
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

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NEW CITY DEVELOPMENT GROUP LIMITED

新城市建設發展集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0456)

**PROPOSED RE-ELECTION OF DIRECTORS,
GENERAL MANDATES TO ISSUE SHARES AND
REPURCHASE SHARES, ADOPTION OF SHARE OPTION SCHEME
AND
NOTICE OF ANNUAL GENERAL MEETING**

A letter from the Board of Directors of the Company is set out on pages 4 to 9 of this circular.

A notice convening the annual general meeting of the Company to be held at Flat D, 17/F, MG Tower, 133 Hoi Bun Road, Kwun Tong, Hong Kong on Tuesday, 27 June 2017 at 10:30 a.m. is set out on pages 28 to 32 of this circular.

Whether or not you are able to attend the meeting in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company’s branch share registrar in Hong Kong, Union Registrars Limited at Suites 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 less than 48 hours before the time appointed for holding of the meeting or any adjourned meeting thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the meeting or any adjourned meeting thereof should you so wish.

26 May 2017

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DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be held at Flat D, 17/F, MG Tower, 133 Hoi Bun Road, Kwun Tong, Hong Kong on Tuesday, 27 June 2017 at 10:30 a.m., the notice of which is set out on pages 28 to 32 of this circular, and any adjournment thereof
“Articles” or “Articles of Association”	the articles of association of the Company
“Board”	the Board of Directors
“Company”	New City Development Group Limited, a company incorporated in the Cayman Islands with limited liability and whose issued Shares are listed on the Stock Exchange
“Companies Law”	the Companies Law, Cap. 22 (Law of 1961, as consolidated and revised) of the Cayman Islands, as supplemented or otherwise modified from time to time
“Director(s)”	the Director(s) of the Company for the time being
“Group”	the Company and its Subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the Peoples’ Republic of China
“Invested Entity”	any entity in which the Group holds an equity interest (irrespective of the percentage of such equity interest)
“Issue Mandate”	a general and unconditional mandate proposed to be granted to the Directors to allot, issue and deal with the Shares not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the resolution approving the issue mandate
“Latest Practicable Date”	22 May 2017, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time

DEFINITIONS

“Option(s)”	option(s) to subscribe for Shares granted/ to be granted pursuant to any share option scheme(s) of the Company
“Ordinary Resolution”	the ordinary resolution to be proposed at the AGM for the adoption of the Share Option Scheme as set out in item 7 of the notice of the AGM
“Participant(s)”	<p>any persons(s) belonging to any of the following classes of persons:</p> <ul style="list-style-type: none">(a) any employee (whether full time or part time employee, including any executive directors but not any non-executive director) of the Company, its Subsidiaries and any Invested Entity;(b) any non-executive director (including independent non-executive directors) of the Company, any of its Subsidiaries or any Invested Entity;(c) any supplier of goods or services to any member of the Group or any Invested Entity;(d) any customer of the Group or any Invested Entity; and(e) any consultant, adviser, manager, officer or entity that provides advice, service, research, development or other contribution or technological support to the Group or any Invested Entity
“Repurchase Mandate”	a general and unconditional mandate proposed to be granted to the Directors to repurchase the Shares up to a maximum of 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the relevant resolution approving the repurchase mandate
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	holders of the Share(s) in issue
“Share(s)”	ordinary share(s) of HK\$0.004 each in the share capital of the Company

DEFINITIONS

“Share Option Scheme”	the share option scheme proposed to be adopted by the Company at the AGM, a summary of the principal terms of which is set out in Appendix III to this circular
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary(ies)”	a company which is for the time being and from time to time a subsidiary (within the meaning of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as modified from time to time) of the Company
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“HK\$ and cents”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“%”	per cent

LETTER FROM THE BOARD



NEW CITY DEVELOPMENT GROUP LIMITED

新城市建設發展集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0456)

Executive Directors:

Mr. Han Junran (*Chairman*)
Mr. Fu Yiu Kwong
Mr. Luo Min
Mr. Seto Man Fai

Registered office:

P.O. Box 31119 Grand Pavilion
Hibiscus Way
802 West Bay Road
Grand Cayman KY1-1205
Cayman Islands

Independent Non-Executive Directors:

Mr. Chan Yiu Tung, Anthony
Mr. Zheng Qing
Dr. Ouyang Qingru
Mr. Leung Kwai Wah Alex
Mr. Zhang Jing

*Head office and principal place of
business in Hong Kong*

Unit D, 17/F, MG Tower,
133 Hoi Bun Road, Kowloon,
Hong Kong

26 May 2017

To the Shareholders

Dear Sir or Madam

**PROPOSED RE-ELECTION OF DIRECTORS,
GENERAL MANDATES TO ISSUE SHARES AND
REPURCHASE SHARES, ADOPTION OF SHARE OPTION SCHEME
AND
NOTICE OF ANNUAL GENERAL MEETING**

1. INTRODUCTION

The primary purpose of this circular is to provide you with information regarding the resolutions to be proposed at the AGM for the approval of (i) the re-election of the Directors; (ii) granting of the Issue Mandate; (iii) granting of the Repurchase Mandate; (iv) granting to the Directors a general and unconditional mandate to the effect that the total number of the Shares which may be allotted and issued under the Issue Mandate may be increased by an additional number representing such number of Shares actually repurchased under the Repurchase Mandate; and (v) adoption of the Share Option Scheme.

LETTER FROM THE BOARD

2. RE-ELECTION OF DIRECTORS

In accordance with the Article 87(1) of the Company's Articles of Association, Mr. Fu Yiu Kwong, Mr. Seto Man Fai, Mr. Leung Kwai Wah Alex and Mr. Zhang Jing will be retired from office by rotation and be eligible for re-election at the AGM. Biographical details of Mr. Fu Yiu Kwong, Mr. Seto Man Fai, Mr. Leung Kwai Wah Alex and Mr. Zhang Jing are set out in Appendix I to this circular.

3. GENERAL MANDATE TO ISSUE SHARES

As at the Latest Practicable Date, the issued share capital of the Company comprised 3,317,045,040 Shares.

At the AGM, an ordinary resolution will be proposed that the Directors be granted the Issue Mandate, i.e. a general and unconditional mandate to allot, issue and deal with the Shares up to 663,409,008 Shares, representing 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of the relevant of resolution (assuming that no further Shares are issued or repurchased between the Latest Practicable Date and the date of the AGM). In addition, an ordinary resolution will also be proposed to authorise the increase in the total number of new Shares which may be allotted and issued under the Issue Mandate by an additional number representing such number of Shares actually repurchased by the Company under the Repurchase Mandate.

4. GENERAL MANDATE TO REPURCHASE SHARES

At the AGM, an ordinary resolution will also be proposed to grant to the Directors the Repurchase Mandate, i.e. a general and unconditional mandate to exercise all powers of the Company to repurchase its own Shares up to a maximum of 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of the relevant resolution.

Under the Listing Rules, the Company is required to give to its Shareholders all information which is reasonably necessary to enable the Shareholders to make an informed decision as to whether to vote for or against the resolution to grant to the Director the Repurchase Mandate. An explanatory statement for such purpose is contained in the Appendix II to this circular.

5. THE SHARE OPTION SCHEME

As at the Latest Practicable Date, the Company and its Subsidiaries did not have any share option scheme and there was no outstanding Option.

At the AGM, the Ordinary Resolution will be proposed to approve the adoption of the Share Option Scheme pursuant to which the Participants may be granted Options to subscribe for Shares upon and subject to the terms and conditions of the rules of the Share Option Scheme.

LETTER FROM THE BOARD

A summary of the principal terms of the rules of the Share Option Scheme which is proposed to be approved and adopted by the Company at the AGM is set out in the Appendix III to this circular. A copy of the rules of the Share Option Scheme is available for inspection at the principal place of business of the Company at Flat D, 17/F., MG Tower, 133 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong during normal business hours from the date hereof up to and including the date of the AGM.

The Share Option Scheme is conditional upon:

- (i) the passing of the Ordinary Resolution by the Shareholders at the AGM approving the adoption of the Share Option Scheme; and
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in any new Shares which may fall to be allotted and issued upon exercise of the subscription rights attaching to the Options to be granted under the Share Option Scheme not exceeding 10% of the total number of Shares in issue as at the date of adoption of the Share Option Scheme, that is, the date of passing of the Ordinary Resolution by the Shareholders at the AGM.

As at the Latest Practicable Date, the Company had 3,317,045,040 issued Shares and had no outstanding convertible securities, options, warrants in issue which confer any rights to subscribe for, convert or exchange into Shares. Assuming that the issued share capital of the Company remains unchanged from the Latest Practicable Date up to the date of the AGM, the number of Shares that may be issued upon exercise of the Options to be granted under the Share Option Scheme and any other share option schemes of the Company will be 331,704,504 Shares, representing 10% of the Company's issued Shares as at the date of passing of the Ordinary Resolution.

If the Company seeks approval of its Shareholders in general meeting to "refresh" the above 10% limit, the Company must, in addition to compliance with the relevant requirements under the Listing Rules, submit a formal application applying for the listing of, and permission to deal in, the securities to be issued upon exercise of all the Options to be granted under the Share Option Scheme and any other share option schemes of the Company under the limit as refreshed. Such securities to be issued must not exceed 10% of the relevant class of securities in issue as at the date of approval of the refreshed limit, that is, the date of passing of the relevant resolution(s) by the Shareholders at general meeting.

The Directors consider that it is not appropriate to state the value of all the Options that can be granted under the Share Option Scheme as if they had been granted at the Latest Practicable Date prior to the approval of the Share Option Scheme given that the variables which are crucial for the calculation of the value of such Options cannot be determined. The variables which are critical for the determination of the value of such Options include, the subscription price for the Shares upon the exercise of the subscription rights attaching to the Options, whether or not Options will be granted under the Share Option Scheme and the timing of the granting of such Options, the period during which the subscription rights may be exercised, the discretion of the Board to impose any performance target that has to be achieved before the subscription rights attaching to the Options can be exercised and any other conditions that the Board may impose on the Options and whether or not such Options

LETTER FROM THE BOARD

if granted will be exercised by the Option holders. The subscription price payable for the Shares depends on the price of the Shares as quoted on the Stock Exchange, which in turn depends on when the Board is to grant Options under the Share Option Scheme. It is also difficult to ascertain with accuracy the subscription price of the Shares given the volatility the Share price may be subject to during the 10-year life span of the Share Option Scheme. In the premises, the Directors are of the view that the value of the Options depends on a number of variables which are either difficult to ascertain or can only be ascertained subject to a number of theoretical basis and speculative assumptions. Accordingly, the Directors believed that any calculation of the value of the Options will not be meaningful and may be misleading to Shareholders in the circumstances.

None of the Directors is or will be a trustee of the Share Option Scheme or has a direct or indirect interest in any such trustee.

As at the Latest Practicable Date, no Shareholder has a material interest in the adoption of the Share Option Scheme. As such, no Shareholder is required to abstain from voting on the Ordinary Resolution.

6. APPLICATION FOR LISTING

An application will be made to the Listing Committee of the Stock Exchange for granting the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of any Options to be granted under the Share Option Scheme not exceeding 10% of the total number of Shares in issue as at the date of adoption of the Share Option Scheme.

7. REASONS FOR ADOPTION OF THE SHARE OPTION SCHEME

The purpose of the Share Option Scheme is to reward Participants who have contributed to the Group and/or provide an incentive to them to contribute to the Group.

The Share Option Scheme does not specify a minimum period for which an Option must be held nor the performance target which must be achieved before an Option can be exercised. However, the rules of the Share Option Scheme provide that the Board has discretion to set a minimum period for which an Option has to be held before the exercise of the subscription rights attaching thereto. This discretion allows the Board to provide incentive to a Participant to remain as a Participant during the minimum period and thereby enable the Group to continue to benefit from the services of such Participant during such period. This discretion, coupled with the power of the Board to impose any performance target as it considers appropriate before any Option can be exercised, enable the Group to provide incentives to the Participants to use their best endeavours in assisting the growth and development of the Group. Although the Share Option Scheme does not provide for the granting of Options with right to subscribe for Shares at a discount to the trading price of the Shares on the Stock Exchange, the Directors are of the view that the terms of the Share Option Scheme provides flexibility to the Board to impose minimum period for which the Options have to be held and performance targets that have to be achieved before the Options can be exercised, will place the Group in a better position to attract human resources that are valuable to the growth and development of the Group as a whole.

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As the Board is currently unable to determine the specific requirement on the performance target for which a Participant has to achieve, the Board will make sufficient notice to the Participants from time to time when the performance target is determined.

8. AGM

A notice convening the AGM is set out on pages 28 to 32 of this circular. A form of proxy for use at the AGM is also enclosed herewith. To be valid, the form of proxy must be completed in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney or authority, at the Company's branch share registrar in Hong Kong, 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 AGM. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the AGM or any adjourned meeting thereof.

9. PROCEDURES TO DEMAND A POLL

Pursuant to Article 66 of the Articles of Association of the Company, at any general meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is required under the rules of the designated stock exchange, or (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

- (a) by the Chairman of such meeting; or
- (b) by at least three members present in person or in the case a member being a corporation by its duly authorized representative or by proxy for the time being entitled to vote at the meeting; or
- (c) by a member or members present in person or in the case of a member being a corporation by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all members having the right to vote at the meeting; or
- (d) by a member or members present in person or in the case of a member being a corporation by its duly authorised representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right; or
- (e) if required by the rules of the designated stock exchange, by any Director or Directors who, individually or collectively, hold proxies in respect of shares representing 5% or more of the total voting rights at such meeting.

LETTER FROM THE BOARD

A demand by a person as proxy for a member or in the case of a member being a corporation by its duly authorised representative shall be deemed to be the same as a demand by a member.

Pursuant to the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Accordingly, all the proposed resolutions will be put to vote by way of poll at the AGM. An announcement on the poll vote results will be made by the Company after the AGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

10. RECOMMENDATION

The Board considers that the grantings of the Issue Mandate and the Repurchase Mandate, the extension of the Issue Mandate, the adoption of the Share Option Scheme and the re-election of retiring Directors are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends that the Shareholders should vote in favour of all the resolutions to be proposed at the AGM.

11. GENERAL INFORMATION

Your attention is drawn to the additional information set out in the Appendix I (Biographical Details of Directors), Appendix II (Explanatory Statement on the Repurchase Mandate) and Appendix III (Principal Terms of the Share Option Scheme) to this circular.

12. 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,
By order of the Board
New City Development Group Limited
Han Junran
Chairman

Hong Kong, 26 May 2017

The biographical details of the Directors to be re-elected at the AGM are set out below:–

Mr. Fu Yiu Kwong, PhD (“Mr. Fu”), aged 59, has over 30 years of experience in the accounting profession. Mr. Fu has worked for various local listed companies. He has extensive experience in auditing, merger and acquisition, business re-engineering and company re-structuring. Mr. Fu joined the Group in March 2003 as an executive Director of the Group.

Mr. Fu did not hold any other directorship in any listed public companies in the three years prior to the Latest Practicable Date and does not have any relationship with any other directors, senior management, substantial shareholders or controlling shareholders (as defined in the Listing Rules) of the Company. As at the Latest Practicable Date, Mr. Fu does not have any interest in shares of the Company within the meaning of the Part XV of the SFO. There is a services contract between the Company and Mr. Fu for a term of two years and continuing thereafter on a yearly basis until terminated by either party giving to the other not less than six months’ notice. Mr. Fu is currently entitled to an annual salary of HK\$960,000 and management bonus subject to the discretion of the Board having regard to the operating results of the Group and his performance as may be determined by the Board.

Save as disclosed above, there is no information to be disclosed pursuant to any of the requirements of the provisions under Rules 13.51(2)(h) to (v) of the Listing Rules, nor are there other matters relating to the re-election of Mr. Fu that needs to be brought to the attention of the shareholders.

Mr. Seto Man Fai (“Mr. Seto”), aged 49, graduated from the Chinese University of Hong Kong with a bachelor’s degree in accounting. He is a member of the American Institute of Certified Public Accountants, a fellow of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants. He is also a member of the Institute of Chartered Accountants in England and Wales. Mr. Seto has extensive experiences in accounting, auditing and corporate finance. Mr. Seto is currently the partner of two accounting firms in Hong Kong.

Mr. Seto was appointed as an Independent Non-Executive Director of the Company in October 2009. On 3 June 2016, Mr. Seto has been re-designated from an Independent Non-Executive Director to an Executive Director. Mr. Seto did not hold any other directorship in any listed public companies in the three years prior to the Latest Practicable Date and does not have any relationship with any other directors, senior management, substantial shareholders or controlling shareholders (as defined in the Listing Rules) of the Company. As at the Latest Practicable Date, Mr. Seto does not have any interest in shares of the Company within the meaning of the Part XV of the SFO. There is a services contract between the Company and Mr. Seto for a term of one year and continuing thereafter on a yearly basis until terminated by either party giving to the other not less than six months’ notice. Mr. Seto is currently entitled to an annual salary of HK\$960,000 and management bonus subject to the discretion of the Board having regard to the operating results of the Group and his performance as may be determined by the Board.

Save as disclosed above, there is no information to be disclosed pursuant to any of the requirements of the provisions under Rules 13.51(2)(h) to (v) of the Listing Rules, nor are there other matters relating to the re-election of Mr. Seto that needs to be brought to the attention of the shareholders.

Mr. Leung Kwai Wah Alex (“Mr. Leung”), aged 63, is currently a mentor of mentorship program of two universities in Hong Kong. Mr. Leung has 30 years of experiences in banking and financing field. Mr. Leung is a fellow member of Governance Institute of Australia, Hong Kong Institute of Directors, Institute of Chartered Secretaries and Administrators and Hong Kong Securities and Investment Institute. Mr. Leung is also a member of Hong Kong Treasury Markets Association. Mr. Leung graduated from Hong Kong Baptist College with a business administration major in 1979 and obtained a master’s degree in business administration from Illinois State University in USA in 1981. Mr. Leung was appointed as an Independent Non-Executive Director of the Company in June 2016.

Mr. Leung entered into a service agreement with the Company on 3 June 2016 for a term of one year and is subject to retirement by rotation and re-election in accordance with the Articles of Association. According to the service agreement, Mr. Leung is entitled to a remuneration of HK\$10,000 per month which is determined by reference to her duties and responsibilities to the Company.

Save as disclosed above, as at the Latest Practicable Date, (i) Mr. Leung did not have any relationship with any Directors, senior management, substantial shareholders or controlling shareholders of the Company; (ii) Mr. Leung did not hold any directorship in any other listed companies in the three years prior to the Latest Practicable Date; (iii) Mr. Leung did not have any interest in the shares of the Company within the meaning of Part XV of the SFO; (iv) there were no other matters that should be disclosed pursuant to any requirements of Rules 13.51(2)(h) to (v) of the Listing Rules; and (v) there are no other matters that are required to be brought to the attention of the Shareholders in relation to the re-election of Mr. Leung.

Mr. Zhang Jing (“Mr. Zhang”), aged 60, is currently a director of private equity investment of Oriental Patron Financial Group Limited in Hong Kong. Mr. Zhang has over 22 years of experiences in corporate management. Mr. Zhang served as the general manager of China Security Limited (中國中安保有限公司). Prior to this, Mr. Zhang was the deputy general manager of Sichuan Jinguang Group (四川金廣集團). He also served as the director and deputy general manager of collective economic management department of China Yituo Group (中國一拖集團) and the chief financial officer of First Tractor Company Limited. Mr. Zhang obtained a bachelor’s degree in industrial accounting from Henan Radio & Television University and a master’s degree in management engineering from Jiangsu University. Mr. Zhang was appointed as an Independent Non-Executive Director of the Company in June 2016.

Mr. Zhang entered into a service agreement with the Company on 3 June 2016 for a term of one year and is subject to retirement by rotation and re-election in accordance with the Articles of Association. According to the service agreement, Mr. Zhang is entitled to a remuneration of HK\$10,000 per month which is determined by reference to her duties and responsibilities to the Company.

Save as disclosed above, as at the Latest Practicable Date, (i) Mr. Zhang did not have any relationship with any Directors, senior management, substantial shareholders or controlling shareholders of the Company; (ii) Mr. Zhang did not hold any directorship in any other listed companies in the three years prior to the Latest Practicable Date; (iii) Mr. Zhang did not have any interest in the shares of the Company within the meaning of Part XV of the SFO; (iv) there were no other matters that should be disclosed pursuant to any requirements of Rules 13.51(2)(h) to (v) of the Listing Rules; and (v) there are no other matters that are required to be brought to the attention of the Shareholders in relation to the re-election of Mr. Zhang.

This appendix serves as an explanatory statement, as required by the Listing Rules, to provide requisite information to you relating to the Repurchase Mandate to be proposed at the AGM.

1. LISTING RULES RELATING TO THE REPURCHASE OF SHARES

The Listing Rules permit companies whose primary listing is on the Stock Exchange to repurchase their shares on the Stock Exchange and any other stock exchange on which the securities of the company are listed and such exchange is recognized by the Hong Kong Securities and Futures Commission subject to certain restrictions. Among such restrictions, the Listing Rules provide that the shares of such a company must be fully paid up and all repurchase of shares by such a company must be fully paid up and all repurchase of shares by such a company must be approved in advance by an ordinary resolution of shareholders, either by way of the Repurchase Mandate or by specific approval of a particular transaction.

2. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 3,317,045,040 Shares.

Subject to the passing of the proposed ordinary resolution approving the Repurchase Mandate and on the basis that no further Shares are issued or repurchased by the Company prior to the AGM, the Company will be allowed under the Repurchase Mandate to repurchase a maximum of 331,704,504 Shares, representing 10% of the aggregate nominal amount of the issued share capital of the Company.

3. REASONS FOR REPURCHASE

The Directors believe that the Repurchase Mandate is in the best interests of the Company and its Shareholders to seek a general authority from the Shareholders to enable the Directors to repurchase the Share on the Stock Exchange. Such repurchase may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets and/or earnings per Share and will only be made when the Directors believe that such repurchase will benefit the Company and its Shareholders.

4. FUNDING OF REPURCHASE

Repurchase will be financed entirely from available cash flow or working capital facilities of the Company or its subsidiaries which will be funds legally available for such purposes in accordance with the Articles of Association and the applicable laws in the Cayman Islands. Under the Companies Law, any repurchases by the Company may be made out of profits, out of the Company's share premium account or out of the proceeds of a fresh issue of Shares made for the purpose of the repurchase or, if authorised by the Articles and subject to the Companies Law, out of capital and, in the case of any premium payable on the repurchase, out of profits of the Company or out of the Company's share premium account before or at the time the Shares are repurchased or, if authorised by the Articles and subject to the Companies Law, out of capital.

There might be material adverse impact on the working capital or gearing position of the Company as compared with the position disclosed in the audited accounts contained in the annual report for the year ended 31 December 2016 in the event that the Repurchase Mandate was to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

5. 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 up to the Latest Practicable Date were as follows:

	Price per Shares	
	Highest HK\$	Lowest HK\$
2016		
May	0.425	0.34
June	0.41	0.31
July	0.42	0.37
August	0.4	0.355
September	0.425	0.365
October	0.45	0.37
November	0.395	0.37
December	0.435	0.375
2017		
January	0.425	0.38
February	0.425	0.395
March	0.42	0.38
April	0.4	0.37
May (up to the Latest Practicable Date)	0.39	0.355

6. UNDERTAKING

The Directors have undertaken to the Stock Exchange that they will only exercise the power of the Company to make repurchase of its Shares pursuant to the Repurchase Mandate in accordance with the Listing Rules and all applicable laws of the Cayman Islands, and in accordance with the regulations set out in the memorandum of association and the Articles of the Company.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates (as defined in the Listing Rules), have any present intention, in the event that the Repurchase Mandate is approved at the AGM by the Shareholders, to sell any Shares to the Company.

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

7. TAKEOVERS CODE

If on exercise of the power to repurchase Share 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 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, the interests of the Shareholders as recorded in the register of the Company kept under Section 336 of the SFO and the interests of the Directors as recorded in the register of the Company kept under Section 352 of the SFO are as follow:

- (i) Junyi Investments Limited held 1,886,662,752 Shares, representing 56.88% of the issued share capital of the Company and Mr. Han Junran held 100% of the issued share capital of Junyi Investments Limited. For the purposes of the SFO, both Junyi Investments Limited and Mr. Han Junran were deemed to be interested in 1,886,662,752 Shares of the Company.
- (ii) The security interest of the 400,000,000 Shares is held by Haitong International New Energy VIII Limited, which is an indirect wholly-owned subsidiary of Haitong International Securities Group Limited, which is an indirect subsidiary of Haitong Securities Co., Ltd.

To the best of the knowledge and belief of the Company, save as disclosed, no other person, together with his/her associates, was beneficially interested in Shares representing 5% or more of the issued share capital of the Company.

In the event that the Directors exercise in full the power to repurchase Shares in accordance with the Repurchase Mandate to be proposed at the AGM, the total interests of Junyi Investments Limited would be increased to approximately 63.20% of the total issued share capital of the Company.

The Directors are not aware of any Shareholder or a group of Shareholders acting in concert who will become obliged to make a mandatory offer under the Takeovers Code as a result of a repurchase pursuant to the Repurchase Mandate, the Directors have no present

intention to exercise the Repurchase Mandate to an extent as may result in any mandatory offer being made under the Takeovers Code or may result in less than 25% of the issued share capital of the Company being held by the public.

8. SHARE REPURCHASE MADE BY THE COMPANY

The Company has not repurchased any of its Shares (whether on the Stock Exchange or otherwise) during the six calendar months preceding the Latest Practicable Date.

APPENDIX III PRINCIPAL TERMS OF THE SHARE OPTION SCHEME

This Appendix summaries the principal terms of the Share Option Scheme but does not form part of, nor was it intended to be, part of the Share Option Scheme nor should it be taken as effecting the interpretation of the rules of the Share Option Scheme. For the purpose of this Appendix, in addition to the terms defined in this circular, unless the context otherwise requires:

“Approval Date”	means the date on which the adoption of the Scheme is approved by resolution(s) of the Shareholders in general meeting of the Company;
“associate”	has the meaning ascribed to it in Rule 1.01 of the Listing Rules;
“Business Day”	means a day (other than Saturdays and days on which a tropical cyclone warning No.8 or above or a “black rainstorm warning signal” is issued in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours;
“close associate”	has the meaning ascribed to it in Rule 1.01 of the Listing Rules;
“connected person”	has the meaning ascribed to it in Rule 14A.06(7) of the Listing Rules;
“Eligible Employees”	means any employee (whether full time or part time employee, including any executive directors but not any non-executive director) of the Company, its Subsidiaries and any Invested Entity;
“Grantee”	means any Participant (or any company wholly-owned by the Participant) who accepts the offer of the grant of any Option in accordance with the terms of this Scheme or (where the context so permits) a person entitled to any such Option in consequence of the death of the original Grantee;
“inside information”	has the meaning ascribed to it in Part XIVA of the SFO;
“Model Code”	means the Appendix 10 to the Listing Rules titled “Model Code for Securities Transactions by Directors of Listed Issuers”;

APPENDIX III PRINCIPAL TERMS OF THE SHARE OPTION SCHEME

“Offer”	means an offer of the grant of Option;
“Option”	means an option to subscribe for Shares in accordance with the terms of this Scheme;
“Option Period”	means in respect of any particular Option, such period within which the Shares may be taken up under the Option as the Board may in its absolute discretion determine, save that such period shall not be more than ten (10) years from the date of grant of the Option and that the Board may at its discretion determine the minimum period for which the Option has to be held or other restrictions before the exercise of the subscription right attaching thereto;
“Participant”	means any of the following: (aa) any Eligible Employee; (bb) any non-executive director (including independent non-executive directors) of the Company, any of its Subsidiaries or any Invested Entity; (cc) any supplier of goods or services to any member of the Group or any Invested Entity; (dd) any customer of the Group or any Invested Entity; and (ee) any consultant, adviser, manager, officer or entity that provides advice, service, research, development or other contribution or technological support to the Group or any Invested Entity; and
“Subscription Price”	means the price per Share at which a Grantee may subscribe for Shares on the exercise of an Option.

1. Purpose of the Scheme

The purpose of the Share Option Scheme is to provide incentives or rewards to the Participants for their contribution to the Group and/or to enable the Group to recruit and retain high calibre employees and attract human resources that are valuable to the Group and any Invested Entity.

2. Who may join

The Board shall be entitled at its absolute discretion, to offer to grant to any Participant as the Board may in its absolute discretion select. For the purpose of the Share Option Scheme, Options may be granted to any company wholly-owned by a Participant.

An Option shall be deemed to have been granted and to have taken effect when the duplicate letter comprising acceptance of the Option duly signed by the Grantee with the number of Shares in respect of which the Offer is accepted clearly stated therein, 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 within 21 business days from the day the Offer is made.

3. Maximum number of Shares

- (a) The total number of Shares which may be issued upon the exercise of all options that may be granted under this Scheme and any other share option schemes of the Company must not in aggregate exceed 10 per cent. of the total number of Shares in issue as at the Approval Date (the “**Scheme Mandate Limit**”). Options lapsed in accordance with the terms of this Scheme or any other share option schemes of the Company will not be counted for the purpose of calculating the Scheme Mandate Limit.
- (b) The Company may seek approval of the Shareholders in general meeting for refreshing the Scheme Mandate Limit such that the total number of Shares which may fall to be issued upon the exercise of all options that may be granted under this Scheme and any other share option schemes of the Company as “refreshed” shall not exceed 10% of the total number of Shares in issue as at the date of the approval of the Shareholders on the refreshment of the Scheme Mandate Limit provided that options previously granted under this Scheme or any other share option schemes of the Company (including options outstanding, cancelled, lapsed in accordance with the terms of this Scheme or any other share option scheme of the Company or exercised options) will not be counted for the purpose of calculating the Scheme Mandate Limit as “refreshed”. For the purpose of seeking the approval of Shareholders under this paragraph 3(b), a circular containing the information as required under the Listing Rules must be sent to the Shareholders.
- (c) The Company may seek separate approval of the Shareholders in general meeting for granting Options beyond the Scheme Mandate Limit provided that the proposed Grantee(s) of such Option(s) must be specifically identified by the Company before such approval is sought. For the purpose of seeking the approval of the Shareholders under this paragraph 3(c), the Company must send a circular to the Shareholders containing a generic description of the specified proposed Grantees of such Options, the number and terms of the Options to be granted, the purpose of granting such Options to the proposed Grantees with an explanation as to how the terms of Options serve such purpose and the information as required under the Listing Rules.

APPENDIX III PRINCIPAL TERMS OF THE SHARE OPTION SCHEME

- (d) Notwithstanding any provision to the contrary herein, the maximum number of Shares which may be issued upon exercise of all outstanding options granted under the Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the Shares in issue from time to time. No options may be granted under this Share Option Scheme or any other share option schemes of the Company if this will result in the limit set out in this paragraph 3(d) being exceeded.

- (e) No Participant shall be further granted an Option, if such further grant would result in the total number of Shares issued and to be issued upon exercise of all the options under this Scheme or any other share option schemes of the Company granted and to be granted to it or him or her (including both exercised, cancelled and outstanding options) in any 12-month period up to and including the date of such further grant would exceed 1% of the Shares in issue unless such further grant has been approved by the Shareholders in general meeting with the Participant and his close associates (or his associates if the Participant is a connected person of any member of the Group) abstaining from voting. The Company must send a circular to the Shareholders and the circular must disclose the identity of the Participant, the number and terms of the Options to be granted and options previously granted to such Participant and the information and the disclaimer as required under the Listing Rules. The number and terms (including the Subscription Price) of the Options to be granted to such Participant must be fixed before Shareholders' approval and the date of the meeting of the Board for proposing such further grant of Option should be taken as the date of grant for the purpose of calculating the Subscription Price.

4. Terms of exercise of Options

An Option may be exercised in accordance with the terms of the Share Option Scheme at any time during the Option Period. The Board may at its discretion determine the terms and conditions of the Options, including but not limited to:

- (a) the minimum period for which an Option has to be held before it can be exercised; and

- (b) performance target that must be achieved or other restrictions before the Options can be exercised.

5. Subscription Price

The Subscription Price shall be such price as determined by the Board in its absolute discretion but in any case the Subscription Price shall not be lower than the highest of:

- (i) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheet on the date of grant, which must be a trading day;

APPENDIX III PRINCIPAL TERMS OF THE SHARE OPTION SCHEME

- (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the 5 trading days immediately preceding such date of grant; and
- (iii) the nominal value of a Share at the time of such grant.

6. Ranking of Shares, including voting rights and rights arising on liquidation

- (a) The Shares to be allotted upon the exercise of an Option will be subject to all the provisions of the articles of association of the Company and the Companies Law for the time being in force and will rank *pari passu* in all respects with the fully paid Shares in issue as from the day when the name of the Grantee of the said Option is registered on the register of members of the Company and accordingly will entitle the said Grantee to participate in all dividends or other distributions to be paid or made on or after the date when the name of the said Grantee is registered on the register of members of the Company other than any dividend or other distribution previously declared or recommended or resolved to be paid or made with respect to a record date which shall be before the date when the name of the said Grantee is registered on the register of members of the Company. A Share allotted upon the exercise of an Option shall not carry any voting right until the completion of the registration of the Grantee as the holder thereof.
- (b) In the event a notice is given by the Company to its Shareholders 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 on the same date as or soon after it despatches such notice to each member of the Company give notice thereof to all Grantees and thereupon, each Grantee (or his or her legal personal representatives) shall, subject to the provisions of all applicable laws, be entitled to exercise all or any of his Options (to the extent which has become exercisable and not already exercised) at any time not later than five (5) Business Days prior to the proposed general meeting of the Company 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 referred to above, allot the relevant Shares to the Grantee credited as fully paid, which Shares shall rank *pari passu* with all other Shares in issue on the date prior to the passing of the resolution to wind up the Company to participate in the distribution of assets of the Company available in liquidation.

7. Rights on takeover

In the event of a general or partial offer, whether by way of takeover offer, share repurchase offer, or scheme of arrangement or otherwise in like manner is made to all Shareholders, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, with the terms of the offer having been approved by any relevant regulatory authority and are in accordance

APPENDIX III PRINCIPAL TERMS OF THE SHARE OPTION SCHEME

with applicable laws and regulatory requirements and such offer becomes or is declared unconditional prior to the expiry of the Option, the Grantee (or, as the case may be his or her legal personal representatives) shall be entitled to exercise the Option in full (to the extent which has become exercisable and not already exercised) at any time after the date on which the offer becomes or is declared unconditional but before the date on which such offer (or, as the case may be, revised offer) closes.

8. Rights on a compromise or arrangement

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

9. Rights on death

In the event that the Grantee (or the beneficial owner of the Grantee in the event the Option is granted to a company wholly-owned by a Participant) ceases to be a Participant by reason of death (provided that in the event of the Grantee (or the beneficial owner of the Grantee, as the case may be) being an Eligible Employee on the date of grant and none of the events which would be a ground for termination of his or her employment under paragraph 12(g) below arises prior to his or her death), the legal personal representative(s) of this Grantee shall be entitled within a period of 12 months from the date of death to exercise the Option up to the entitlement of such Grantee as at the date of death in whole or in part (to the extent which has become exercisable and not already exercised).

10. Rights on cessation of employment

In the event of the Grantee (or the beneficial owner of the Grantee in the event the Option is granted to a company wholly-owned by a Participant), who being an Eligible Employee on the date of grant, ceases to be an Eligible Employee for any reason other than his or her death or the termination of his or her employment on one or more of the grounds specified in paragraph 12(g) below, the Grantee may exercise the Option up to his entitlement at the date of cessation in whole or in part (to the extent which has become exercisable and not already exercised) within the period of 1 month following the date of such cessation, which date shall be the last actual working day with the Company or the relevant Subsidiary or the relevant Invested Entity whether salary is paid in lieu of notice or

APPENDIX III PRINCIPAL TERMS OF THE SHARE OPTION SCHEME

not, or such longer period following the date of cessation as the Board may determine (provided that the retirement of director(s) of the Company or the relevant Subsidiary or the relevant Invested Entity at annual general meeting who is/are re-elected at the same meeting shall not be regarded as ceasing employment for the purpose of this paragraph).

11. Life of the Share Option Scheme

The Scheme shall be valid and effective for a period of 10 years commencing from the Approval Date, after which period no further Options will be granted. Options complying with provisions of the Listing Rules which are granted during the duration of the Scheme and remain unexercised immediately prior to the expiry or termination of the Scheme shall continue to be valid and exercisable in accordance with their respective terms of grant within their Option Periods and the provisions of this Scheme shall remain in full force and effect to the extent necessary to give effect to and govern such Options, notwithstanding the expiry or termination of the Scheme.

12. Lapse of Option

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

- (a) the expiry of the Option Period;
- (b) the date on which the Grantee (or the beneficial owner of the Grantee in the event that the Option is granted to a company wholly-owned by a Participant) commits a breach of paragraph 16 below;
- (c) the expiry of any of the periods referred to in paragraphs 9 or 10;
- (d) the date on which the offer (or as the case may be, revised offer) referred to in paragraph 7 closes;
- (e) subject to paragraph 6(b), the date of the commencement of the winding-up of the Company;
- (f) subject to the proposed compromise or arrangement becoming effective, the expiry of the period referred to in paragraph 8;
- (g) the date on which the Grantee (or the beneficial owner of the Grantee in the event that the Option is granted to a company wholly-owned by a Participant), being an Eligible Employee on the date of grant, ceases to be an Eligible Employee by reason of the termination of his or her employment on any one or more of the grounds that he or she has been guilty of misconduct, or has committed an act of bankruptcy or has become insolvent or has made any arrangement or composition with his or her creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty or (if so determined by the Board) on any other ground on which an Employer would be entitled to terminate his or her employment at common law or pursuant to any applicable laws or under the

APPENDIX III PRINCIPAL TERMS OF THE SHARE OPTION SCHEME

Grantee's service contract with the Company or the relevant Subsidiary or the relevant Invested Entity. A resolution of the Board or the board of directors of the relevant Subsidiary or the board of directors of the relevant Invested Entity to the effect that employment of a Grantee has or has not been terminated on one or more of the grounds specified in this paragraph shall be conclusive and binding on the Grantee; or

- (h) the date on which the Board shall at its absolute discretion determine that the Grantee (or the beneficial owner of the Grantee in the event that the Option is granted to a company wholly-owned by a Participant) (other than an Eligible Employee) or his or her associate has committed any breach of any contract entered into between the Grantee or his or her associate on the one part and the Group or any Invested Entity on the other part or that the Grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his or her creditors generally.

13. Effects of alterations to share capital

In the event of any alteration in the capital structure of the Company while any Option remains exercisable, whether by way of capitalisation issue, rights issue, consolidation or subdivision of shares or reduction of capital (other than an issue of Shares as consideration in respect of a transaction), such corresponding alterations (if any) shall be made in:

- (a) the number of Shares subject to the Option so far as unexercised; and/or
- (b) the Subscription Price; and/or
- (c) the maximum number of Shares for which further Options may be granted under this Scheme,

as the Company's independent financial adviser or its auditors shall certify in writing to the Board to be in their opinion fair and reasonable, provided that no such alteration shall be made to the extent that a Share would be issued at less than its nominal value and any alteration must be made so that each Grantee is given the same proportion of the equity capital of the Company as such Grantee was previously entitled. No such adjustment will be required in circumstances where there is an issue of Shares or other securities of the Group as consideration in a transaction.

In addition, in respect of any such alteration as provided in this paragraph, other than any made on a capitalisation issue, the Company's independent financial adviser or its auditors must confirm in writing to the Directors that the alteration satisfies the requirements set out in the Note to Rule 17.03(13) of the Listing Rules.

14. Cancellation of Options granted

Any cancellation of Options granted but not exercised shall require approval of the Board. Where any Option is cancelled and new Options are to issued to the same Participant, the issue of such new Options may only be made under this Scheme with available unissued Options (excluding the cancelled Options) within the limit approved by Shareholders as set out in paragraphs 3(a) to (c).

15. Termination of the Share Option Scheme

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

16. Rights are personal to Grantee

An Option shall be personal to the Grantee and shall not be transferable or assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any Option. In the event that the Option is granted to a company wholly-owned by a Participant, in addition to the restriction stated in the foregoing of this paragraph, such Participant shall not sell, transfer, encumber, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to the share capital of such company wholly-owned by him. Without prejudice to paragraph 12(b), any breach of the foregoing by the Grantee (or the beneficial owner of the Grantee in the event the Option is granted to a company wholly-owned by a Participant) shall entitle the Company to cancel any outstanding Option or part thereof granted to such Grantee (to the extent not already exercised).

17. Alterations to the Share Option Scheme

- (a) This Scheme may be altered in any respect to the extent allowed by the Listing Rules by resolution of the Board except that the following alteration must be approved by a resolution of the Shareholders in general meeting:
 - (i) any changes to the matters set out in Rule 17.03 of the Listing Rules which are to the advantage of the Grantees or the prospective Grantees;
 - (ii) any alteration to the terms and conditions of this Scheme which are of a material nature or any change to the terms of the Options granted, except where the alterations take effect automatically under this Scheme; and
 - (iii) any change to the authority of the Board in relation to any alteration to the terms of this Scheme.

APPENDIX III PRINCIPAL TERMS OF THE SHARE OPTION SCHEME

- (b) The amended terms of this Scheme or the Options shall comply with the requirements of Chapter 17 of the Listing Rules.
- (c) The Company must provide to all Grantees all details relating to changes in the terms of this Scheme during the life of this Scheme immediately upon such changes taking effect.

18. Grant of Options

No Offer shall be made after any inside information has come to the knowledge of the Company (as construed in accordance with the provisions in Part XIVA of the SFO) until such inside information has been announced pursuant to the requirements of the SFO and the Listing Rules. In particular, no Option shall be granted during (a) the period commencing one month immediately before the earlier of (i) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results of any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (ii) the deadline for the Company to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement and (b) any period of delay in publishing a results announcement. In addition, the Board shall not grant any Option to a Participant who is subject to the Model Code or any corresponding code or securities dealing restrictions adopted by the Company during the period or times in which such Participant is prohibited from dealing in Shares and/or accepting any grant of an option to acquire Shares or interests therein pursuant to such code.

19. Grant of Options to connected persons, directors or any of their associates

- (a) Each Offer to a director, chief executive or substantial shareholder of the Company or any of their respective associates under this Scheme must be approved by the independent non-executive Directors of the Company (excluding any independent non-executive Director who is a proposed Grantee of the relevant Options) and shall comply with the requirements of Rule 17.04 of the Listing Rules.
- (b) In addition to the requirement(s) under paragraph 19(a), where any proposed Offer to a substantial shareholder or an independent non-executive Director of the Company, or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:
 - (i) representing in aggregate over 0.1% of the Shares in issue at the time of such grant; and
 - (ii) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5,000,000,

APPENDIX III PRINCIPAL TERMS OF THE SHARE OPTION SCHEME

such further proposed Offer must be approved by the Shareholders in accordance with the requirements of the Listing Rules.

- (c) Shareholders' approval as required under this paragraph 19(b) is also required for any change in the terms of Options granted to a Participant who is a substantial shareholder or an independent non-executive director of the Company, or any of their respective associates.

NOTICE OF ANNUAL GENERAL MEETING



NEW CITY DEVELOPMENT GROUP LIMITED

新城市建設發展集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0456)

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that an annual general meeting (the “**Meeting**”) of New City Development Group Limited (the “**Company**”) will be held at Flat D, 17/F, MG Tower, 133 Hoi Bun Road, Kwun Tong, Hong Kong on Tuesday, 27 June 2017 at 10:30 a.m. for the following purposes:

1. To receive and consider the audited financial statements of the Company and the Reports of the Directors and the Auditor for the year ended 31 December 2016;
2. To re-elect the retiring Directors and to authorise the Board of Directors to fix their remuneration;
3. To re-appoint Ascenda Cachet CPA Limited as auditor of the Company and to authorise the Board of Directors to fix their remuneration;
4. As special business, to consider and, if thought fit, pass the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

“THAT

- (a) Subject to paragraph (c) below, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options, including warrants to subscribe for shares, which would or might require the exercise of such power be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall be in addition to any other authorization given to the Directors of the Company and shall authorise the Directors of the Company during the Relevant Period to make or grant offers, agreements and options, including warrants to subscribe for shares, which would or might require the exercise of such power after the end of the Relevant Period;

NOTICE OF ANNUAL GENERAL MEETING

- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to a Right Issue (as hereinafter defined) or any issue of shares of the Company on the exercise of the subscription rights attaching to any warrants which may be issued by the Company from time to time or the exercise of the options granted under the share option scheme of the Company or an 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, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at 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 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 any applicable law or the articles of association of the Company to be held; and
- (iii) the passing of an ordinary resolution of the Company in general meeting revoking or varying the authority set out in this resolution.

“**Rights Issue**” means an offer of shares open for a period fixed by the Directors of the Company to holders of shares whose names appear on the Register of Members of the Company on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the Directors of the Company 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 any recognized regulatory body or any stock exchange in, any territory applicable to the Company).”

5. As special business, to consider and, if thought fit, pass the following resolution as ordinary resolution of the Company:

“**THAT:**

- (a) Subject to paragraph (b) below, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase securities of the Company on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) or on any other stock exchange on which the securities of the Company may be listed and which is recognized by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and/or the requirements of the Rules Governing the

NOTICE OF ANNUAL GENERAL MEETING

Listing of Securities on the Stock Exchange or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;

- (b) the aggregate nominal amount of securities authorised to be repurchased by the Company pursuant to the approval in paragraph (a) above during the Relevant Period shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this resolution, and the said approval shall be limited accordingly; and
- (c) for the purpose of this resolution:

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

- (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by any applicable law or the articles of association of the Company to be held; and
 - (iii) the passing of an ordinary resolution of the Company in general meeting revoking or varying the authority set out in this resolution.”
6. As special business, to consider and, if thought fit, pass the following resolution as an ordinary resolution of the Company:

“**THAT** conditional on the passing of the Resolutions nos. 4 and 5 stated on the notice convening this Meeting, the general mandate granted to the Directors of the Company and for the time being in force to exercise the powers of the Company to allot, issue and deal with additional shares pursuant to the resolution set out in Resolution no. 4 stated on the notice convening this meeting be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the authority granted pursuant to the resolution set out in Resolution no. 5 stated on the notice convening this Meeting provided that such extended amount shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of the said resolution.”

7. As a special business, to consider and, if thought fit, pass the following resolution as an ordinary resolution of the Company:

“**THAT** subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) granting approval of the listing of, and permission to deal in, the shares of the Company (the “**Shares**”) to be issued and allotted pursuant to the share option scheme of the Company (the “**Share Option Scheme**”) (the terms of which are set out in the document marked “A” which has been produced to this meeting and signed by the chairman of this meeting for the purpose of identification), not exceeding 10% of the total number of Shares in issue as at the date of adoption of the Share Option

NOTICE OF ANNUAL GENERAL MEETING

Scheme, the Share Option Scheme be and is hereby approved and adopted and the board of directors of the Company be and is hereby authorised to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the Share Option Scheme including but without limitation:

- (i) to administer the Share Option Scheme under which options will be granted to participants eligible under the Share Option Scheme to subscribe for Shares;
- (ii) to modify and/or amend the Share Option Scheme from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the Share Option Scheme relating to modification and/or amendment and any other applicable laws and regulations;
- (iii) to allot and issue 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 under the Share Option Scheme provided always that the total number of Shares subject to the Share Option Scheme, when aggregated with any Shares subject to any other share option schemes, shall not exceed 10% of the Shares in issue as at the date of passing this resolution, but the Company may seek approval of its shareholders in general meeting for refreshing the 10% limit under the Share Option Scheme and the maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company shall not exceed 30% of the issued Shares from time to time;
- (iv) to make applications at the appropriate time or times to the Stock Exchange and any other stock exchanges upon which the issued Shares of the Company may for the time being be listed, for listing of and permission to deal in any Shares which may hereafter from time to time be allotted and issued pursuant to the exercise of the options under the Share Option Scheme; and
- (v) to consent, if it so deems fit and expedient, to such conditions, modifications and/or variations as may be required or imposed by the relevant authorities in relation to the Share Option Scheme.”

By order of the Board
New City Development Group Limited
Chan Yim Kum
Company Secretary

Hong Kong, 26 May 2017

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. Every member entitled to attend and vote at the Meeting 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 Meeting. A proxy need not be a member of the Company. A proxy or proxies representing either a member who is an individual or a member which is a corporation shall be entitled to exercise the same powers on behalf of the member which he or they represent as such member could exercise.
2. Where there are joint holders of any share any one of such joint holder may vote, 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 be present at any meeting the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members in respect of the joint holding. Several executors or administrators of a deceased member in whose name any share stands shall be deemed joint holders thereof.
3. A form of proxy for use at the Meeting is enclosed herewith.
4. The Register of Members of the Company will be closed from Thursday, 22 June 2017 to Tuesday, 27 June 2017, both days inclusive, during which period no share transfers will be effected. In order to ascertain shareholders' rights for attending and voting at the annual general meeting, all transfers 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 for registration not later than 4:00 p.m. on Wednesday, 21 June 2017.
5. If Typhoon Signal No. 8 or above, or a "black" rainstorm warning is in effect any time after 7:30 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 www.newcitygroup.com.hk 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.