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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a 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 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.

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中國奧園集團股份有限公司
China Aoyuan Group Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3883)

PROPOSED RE-ELECTION OF RETIRING DIRECTORS
PROPOSED GRANTING OF GENERAL MANDATES TO
BUY BACK SHARES AND TO ISSUE SHARES
PROPOSED APPROVAL OF SHARE OPTION SCHEME OF
AOYUAN HEALTHY LIFE GROUP COMPANY LIMITED
AND
NOTICE OF ANNUAL GENERAL MEETING

The notice convening the Annual General Meeting of China Aoyuan 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 Wednesday, 29 May 2019 at 11:00 a.m. is set out on pages 30 to 34 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 Monday, 27 May 2019) 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 thereof if they so wish, and in such case, the form of proxy shall be deemed to be revoked.

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.

18 April 2019

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DEFINITIONS

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

“Adoption Date”	28 May 2019, being the date of adoption of AHL Share Option Scheme by resolution of the AHL Shareholders at the annual general meeting of Aoyuan Healthy Life
“Approval Date”	29 May 2019, being the date of approval of AHL Share Option Scheme by resolution of the Shareholders at the Annual General Meeting
“AGM Notice”	the notice convening the Annual General Meeting as set out on page 30 to 34 of this circular
“AHL Board”	the board of directors of Aoyuan Healthy Life
“AHL Director(s)”	the director(s) of Aoyuan Healthy Life
“AHL INED(s)”	the independent non-executive director(s) of Aoyuan Healthy Life
“AHL Group”	Aoyuan Healthy Life and its subsidiaries
“AHL Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of Aoyuan Healthy Life (or of such other nominal amount as shall result from capitalisation issue, rights issue, sub-division or consolidation of the share capital of Aoyuan Healthy Life from time to time)
“AHL Share Option Scheme”	the share option scheme adopted by Aoyuan Healthy Life and proposed to be approved by the Company at the Annual General Meeting, a summary of the principal terms of which is set out in the Appendix III to this circular
“AHL Shareholder(s)”	holder(s) of the AHL Share(s)
“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 Wednesday, 29 May 2019 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 30 to 34 of this circular, or any adjournment thereof

DEFINITIONS

“Aoyuan Healthy Life”	Aoyuan Healthy Life Group Company Limited (奧園健康生活集團有限公司), a company incorporated in the Cayman Islands as an exempted company with limited liability and whose shares are listed on the Stock Exchange (stock code: 3662)
“Articles of Association”	the articles of association of the Company currently in force
“Auditors”	the auditors of Aoyuan Healthy Life for the time being
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday or a Sunday) on which licensed banks are generally open for business in Hong Kong and the Stock Exchange is open for the business of dealing in securities
“Cayman Companies Law”	means the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“chief executive”	has the meaning ascribed to it under the Listing Rules
“Company”	China Aoyuan 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
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“core connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Eligible Person(s)”	means any full-time or part-time employee of Aoyuan Healthy Life or any member of the AHL Group, including any executive director, non-executive director and independent non-executive director, and any supplier, customer, agent, advisor and consultant of the AHL Group who, in the sole opinion of the AHL Board, will contribute or have contributed to the growth of the AHL Group
“General Mandate(s)”	the Issuance Mandate and/or the Share Buy-back Mandate
“Group”	the Company and its subsidiaries

DEFINITIONS

“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 notice of the AGM notice as set out on pages 30 to 34 of this circular
“Latest Practicable Date”	15 April 2019, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Offer Date”	in terms of the Options, the date on which an offer of Options is made to an Eligible Person, which must be a Business Day
“Option(s)”	right(s) granted to the Participant(s) to subscribe for AHL Shares pursuant to the terms of AHL Share Option Scheme
“Option Period”	means in respect of any particular Option, the period to be determined and notified by the AHL Board to each Participant, which period may commence from the date of grant of the Option in accordance with AHL Share Option Scheme but shall end in any event not later than ten years from such date
“Other Schemes”	means any other share option schemes adopted by Aoyuan Healthy Life from time to time pursuant to which options to subscribe for AHL Shares may be granted
“Participant”	any Eligible Person who accepts or is deemed to have accepted the offer of any Option in accordance with the terms of AHL Share Option Scheme
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC

DEFINITIONS

“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 issued 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 30 to 34 of this circular
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	means the price per AHL Share of which a Participant may subscribe for AHL Shares on the exercise of an Option pursuant to the terms of AHL Share Option Scheme
“substantial shareholder”	shall have the meaning ascribed to it under the Listing Rules
“Takeovers Code”	means the Code on Takeovers and Mergers of Hong Kong issued by the Securities and Futures Commission of Hong Kong as amended, supplemented or otherwise modified from time to time
“Trading Day(s)”	means a day on which trading of AHL Shares takes place on the Stock Exchange
“%”	per cent

LETTER FROM THE BOARD



中國奧園集團股份有限公司
China Aoyuan 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*)
Mr. Ma Jun (*chief operating officer*)
Mr. Chan Ka Yeung Jacky

Registered Office:

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

Independent Non-executive Directors:

Mr. Tsui King Fai
Mr. Cheung Kwok Keung
Mr. Hu Jiang

Principal Place of Business in Hong Kong:

Units 1901-2, 19th Floor
One Peking, No. 1 Peking Road
Tsim Sha Tsui, Kowloon
Hong Kong

18 April 2019

To the Shareholders

Dear Sir/Madam,

**PROPOSED RE-ELECTION OF RETIRING DIRECTORS
PROPOSED GRANTING OF GENERAL MANDATES TO
BUY BACK SHARES AND TO ISSUE SHARES
PROPOSED APPROVAL OF SHARE OPTION SCHEME OF
AOYUAN HEALTHY LIFE GROUP COMPANY LIMITED
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 2019.

LETTER FROM THE BOARD

2. PROPOSED RE-ELECTION OF RETIRING DIRECTORS

In accordance with Article 87 of the Articles of Association, Mr. Guo Zi Ning, Mr. Tsui King Fai and Mr. Hu Jiang shall retire at the Annual General Meeting. In accordance with Article 86(3) of the Articles of Association, Mr. Chan Ka Yeung Jacky who was appointed as director on 15 April 2019 shall retire at the Annual General Meeting. All of the above Directors, being eligible, will offer themselves for re-election at the Annual General Meeting.

Mr. Tsui King Fai has extensive experience in auditing and accounting fields in various industries and adheres to the board diversity policy of the Company. The Company has confirmed the independence of Mr. Tsui King Fai, who has been serving as an independent non-executive Director for more than 9 years, with reference to the factors set out in Rule 3.13 of the Listing Rules. Mr. Tsui King Fai has provided an annual confirmation of independence to the Company. The Company considers Mr. Tsui King Fai is still independent in accordance with the independence guidelines set out in the Listing Rules and will continue to bring valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

Mr. Hu Jiang is a senior economist and has the qualification of a PRC registered real estate appraiser. He has extensive experience in real estate appraisal in the PRC and adheres to the board diversity policy of the Company. The Company has confirmed the independence of Mr. Hu Jiang, who has been serving as an independent non-executive Director, with reference to the factors set out in Rule 3.13 of the Listing Rules. Mr. Hu Jiang has provided an annual confirmation of independence to the Company. The Company considers Mr. Hu Jiang is still independent in accordance with the independence guidelines set out in the Listing Rules and will continue to bring valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

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 29 May 2018, 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 30 to 34 of this circular (i.e. a total of 267,788,335 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.

LETTER FROM THE BOARD

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 29 May 2018, 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 30 to 34 of this circular (i.e. a total of 535,576,670 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.

5. PROPOSED APPROVAL OF AHL SHARE OPTION SCHEME

(a) Approval of AHL Share Option Scheme

As announced by the Company on 18 March 2019 in relation to the proposed spin-off and separate listing of Aoyuan Healthy Life on the Main Board of the Stock Exchange, the listing of Aoyuan Healthy Life on the Main Board of the Stock Exchange took place on 18 March 2019 and dealings in the AHL Shares on the Main Board of the Stock Exchange commenced at 9:00 a.m. on 18 March 2019. Aoyuan Healthy Life is a holding company of the AHL Group which is principally engaged in the provision of property management services and commercial operational services business.

The Board proposes to recommend to the Shareholders to approve AHL Share Option Scheme so that Options to subscribe for the AHL Shares may be granted to the Eligible Person pursuant to the terms thereof. The purpose of AHL Share Option Scheme is to enable Aoyuan Healthy Life, a subsidiary of the Company, to grant Options to the Eligible Persons as incentive or reward for their contribution to the growth of the AHL Group. The Board considers that AHL Share Option Scheme will (i) motivate more persons to make contribution to the AHL Group and facilitate the retention and the recruitment of high calibre staff of the AHL Group; (ii) provide the AHL Group with a more flexible and effective means to reward, remunerate, compensate and/or provide benefits to the Eligible Persons; (iii) generate greater drive

LETTER FROM THE BOARD

and effectiveness to contribute to the AHL Group and incentivise the level of performance; (iv) help strengthen the AHL Group's business relationship; and (v) thereby gaining a more competitive edge for the sustainable development of the AHL Group. Further, the Board believes that the inclusion of those persons other than the employees and directors of the AHL Group as Eligible Persons is appropriate given that the success of the AHL Group requires the co-operation and contribution not only from the employees and directors of the AHL Group but also from persons who play a role in the business of the AHL Group, such as supplier, customer, agent, advisor and consultant of the AHL Group. The eligibility of those parties other than employees and directors of the Group will be determined by the AHL Board according to their performance and potential and/or actual contribution to the business affairs and benefits of the AHL Group. Furthermore, the Board considers that the Eligible Persons (employees or otherwise) will share common interests and objectives with the AHL Group upon their exercise of the Options, which is beneficial to the long-term development of the AHL Group. As such, the Directors consider that the approval of AHL Share Option Scheme is in the interests of the Company and the Shareholders as a whole. AHL Share Option Scheme will become effective after all the conditions precedent as referred to under the paragraph headed "Conditions precedent of AHL Share Option Scheme" below have been fulfilled.

As at the Latest Practicable Date, Aoyuan Healthy Life did not have any existing share option schemes apart from AHL Share Option Scheme, and there are no outstanding options, warrants or any securities to be exercised or converted into the AHL Shares.

As at the Latest Practicable Date, there were a total of 726,250,000 AHL Shares in issue. The maximum number of AHL Shares which may be issued pursuant to AHL Share Option Scheme will be 72,625,000, representing 10% of all AHL Shares in issued as at the date of Approval Date. The maximum number of AHL Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under AHL Share Option Scheme and Other Schemes shall not exceed 30% of the total number of AHL Shares in issue from time to time.

(b) Conditions precedent of AHL Share Option Scheme

AHL Share Option Scheme shall take effect subject to the following conditions:

- (a) the passing of the resolution to adopt AHL Share Option Scheme by the AHL Shareholders;
- (b) the passing of the resolution to approve AHL Share Option Scheme by the Shareholders; and
- (c) the Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in, the AHL Shares to be issued and allotted pursuant to the exercise of Options granted under AHL Share Option Scheme.

LETTER FROM THE BOARD

Once AHL Share Option Scheme is adopted, any alterations to the terms and conditions thereof, which are of material nature, must be approved by the AHL Shareholders and (where Aoyuan Healthy Life remains a subsidiary of the Company) by the Shareholders, except where the alterations take effect automatically pursuant to the terms originally provided in AHL Share Option Scheme.

(c) Value of the Options

The Directors consider that it is not appropriate to state the value of all Options that can be granted under AHL Share Option Scheme as if they had been granted on the Latest Practicable Date as a number of variables which are crucial for the calculation of the value the Options have not been determined. Such variables include but are not limited to any performance target set, the Subscription Price and other variables. The Directors believe that any calculation of the value of the Options as at the Latest Practicable Date based on a great number of speculative assumptions would not be meaningful and would be misleading to the Shareholders.

(d) Principal terms of AHL Share Option Scheme

A summary of the principal terms of AHL Share Option Scheme is set out in the Appendix III to this circular. The terms of AHL Share Option Scheme are in compliance with the provisions of Chapter 17 of the Listing Rules, which governs the terms of the share option schemes of listed companies and their subsidiaries.

Under AHL Share Option Scheme, the AHL Board has the authority to set the terms and conditions in the grant of Options (e.g. the performance targets to be achieved before such Options can be exercised and the Subscription Price). The Board believes that this will provide the AHL Board with more flexibility in imposing appropriate conditions in light of the circumstances of each grant and help facilitate the achievement of the purpose of AHL Share Option Scheme, which is to provide incentives and rewards to the Eligible Persons for their contribution to the growth of the AHL Group.

None of the Directors is a trustee of AHL Share Option Scheme or has a direct or indirect interest in the trustee of AHL Share Option Scheme, if any.

(e) Document available for inspection

A copy of the rules of AHL Share Option Scheme is available for inspection at the Company's principal place of business in Hong Kong at Units 1901-2, 19th Floor, One Peking, No. 1 Peking Road, Tsimshatsui, Kowloon, Hong Kong during normal business hours from the date of this circular up to and including the date of the Annual General Meeting, which is a period of not less than 14 days before the date of the Annual General Meeting.

LETTER FROM THE BOARD

(f) 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 AHL Shares which may fall to be issued and allotted pursuant to the exercise of any Options that may be granted under AHL Share Option Scheme up to the General Scheme Limit.

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 30 to 34 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 (<http://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 Monday, 27 May 2019) 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 if you so wish.

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 AHL Share Option Scheme are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including independent non-executive Directors) recommend the Shareholders to vote in favour of the relevant resolutions to be proposed at the Annual General Meeting.

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.

LETTER FROM THE BOARD

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
China Aoyuan 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.

Mr. Guo Zi Ning (“Mr. Guo”), aged 57, is an executive Director, a vice chairman and the chief executive officer. He is also a director of the subsidiaries of the Company, and holds a Doctor degree in Business Administration and post-doctoral certificate in Innovation and Economic Development, is currently a domestic visiting scholar in Peking University. He participated in the preparation of the Group in 1996, now primarily responsible for commercial property investment, development and operation, and leads the party committee, trade union and corporate culture of the Group. Mr. Guo is the chairman of board and non-executive director of Aoyuan Healthy Life Group Company Limited (listed in the main board of Stock Exchange since 18 March 2019, stock code 3662). Mr. Guo is the brother of Mr. Guo Zi Wen, an executive Director and the chairman of the Board.

Save as disclosed above, Mr. Guo did not hold any directorship in other public listed 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.

Mr. Guo is subject to retirement by rotation and re-election at annual general meetings in accordance with the Articles. Mr. Guo has entered into a service contract with the Company for a term of 3 years and which will continue thereafter unless and until terminated by either party giving 3 months’ written notice. From 1 January to 30 April 2019, he is entitled to receive a salary of HK\$2,835,000 per annum and discretion bonuses pegged to performance. Mr. Guo’s salary, which is commensurate with his duties and responsibilities held, will be adjusted to RMB3,900,000 per annum and discretion bonuses pegged to performance from 1 May 2019 onwards with reference to the prevailing market situation for similar appointment and is approved by the Board.

As far as the Directors are aware, as at the Latest Practicable Date, Mr. Guo 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. Guo 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. Guo that need to be brought to the attention of the Shareholders.

Mr. Guo is the brother of Mr. Guo Zi Wen, the chairman of the Board.

Save as disclosed above, there is no other matter concerning the re-election of the Director above that needs to be brought to the attention of the Shareholders and there is no other information relating to the above Director which is required to be disclosed pursuant to the requirements of Rule 13.51(2) of the Listing Rules.

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

Mr. Tsui King Fai (“**Mr. Tsui**”), aged 69, was appointed as an independent non-executive Director on 13 September 2007. He is currently the chairman of remuneration committee, member of audit committee and nomination committee of the Company. Mr. Tsui holds a Master degree of Science in Accountancy and a Bachelor degree of Business Administration with first class honours awarded by the University of Houston. He is a fellow member of the Hong Kong Institute of Certified Public Accountants, a member of the Chartered Accountants in Australia and New Zealand and a member of the American Institute of Certified Public Accountants. He has over 30 years of extensive experience in accounting, finance and investment management, particularly in investments in Mainland China. He had worked for two of the “Big Four” audit firms in Hong Kong and the United States of America and served in various public listed companies in Hong Kong in a senior capacity. Currently, Mr. Tsui is an independent non-executive director of Lippo Limited (226.HK), Lippo China Resources Limited (156.HK), Hongkong Chinese Limited (655.HK), Vinda International Holdings Limited (3331.HK) and Newton Resources Limited (1231.HK), all listed on the Main Board of the Stock Exchange.

Save as disclosed above, Mr. Tsui did not hold any directorship in other public listed 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. Tsui, the appointment of Mr. Tsui is for a term of one year which can be terminated by either party giving one-month written notice, and his term of office may be extended for such period as the Company and Mr. Tsui may agree in writing. As a Director, Mr. Tsui is subject to retirement by rotation and re-election at Annual General Meetings in accordance with the Articles of Association. The existing Director’s fee of Mr. Tsui is HK\$406,500 per annum, which is commensurate with his duties and responsibilities held, is approved by the Board with reference to the prevailing market situation for similar appointment.

As far as the Directors are aware, as at the Latest Practicable Date, Mr. Tsui 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. Tsui 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. Tsui that need to be brought to the attention of the Shareholders.

The above Director does not have any relationship with other Directors, senior management, substantial shareholders or controlling shareholders (as defined in the Listing Rules) of the Company.

Save as disclosed above, there is no other matter concerning the re-election of the Director above that needs to be brought to the attention of the Shareholders and there is no other information relating to the above Director which is required to be disclosed pursuant to the requirements of Rule 13.51(2) of the Listing Rules.

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

Mr. Hu Jiang (“Mr. Hu”), aged 62, was appointed as an independent non-executive director on 28 February 2014. Mr. Hu is currently the member of audit committee, remuneration committee and nomination committee of the Company. He was the principal of Beijing Normal University (Zhuhai) College of Real Estate from November 2010 to July 2015. Mr. Hu has over 20 years of teaching and research experience in the fields of geography and real estate. He is a senior economist and has the qualification of a PRC registered real estate appraiser. He is also a member of China Real Estate Valuers Association and he was appointed as deputy permanent secretary of China Real Estate Valuers and Agent Association in July 2015. Mr. Hu holds a degree in science from the Beijing Normal University. Mr. Hu had been a vice president of the Company from July 2007 to May 2008.

Save as disclosed above, Mr. Hu 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, the appointment of Mr. Hu is for a term of one year which can be terminated by either party giving one month’s written notice. After each term, the appointment of Mr. Hu may be extended for such period as the Company and Mr. Hu may agree in writing. Mr. Hu is subject to retirement by rotation and re-election at annual general meetings in accordance with the Articles. Mr. Hu’s remuneration is fixed at HK\$320,000 per annum, which 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. Hu 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. Hu 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. Hu that need to be brought to the attention of the Shareholders.

The above Director does not have any relationship with other Directors, senior management, substantial shareholders or controlling shareholders (as defined in the Listing Rules) of the Company.

Save as disclosed above, there is no other matter concerning the re-election of the Director above that needs to be brought to the attention of the Shareholders and there is no other information relating to the above Director which is required to be disclosed pursuant to the requirements of Rule 13.51(2) of the Listing Rules.

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

Mr. Chan Ka Yeung (“**Mr. Chan**”), aged 39, is an executive director of the Company, a senior vice president of the Group and the president of International Investment Group. He is mainly responsible for corporate finance of listed company, capital markets management, and management of International Investment Group, etc. He graduated from the University of Illinois at Urbana-Champaign in the United States of America with extensive experiences in capital markets and investor relations management. He had previously been the deputy head and responsible officer of the capital markets department of Agile Group and the chief investment officer of Zhong An Real Estate Limited. He joined the Group in October 2013. He was appointed as executive director of the Company on 15 April 2019. He is also a director of certain subsidiaries of the Company.

Mr. Chan did not hold any directorship in other public listed 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.

Mr. Chan is subject to retirement by rotation and re-election at annual general meetings in accordance with the Articles. Mr. Chan has entered into a service contract with the Company for a term of 3 years and which will continue thereafter unless and until terminated by either party giving 3 months’ written notice. He is entitled to receive salary being RMB6,500,000 per annum and discretion bonuses pegged to performance. Mr. Chan’s remuneration, which is commensurate with his duties and responsibilities held, is approved by the Board with reference to the prevailing market situation for similar appointment.

Mr. Chan holds share options to subscribe for a total of 5,000,000 shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance. Save as disclosed above, as far as the Directors are aware, as at the Latest Practicable Date, Mr. Chan 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. Chan 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. Chan that need to be brought to the attention of the Shareholders.

The above Director does not have any relationship with other Directors, senior management, substantial shareholders or controlling shareholders (as defined in the Listing Rules) of the Company.

Save as disclosed above, there is no other matter concerning the re-election of the Director above that needs to be brought to the attention of the Shareholders and there is no other information relating to the above Director which is required to be disclosed pursuant to the requirements of Rule 13.51(2) of the Listing Rules.

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 2,677,883,354 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 2,677,883,354 Shares, the Directors would be authorised 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 267,788,335 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 2018) 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 and including the Latest Practicable Date were as follows:

Month	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2018		
April	7.53	6.01
May	7.02	6.18
June	7.15	5.06
July	6.08	4.93
August	6.28	4.86
September	6.00	5.06
October	5.33	4.09
November	4.99	4.41
December	5.18	4.51
2019		
January	6.18	4.86
February	6.35	5.69
March	9.50	6.19
April (up to the Latest Practicable Date)	10.28	9.10

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

1. PURPOSE

- 1.1 The purpose of AHL Share Option Scheme is to enable Aoyuan Healthy Life, a subsidiary of the Company, to grant Options to the Eligible Persons as incentive or reward for their contribution to the growth of the AHL Group.
- 1.2 The AHL Board will have the sole discretion to consider and determine which Eligible Persons to be granted Options.

2. CONDITIONS

AHL Share Option Scheme shall take effect subject to the following conditions:

- (a) the passing of the resolution to adopt AHL Share Option Scheme by the AHL Shareholders;
- (b) the passing of the resolution to approve AHL Share Option Scheme by the Shareholders; and
- (c) the Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in, the AHL shares to be issued and allotted pursuant to the exercise of Options granted under AHL Share Option Scheme.

3. WHO MAY JOIN AND PERFORMANCE TARGET

- 3.1 Eligible Person means any full-time or part-time employee of Aoyuan Healthy Life or any member of the AHL Group, including any executive director, non-executive director and independent non-executive director, and any supplier, customer, agent, advisor and consultant of the AHL Group who, in the sole opinion of the AHL Board, will contribute or have contributed to the AHL Group.
- 3.2 The AHL Board may, at its absolute discretion, invite any Eligible Persons to take up Options at the Subscription Price. Upon acceptance of the Option, the Eligible Person shall pay HK\$1.00 to Aoyuan Healthy Life by way of consideration for the grant of the Option. The Option will be offered for acceptance for a period of 28 days from the Offer Date.

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

4. DURATION AND ADMINISTRATION

- 4.1 Subject to the fulfilment of the conditions in paragraph 2 and the termination provisions in paragraph 16, AHL Share Option Scheme shall be valid and effective for a period of ten years commencing from the Adoption Date, after which period no further Options will be granted but the provisions of AHL Share Option Scheme shall remain in full force and effect in all other respects and Options during the life of AHL Share Option Scheme may continue to be valid and exercisable in accordance with their terms of issue.
- 4.2 AHL Share Option Scheme shall be subject to the administration of the AHL Board whose decision as to all matters arising from or in relation to AHL Share Option Scheme or its interpretation or effect shall (save as otherwise provided herein) be final and binding on all parties to AHL Share Option Scheme.

5. GRANT OF OPTIONS

- 5.1 On and subject to the Listing Rules and terms of AHL Share Option Scheme, the AHL Board shall at its absolute discretion be entitled to make an offer of Option to an Eligible Person at a consideration of HK\$1.00 by letter in such form as the AHL Board may from time to time determine, specifying the number of AHL Shares under the Option, the Subscription Price and the Option Period in respect of which an offer of the Option is made and requiring the Eligible Person to undertake to hold the Option on the terms on which it is to be granted and to be bound by the provisions of AHL Share Option Scheme. An offer of an Option shall remain open for acceptance by the Eligible Person concerned for a period of 28 days from the Offer Date provided that no such offer shall be open for acceptance after the expiry of the effective period of AHL Share Option Scheme stated in paragraph 4.1 or after AHL Share Option Scheme has been terminated in accordance with the provisions stated in paragraph 16. An offer may not be accepted unless the Participant remains an Eligible Person on acceptance.
- 5.2 An Option shall be deemed to have been granted and accepted when the duplicate letter comprising acceptance of the Option duly signed by the Participant with the number of AHL Shares in respect of which an offer of an Option is accepted clearly stated therein, together with a remittance in favour of Aoyuan Healthy Life of HK\$1.00 by way of consideration for the grant thereof, is received by Aoyuan Healthy Life within 28 days from the Offer Date. Such remittance shall in no circumstances be refundable.
- 5.3 Any offer of an Option may be accepted or deemed to have been accepted for a number of AHL Shares less than those offered under the relevant Option. The number of AHL Shares in respect of the Option accepted shall constitute a board

lot or an integral multiple thereof for the purposes of trading on the Stock Exchange. If the offer of an Option is not accepted within 28 days in the manner indicated in paragraph 5.2, such offer shall lapse.

5.4 Aoyuan Healthy Life may not grant any Options after inside information has come to its knowledge until such inside information has been announced in accordance with the requirements of the Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of; (i) the date of the AHL Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of Aoyuan Healthy Life's results for any year, half-year or quarter-year period or any other interim period (whether or not required under the Listing Rules); and (ii) the deadline for Aoyuan Healthy Life to publish an announcement of its results for any year, half-year or quarter-year period or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement, no Option may be granted. The period during which no Option may be granted will cover any period of delay in the publication of results announcement. The AHL Board may not grant any Option to an Eligible Person who is a AHL Director during the periods or times in which directors of listed issuer are prohibited from dealing in shares pursuant to Appendix 10 prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by Aoyuan Healthy Life.

5.5 Options may be evidenced by certificates in such form as the AHL Board shall from time to time determine.

6. SUBSCRIPTION PRICE

The Subscription Price subject to Options will be a price determined by the AHL Board and notified to each Participant (subject to any adjustment made pursuant to paragraph 12) and shall be the highest of (i) the closing price of the AHL Shares as stated in the Stock Exchange's daily quotations sheet on the Offer Date, which must be a Trading Day; (ii) the average closing price of the AHL Shares as stated in the Stock Exchange's daily quotations sheets for the five Trading Days immediately preceding the Offer Date; and (iii) the nominal value of a AHL Share.

7. EXERCISE OF OPTIONS

7.1 An Option shall be personal to the Participant and shall not be assignable or transferable and no Participant shall in any way attempt to or actually sell, transfer, charge, mortgage, encumber or create any interest whether legal or beneficial in favour of any third party over or in relation to any Option. Any breach of the foregoing by the Participant shall entitle Aoyuan Healthy Life to cancel any Option or any part thereof granted to such Participant (to the extent not already exercised) without incurring any liability on Aoyuan Healthy Life.

- 7.2 Subject to paragraph 8 and the restrictions which may be imposed by the AHL Board, an Option may be exercised in whole or in part (but if in part only, in respect of a board lot or any integral multiple thereof) at any time during the Option Period by the Participant (or in the case of his or her death, his or her legal personal representatives) giving notice in writing (in such form as the AHL Board may from time to time specify) to Aoyuan Healthy Life stating that the Option is thereby exercised and the number of AHL Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the full amount of the Subscription Price in respect of which the notice is given and delivery of the Option certificate (if any) for cancellation or amendment, as the case may be. The exercise of an Option may be subject to the achievement of performance target and/or any other conditions to be notified by the AHL Board to each Participant, which the AHL Board may in its absolute discretion determine. The exercise of an Option may be subject to the administration of the AHL Board whose decision as to all matters arising from or in relation to AHL Share Option Scheme as its interpretation or effect shall (save as otherwise provided herein) be final and binding on all parties to AHL Share Option Scheme.
- 7.3 Subject to paragraph 13, and any necessary consents and to an Option having been exercised in accordance with the provisions of paragraph 7.2, Aoyuan Healthy Life shall as soon as reasonably practicable and in any event not later than 30 days after the exercise of an Option or the receipt of the Auditors' certificate pursuant to paragraph 12, allot and issue to the Participant (or his or her personal representative(s)) of the number of AHL Shares credited as fully paid as specified in the notice exercising the Option and shall deliver to the Participant (or his or her personal representative(s)) a definitive share certificate in respect thereof.
- 7.4 AHL Shares issued and allotted upon the exercise of an Option will be subject to all provisions of the articles of association of Aoyuan Healthy Life and shall rank *pari passu* in all respects with the fully paid or credited as fully paid Shares in issue on the date of such issue or allotment and accordingly will entitle the holders to participate in all dividends or other distributions paid or made on or after the date of allotment and issue 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 date of allotment or issue.
- 7.5 When an Option is exercised only in part, the balance shall remain exercisable on the same terms as originally applied to the whole Option and a new Option certificate shall be issued accordingly by Aoyuan Healthy Life as soon as reasonably practicable after such partial exercise.
- 7.6 Aoyuan Healthy Life shall use all reasonable endeavours to procure that AHL Shares to be issued upon exercise of an Option shall, upon the issue thereof (or as soon as reasonably practicable), become listed on those stock exchanges upon which AHL Shares already in issue are listed.

- 7.7 If a Participant dies before exercising the Options in full, his or her personal representative(s) may exercise the Options in full (to the extent that it has become exercisable on the date of death and not already exercised) within a period of 12 months from the date of death, failing which such Options will lapse.
- 7.8 Notwithstanding any contrary provisions herein contained, if at the time a Participant wishes to exercise an Option, the exercise of such Option or the consequence of such exercise is not permitted by applicable laws or the Listing Rules, the Participant shall not be entitled to exercise his or her Option until such exercise becomes permissible by the applicable laws and the Listing Rules.
- 7.9 Subject to paragraph 8, if a general offer (whether by way of takeover offer, repurchase offer or scheme of arrangement or otherwise in like manner) has been made to the AHL Shareholders (other than the offeror and/or any persons acting in concert with the offeror) to acquire all or part of the issued AHL Shares, and such offer, having been approved in accordance with applicable laws and regulatory requirements, becomes or is declared unconditional, the Participants shall be entitled to exercise his or her outstanding Option to its full extent or to the extent specified in his or her notice for such exercise within 14 days after the date on which such offer becomes or is declared unconditional. For the purposes of this sub-paragraph, “**acting in concert**” has the meaning ascribed to it under the Takeovers Code.
- 7.10 Subject to paragraph 8, if an application is made to the court (otherwise than where Aoyuan Healthy Life is being voluntarily wound up), pursuant to the Cayman Companies Law or the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) or the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), in connection with a proposed compromise or arrangement between Aoyuan Healthy Life and its creditors (or any class of them) or between Aoyuan Healthy Life and its AHL Shareholders (or any class of them), a Participant may by notice in writing to Aoyuan Healthy Life, within the period of 21 days after the date of such application, exercise his or her outstanding Option to its full extent or to the extent specified in such notice. Upon the compromise or arrangement becoming effective, all Options shall lapse except insofar as exercised. Notice of the application referred to herein and the effect thereof shall be given by Aoyuan Healthy Life to all Participants as soon as reasonably practicable.
- 7.11 Subject to paragraph 8, in the event that a notice is given by Aoyuan Healthy Life to its AHL Shareholders to convene a general meeting for the purpose of approving a resolution to voluntarily wind-up Aoyuan Healthy Life when Aoyuan Healthy Life is solvent, Aoyuan Healthy Life shall on the day of such notice to each AHL Shareholder or as soon as reasonably practicable, give notice thereof to all Participants. Thereupon each Participant shall be entitled to exercise all or any of his or her outstanding Options at any time no later than two Business Days prior to the proposed general meeting of Aoyuan Healthy Life by giving notice in writing to Aoyuan Healthy Life, accompanied by a remittance for the full amount

of the aggregate Subscription Price in respect of which the notice is given, whereupon Aoyuan Healthy Life shall, as soon as reasonably 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 and issue the relevant AHL Shares to the Participant credited as fully paid.

8. LAPSE OF OPTION

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

- (a) The date of expiry of the Option as may be determined by the AHL Board;
- (b) subject to the provision of paragraph 4.1 and termination of AHL Share Option Scheme provided under paragraph 16, the expiry of the Option Period;
- (c) the first anniversary of the death of the Participant;
- (d) the date of commencement of the winding-up of Aoyuan Healthy Life;
- (e) in the event that the Participant was an employee or director of any member of the AHL Group on the Offer Date to him or her, the date on which such member of the AHL Group terminates the Participant's employment or removes the Participant from his or her office on the ground that the Participant has been guilty of misconduct, has committed an act of bankruptcy or has become insolvent or has made any arrangements or composition with his or her creditors generally, or has been convicted of any criminal offense involving his or her integrity or honesty. A resolution of the AHL Board or the board of directors of the relevant member of the AHL Group to the effect that such employment or office has or has not been terminated or removed on one or more grounds specified in this sub-paragraph shall be conclusive;
- (f) in the event that the Participant was an employee or director of any member of the AHL Group on the Offer Date to him or her, the expiry of a period of three months from the date of the Participant ceasing to be an employee or director of such member of the AHL Group by reason of:
 - (1) his or her retirement on or after attaining normal retirement age or, with the express consent of the AHL Board in writing for the purpose of this sub-paragraph, at a younger age;
 - (2) ill health or disability recognised as such expressly by the AHL Board in writing for the purpose of this sub-paragraph;
 - (3) Aoyuan Healthy Life by which he or she is employed and/or of which he or she is a director (if not Aoyuan Healthy Life) ceasing to be a subsidiary of Aoyuan Healthy Life;

- (4) expiry of his or her employment contract or vacation of his or her office with such member of the AHL Group such contract or office is not immediately extended or renewed; or
- (5) at the discretion of the AHL Board, any reason other than death or the reasons described in subparagraph (e) or (f)(1) to (4);
- (g) the expiry of any period referred to in paragraphs 7.10 and 7.11 above, provided that in the case of paragraph 7.10, all Options granted shall lapse upon the proposed compromise or arrangement becoming effective; and
- (h) the date the Participant commits any breach of the provisions of paragraph 7.1.

9. MAXIMUM NUMBER OF AHL SHARES AVAILABLE FOR SUBSCRIPTION

- 9.1 The total number of AHL Shares which may be issued upon the exercise of all Options to be granted under AHL Share Option Scheme and Other Schemes must not, in aggregate, exceed 10% of the AHL Shares in issue as at the Approval Date (the “**Scheme Mandate Limit**”) provided that Options lapsed in accordance with the terms of AHL Share Option Scheme or Other Schemes will not be counted for the purpose of calculating the Scheme Mandate Limit.
- 9.2 Subject to the approval of AHL Shareholders in a general meeting, Aoyuan Healthy Life may refresh the Scheme Mandate Limit to the extent that the total number of AHL Shares which may be issued upon exercise of all Options to be granted under AHL Share Option Scheme and Other Schemes under the Scheme Mandate Limit as refreshed must not exceed 10% of the AHL Shares in issue as at the date of such AHL Shareholders’ approval provided that Options previously granted under AHL Share Option Scheme and Other Schemes (including those outstanding, cancelled, exercised or lapsed in accordance with the terms thereof) will not be counted for the purpose of calculating the Scheme Mandate Limit as refreshed. Approval for listing of and permission to deal in any AHL Shares to be issued upon the exercise of the Options granted under the refreshed 10% limit of AHL Share Option Scheme is required to be obtained from the Stock Exchange. In relation to the AHL Shareholders’ approval referred to in this paragraph, Aoyuan Healthy Life shall send a circular to its AHL Shareholders containing the information required by the Listing Rules.
- 9.3 Subject to the approval of AHL Shareholders in a general meeting, Aoyuan Healthy Life may also grant Options beyond the Scheme Mandate Limit provided that the Options in excess of the Scheme Mandate Limit are granted only to the Eligible Persons specifically identified by Aoyuan Healthy Life before such AHL Shareholders’ approval is sought. In relation to the AHL Shareholders’ approval referred to in this paragraph, Aoyuan Healthy Life shall send a circular to its AHL Shareholders containing a generic description of the identified Eligible Persons, the number and terms of the Options to be granted, the purpose of granting

Options to the identified Eligible Persons, an explanation as to how the terms of such Options serve the intended purpose and such other information required by the Listing Rules.

- 9.4 Notwithstanding the foregoing, Aoyuan Healthy Life may not grant any Option if the number of AHL Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under AHL Share Option Scheme and Other Schemes exceeds 30% of the AHL Shares in issue from time to time.

10. MAXIMUM ENTITLEMENT OF AHL SHARES OF EACH PARTICIPANT

The total number of AHL Shares issued and to be issued upon exercise of the Options granted to a Participant under AHL Share Option Scheme and Other Schemes (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the AHL Shares in issue from time to time, and provided that if separately approved by AHL Shareholders in a general meeting with such Participant and his or her associates (or his or her associates if the Participant is a connected person) abstaining from voting, Aoyuan Healthy Life may make a further grant of Options to such Participant (the “**Further Grant**”) notwithstanding that the Further Grant would result in the AHL Shares issued and to be issued upon exercise of all options granted and to be granted under AHL Share Option Scheme and Other Schemes to such Participant (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of the Further Grant representing in aggregate over 1% of the AHL Shares in issue from time to time. In relation to the Further Grant, Aoyuan Healthy Life must send a circular to the AHL Shareholders, which discloses the identity of the relevant Participant, the number and the terms of the Options to be granted (and options previously granted to such Participant under AHL Share Option Scheme and Other Schemes) and the information required under the Rule 17.02(2)(c) and (d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules. The number and terms (including the Subscription Price) of Options which is the subject of the Further Grant shall be fixed before the relevant AHL Shareholders’ meeting and the date of meeting of the AHL Board for proposing the Further Grant should be taken as the Offer Date for the purpose of calculating the relevant Subscription Price.

11. GRANTING OPTIONS TO A DIRECTOR, CHIEF EXECUTIVE OR SUBSTANTIAL SHAREHOLDER OF AOYUAN HEALTHY LIFE OR ANY OF THEIR RESPECTIVE ASSOCIATES

- 11.1 Where an Option is to be granted to a director, chief executive or substantial shareholder (all within the meaning as ascribed under the Listing Rules) of Aoyuan Healthy Life or any their respective associates must be approved by all AHL INEDs (excluding any AHL INED who is a Participant).
- 11.2 If a grant of Options to a substantial shareholder or an independent non-executive director of Aoyuan Healthy Life or any of their respective associates will result in the total number of the AHL 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 under AHL Share Option Scheme or Other Schemes in any 12-month period up to and including the Offer Date:

- (a) representing in aggregate over 0.1% (or such other percentage as may from time to time specified by the Stock Exchange) of the AHL Shares in issue from time to time; and
- (b) having an aggregate value, based on the closing price of the AHL Shares at the Offer Date, in excess of HK\$5 million.

such further grant of Options must be approved by the AHL Shareholders. In such case, Aoyuan Healthy Life must send a circular to its AHL Shareholders. The Participant, his or her associates and all core connected persons of Aoyuan Healthy Life must abstain from voting in favour at such general meeting. The circular must contain the information required under Rule 17.04(3) of the Listing Rules.

11.3 AHL Shareholders' approval will also be required for any change in the terms of the Options granted to an Eligible Person who is a substantial shareholder or an independent non-executive director of Aoyuan Healthy Life or any of their respective associates.

11.4 The circular must contain the following:

- (1) details of the number and terms (including Subscription Price) of the Options to be granted to each Eligible Person, which must be fixed before the relevant AHL Shareholders' meeting, and the date of AHL Board meeting for proposing such further grant is to be taken as the Offer Date for the purpose of calculating the Subscription Price;
- (2) a recommendation from AHL INEDs (excluding any AHL INED who is a proposed grantee of the Options in question) to the independent AHL Shareholders as to voting;
- (3) the information required under Rules 17.02(2)(c) and (d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules; and
- (4) the information required under Rule 2.17 of the Listing Rules.

For the avoidance of doubt, the requirements for the granting of Options to a director or chief executive of Aoyuan Healthy Life set out in paragraph 11 do not apply where the Eligible Person is only a proposed director or proposed chief executive of Aoyuan Healthy Life.

11.5 The Company shall comply with the requirements of Rule 13.40 of the Listing Rules where the grant of options to a director, chief executive or substantial shareholders of Aoyuan Healthy Life is subject to the approval by the AHL Shareholders under Rule 17.04(1) of the Listing Rules.

12. ALTERATION OF THE CAPITAL STRUCTURE OF AOYUAN HEALTHY LIFE

12.1 In the event of any alteration in the capital structure of Aoyuan Healthy Life while an Option remains exercisable, and such event arises from a capitalisation issue, rights issue, subdivision or consolidation of AHL Shares or reduction of the share capital of Aoyuan Healthy Life (other than an issue of AHL Shares as consideration in respect of a transaction to which Aoyuan Healthy Life is a party), such corresponding adjustment (if any) shall be made in the number of AHL Shares (without fractional entitlements) subject to the Options so far as unexercised, and/or the Subscription Price, so as to give each Participant the same proportion of the issued share capital of Aoyuan Healthy Life as that to which the Participant was previously entitled.

12.2 Except alterations made on a capitalisation issue, the Auditors or an independent financial adviser appointed by Aoyuan Healthy Life shall confirm in writing to the AHL Board that the above adjustment is made on the basis that the proportion of the issued share capital of Aoyuan Healthy Life to which a Participant is entitled after such adjustment shall remain the same as that to which he or she was entitled before such adjustment. However, no such adjustment shall be made to the effect of which would be to enable any AHL Share to be issued at less than its nominal value.

13. SHARE CAPITAL

The exercise of any Option shall be subject to the AHL Shareholders in a general meeting approving any necessary increase in the authorised share capital of Aoyuan Healthy Life. Subject thereto the AHL Board shall make available sufficient authorised but unissued share capital of Aoyuan Healthy Life to meet subsisting requirements on the exercise of Options.

14. ALTERATION OF AHL SHARE OPTION SCHEME

14.1 AHL Share Option Scheme may be altered in any respect by resolution of the AHL Board except that (a) any alteration to the advantage of the Participants or the Eligible Persons (as the case may be) relating to matters contained in Chapter 17 of the Listing Rules; and (b) any material alteration to the terms and conditions of AHL Share Option Scheme or any change to the terms of Options granted, except where the alterations take effect automatically under the existing terms of AHL Share Option Scheme, shall first be approved by the AHL Shareholders in a general meeting (with the Eligible Persons, the Participants and their associates abstaining from voting) provided that if the proposed alteration shall adversely affect any Options granted or agreed to be granted prior to the

date of alteration, such alteration shall be further subject to the consent or sanction of the Participants in accordance with the terms of AHL Share Option Scheme.

14.2 The amended terms of AHL Share Option Scheme or the Options must still comply with the relevant requirements of the Listing Rules.

14.3 Any change to the authority of the AHL Directors in relation to any alteration to the terms of AHL Share Option Scheme must be approved by AHL Shareholders in a general meeting.

14.4 Notwithstanding the foregoing, no modification of or amendment to AHL Share Option Scheme made by the AHL Board shall be effective prior to approval by the AHL Shareholders to the extent AHL Shareholders' approval is otherwise required by applicable legal requirements.

15. CANCELLATION OF OPTIONS GRANTED

Any cancellation of Options granted in accordance with AHL Share Option Scheme but not exercised must be approved by the Participant concerned in writing. In the event that the AHL Board elects to cancel any Options and issue new ones to the same Participant, the issue of such new Options may only be made with the available unissued Options (excluding the cancelled Options) within the limit approved by the AHL Shareholders as mentioned in paragraph 9.

16. TERMINATION OF AHL SHARE OPTION SCHEME

Aoyuan Heathy Life by an ordinary resolution in a general meeting may at any time terminate the operation of AHL Share Option Scheme before the end of its life and in such event no further Options will be offered but the provisions of AHL Share Option Scheme shall remain in all other respects in full force and effect in respect of Options granted prior thereto but not yet exercised at the time of termination, which shall continue to be exercisable in accordance with their terms of grant. Details of the Options granted, including Options exercised or outstanding, under AHL Share Option Scheme, and (if applicable) Options that become void or non-exercisable as a result of termination must be disclosed in the circular to the AHL Shareholders seeking approval for the new scheme to be established after such termination.

NOTICE OF ANNUAL GENERAL MEETING



中國奧園集團股份有限公司 China Aoyuan 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 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 Wednesday, 29 May 2019 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 auditors’ report for the year ended 31 December 2018.
2. To declare a final dividend of RMB36 cents per share for the year ended 31 December 2018. Payable in Hong Kong dollars in the amount equivalent to HK42 cents per share.
3.
 - (a) To re-elect Mr. Guo Zi Ning as executive director.
 - (b) To re-elect Mr. Tsui King Fai as independent non-executive director.
 - (c) To re-elect Mr. Hu Jiang as independent non-executive director.
 - (d) To re-elect Mr. Chan Ka Yeung Jacky as executive director.
 - (e) To authorise the board of directors to fix the respective directors’ remuneration.
4. To re-appoint Messrs Deloitte Touche Tohmatsu as auditors and to authorise 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 authorise 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 number of shares shall not exceed 10% of the total

NOTICE OF ANNUAL GENERAL MEETING

number of issued shares of the Company as at the date of passing of this resolution (subject to adjustment in the case of any consolidation or subdivision of shares of the Company after the date of passing of this resolution).”

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

“**THAT** subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the approval for the listing of, and permission to deal in, the shares of Aoyuan Healthy Life Group Company Limited (the “**Aoyuan Healthy Life**”) to be issued and allotted pursuant to the exercise of options granted under the share option scheme of Aoyuan Healthy Life (the “**AHL Share Option Scheme**”), the rules of which are contained in the document marked “**A**” produced to the meeting and signed by the chairman of the meeting for the purpose of identification, AHL Share Option Scheme be and is hereby approved and the board of directors of Aoyuan Healthy Life be and is hereby authorised, at its discretion, to grant options thereunder and to issue and allot from time to time such number of the shares of Aoyuan Healthy Life as may be required to be issued pursuant to the exercise of the options under AHL Share Option Scheme and to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to AHL Share Option Scheme.”

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

Hong Kong, 18 April 2019

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 meeting is entitled to appoint a proxy or 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 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 meeting (i.e. not later than 11:00 a.m. on Monday, 27 May 2019) or the adjourned meeting (as the case may be). Completion and return 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.

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4. For determining the entitlement to attend and vote at the meeting, the Register of Members of the Company will be closed from Friday, 24 May 2019 to Wednesday, 29 May 2019, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the Annual General Meeting, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with 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 for registration not later than 4:30 p.m. on Thursday, 23 May 2019.
5. For determining the entitlement to the proposed final dividend (subject to approval by the shareholders at the Annual General Meeting), the Company will pay the proposed final dividends to Shareholders whose names appear on the register of members of the Company on 6 June 2019 and the Register of Members of the Company will be closed from Tuesday, 4 June 2019 to Thursday, 6 June 2019, 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 transfer documents accompanied by the relevant share certificates must be lodged with 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 for registration not later than 4:30 p.m. on Monday, 3 June 2019.
6. References to time and dates in this notice are to Hong Kong time and dates.