
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

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中國秦發集團有限公司
CHINA QINFA GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 00866)

**REPURCHASE MANDATE AND GENERAL MANDATE,
PROPOSED RE-ELECTION OF RETIRING DIRECTORS,
RATIFICATION OF GRANT OF SHARE OPTIONS
UNDER EXISTING SHARE OPTION SCHEME,
ADOPTION OF NEW SHARE OPTION SCHEME,
TERMINATION OF EXISTING SHARE OPTION SCHEME
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening an annual general meeting of China Qinfa Group Limited to be held at Caine Room, Level 7, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong on 27 June 2018 at 11:00 a.m. or any adjournment thereof is set forth in Appendix IV to this circular.

Whether or not you are able to attend the annual general meeting, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar of China Qinfa Group Limited in Hong Kong, Union Registrars Limited, at Suite 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong as soon as practicable and in any event not later than 48 hours before the time appointed for holding the annual general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the annual general meeting or any adjourned meeting should you so wish.

27 April 2018

DEFINITIONS

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

“Annual General Meeting” or “AGM”	the annual general meeting of the Company to be convened and held at Caine Room, Level 7, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong on 27 June 2018 at 11:00 a.m. or any adjournment thereof (as the case may be);
“Articles”	the articles of association of the Company;
“Board”	the board of Directors;
“Close Associates”	has the meanings as defined under the Listing Rules;
“Companies Law”	the Companies Law (2007 Revision) of the Cayman Islands as amended, supplemented or otherwise modified from time to time;
“Company”	China Qinfa Group Limited (中國秦發集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability whose Shares are listed on the main board of the Stock Exchange (stock code: 00866);
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and, in the case of the Company, means Mr. XU Jihua and Fortune Pearl;
“Directors”	the directors of the Company;
“Eligible Participants”	means any full-time or part-time employees, executives, officers or directors (including independent non-executive directors) of the Company or any of its subsidiaries and any advisors, consultants, agents, suppliers, customers and such other persons who, in the sole opinion of the Board, will contribute or have contributed to the Company and/or any of its subsidiaries;
“Existing Share Option Scheme”	the existing share option scheme of the Company adopted on 12 June 2009;

DEFINITIONS

“Fortune Pearl”	Fortune Pearl International Limited, a company incorporated in the British Virgin Islands on 22 January 2008 with its issued share capital wholly-owned by Mr. XU Jihua, and which is one of the Controlling Shareholders;
“General Mandate”	the general mandate proposed to be granted to the Directors to exercise all the powers of the Company to allot, issue and otherwise deal with new Shares or to grant any offers, agreements or options which would or might require Shares to be issued, allotted or disposed of not exceeding 20% of the total number of issued Shares of the Company as of the date of passing the resolution approving the said mandate;
“Group”	the Company and its subsidiaries;
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China;
“Latest Practicable Date”	25 April 2018, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular;
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange;
“New Share Option Scheme”	the new share option scheme proposed to be adopted at the Annual General Meeting, a summary of the principal terms of which is set out in “Summary of the Principal Terms of the New Share Option Scheme” of this circular;
“Notice”	the notice dated 27 April 2018 convening the Annual General Meeting as set forth in Appendix IV to this circular;
“Options”	options (if any) granted or to be granted under the share option schemes of the Company;
“Ordinary Resolutions”	the proposed ordinary resolutions in respect of the matters referred to in the Notice;
“PRC”	The People’s Republic of China;

DEFINITIONS

“Pre-IPO Share Option Scheme”	the pre-IPO share option scheme of the Company adopted on 12 June 2009;
“Register of Members”	the register of members of the Company maintained by the Registrar in Hong Kong;
“Registrar”	the branch share registrar of the Company, Union Registrars Limited of Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong;
“Repurchase Mandate”	the general mandate proposed to be granted to the Directors to exercise the powers of the Company to purchase Shares up to a maximum of 10% of the total number of issued Shares of the Company as of the date of passing of the resolution approving the said mandate;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company;
“Shareholder(s)”	the registered holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Takeovers Code”	The Codes on Takeovers and Mergers and Shares Buy-backs;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“%”	per cent.

LETTER FROM THE BOARD



中國秦發集團有限公司
CHINA QINFA GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 00866)

Executive Directors:–

Mr. XU Da (*Chairman*)
Mr. BAI Tao (*Chief Executive Officer*)
Ms. WANG Jianfei
Mr. FUNG Wai Shing
Mr. LIU Jinghong

Registered office:–

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

Independent non-executive Directors:–

Mr. HUANG Guosheng
Mr. LAU Sik Yuen
Mr. XING Zhiying

Principal place of business in Hong Kong:–

Room 1303, 13th Floor,
China Evergrande Centre
No. 38 Gloucester Road
Wanchai
Hong Kong

27 April 2018

To the Shareholders and, for information only, holders of the Options

Dear Sir or Madam,

**REPURCHASE MANDATE AND GENERAL MANDATE,
PROPOSED RE-ELECTION OF RETIRING DIRECTORS,
RATIFICATION OF GRANT OF SHARE OPTIONS
UNDER EXISTING SHARE OPTION SCHEME,
ADOPTION OF NEW SHARE OPTION SCHEME,
TERMINATION OF EXISTING SHARE OPTION SCHEME
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to give you information on the following resolutions to be proposed at the Annual General Meeting, so as to enable you to make an informed decision on the resolutions at the Annual General Meeting.

LETTER FROM THE BOARD

The resolutions include (i) the grant of the Repurchase Mandate; (ii) the grant of the General Mandate; (iii) the extension of the General Mandate; (iv) the re-election of the retiring Directors; (v) ratification of grant of share options under the Existing Share Option Scheme; and (vi) adoption of the New Share Option Scheme and termination of the Existing Share Option Scheme.

REPURCHASE MANDATE

At the Annual General Meeting, an ordinary resolution will be proposed to grant to the Directors a general and unconditional mandate to exercise all powers of the Company to repurchase Shares subject to the criteria set forth in this circular. In particular, you should note that the maximum number of Shares that may be repurchased pursuant to the Repurchase Mandate will be such number which represents 10% of the total number of issued Shares of the Company as of the date of passing of the resolution (i.e. a total of 249,341,398 Shares on the basis that no further Shares are issued or repurchased before the Annual General Meeting), subject to the requirements of the Listing Rules. The Repurchase Mandate will be expired on the earliest of the conclusion of the next annual general meeting of the Company, the expiration of the period within which the next annual general meeting of the Company is required to be held by any applicable laws or the Articles and the date upon which such authority is revoked or varied by ordinary resolution of the Shareholders in general meeting.

The Directors wish to state that they have no immediate plan to repurchase any Shares pursuant to the Repurchase Mandate.

In accordance with the Listing Rules, the Company is required to send to the Shareholders an explanatory statement, which is set forth in Appendix I to this circular.

GENERAL MANDATE

At the Annual General Meeting, an ordinary resolution will be proposed to grant to the Directors a general and unconditional mandate to allot, issue and deal with further Shares or to grant any offers, agreements or options which would or might require Shares to be issued, allotted or disposed of, representing up to 20% of the total number of issued Shares of the Company as of the date of passing of the resolution. As of the Latest Practicable Date, the issued share capital of the Company comprised 2,493,413,985 fully paid up Shares. Assuming that there is no change in the total number of issued Shares of the Company between the period from the Latest Practicable Date to the date of passing the aforesaid resolution, the maximum number of Shares which may be issued pursuant to the aforesaid general and unconditional mandate on the date of passing the aforesaid resolution will be 498,682,797 Shares.

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

Subject to the passing of the aforesaid ordinary resolutions of the Repurchase Mandate and the General Mandate, a separate ordinary resolution will also be proposed for the Shareholders to consider and, if thought fit, approve the extension of the General Mandate by adding to it the number of Shares repurchased under the Repurchase Mandate, if granted.

LETTER FROM THE BOARD

RE-ELECTION OF RETIRING DIRECTORS

Pursuant to Article 84(1) of the Articles, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years and shall then be eligible for re-election.

Mr. HUANG Guosheng, Mr. LAU Sik Yuen and Mr. XING Zhiying will retire by rotation in accordance with Article 84(1) of the Articles. All retiring Directors, being eligible, would offer themselves for re-election at the Annual General Meeting. Details of such retiring Directors are set forth in Appendix II to this circular.

RATIFICATION OF GRANT OF 2015 OPTIONS

Reference is made to the announcement of the Company dated 30 April 2015 (the “**2015 Announcement**”) in respect of the grant of options under the Existing Share Option Scheme. On 30 April 2015, the Board resolved to grant share options to subscribe for a total of 157,500,000 Shares (the “**2015 Options**”) at the exercise price of HK\$0.485 per Share to certain grantees as rewards for their contribution to the Group and as incentives for their continuing effort in the Group.

Under the Existing Share Option Scheme, the total number of Shares which may be issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Existing Share Option Scheme and any other schemes of the Group) to be granted under the Existing Share Option Scheme and any other schemes of the Group must not in aggregate exceed 100,000,000 Shares, representing 10% of the Shares in issue upon completion of the global offering and the capitalisation issue of the Company on the date of listing of the Shares.

Since the adoption of the Existing Share Option Scheme and up to the Latest Practicable Date, the Company had granted options in 2012 and 2015, respectively, details of which are as follows:

Date of grant	Number of options granted	Number of options exercised	Number of options lapsed	Number of options cancelled	Number of options outstanding as at the Latest Practicable Date	Exercise price
17 January 2012	20,751,196	Nil	15,563,398	Nil	5,187,798	HK\$1.5 per Share
30 April 2015	157,500,000	Nil	35,000,000	Nil	122,500,000	HK\$0.485 per Share

LETTER FROM THE BOARD

Since the adoption of the Existing Share Option Scheme and immediately before the grant of the 2015 Options on 30 April 2015, the Company had granted a total of 20,751,196 options, among which 11,857,827 options had lapsed before 30 April 2015. Therefore, as at the date of grant of the 2015 Options, the Company was entitled to grant options to subscribe for Shares not exceeding 91,106,631 Shares (the “**2015 Available Scheme Mandate**”). Nonetheless, owing to the Company’s oversight as set out below, the Company had granted the 2015 Options to subscribe for a total of 157,500,000 Shares, which exceeded the 2015 Available Scheme Mandate. As a result, a total of 66,393,369 options under the 2015 Options were granted beyond the 2015 Available Scheme Mandate. Since the grant of all the 2015 Options was approved by the Board on the same date, the Company did not specify which grantees of the 2015 Options were granted options under the 2015 Available Scheme Mandate and which ones were granted options beyond the 2015 Available Scheme Mandate.

Upon listing in 2009, the total issued share capital of the Company was 1,037,500,000 Shares, which included the additional 37,500,000 Shares issued upon exercise of the over-allotment option; and there were 8,400,000 share options granted under the Pre-IPO Share Option Scheme entitling the holders thereof to subscribe for Shares at the exercise price of HK\$2.52 per Share^{Note 1}. On 8 April 2011, 60,000 share options under the Pre-IPO Share Option Scheme of the Company were exercised, which increased the total issued share capital of the Company to 1,037,560,000 Shares. On 12 October 2011, the total issued share capital of the Company was further increased to 2,075,120,000 Shares after the issue of 1,037,560,000 Shares pursuant to the bonus issue of the Company on the basis of one bonus share for every one existing Share. The bonus issue was approved by the Shareholders at the extraordinary general meeting of the Company held on 30 September 2011. However, the Company overlooked that no resolution was passed for refreshing the scheme mandate limit following the bonus issue. Therefore, in 2015, the Company granted 157,500,000 share options inadvertently based on the scheme mandate as if it had been refreshed after the bonus issue, and as a result of which exceeded the actual scheme mandate available at the relevant time and constituted a breach of Note 1 to Rule 17.03(3) of the Listing Rules. Subsequently in March 2018, it came to the attention of the Company that the scheme mandate of the Existing Share Option Scheme had not been refreshed when some grantees enquired about the exercise of 2015 Options in view of the rising share price of the Company in March 2018.

Pursuant to Note 1 to Rule 17.03(3) of the Listing Rules, a listed issuer may seek separate approval by its shareholders in general meeting for granting options beyond the 10% limit. Therefore, the Company would like to seek Shareholders’ approval at the Annual General Meeting to ratify the grant of the 2015 Options (excluding those 2015 Options that had lapsed as at the Latest Practicable Date). The grant of the 2015 Options in excess of the 2015 Available Scheme Mandate is subject to (a) the Shareholders passing an ordinary resolution to

Note 1:

As a result of the bonus issue of the Company which took place in October 2011, the exercise price of the outstanding share options under the Pre-IPO Share Option Scheme had been adjusted from HK\$2.52 per Share to HK\$1.26 per Share and the number of Shares issuable upon exercise of the outstanding share options under the Pre-IPO Share Option Scheme had been adjusted from 7,800,000 to 15,600,000 as at 12 October 2011. As at the Latest Practicable Date, the Company had 7,600,000 outstanding share options under the Pre-IPO Share Option Scheme.

LETTER FROM THE BOARD

approve and ratify the grant of the 2015 Options (excluding those 2015 Options that had lapsed) at the Annual General Meeting; and (b) the Stock Exchange granting the listing of, and permission to deal in, the Shares to be issued thereunder.

As at the Latest Practicable Date, 2015 Options to subscribe for a total of 35,000,000 Shares had lapsed and none of the 2015 Options had been exercised or cancelled. As a result, 122,500,000 2015 Options remained outstanding as at the Latest Practicable Date.

During the difficult slack period of coal price from 2014 to 2016, the Company intended to motivate and retain the key management team members by way of grant of the 2015 Options, which was subject to vesting periods for three years up to 29 April 2018. Save for nine individuals who had resigned, all remaining grantees are still working for the Group. Therefore, it will be unfair to those grantees who continue to serve the Group notwithstanding the difficult operation environment in the past few years, if the 2015 Options granted to them were cancelled. In addition, the Company also needs the validity of the 2015 Options to retain and reinforce the loyal employment relationship of the grantees with the Group. In view of the above, the Company considers that the ratification of grant of the 2015 Options is in the best interest of the Company and the Shareholders as a whole.

To avoid occurrence of similar non-compliance in the future, the Company will (i) designate its legal department to calculate the maximum number of options that may be granted under the scheme mandate and review the proposed grantees list to ensure the proposed grant of options falls within the scheme mandate and complies with other requirements of Chapter 17 of the Listing Rules; and (ii) arrange for the audit committee to double-check the calculation and the proposed grantees list to ensure compliance with Chapter 17 of the Listing Rules.

Details of the entitlements to the 2015 Options are set out as follows:

Name of grantees	Number of share options granted
<i>Independent non-executive Directors</i>	
HUANG Guosheng	500,000
LAU Sik Yuen	500,000
XING Zhiying	500,000
<i>Executive Directors</i>	
FUNG Wai Shing ¹	20,000,000
LIU Jinghong ¹	2,000,000
<i>Sub-total:</i>	<i>23,500,000</i>

LETTER FROM THE BOARD

Name of grantees	Number of share options granted
<i>Employees²</i>	
FAN Zaiqiu (樊在秋) ³	20,000,000
CHEN Peng (陳鵬) ³	2,000,000
LIU Bo (劉波) ³	2,000,000
CUI Yin (崔寅) ³	2,000,000
DU Qiang (杜強) ³	2,000,000
GUO Aidong (郭艾東) ³	2,000,000
XU Xiangguo (徐向國) ³	2,000,000
LIANG Weilin (梁衛林) ³	1,000,000
LEUNG Wai Dong (梁偉東) ³	2,000,000
YU Tao (于濤)	18,000,000
LAN Tian (藍天)	2,000,000
ZHANG Zhitao (張志濤)	2,000,000
ZHAI Yifeng (翟依峰)	2,000,000
XU Peihua (許培華)	2,000,000
WANG Liqiang (王立強)	1,000,000
BI Zhiguo (畢治國)	1,000,000
ZHANG Zhenmei (張振梅)	10,000,000
CAO Yu (曹宇)	10,000,000
DAI Dongwu (戴東武)	10,000,000
CHEN Yunpeng (陳雲鵬)	10,000,000
LIU Yufeng (劉宇峰)	10,000,000
LU Yong (盧勇)	10,000,000

LETTER FROM THE BOARD

Name of grantees	Number of share options granted
MA Lingyan (馬凌艷)	10,000,000
XIN Xiaoyu (辛曉宇)	1,000,000
<i>Sub-total:</i>	<i>134,000,000</i>
Total:	157,500,000

Notes:

1. Mr. FUNG Wai Shing and Mr. LIU Jinghong were employees of the Group when the relevant 2015 Options were granted to them on 30 April 2015. They were appointed as executive Director with effect from 12 April 2017.
2. The 24 individuals were employees as at the date of grant of the 2015 Options, who are independent from directors, chief executive or substantial shareholders of the Company, or an associate (as defined in the Listing Rules) of any of them and are independent of the Company, its connected persons and their associates.
3. These individuals had resigned, and thus the 2015 Options granted to them had lapsed as at the Latest Practicable Date.
4. The total number of Shares to be issued upon exercise of the 2015 Options granted to each grantee as shown in the table above did not exceed 1% of the Company's then total number of issued Shares.

As at the Latest Practicable Date, the following grantees of the 2015 Options also held options granted under the Pre-IPO Share Option Scheme and/or options granted under the Existing Share Option Scheme on 17 January 2012:

Name of grantees	Number of share options granted under the Pre-IPO Share Option Scheme	Number of share options granted under the Existing Share Option Scheme on 17 January 2012
Yu Tao (于濤)	400,000	1,482,228
Zhang Zhenmei (張振梅)	400,000	–
Cao Yu (曹宇)	400,000	1,482,228
DAI Dongwu (戴東武)	1,200,000	–
CHEN Yunpeng (陳雲鵬)	800,000	370,557
LU Yong (盧勇)	800,000	741,114
MA Lingyan (馬凌艷)	400,000	–

LETTER FROM THE BOARD

Save for Mr. FUNG Wai Shing, who held 25,000,000 Shares, representing approximately 1.0% of the issued share capital of the Company as at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, none of the grantees of the 2015 Options held any Shares as at the Latest Practicable Date. Mr. FUNG Wai Shing and his associates, and other grantees of the 2015 Options and their associates, to the extent they hold any Shares, shall abstain from voting in favour of resolution no. 5 approving and ratifying the grant of the 2015 Options at the Annual General Meeting.

Principal terms of the grant of 2015 Options

Date of grant:	30 April 2015
Number of options:	157,500,000 (among which 35,000,000 options had lapsed as at the Latest Practicable Date)
Exercise price of the options:	HK\$0.485 per Share (which represents the highest of (i) the closing price of HK\$0.485 per Share as stated in the Stock Exchange's daily quotation sheet on the date of grant; (ii) the average closing price of HK\$0.484 per Share as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of HK\$0.10 per Share)
Validity period of the options:	The 2015 Options are valid for a period of 10 years from 30 April 2015 to 29 April 2025 (the " Option Period ")
Vesting periods:	The options may be exercisable at any time during the Option Period subject to the following vesting periods: <ul style="list-style-type: none">(a) in respect of the period from 30 April 2015 to 29 April 2016, 40% of the total number of 2015 Options granted to him;(b) in respect of the period from 30 April 2016 to 29 April 2017, 30% of the total number of 2015 Options granted to him; and(c) in respect of the period from 30 April 2017 to 29 April 2018, 30% of the total number of 2015 Options granted to him.

LETTER FROM THE BOARD

ADOPTION OF THE NEW SHARE OPTION SCHEME AND TERMINATION OF THE EXISTING SHARE OPTION SCHEME

The Existing Share Option Scheme

The Existing Share Option Scheme was conditionally adopted by the Company on 12 June 2009 and is valid for a period of 10 years from the date of its adoption. Therefore, the Existing Share Option Scheme will expire on 11 June 2019. According to the terms of the Existing Share Option Scheme, the Company may by ordinary resolution in general meeting or the Board may at any time terminate the operation of the Existing Share Option Scheme, and in such event no further options can be granted under the Existing Share Option Scheme. In view of (a) the expiration of the Existing Share Option Scheme on 11 June 2019 and (b) no further options can be granted pursuant to the Existing Share Option Scheme after its expiration even if the scheme mandate limit under the Existing Share Option Scheme is refreshed, the Board proposes to take the opportunity to adopt the New Share Option Scheme and simultaneously terminate the Existing Share Option Scheme at the Annual General Meeting. The rules of the Existing Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of options granted prior to its expiration or otherwise as may be required in accordance with the rules of the Existing Share Option Scheme. Options granted prior to such expiration shall continue to be valid and exercisable in accordance with the rules of the Existing Share Option Scheme. As at the Latest Practicable Date, there were 127,687,798 options granted but not yet exercised under the Existing Share Option Scheme.

The New Share Option Scheme

In order to provide the Company with the flexibility of granting share options to the Directors and employees as incentives or rewards for their contribution or potential contribution to the Group, the Directors proposed to adopt the New Share Option Scheme.

The adoption of the New Share Option Scheme is conditional upon (i) the passing of an ordinary resolution by the Shareholders approving the adoption of the New Share Option Scheme; and (ii) the Stock Exchange granting the listing of, and permission to deal in, the Shares which may be issued pursuant to the exercise of options which may be granted under the New Share Option Scheme.

The terms of both of the Existing Share Option Scheme and the New Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules, and there are no material differences between the principal terms of the Existing Share Option Scheme and the principal terms of the New Share Option Scheme. A summary of the principal terms of the proposed New Share Option Scheme is set forth in Appendix III to this circular. The rules of the New Share Option Scheme proposed to be adopted by the Company at the Annual General Meeting will be available for inspection at the principal place of business of the Company in Hong Kong at Room 1303, 13th Floor, China Evergrande Centre, No. 38 Gloucester Road, Wanchai, Hong Kong during normal business hours from the date of this circular up to and including the date of Annual General Meeting.

LETTER FROM THE BOARD

An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Shares which may be issued upon the exercise of the options under the New Share Option Scheme.

The purpose of the New Share Option Scheme is to enable the Company to grant options to the Eligible Participants as incentives or rewards for their contribution or potential contribution to the Group. To ensure this purpose is achieved, the Directors plan to grant options to Eligible Participants who are regarded as valuable human resources of the Group or who have contributed to the growth and success of the Group based on their performance and other factors (e.g. their years of service with the Company and/or work experience and/or knowledge in the industry, etc.) that are relevant in deciding the contribution of such Eligible Participants. The Directors consider that the New Share Option Scheme will provide the Eligible Participants an opportunity to have a personal stake in the Company and will motivate such Eligible Participants to optimise their performance efficiency for the benefit of the Company and the Shareholders as a whole.

Under the provisions of the New Share Option Scheme, the Board has the discretion to impose any minimum period for which an option has to be held and/or any performance target required to be achieved before such option may be exercised. In addition, the Board will be empowered to determine the subscription price of a Share in respect of any particular option granted under the New Share Option Scheme, the basis upon which is set out in paragraph (F) of Appendix III to this circular. With the above provisions, the Eligible Participants are attracted to subscribe for Shares pursuant to the options granted by the Company as rewards for their contribution to the Group and incentives to further contribute towards the profitability and success of the Group. The maximum number of Shares which may fall to be issued upon exercise of all options to be granted under the New Share Option Scheme must not exceed 10% of the total number of Shares in issue as at the date of adoption of the New Share Option Scheme; and the maximum aggregate number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Share Option Scheme and any other schemes of the Company must not exceed 30% of the Shares of the Company in issue from time to time. On the basis of 2,493,413,985 Shares in issue as at the Latest Practicable Date and assuming that no further Shares will be issued or repurchased by the Company prior to the date of adoption of the New Share Option Scheme, the maximum number of Shares which may be issued pursuant to the New Share Option Scheme will be 249,341,398 Shares.

None of the Directors are appointed as trustees of the New Share Option Scheme or have a direct or indirect interest in the trustees of the New Share Option Scheme.

The Directors consider that it is not appropriate to state the value of all options that can be granted pursuant to the New Share Option Scheme as if they had been granted on the Latest Practicable Date as a number of variables which are crucial for calculation of the option value cannot be reasonably determined. Such variables include but not limited to the exercise price, exercise period, performance targets and other conditions, if any, 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.

LETTER FROM THE BOARD

ANNUAL GENERAL MEETING AND PROXY ARRANGEMENT

A notice of the Annual General Meeting is set forth in Appendix IV to this circular. At the Annual General Meeting, resolutions will be proposed to approve, inter alia, the Repurchase Mandate, the General Mandate, the re-election of the retiring Directors, the ratification of grant of share options under the Existing Share Option Scheme, and the adoption of the New Share Option Scheme and termination of the Existing Share Option Scheme. The Annual General Meeting will be held at Caine Room, Level 7, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong on 27 June 2018 at 11:00 a.m..

Whether or not you intend to attend the Annual General Meeting in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Registrar at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong as soon as possible and in any event not less than 48 hours before the time of the Annual General Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Annual General Meeting or any adjournment thereof should you so wish.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Friday, 22 June 2018 to Wednesday, 27 June 2018 (both days inclusive). During such period, no transfer of Shares will be registered for the purpose of determining the entitlement to attend and vote at the Annual General Meeting. All transfer documents accompanied by the relevant share certificates must be lodged with the Registrar at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong no later than 4:00 p.m. on Thursday, 21 June 2018.

VOTING BY WAY OF A POLL

According to Rule 13.39(4) of the Listing Rules, 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. Therefore, poll voting for all proposed resolutions of the Company will be proceeded with at the Annual General Meeting.

RECOMMENDATION

The Board considers that the grant of the Repurchase Mandate and the General Mandate, the extension of the General Mandate, the proposed re-election of retiring Directors, the ratification of grant of share options under the Existing Share Option Scheme, and the adoption of the New Share Option Scheme and termination of the Existing Share Option Scheme are in the best interest of the Company and the Shareholders as a whole and accordingly recommend all the Shareholders to vote in favour of the relevant Ordinary Resolutions to be proposed at the Annual General Meeting.

LETTER FROM THE BOARD

Mr. FUNG Wai Shing, Mr. LIU Jinghong, Mr. HUANG Guosheng, Mr. LAU Sik Yuen and Mr. XING Zhiying had abstained from voting in respect of the ratification of the grant of 2015 Options at the relevant Board meeting. Save for Mr. FUNG Wai Shing, who held 25,000,000 Shares, representing approximately 1.0% of the issued share capital of the Company as at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, none of the grantees of the 2015 Options held any Shares as at the Latest Practicable Date. Mr. FUNG Wai Shing and his associates, and other grantees of the 2015 Options and their associates, to the extent they hold any Shares, shall abstain from voting in favour of resolution no. 5 approving and ratifying the grant of the 2015 Options at the Annual General Meeting. As at the Latest Practicable Date, the Directors were not aware that any Shareholders had stated their intention to vote against the resolution no. 5 approving and ratifying the grant of the 2015 Options at the Annual General Meeting.

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
XU Da
Chairman

This appendix contains particulars that are required by the Listing Rules to be included in an explanatory statement to enable the Shareholders to make an informed decision on whether to vote for or against the resolutions to be proposed at the Annual General Meeting in relation to the Repurchase Mandate.

PROPOSED SHARE REPURCHASE MANDATE

It is proposed that the Directors be granted the Repurchase Mandate such that they may exercise the powers of the Company to repurchase up to 10% of the Shares in issue as of the date of passing of the relevant resolution. As of the Latest Practicable Date, the number of Shares in issue was 2,493,413,985 Shares and they were all fully paid up. Accordingly, the exercise of the Repurchase Mandate in full (being the repurchase of 10% of the Shares in issue as of the date of the passing of the resolution to approve the Repurchase Mandate) would enable the Company to repurchase a maximum of 249,341,398 Shares (assuming no Share is issued or repurchased after the Latest Practicable Date and up to the passing of the relevant resolution).

REASONS FOR REPURCHASES

The Directors believe that the Repurchase Mandate is in the best interests of the Company and its Shareholders. Whilst it is not possible to anticipate in advance any specific circumstance in which the Directors might think it appropriate to repurchase Shares, the Directors believe that an ability to do so would give the Company additional flexibility that would be beneficial to the Company and the Shareholders as such repurchases may, depending on market conditions and funding arrangements at that time, lead to an enhancement of the net asset value for each Share and/or earnings for each Share. The Directors would only make such purchases in circumstances where they consider them to be in the best interests of the Company.

FUNDING OF REPURCHASES

In making repurchases, the Company proposes to apply funds legally available for such purpose in accordance with its memorandum of association, the Articles, the Listing Rules and the Companies Law. Under the Companies Law, Shares repurchased by the Company may only be paid out of profits or out of the proceeds of a fresh issue of Shares made for the purpose, or, if so authorised by its memorandum of association, the Articles and subject to the Companies Law, out of capital. Any premium payable on share repurchases may only be paid out of profits of the Company or out of the Company's share premium account, or, if so authorised by the Articles and subject to the Companies Law, out of capital.

IMPACT OF REPURCHASE

On the basis of the consolidated financial position of the Company as of 31 December 2017 (being the date to which the latest published audited consolidated financial statements of the Company have been made up) and in particular the working capital position of the Company at that time and the number of Shares now in issue, the Directors consider that there might be a material adverse impact on the working capital position and the gearing position of the Company in the event that the Repurchase Mandate was to be exercised in full. However, the Directors do not intend to exercise the Repurchase Mandate to such extent as would in the circumstances that would have a material adverse impact on the working capital position or gearing position of the Company (as compared with the position disclosed in the latest published audited consolidated financial statements).

PRICE OF SHARES

The highest and lowest prices at which the Shares have been traded on the Stock Exchange during each of the previous twelve months up to (and including) the Latest Practicable Date were as follows:–

	Share price	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
Month		
2017		
April	0.239	0.206
May	0.229	0.190
June	0.260	0.200
July	0.255	0.230
August	0.260	0.210
September	0.247	0.209
October	0.227	0.195
November	0.204	0.185
December	0.199	0.176
2018		
January	0.230	0.195
February	0.345	0.226
March	0.900	0.320
April (up to the Latest Practicable Date)	0.720	0.495

UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules, the memorandum of association of the Company, the Articles and the Companies Law.

CONNECTED PERSON

None of the Directors nor, to the best of their knowledge and belief having made all reasonable enquiries, any of their Close Associates has any present intention to sell any Shares to the Company or its subsidiaries in the event that the Repurchase Mandate is approved by the Shareholders.

As of the Latest Practicable Date, none of the core connected persons (as defined in the Listing Rules) of the Company has notified the Company that he/she/it has a present intention to sell his/her/its Shares to the Company, nor has he/she/it undertaken not to do so, in the event that the Repurchase Mandate is approved by the Shareholders.

TAKEOVERS CODE

If on the exercise of the power to repurchase Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of code 32 of the Takeovers Code. As a result, a Shareholder or group of Shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, according to the register of interests kept by the Company pursuant to section 336 of the SFO and so far as is known to or can be ascertained after reasonable enquiry by the Directors, Mr. Xu Jihua and his wholly-owned company, Fortune Pearl, both being the Controlling Shareholders, were interested in an aggregate of 1,050,229,610 Shares, representing approximately 42.12% of the issued share capital of the Company. On the basis that no further Shares will be issued or repurchased after the Latest Practicable Date, in the event that the Directors exercise the Repurchase Mandate in full, the interests of Mr. Xu Jihua and Fortune Pearl in the Company would be increased to approximately 46.80% of the issued share capital. Such increase will give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code.

The Directors have no intention to exercise the Repurchase Mandate to the extent that the repurchases would result in the amount of Shares being held by the public to fall below 25% of the total issued share capital of the Company nor to the extent that would result in an obligation to make a mandatory offer under Rule 26 of the Takeovers Code by any substantial shareholder (as defined in the Listing Rules). Save as the above, the Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

SHARE REPURCHASES MADE BY THE COMPANY

During the six months immediately preceding the Latest Practicable Date, there was no repurchase of its Shares made by the Company (whether on the Stock Exchange or otherwise).

The Board has assessed the independence of all the Independent Non-executive Directors of the Company, including Mr. Huang Guosheng and Mr. Lau Sik Yuen who will have served more than nine years as at the date of the Annual General Meeting, and considers all of them to be independent having regard to (i) their annual confirmation on independence as required under the Listing Rules, (ii) the absence of involvement in the day-to-day management of the Company and (iii) the absence of any relationships or circumstances which would interfere with the exercise of their independent judgment.

The following sets out the biographical details of the Directors who will retire and, being eligible, offer themselves for re-election at the Annual General Meeting pursuant to the Articles.

A. Mr. HUANG Guosheng

Mr. HUANG Guosheng (黃國勝), aged 75, was appointed as an independent non-executive Director on 12 June 2009. He is also a member of the audit committee and the chairperson of the nomination committee and remuneration committee of the Board. Mr. HUANG graduated from Zhong Nan University (中南大學), formerly known as Chang Sha Railway College (長沙鐵道學院), majoring in railway transportation in 1965. He served as the head of Guangzhou Port Authority (廣州港務局) in 1994. He was appointed as a visiting professor by Shanghai Maritime University (上海海事大學), formerly known as Shanghai Maritime Transportation College (上海海運學院), in 1996. Mr. HUANG is also a senior engineer in railway transportation and has enjoyed a special government allowance granted by the State Council since 1992 for his outstanding contribution in engineering technology for the nation.

Pursuant to the appointment letter entered into between Mr. HUANG and the Company, he was appointed as independent non-executive Director for a term from 11 June 2011 to 19 September 2013 and shall continue thereafter unless previously terminated by either the Company or him by giving at least three months' notice in writing. He is entitled to a monthly salary of RMB20,000 (after taxation) or such higher sum as the remuneration committee of the Board may from time to time decide. The remuneration package was determined with reference to the prevailing market conditions and based on the duties and responsibilities undertaken by him as director.

As at the Latest Practicable Date, Mr. HUANG held 500,000 Share options to subscribe for the Shares under the Existing Share Option Scheme of the Company.

Save as disclosed above, (a) Mr. HUANG did not hold any directorships in any listed public companies in the past three years; (b) he does not have any relationship with any other directors, senior management, substantial or controlling Shareholder of the Company and had no interests in the Shares, underlying Shares and debenture of the Company within the meaning of Part XV of the SFO as at the Latest Practicable Date; (c) there is no other information which is discloseable pursuant to paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules; and (d) there are no other matters that need to be brought to the attention of the Shareholders.

B. Mr. LAU Sik Yuen

Mr. LAU Sik Yuen (劉錫源), aged 51, was appointed as an independent non-executive Director on 12 June 2009. Mr. LAU is also the chairman of the audit committee of the Board. Mr. LAU graduated with a bachelor degree of science in Business Administration from Oregon State University in 1989. He is a fellow of the Hong Kong Institute of Certified Public Accountants as well as a member of the American Institute of Certified Public Accountants. He has been serving as the chief financial officer and company secretary of Xinyi Glass Holdings Limited, a company listed on the main board of the Stock Exchange, since April 2003. Prior to joining Xinyi Glass Holdings Limited in 2003, Mr. LAU was the financial controller of a subsidiary of NWS Holdings Limited, a company listed on the Main Board, for over three years and had worked with an international accounting firm in Hong Kong for five years. Mr. LAU was appointed as an independent non-executive director of Dragon Crown Group Holdings Limited (“**Dragon Crown**”) on 30 November 2010. Dragon Crown was listed on the main board of the Stock Exchange on 10 June 2011. Mr. LAU was also appointed as an Independent non-executive Directors of SDM Group Holdings Limited (“**SDM Group**”) on 26 September 2014, SDM Group was listed on GEM Board of the Stock Exchange on 13 October 2014. From 3 September 2013 to 29 December 2014, Mr. LAU was also a non-executive director of ZMFY Automobile Glass Services Limited, the shares of which are listed on the GEM Board of the Stock Exchange.

Pursuant to the appointment letter entered into between Mr. LAU and the Company, he was appointed as independent non-executive Director for a term from 11 June 2011 to 19 September 2013 and shall continue thereafter unless previously terminated by either the Company or him by giving at least three months’ notice in writing. He is entitled to a monthly salary of RMB23,000 (after taxation) or such higher sum as the remuneration committee of the Board may from time to time decide. The remuneration package was determined with reference to the prevailing market conditions and based on the duties and responsibilities undertaken by him as director.

As at the Latest Practicable Date, Mr. LAU held 500,000 Share options to subscribe for the Shares under the Existing Share Option Scheme of the Company.

Save as disclosed above, (a) Mr. LAU did not hold any directorships in any listed public companies in the past three years; (b) he does not have any relationship with any other directors, senior management, substantial or controlling Shareholder of the Company and had no interests in the Shares, underlying Shares and debenture of the Company within the meaning of Part XV of the SFO as at the Latest Practicable Date; (c) there is no other information which is discloseable pursuant to paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules; and (d) there are no other matters that need to be brought to the attention of the Shareholders.

C. Mr. XING Zhiying

Mr. XING Zhiying (邢志盈), aged 67, was appointed as an independent non-executive Director on 22 January 2013. Mr. XING is also a member of the audit committee, the remuneration committee and the remuneration committee of the Board. Mr. XING served in various managerial roles, including the vice president of the Guangdong Branch, the president of the Hainan Branch and the senior expert in the Industrial and Commercial Bank of China from 1996 to 2011. He is currently a senior economist (高級經濟師) and a member of the China Society for Finance and Banking (中國金融學會). Mr. XING has been appointed as an independent non-executive director of Zhongke Richland Asset Management Co., Limited (中科沃土基金管理有限公司) since 2016. From 2011 to 2017, Mr. XING was also an independent director of China Mercantile Bank (華商銀行) in Shenzhen. He received a bachelor of Arts from Sun Yat-sen University (中山大學) in Guangzhou, the PRC.

Pursuant to the appointment letter entered into between Mr. XING and the Company, he was appointed as independent non-executive Director for a term from 22 January 2013 to 21 January 2015 and shall continue thereafter unless previously terminated by either the Company or him by giving at least three months' notice in writing. He is entitled to a monthly salary of RMB20,000 (after taxation) or such higher sum as the remuneration committee of the Board may from time to time decide. The remuneration package was determined with reference to the prevailing market conditions and based on the duties and responsibilities undertaken by him as director.

As at the Latest Practicable Date, Mr. XING held 500,000 Share options to subscribe for the Shares under the Existing Share Option Scheme of the Company.

Save as disclosed above, (a) Mr. XING did not hold any directorships in any listed public companies in the past three years; (b) he does not have any relationship with any other directors, senior management, substantial or controlling Shareholder of the Company and had no interests in the Shares, underlying Shares and debenture of the Company within the meaning of Part XV of the SFO as at the Latest Practicable Date; (c) there is no other information which is discloseable pursuant to paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules; and (d) there are no other matters that need to be brought to the attention of the Shareholders.

D. Company's policies concerning remuneration of the Directors

The Company's policies concerning remuneration of the Directors are as follows:

- (i) the amount of remuneration is determined by the remuneration committee of the Board on the basis of the relevant Director's experience, responsibility, workload and the time devoted to the Group;

- (ii) non-cash benefits may be provided to the Directors under their remuneration arrangement; and

- (iii) the Directors may be granted, at the discretion of the Board with the endorsement of the remuneration committee of the Board, options pursuant to the share option scheme adopted by the Company, as part of their remuneration package.

The following is a summary of principal terms of the New Share Option Scheme. The terms of the New Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules.

(A) PURPOSE

The New Share Option Scheme is a share incentive scheme prepared in accordance with Chapter 17 of the Listing Rules and is established to recognise and acknowledge the contributions that the Eligible Participants had or may have made to the Group. The New Share Option Scheme will provide the Eligible Participants an opportunity to have a personal stake in the Company with the view to achieving the following objectives:

- (i) motivate the Eligible Participants to optimise their performance efficiency for the benefit of the Group; and
- (ii) attract and retain or otherwise maintain an on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group.

(B) WHO MAY JOIN

The Board may, at its discretion and subject to such conditions as it thinks fit, offer to grant an option to subscribe for such number of new Shares as the Board may determine at an exercise price determined in accordance with paragraph (F) below to:

- (i) any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries;
- (ii) any directors (including executive, non-executive and independent non-executive directors) of the Company or any of its subsidiaries;
- (iii) any advisors, consultants, agents, suppliers and customers to the Company or any of its subsidiaries; and
- (iv) such other persons who, in the sole opinion of the Board, will contribute or have contributed to the Group,

(collectively, the “**Eligible Participants**”).

(C) ACCEPTANCE OF AN OFFER OF OPTIONS

An option shall be deemed to have been granted and accepted by the grantee and to have taken effect when the duplicate offer document constituting acceptances of the options duly signed by the grantee, together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof, is received by the Company on or before the relevant acceptance date (being a date not later than 30 days after the date of grant). Such payment shall in no circumstances be refundable. Any offer to grant an option to subscribe for Shares may be accepted in respect of less than the number of Shares for which it is offered provided that it is accepted in respect of a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate offer document constituting acceptance of the option. To the extent that the offer to grant an option is not accepted by any prescribed acceptance date, it shall be deemed to have been irrevocably declined.

Subject to paragraphs (L), (M), (N), (O) and (P), an option shall be exercised in whole or in part and, other than where it is exercised to the full extent outstanding, shall be exercised in integral multiples of such number of Shares as shall represent one board lot for dealing in Shares on the Stock Exchange for the time being, by the grantee by giving notice in writing to the Company stating that the option is thereby exercised and the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the full amount of the exercise price for the Shares in respect of which the notice is given. Within 21 days after receipt of the notice and the remittance and, where appropriate, receipt of the certificate by the auditors to the Company or the approved independent financial adviser as the case may be pursuant to paragraph (R), the Company shall allot and issue the relevant number of Shares to the grantee credited as fully paid and issue to the grantee certificates in respect of the Shares so allotted.

The exercise of any option shall be subject to the Shareholders in general meeting approving any necessary increase in the total number of issued shares of the Company.

(D) MAXIMUM NUMBER OF SHARES

The maximum number of Shares in respect of which options may be granted under the New Share Option Scheme and under any other schemes of the Company (excluding options lapsed in accordance with the terms of the New Share Option Scheme and any other schemes of the Company) must not in aggregate exceed 10% of the total number of Shares in issue as at the date of the passing of the resolution for the adoption of the New Share Option Scheme (i.e. 249,341,398 Shares, assuming no further issue or repurchase of Shares from the Latest Practicable Date). Subject to the issue of a circular by the Company and the approval of the Shareholders in general meeting and/or such other requirements prescribed under the Listing Rules from time to time, the Board may:

- (i) renew this limit at any time to 10% of the Shares in issue as at the date of the approval by the Shareholders in general meeting. Options previously granted (including those outstanding, cancelled, lapsed in accordance with the provisions of the New Share Option Scheme and any other schemes of the Company or exercised options) will not be counted for the purpose of calculating the limit as refreshed; and/or

- (ii) grant options beyond the 10% limit to Eligible Participants specifically identified by the Board. The circular issued by the Company to the Shareholders shall contain a generic description of the specified Eligible Participants who may be granted such options, the number and terms of the options to be granted, the purpose of granting options to the specified Eligible Participants with an explanation as to how the options serve such purpose, the information required under Rule 17.02(2)(d) and the disclaimer required under Rule 17.02(4) of the Listing Rules.

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

(E) MAXIMUM NUMBER OF OPTIONS TO ANY ONE INDIVIDUAL

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

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

(F) PRICE OF SHARES

Subject to any adjustments made as described in paragraph (R) below, the subscription price of a Share in respect of any particular option granted under the New Share Option Scheme shall be such price as the Board in its absolute discretion shall determine, save that such price must be at least the higher of:

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

(G) GRANTING OPTIONS TO CONNECTED PERSONS

Any grant of options to a director, chief executive or substantial shareholder (as defined in the Listing Rules) of the Company or any of their respective associates (as defined in the Listing Rules) is required to be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the options). If the Board proposes to grant options to a substantial shareholder or any independent non-executive Director or their respective associates (as defined in the Listing Rules) which will result in the number of Shares issued and to be issued upon exercise of options granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

- (i) representing in aggregate over 0.1% or such other percentage as may be from time to time provided under the Listing Rules of the Shares in issue; and
- (ii) having an aggregate value in excess of HK\$5 million or such other sum as may be from time to time provided under the Listing Rules, based on the official closing price of the Shares at the date of each grant,

such further grant of options will be subject to the issue of a circular by the Company and the approval of the Shareholders in general meeting on a poll at which the grantee, his/her associates and all core connected persons (as defined in the Listing Rules) of the Company shall abstain from voting in favour, and/or such other requirements prescribed under the Listing Rules from time to time. Any vote taken at the meeting to approve the grant of such options shall be taken as a poll.

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

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

(H) RESTRICTIONS ON THE TIMES OF GRANT OF OPTIONS

A grant of options may not be made after an inside information has come to the knowledge of the Company until it has been published pursuant to the requirements of the Listing Rules and the Inside Information Provisions of Part XIVA of the Securities and Futures Ordinance. In particular, no options may be granted during the period commencing one month immediately preceding the earlier of:

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

and ending on the date of actual publication of the results announcement, and where an option is granted to a Director:

- (i) no options shall be granted during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and
- (ii) during the period of 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

(I) RIGHTS ARE PERSONAL TO GRANTEE

An option is personal to the grantee and shall not be transferable or assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favour of any third party over or in relation to any option or attempt so to do (save that the grantee may nominate a nominee in whose name the Shares issued pursuant to the New Share Option Scheme may be registered). Any breach of the foregoing shall entitle the Company to cancel any outstanding options or any part thereof granted to such grantee.

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

An option may be exercised in accordance with the terms of the New Share Option Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. The period during which an option may be exercised will be determined by the Board in its absolute discretion, save that no option may be exercised more than 10 years after it has been granted (such 10-year limit is inclusive of the minimum period (if any) for which an option has to be held before such option may be exercised). Subject to earlier termination by the Company in general meeting or by the Board, the New Share Option Scheme shall be valid and effective for a period of 10 years from its effective date, being the date on which the New Share Option Scheme becomes unconditional and effective. After the expiry of the ten-year period, no further option may be granted.

(K) PERFORMANCE TARGET

A grantee may be required to achieve any performance targets as the Board may then specify in the grant before any options granted under the New Share Option Scheme can be exercised.

(L) RIGHTS ON CEASING EMPLOYMENT OR DEATH

If the grantee of an option ceases to be an employee of the Company or any of its subsidiaries:

- (i) by any reason other than death or termination of his employment on the grounds specified in paragraph (M) below, the grantee may exercise the option up to the entitlement of the grantee as at the date of cessation (to the extent not already exercised) within a period of one month from such cessation, which date shall be the last actual working day with the Company or the relevant subsidiary whether salary is paid in lieu of notice or not; or
- (ii) by reason of death, ill-health, injury or disability, the grantee or his personal representative(s) may exercise the option within a period of 12 months from such cessation.

(M) RIGHTS ON DISMISSAL

If the grantee of an option ceases to be an employee of the Company or any of its subsidiaries on the grounds that he has been guilty of serious misconduct, or in relation to an employee of the Group on any other ground as determined by the Board that would warrant the termination of his employment at common law or pursuant to any applicable laws or under the grantee's service contract with the Group, or he has been convicted of any criminal offense involving his integrity or honesty, his option will lapse and not be exercisable after the date of termination of his employment.

(N) RIGHTS ON TAKEOVER

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

(O) RIGHTS ON WINDING-UP

In the event a notice is given by the Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall forthwith give notice thereof to all grantees and thereupon, each grantee (or his legal personal representative(s)) shall be entitled to exercise all or any of his options (to the extent not already exercised) at any time not later than two business days prior to the proposed general meeting of the Company referred to above by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given, whereupon the Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting, allot the relevant Shares to the grantee credited as fully paid and register the grantee as holder thereof.

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

If a compromise or arrangement between the Company and its members or creditors is proposed for the purposes of a scheme for the reconstruction of the Company or its amalgamation with any other companies pursuant to the laws of jurisdictions in which the Company was incorporated, the Company shall give notice to all the grantees of the options on the same day as it gives notice of the meeting to its members or creditors summoning the meeting to consider such a scheme or arrangement and any grantee shall be entitled to exercise all or any of his options in whole or in part at any time prior to 12 noon (Hong Kong time) on the business day immediately preceding the date of the meeting directed to be convened by the relevant court for the purposes of considering such compromise or arrangement and if there are more than one meeting for such purpose, the date of the first meeting.

With effect from the date of such meeting, the rights of all grantees to exercise their respective options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all options shall, to the extent that they have not been exercised, lapse and determine. If for any reason such compromise or arrangement does not become effective and is terminated or lapses, the rights of grantees to exercise their respective options shall with effect from such termination be restored in full but only upon the extent not already exercised and shall become exercisable.

(Q) RANKING OF SHARES

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

(R) EFFECT OF ALTERATIONS TO CAPITAL

In the event of any capitalisation issue, rights issue, open offer, consolidation, sub-division or reduction of share capital of the Company whilst any option may become or remains exercisable, such corresponding alterations (if any) shall be made in the number of Shares subject to any outstanding options and/or the subscription price per Share of each outstanding option as the auditors of the Company or an independent financial adviser shall certify in writing to the Board to be in their/his opinion fair and reasonable in compliance with Rule 17.03(13) of the Listing Rules and the note thereto and the supplementary guidance issued by the Stock Exchange on 5 September 2005 and any future guidance and interpretation of the Listing Rules issued by the Stock Exchange from time to time and the note thereto. The capacity of the auditors of the Company or the approved independent financial adviser, as the case may be, in this paragraph is that of experts and not arbitrators and their certificate shall, in absence of manifest error, be final and conclusive and binding on the Company and the grantees.

Any such alterations will be made on the basis that a grantee shall have the same proportion of the issued share capital of the Company for which any grantee of an option is entitled to subscribe pursuant to the options held by him before such alteration and the aggregate subscription price payable on full exercise of any option is to remain as nearly as possible the same (and in any event not greater than) as it was before such event. No such alteration will be made the effect of which would be to enable a Share to be issued at less than its nominal value. The issue of securities as consideration in a transaction is not to be regarded as a circumstance requiring any such alterations.

(S) EXPIRY OF OPTION

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

- (i) the date of expiry of the option as may be determined by the Board;
- (ii) the expiry of any of the periods referred to in paragraphs (L), (M), (N), (O) or (P);
- (iii) the date on which the scheme of arrangement of the Company referred to in paragraph (P) becomes effective;
- (iv) the date of commencement of the winding-up of the Company;
- (v) the date on which the grantee ceases to be an Eligible Participant by reason of the termination of his or her relationship with the Company and/or any of its subsidiaries on any one or more of the grounds that he or she has been guilty of serious misconduct, or has been convicted of any criminal offense involving his or her integrity or honesty, or in relation to an employee of the Group, has been insolvent, bankrupt or has made arrangements or compositions with his/her creditors generally or any other ground as determined by the Board that would warrant the termination of his or her employment at common law or pursuant to any applicable laws or under the grantee's service contract with the Group. A resolution of the Board to the effect that the relationship of a grantee has or has not been terminated on one or more of the grounds specified in this paragraph shall be conclusive; or
- (vi) the date on which the Board shall exercise the Company's right to cancel the option at any time after the grantee commits a breach of paragraph (I) above or the options are cancelled in accordance with paragraph (U) below.

(T) ALTERATION OF THE NEW SHARE OPTION SCHEME

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

- (i) any alteration to the advantage of the grantees or the Eligible Participants (as the case may be) in respect of the matters contained in Rule 17.03 of the Listing Rules; and
- (ii) any material alteration to the terms and conditions of the New Share Option Scheme or any change to the terms of options granted,

shall first be approved by the Shareholders in general meeting provided that if the proposed alteration shall adversely affect any option granted or agreed to be granted prior to the date of alteration, such alteration shall be further subject to the grantees' approval in accordance with

the terms of the New Share Option Scheme. The amended terms of the New Share Option Scheme shall still comply with Chapter 17 of the Listing Rules and any change to the authority of the Board in relation to any alteration to the terms of the New Share Option Scheme must be approved by Shareholders in general meeting.

(U) CANCELLATION OF OPTIONS

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

(V) TERMINATION OF THE NEW SHARE OPTION SCHEME

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

(W) ADMINISTRATION OF THE BOARD

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



中國秦發集團有限公司
CHINA QINFA GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 00866)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the annual general meeting of China Qinfa Group Limited (the “**Company**”) will be held at Caine Room, Level 7, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong on 27 June 2018 at 11:00 a.m. for the following purposes:

1. To receive and adopt the audited consolidated financial statements and the reports of the directors (the “**Director(s)**”) of the Company and the auditors of the Company for the year ended 31 December 2017.
2. (A) (i) To re-elect Mr. HUANG Guosheng as an independent non-executive Director.

(ii) To re-elect Mr. LAU Sik Yuen as an independent non-executive Director.

(iii) To re-elect Mr. XING Zhiying as an independent non-executive Director.

(B) To authorise the board (the “**Board**”) of Directors to determine the remuneration of the Directors.
3. To re-appoint Moore Stephens CPA Limited as auditors of the Company and to authorise the Board to fix their remuneration.
4. To consider and, if thought fit, pass with or without amendments the following resolutions as ordinary resolutions of the Company:–
 - (A) “**THAT**:–
 - (a) subject to paragraph (c) below, the exercise by the Directors during the Relevant Period (as defined in paragraph (d) below) of all the powers of the Company to repurchase issued shares of the Company of HK\$0.10 each (the “**Shares**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) or on any other stock exchange on which the Shares may be listed and recognised by the Securities and Futures Commission and the Stock Exchange for this purpose, subject to and in accordance

with all applicable laws, the memorandum and articles of association of the Company (the “**Articles**”) and requirements of The Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time, be and is hereby generally and unconditionally approved;

- (b) the approval in paragraph (a) shall be in addition to any other authorisations given to the Directors and shall authorise the Directors on behalf of the Company during the Relevant Period to procure the Company to repurchase its Shares at a price determined by the Directors;
- (c) the aggregate number of Shares to be repurchased by the Directors pursuant to the approval in paragraph (a) above shall not exceed 10% of the total number of issued Shares of the Company as of the date of passing of this resolution, and the said approval shall be limited accordingly; and
- (d) for the purpose of this resolution:

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

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

(B) “**THAT**:–

- (a) subject to paragraph (c) below, the exercise by the Directors during the Relevant Period (as defined in paragraph (d) below) of all the powers of the Company to allot, issue and otherwise deal with additional Shares or securities convertible into Shares or options, warrants or similar rights to subscribe for Shares or such convertible securities and to make or grant offers, agreements, options and rights of exchange or conversion which might require the exercise of such powers, subject to and in accordance with all applicable laws, be and is hereby generally and unconditionally approved;

- (b) the approval in paragraph (a) above, shall be in addition to any other authorisations given to the Directors and shall authorise the Directors during the Relevant Period to make or grant offers, agreements, options (including bonds, warrants, debentures and other securities convertible into Shares) and rights of exchange or conversion which would or might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate number of the Shares allotted, issued or otherwise dealt with or agreed conditionally or unconditionally to be allotted, issued or otherwise dealt with (whether pursuant to an option or otherwise) by the Directors pursuant to the approval granted in paragraph (a) above, otherwise than pursuant to (i) a rights issue (as defined in paragraph (d) below), or (ii) the exercise of any options granted under the share option schemes or similar arrangement for the time being adopted or to be adopted for the grant or issue to officers and/or employees of the Company and/or its subsidiaries, of options to subscribe for, or rights to acquire Shares of the Company approved by the Stock Exchange, or (iii) the exercise of rights of subscription or conversion under the terms of any warrants issued by the Company or any securities which are convertible into shares of the Company, or (iv) any scrip dividend 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, shall not exceed 20% of the total number of issued Shares of the Company as of the date of passing of this resolution, and the said approval shall be limited accordingly; and
- (d) for the purpose of this resolution:–

“**Relevant Period**” shall have the same meaning as ascribed to it under paragraph (d) of resolution No. 4(A) above; and

“**Rights issue**” means the allotment, issue or grant of Shares pursuant to an offer open for a period fixed by the Directors to holders of the Shares or any class of shares thereof on the register of members on a fixed record date in proportion to their then holdings of such Shares or of such 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 in, any territory applicable to the Company).”

(C) “**THAT**:-

conditional upon the passing of resolutions Nos. 4(A) and 4(B) as set out in the notice of this meeting, the general mandate granted to the Directors pursuant to resolution No. 4(B) be and is hereby extended by the addition thereto an amount representing the aggregate number of Shares of the Company repurchased by the Company under the authority granted pursuant to the resolution No. 4(A) above, PROVIDED THAT such amount shall not exceed 10% of the total number of issued Shares of the Company as of the date of passing of this resolution.”

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

“**THAT** the grant of share options by the Company on 30 April 2015 (the “**2015 Options**”) under the share option scheme adopted by the Company on 12 June 2009 to subscribe for a total of 122,500,000 shares in the share capital of the Company (the “**Share(s)**”) (representing the maximum number of Shares which may be issued upon exercise of all outstanding 2015 Options) at the exercise price of HK\$0.485 per Share and on the terms and conditions set out in the circular to the shareholders of the Company dated 27 April 2018 be and is hereby approved and ratified and that any one director of the Company be and is hereby authorised to do all such acts and/or execute all such documents as may be necessary in order to give effect to the foregoing.”

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

“**THAT**

- (a) subject to and conditional upon The Stock Exchange of Hong Kong Limited granting approval of the listing of, and permission to deal in, the shares in the capital of the Company (the “**Shares**”) falling to be issued by the Company pursuant to the exercise of any options under the proposed share option scheme of the Company (the “**New Share Option Scheme**”), the rules of which are set out in the document marked “A” produced to the meeting and signed by the Chairman for the purpose of identification, the New Share Option Scheme be and is hereby approved and adopted as the Company’s share option scheme and the directors of the Company be and are hereby authorised to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary, desirable or expedient to give full effect to the New Share Option Scheme, including but without limitation to: (i) administer the New Share Option Scheme under which options will be granted to participants eligible under the New Share Option Scheme to subscribe for Shares; and (ii) issue and allot from time to time such number of Shares in the capital of the Company

as may be required to be issued pursuant to the exercise of the options granted under the New Share Option Scheme provided that the total number of Shares which may be issued upon exercise of all options to be granted under the New Share Option Scheme and any other share option schemes of the Company shall not exceed 10% of the total number of Shares of the Company in issue as at the date of passing this resolution; and

- (b) the existing share option scheme adopted by the Company on 12 June 2009 (the “**Existing Share Option Scheme**”) be terminated upon the New Share Option Scheme becoming unconditional such that thereafter no further options shall be offered under the Existing Share Option Scheme but in all other respects the provisions of the Existing Share Option Scheme shall remain in full force and effect and options granted thereunder prior to such termination shall continue to be valid and exercisable in accordance with their terms of issue.”

By Order of the Board
XU Da
Chairman

Guangzhou, 27 April 2018

Notes:

- (1) A form of proxy for the annual general meeting of the Company to be held on 27 June 2018 is enclosed.
- (2) Any member entitled to attend and vote at the annual general meeting of the Company shall be entitled to appoint another person as his proxy to attend 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 at the annual general meeting of the Company. A proxy need not be a member of the Company.
- (3) In order to be valid, the form of proxy completed in accordance with the instructions set out therein, together with the power of attorney or other authority (if any) under which it is signed (or a certified copy of that power or authority) must be deposited at the Company's Hong Kong branch share registrar, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong not less than 48 hours before the time appointed for holding the annual general meeting of the Company or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the annual general meeting or any adjournment thereof should you so wish.
- (4) In case of joint holders of any Share, any one of such joint holders may vote at the annual general meeting of the Company, either in person or by proxy, in respect of such Share as if he were solely entitled thereto, but if more than one of such joint holders are present at the meeting in person or by proxy, then one of the said persons so present whose name stands first on the register of members in respect of such Share shall alone be entitled to vote in respect thereof.
- (5) The register of members of the Company will be closed from Friday, 22 June 2018 to Wednesday, 27 June 2018 (both days inclusive). During such period, no transfer of Shares will be registered for the purpose of determining the entitlement to attend and vote at the annual general meeting of the Company. All transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong no later than 4:00 p.m. on Thursday, 21 June 2018.
- (6) A circular containing, inter alia, details of the proposed general mandates to issue and repurchase shares of the Company, information of the retiring directors of the Company who are proposed to be re-elected at the annual general meeting and details of the ratification of grant of the 2015 Options and adoption of New Share Option Scheme and termination of Existing Share Option Scheme will be dispatched to the shareholders of the Company on 27 April 2018.
- (7) If Typhoon Signal No. 8 or above, or a "black" rainstorm warning is in effect any time after 7:00 a.m. on the date of the annual general meeting, the meeting will be postponed. The Company will post an announcement on the website of Company at <http://www.qinfagroup.com> and on the HKExnews website of the Stock Exchange at www.hkexnews.hk to notify Shareholders of the date, time and place of the rescheduled meeting.
- (8) As at the date of this notice, the executive Directors are Mr. XU Da (Chairman), Mr. BAI Tao (Chief Executive Officer), Ms. WANG Jianfei, Mr. FUNG Wai Shing and Mr. LIU Jinghong and the independent non-executive Directors are Mr. HUANG Guosheng, Mr. LAU Sik Yuen and Mr. XING Zhiying.