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If you have sold or transferred all your shares in ZH International Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or transferee(s) or to the bank, stockbroker or licensed securities dealer or other agents through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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ZH INTERNATIONAL HOLDINGS LIMITED

正恒國際控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 185)

**PROPOSED GENERAL MANDATES TO ISSUE SHARES
AND REPURCHASE SHARES,
RE-ELECTION OF THE RETIRING DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

A letter from the Board is set out on pages 3 to 6 of this circular. A notice convening the annual general meeting of ZH International Holdings Limited to be held at Cliftons Hong Kong, Level 5, Hutchison House, 10 Harcourt Road, Central, Hong Kong on Tuesday, 12 June 2018 at 9:30 a.m. is set out on pages 7 to 11 of this circular. Whether or not you intend to attend the meeting, please complete and return the enclosed proxy form in accordance with the instructions printed thereon as soon as possible and in any event no later than 48 hours before the time appointed for the time fixed for holding of the meeting (i.e. by 9:30 a.m. on Saturday, 9 June 2018) or the adjourned meeting thereof as the case may be to the Company's share registrar, Tricor Friendly Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong. Completion and delivery of the proxy form will not preclude you from attending and voting at the meeting should you so wish.

All times and dates specified herein refer to Hong Kong local times and dates.

25 April 2018

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DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be held at Cliftons Hong Kong, Level 5, Hutchison House, 10 Harcourt Road, Central, Hong Kong on Tuesday, 12 June 2018 at 9:30 a.m. or any adjournment thereof
“AGM Notice”	the notice of the AGM set out on pages 7 to 11 in this circular
“Articles of Association”	the articles of association of the Company, as amended from time to time
“Board”	the board of Directors of the Company
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Company”	ZH International Holdings Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Extension Mandate”	a general and unconditional mandate proposed to be granted to the Directors to the effect that any Shares repurchased under the Repurchase Mandate will be added to the total number of Shares which may be allotted and issued under the General Mandate
“General Mandate”	a general and unconditional mandate proposed to be granted to the Directors to exercise the power of the Company to allot, issue or otherwise deal with additional Shares up to a maximum of 20% of the number of issued Shares of the Company as at the date of passing the relevant resolution at the AGM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

DEFINITIONS

“Latest Practicable Date”	18 April 2018, being the latest practicable date prior to the printing of this circular for ascertaining certain information for the purpose of inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Repurchase Mandate”	a general and unconditional mandate proposed to be granted to the Directors to enable them to repurchase Shares, the aggregate number of shares of which shall not exceed 10% of the number of issued Shares of the Company as at the date of passing the relevant resolution at the AGM
“Retiring Directors”	the Directors retiring at the AGM and, being eligible, offering themselves for re-election at the AGM in accordance with the Articles of Association and the Listing Rules
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
“Share(s)”	share(s) in the issued share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the same meaning ascribed to it under the Listing Rules
“Takeovers Code”	The Code on Takeovers and Mergers and Share Buy-backs approved by the Securities and Futures Commission in Hong Kong as amended from time to time; and
“%”	per cent.



ZH INTERNATIONAL HOLDINGS LIMITED

正恒國際控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 185)

Executive Directors:

Zhang Jingguo (Chairman and Chief Executive Officer)
Zhang Guoqiang

Registered and principal office:

24/F., Wyndham Place,
40-44 Wyndham Street,
Central, Hong Kong

Non-executive Director:

Huang Yanping

Independent non-executive Directors:

Liu Qiao
Liu Da
Ma Yuntao

25 April 2018

To the Shareholders

Dear Sir or Madam,

**PROPOSED GENERAL MANDATES TO ISSUE SHARES
AND REPURCHASE SHARES,
RE-ELECTION OF THE RETIRING DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The Company will propose at the AGM resolutions to, *inter alia*, (1) re-elect the Retiring Directors; and (2) grant the General Mandate (including the Extension Mandate) and Repurchase Mandate to the Directors.

The purpose of this circular is to provide you with further information on the resolutions to be proposed at the AGM and to give you a notice of the AGM at which resolutions will be proposed for your consideration and, if thought fit, approval.

1. RE-ELECTION OF THE RETIRING DIRECTORS

In accordance with Articles 78 and 79 of the Articles of Association and code provision A.4.2 of Appendix 14 of the Listing Rules, Mr. Zhang Jingguo and Dr. Liu Qiao will retire at the AGM and, being eligible, will offer themselves for re-election at the AGM. The nomination committee of the Company has also recommended to the Board that the Retiring Directors are eligible for re-election. Information on the Retiring Directors is set out in Appendix I to this circular.

LETTER FROM THE BOARD

2. GENERAL MANDATE AND REPURCHASE MANDATE

At the AGM, the Directors propose to seek the approval of the Shareholders to grant to the Directors the General Mandate (including the Extension Mandate) and the Repurchase Mandate.

General Mandate

At the AGM, an ordinary resolution will be proposed such that the Directors be given unconditional general mandate (i.e. the General Mandate) to allot, issue and deal with additional (i) Shares; (ii) securities convertible into Shares; or (iii) options, warrants or similar rights to subscribe for any Shares or such convertible securities, and to make or grant offers, agreements, options (other than by way of rights or pursuant to a share option scheme for employees of the Company or Directors and/or any of its subsidiaries or pursuant to any scrip dividend scheme or similar arrangements providing for the allotment and issue of Shares in lieu of whole or part of the dividend on Shares in accordance with the Articles of Association) which would or might require such securities to be issued, allotted or disposed of, in exercise of such power, of up to 20% of the number of Shares in issue as at the date of the resolution granting of the General Mandate.

In addition, subject to the passing of the ordinary resolutions to grant the General Mandate and Repurchase Mandate, a separate ordinary resolution will be further proposed for the Extension Mandate to extend the General Mandate which will authorise the Directors to allot, issue and deal with Shares to the extent of the Shares repurchased pursuant to the Repurchase Mandate. Details on the Repurchase Mandate are further elaborated below.

As at the Latest Practicable Date, the Company had an aggregate of 6,176,819,969 Shares in issue. Subject to the passing of the resolution for the approval of the General Mandate and on the basis that no further Shares will be issued or repurchased between the Latest Practicable Date and the date of the granting of the General Mandate, the Company would be allowed to allot, issue and deal with a maximum of 1,235,363,993 Shares under the General Mandate.

If the Company conducts a share consolidation or subdivision after the General Mandate is granted, the maximum number of Shares that may be issued under the General Mandate as a percentage of the total number of issued Shares as the date immediately before and after such consolidation or subdivision shall be the same.

Repurchase Mandate

At the AGM, an ordinary resolution will also be proposed such that the Directors be given an unconditional general mandate to repurchase Shares (i.e. the Repurchase Mandate) on the Stock Exchange or on another stock exchange recognized by the Securities and Futures Commission, of an aggregate amount which shall not exceed 10% of the number of Shares in issue as at the date of the resolution granting of the Repurchase Mandate.

LETTER FROM THE BOARD

Subject to the passing of the resolution for the approval of the Repurchase Mandate and on the basis that no further Shares will be issued or repurchased between the Latest Practicable Date and the date of the granting of the Repurchase Mandate, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 617,681,996 Shares.

If the Company conducts a share consolidation or subdivision after the Repurchase Mandate is granted, the maximum number of Shares that may be repurchased under the Repurchase Mandate as a percentage of the total number of issued Shares as the date immediately before and after such consolidation or subdivision shall be the same.

The General Mandate (including the Extension Mandate) and the Repurchase Mandate shall continue to be in force during the period from the date of passing of the resolutions for the approval of the General Mandate (including the Extension Mandate) and the Repurchase Mandate up to (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 or the Companies Ordinance to be held; or (iii) the revocation or variation of the General Mandate (including the Extension Mandate) or the Repurchase Mandate (as the case may be) by ordinary resolution of the Shareholders in general meeting of the Company, whichever occurs first.

An explanatory statement in connection with the Repurchase Mandate is set out in Appendix II to this circular. The explanatory statement contains the requisite information required under the Listing Rules to be given to the Shareholders to enable them to make an informed decision on whether to vote for or against the resolution approving the Repurchase Mandate.

3. ANNUAL GENERAL MEETING

Set out on pages 7 to 11 is a notice convening the AGM for the purposes of considering and, if thought fit, approving, *inter alia*, the re-election of Retiring Directors, the General Mandate (including the Extension Mandate) and the Repurchase Mandate.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder has material interest in any resolutions to be proposed at the AGM and accordingly, no Shareholder is required to abstain from voting in the AGM to approve any resolutions.

A form of proxy for use at the AGM is enclosed with this circular. Whether or not you intend to attend the meeting, please complete and return the enclosed proxy form in accordance with the instructions printed thereon as soon as possible and in any event no later than 48 hours before the time appointed for the time fixed for holding of the meeting (i.e. by 9:30 a.m. on Saturday, 9 June 2018) or the adjourned meeting thereof as the case may be. Completion and delivery of the proxy form will not preclude you from attending and voting at the meeting should you so wish.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll. The chairman of the meeting will therefore demand a poll for every resolution put to the vote of the AGM in accordance with the Articles of

LETTER FROM THE BOARD

Association. The results of the poll shall be deemed to be the resolutions of the general meeting in which the poll was demanded or required and the poll results will be published on the websites of Stock Exchange (www.hkexnews.hk) and the Company (www.zhsuccess.com) after the AGM.

4. CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining Shareholders who are entitled to attend and vote at the AGM, the register of members of the Company will be closed from Thursday, 7 June 2018 to Tuesday, 12 June 2018, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for attending and voting at the AGM, all transfers of Shares accompanied by the relevant Share certificates and appropriate transfer forms must be lodged with the office of the Company's share registrar, Tricor Friendly Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 6 June 2018.

5. RECOMMENDATIONS

The Directors believe that the re-election of the Retiring Directors, the granting of the General Mandate (including the Extension Mandate) and the Repurchase Mandate are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that all Shareholders should vote in favour of all the resolutions to be proposed at the AGM to give effect to them.

6. 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.

7. GENERAL INFORMATION

Your attention is drawn to the additional information as set out in the Appendices to this circular.

8. MISCELLANEOUS

The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.

Yours faithfully,
By Order of the Board
ZH International Holdings Limited
Zhang Jingguo
*Chairman, Executive Director and
Chief Executive Officer*



ZH INTERNATIONAL HOLDINGS LIMITED

正恒國際控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 185)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting (the “AGM”) of ZH International Holdings Limited (the “Company”) will be held at Cliftons Hong Kong, Level 5, Hutchison House, 10 Harcourt Road, Central, Hong Kong on Tuesday, 12 June 2018 at 9:30 a.m. for the following purposes:

ORDINARY BUSINESS:

- (1) to receive, consider and adopt the audited financial statements, the directors’ report and the auditors’ report of the Company and its subsidiaries for the year ended 31 December 2017.
- (2) to re-elect the retiring directors of the Company, each as separate resolution, and to authorise the board of Directors (the “Board”) of the Company (the “Directors”) to fix Directors’ remuneration.
- (3) to re-appoint Messrs. Deloitte Touche Tohmatsu as the auditor and to authorise the Board to fix its remuneration.

AS ORDINARY RESOLUTIONS

- (4) to, as special business, consider and, if thought fit, pass the following resolution (with or without modifications) as an ordinary resolution:

“THAT:

- (a) subject to paragraph (c) below, pursuant to The Rules (the “Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with additional (i) shares of the Company (“Shares”); (ii) securities convertible into Shares; or (iii) options, warrants or similar rights to subscribe for any Shares or such convertible securities, and to make or grant offers, agreements and options, which would or might require such securities to be issued, allotted or disposed of, in exercise of such powers be and the same is hereby generally and unconditionally approved;

NOTICE OF ANNUAL GENERAL MEETING

- (b) the approval in paragraph (a) above shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which would or might require the exercise of such powers after the end of the Relevant Period;
- (c) the total number of Shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to options or otherwise) by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as defined below); or (ii) the exercise of any options granted under the share option scheme of the Company from time to time; or (iii) any scrip dividend or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the articles of association of the Company in force from time to time; or (iv) any issue of Shares upon the exercise of rights of subscription or conversion under the terms of any options, warrants or similar rights of the Company or any securities which are convertible into Shares, shall not exceed the aggregate of:

- (aa) 20 per cent of the number of the Shares in issue on the date of the passing of this resolution; and

- (bb) (if the Directors are so authorised by a separate ordinary resolution of the shareholders of the Company) the number of Shares repurchased by the Company subsequent to the passing of this resolution (up to a maximum equivalent to 10 per cent of the total number of Shares in issue on the date of the 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) of this resolution 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 the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and

- (d) for the purposes of this resolution:

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

- (i) the conclusion of the next annual general meeting of the Company;

NOTICE OF ANNUAL GENERAL MEETING

- (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, the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the “**Companies Ordinance**”) or any applicable laws to be held; and
- (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this resolution;

“**Rights Issue**” means an offer of Shares, or offer or issue of warrants, options or other securities giving rights to subscribe for Shares open for a period fixed by the Directors to holders of Shares on the register on a fixed record date in proportion to their then holdings of Shares (subject to such exclusion 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, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction outside Hong Kong or any recognized regulatory body or any stock exchange outside Hong Kong).”

- (5) to, as special business, consider and, if thought fit, pass the following resolution (with or without modifications) as an ordinary resolution:

“**THAT:**

- (a) subject to paragraph (b) of this resolution, the exercise by the Directors during the Relevant Period (as defined below) of all powers of the Company to purchase the Shares on the Stock Exchange or any other stock exchange on which the Shares may be listed and recognized by the Securities and Futures Commission and the Stock Exchange for such purpose, and otherwise in accordance with the rules and regulations of the Securities and Futures Commission, the Stock Exchange, the Companies Ordinance and all other applicable laws in this regard, be and the same is hereby generally and unconditionally approved;
- (b) the aggregate number of Shares which may be purchased by the Company pursuant to the approval in paragraph (a) of this resolution during the Relevant Period shall not exceed 10 per cent of the total number of Shares in issue as at the date of the passing of this resolution and if any subsequent consolidation or subdivision of Shares is conducted, the maximum number of Shares that may be repurchased under the mandate in paragraph (a) of this resolution as a percentage of the total number of issued Shares at the date immediately before and

NOTICE OF ANNUAL GENERAL MEETING

after such consolidation or subdivision shall be the same; and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and

- (c) for the purposes of this resolution, “**Relevant Period**” means the period from the date of 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, the Companies Ordinance or any applicable laws to be held; and
 - (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this resolution.”
- (6) to, as special business, consider and, if thought fit, pass the following resolution (with or without modifications) as an ordinary resolution:

“**THAT** conditional upon the passing of resolution nos. 4 and 5 as set out in this notice convening the AGM of which this resolution forms part, the Directors be and are hereby authorised to exercise the authority referred to in paragraph (a) of resolution no. 4 above in respect of the number of Shares referred to in sub-paragraph (bb) of paragraph (c) of such resolution.”

By Order of the Board
ZH International Holdings Limited
Zhang Jingguo
*Chairman, Executive Director and
Chief Executive Officer*

Hong Kong, dated 25 April 2018

Registered office:
24th Floor
Wyndham Place
40–44 Wyndham Street
Central
Hong Kong

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. A member of the Company entitled to attend and vote at the meeting (“**Meeting**”) above is entitled to appoint in written form one or, if he is the holder of two or more Shares of the Company, more proxies to attend and vote instead of him. A proxy need not be a member of the Company.
2. In the case of joint holders of Shares, any one of such joint holders may vote, either in person or by proxy, in respect of such Share as if he/she were solely entitled thereto, but if more than one of such joint holders are present at the Meeting, personally or by proxy, that one of the said persons so present whose name stands first in the register in respect of such share shall alone be entitled to vote in respect thereof.
3. In order to be valid, the form of proxy must be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal, or under the hand of an officer or attorney duly authorised, and must be deposited with the Company’s share registrar, Tricor Friendly Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong (together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof) not less than 48 hours before the time fixed for holding of the Meeting (i.e. by 9:30 a.m. on Saturday, 9 June 2018) or any adjournment thereof.
4. For the purpose of determining members who are qualified for attending the Meeting, the register of members of the Company will be closed from 7 June to 12 June 2018 (both days inclusive), during which no transfer of the Shares will be effected. In order to qualify for attending the Meeting, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Company’s share registrar at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong by no later than 4:30 p.m. on 6 June 2018.
5. Delivery of an instrument appointing a proxy should not preclude a member from attending and voting in person at the Meeting or any adjournment thereof and in such event, the instrument appointing a proxy shall be deemed to be revoked.
6. If a typhoon signal no. 8 or above is hoisted or a black rainstorm warning signal is in force at or at any time after 7:00 a.m. on the date of the Meeting, the Meeting will be postponed or adjourned. The Company will post an announcement on the website of the Stock Exchange (<http://www.hkexnews.hk>) and the website of the Company (<http://www.zhsuccess.com>) to notify shareholders of the Company of the date, time and place of the rescheduled meeting. The Meeting will be held as scheduled when an amber or a red rainstorm warning signal is in force. Shareholders of the Company should decide on their own whether they would attend the Meeting under bad weather condition bearing in mind their own situations.
7. All times and dates specified herein refer to Hong Kong local times and dates.
8. The meeting will be conducted in Chinese and no translation will be provided.

As at the date of this notice, the Board comprises two executive Directors, namely, Mr. Zhang Jingguo and Mr. Zhang Guoqiang; one non-executive Director, namely, Ms. Huang Yanping; and three independent non-executive Directors, namely, Dr. Liu Qiao, Mr. Liu Da and Mr. Ma Yuntao.

The following is the information required to be disclosed by the Listing Rules on the Retiring Directors proposed to be re-elected at the AGM.

Mr. Zhang Jingguo (“Mr. Zhang”), aged 55, is the Chairman, an Executive Director and Chief Executive Officer of the Company and a member of each of the nomination committee and remuneration committee of the Company. Mr. Zhang is also a director of certain subsidiaries of the Group. He was appointed to the Board on 6 July 2015 following the change of controlling shareholder on 29 June 2015.

Mr. Zhang has approximately 24 years of experience in the real estate development industry in China. From July 1983 to April 1995, Mr. Zhang held various positions at the then Light Industry Bureau of Henan Province, the governmental authority in charge of the light industry in Henan Province, and its associated collectively-owned enterprises, including division chief, engineer and vice manager, where he was responsible for administrative management. From April 1995 to April 2001, he worked at Xingye Real Estate as general manager, where he was responsible for its overall operations. Mr. Zhang and Ms. Huang Yanping, the non-executive Director of the Company, cofounded a real estate company which has become one of the top 100 property development companies in China. Mr. Zhang has served as the Chairman and chief executive officer of this top 100 real estate company since 2001. Mr. Zhang is responsible for the overall strategic planning and general management of the Group and is instrumental to our growth and business expansion. Mr. Zhang is the spouse of Ms. Huang Yanping.

Mr. Zhang received a bachelor’s degree in radio science from Zhengzhou University in July 1983 and an Executive MBA degree from Guanghua School of Management, Peking University in July 2013. Mr. Zhang currently serves as senior consultant of Henan Real Estate Chamber of Commerce, vice-president of Industry & Commerce Association of Henan Province, graduate tutor of Zhengzhou University. Mr. Zhang was awarded “Outstanding Real Estate Developer of Henan Province” by the Department of Housing and Urban-Rural Development of Henan Province in 2011 and “Outstanding Real Estate Developer of Zhengzhou” by the Housing Security and Real Estate Administration Bureau of Zhengzhou in 2009, 2011 and 2012. In 2012, Mr. Zhang was named “Individual with Outstanding Contribution to Market Economy of Henan Real Estate Industry” by Henan Daily and the Private Economy Research Association of Henan Province and “Philanthropist of Henan Province” by the Industry & Commerce Association of Henan Province and the United Front Work Department of the CPC Henan Province Committee. Mr. Zhang received his senior engineer qualification from the People’s Government of Henan Province in December 1996 and his first class construction engineer qualification from the Ministry of Housing and Urban-Rural Development in May 2012. Mr. Zhang is also currently a delegate of the 13th Henan Provincial People's Congress since January 2018.

Currently, Mr. Zhang is a non-executive director of Bank of Zhengzhou Co., Ltd., a listed company on the Main Board of the Stock Exchange (stock code: 6196) and the Chairman Ex-officio and a director of Global Medical REIT. Inc., a listed company on the New York Stock Exchange (NYSE stock code: GMRE).

Mr. Zhang has entered into a service agreement with the Company under which he acts as the Chairman, an executive Director and Chief Executive Officer of the Company commencing on 6 July 2015 for a period of three years and subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles of Association. Pursuant to such service agreement, Mr. Zhang receives an annual remuneration of HK\$1.00 as per the service agreement.

As at the Latest Practicable Date, Mr. Zhang was deemed to be interested in 3,579,612,209 Shares, which were registered in the name of Joy Town Inc., of which wholly and beneficially owned by Ms. Huang Yanping, the spouse of Mr. Zhang. Save as disclosed herein, Mr. Zhang did not have any other interests in the Shares, underlying Shares and debenture of the Company and its associated corporations within the meaning of Part XV of the SFO.

Saved as disclosed above, (i) Mr. Zhang has confirmed that he does not hold any other directorship in any other listed public companies in the last three years; (ii) there is no other information required to be disclosed pursuant to Rules 13.51 (2)(h) to (v) of the Listing Rules; and (iii) there is no other matter in relation to the standing for re-election as a Director which needs to be brought to the attention of the Shareholders and the Stock Exchange.

Dr. Liu Qiao (“Dr. Liu”), aged 48, was appointed as an independent non-executive Director on 27 July 2015 and is also the Chairman of the nomination committee of the Company and a member of the audit committee and remuneration committee of the Company.

Dr. Liu is Professor of Finance and Dean at the Guanghua School of Management. He is a leading authority in the area of finance in China, and is recognized for his academic works in corporate finance, financial markets, and the Chinese economy.

Dr. Liu is the winner of Outstanding Youth Award of the National Science Foundation (2013), and was awarded “Li Yining Outstanding Service Award”, the highest award in the Guanghua School of Management in 2013. He is also the Ministry of Education “ChangJiang Scholar” Special Term Professor. Before he joined Guanghua in late 2010, Dr. Liu taught in the Faculty of Business and Economics, University of Hong Kong, and was tenured at University of Hong Kong. Dr. Liu also worked at McKinsey & Company’s Asia-Pacific Corporate Finance and Strategy Practice from 2001 to 2003, where he advised various multinational corporations (MNCs) and leading Asian companies on issues related to corporate finance and strategies. Dr. Liu holds a Doctor of Philosophy Degree in Economics from University of California at Los Angeles (UCLA) (2000), an Master of Arts in International Finance from the Graduate School of People’s Bank of China (1993), and a Bachelor of Science in Economics and Mathematics from the Renmin University of China (1991).

Dr. Liu’s primary academic research interests are in corporate finance, empirical asset pricing models, financial markets, and Chinese economy. He has published dozens of articles at leading academic journals including Journal of Financial Economics, Journal of Financial and Quantitative Analysis, Journal of Accounting Research, Management Science, Economic Journal, Journal of Corporate Finance, Journal of Accounting,

Auditing, and Finance, Financial Analysts Journal, etc. He has co-edited a book on the Asian debt capital markets – “Asia’s debt capital markets: prospects and strategies for development” (Springer, 2006). His co-authored book titled “Finance in Asia: Institutions, Markets, and Regulation,” (with Paul Lejot and Douglas Arner) was released by Routledge in March 2013. Dr. Liu is the author of the Chinese bestseller “Big to Brilliant: the Second Long March of Corporate China.” Dr. Liu is also the author of “Corporate China 2.0: The Great Shakeup” which was published by end of 2016. Besides academic research, Dr. Liu also writes articles for leading business newspapers and magazines. His articles and views appear in the The Economist, Financial Times, CFO Magazine, 21st Century Business Herald, Caijing Magazine, New Fortune, The Asian Wall Street Journal and South China Morning Post.

Dr. Liu has extensive business experiences. Over the past ten years, he has conducted numerous consulting projects for leading Chinese firms and MNCs including PetroChina, Minsheng Bank, Mercedes Benz (China), Shenzhen Stock Exchange, among many others. Dr. Liu is the founder of Huaxinhui, a platform focusing on advising China’s local governments on financing issues. He pioneers the practice of compiling balance sheets of local governments, and providing China’s local governments with market-based credit ratings. He is a strong advocate of including local government credit rating as one major key performance indicator to cope with China’s fast growing local government debts.

Currently, Dr. Liu is an independent non-executive director of CSC Financial Co. Ltd., a listed company on the Main Board of the Stock Exchange (stock code: 6066) and independent non-executive director of Beijing Capital Co. Ltd., a listed company on Shanghai Stock Exchange (SSE stock code: 600008).

Dr. Liu has entered into a service agreement with the Company under which he acts as an independent non-executive director of the Company commencing on 27 July 2015 for a period of three years and subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles of Association. The director’s fee payable to him is fixed at the rate of HK\$20,000 per month, payable in arrears at each quarter end, which has been determined by the Board with reference to his background, qualifications, experience, level of responsibilities undertaken with the Company and prevailing market conditions. Dr. Liu has confirmed his independency pursuant to Rule 3.13 of the Listing Rules. He has no interest in the Shares underlying Shares and debentures of the Company and its associated corporation within the meaning of Part XV of the SFO and is not a connected person of the Company as defined in the Listing Rules. He does not hold any other positions in the Group and he does not have any relationships with the Directors, senior management, substantial shareholders, or controlling shareholders of the Company.

Saved as disclosed above, (i) Dr. Liu has confirmed that he does not hold any other directorship in any other listed public companies in the last three years; (ii) there is no other information required to be disclosed pursuant to Rules 13.51 (2)(h) to (v) of the Listing Rules; and (iii) there is no other matter in relation to the standing for re-election as a Director which needs to be brought to the attention of the Shareholders and the Stock Exchange.

APPENDIX II EXPLANATORY STATEMENT OF THE REPURCHASE MANDATE

This Appendix serves as an explanatory statement required by Rule 10.06(1)(b) of the Listing Rules to provide you with all the information reasonably necessary to enable you to make an informed decision on whether to vote for or against the ordinary resolution to be proposed at the AGM for granting the Repurchase Mandate to the Directors.

SHAREHOLDERS' APPROVAL

All proposed repurchases of Shares on the Stock Exchange by a company with its primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, either by way of a general mandate or by specific approval.

REASONS FOR SHARE REPURCHASE

The Directors believe that it is in the best interests of the Company and Shareholders for the Directors to have general authority from the Shareholders to enable the Company to repurchase Shares on the Stock Exchange. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share. Shareholders are assured that such repurchases of Shares will only be made when the Directors believe that they are appropriate and will benefit the Company and Shareholders as a whole.

SHARE CAPITAL

As at the Latest Practicable Date, the Company had 6,176,819,969 Shares in issue.

Subject to the passing of the proposed ordinary resolution approving to grant the Repurchase Mandate to the Directors and on the assumptions that no new Shares are allotted or issued prior to the AGM, the exercise of the Repurchase Mandate in full would enable the Company to repurchase a maximum of 617,681,996 Shares, representing 10% of the Shares in issue as at the Latest Practicable Date.

FUNDING OF REPURCHASE

Repurchases would be funded entirely from the Company's available cash flow or working capital facilities which will be funds legally available under the laws of Hong Kong and the Articles of Association for such purpose.

An exercise of the Repurchase Mandate in full may have a material adverse impact on the working capital and gearing position of the Company compared with those as at 31 December 2017, being the date of its latest published audited consolidated accounts. The Directors do not, however, intend to make any repurchase in circumstances that would have a material adverse impact on the working capital or gearing position of the Company.

DISCLOSURE OF INTERESTS

None of the Directors or, to the best of their knowledge having made all reasonable enquiries, any of their respective close associates (as defined in the Listing Rules) has any present intention, in the event that the Repurchase Mandate is approved by Shareholders, to sell any Share to the Company.

No core connected person (as defined in the Listing Rules) has notified the Company that he/she has a present intention to sell any Share to the Company nor has undertaken not to sell any of the Shares held by him/her to the Company, in the event that the Repurchase Mandate is approved by Shareholders.

UNDERTAKING OF THE DIRECTORS

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchases pursuant to the Repurchase Mandate in accordance with the Listing Rules and applicable laws of Hong Kong.

EFFECT OF THE 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 of voting rights for the purpose of Rule 32 of the Takeovers Code. As a result, a Shareholder or a 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 Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, Joy Town Inc. (as beneficial owner), Mr. Zhang Jingguo (as spouse of Ms. Huang Yanping) and Ms. Huang Yanping (as owner holding 100% of equity interests in Joy Town Inc.) ("**Controlling Shareholders**") are beneficially interested in 3,579,612,209 Shares, representing approximately 57.95% of the issued share capital of the Company. Although the Directors have no present intention to repurchase any Shares pursuant to the Repurchase Mandate, if the Directors were to exercise the Repurchase Mandate in full, the Shares held by the Controlling Shareholders would represent approximately 64.39% of the then issued share capital of the Company. The Directors are not aware of any consequences which would arise under the Takeovers Code as a result of any repurchase of Shares pursuant to the Repurchase Mandate.

Pursuant to Rule 8.08 of the Listing Rules, the Company should maintain at least 25% of the issued share capital of the Company be held by the public. Based on the current shareholding of the Controlling Shareholders, if the Directors were to exercise the Repurchase Mandate in full, it would not result in the amount of Shares held by the public being reduced to less than 25%.

SHARE REPURCHASES BY THE COMPANY

The Company did not repurchase any of its Shares (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.

SHARE PRICES

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

	Price per Share	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2017		
April	0.227	0.200
May	0.232	0.205
June	0.227	0.201
July	0.230	0.197
August	0.225	0.202
September	0.270	0.195
October	0.425	0.226
November	0.380	0.305
December	0.350	0.265
2018		
January	0.315	0.265
February	0.350	0.230
March	0.345	0.285
April (Up to the Latest Practicable Date)	0.320	0.265