not less than the minimum price specified in the Listing Rules), the conditions precedent and any performance targets that apply to the Options. The Directors believe the New 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.

6. ANNUAL GENERAL MEETING AND PROXY ARRANGEMENT

Pursuant to the Listing Rules and the Articles of Association, any vote of Shareholders at a general meeting must be taken by poll except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands. An announcement on the poll results will be published by the Company after the Annual General Meeting in the manner prescribed under the Listing Rules. The AGM notice is set out on pages 26 to 30 of this circular.

A form of proxy for use at the Annual General Meeting is enclosed with this circular and such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (www.aoyuan.com.cn). To be valid, the form of proxy must be completed and signed in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority at the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the Annual General Meeting (i.e. not later than 11:00 a.m. on Sunday, 27 May 2018) or the adjourned meeting (as the case may be). Completion and delivery of the form of proxy will not preclude you from attending and voting at the Annual General Meeting or any adjournment if you so wish.

LETTER FROM THE BOARD

As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, there is no Shareholder who has any material interest in the matters proposed to be approved at the Annual General Meeting, therefore no Shareholder is required to abstain from voting on the resolutions to be proposed at the Annual General Meeting.

7. RECOMMENDATION

The Directors consider that the proposed re-election of retiring Directors, granting of the Share Buy-back Mandate and the Issuance Mandate and adoption of the New Share Option Scheme are in the best interests of the Company and the Shareholders. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolutions to be proposed at the Annual General Meeting.

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.

Yours faithfully,
For and on behalf of the Board of
China Aoyuan Property Group Limited
Guo Zi Wen
Chairman

**APPENDIX I DETAILS OF THE RETIRING DIRECTORS PROPOSED TO
BE RE-ELECTED AT THE ANNUAL GENERAL MEETING**

The following are details of the Directors who will retire and being eligible, offer themselves for re-election at the Annual General Meeting.

Ms. Zhong Ping (“**Ms. Zhong**”), aged 49, is an executive Director and chief financial officer of the Group. Ms. Zhong is also a director of certain subsidiaries of the Company. She obtained a Master degree of Accountancy from Jinan University and is a certified tax advisor and certified accountant in the PRC. She joined the Group in August 2003 and is mainly responsible for the financial management, management of listing performance, internal audit, risk control of the Group and assists in the performance management and incentives validation.

Save as disclosed above, Ms. Zhong did not hold any directorship in other listed public companies in the last three years and she is not related to any Directors, senior management, other substantial or controlling Shareholders (as defined in the Listing Rules) of the Company.

Ms. Zhong has entered into a service contract with the Company for a term of 3 years which can be terminated by either party giving 3 months’ written notice. She is subject to retirement by rotation and re-election at least once every three years at the annual general meeting in accordance with the articles of association of the Company. Ms. Zhong is entitled to receive a salary being HK\$2,625,000 per annum, and discretionary bonuses pegged to performance.

As far as the Directors are aware, as at the Latest Practicable Date, Ms. Zhong had the following interests in the Shares/underlying Shares of the Company and its associated corporations pursuant to Part XV of the SFO:

	Personal Interest	Corporate Interest	Number of underlying shares held under equity derivatives	Total	Approximate% of the issued share capital of the Company
Ms. Zhong	50,000	–	–	50,000	0.002%

Save as disclosed above, Ms. Zhong did not have or was not deemed to have any other interests or short positions in the Shares or underlying Shares of the Company or its associated corporations pursuant to Part XV of the SFO.

There is no information which is disclosable nor is Ms. Zhong involved in any of the matters required to be disclosed pursuant to any of the requirements under Rule 13.51(2)(h) to (v) of the Listing Rules and there are no other matters concerning Ms. Zhong that need to be brought to the attention of the Shareholders.

**APPENDIX I DETAILS OF THE RETIRING DIRECTORS PROPOSED TO
 BE RE-ELECTED AT THE ANNUAL GENERAL MEETING**

Mr. Ma Jun (“**Mr. Ma**”), aged 41, is an executive Director and chief operating officer of the Group. He is also a director of certain subsidiaries of the Company and holds a bachelor degree in Environmental Engineering awarded by Tianjin University in the PRC. Mr. Ma is mainly responsible for the management of Property Group and Cultural Tourism Group. Before joining the Group in March 2015, Mr. Ma worked at 中海地產天津公司 (in English, for identification purpose only, Zhonghai Property Tianjin Company) as deputy general manager and 深圳市奧宸地產(集團)有限公司 (in English, for identification purpose only, Shenzhen Ao Chen Property (Group) Co., Ltd.) as an executive vice president and possesses more than 15 years of experience in the real estate industry.

Save as disclosed above, Mr. Ma did not hold any directorship in other listed public companies in the last three years and he is not related to any Directors, senior management, other substantial or controlling Shareholders (as defined in the Listing Rules) of the Company.

Mr. Ma has entered into a service contract with the Company for a term of 3 years which can be terminated by either party giving 3 months’ written notice. He is subject to retirement by rotation and re-election at least once every three years at the annual general meetings in accordance with the articles of association of the Company. Mr. Ma is entitled to receive a salary being RMB2,625,000 per annum and discretionary bonuses pegged to performance.

As far as the Directors are aware, as at the Latest Practicable Date, Mr. Ma was not interested or deemed to be interested in any Shares or underlying Shares of the Company or its associated corporations pursuant to Part XV of the SFO.

There is no information which is disclosable nor is Mr. Ma involved in any of the matters required to be disclosed pursuant to any of the requirements under Rule 13.51(2)(h) to (v) of the Listing Rules and there are no other matters concerning Mr. Ma that need to be brought to the attention of the Shareholders.

**APPENDIX I DETAILS OF THE RETIRING DIRECTORS PROPOSED TO
BE RE-ELECTED AT THE ANNUAL GENERAL MEETING**

Mr. Cheung Kwok Keung (“**Mr. Cheung**”), aged 51, was appointed as an independent non-executive director on 20 January 2011. Mr. Cheung is the chairman of audit committee, member of remuneration committee and nomination committee of the Company. He is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. Mr. Cheung has over 20 years of experience in auditing, accounting and financial management. Mr. Cheung is the chief financial officer and company secretary of Lee & Man Paper Manufacturing Limited (2314.HK), the company secretary of Lee & Man Chemical Company Limited (746.HK). All companies mentioned above are listed on the Main Board of Stock Exchange. Mr. Cheung is an independent non-executive director of DCB Holdings Limited (8040.HK) since 14 February 2018, which is listed on the GEM Board of the Stock Exchange.

Save as disclosed above, Mr. Cheung did not hold any directorship in other listed public companies in the last three years, and he is not related to any Directors, senior management, other substantial or controlling Shareholders (as defined in the Listing Rules) of the Company, nor does he hold any other positions with the Company or any of its subsidiaries.

Pursuant to the appointment letter made between the Company and Mr. Cheung, the appointment of Mr. Cheung is for a term of one year commencing from 19 January 2018 and thereafter may be extended for such period as the Company and Mr. Cheung may agree in writing. Mr. Cheung is subject to retirement by rotation and re-election at annual general meetings in accordance with the articles of association of the Company. Mr. Cheung’s remuneration is fixed at HK\$373,750 per annum, which is commensurate with his duties and responsibilities as an independent non-executive director and the prevailing market situation.

As far as the Directors are aware, as at the Latest Practicable Date, Mr. Cheung was not interested or deemed to be interested in any Shares or underlying Shares of the Company or its associated corporations pursuant to Part XV of the SFO.

There is no information which is disclosable nor is Mr. Cheung involved in any of the matters required to be disclosed pursuant to any of the requirements under Rule 13.51(2)(h) to (v) of the Listing Rules and there are no other matters concerning Mr. Cheung that need to be brought to the attention of the Shareholders.

The following is an explanatory statement required by the Listing Rules to provide the Shareholders with requisite information reasonably necessary for them to make an informed decision on whether to vote for or against the ordinary resolution to be proposed at the Annual General Meeting in relation to the granting of the Share Buy-back Mandate.

1. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 2,681,571,354 Shares.

Subject to the passing of the ordinary resolution set out in item 5 of the AGM notice in respect of the granting of the Share Buy-back Mandate and on the basis that the issued share capital of the Company remains unchanged on the date of the Annual General Meeting and no further Shares are issued or bought back before the Annual General Meeting, i.e. being 2,681,571,354 Shares, the Directors would be authorized under the Share Buy-back Mandate to buy back, during the period in which the Share Buy-back Mandate remains in force, a total number of 268,157,135 Shares, representing 10% of the total number of Shares in issue as at the date of the Annual General Meeting.

2. REASONS FOR SHARE BUY-BACK

The Directors believe that the granting of the Share Buy-back Mandate is in the best interests of the Company and the Shareholders.

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

3. FUNDING OF SHARE BUY-BACK

The company may only apply funds legally available for share buy-back in accordance with its Articles of Association, the laws of the Cayman Islands and/or any other applicable laws, as the case may be.

4. IMPACT OF SHARE BUY-BACK

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited accounts contained in the annual report of the Company for the year ended 31 December 2017) in the event that the Share Buy-back Mandate was to be carried out in full at any time during the proposed buy-back period. However, the Directors do not intend to exercise the Share Buy-back 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.

5. MARKET PRICES OF SHARES

The highest and lowest prices per Share at which Shares have traded on the Stock Exchange during each of the previous 12 months up to the Latest Practicable Date were as follows:

Month	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2017		
April	2.44	2.27
May	2.50	2.23
June	2.50	2.22
July	3.55	2.38
August	3.41	2.94
September	5.40	3.29
October	5.05	4.15
November	4.90	4.16
December	4.37	3.67
2018		
January	7.19	4.29
February	7.05	5.00
March	7.90	6.21
April (up to the Latest Practicable Date)	7.30	6.91

6. GENERAL

To the best of their knowledge and having made all reasonable enquiries, none of the Directors nor any of their respective close associates (as defined in the Listing Rules) have any present intention to sell any Shares to the Company in the event that the granting of the Share Buy-back Mandate is approved by the Shareholders.

The Company has not been notified by any core connected persons (as defined in the Listing Rules) of the Company that they have a present intention to sell any Shares to the Company, or that they have undertaken not to sell any Shares held by them to the Company in the event that the granting of the Share Buy-back Mandate is approved by the Shareholders.

The Directors have undertaken to the Stock Exchange to exercise the power of the Company to buy back Shares pursuant to the Share Buy-back Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

7. TAKEOVERS CODE AND MINIMUM PUBLIC HOLDING

If as a result of a buy-back of Shares pursuant to the Share Buy-back Mandate, 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 purposes of Rule 32 of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert (within the meaning under the Takeovers Code), depending on the level of increase in the Shareholder's interest, could obtain or consolidate control of the Company and thereby become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

The Directors are not aware of any consequences which may give rise to an obligation to make a mandatory offer under Rules 26 and 32 of the Takeover Code as a result of any Share buy-back made pursuant to the Share Buy-back Mandate.

The Directors have no intention to exercise the Share Buy-back Mandate to such an extent that it will trigger the mandatory general offer under the Takeover Code or will result in the number of Shares in the hands of public falling below the prescribed minimum percentage of 25%.

8. SHARE BUY-BACK MADE BY THE COMPANY

During the 6 months prior to the Latest Practicable Date, the Company had not bought back any of the Shares (whether on the Stock Exchange or otherwise).

The following is a summary of the principal terms of the New Share Option Scheme proposed to be approved and adopted at the AGM.

(A) PURPOSE

The purpose of the New Share Option Scheme is to enable the Company to grant Options to Eligible Participants as additional incentives or rewards for their contribution or potential contribution to the Company and/or any of its subsidiaries to promote the success of our Group.

(B) WHO MAY JOIN

The Board may, at its discretion, offer to grant an Option to subscribe for such number of new Shares as the Board may determine at an exercise price determined in accordance with paragraph (E) below to the following Eligible Participants:

- (i) any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries;
- (ii) any directors (including non-executive directors and independent non-executive directors) of the Company or any of its Subsidiaries; and
- (iii) any advisers, consultants, suppliers, customers and agents to the Company or any of its Subsidiaries.

Upon acceptance of the Option, the grantee shall pay HK\$1.00 to the Company by way of consideration for the grant. Any offer to grant an Option to subscribe for Shares may be accepted in respect of less than the number of Shares for which it is offered provided that it is accepted in respect of a board lot of dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate offer document constituting the acceptance of the Option. To the extent that the offer to grant an Option is not accepted by any prescribed acceptance date, it shall be deemed to have been irrevocably declined.

(C) MAXIMUM NUMBER OF SHARES

The maximum number of Shares in respect of which Options may be granted under the New Share Option Scheme and under any other share option schemes of the Company must not in aggregate exceed 10% of the total number of Shares in issue as at the date of the passing of the relevant ordinary resolution approving the New Share Option Scheme, being 268,157,135 Shares, excluding for this purpose Shares which would have been issuable pursuant to options which have lapsed in accordance with the terms of the New Share Option Scheme (or any other share option schemes of the Company). Subject to the issue of a circular by the Company and the approval of the Shareholders in general meeting and/or such other requirements prescribed under the Listing Rules from time to time, the Board may:

- (i) renew this limit at any time to 10% of the Shares in issue as at the date of the approval by the Shareholders in general meeting; and/or

- (ii) grant Options beyond the 10% limit to Eligible Participants specifically identified by the Board. The circular issued by the Company to its Shareholders and the approval of the Shareholders of the Company in general meeting shall be in compliance with Rules 17.03(3) and 17.06 of the Listing Rules and/or such other requirements prescribed under the Listing Rules from time to time.

Notwithstanding the foregoing, the Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the New Share Option Scheme and any other share option schemes of the Company at any time shall not exceed 30% of the Shares in issue from time to time. No options shall be granted under any schemes of the Company (including the New Share Option Scheme) if this will result in the 30% limit being exceeded. The maximum number of Shares in respect of which options may be granted shall be adjusted, in such manner as the auditors of the Company or an approved independent financial adviser 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 (q) below whether by way of consolidation, capitalization issue, rights issue, sub-division or reduction of the share capital of the Company but in no event shall exceed the limit prescribed in this paragraph.

(D) MAXIMUM NUMBER OF OPTIONS TO ANY ONE INDIVIDUAL

The total number of Shares issued and which may fall to be issued upon exercise of the Options granted under the New Share Option Scheme and any other share option schemes of the Company (including both exercised and outstanding options) to each Eligible Participant in any 12-month period up to the date on which such Options are offered in writing to an Eligible Participant (“**Offer Date**”) shall not exceed 1% of the Shares in issue as at the Offer Date. Any further grant of Options in excess of this 1% limit shall be subject to:

- (i) the issue of a circular by the Company containing the identity of the Eligible Participant, the numbers of and terms of the options to be granted (and options previously granted to such participant) the information as required under Rules 17.02(2)(d) and the disclaimer required under 17.02(4) of the Listing Rules; and
- (ii) the approval of the Shareholders in general meeting and/or other requirements prescribed under the Listing Rules from time to time with such Eligible Participant and his associates (as defined in the Listing Rules) abstaining from voting. The numbers and terms (including the exercise price) of Options to be granted to such participant must be fixed before the Shareholders’ approval and the date of the Board meeting at which the Board proposes to grant the Options to such Eligible Participant shall be taken as the date of grant for the purpose of calculating the subscription price of the Shares. The Board shall forward to such Eligible Participant an offer document in such form as the Board may from time to time determine.

(E) PRICE OF SHARES

The exercise price in relation to each Option offered to an Eligible Participant under the New Share Option Scheme shall, subject to certain adjustments, be such price as the Board in its absolute discretion shall determine, save that such price will not be less than the highest of:

- (i) the official closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the Offer Date, which must be a day on which the Stock Exchange is open for the business of dealing in securities;
- (ii) the average of the official closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the Offer Date; and
- (iii) the nominal value of a Share.

(F) GRANTING OPTIONS TO CERTAIN CONNECTED PERSONS

Any grant of Options to a director, chief executive or substantial shareholder (as defined in the Listing Rules) of the Company or any of their respective associates (as defined in the Listing Rules) is required to be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the Options). If the Board determines to offer to grant Options to a substantial shareholder or any independent non-executive Director or their respective associates (as defined in the Listing Rules) which will result in the number of 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 Offer Date:

- (i) 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; and
- (ii) having an aggregate value based on the official closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange on the Offer Date, in excess of HK\$5 million or such other sum as may be from time to time provided under the Listing Rules,

such grant shall be subject to the issue of a circular by the Company to its shareholders and the approval of the Shareholders in general meeting by way of a poll convened and held in accordance with the Company's articles of association at which all connected persons (as defined in the Listing Rules) of the Company shall abstain from voting in favour of the resolution concerning the grant of such Options at the general meeting, and/or such other requirements prescribed under the Listing Rules from time to time. Unless provided otherwise in the Listing Rules, the date of the Board meeting at which the Board proposes to grant the proposed options to the Eligible Participants shall be taken as the Offer Date for the purpose of calculating the Exercise Price of the Options.

The circular to be issued by the Company to the Shareholders pursuant to the above paragraph shall contain the following information:

- (i) the details of the number and terms (including the exercise price) of the options to be granted to each selected Eligible Participant which must be fixed before the shareholders' meeting and the date of Board meeting for proposing such further grant shall be taken as the Offer Date for the purpose of calculating the exercise price of such options;
- (ii) a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the options) to the independent Shareholders as to voting;
- (iii) the information required under Rule 17.02(2)(c) and (d) and the disclaimer required under Rule 17.02(4) of the Listing Rules; and
- (iv) the information required under Rule 2.17 of the Listing Rules.

(G) RESTRICTIONS ON THE TIMES OF GRANT OF OPTIONS

A grant of Options may not be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been published pursuant to the requirements of the Listing Rules. In particular, no Options may be granted during the period commencing one month immediately preceding the earlier of:

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

and ending on the date of actual publication of the results announcement.

(H) RIGHTS ARE PERSONAL TO GRANTEE

An Option and an offer to grant 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 (legal or beneficial) in favour of any third party over or in relation to any Option held by him or any offer relating to the grant of an Option made to him or attempt to do so (save that the grantee may nominate a nominee in whose name the Shares issued pursuant to this scheme may be registered).

(I) TIME OF EXERCISE OF OPTION AND DURATION OF THE NEW SHARE OPTION SCHEME

An Option may be exercised in accordance with the terms of the New Share Option Scheme at any time after the date upon which the Option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. The period during which an Option may be exercised will be determined by the Board in its absolute discretion, save that no Option may be exercised more than 10 years after it has been granted. No Option may be granted more than 10 years after the date of approval of the New Share Option Scheme. Subject to earlier termination by the Company in general meeting or by the Board, the New Share Option Scheme shall be valid and effective for a period of 10 years from the date of its adoption.

(J) PERFORMANCE TARGET

The exercise of an Option may be subject to the achievement of performance target and/or other conditions to be notified by the Board to each grantee, which the Board may in its absolute discretion determine.

(K) RIGHTS ON CEASING EMPLOYMENT OR DEATH

- (i) If the grantee of an Option ceases to be an Eligible Participant by any reason other than death or termination of his employment on the grounds specified in paragraph (L) below, the grantee may exercise the option up to the entitlement of the grantee as at the date of cessation of being an Eligible Participant (to the extent not already exercised) within a period of one month from such cessation; or
- (ii) by reason of death, ill-health, injury or disability (all evidenced to the satisfaction of the Board) the grantee or his personal representative(s) may exercise the Option within a period of 12 months from 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, failing which it will lapse.

(L) RIGHTS ON DISMISSAL

If the grantee of an Option ceases to be an employee of the Company or any of its subsidiaries on the grounds that he has been guilty of serious misconduct, he has committed an act of bankruptcy, he has become insolvent or has made arrangements or compositions with his creditors generally, or in relation to an employee of our Group (if so determined by the Board) on any other ground on which an employee would be entitled to terminate his employment at common law or pursuant to any applicable laws or under the grantee's service contract with our Group, or has been convicted of any criminal offence involving his integrity or honesty, his Option will lapse and not be exercisable after the date of termination of his employment.

(M) RIGHTS ON TAKEOVER

If a general offer is made to all the holders of Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or in concert with the offeror (as defined in the Takeovers Codes)) and such offer becomes or is declared unconditional during the option period of the relevant option, the grantee of an Option shall be entitled to exercise the option in full (to the extent not already exercised) at any time within 14 days after the date on which the offer becomes or is declared unconditional.

(N) RIGHTS ON WINDING-UP

In the event a notice is given by the Company to its members to convene a general meeting for our 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 legal personal representative(s)) shall be entitled to exercise all or any of his Options (to the extent not already exercised) at any time not later than two business days prior to the proposed general meeting of the Company referred to above by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate exercise price for the Shares in respect of which the notice is given, whereupon the Company referred to above by giving notice in writing to the Company, accompanied by a remittance 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, allot the relevant Shares to the grantee credited as fully paid.

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

If 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 pursuant to the laws of jurisdiction in which the Company was incorporated, the Company shall give notice to all the grantees of the options on the same day as it gives notice of the meeting to its members and/or creditors of the Company summoning the meeting to consider such a compromise or arrangement and thereupon each grantee (or in the case of the death of the grantee, his/her personal representative(s)) may by notice in writing to the Company accompanied by a remittance for the full amount of the aggregate exercise price for the 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 general meeting, allot and 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 general 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.

(P) RANKING OF SHARES

The Shares to be allotted upon the exercise of an Option will not carry voting rights until completion of the registration of the grantee (or any other person) as the holder thereof. Subject to the aforesaid, Shares allotted and issued on the exercise of Options will rank *pari passu* in all respects and shall have the same voting, dividend, transfer and other rights, including those arising on liquidation as attached to the other fully paid Shares in issue on the date of exercise.

(Q) EFFECT OF ALTERATIONS TO CAPITAL

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, open offer (if there is a price dilutive event), consolidation, or reduction of share capital of the Company, such corresponding alterations (if any) shall be made in the number of Shares subject to any outstanding Options and/or the exercise price per Share of each outstanding Option as the auditors of the Company or the approved independent financial adviser shall at the request of the Company or any grantee certify in writing to the Board to be in their/his opinion fair and reasonable in compliance with Rule 17.03(13) of the Listing Rules and the note thereto and the supplementary guidance issued by the Stock Exchange on September 5, 2005 and any future guidance and interpretation of the Listing Rules issued by the Stock Exchange from time to time.

Any such alterations will be made on the basis that a grantee shall have the same proportion of the equity capital of the Company (as interpreted in accordance with the supplementary guidance attached to the letter from the Stock Exchange dated September 5, 2005 to all issuers relating to Share Option Scheme) as that to which any grantee of an Option is entitled to subscribe had he exercised all the Options held by him immediately before such alterations. No such alteration will be made the effect of which would be to enable a Share to be issued at less than its nominal value or which would result in the aggregate amount payable on the exercise of any outstanding option being increased. The issue of securities as consideration in a transaction is not to be regarded as a circumstance requiring any such alterations.

(R) LAPSE OF OPTION

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

- (i) the date of expiry of the Option as may be determined by the Board;
- (ii) the expiry of any of the periods referred to in paragraphs (k), (l), (m), (n) or (o);
- (iii) the date on which the scheme of arrangement of the Company referred to in paragraph (o) becomes effective;
- (iv) the date of commencement of the winding-up of the Company (as determined in accordance with the Companies Law);
- (v) the date on which the grantee ceases to be an Eligible Participant by reason of such grantee's resignation from the employment of the Company or any of its subsidiaries or the termination of his or her employment or contract on any one or more of the grounds that he or she has been guilty of serious misconduct, or has been convicted of any criminal offence involving his or her integrity or honesty, or in relation to an employee of our Group (if so determined by the Board) or any other ground on which an employee would be entitled to terminate his employment at common law or pursuant to any applicable laws or under the grantee's service contract with our Group. A resolution of the Board to the effect that the employment of a grantee has or has not been terminated on one or more of the grounds specified in this paragraph shall be conclusive; or
- (vi) the date on which the Board shall exercise the Company's right to cancel the Option at any time after the grantee commits a breach of paragraph (h) above or the options are cancelled in accordance with paragraph (t) below.

(S) ALTERATION OF THE NEW SHARE OPTION SCHEME

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

- (i) any alteration to the advantage of the grantees or the Eligible Participants (as the case may be) in respect of the matters contained in Rule 17.03 of the Listing Rules; and
- (ii) any material alteration to the terms and conditions of the New Share Option Scheme or any change to the terms of options granted (except any alterations which take effect automatically under the terms of the New Share Option Scheme), must be made with the prior approval of the Shareholders in general meeting provided that the amended terms of the New Share Option Scheme shall remain in compliance with Chapter 17 of the Listing Rules.

(T) CANCELLATION OF OPTIONS

Subject to paragraph (h) above, any cancellation of Options granted but not exercised must be approved by the grantees of the relevant Options in writing.

(U) TERMINATION OF THE NEW SHARE OPTION SCHEME

The Company may by resolution in general meeting or the Board at any time terminate the operation of the New Share Option Scheme and in such event no further option shall be offered but the provisions of the New Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any option granted prior thereto or otherwise as may be required in accordance with the provisions of the New 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 New Share Option Scheme.

(V) ADMINISTRATION OF THE BOARD

The New Share Option Scheme shall be subject to the administration of the Board whose decision as to all matters arising in relation to the New Share Option Scheme or its interpretation or effect (save as otherwise provided herein) shall be final and binding on all parties.

(W) CONDITION OF THE NEW SHARE OPTION SCHEME

The New Share Option Scheme is conditional on:

- (i) the approval of the rules of the New Share Option Scheme by the Shareholders in general meeting; and
- (ii) the Listing Committee of the Stock Exchange granting 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 New Share Option Scheme.

(X) DISCLOSURE IN ANNUAL AND INTERIM REPORTS

The Company will disclose details of the New Share Option Scheme in its annual and interim reports in accordance with the Listing Rules in force from time to time.

NOTICE OF ANNUAL GENERAL MEETING



中國奧園地產集團股份有限公司 China Aoyuan Property Group Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3883)

Notice is hereby given that the Annual General Meeting of China Aoyuan Property Group Limited (the “**Company**”) will be held at Rooms Peony, Magnolia and Camomile, Lower Level II, Kowloon Shangri-La, 64 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong on Tuesday, 29 May 2018 at 11:00 a.m. for the following purposes:

1. To consider and adopt the audited consolidated financial statements of the Company, the report of the directors and independent auditor’s report for the year ended 31 December 2017.
2. To declare a final dividend of RMB25 cents per share for the year ended 31 December 2017.
3. (a) To re-elect Ms Zhong Ping as executive director.

(b) To re-elect Mr Ma Jun as executive director.

(c) To re-elect Mr Cheung Kwok Keung as independent non-executive director.

(d) To authorize the board of directors to fix the respective directors’ remuneration.
4. To re-appoint Messrs Deloitte Touche Tohmatsu as auditors and to authorize the board of directors to fix their remuneration.
5. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“THAT:

- (a) subject to paragraph (b) below, a general mandate be and is hereby generally and unconditionally given to the directors of the Company to exercise during the Relevant Period (as defined below) all the powers of the Company to buy back its shares in accordance with all applicable laws, rules and regulations;

NOTICE OF ANNUAL GENERAL MEETING

- (b) the total number of shares of the Company to be bought back pursuant to the mandate in paragraph (a) above shall not exceed 10% of the total number of issued shares of the Company as at the date of passing of this resolution, and if any subsequent consolidation or subdivision of shares is conducted, the maximum number of shares that may be bought back under the mandate in paragraph (a) above as a percentage of the total number of issued shares at the date immediately before and after such consolidation or subdivision shall be the same; and
- (c) for the purposes of this resolution:

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

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held; and
- (iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting.”

- 6. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“**THAT:**

- (a) subject to paragraph (c) below, a general mandate be and is hereby generally and unconditionally given to the directors of the Company during the Relevant Period (as defined below) to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such powers;
- (b) the mandate in paragraph (a) above shall authorize the directors of the Company to make or grant offers, agreements and options during the Relevant Period which would or might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate number of shares allotted or agreed conditionally or unconditionally to be allotted by the directors pursuant to the mandate in paragraph (a) above, otherwise than pursuant to:
 - (i) a Rights Issue (as defined below);
 - (ii) the exercise of options under a share option scheme of the Company; and

NOTICE OF ANNUAL GENERAL MEETING

- (iii) any scrip dividend scheme or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the articles of association of the Company,

shall not exceed 20% of the total number of issued shares of the Company as at the date of passing of this resolution, and if any subsequent consolidation or subdivision of shares is conducted, the maximum number of shares that may be issued under the mandate in paragraph (a) above as a percentage of the total number of issued shares at the date immediately before and after such consolidation or subdivision shall be the same; and

- (d) for the purposes of this resolution:

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

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held; and
- (iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting.

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

- 7. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“**THAT** conditional upon the passing of the resolutions set out in items 5 and 6 of the notice convening this meeting (the “Notice”), the general mandate referred to in the resolution set out in item 6 of the Notice be and is hereby extended by the addition to the aggregate number of shares which may be allotted and issued or agreed conditionally or unconditionally to be allotted and issued by the directors pursuant to such general mandate of the number of shares bought back by the Company pursuant to the mandate referred to in resolution set out in item 5 of the Notice, provided that such amount shall not exceed 10% of the total number of issued shares of the Company as at the date of passing of this resolution.”

NOTICE OF ANNUAL GENERAL MEETING

8. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“**THAT** subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) granting the approval for the listing of, and permission to deal in, the shares of the Company to be issued and allotted pursuant to the exercise of options granted under the new share option scheme of the Company (the “**New Share Option Scheme**”), the rules of which are contained in the document marked “**A**” produced to the meeting and for the purposes of identification signed by the chairman thereof, the New Share Option Scheme be and is hereby approved and adopted and the directors of the Company be and are hereby authorized to do all acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the New Share Option Scheme, including but without limitation:

- (i) to administer the New Share Option Scheme under which options will be granted to participants eligible under the New Share Option Scheme to subscribe for the shares of the Company, including but not limited to determining and granting the options in accordance with the terms of the New Share Option Scheme;
- (ii) to modify and/or amend the New Share Option Scheme from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the New Share Option Scheme relating to the modification and/or amendment and subject to Chapter 17 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”);
- (iii) to allot and issue from time to time such number of shares of the Company as may be required to be allotted and issued pursuant to the exercise of the options under the New Share Option Scheme and subject to the Listing Rules;
- (iv) to make application at appropriate time or times to the Stock Exchange and any other stock exchanges upon which the issued shares of the Company may for the time being be listed, for listing of and permission to deal in, any shares of the Company which may hereafter from time to time be allotted and issued pursuant to the exercise of options under the New Share Option Scheme; and
- (v) to consent, if it so deems fit and expedient, to such conditions, modifications and/or variations as may be required or imposed by the relevant authorities in relation to the New Share Option Scheme.”

By Order of the Board of
China Aoyuan Property Group Limited
Guo Zi Wen
Chairman

Hong Kong, 10 April 2018

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. All resolutions at the meeting will be taken by poll (except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands) pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). The results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Listing Rules.
2. Any shareholder of the Company entitled to attend and vote at the above meeting is entitled to appoint a proxy or if he holds two or more shares, may appoint more than one proxy to attend and vote instead of him. A proxy need not be a shareholder of the Company. If more than one proxy is appointed, the number of shares in respect of which each such proxy so appointed must be specified in the relevant form of proxy. Every shareholder present in person or by proxy shall be entitled to one vote for each share held by him.
3. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney or authority, must be deposited at the Company’s branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for the above meeting (i.e. not later than 11:00 a.m. on Sunday, 27 May 2018) or the adjourned meeting (as the case may be). Delivery of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. For determining the entitlement to attend and vote at the above meeting, the Register of Members of the Company will be closed from Tuesday, 22 May 2018 to Tuesday, 29 May 2018, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the above meeting, unregistered holders of shares of the Company shall ensure that all completed transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 21 May 2018.
5. For determining the entitlement to the proposed final dividend (subject to approval by the shareholders at the annual general meeting), the Register of Members of the Company will be closed from Wednesday, 6 June 2018 to Friday, 8 June 2018, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, unregistered holders of shares of the Company shall ensure that all completed transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 5 June 2018.
6. References to time and dates in this notice are to Hong Kong time and dates.