
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 Leon Inspection Holding 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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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 enquires, 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.

**CHINA LEON INSPECTION HOLDING LIMITED****中国力鸿检验控股有限公司***(Incorporated in the Cayman Islands with limited liability)***(Stock code: 1586)**

- (1) PROPOSED RE-ELECTION OF RETIRING DIRECTORS;**
 - (2) PROPOSED GRANTING OF GENERAL MANDATES TO BUY BACK SHARES AND TO ISSUE SHARES;**
 - (3) PROPOSED DECLARATION AND PAYMENT OF FINAL DIVIDEND;**
 - (4) PROPOSED ADOPTION OF THE 2017 SHARE OPTION SCHEME;**
- AND**
- (5) NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the Annual General Meeting of China Leon Inspection Holding Limited to be held at Conference Room, 11/F, Sanyuan Building, 18 Xibahe East Lane, Chaoyang District, Beijing, China on Friday, 5 May 2017 at 2:00 p.m. is set out on pages 23 to 28 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.huaxialihong.com) respectively.

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 stated thereon and return it to the Company's share registrar, 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 holding of the Annual General Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the Annual General Meeting if they so wish.

29 March 2017

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DEFINITIONS

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

“Adoption Date”	the date on which the 2017 Share Option Scheme is conditionally adopted by the Company at a general meeting of the Shareholders
“Annual General Meeting”	the annual general meeting of the Company to be held at Conference Room, 11/F, Sanyuan Building, 18 Xibahe East Lane, Chaoyang District, Beijing, China on Friday, 5 May 2017 at 2:00 p.m., to consider and, if appropriate, to approve the resolutions contained in the notice of the meeting which is set out on pages 23 to 28 of this circular, or any adjournment thereof
“Articles of Association”	the articles of association of the Company adopted on 18 June 2016
“Board”	the board of Directors of the Company
“CEO”	chief executive officer of the Company
“China” or “PRC”	the People’s Republic of China, which for the purpose of this report and for geographical reference only, excludes Hong Kong, Macau and Taiwan
“Company”, “our Company”, “Group”, “our Group”, “China Leon”, “we” or “us”	China Leon Inspection Holding Limited (中國力鴻檢驗控股有限公司), an exempted company incorporated under the laws of the Cayman Islands with limited liability on 29 July 2015 and except where the context indicated otherwise its subsidiaries
“Controlling Shareholders”	Mr. LI Xiangli, Ms. ZHANG Aiying, Mr. LIU Yi (劉翊), Leon Cornerstone Investment Holding Limited, Swan Stone Investment Holding Limited and Hawk Flying Investment Holding Limited
“Director(s)”	the director(s) of the Company
“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

DEFINITIONS

“Latest Practicable Date”	22 March 2017, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Date”	12 July 2016, on which the Shares were listed and from which dealings therein were permitted to take place on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
“2017 Share Option Scheme”	the 2017 share option scheme proposed to be approved and adopted by the Company at the Annual General Meeting
“Option(s)”	the right to subscribe for Shares granted pursuant to the 2017 Share Option Scheme
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules

LETTER FROM THE BOARD



CHINA LEON INSPECTION HOLDING LIMITED

中国力鸿检验控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1586)

Chairman and Executive Directors:

Mr. LI Xiangli (*Chairman and CEO*)

Ms. ZHANG Aiying (*Vice President*)

Mr. LIU Yi (劉翊) (*Vice President*)

Non-executive Director:

Mr. WANG Gang

Independent Non-executive Directors:

Mr. YANG Rongbing

Mr. WANG Zichen

Mr. ZHAO Hong

Registered Office:

Clifton House

75 Fort Street

PO Box 1350

Grand Cayman KY1-1108

Cayman Islands

*Headquarters and Principal Place
of Business in the PRC:*

11/F, Sanyuan Building

18 Xibahe East Lane

Chaoyang District

Beijing, China

29 March 2017

To the Shareholders

Dear Sir/Madam,

- (1) PROPOSED RE-ELECTION OF RETIRING DIRECTORS;
(2) PROPOSED GRANTING OF GENERAL MANDATES TO
BUY BACK SHARES AND TO ISSUE SHARES;
(3) PROPOSED DECLARATION AND PAYMENT OF FINAL DIVIDEND;
(4) PROPOSED ADOPTION OF THE 2017 SHARE OPTION SCHEME;
AND
(5) 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 5 May 2017.

2. PROPOSED RE-ELECTION OF RETIRING DIRECTORS

In accordance with Articles of Association, Mr. LI Xiangli, Ms. ZHANG Aiying and Mr. LIU Yi (劉翊) 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.

LETTER FROM THE BOARD

3. PROPOSED GRANTING OF GENERAL MANDATES TO BUY BACK SHARES AND TO ISSUE SHARES

In order to give the Company the flexibility to buy back Shares if and when appropriate, the following ordinary resolutions will be proposed at the Annual General Meeting to approve:

- (a) 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 6 of the notice of the Annual General Meeting as set out on pages 23 to 28 of this circular (i.e. a total of 40,000,000 Shares on the basis that the issued share capital of the Company remains unchanged on the date of the Annual General Meeting);
- (b) the granting of the Issue Mandate to the Directors to issue, allot 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 7 of the notice of the Annual General Meeting as set out on pages 23 to 28 of this circular (i.e. a total of 80,000,000 Shares on the basis that the issued share capital of the Company remains unchanged on the date of the Annual General Meeting); and
- (c) the extension of the Issue Mandate by adding thereto the number of Shares bought back by the Company pursuant to the Share Buy-back Mandate.

With reference to the Share Buy-back Mandate and the Issue Mandate, the Directors wish to state that they have no immediate plan to buy back any Shares or issue any new Shares pursuant thereto.

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 DECLARATION AND PAYMENT OF FINAL DIVIDEND AND CLOSURE OF REGISTER

The Board recommends the payment of a final dividend of RMB0.025 per share for the year ended 31 December 2016 to Shareholders whose names appear on the register of members of the Company on Monday, 15 May 2017. The proposed final dividend will be paid on Wednesday, 21 June 2017, subject to the approval of the Shareholders at the Annual General Meeting.

LETTER FROM THE BOARD

The register of members of the Company will be closed during the following periods:

- (i) from Thursday, 27 April 2017 to Friday, 5 May 2017, both days inclusive and during which period no share transfer will be registered, for the purpose of ascertaining shareholders' entitlement to attend and vote at the Annual General Meeting. In order to be eligible to attend and vote at the Annual General Meeting, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 26 April 2017; and
- (ii) from Thursday, 11 May 2017 to Monday, 15 May 2017 both days inclusive and during which period no share transfer will be registered, for the purpose of ascertaining shareholders' entitlement to the proposed final dividend. In order to establish entitlements to the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 10 May 2017.

5. PROPOSED ADOPTION OF THE 2017 SHARE OPTION SCHEME

a. The 2017 Share Option Scheme

For reasons set out in the section headed "b. Reasons for adopting the 2017 Share Option Scheme" below, the Company proposes to seek approval of the Shareholders to adopt the 2017 Share Option Scheme, the provisions of which will comply with the requirements of Chapter 17 of the Listing Rules. A summary of the principal terms of the 2017 Share Option Scheme is set out in Appendix III to this circular.

The 2017 Share Option Scheme will enable the Company to grant Options to the selected employees, Directors and other participants in order to retain and provide incentive to the employees of the Group to achieve its business objectives.

The adoption of the 2017 Share Option Scheme is conditional upon:

- (a) the Listing Committee of the Stock Exchange granting the approval for listing of, and permission to deal in, any Shares which may fall to be issued by the Company pursuant to the exercise of Options in accordance with the terms of the 2017 Share Option Scheme; and
- (b) the passing of an ordinary resolution to adopt the 2017 Share Option Scheme by the Shareholders.

LETTER FROM THE BOARD

Under the 2017 Share Option Scheme, the total number of Shares which may be issued upon exercise of all options to be granted under the 2017 Share Option Scheme and any other share option scheme(s) of the Company shall not in aggregate exceed 10% of the Shares in issue as at the Adoption Date. As at the Latest Practicable Date, the issued share capital of the Company comprised 400,000,000 Shares. On the basis that no further Shares are issued or repurchased between the Latest Practicable Date and the Adoption Date, such 10% shall represent 40,000,000 Shares as at the Adoption Date.

b. Reasons for adopting the 2017 Share Option Scheme

The purpose of the 2017 Share Option Scheme is to enable the Company to grant Options to employees, directors and other participants as incentives or rewards for their contribution to the Group and/or to enable the Group to recruit and retain high caliber employees and attract human resources that are valuable to the Group. The 2017 Share Option Scheme expressly provides that, the Board may with respect to each grant of Options, determine the exercise price (in compliance with Rule 17.03(9) of the Listing Rules), vesting scales and schedules (if any), performance targets (if any) and other conditions that apply to the Options. The Directors believe that the 2017 Share Option Scheme will accord the Board flexibility in determining specific targets, parameters and conditions to which the specific grant of Options may be subject on a case-by-case basis, and thereby will better enable the Group to attract people who are valuable to the development of the Group.

c. Value of the Options

The Directors consider that it is not appropriate to state the value of all Options that can be granted pursuant to the 2017 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 Option value have not been determined. Such variables include but are not limited to the exercise price, exercise period and the conditions that an Option is subject to. The Directors believe that any calculation of the value of the Options as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful and would be misleading to the Shareholders.

d. Others

To the extent that the Directors are aware having made all reasonable enquiries, none of the Shareholders is required to abstain from voting on the adoption of the 2017 Share Option Scheme.

Application will be made to the Stock Exchange for the granting of approval for the listing of, and permission to deal in, the Shares falling to be issued upon exercise of the Options granted under the 2017 Share Option Scheme.

LETTER FROM THE BOARD

A copy of the 2017 Share Option Scheme is available for inspection at the principal place of business of the Company in Hong Kong at 18/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, during normal business hours from the date hereof up to and including the date of the Annual General Meeting.

6. ANNUAL GENERAL MEETING AND PROXY ARRANGEMENT

The notice of the Annual General Meeting is set out on pages 23 to 28 of this circular.

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, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. 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.

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.huaxialihong.com). To be valid, the form of proxy must be completed and signed in accordance with the instructions stated thereon and deposited, together with any authority under which it is executed or a copy of the authority certified notarially at the Company's share registrar, Computershare Hong Kong Investor Services Limited, at Shops 17M/F, 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 holding the Annual General Meeting or any adjournment thereof. Accordingly, the form of proxy must be delivered to the Company's share registrar not later than 2:00 p.m. on Wednesday, 3 May 2017. 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 Board considers that the proposed re-election of retiring Directors, the proposed granting of the Share Buy-back Mandate and the Issue Mandate, the proposed declaration and payment of a final dividend for the year ended 31 December 2016 and the proposed adoption of the 2017 Share Option Scheme are in the best interests of the Company and its Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of all the relevant resolutions to be proposed at the Annual General Meeting.

Yours faithfully,
For and on behalf of the Board
China Leon Inspection Holding Limited
Mr. LI Xiangli
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.

(1) Mr. LI Xiangli

Mr. LI Xiangli (李向利), aged 54, is the chairman, chief executive officer of our Company and an executive Director. He is the spouse of Ms. ZHANG Aiying. Mr. Li is primarily responsible for the strategic planning and overall management of our Group. He is also the chairman of the Nomination Committee. Mr. Li joined our Group in April 2009 and was appointed as our executive Director on 13 January 2016. He is also a director of certain subsidiaries of our Company.

Mr. Li has approximately 27 years of experience in the coal testing and inspection industry. Prior to joining our Group, from October 2008 to April 2009, Mr. Li served as a project manager of China Certification & Inspection Group Co., Ltd. (中國檢驗認證(集團)有限公司), a state-owned testing company that serves different industries, and was responsible for the establishment of the platform for mineral inspection. From January 1989 to September 2008, he worked at the coal inspection technology center of Qinhuangdao Entry-Exit Inspection and Quarantine Bureau (秦皇島出入境檢驗檢疫局) and was promoted to a deputy director in April 2004, responsible for coal testing and inspection.

Mr. Li obtained a bachelor's degree in chemistry from Hebei Normal College (河北師範學院) in the PRC in July 1985, and a master's degree in materials science from Yanshan University (燕山大學) in the PRC in December 1999. He obtained the qualification as a senior engineer in November 2001 granted by State Administration for Entry-Exit Inspection and Quarantine of the PRC (國家出入境檢驗檢疫局).

As at the Latest Practicable Date, Mr. Li Xiangli, Ms. ZHANG Aiying and Mr. LIU Yi (劉翊), as a group of persons acting in concert, are interested in, via their respective investment holding companies, in total approximately 52.73% of the issued share capital of our Company.

Save as disclosed, Mr. Li does not have any relationship with any Directors, senior management, substantial shareholders or controlling shareholders of the Company. He does not at present nor did he in the last three years hold any directorship in other public companies the securities of which are listed on any securities market in Hong Kong or overseas.

Mr. Li has entered into a service contract with the Company pursuant to which he was appointed for an initial term of three years commencing from 13 January 2016, and may be terminated by either party by giving at least three months' written notice to the other. Mr. Li is subject to retirement by rotation and re-election at least once every three years at the annual general meeting of the Company in accordance with the Articles of Association.

Save as disclosed above, there is no information which is discloseable nor is/was Mr. Li involved in any of the matters required to be disclosed pursuant to any of the requirements under Rules 13.51(2)(h) to (v) of the Listing Rules and there are no other matters concerning her 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**

(2) Ms. ZHANG Aiying

Ms. ZHANG Aiying (張愛英), aged 54, is a vice president of our Company and an executive Director. She is the spouse of Mr. LI Xiangli. Ms. Zhang is primarily responsible for overall business management, overall management of the procurement and human resources department of our Group. She is also a member of the Remuneration Committee. Ms. Zhang was appointed as our executive Director on 13 January 2016. She is also a director of certain subsidiaries of our Company.

Ms. Zhang has over 15 years of experience in coal industry. Prior to joining our Group, from May 1995 to February 2005, Ms. Zhang served as a manager of examination department of Shanxi Coal Import & Export Group Qinhuangdao Branch (山西煤炭進出口集團秦皇島分公司), a company primarily engaged in coal trading, and was responsible for coal testings. From August 1988 to May 1995, she was a teacher at No. 11 High School of Qinhuangdao (秦皇島市第十一中學), and was responsible for teaching chemistry.

Ms. Zhang obtained a bachelor's degree in chemistry from Hebei Normal College (河北師範學院) in the PRC in July 1988.

As at the Latest Practicable Date, Mr. LI Xiangli, Ms. ZHANG Aiying and Mr. LIU Yi (劉翊), as a group of persons acting in concert, are interested in, via their respective investment holding companies, in total approximately 52.73% of the issued share capital of our Company.

Save as disclosed, Ms. Zhang does not have any relationship with any Directors, senior management, substantial shareholders or controlling shareholders of the Company. She does not at present nor did she in the last three years hold any directorship in other public companies the securities of which are listed on any securities market in Hong Kong or overseas.

Ms. Zhang has entered into a service contract with the Company pursuant to which she was appointed for an initial term of three years commencing from 13 January 2016, and may be terminated by either party by giving at least three months' written notice to the other. Ms. Zhang is subject to retirement by rotation and re-election at least once every three years at the annual general meeting of the Company in accordance with the Articles of Association.

Save as disclosed above, there is no information which is discloseable nor is/was Ms. Zhang involved in any of the matters required to be disclosed pursuant to any of the requirements under Rules 13.51(2)(h) to (v) of the Listing Rules and there are no other matters concerning her 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**

(3) LIU Yi (劉翊)

Mr. LIU Yi (劉翊), aged 52, is a vice president of our Company and an executive Director. He is primarily responsible for overall management of sales, quality control and research and development of our Group. Mr. Liu joined our Group in February 2010 as deputy general manager of Huaxia Lihong, and was appointed as our executive Director on 13 January 2016. He is also a director of a subsidiary of our Company.

Mr. Liu has approximately 28 years of experience in the coal testing and inspection industry. Prior to joining our Group, from September 1988 to January 2010, Mr. Liu worked with Qinhuangdao Entry-Exit Inspection and Quarantine Bureau (秦皇島出入境檢驗檢疫局) and was promoted to the director of the coal inspection technology center in September 2003, responsible for coal inspection. From July 1987 to September 1988, he was a teacher at Hebei Building Materials Vocational and Technical College (河北建材職業技術學院), and was responsible for teaching analytical chemistry.

Mr. Liu obtained a master's degree in materials engineering from Yanshan University (燕山大學) in the PRC in November 2006. He obtained the qualification as a senior engineer in June 1998 granted by National Commodity Inspection Bureau (國家商品檢驗局), currently known as General Administration of Quality Supervision, Inspection and Quarantine of the PRC (國家質量監督檢驗檢疫總局).

As at the Latest Practicable Date, Mr. Li Xiangli, Ms. ZHANG Aiyong and Mr. LIU Yi (劉翊), as a group of persons acting in concert, are interested in, via their respective investment holding companies, in total approximately 52.73% of the issued share capital of our Company.

Save as disclosed, Mr. Liu does not have any relationship with any Directors, senior management, substantial shareholders or controlling shareholders of the Company. He does not at present nor did he in the last three years hold any directorship in other public companies the securities of which are listed on any securities market in Hong Kong or overseas.

Mr. Liu has entered into a service contract with the Company pursuant to which he was appointed for an initial term of three years commencing from 13 January 2016, and may be terminated by either party by giving at least three months' written notice to the other. Mr. Liu is subject to retirement by rotation and re-election at least once every three years at the annual general meeting of the Company in accordance with the Articles of Association.

Save as disclosed above, there is no information which is discloseable nor is/was Mr. Liu involved in any of the matters required to be disclosed pursuant to any of the requirements under Rules 13.51(2)(h) to (v) of the Listing Rules and there are no other matters concerning her that need to be brought to the attention of the Shareholders.

APPENDIX II EXPLANATORY STATEMENT ON THE SHARE BUY-BACK MANDATE

The following is an explanatory statement required by the Listing Rules to be sent to Shareholders to enable 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 400,000,000 Shares.

Subject to the passing of the ordinary resolution set out in item 6 of the notice of the Annual General Meeting 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, i.e. being 400,000,000 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 of 40,000,000 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 Hong Kong 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 financial statements contained in the annual report of the Company for the year ended 31 December 2016) in the event that the Share Buy-back Mandate were 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 months from the Listing Date up to and including the Latest Practicable Date were as follows:

Month	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2016		
July (<i>since the Listing Date</i>)	1.21	0.94
August	1.37	1.02
September	1.44	1.11
October	1.46	1.27
November	1.93	1.43
December	2.04	1.50
2017		
January	1.74	1.46
February	1.68	1.40
March (<i>up to the Latest Practicable Date</i>)	1.70	1.50

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 Companies Ordinance of Hong Kong.

7. TAKEOVERS CODE

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 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 Rule 26 of the Takeovers Code.

To the best knowledge of the Company, as at the Latest Practicable Date, the Controlling Shareholders of the Company, were interested in 210,930,000 Shares representing approximately 52.73% of the total issued share capital of the Company. In the event that the Directors exercised the proposed Share Buy-back Mandate in full, the shareholding of the above controlling shareholder would be increased to approximately 58.59% of the issued share capital of the Company. In the opinion of the Directors, the above-mentioned increase of shareholdings does not give rise to an obligation for the Controlling Shareholders to make a mandatory offer under Rule 26 of the Takeovers Code.

In addition, the Listing Rules prohibit a company from making repurchase of its shares on the Stock Exchange if the result of the repurchase would be that less than 25% (or such other prescribed minimum percentage as determined by the Stock Exchange) of the company's issued share capital would be in public hands. The Directors do not propose to repurchase Shares, which would result in less than the prescribed minimum percentage of Shares in public hands.

8. SHARE BUY-BACK MADE BY THE COMPANY

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

The following is a summary of the principal terms of the 2017 Share Option Scheme proposed to be adopted by the Shareholders at the AGM.

1. PURPOSE OF THE 2017 SHARE OPTION SCHEME

The purpose of the 2017 Share Option Scheme is to attract, retain and motivate employees, Directors and such other Participant and to further perfect corporate governance structure, propel the Company to build up and complete motivating mechanism, fully motivate employees, and effectively help to align the interests of shareholders, Company and employees by the grant of options.

2. CONDITIONS OF THE 2017 SHARE OPTION SCHEME

The 2017 Share Option Scheme shall take effect conditional upon (i) the Listing Committee of the Stock Exchange granting approval of the 2017 Share Option Scheme, and the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of the Options; and (ii) the passing of an ordinary resolution to adopt the 2017 Share Option Scheme by the Shareholders.

3. ELIGIBLE PARTICIPANTS

On and subject to the terms of the 2017 Share Option Scheme, the Board shall be entitled at any time to offer to grant to any non-executive Director or independent non-executive Director of our Company appointed or proposed to be appointed, or any director, supervisor or general manager of any of the subsidiaries or branches of our Company, or any eligible employees (“Eligible Employee”), i.e., persons having entered into employment contract, labor contract or service contract and under employment or labor relationship with our Company or its subsidiaries (whether full time or part time, in Hong Kong or outside of Hong Kong), including any executive Director (“Participants”) as the Board may in its absolute discretion select, and subject to such conditions as the Board may think fit, an Option to subscribe for such number of Shares as the Board may determine at the Subscription Price. The basis of eligibility of any of the class of Participants to the grant of any Options shall be determined by the Board from time to time on the basis of their contribution to the development and growth of the Group.

4. OFFER AND GRANT OF OPTIONS

No offer of grant of Option shall be made after inside information has come to the knowledge of the Company until such inside information has been published in accordance with the Listing Rules. In particular, no option may be granted during the period of (1) one month immediately preceding the earlier of (i) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company’s results for any year, 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 results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement.

An offer of the grant of an Option (“Offer”) shall be deemed to have been accepted and the Option to which such offer relates shall be deemed to have been granted and to have taken effect when the duplicate letter comprising acceptance of offer duly signed by the Participant (“Grantee”) with the number of Shares in respect of which such offer is accepted clearly stated therein, together with a remittance in favor of our Company of RMB1.00 by way of consideration for the grant thereof is received by our Company on or no later than 15 days after the Offer Date. Such remittance shall in no circumstances be refundable. Once accepted, the Option is granted as from the Offer Date (as defined below).

5. SUBSCRIPTION PRICE

The subscription price (“Subscription Price”) shall be such price as determined by the Board in its absolute discretion at the time of the grant of the relevant Option (and shall be stated in the letter containing the offer of the grant of the Option), but in any case the Subscription Price shall not be less than the higher of (a) the closing price of the Shares as stated in the daily quotation sheet of the Stock Exchange on the date of grant (“Offer Date”), which must be a Business Day (“Business Day”), (b) the average closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange for the five (5) Business Days immediately preceding the date of grant, and (c) the nominal value of a Share.

6. MAXIMUM NUMBER OF SHARES AND ENTITLEMENT OF AN ELIGIBLE PARTICIPANT

- (a) The overall limit on the number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the 2017 Share Option Scheme and other share option schemes of our Company (and to which the provisions of Chapter 17 of the Listing Rules are applicable) shall not exceed 30% of the Shares in issue from time to time.
- (b) The Shares which may be issued upon exercise of all Options to be granted under the 2017 Share Option Scheme and other share option schemes of our Company (and to which the provisions of Chapter 17 of the Listing Rules are applicable) shall not exceed 40,000,000 Shares, (i.e. 10% of the aggregate of the Shares in issue on the Adoption Date (“Scheme Mandate Limit”). Options lapsed in accordance with the terms of the 2017 Share Option Scheme shall not be counted for the purpose of calculating this Scheme Mandate Limit.
- (c) Our Company may seek approval of our Shareholders in general meeting for refreshing the Scheme Mandate Limit. However, the Scheme Mandate Limit as refreshed shall not exceed 10% of the total number of Shares in issue as at the date

of the approval of our Shareholders. Options previously granted under the 2017 Share Option Scheme or any other share option schemes of our Company (and to which the provisions of Chapter 17 of the Listing Rules are applicable) (including Options outstanding, cancelled, lapsed or exercised in accordance with the terms of the 2017 Share Option Scheme or any other share option scheme of our Company) will not be counted for the purpose of calculating the limit as “refreshed.” A circular containing the information required under the Listing Rules shall be sent to our Shareholders in connection with the meeting at which their approval will be sought.

- (d) Our Company may seek separate approval by our Shareholders in general meeting for granting Options beyond the Scheme Mandate Limit (as refreshed) provided the Grantee(s) of such Option(s) must be specifically identified by our Company before such approval is sought. A circular containing a generic description of the specified Grantees who may be granted such Options, the number and terms of the Options to be granted, the purpose of granting such Options to the Grantees with an explanation as to how the terms of Options serve such purpose and other information required under the Listing Rules shall be sent to our Shareholders.
- (e) The total number of Shares issued and to be issued upon exercise of the Options granted to each eligible Participant (including exercised, cancelled and outstanding Options) in any 12-month period shall not exceed 1% of the Shares in issue (the “Individual Limit”). Any further grant of Options to an eligible Participant which would result in the Shares issued and to be issued upon exercise of all Options granted and to be granted to such eligible Participant (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of such further grant exceeding the Individual Limit shall be subject to our Shareholders’ approval in general meeting with such eligible Participant and his or her close associates (as defined under the Listing Rules, or his or her associate if the Participant is a connected person) abstaining from voting. The number and terms (including the Subscription Price) of the Options to be granted to such Participant must be fixed before our Shareholders’ approval is sought and the date of the meeting of the Board for proposing such further grant of Option should be taken as the date of grant for the purpose of calculating the Subscription Price.

7. GRANT OF OPTIONS TO CONNECTED PERSONS

- (a) Any grant of Options to a Participant who is a director, chief executive or substantial shareholder (as defined in the Listing Rules) of our Company or their respective associates shall be subject to approval by the independent non-executive Directors of our Company (excluding the independent non-executive Director who is the Grantee).
- (b) Where our Board proposes to grant any Option to a Participant who is a substantial shareholder (with the meaning as ascribed under the Listing Rules) of our Company or an independent non-executive Director of our Company, or any of their respective

associates would result in our Shares issued and to be issued upon exercise of all options already granted and to be granted under the 2017 Share Option Scheme and any other share option schemes of our Company (including options exercised, cancelled and outstanding) to him in the 12-month period up to and including the proposed Offer Date of such grant (the “Relevant Date”):

- (i) representing in aggregate more than 0.1% (or such other higher percentage as may from time to time be specified by the Stock Exchange) of the total number of Shares in issue on the Relevant Date; and
- (ii) having an aggregate value, based on the closing price of our Shares as stated in the Stock Exchange’s daily quotation sheet on the Relevant Date, in excess of HK\$5,000,000 (or such other higher amount as may from time to time be specified by the Stock Exchange),

such proposed grant of Options must be approved by our Shareholders (voting by way of poll). In such a case, our Company shall send a circular to our Shareholders containing all those terms as required under the Listing Rules. The Participant concerned, his or her associates and all core connected persons (as defined in the Listing Rules) of our Company must abstain from voting in favor of the resolution at such general meeting, except that any connected person may vote against the relevant resolution at the general meeting provided that his/her intention to do so has been stated in the circular to be sent to our Shareholders in connection therewith.

8. EXERCISE OF OPTIONS

An Option may be exercised in accordance with the terms of the 2017 Share Option Scheme and terms set out in the letter containing the offer of the grant of the Option, at any time during the period to be determined by our Board at its absolute discretion and notified by our Board to each Grantee as being the period during which an Option may be exercised and in any event, such period shall not be longer than 10 years from the date upon which any particular Option is granted in accordance with the 2017 Share Option Scheme (“Option Period”).

9. VESTING

Options may be vested over such period(s) as determined by the Board in its absolute discretion subject to compliance with the requirements under any applicable laws, regulations or rules to which the 2017 Share Option Scheme may be subject, including the Listing Rules or regulations of any stock exchange on which the Shares may be listed and quoted. Furthermore, the Shares to be issued and allotted to a Grantee pursuant to the exercise of any Option under the 2017 Share Option Scheme may or may not, at the discretion of the Board, be subject to any retention period.

10. PERFORMANCE TARGET

Unless otherwise determined by our Board and specified in the offer letter to be given to the Participant at the time of the offer of the Option, there is no general requirement for any performance target that needs to be achieved by the Grantee before an Option can be exercised.

11. OPTIONS ARE PERSONAL TO THE GRANTEE

No Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interests in favor of any third party over or in relation to any Option, except for the transmission of an Option on the death or incapacitation of the Grantee to his personal representative(s) according to the terms of the 2017 Share Option Scheme.

12. RIGHTS ON DEATH, OR TERMINATION OF EMPLOYMENT, OUR DIRECTORSHIP, OFFICE OR APPOINTMENT

- (a) in the event of the Grantee ceasing to be an employee of our Company or its subsidiaries, including any Director (“Eligible Employee”), by reason of non-renewal of his or her employment contract upon termination, or retirement, or internal reorganization, or if the Grantee is a Director, the cessation as a Director upon rotation, the Grantee shall be entitled within a period of three (3) months from the date of cessation of employment which shall be the last actual working day with our Company or the relevant subsidiary to exercise any Option in whole or in part (to the extent which has become exercisable but not yet exercised prior to such date of cessation). In the event of the Grantee ceasing to be an Eligible Employee for any reason other than those stated above or his or her death or incapacitation or the termination of his or her employment on one or more of the grounds specified in the 2017 Share Option Scheme, the Grantee may exercise the Option in accordance with the provisions of the 2017 Share Option Scheme up to his or her entitlement at the date of cessation in whole or in part (to the extent which has become exercisable and not already exercised) which date shall be the last actual working day with our Company or the relevant subsidiary whether salary is paid in lieu of notice or not, or such longer period following the date of cessation as the Board may determine; and

- (b) in the event that the Grantee ceases to be a Participant (as the case may be) by reason of death or incapacitation (provided that none of the events which would be a ground for termination of his or her employment arises prior to his or her death or incapacitation), the legal personal representative(s) of this Grantee shall be entitled within a period of twelve (12) months from the date of death or incapacitation (or such longer period as the Board may determine) to exercise the Option in whole or in part (to the extent which has become exercisable and not already exercised prior to such date of death or incapacitation).

13. VOLUNTARY WINDING-UP OF OUR COMPANY

In the event a notice is given by our Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall on the same date as or soon after it despatches such notice to each member of our Company give notice thereof to all Grantees and

thereupon, each Grantee (or her legal personal representative(s)) shall be entitled to exercise all or any of his or her or its Options (to the extent which has become exercisable and not already exercised) at any time not later than three (3) Business Days prior to the proposed general meeting of our Company by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate Subscription Price for the Shares in respect of which the notice is given whereupon our Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the Grantee credited as fully paid, which Shares shall rank *pari passu* with all other Shares in issue on the date prior to the passing of the resolution to wind-up our Company to participate in the distribution of assets of our Company available in liquidation.

14. RIGHTS ON TAKE-OVER

In the event of a general or partial offer, whether by way of take-over offer, share repurchase offer, or scheme of arrangement or otherwise in like manner is made to all the holders of our 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 concert with the offeror), our Company shall use all reasonable endeavors to procure that such offer is extended to all the Grantees on the same terms, *mutatis mutandis*, and assuming that they will become, by exercise in full of the Options granted to them, shareholders of our Company. If such offer becomes or is declared unconditional, a Grantee shall be entitled to exercise his Option (to the extent not already exercised) to its full extent or to the extent specified in the Grantee's notice to our Company in exercise of his Option at any time before the close of such offer (or any revised offer).

15. RIGHTS ON A COMPROMISE OR ARRANGEMENT

In the event of a compromise or arrangement between our Company and its creditors (or any class of them) or between our Company and its members (or any class of them), in connection with a scheme for the reconstruction or amalgamation of our Company, our Company shall give notice thereof to all Grantees on the same day as it gives notice of the meeting to its members or creditors to consider such scheme or arrangement, and thereupon any Grantee (or her legal personal representative(s)) may forthwith and until the expiry of the period commencing with such date and ending with the earlier of the date falling two (2) months thereafter and the date on which such compromise or arrangement is sanctioned by Court be entitled to exercise his or her or its Option (to the extent which has become exercisable and not already exercised), but the exercise of the Option shall be conditional upon such compromise or arrangement being sanctioned by the Court and becoming effective. Our Company may thereafter require such Grantee to transfer or otherwise deal with the Shares issued as a result of such exercise of his or her or its Option so as to place the Grantee in the same position as nearly as would have been the case had such Shares been subject to such compromise or arrangement.

16. EFFECTS OF ALTERATIONS TO CAPITAL STRUCTURE

In the event of any alteration in the capital structure of our Company while any Option remains exercisable, whether by way of capitalization of profits or reserves, rights issue or other similar offer of securities to holders of Shares, consolidation, subdivision or reduction or similar reorganization of the share capital of our Company (other than an issue of Shares as consideration in respect of a transaction to which our Company is a party), such corresponding alterations (if any) shall be made in (a) the number or nominal amount of Shares subject to the Option so far as unexercised, and/or (b) the Subscription Price, and/or (c) the method of exercise of the Option, as the auditors or the financial adviser of our Company retained for such purpose shall certify in writing to the Board to be in their opinion fair and reasonable, provided that any alteration shall be made on the basis that the proportion of the issued share capital of our Company to which a Grantee is entitled after such alteration shall remain the same as that to which he or she or it was entitled before such alteration and that the aggregate Subscription Price payable by a Grantee on the full exercise of any Option shall remain as nearly as possible the same (but shall not be greater than) as it was before such event, but so that no such alteration shall be made the effect of which would be to enable any Share to be issued at less than its nominal value and no such adjustment will be required in circumstances where there is an issue of Shares or other securities of our Group as consideration in a transaction.

17. LAPSE OF OPTIONS

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

- (a) the expiry of the Option Period;
- (b) the date of the expiry of the periods for exercising the Option;
- (c) the date on which the offer (or as the case may be, revised offer) closes;
- (d) the date of the commencement of the winding-up of our Company;
- (e) the date when the proposed compromise or arrangement becomes effective;
- (f) the date on which the Grantee ceases to be an Eligible Employee by reason of the termination of his or her employment on any one or more of the grounds that he or she voluntarily resigns, or has been guilty of misconduct or has found to have breached the terms of employment contract (or labor contract) during his or her employment (or during the existence of the labor contract) (regardless of whether such employment contract (or labor contract) has already been terminated) leading to a material loss or damage to our Group, or his or her employment contract (or labor contract) has terminated by reason of the failure of such employment to pass the annual evaluation, or has committed an act of bankruptcy or has become

insolvent or has made any arrangement or composition with his or her creditors generally, or has been convicted of any criminal offence by any country involving his or her integrity or honesty or on any other ground on which an employer would be entitled to terminate his or her employment at law or pursuant to any applicable laws at the place of the employment relation or labor relation or the execution place of the employment contract or labor contract, or under the Grantee's service contract with our Company or the relevant subsidiary. A resolution of the Board or the board of directors of the relevant subsidiary or the relevant invested company to the effect that employment relation (or labor relation) of a Grantee has or has not been terminated shall be conclusive and binding on the Grantee;

- (g) the date on which the Grantee commits a breach or the Options are cancelled in accordance with the 2017 Share Option Scheme;
- (h) if the Board at its absolute discretion determines that the Grantee (other than an Eligible Employee) has committed any breach of any contract entered into between the Grantee on the one part and any member of our Group on the other part or that the Grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his or her or its creditors generally, the Board shall determine that the outstanding Options granted to the Grantee (whether exercisable or not) shall lapse. In such event, his or her or its Options will lapse automatically and will not in any event be exercisable on or after the date on which the Board has so determined; or
- (i) if applicable, the failure to satisfy the conditions specified in the offer letter to the Participant at the time of the offer of the Option.

18. RANKING OF SHARE ALLOTTED UPON EXERCISE OF OPTIONS

The Shares to be allotted upon the exercise of an Option will be subject to all the provisions of the Memorandum and Articles of Association of our Company for the time being in force and will rank *pari passu* in all respects with the fully paid Shares in issue on the date of allotment and issue, 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 and issue.

19. DURATION OF THE 2017 SHARE OPTION SCHEME

The 2017 Share Option Scheme will be valid and effective for a period of 10 years commencing on the date on which the 2017 Share Option Scheme is conditionally adopted by resolution of our Shareholders.

20. CANCELLATION OF OPTIONS GRANTED

Subject to the consent from the relevant Grantee, our Board may at its discretion cancel Options previously granted to and yet to be exercised by a Grantee with the relevant Grantees abstaining from voting.

21. TERMINATION OF THE 2017 SHARE OPTION SCHEME

Our Company may terminate the operation of the 2017 Share Option Scheme at any time by resolution of the Board or resolution of our Shareholders in general meeting and in such event no further Option will be offered but the provisions of the 2017 Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of the Options (to the extent not already exercised) granted prior to the termination or otherwise as may be required in accordance with the provisions of the 2017 Share Option Scheme. Options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with the 2017 Share Option Scheme.

22. ALTERATION OF THE PROVISIONS OF THE 2017 SHARE OPTION SCHEME

Subject to the provisions of the 2017 Share Option Scheme, the Board may amend relevant provisions of the 2017 Share Option Scheme (including without limitation to amendments in order to comply with changes in legal or regulatory requirements and amendments in order to waive any restrictions, imposed by the provisions of the 2017 Share Option Scheme, which are not found in the Listing Rules) at any time.

NOTICE OF ANNUAL GENERAL MEETING



CHINA LEON INSPECTION HOLDING LIMITED

中国力鸿检验控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1586)

Notice is hereby given that the Annual General Meeting of China Leon Inspection Holding Limited (the “**Company**”) will be held at Conference Room, 11/F, Sanyuan Building, 18 Xibahe East Lane, Chaoyang District, Beijing, China on Friday, 5 May 2017 at 2:00 p.m. for the following purposes:

AS ORDINARY BUSINESS ORDINARY RESOLUTIONS

1. To receive the audited consolidated financial statements of the Company and the reports of the directors of the Company (the “**Directors**”) and auditors of the Company (the “**Auditors**”) for the year ended 31 December 2016.
2. To declare a final dividend of RMB0.025 per share for the year ended 31 December 2016.
3. To re-elect Directors as follows:
 - (a) To re-elect Mr. LI Xiangli as Director.
 - (b) To re-elect Ms. ZHANG Aiying as Director.
 - (c) To re-elect Mr. LIU Yi (劉翊) as Director.
4. To authorise the board of Directors (the “**Board**”) to fix the Directors’ remuneration.
5. To re-appoint Ernst & Young as Auditors and to authorise the Board to fix their remuneration.
6. 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.”

- 7. 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 (the “Directors”) during the Relevant Period (as defined below) to issue, allot and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options and other rights, or issue warrants and other securities including bonds, debentures and notes convertible into shares of the Company, which might require the exercise of such powers;

- (b) the mandate in paragraph (a) above shall authorise the Directors to make or grant offers, agreements and options and other rights, or issue warrants and other securities during the Relevant Period which would or might require the exercise of such powers after the end of the Relevant Period;

NOTICE OF ANNUAL GENERAL MEETING

- (c) the aggregate number of shares issued and allotted or to be issued and allotted or agreed conditionally or unconditionally to be issued and allotted by the Directors pursuant to the mandate in paragraph (a) above, otherwise than pursuant to:
- (i) a Rights Issue (as defined below); or
 - (ii) 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; or
 - (iii) any issue of shares upon exercise of rights of subscription or conversion attaching to any warrants of the Company or any securities which are convertible into shares; or
 - (iv) any specific authority granted or to be granted by the shareholders of the Company in general meeting,

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.

NOTICE OF ANNUAL 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 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 recognised regulatory body or any stock exchange).”

8. 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 6 and 7 of the notice convening this meeting (the “Notice”), the general mandate referred to in the resolution set out in item 7 of the Notice be and is hereby extended by the addition to the aggregate number of shares which may be issued and allotted or agreed conditionally or unconditionally to be issued and allotted by the directors of the Company 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 6 of the Notice, provided that such number shall not exceed 10% of the total number of issued shares of the Company as at the date of passing of this resolution.”

AS SPECIAL BUSINESS

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

ORDINARY RESOLUTION

“THAT:

- (a) subject to the Listing Committee of The Stock Exchange of Hong Kong Limited granting approval for the listing of, and permission to deal in, the shares (the “Shares”) of HK\$0.00005 each in the share capital of the Company falling to be issued pursuant to the 2017 share option scheme (the “2017 Share Option Scheme”) of the Company, the rules of which are set out in the document marked “A” which has been produced to the meeting and signed by the chairman of the meeting for the purpose of identification, the 2017 Share Option Scheme be and is hereby approved and adopted by the Company; and

NOTICE OF ANNUAL GENERAL MEETING

- (b) the directors of the Company be and are hereby authorised:
- (i) to administer the 2017 Share Option Scheme at their absolute discretion and to grant options to subscribe for Shares in accordance with the rules of the 2017 Share Option Scheme;
 - (ii) to modify and/or amend the 2017 Share Option Scheme from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the 2017 Share Option Scheme relating to modification and/or amendment and the requirements of the Listing Rules;
 - (iii) to allot, issue and deal with any Shares pursuant to the exercise of the subscription rights under any options which may be granted from time to time in accordance with the terms of the 2017 Share Option Scheme; and
 - (iv) to do all such acts as they may in their absolute discretion consider necessary, desirable or expedient in order to give full effect to the 2017 Share Option Scheme.”

Yours faithfully,
For and on behalf of the Board
China Leon Inspection Holding Limited
Mr. LI Xiangli
Chairman

Beijing, PRC, 29 March 2017

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. All resolutions at the meeting will be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands pursuant to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). 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 member of the Company entitled to attend and vote at the above meeting is entitled to appoint another person as his proxy to attend, speak and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf. A proxy need not be a member 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. On a poll, every member who is present in person or by proxy shall have one vote for every fully paid-up share held by him.

On a show of hands, every member who is present in person or by proxy shall have one vote. If a member appoints more than one proxy, the proxies so appointed are not entitled to vote on the resolution on a show of hands.

3. In order to be valid, the form of proxy and any authority under which it is executed or a copy of the authority certified notarially, must be deposited at the Company’s share registrar, 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 holding of the meeting or any adjournment thereof. Accordingly, the form of proxy must be delivered to the Company’s share registrar not later than 2:00 p.m. on Wednesday, 3 May 2017.
4. Deposit of the form of proxy shall not preclude a member from attending and voting at the meeting or at any adjournment of it and, in such event, the form of proxy shall be deemed to be revoked.
5. For determining the entitlement to attend and vote at the above meeting, the Register of Members of the Company will be closed from Thursday, 27 April 2017 to Friday, 5 May 2017, 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 share registrar, 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 Wednesday, 26 April 2017.
6. 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 Thursday, 11 May 2017 to Monday, 15 May 2017, 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 share registrar, 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 Wednesday, 10 May 2017.
7. A circular containing further details concerning items 2, 3, 6, 7, 8 and 9 set out in the above notice will be sent to all members of the Company together with the 2016 Annual Report.

As at the date of this announcement, the Board comprises seven Directors, namely Mr. Li Xiangli, Ms. Zhang Aiyong, and Mr. Liu Yi as executive Directors; Mr. Wang Gang as non-executive Director; and Mr. Yang Rongbing, Mr. Wang Zichen and Mr. Zhao Hong as independent non-executive Directors.