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

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

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Zhaobangji Properties Holdings Limited

兆邦基地產控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1660)

**(I) CONTINUING CONNECTED TRANSACTIONS
PROPERTY MANAGEMENT FRAMEWORK AGREEMENT;
AND
(II) RE-ELECTION OF DIRECTORS**

**Independent financial adviser to
the Independent Board Committee and the Independent Shareholders**



A letter from the Board is set out on pages 5 to 26 of this circular.

A notice convening the EGM to be held at Unit 16–18, 11/F., China Merchants Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong at 10 a.m. on 21 December 2018 is set out on pages 51 to 53 of this circular. A form of proxy for use by the Shareholders at the EGM is enclosed. Whether or not you intend to attend and/or vote at the EGM in person, you are requested to complete the form of proxy enclosed in accordance with the instructions printed thereon and return it to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as practicable but in any event not less than forty-eight (48) hours before the time appointed for holding the EGM (i.e. at or before 10 a.m. on 19 December 2018 (Hong Kong time)) or any adjourned meeting thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof (as the case may be) should you so desire and in such case, the form of proxy shall be deemed to be revoked.

5 December 2018

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DEFINITIONS

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

“Annual Caps”	the maximum of RMB7.0 million, RMB31.0 million and RMB32.6 million respectively, and in any event not higher than 25% of the revenue of the Group for the immediately preceding financial year as shown in its audited consolidated financial statements, which the aggregate amount of fees that may be charged by Shenzhen Zhaobangji Property Services for the provision of property management services in respect of the properties currently controlled or being developed by the Shenzhen Zhaobangji Group pursuant to the Property Management Framework Agreement is expected not to exceed during the three years ending 31 March 2019, 2020 and 2021 respectively, as referred to in the section headed “Letter from the Board – 2. The Property Management Framework Agreement – Proposed Annual Caps” in this circular
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Boardwin”	Boardwin Resources Limited, a company incorporated under the laws of the British Virgin Islands with limited liability, and a 51.65% shareholder of the Company
“Company”	Zhaobangji Properties Holdings Limited, a company incorporated under the laws of the Cayman Islands with limited liability, the issued 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
“continuing connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company

DEFINITIONS

“EGM”	the extraordinary general meeting of the Company to be convened and held at Unit 16–18, 11/F., China Merchants Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong at 10 a.m. on 21 December 2018 for the Independent Shareholders to consider and, if thought fit, approve (i) the Property Management Framework Agreement and the continuing connected transactions contemplated thereunder (including the Annual Caps); and (ii) the re-election of Directors
“financial year(s)”	shall mean financial year(s) ended/ending the 31st day of March of the relevant calendar year(s), unless otherwise specified
“Group”	collectively, the Company and its subsidiaries for the time being
“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
“Independent Board Committee”	an independent committee of the Board, comprising of all independent non-executive Directors, established to advise the Independent Shareholders in respect of the continuing connected transactions contemplated under the Property Management Framework Agreement (including the Annual Caps)
“Independent Financial Adviser”	Opus Capital Limited, a corporation licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Company for the purpose of advising the Independent Board Committee and the Independent Shareholders in respect of the continuing connected transactions contemplated under the Property Management Framework Agreement (including the Annual Caps)
“Independent Shareholders”	Shareholders other than Mr. Xu Chujia, Ms. Zhang Meijuan, and Boardwin, and all other Shareholders materially interested in the Property Management Framework Agreement

DEFINITIONS

“Independent Third Party(ies)”	person(s) or company/(ies) who or which is/(are) not connected person(s) of the Company
“Individual Property Management Agreement(s)”	agreement(s) to be entered by Shenzhen Zhaobangji Property Services and the Shenzhen Zhaobangji Group pursuant to the Property Management Framework Agreement in respect of each property to be managed by Shenzhen Zhaobangji Property Services during the term of the Property Management Framework Agreement, which shall set out the detailed terms of the transactions to be conducted thereunder
“Latest Practicable Date”	3 December 2018, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this circular, excludes Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
“Property Management Framework Agreement”	the Property Management Framework Agreement entered into between Shenzhen Zhaobangji Property Services and Shenzhen Zhaobangji (for itself and as trustee for the benefit of its subsidiaries from time to time) on 30 November 2018 in relation to the provision of property management services by Shenzhen Zhaobangji Property Services in respect of properties currently controlled or being developed by the Shenzhen Zhaobangji Group which shall, subject to approval by the Independent Shareholders, be effective for a term commencing on the date of approval by the Independent Shareholders (or such later date as the parties to the Property Management Framework Agreement may agree in writing) and ending on 31 March 2021
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

DEFINITIONS

“Share(s)”	the ordinary share(s) of HK\$0.01 each in the capital of the Company
“Shareholder(s)”	the holder(s) of Shares
“Shenzhen Zhaobangji”	深圳兆邦基集團有限公司 (Shenzhen Zhaobangji Group Company Limited*), a limited liability company established under the laws of the PRC
“Shenzhen Zhaobangji Group”	collectively, Shenzhen Zhaobangji and its subsidiaries
“Shenzhen Zhaobangji Property Services”	深圳市兆邦基物業服務有限公司 (Shenzhen Zhaobangji Property Services Company Limited*), a limited liability company established under the laws of the PRC, a wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

* *for identification purpose only*

LETTER FROM THE BOARD

Zhaobangji Properties Holdings Limited

兆邦基地產控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1660)

Executive Directors:

Mr. Xu Chujia (*Chairman*)
Mr. Wu Hanyu
Mr. Kwan Kin Man Keith
Mr. Li Yan Sang
Mr. Zhao Yiyong

Registered office:

Maples Corporate Services Limited
PO Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands

Non-executive Directors:

Professor Lee Chack Fan, *G.B.S., S.B.S., J.P.*
Ms. Zhan Meiqing

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

Unit 16–18, 11/F
China Merchants Tower Shun Tak Centre
168–200 Connaught Road Central
Hong Kong

Independent non-executive Directors:

Mr. Cheng Yiu Tong, *G.B.M., G.B.S., J.P.*
Mr. Hui Chin Tong Godfrey
Mr. Sze-to Kin Keung
Mr. Wong Chun Man
Mr. Ye Longfei

5 December 2018

To the Shareholders,

Dear Sir or Madam

**(I) CONTINUING CONNECTED TRANSACTIONS
PROPERTY MANAGEMENT FRAMEWORK AGREEMENT;
AND
(II) RE-ELECTION OF DIRECTORS**

INTRODUCTION

Reference is made to the announcements of the Company: (i) dated 7 September 2018 in relation to, among other things, the appointment of Mr. Cheng Yiu-tong, *G.B.M., G.B.S., J.P.* as an independent non-executive Director and the re-designation of Ms. Zhan Meiqing as a non-executive Director; (ii) dated 22 October 2018 in relation to, among other things, the appointment of Professor Lee Chack Fan, *G.B.S., S.B.S., J.P.*, as a non-executive Director; (iii) dated 30 October 2018 in relation to, among other things, the appointment of Mr. Zhao Yiyong as an executive Director; and (iv) dated 30 November 2018 in relation to, among other things,

LETTER FROM THE BOARD

the appointment of Mr. Li Yan Sang as an executive Director; and (v) dated 30 November 2018 in relation to the Property Management Framework Agreement entered into between Shenzhen Zhaobangji Property Services and Shenzhen Zhaobangji (for itself and as trustee for the benefit of its subsidiaries from time to time), the transactions contemplated under which will constitute continuing connected transactions of the Company.

The purpose of this circular is to provide you with information regarding the resolutions to be proposed at the EGM relating to: (i) the Property Management Framework Agreement and the continuing connected transactions contemplated thereunder (including the Annual Caps); and (ii) information relating to the proposed re-election of Directors.

(I) THE PROPERTY MANAGEMENT FRAMEWORK AGREEMENT

On 30 November 2018, Shenzhen Zhaobangji Property Services and Shenzhen Zhaobangji (for itself and as trustee for the benefit of its subsidiaries from time to time) entered into the Property Management Framework Agreement in relation to the provision of property management services by Shenzhen Zhaobangji Property Services in respect of properties currently controlled or being developed by the Shenzhen Zhaobangji Group which shall, subject to approval by the Independent Shareholders, be effective for a term commencing on the date of approval by the Independent Shareholders (or such later date as the parties to the Property Management Framework Agreement may agree in writing) and ending on 31 March 2021.

Further details of the Property Management Framework Agreement is set out below:

- Date:** 30 November 2018 (after trading hours)
- Parties:**
- (1) Shenzhen Zhaobangji Property Services
 - (2) Shenzhen Zhaobangji (for itself and as trustee for the benefit of its subsidiaries from time to time)
- Period:** From the date of approval of the Property Management Framework Agreement by the Independent Shareholders (or such later date as the parties to the Property Management Framework Agreement may agree in writing) to 31 March 2021.

LETTER FROM THE BOARD

Individual Property Management Agreement:

Shenzhen Zhaobangji Property Services and the Shenzhen Zhaobangji Group shall enter into Individual Property Management Agreement(s) in respect of each property to be managed by Shenzhen Zhaobangji Property Services during the term of the Property Management Framework Agreement, which shall set out the detailed terms of the transactions to be conducted under the Property Management Framework Agreement. The terms of the Individual Property Management Agreement(s) shall in principle be consistent with the Property Management Framework Agreement. In case of inconsistency, the terms of the Property Management Framework Agreement shall prevail.

Service Scope:

The service scope (the “**Service Scope**”) under the Property Management Framework Agreement includes:

- (a) Daily management, cleaning and repair of public areas of the properties;
- (b) Security services and guest reception in the properties;
- (c) Maintenance of fire prevention, and reporting accidents to relevant authorities and taking corresponding measures to support rescue work in the properties;
- (d) Management of parking of vehicles and car parks (if applicable);
- (e) Management of renovation undertaken by occupants of the properties; and
- (f) Management of the public utilities expenses paid by the occupants.

Fees:

The fees chargeable for the Service Scope and the payment terms and methods shall be set out in the Individual Property Management Agreement(s) and determined principally on the basis of arm’s length commercial negotiations according to the principles of fairness and reasonableness by both parties by taking into account factors including the locations of the properties, the state of the properties, the applicable property management Service Scope, and the costs involved in managing the properties. The fee shall be determined with reference to the prevailing property management fees of similar properties in the market from time to time.

LETTER FROM THE BOARD

The fees chargeable for the services shall also be determined in accordance with the fees charged by Shenzhen Zhaobangji Property Services in providing similar property management services to Independent Third Parties in its ordinary course of business (if applicable). The fees chargeable for the services provided by Shenzhen Zhaobangji Property Services shall not be less favourable to Shenzhen Zhaobangji Property Services than those charged to the Independent Third Parties.

The fees chargeable by Shenzhen Zhaobangji Property Services for the Service Scope shall be adjusted in the Individual Property Management Agreements for each subsequent financial year ending 31 March in accordance with the prevailing circumstances to ensure that the fees will be in conformity with the principles mentioned above.

Internal Controls and Pricing Policies

In order to ensure that the fees set out in the Individual Property Management Agreement(s) will be on normal commercial terms, the following procedures will be carried out before Shenzhen Zhaobangji Property Services executes the Individual Property Management Agreement(s):

- (i) The finance department of Shenzhen Zhaobangji Property Services will prepare a research report and summary of fees charged by Shenzhen Zhaobangji Property Services to Independent Third Parties customers for the past six months (if applicable) to calculate a minimum fee proposal for the Individual Property Management Agreement. The prevailing comparable market level of fees in the research report will be obtained by collecting management fee data of comparable properties and the finance department will obtain quotations from not less than three market comparables. The minimum fee proposal will then be determined based on a price that is not less favourable than the comparables and the fees charged by Shenzhen Zhaobangji Property Services to Independent Third Parties customers for the past six months (if applicable). The finance department is currently led by Mr. Tian Maoxin (“**Mr. Tian**”), a certified public accountant in the PRC practising since 2009;
- (ii) The finance department will then submit the minimum fee proposal and its supporting documents to the management of Shenzhen Zhaobangji Property Services for review. The management is currently led by Mr. Zhao Song (“**Mr. Zhao**”), who has around eighteen years of management experience working with property management companies. Prior to joining the Group, Mr. Zhao worked in senior positions in the property management subsidiary of LVGEM (China) Real Estate Investment Company Limited, a company listed on the main board of the Stock Exchange (stock code: 0095);

LETTER FROM THE BOARD

- (iii) If the management of Shenzhen Zhaobangji Property Services approves the minimum fee proposal, the proposal together with its supporting documents will be submitted to the Board members (other than Mr. Xu Chujia, who holds 76% of the registered capital of Shenzhen Zhaobangji, Mr. Wu Hanyu, who is a director of Shenzhen Zhaobangji, and Ms. Zhan Meiqing, who is a sister-in-law of Mr. Xu Chujia) for review and approval. Such Board members have extensive experience in property management. In particular, Mr. Sze-to Kin Keung (“**Mr. Szeto**”), and Mr. Ye Longfei (“**Mr. Ye**”), the independent non-executive Directors of the Company, served in managerial positions in various property management companies. Mr. Sze-to served as the regional director of 新昌物業管理(深圳)有限公司 (Synergis Property Management (Shenzhen) Company Limited*), a subsidiary of Synergis Holdings Limited, a company listed on the main board of the Stock Exchange (stock code: 2340). Mr. Ye acted as an adviser for Kerry Holdings Limited and was an executive director of Shangri-La Asia Limited, a company listed on the main board of the Stock Exchange (stock code: 0069); and
- (iv) After the minimum fee proposal has been approved by the Directors, it will be adopted as the basis for determining the fees chargeable by Shenzhen Zhaobangji Property Services in its negotiations with the Shenzhen Zhaobangji Group to fix the terms of each Individual Property Management Agreement. The Individual Property Management Agreement(s) will only be executed by Shenzhen Zhaobangji Property Services after approval from the Board.

The above will help ensure that the transactions contemplated under the Individual Property Management Agreement(s) will be on normal commercial terms, and that the fees stipulated therein will not fall below the prevailing market rate and the fees charged to the Independent Third Parties customers of Shenzhen Zhaobangji Property Services in recent transactions.

In addition to the measures set out above, the Group will also adopt the following measures:

- (i) the finance department of the Group, will be responsible for regular monitoring of the continuing connected transactions contemplated under the Property Management Framework Agreement to ensure that the Annual Caps will not be exceeded, in particular, as the Annual Caps shall not in any event be higher than 25% of the revenue of the Group for the immediately preceding financial year as shown in its audited consolidated financial statements, (1) the Group will cease to enter into any new Individual Property Management Agreement if such will cause the total contractual income to exceed the Annual Cap for that financial year; and (2) to ensure that the Annual Cap for the coming financial year will not be exceeded, the Group will terminate certain existing Individual Property Management Agreement(s) if the projected income of all Individual Property Management Agreements will be higher than the Annual Cap for the coming financial year;

LETTER FROM THE BOARD

- (ii) internal review will be conducted by the Group to assess, on a periodic basis, whether the provision of property management services has been made in accordance with the terms of the Property Management Framework Agreement;
- (iii) the Company will engage its auditors to conduct an annual review of the continuing connected transactions conducted pursuant to the Property Management Framework Agreement;
- (iv) the independent non-executive Directors will review the continuing connected transactions conducted pursuant to the Property Management Framework Agreement on an annual basis and confirm in the annual reports of the Company for the years ending 31 March 2019, 2020 and 2021 whether such continuing connected transactions have been entered into in the ordinary and usual course of business of the Group, on normal commercial terms or better, and in accordance with the Property Management Framework Agreement on terms that are fair and reasonable and in the interests of the Shareholders as a whole; and
- (v) the finance department and management of Shenzhen Zhaobangji Property Services and the Board will review the fees stipulated in each Individual Property Management Agreement on an annual basis and the Individual Property Management Agreements will be renewed annually only if: (1) the projected income does not exceed the Annual Caps, and (2) the fees stipulated do not fall below the prevailing market rate and the fees charged to the Independent Third Parties customers of Shenzhen Zhaobangji Property Services in recent transactions.

The Directors consider that the personnel authorised to execute the above internal control measures possess relevant experience and expertise in relation thereto, and the above internal control measures can ensure that the continuing connected transactions contemplated under the Property Management Framework Agreement will be conducted on normal commercial terms in a manner not prejudicial to the interests of the Company and its Shareholders.

Proposed Annual Caps

Historical transactions

The Group has not previously engaged in the provision of property management services to the Shenzhen Zhaobangji Group.

Basis of the proposed Annual Caps

The proposed Annual Caps for the Property Management Framework Agreement are expected not to exceed RMB7.0 million, RMB31.0 million and RMB32.6 million, and in any event not higher than 25% of the revenue of the Group for the immediately preceding

LETTER FROM THE BOARD

financial year as shown in its audited consolidated financial statements, during the three years ending 31 March 2019, 2020 and 2021 respectively. They are determined with reference to:

- (i) the estimated gross floor area of the portfolio of properties currently controlled or being developed by the Shenzhen Zhaobangji Group, in respect of which the Shenzhen Zhaobangji Property Services will be engaged to provide property management services in the relevant financial year(s);
- (ii) the estimated management service fees per square metre chargeable by Shenzhen Zhaobangji Property Services, which are determined based on the current prevailing property management fees of similar properties in the market;
- (iii) an anticipated annual inflation rate of 1.2% has been applied, which is estimated with reference to recent consumer price indices in the PRC; and
- (iv) a buffer of 10% to be applied on the aforesaid gross transaction amounts to cater for additional properties that may be included in the Property Management Framework Agreement and any unexpected increase in monthly management service fee per square metre.

In particular, on the assumption that the Property Management Framework Agreement will come into effect on 1 January 2019, in estimating the proposed Annual Cap for the year ending 31 March 2019, it is expected that property management services will be provided in respect of the following properties at the respective fees set out below:

Property	Gross floor area (square metres)	Expected monthly management service fee per square metre (RMB)	Total monthly service fee (RMB'000)	Total service fees chargeable for the year ending 31 March 2019 (RMB'000)
Property A	40,435.61	25.00	1,011	3,033
Property B	6,284.20	35.00	220	660
Property C	12,025.05	35.00	421	1,263
Property D	11,092.95	35.00	388	1,165
				6,120
Buffer				612
Total				6,732

LETTER FROM THE BOARD

In estimating the proposed Annual Cap for the year ending 31 March 2020, it is expected that property management services will be provided in respect of the following properties at the respective fees set out below:

Property	Gross floor area <i>(square metres)</i>	Expected monthly management service fee per square metre <i>(RMB)</i>	Total monthly service fee <i>(RMB'000)</i>	Total service fees chargeable for the year ending 31 March 2020 <i>(RMB'000)</i>
Property A	40,435.61	25.3	1,023	12,276
Property B	6,284.20	35.4	223	2,671
Property C	12,025.05	35.4	426	5,111
Property D	11,092.95	35.4	393	4,715
Property E ⁽¹⁾	14,048.00	26.3	370	3,327
				28,100
Buffer				2,810
Total				30,910

Note:

- (1) The development of Property E is expected to be completed in the first quarter of 2019 and property management services are expected to be provided in respect thereof from 1 July 2019 onwards.

In estimating the proposed Annual Cap for the year ending 31 March 2021, it is expected that property management services will be provided in respect of the following properties at the respective fees set out below:

Property	Gross floor area <i>(square metres)</i>	Expected monthly management service fee per square metre <i>(RMB)</i>	Total monthly service fee <i>(RMB'000)</i>	Total service fees chargeable for the year ending 31 March 2021 <i>(RMB'000)</i>
Property A	40,435.61	25.6	1,035	12,424
Property B	6,284.20	35.8	225	2,703
Property C	12,025.05	35.8	431	5,172
Property D	11,092.95	35.8	398	4,772
Property E	14,048.00	26.6	374	4,489
				29,559
Buffer				2,956
Total				32,515

LETTER FROM THE BOARD

The following sets forth further details of the properties in respect of which property management services are to be provided under the Property Management Framework Agreement:

Property	Location in Shenzhen	Intended use
Property A	Futian District	Commercial
Property B	Dongmen sub-district, Luohu District	Commercial
Property C	Dongmen sub-district, Luohu District	Commercial
Property D	Dongmen sub-district, Luohu District	Commercial
Property E	Nanshan District	Commercial

As a part of the Annual Caps, the aggregate amount of fees that may be charged by Shenzhen Zhaobangji Property Services during each of the years ending 31 March 2019, 2020 and 2021 pursuant to the Property Management Framework Agreement shall not exceed 25% of the revenue of the Group for the immediately preceding financial year as shown in its audited consolidated financial statements. The revenue of the immediately preceding financial year instead of the current financial year was adopted as the reference given that the Individual Property Management Agreement(s) (the “**Agreement(s)**”) are renewed on an annual basis in advance. The management fee and the length of the Agreements would be fixed and agreed at the beginning of the year, and it will not be commercially viable for the Agreements to be terminated or re-activated based on fluctuating revenue during a certain year due to the nature of the property management business. Given that the exact amount of total revenue of the Group would only be finalised and audited after the end of the year, if the Annual Caps are to be set based on the expected revenue of the current financial year, the Company would only be at the position to know whether it has actually exceeded the Annual Cap by the time the audited figure is issued in the following year, which would be very undesirable from corporate governance perspective. As such, the Board considers that it is the most viable and sensible option to set the Annual Caps based on the revenue of the immediately preceding financial year.

The expected monthly management service fees per square meter in calculating the Annual Caps were determined without including the air-conditioning fees charged to tenants, which is mainly a reflection of the electricity cost but not the cost of services involved in property management. The air-conditioning fees can be paid by the tenants separately directly to the landlords. The Board considers this arrangement to be fair and reasonable.

LETTER FROM THE BOARD

Reasons for and Benefits of the Transactions

The Group is principally engaged in trading of machinery and spare parts, leasing of machinery and the provision of related services, and the provision of transportation services in Hong Kong (the “**Existing Businesses**”). Shenzhen Zhaobangji is principally engaged in property development and business investment in the PRC.

The Group has not entered into, and does not propose to enter into, any agreement, arrangement, understanding or undertaking (whether formal or informal, verbal or written, express or implied), and has no intention to, downsize, terminate or dispose of any of its Existing Businesses and/or major operating assets. The Board expects that the revenue from Existing Businesses will grow at an annual compound annual growth rate (“**CAGR**”) of 3%, in line with the expected growth rate of the market size of Hong Kong’s construction industry reported by the independent industry consultant in the Company’s prospectus dated 27 January 2017.

As disclosed in the announcement of the Company dated 4 June 2018, the Directors intend to diversify the business scope of the Group downstream into property management business in the Greater Bay Area. The Directors are seeking to source business opportunities from Independent Third Parties in order to achieve the business plan. To this end, Shenzhen Zhaobangji Property Services will participate in the tender and bidding process of various commercial and residential projects, with a view to obtaining property management engagements from Independent Third Parties in communities in the vicinity of the properties proposed to be covered under the Property Management Framework Agreement so as to achieve economies of scale. For example, Property B, Property C and Property D are located in the Dongmen sub-district within the Luohu District of Shenzhen. Dongmen is a shopping area which includes a pedestrian street with stores that sell goods ranging from clothes and jewellery to traditional food. The property ownership is scattered in Dongmen; with the development of our presence through the Property Management Framework Agreement, we will be able to establish our brand as a property management service provider in Dongmen and a team of local talents in such business operations, which can help us source property management engagements from Independent Third Parties in the sub-district and its neighbouring areas.

As at the Latest Practicable Date, the Group has already begun property management services with Independent Third Parties. Unaudited income derived from the Independent Third Parties was approximately RMB1.6 million for the month ended 30 September 2018. The Directors are of the view that it will support the expansion of the Group if it leverages the resources of connected parties through entering into the Property Management Framework Agreement, which will be the first of its kind to the Group. The Directors consider that the benefits of the transactions include: (i) building up the brand image of the Group in the property management business; (ii) building up the portfolio of properties managed by the Group; and (iii) enhancing the Group’s ability to attract talents to join the Group. As such, the Group will be able to achieve better bargaining power over Independent Third Parties going-forward through achieving economies of scale.

LETTER FROM THE BOARD

Assuming that the Existing Business will grow at a CAGR of 3%, and there is no increase or decrease in property management revenue from Independent Third Parties, the revenue contribution of the Annual Caps to the total revenue of the Group is forecasted to be approximately 4.5%, 16.3% and 16.6% for the years ending 31 March 2019, 2020 and 2021, respectively:

<i>HK\$'000</i>	Years ended/ending 31 March				
	Actual 2017	2018	2019	Forecasted 2020	2021
Revenue					
Existing Business	175,862	149,984	154,484	159,118	163,892
Proposed Annual Caps	–	–	7,955	35,227	37,045
Property management revenue from Independent Third Parties	–	–	12,851	22,032	22,032
Total revenue	<u>175,862</u>	<u>149,984</u>	<u>175,290</u>	<u>216,377</u>	<u>222,969</u>

*Proposed Annual Caps as
a percentage of total
revenue*

4.5% 16.3% 16.6%

Given that the revenue contribution to the Group of the continuing connected transactions with the Shenzhen Zhaobangji Group contemplated under the Property Management Framework Agreement is expected to range from approximately 4.5% to 16.6% only, the Board does not consider that the revenue to be generated from such continuing connected transactions will be of extreme importance to the Group or result in excessive reliance of the Group on the Shenzhen Zhaobangji Group. The Board expects that the Group will continue to be able to operate on a stand-alone basis.

In order to ensure that the Group has the relevant expertise and experience to operate and monitor the property management business, Shenzhen Zhaobangji Property Services has hired a team of not less than thirty staff members, currently led by Mr. Zhao, with experience in security, maintenance and repair, customer service, cleaning, finance and administration. As mentioned in the section headed “Letter from the Board – Internal Controls and Pricing Policies” in this circular, the Board considers that relevant expertise and experience are in place among the Directors and the senior management of the property management business for the Group to engage in the transactions contemplated under the Property Management Framework Agreement.

LETTER FROM THE BOARD

Although all the board members that operated the Existing Business prior to the acquisition of the controlling stake of the Company by Boardwin have resigned at the Board level, the Board considers that we are equipped with adequate experience to continue the Existing Business for the following reasons:

- (i) Mr. Xu Chujia and Mr. Wu Hanyu, the executive Directors, have extensive experience in the property development industry in PRC. We consider that this is useful to the Company as most of the clients of our Existing Business are construction companies, we therefore have knowledge of their businesses, needs and requirements.
- (ii) Mr. Li Yan Sang (“**Mr. Li**”), an executive Director, has over 30 years of experience in construction machinery leasing, operation and management in Hong Kong. Mr. Li has been a senior management of Sun Man Hing Engineering Limited (“**Sun Man Hing**”) since 2003 and is responsible for leasing, and contracting electrical engineering and construction machinery to construction companies in Hong Kong. Sun Man Hing serves a number of prominent clients, including a company listed on The Hong Kong Stock Exchange. Prior to joining Sun Man Hing, Mr. Li served in managerial positions in a number of other construction equipment companies since 1987.
- (iii) Mr. Zhao Yiyong, an executive Director, has over 30 years of extensive experience in the construction industry in PRC and have led the construction of over 1.3 million square meters of residential and commercial area. He has experience with the leasing, transportation and trading of construction equipment that is complement to our Existing Business.
- (iv) Mr. Cheng Yiu-tong, *G.B.M., G.B.S., J.P.* (“**Mr. Cheng**”), our independent non-executive Director, has been serving the Hong Kong Federation of Trade Unions (“**HKFTU**”) since 1974. Member unions under the HKFTU include Hong Kong Construction Industry Employees General Union and Hong Kong Construction Industry Professional Plant-operators and Mechanics’ Association. Mr. Cheng has also been a member of the HKSAR Commission on Strategic Development, member of Consultative Committee on The New Airport and Related Projects, and is currently a Hong Kong Deputy to the National People’s Congress of the PRC. He has extensive experience with construction labor and the infrastructure developments in Hong Kong.
- (v) Professor Lee Chack Fan, *G.B.S., S.B.S., J.P.* (“**Professor Lee**”) was appointed as our non-executive Director on 22 October 2018. Professor Lee has extensive experience on engineering and is well-respected by the international engineering community. Professor Lee was a member of the HKSAR Commission on Strategic Development, Hong Kong West Kowloon Cultural District Authority and Hong Kong Construction Industry Council. He has extensive experience with infrastructure developments in Hong Kong.

LETTER FROM THE BOARD

- (vi) A number of the directors who operated the Existing Business previously, namely Ms. Wong Fei Heung, Terbe, Ms. Yip Kam Ling, and Ms. Cheng Shing Yan continue to be the senior management of the Hong Kong subsidiaries that operate the Existing Business. The Board considers that the risk of staff turnover is manageable, given their prior service contract with the Board of the Company contained restrictive non-competing arrangements.

Except for Mr. Xu Chujia, the chairman of the Board and an executive Director who holds 76% of the registered capital of Shenzhen Zhaobangji, Mr. Wu Hanyu, an executive Director who is a director of Shenzhen Zhaobangji, and Ms. Zhan Meiqing, a non-executive Director who is a sister-in-law of Mr. Xu Chujia, none of the Directors has or is deemed to have a material interest in the Property Management Framework Agreement and the continuing connected transactions contemplated thereunder (including the Annual Caps). Mr. Xu Chujia, Mr. Wu Hanyu and Ms. Zhan Meiqing have abstained from voting on the relevant resolutions at the board meeting.

The terms and conditions of the Property Management Framework Agreement were negotiated between the parties thereto on an arm's length basis. The Directors are of the view that the terms and conditions of the Property Management Framework Agreement (including the proposed Annual Caps) are fair and reasonable, and the continuing connected transactions contemplated under the Property Management Framework Agreement are on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

The Board noted that the Company has unutilised IPO proceeds of HK\$34.9 million. The Board confirms that no change to the plan regarding the use of proceeds as disclosed in the Company's announcement dated 22 October 2018 is contemplated as at the Latest Practicable Date. It is expected that the IPO proceeds will be utilized according to the following timetable:

	Proposed application of the Unutilised Net Proceeds	Six months ending		Total
		31 March 2019	30 September 2019	
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
	(approximately)	(approximately)	(approximately)	(approximately)
Expansion of our leasing fleet	32.9	16.5	16.4	32.9
General working capital	2.0	2.0	–	2.0
Total	34.9	18.5	16.4	34.9

LETTER FROM THE BOARD

Implications Under the Listing Rules

As at the Latest Practicable Date, Shenzhen Zhaobangji is held as to 76% by Mr. Xu Chujia, the chairman of the Board, an executive Director and a controlling shareholder indirectly holding approximately 51.65% of the total number of issued Shares, and as to 24% by a number of other family members of Mr. Xu Chujia. As such, Shenzhen Zhaobangji is an associate of Mr. Xu Chujia, and a connected person of the Company under the Listing Rules, and the transactions contemplated under the Property Management Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the Annual Caps for the years ending 31 March 2020 and 2021 is expected to represent more than 5% of one or more of the applicable percentage ratios under the Listing Rules and exceed HK\$10 million, the transactions contemplated under the Property Management Framework Agreement and the Annual Caps are subject to the reporting, annual review, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

In view of the foregoing, the Company will seek to obtain the approval of the Independent Shareholders on the Property Management Framework Agreement and the continuing connected transactions contemplated thereunder (including the Annual Caps) at the EGM. As at the Latest Practicable Date, Mr. Xu Chujia, through Boardwin, indirectly holds approximately 51.65% of the total number of issued Shares, and Ms. Zhang Meijuan, the spouse of Mr. Xu Chujia, beneficially owns approximately 4.89% of the total number of issued Shares. In accordance with the Listing Rules, at the EGM where the voting will be taken by poll, Mr. Xu Chujia, who is materially interested in the Property Management Framework Agreement, Ms. Zhang Meijuan and Boardwin, who are associates of Mr. Xu Chujia, and all other Shareholders materially interested in the Property Management Framework Agreement and their respective associates are required to abstain from voting on the proposed resolutions for approving the Property Management Framework Agreement and the continuing connected transactions contemplated thereunder (including the Annual Caps).

The Company has established the Independent Board Committee comprising all independent non-executive Directors to advise the Independent Shareholders as to whether the terms of the continuing connected transactions contemplated under the Property Management Framework Agreement are fair and reasonable, and whether such transactions are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the EGM, after taking into account the recommendations of the Independent Financial Adviser. Opus Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to the foregoing matters.

LETTER FROM THE BOARD

(II) RE-ELECTION OF DIRECTORS

Mr. Cheng Yiu-tong, *G.B.M., G.B.S., J.P.* was appointed as an independent non-executive Director and Ms. Zhan Meiqing was re-designated as a non-executive Director with effect from 7 September 2018. Professor Lee Chack Fan, *G.B.S., S.B.S., J.P.* was appointed as a non-executive Director with effect from 22 October 2018. Mr. Zhao Yiyong was appointed as an executive Director with effect from 30 October 2018. Mr. Li Yan Sang was appointed as an executive Director with effect from 30 November 2018.

Pursuant to the articles of association of the Company (the “**Articles**”), Mr. Li Yan Sang and Mr. Zhao Yiyong as executive Directors, Professor Lee Chack Fan, *G.B.S., S.B.S., J.P.* and Ms. Zhan Meiqing as non-executive Directors, and Mr. Cheng Yiu-tong, *G.B.M., G.B.S., J.P.* as an independent non-executive Director, will hold office until the EGM and shall then be eligible for re-election at the EGM. As such, the above Directors will retire at the EGM and, being eligible, offer themselves for re-election at the EGM.

The following are the biographical details of Mr. Li Yan Sang, Mr. Zhao Yiyong, Professor Lee Chack Fan, *G.B.S., S.B.S., J.P.*, Ms. Zhan Meiqing and Mr. Cheng Yiu-tong, *G.B.M., G.B.S., J.P.* to be re-elected at the EGM.

Executive Directors

Mr. Li Yan Sang

Mr. Li Yan Sang (“**Mr. Li**”), aged 56, has over 30 years of experience in construction machinery leasing, operation and management. Mr. Li has been a director of Sun Man Hing Engineering Limited since 2003 and is responsible for leasing, and contracting electrical engineering and construction machinery to construction companies in Hong Kong. Mr. Li previously served as general manager, maintenance manager and mechanical department manager of Transasia Engineering (Holdings) Co., Limited, Hontrade Engineering Limited and Anwell Building Construction Company Limited, respectively. He was responsible for the leasing, operation and maintenance of construction equipment.

Save as disclosed above, Mr. Li did not hold any other positions with the Group or any directorships in the last three years in other listed companies, and he did not have other major appointments and professional qualifications as at the Latest Practicable Date.

Interests in Shares

As at the Latest Practicable Date, Mr. Li was not interested in and did not hold any short position in any shares or underlying shares or any debentures of the Company or any of its associated corporations within the meaning of Part XV of the SFO.

LETTER FROM THE BOARD

Relationships

Mr. Li is not connected and has no relationship with any Directors, senior management of the Company, substantial Shareholders or controlling Shareholders (as defined in the Listing Rules).

Others

Mr. Li has entered into a service contract with the Company for a term of one year commencing from 30 November 2018. His directorship shall last until the next following general meeting of the Company and then shall be eligible for re-election. Mr. Li is also subject to retirement by rotation and re-election pursuant to the Articles, the Listing Rules and other applicable laws.

Mr. Li is entitled to a Director's fee of HK\$240,000 per annum, which was approved by the Board and the remuneration committee of the Board with reference to his background, experience, responsibilities, workload and the time devoted to the Company and shall be reviewed by the remuneration committee of the Board from time to time.

Save as disclosed herein, there is no other matter that needs to be brought to the attention of the Shareholders nor other information relating to Mr. Li is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

Mr. Zhao Yiyong

Mr. Zhao Yiyong (“**Mr. Zhao**”), aged 52, has graduated from 廣州建築工程學校 (Guangzhou Construction Engineering School*) and has obtained his Master of Business Administration degree from 深圳清華大學研究院 (Research Institute of Tsinghua University in Shenzhen*). Mr. Zhao has nearly 30 years of experience in management of construction projects, including the planning, evaluation, decision-making, design, construction, and delivery of construction projects. Between March 2003 to July 2018, Mr. Zhao was the deputy general manager of 深圳金光華實業集團 (Shenzhen Kingglory Industry (Group) Co., Ltd.*), during which he was responsible for construction of residential and commercial area of over 1.3 million square meters.

Save as disclosed above, Mr. Zhao did not hold any other positions with the Group or any directorships in the last three years in other listed companies, and he did not have other major appointments and professional qualifications as at the Latest Practicable Date.

Interests in Shares

As at the Latest Practicable Date, Mr. Zhao was not interested in and did not hold any short position in any shares or underlying shares or any debentures of the Company or any of its associated corporations within the meaning of Part XV of the SFO.

LETTER FROM THE BOARD

Relationships

Mr. Zhao is not connected and has no relationship with any Directors, senior management of the Company, substantial Shareholders or controlling Shareholders (as defined in the Listing Rules).

Others

Mr. Zhao has entered into a service contract with the Company for a term of one year commencing from 30 October 2018. His directorship shall last until the next following general meeting of the Company and then shall be eligible for re-election. Mr. Zhao is also subject to retirement by rotation and re-election pursuant to the Articles, the Listing Rules and other applicable laws.

Mr. Zhao is entitled to a Director's fee of HK\$504,000 per annum, which was approved by the Board and the remuneration committee of the Board with reference to his background, experience, responsibilities, workload and the time devoted to the Company and shall be reviewed by the remuneration committee of the Board from time to time.

Save as disclosed herein, there is no other matter that needs to be brought to the attention of the Shareholders nor other information relating to Mr. Zhao is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

Non-executive Directors

Professor Lee Chack Fan, G.B.S., S.B.S., J.P.

Professor Lee Chack Fan (“**Professor Lee**”), aged 73, is a distinguished professor of geotechnical engineering and a renowned leader in Hong Kong's higher education sector. Professor Lee holds a BEng (CivE) (first class honours) and a MSc (Eng) from University of Hong Kong (HKU), and a PhD from the University of Western Ontario, Canada. He has worked on hydropower, energy and transportation projects in Canada and China for over 40 years, including projects like the Three Gorges, Ertan, Lijiaxia and others across China. He is the author of over 300 engineering publications and some 20 literary books. From 1994 to his retirement in 2015, he has served the University of Hong Kong as a Chair Professor, Pro-Vice-Chancellor (Research), Pro-Vice-Chancellor (University Relations) and Director of HKU SPACE. He is currently Emeritus Professor and Deputy Chairman of the HKU Foundation. Professor Lee is an Academician of the Chinese Academy of Engineering, a Fellow of the Canadian Academy of Engineering, and a Fellow and former President of the Hong Kong Academy of Engineering Science. He is a Fulbright Distinguished Scholar and has received the Gold Medal of the Hong Kong Institution of Engineers. He holds honorary degrees from the University of Western Ontario, Plymouth University, Edinburgh Napier University, University of Macau and the Open University of Hong Kong. He is very active in public service and has served on numerous government committees. Professor Lee was

LETTER FROM THE BOARD

appointed a Justice of the Peace in 2003, and awarded a Silver Bauhinia Star in 2005 and a Gold Bauhinia Star in 2013.

Professor Lee is currently an independent non-executive director of South Shore Holdings Limited (stock code: 577) and he was an independent non-executive director of AID Life Science Holdings Limited (stock code: 8088) until August 2017, both of which are listed on the Stock Exchange.

Save as disclosed above, Professor Lee did not hold any other positions with the Group or any directorships in the last three years in other listed companies, and he did not have other major appointments and professional qualifications as at the Latest Practicable Date.

Interests in Shares

As at the Latest Practicable Date, Professor Lee was not interested in and did not hold any short position in any shares or underlying shares or any debentures of the Company or any of its associated corporations within the meaning of Part XV of the SFO.

Relationships

Professor Lee is not connected and has no relationship with any Directors, senior management of the Company, substantial Shareholders or controlling Shareholders (as defined in the Listing Rules).

Others

Professor Lee has entered into a service contract with the Company for a term of one year commencing from 22 October 2018. His directorship shall last until the next following general meeting of the Company and then shall be eligible for re-election. Professor Lee is also subject to retirement by rotation and re-election pursuant to the Articles, the Listing Rules and other applicable laws.

Professor Lee is entitled to a Director's fee of HK\$240,000 per annum, which was approved by the Board and the remuneration committee of the Board with reference to his background, experience, responsibilities, workload and the time devoted to the Company and shall be reviewed by the remuneration committee of the Board from time to time.

Save as disclosed herein, there is no other matter that needs to be brought to the attention of the Shareholders nor other information relating to Professor Lee is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

LETTER FROM THE BOARD

Ms. Zhan Meiqing

Ms. Zhan Meiqing (“**Ms. Zhan**”), aged 37, obtained her bachelor’s degree in law from 華東政法學院 (East China College of Political Science and Law*) (currently known as 華東政法大學 (East China University of Political Science and Law)) in Shanghai, the PRC. She then obtained a master’s degree in laws from the City University of Hong Kong in 2005 and a master’s degree in laws in international legal studies from The American University, Washington College of Law in 2006. Ms. Zhan has over 10 years of experience in the legal, finance and real estate industry in Hong Kong and the PRC. Ms. Zhan is currently a United States attorney (New York), a qualified PRC lawyer as well as a registered foreign lawyer in Hong Kong. Ms. Zhan has been a director of 深圳兆邦基集團有限公司 (Shenzhen Zhaobangji Group Limited*) since April 2016 and is responsible for coordinating and managing its human resources department. Ms. Zhan has been a responsible officer of Well Link Securities Limited since November 2010. She worked at 常州市金壇區風之梧房地產開發有限公司 (Changzhou Jintan Feng Zhi Wu Real Estate Development Limited*) in the PRC from October 2007 to April 2009 and was responsible for development budgeting, profit forecast and capital audit. Prior to that, Ms. Zhan worked at King & Wood Mallesons (Shenzhen Office) as a legal assistant from October 2006 to September 2007.

Save as disclosed above, Ms. Zhan did not hold any other positions with the Group or any directorships in the last three years in other listed companies, and she did not have other major appointments and professional qualifications as at the Latest Practicable Date.

Interests in Shares

As at the Latest Practicable Date, Ms. Zhan owned 1% of Boardwin. Save as disclosed herein, as at the Latest Practicable Date, Ms. Zhan was not interested in and did not hold any short position in any shares or underlying shares or any debentures of the Company or any of its associated corporations within the meaning of Part XV of the SFO.

Relationships

Ms. Zhan is the sister-in-law of Mr. Xu Chujia, an executive Director. Save as disclosed herein, Ms. Zhan is not connected and has no relationship with any Directors, senior management of the Company, substantial Shareholders or controlling Shareholders (as defined in the Listing Rules).

Others

Ms. Zhan has entered into a service contract with the Company for a term of one year commencing from 7 September 2018. Her directorship shall last until the next following general meeting of the Company and then shall be eligible for re-election. Ms. Zhan is also subject to retirement by rotation and re-election pursuant to the Articles, the Listing Rules and other applicable laws.

LETTER FROM THE BOARD

Ms. Zhan is entitled to a Director's fee of HK\$240,000 per annum, which was approved by the Board and the remuneration committee of the Board with reference to her background, experience, responsibilities, workload and the time devoted to the Company and shall be reviewed by the remuneration committee of the Board from time to time.

Save as disclosed herein, there is no other matter that needs to be brought to the attention of the Shareholders nor other information relating to Ms. Zhan is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

Independent non-executive Director

Cheng Yiu-tong, G.B.M., G.B.S., J.P.

Mr. Cheng Yiu-tong, *G.B.M., G.B.S., J.P.* ("**Mr. Cheng**"), aged 69, has obtained his bachelor degree from Jinan University in the PRC in 1990. Mr. Cheng has been serving the Hong Kong Federation of Trade Unions ("**HKFTU**") since 1974 where he was primarily responsible for dealing with the labour matters in Hong Kong and works within the HKFTU. As a core personnel of the HKFTU, Mr. Cheng was dedicated in safeguarding and advocating the rights and benefits of labourers and employees, including but not limited to his endeavours in advocating for employees' compensation, retirement protection and minimum wages. He also actively participated in the provision of welfare services to the public, for instance the setting up of various labour services centres and employment services centres to meet the labourers' needs. Mr. Cheng has been the honorary president of the HKFTU since April 2012 to April 2018. He has also been serving as a Hong Kong Deputy to the National People's Congress of the PRC (the 7th–13th Session) since March 1988. He has been the chairman of Lok Kwan Social Service since 2000. He was a member of the Executive Council of the HKSAR from July 2000 to June 2017 and a consultant of the Po Leung Kuk Advisory Board from July 2002 to June 2017. Mr. Cheng has been serving as an independent non-executive director of Wine's Link International Holdings Limited, a company listed on the GEM of the Stock Exchange (stock code: 8509), since 18 December 2017.

Save as disclosed above, Mr. Cheng did not hold any other positions with the Group or any directorships in the last three years in other listed companies, and he did not have other major appointments and professional qualifications as at the Latest Practicable Date.

Interests in Shares

As at the Latest Practicable Date, Mr. Cheng was not interested in and did not hold any short position in any shares or underlying shares or any debentures of the Company or any of its associated corporations within the meaning of Part XV of the SFO.

LETTER FROM THE BOARD

Relationships

Mr. Cheng is not connected and has no relationship with any Directors, senior management of the Company, substantial Shareholders or controlling Shareholders (as defined in the Listing Rules).

Others

Mr. Cheng has entered into a service contract with the Company for a term of one year commencing from 7 September 2018. His directorship shall last until the next following general meeting of the Company and then shall be eligible for re-election. Mr. Cheng is also subject to retirement by rotation and re-election pursuant to the Articles, the Listing Rules and other applicable laws.

Mr. Cheng is entitled to a Director's fee of HK\$240,000 per annum, which was approved by the Board and the remuneration committee of the Board with reference to his background, experience, responsibilities, workload and the time devoted to the Company and shall be reviewed by the remuneration committee of the Board from time to time.

Save as disclosed herein, there is no other matter that needs to be brought to the attention of the Shareholders nor other information relating to Mr. Cheng is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

* *English names of the entities are transliteration of their Chinese names for identification purpose only*

EGM

The Company will convene the EGM at Unit 16–18, 11/F., China Merchants Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong at 10 a.m. on 21 December 2018 to consider and, if thought fit, approve: (i) the Property Management Framework Agreement and the transactions contemplated thereunder (including the Annual Caps); (ii) the re-election of Directors. A notice of the EGM is set out on pages 51 to 53 of this circular.

Pursuant to Rule 13.39 of the Listing Rules, the resolution to be proposed at the EGM will be taken by poll, the results of which will be announced after the EGM.

Mr. Xu Chujia, Ms. Zhang Meijuan, Boardwin and all other Shareholders materially interested in the Property Management Framework Agreement and their respective associates are required to abstain from voting on the resolution proposed to be passed at the EGM for approving the Property Management Framework Agreement and the transactions contemplated thereunder (including the Annual Caps). To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, as at the Latest Practicable Date, Mr. Xu Chujia, Ms. Zhang Meijuan, and Boardwin held an aggregate of 700,528,000 Shares, representing approximately 56.54% of the total number of Shares in issue as at the Latest Practicable Date.

LETTER FROM THE BOARD

A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the EGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same at the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as practicable but in any event not less than forty-eight (48) hours before the time appointed for the holding of the EGM (i.e. at or before 10 a.m. on 19 December 2018 (Hong Kong time)) or any adjourned meeting thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof (as the case may be) should you so desire and in such case, the form of proxy shall be deemed to be revoked.

RECOMMENDATION

The Board considers that the Property Management Framework Agreement and the continuing connected transactions contemplated thereunder (including the Annual Caps) are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Independent Shareholders to vote in favour of the relevant resolution in the terms as set out in the notice of the EGM.

Furthermore, the Directors are of the opinion that the proposed re-election of Mr. Li Yan Sang and Mr. Zhao Yiyong as executive Directors, Professor Lee Chack Fan, *G.B.S., S.B.S., J.P.* and Ms. Zhan Meiqing as non-executive Directors, and Mr. Cheng Yiu-tong, *G.B.M., G.B.S., J.P.* as an independent non-executive Director as set out in this circular is in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the resolutions in relation to the re-election of Mr. Li Yan Sang and Mr. Zhao Yiyong as executive Directors, Professor Lee Chack Fan, *G.B.S., S.B.S., J.P.* and Ms. Zhan Meiqing as non-executive Directors, and Mr. Cheng Yiu-tong, *G.B.M., G.B.S., J.P.* as an independent non-executive Director to be proposed at the EGM.

ADDITIONAL INFORMATION

Your attention is also drawn to the letter from the Independent Board Committee set out on pages 27 to 28 of this circular which contains its advice to the Independent Shareholders regarding the Property Management Framework Agreement and the continuing connected transactions contemplated thereunder (including the Annual Caps), the letter from the Independent Financial Adviser set out on pages 29 to 46 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders regarding the Property Management Framework Agreement and the continuing connected transactions contemplated thereunder (including the Annual Caps) and the principal factors and reasons taken into consideration in arriving at its advice, and the additional information set out in the Appendix to this circular.

Yours faithfully,
By order of the Board
Zhaobangji Properties Holdings Limited
Xu Chujia
Chairman and executive Director

Zhaobangji Properties Holdings Limited

兆邦基地產控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1660)

5 December 2018

To the Independent Shareholders

Dear Sir or Madam

CONTINUING CONNECTED TRANSACTIONS PROPERTY MANAGEMENT FRAMEWORK AGREEMENT

We refer to the circular issued by the Company to the Shareholders and dated 5 December 2018 (the “**Circular**”) of which this letter forms part. Terms defined in the Circular have the same meanings when used in this letter unless the context otherwise requires.

Under the Listing Rules, the transactions contemplated under the Property Management Framework Agreement constitute continuing connected transactions of the Company and are subject to the approval of the Independent Shareholders. We have been appointed by the Board to consider the terms of the Property Management Framework Agreement and to advise the Independent Shareholders in connection with the continuing connected transactions contemplated under the Property Management Framework Agreement as to whether, in our opinion, the terms of the such transactions are fair and reasonable, whether such transactions are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole, and how the Independent Shareholders should vote at the EGM, after taking into account the recommendations of the Independent Financial Adviser. Opus Capital Limited has been appointed as the Independent Financial Adviser to advise us and the Independent Shareholders in this respect.

We wish to draw your attention to the letter from the Board and the letter from the Independent Financial Adviser as set out in the Circular. Having considered the principal factors and reasons considered by, and the advice and recommendation of, the Independent Financial Adviser as set out in its letter of advice, we consider that the terms of the continuing connected transactions contemplated under the Property Management Framework Agreement (including the Annual Caps) are fair and reasonable. We also consider that the continuing connected transactions contemplated under the Property Management Framework Agreement are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. Accordingly, we would recommend the

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Independent Shareholders to vote in favour of the ordinary resolution to approve the terms and the entering into of the Property Management Framework Agreement, and the continuing connected transactions contemplated thereunder (including the Annual Caps) at the EGM.

Yours faithfully,

For and on behalf of

The Independent Board Committee

Mr. Cheng Yiu-tong

G.B.M., G.B.S., J.P.

Mr. Hui

Chin Tong Godfrey

Mr. Sze-to

Kin Keung

Mr. Wong

Chun Man

Mr. Ye

Longfei

Independent non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below is the text of a letter received from Opus Capital Limited, the Independent Financial Adviser to the Independent Board Committee and Independent Shareholders in respect of the Property Management Framework Agreement and the Annual Caps for the purpose of inclusion in this circular.



18th Floor, Fung House
19–20 Connaught Road Central
Central, Hong Kong

5 December 2018

*To: The Independent Board Committee and the Independent Shareholders of
Zhaobangji Properties Holdings Limited*

Dear Sir/Madam,

CONTINUING CONNECTED TRANSACTIONS PROPERTY MANAGEMENT FRAMEWORK AGREEMENT

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the continuing connected transactions contemplated under the Property Management Framework Agreement (including the Annual Caps), details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular dated 5 December 2018 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

PROPERTY MANAGEMENT FRAMEWORK AGREEMENT

As stated in the Letter from Board, on 30 November 2018, Shenzhen Zhaobangji Property Services, a wholly-owned subsidiary of the Company, and Shenzhen Zhaobangji (for itself and as trustee for the benefit of its subsidiaries from time to time) entered into the Property Management Framework Agreement to provide property management services by Shenzhen Zhaobangji Property Services in respect of properties currently controlled or being developed by the Shenzhen Zhaobangji Group which shall, subject to approval by the Independent Shareholders, be effective for a term commencing on the date of approval by the Independent Shareholders (or such later date as both parties to the Property Management Framework Agreement may agree in writing) and ending on 31 March 2021.

As at the Latest Practicable Date, Shenzhen Zhaobangji was held as to 76% by Mr. Xu Chujia (“**Mr. Xu**”) and as to 24% by family members of Mr. Xu. Mr Xu is also the chairman of the Board, an executive Director and a controlling shareholder of the Company who indirectly

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

held approximately 51.65% of the total number of issued Shares. As such, Shenzhen Zhaobangji is an associate of Mr. Xu, and a connected person of the Company under the Listing Rules, and the transactions contemplated under the Property Management Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Apart from Mr. Xu, the chairman of the Board and an executive Director who holds 76% of the registered capital of Shenzhen Zhaobangji. Mr. Wu Hanyu, an executive Director, is also a director of Shenzhen Zhaobangji whilst Ms. Zhan Meiqing, a non-executive Director, is a sister-in-law of Mr. Xu. Accordingly, Mr. Xu, Mr. Wu Hanyu and Ms. Zhan Meiqing have abstained from voting on the relevant resolutions at the board meeting relating to the Property Management Framework Agreement.

As at the Latest Practicable Date, Mr. Xu, through Boardwin, indirectly held approximately 51.65% of the total number of issued Shares whilst his spouse, Ms. Zhang Meijuan, beneficially owned approximately 4.89% of the total number of issued Shares. In accordance with the Listing Rules, Mr. Xu, Ms. Zhang Meijuan, Boardwin and their respective associates are required to abstain from voting on the relevant resolution to be proposed at the EGM relating to the Property Management Framework Agreement and the continuing connected transactions contemplated thereunder (including the Annual Caps).

As the Annual Cap for the year ending 31 March 2021 is expected to represent more than 5% of one or more of the applicable percentage ratios under the Listing Rules and exceed HK\$10 million, the transactions contemplated under the Property Management Framework Agreement and the Annual Caps are subject to reporting, annual review, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising Mr. Cheng Yiu Tong, *G.B.M., G.B.S., J.P.*, Mr. Hui Chin Tong Godfrey, Mr. Sze-to Kin Keung ("**Mr. Szeto**"), Mr. Wong Chun Man and Mr. Ye Longfei ("**Mr. Ye**"), all being the independent non-executive Directors, has been established by the Company to advise and make recommendations to the Independent Shareholders in respect of the transactions contemplated under the Property Management Framework Agreement (including the Annual Caps). Our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders has been approved by the Independent Board Committee in this respect.

Our role as the Independent Financial Adviser is to advise the Independent Board Committee and the Independent Shareholders as to: (i) whether the terms of the Property Management Framework Agreement (including the Annual Caps) are fair and reasonable and whether such transactions are on normal commercial terms and in the interests of the Company and the Shareholders as a whole; and (ii) recommend how the Independent Shareholders should vote on the relevant resolution in relation to the Property Management Framework Agreement and the continuing connected transaction contemplated thereunder (including the Annual Caps) at the EGM.

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OUR INDEPENDENCE

We were appointed as the independent financial adviser to advise the independent board committee and the independent shareholders of the Company in respect of a continuing connected transaction in relation to bank deposits announced on 1 June 2018 (the “**Past Appointment**”). Details of the relevant transaction is set out in the circular of the Company dated 19 July 2018. Such continuing connected transaction is independent of the transactions contemplated under the Property Management Framework Agreement.

As at the Latest Practicable Date, we did not have any relationship with, or interest in, the Company, Shenzhen Zhaobangji or other parties that could reasonably be regarded as relevant to our independence. Apart from normal independent financial advisory fees paid or payable to us in connection with the Past Appointment and this appointment, no arrangements existed whereby we had received or will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules.

BASIS OF OUR OPINION

In formulating our advice and recommendation to the Independent Board Committee and the Independent Shareholders, we have reviewed, amongst other things, the Property Management Framework Agreement, the Company’s annual report for the financial year ended 31 March 2018, the interim results announcement of the Group for the six months ended 30 September 2018 and other information set out in the Circular.

We have relied on the truth, accuracy and completeness of the information contained in the documents and representations provided to us by the Company, the Directors and the management of the Group (collectively, the “**Management**”). We have assumed that all information and representations contained or referred to in the Circular and provided to us by the Management, for which they are solely and wholly responsible, are true, accurate and complete in all respects and not misleading or deceptive at the time when they were provided or made and will continue to be so up to the Latest Practicable Date. Shareholders will be notified of material changes as soon as possible, if any, to the information and representations provided and made to us after the Latest Practicable Date and up to and including the date of the EGM.

We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiries and careful consideration and there are no other facts not contained in the Circular, the omission of which make any such statement contained in the Circular misleading. We have no reason to suspect that any relevant information has been withheld, or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Management, which have been provided to us.

We considered that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. However, we have not carried out any

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independent verification of the information provided by the Management, nor have we conducted any independent investigation into the business, financial conditions and affairs of the Group or its future prospects. We also have not considered the taxation implication on the Group or the Shareholders as a result of the Property Management Framework Agreement.

The Directors have collectively and individually accepted full responsibility, including particulars given in compliance with the Listing Rules, for the accuracy of the information contained in the Circular and have confirmed, after having made all reasonable enquires, which to the best of their knowledge and belief, that the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other matters of facts the omission of which would make any statement herein or the Circular misleading.

This letter is issued to the Independent Board Committee and the Independent Shareholders solely in connection for their consideration of the terms of the Property Management Framework Agreement (including the Annual Caps), and except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the terms of the Property Management Framework Agreement (including the Annual Caps), we have taken into consideration the following principal factors and reasons:

1. Information of the Group

The Group is an investment holding company and its subsidiaries are principally engaged in construction machinery trading and leasing services in Hong Kong. Its businesses include: (i) trading of machinery and spare parts; (ii) leasing of machinery and the provision of related services; and (iii) provision of transportation services in Hong Kong.

As stated in the announcement of the Company dated 4 June 2018, the Group intends to leverage on its strength in the construction industry, the business network and the resources of the newly appointed executive Directors in March 2018, namely Mr. Xu, Mr. Wu Hanyu, Ms. Zhan Meiqing (re-designated to non-executive Director on 7 September 2018) and Mr. Kwan Kin Man Keith, in the Guangdong-Hong Kong-Macau Greater Bay Area (the “**Greater Bay Area**”). It is the intention of the Group to establish companies in the PRC with a view to expand its business both upstream and downstream by engaging in construction works, property management, leasing management, property investment, real estate development and related businesses in the Greater Bay Area, with Shenzhen as the focus.

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2. Information on Shenzhen Zhaobangji

Shenzhen Zhaobangji is principally engaged in property development and business investment in the PRC.

3. Reasons for and Benefits of the Property Management Framework Agreement

As stated in the Letter from Board, the Directors intend to diversify the business scope of the Group downstream into property management business in the Greater Bay Area. As discussed with the Management, the Company has established Shenzhen Zhaobangji Property Services to commence property management business in the PRC. In order to ensure that the Group has the relevant expertise and experience to operate and monitor the property management business, Shenzhen Zhaobangji Property Services has hired a team of not less than thirty (30) staff members, currently led by Mr. Zhao Song (“**Mr. Zhao**”), with experience in security, maintenance and repair, customer service, cleaning, finance and administration. As at the Latest Practicable Date, the Group had already begun providing property management services to Independent Third Party customers. Unaudited income derived from the Independent Third Parties in relation to the provision of property management services was approximately RMB1.6 million for the nine-month ended 30 September 2018. As advised by the Management, the entering into of the Property Management Framework Agreement is expected to serve as an expansion of the Group’s existing business activities and is expected to help to diversify the Group’s business scope and increase its income sources.

With reference to an industry report published by Colliers International, being a global commercial real estate services organisation, titled “Shenzhen – 2018 Market Outlook” (the “**Colliers Report**”), the Shenzhen real estate market, being the Group’s key area of business expansion, is expected to continue to thrive due to the following factors:

- (i) there has been support from the PRC Government following the conclusion of the 19th National Party Congress which affirmed the development of a long-term residential leasing market in Shenzhen as the top governmental real estate development priority, leading to a boost in property investment sentiment in the city; and
- (ii) investments in infrastructure and construction in Shenzhen showed substantial growth with a year-on-year increase of approximately 39.5% in 2017 to reach approximately RMB75.5 billion whilst Shenzhen’s real gross domestic product growth of approximately 8.8% ranked second among all major Chinese cities and was above all other Tier 1 cities.

As discussed with the Management, the Directors are currently seeking to source business opportunities from Independent Third Party customers in order to achieve the business plan. To this end, Shenzhen Zhaobangji Property Services will participate in the tender and bidding process of various commercial and residential projects, with a view to

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obtaining property management engagements from Independent Third Party customers in communities in the vicinity of the properties proposed to be covered under the Property Management Framework Agreement so as to achieve economies of scale. Meanwhile, the Directors are of the view that it will support the expansion of the Group if it leverages on the resources of connected parties through entering into of the Property Management Framework Agreement.

The Directors consider that the benefits of the transactions under the Property Management Framework Agreement include:

- (i) building up the brand image of the Group in the property management business;
- (ii) building up the portfolio of properties managed by the Group; and
- (iii) enhancing the Group's ability to attract talents to join the Group.

The Directors consider the above benefits will provide a solid foundation for the Group to achieve better bargaining power over Independent Third Parties going forward through achieving economies of scale.

In light of the above and having considered in particular:

- (i) Shenzhen Zhaobangji is an established property investor in the PRC with a number of commercial properties in Shenzhen;
- (ii) the positive outlook in the Greater Bay Area provides a conducive environment for business expansion; and
- (iii) building business relationship with Shenzhen Zhaobangji may be favourable to the development of the Group's property management business, which sets a solid foundation for the Group to capture future business opportunities,

we concur with the Directors' views that the entering into of the Property Management Framework Agreement is conducive for the Group's future business development.

4. Principal Terms of the Property Management Framework Agreement

A summary of the principal terms of the Property Management Framework Agreement dated 30 November 2018 is set out below:

- Parties:**
- (i) Shenzhen Zhaobangji Property Services
 - (ii) Shenzhen Zhaobangji (for itself and as trustee for the benefit of its subsidiaries from time to time)

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- Period:** From the date of approval of the Property Management Framework Agreement by the Independent Shareholders (or such later date as the parties to the Property Management Framework Agreement may agree in writing) to 31 March 2021.
- Individual Property Management Agreement:** Shenzhen Zhaobangji Property Services and the Shenzhen Zhaobangji Group shall enter into Individual Property Management Agreement(s) in respect of each property (“**Property A**”, “**Property B**”, “**Property C**”, “**Property D**”, and “**Property E**”, together defined as the “**Properties**”) to be managed by Shenzhen Zhaobangji Property Services during the term of the Property Management Framework Agreement, which shall set out the detailed terms of the transactions to be conducted under the Property Management Framework Agreement. The terms of the Individual Property Management Agreement(s) shall in principle be consistent with the Property Management Framework Agreement. In case of inconsistency, the terms of the Property Management Framework Agreement shall prevail.
- Services Scope:** The service scope (the “**Service Scope**”) under the Property Management Framework Agreement includes:
- (i) Daily management, cleaning and repair of public areas of the Properties;
 - (ii) Security services and guest reception in the Properties;
 - (iii) Maintenance of fire prevention, and reporting accidents to relevant authorities and taking corresponding measures to support rescue work in the Properties;
 - (iv) Management of parking of vehicles and car parks (if applicable);
 - (v) Management of renovation undertaken by occupants of the Properties; and
 - (vi) Management of the public utilities expenses paid by the occupants.

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Fees:

The fees chargeable for the Service Scope (the “**Property Management Service Fee(s)**”) and other terms (including, but not limited to, payment terms and methods) shall be set out in the Individual Property Management Agreement(s) and determined principally on the basis of arm’s length commercial negotiations according to the principles of fairness and reasonableness by both parties to the Property Management Framework Agreement by taking into account factors including the locations of the Properties, the state of the Properties, the applicable property management Service Scope, and the costs involved in managing the Properties.

The fees shall be determined with reference to the prevailing property management fees of similar properties in the market from time to time.

The fees chargeable for the services shall also be determined in accordance with the fees charged by Shenzhen Zhaobangji Property Services in providing similar property management services to the Independent Third Parties in its ordinary course of business. The fees chargeable for the services provided by Shenzhen Zhaobangji Property Services shall not be less favourable to those fees charged to the Independent Third Parties by Shenzhen Zhaobangji Property Services.

The fees chargeable by Shenzhen Zhaobangji Property Services for the Service Scope shall be adjusted in the Individual Property Management Agreements for each subsequent financial year ending 31 March in accordance with the prevailing circumstances to ensure that the fees will be in conformity with the principles mentioned above.

We have reviewed the Property Management Framework Agreement and compared the principal terms thereunder in relation to the Service Scope with nine (9) continuing connected transactions (the “**Comparable Transactions**”) involving the entering into of property management framework agreements by other Hong Kong listed companies as the property management service provider, announced during the eleven-month period starting from 1 January 2018 and up to and including 30 November 2018, being the date of the Company’s announcement in relation to the Property Management Framework Agreement. We noted that: (i) the Comparable Transactions required its terms to be no less favourable to the listed company than the terms available to other independent third parties; and (ii) the Comparable Transactions’ pricing for the property management fees were mainly determined by arm’s length negotiation with reference to prevailing market prices, which are principally similar to the terms under the Property Management Framework Agreement.

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Based on the above, and in particular, (i) the fees chargeable by Shenzhen Zhaobangji Property Services shall be adjusted in the Individual Property Management Agreements for each subsequent financial year ending 31 March in accordance with the fairness principles stated above; and (ii) the Group's internal control procedures and pricing policies as stated in the section described below, we consider the terms of the Property Management Framework Agreement to be on normal commercial terms and fair and reasonable as far as the Independent Shareholders are concerned.

5. Internal Control Procedures and Pricing Policies

As stated in the Letter from the Board, in order to ensure that the pricing mechanism and terms of the Property Management Framework Agreement are on normal commercial terms and the fees stipulated therein will not fall below the prevailing market rate and the fees charged by Shenzhen Zhaobangji Property Services to the Independent Third Parties, the Group has established a series of internal control procedures (the “**Internal Control Procedures**”) as follows:

- (i) the finance department of Shenzhen Zhaobangji Property Services (the “**Finance Department**”), currently led by Mr. Tian Maoxin (“**Mr. Tian**”), will prepare a research report and summary of fees charged by Shenzhen Zhaobangji Property Services to its Independent Third Party customers for the past six months (if applicable) to calculate a minimum fee proposal (the “**Minimum Fee Proposal**”) for the Individual Property Management Agreement. The prevailing comparable market level of fees in the Minimum Fee Proposal will be obtained by collecting management fee data from leasing departments of comparable properties and the Finance Department will obtain quotation from not less than three market comparables. The Minimum Fee Proposal will then be determined based on a price that is not less favourable than the market comparables and the fees charged by Shenzhen Zhaobangji Property Services to its Independent Third Party customers for the past six months (if applicable);
- (ii) the Finance Department will submit the Minimum Fee Proposal together with its supporting documents to the management of Shenzhen Zhaobangji Property Services, currently led by Mr. Zhao, for review;

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- (iii) if the management of Shenzhen Zhaobangji Property Services approves the Minimum Fee Proposal, the same will be submitted to the Directors for further review and approval. To avoid conflict of interest, the following Directors will abstain from the approval process:
 - a. Mr. Xu, who is the controlling shareholder of Shenzhen Zhaobangji;
 - b. Mr. Wu Hanyu, who is a director of Shenzhen Zhaobangji; and
 - c. Ms. Zhan Meiqing, who is a sister-in-law of Mr. Xu; and
- (iv) after the Minimum Fee Proposal has been approved by the Directors, except for the Directors who will abstain from the approval process as stated in (iii) above, it will be adopted as the basis for determining the fees chargeable by Shenzhen Zhaobangji Property Services in its negotiations with the Shenzhen Zhaobangji Group to fix the terms of each Individual Property Management Agreement(s). The Individual Property Management Agreement(s) will only be executed by Shenzhen Zhaobangji Property Services after approval from the Board.

In addition to the measures set out above, the Group will also adopt the following measures:

- (i) the Finance Department will be responsible for regular monitoring of the continuing connected transactions contemplated under the Property Management Framework Agreement to ensure that the Annual Caps will not be exceeded, in particular, as the Annual Caps shall not in any event be higher than 25% of the revenue of the Group for the immediately preceding financial year as shown in its audited consolidated financial statements, (1) the Group will cease to enter into any new Individual Property Management Agreement if such will cause the total contractual income to exceed the Annual Cap for that financial year; and (2) to ensure that the Annual Cap for the coming financial year will not be exceeded, the Group will terminate certain existing Individual Property Management Agreement(s) if the projected income of all Individual Property Management Agreements will be higher than the Annual Cap for the coming financial year;
- (ii) internal review will be conducted by the Group to assess, on a periodic basis, whether the provision of property management services has been made in accordance with the terms of the Property Management Framework Agreement;
- (iii) the Company will engage its auditors to conduct an annual review of the continuing connected transactions conducted pursuant to the Property Management Framework Agreement. We note that this is in accordance with Chapter 14A.56 of the Listing Rules;

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- (iv) the independent non-executive Directors will review the continuing connected transactions conducted pursuant to the Property Management Framework Agreement on an annual basis and confirm in the annual reports of the Company for the years ending 31 March 2019, 2020 and 2021 whether such continuing connected transactions have been entered into in the ordinary and usual course of business of the Group on normal commercial terms or better, and in accordance with the Property Management Framework Agreement on terms that are fair and reasonable that are in the interests of the Company and the Shareholders as a whole. We note that this is in accordance with Chapter 14A.55 of the Listing Rules; and
- (v) the Finance Department and the management of Shenzhen Zhaobangji Property Services and the Board will review the fees stipulated in each Individual Property Management Agreement on an annual basis and the Individual Property Management Agreements will be renewed annually only if: (i) the projected income does not exceed the Annual Caps; and (ii) the fees stipulated do not fall below the prevailing market rate and the fees charged to the Independent Third Party customers of Shenzhen Zhaobangji Property Services in recent transactions.

We have researched on the relevant announcements of the Company and reviewed the qualifications of each staff responsible for the review and approval process in the Internal Control Procedures. We noted that:

- (i) Mr. Tian, who will be preparing the research report and Minimum Fee Proposal, is a PRC certified practising accountant since 2009 with 26 years of working experience;
- (ii) Mr. Zhao, a senior management member of Shenzhen Zhaobangji Property Services, is well experienced in the property management industry with approximately 18 years of working experience in property management companies such as LVGEM (China) Real Estate Investment Company Limited, a company listed on the main board of the Stock Exchange (stock code: 0095);
- (iii) Mr. Szeto is an experienced Director with working experience as a regional director of a subsidiary of Synergis Holdings Limited, a company listed on the main board of the Stock Exchange (stock code: 2340); and
- (iv) Mr. Ye is an experienced Director as he acted as an adviser for Kerry Holdings Limited, a company listed on the main board of the Stock Exchange (stock code: 0683) and was a former executive director of Shangri-La Asia Limited, a company listed on the main board of the Stock Exchange (stock code: 0069).

In light of the above, we are of the view that the personnel handling the review and approval process are financially competent and are highly experienced in the property management and property-related business.

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Taking into account of the above, we consider that the implementation of the Internal Control Procedures to be adopted by the Group would help to ensure fair pricing of the transactions contemplated under the Property Management Framework Agreement according to the pricing principles mentioned above, in particular:

- (i) there is a systematic control process which effectively compares (a) the property management fees offered by obtaining not less than three market comparables; and (b) the fees charged by Shenzhen Zhaobangji Property Services to its Independent Third Party customers for the past six months (if applicable);
- (ii) the Minimum Fee Proposal will be determined based on a price that is not less favourable than the market comparables and the fees charged by Shenzhen Zhaobangji Property Services to its Independent Third Party customers for the past six months (if applicable);
- (iii) there is an effective segregation of duties between the preparers and reviewers of the Minimum Fee Proposal during the Internal Control Procedures. Shenzhen Zhaobangji Property Services also have two levels of reviewers involved in the approval process, namely Mr. Zhao and the Directors;
- (iv) the preparers and reviewers of the Minimum Fee Proposal are highly experienced property industry veterans; and
- (v) the Individual Property Management Agreements will be renewed annually only if: (1) the projected income does not exceed the Annual Caps; and (2) the fees stipulated do not fall below the prevailing market rate and the fees charged to the Independent Third Party customers of Shenzhen Zhaobangji Property Services in recent transactions.

In view of the above, we concur with the Directors' view that the personnel authorised to execute the Internal Control Procedures possess relevant experience and expertise in relation thereto, and the Internal Control Procedures are able to ensure that the continuing connected transactions contemplated under the Property Management Framework Agreement will be conducted on normal commercial terms in a manner not prejudicial to the interests of the Company and its Shareholders as a whole.

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6. Proposed Annual Caps

Set out below are the Annual Caps during the three years ending 31 March 2019, 2020 and 2021 respectively.

	For the year ending 31 March		
	2019	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Annual Caps	7,000	31,000	32,600

As stated in the Letter from the Board, the Annual Caps were determined by reference to a number of factors, particularly:

- (i) the estimated gross floor area (the “**GFA**”) of the portfolio of Properties currently controlled or being developed by the Shenzhen Zhaobangji Group, in respect of which Shenzhen Zhaobangji Property Services will be engaged to provide property management services in the relevant financial year(s);
- (ii) the estimated Property Management Service Fee per square metre (“**sq. m.**”) chargeable by Shenzhen Zhaobangji Property Services, which are determined based on the current prevailing property management fees of similar properties in the market;
- (iii) an anticipated annual inflation rate of 1.2% has been applied, which is estimated with reference to recent consumer price indices in the PRC;
- (iv) a buffer of 10% to be applied on the aforesaid gross transaction amounts to cater for contingency in terms of additional properties that may be included in the Property Management Framework Agreement and any unexpected increase in monthly management service fee per sq. m.; and
- (v) in any event, the Annual Caps will not be higher than 25% of the revenue of the Group for the immediately preceding financial year as shown in its audited consolidated financial statements.

As stated in the Letter from the Board, the Group did not have any historical property management service arrangements with Shenzhen Zhaobangji prior to the entering of the Property Management Framework Agreement.

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We have reviewed the Annual Caps as follows in order to assess their fairness and reasonableness:

(i) *The estimated GFA of the Properties*

As advised by the Management, there are a total of five (5) properties under the portfolio of Properties currently controlled and being developed by the Shenzhen Zhaobangji Group. All Properties have been developed except for Property E, which is expected to complete its development in the first quarter of 2019. As such, Shenzhen Zhaobangji Property Services will be charging Property Management Service Fee for the property management services on Property E upon the completion of its development which is expected to start from the third quarter of 2019 (i.e. 1 July 2019). The Property Management Service Fee for Property E for nine months will be counted in the Annual Cap for the financial year ending 31 March 2020. The estimated GFA of the Properties are as follows:

Table 1: Estimated GFA of each Property

Property	Estimated GFA <i>(sq. m.)</i>
Property A	40,435.61
Property B	6,284.20
Property C	12,025.05
Property D	11,092.95
Property E	14,048.00

Source: the Management

We have obtained the tenant list of Property A, Property B, Property C and Property D and noted that the aggregate GFA in terms of sq. m. of all tenants in the Properties were applied to the calculations of the relevant Annual Caps. For Property E, we obtained the relevant Construction Project Planning Permit* (建設工程規劃許可證) and noted the Group adopted the estimated GFA set out on the permit for the calculations of the relevant Annual Caps. We also inspected the internal timetable for the development of Property E, which indicated that the expected time of completion for Property E is indeed in the first quarter of 2019. Shenzhen Zhaobangji Property Services is expected to provide property management services from 1 July 2019 onwards.

Based on the above, we considered the estimated GFA applied to the Annual Caps calculations to be reasonable.

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(ii) The estimated Property Management Service Fee per sq. m. charged to each Property

As advised by the Management, the estimated Property Management Service Fee chargeable to each Property is estimated based on the current prevailing property management fees of similar properties in the market per sq. m..

Against this understanding, for each Property, we conducted physical site visits to the Properties and made three (3) independent quotation enquiries of similar properties located nearby each Property (the “**Property Comparables**”).

We selected the Property Comparables based on the following criteria:

- (i) the Property Comparables are located within a one-kilometer radius of each Property;
- (ii) the Property Comparables and their corresponding Properties are of the same intended use (i.e. office or retail); and
- (iii) the Property Comparables share the same grading class as their corresponding Properties.

We identified the Property Comparables first through desktop research. We then confirmed that each Property Comparable met the above criteria through physical site visits. Based on the above, we are of the view that the Property Comparables selected are fair and representative samples for the purpose of our analysis.

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We made enquiries with either the leasing office of the relevant Property Comparables or the local real estate agents who are familiar with the property market condition in the proximity of the relevant Property Comparables. During these independent quotation enquiries, we gathered the current prevailing monthly property management service fees per sq. m. of the Property Comparables as stated below:

Table 2: Property management fees of the Properties and its respective Property Comparables

Property	Estimated monthly Property Management Service Fee (RMB/sq. m.)	Location of Property	Property Comparables	Prevailing monthly property management service fee (RMB/sq. m.)
Property A	25.00	Futian District, Shenzhen, the PRC	Futian comparable 1	23.00
			Futian comparable 2	25.00
			Futian comparable 3	17.00
Property B, Property C, and Property D	35.00	Dongmen, Luohu District, Shenzhen, the PRC	Luohu comparable 1 ^(Note 1)	33.00
			Luohu comparable 2 ^(Note 1)	30.00
			Luohu comparable 3 ^(Note 1)	30.00
Property E	26.00	Nanshan District, Shenzhen, the PRC	Nanshan comparable 1	10.25
			Nanshan comparable 2	12.00
			Nanshan comparable 3	15.00

Source: the Management and independent quotation enquiries

Note: Property B, Property C and Property D are all located in Dongmen, Luohu District, Shenzhen, the PRC and they are of the same grading class and intended use. Therefore we used the same set of comparables in this quotation enquiry exercise.

We noted that the estimated monthly Property Management Service Fees for the Properties set out in the table above were applied to the calculations of the relevant Annual Caps. We further noted that these Property Management Service Fees are, on average, higher than the prevailing monthly property management service fees of the respective Property Comparables.

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Based on the above, we considered the estimated Property Management Service Fee applied to the Annual Caps calculations to be reasonable.

(iii) The anticipated annual inflation rate

The Management applied an anticipated annual inflation rate of 1.2% into the Property Management Service Fees chargeable on the Properties. For the three years ending 31 March 2019, 2020 and 2021, the Property Management Service Fees were projected to increase by 1.2% annually with reference to recent consumer price indices in the PRC.

Table 3: Increase of Property Management Service Fees per annum

Property	Estimated monthly Property Management Service Fee (inflation-adjusted) for the year ending 31 March (RMB/sq. m.)		
	2019	2020	2021
	Property A	25.00	25.30
Property B	35.00	35.40	35.80
Property C	35.00	35.40	35.80
Property D	35.00	35.40	35.80
Property E	N/A ^(Note)	26.30	26.60

Note: Property E will complete its development in the first quarter of 2019.

We reviewed the inflation rates of the PRC and Shenzhen published by the National Bureau of Statistics of the PRC* (中華人民共和國國家統計局) and the Statistics Bureau of Shenzhen Municipality* (深圳市統計局). We noted the following:

Table 4: Inflation rate of the PRC and Shenzhen in 2017, 2016 and 2015

Year	The PRC	Shenzhen
	Inflation rate (%)	Inflation rate (%)
2017	1.6	1.4
2016	2.0	2.4
2015	1.4	2.2

Source: The National Bureau of Statistics of the PRC* (中華人民共和國國家統計局) and The Statistics Bureau of Shenzhen Municipality* (深圳市統計局)

From the above, the inflation rates for the PRC and Shenzhen from 2015 to 2017 ranged from 1.4% to 2.0% and 1.4% to 2.4% respectively. The average inflation rates

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

for the PRC and Shenzhen from 2015 to 2017 were 1.7% and 2.0% respectively. The Management's estimation on the inflation rate of 1.2% is below the range of the historical inflation rates of both the PRC and Shenzhen in the past three years. In anticipation of the recent slowdown of PRC economy, we considered the inflationary factor applied to the Annual Caps calculations to be conservative yet reasonable.

(iv) Estimated buffer to the gross transaction amounts

As advised by the Management, they have included a buffer of 10% on top of the aforesaid estimated Property Management Service Fees per year. We considered the buffer to be reasonable as it allows for contingency situations where the Property Management Service Fees may increase, such as: (i) unexpected increase in prevailing property management fees of similar properties in the market; (ii) unexpected increase in management service fees charged by Shenzhen Zhaobangji Property Services in providing similar property management services to Independent Third Parties; and (iii) unexpected increase in inflation of Shenzhen.

Having considered the bases on which the Annual Caps were determined as described above, we are of the view that the Annual Caps are fair and reasonable as far as the Independent Shareholders are concerned.

RECOMMENDATION

Having taking into account the above principal factors and reasons, we considered that: (i) the entering into of the Property Management Framework Agreement is in the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole; and (ii) the terms of the Property Management Framework Agreement (including the Annual Caps) are on normal commercial terms and fair and reasonable so far as the Company and the Independent Shareholders are concerned. Accordingly, we recommend the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM in relation to the Property Management Framework Agreement (including the Annual Caps).

Yours faithfully,
For and on behalf of
Opus Capital Limited
Koh Kwai Yim
Executive Director

Ms. Koh Kwai Yim is the Executive Director of Opus Capital Limited and is licensed under the SFO as a Responsible Officer to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. Ms. Koh has over 17 years of corporate finance experience in Asia and has participated in and completed various financial advisory and independent financial advisory transactions.

* *English translation is directly translated from Chinese and is for identification purpose only.*

1. 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 in this circular or this circular misleading.

2. DISCLOSURE OF INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF DIRECTORS AND CHIEF EXECUTIVE

So far as was known to the Directors, as at the Latest Practicable Date, the following Director had interests in the shares of the Company and/or the associated corporations (within the meaning of Part XV of the SFO) of the Company which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests which he was taken or deemed to have under such provisions of the SFO); (ii) recorded in the register maintained by the Company referred to in section 352 of the SFO pursuant thereto; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix 10 to the Listing Rules as adopted by the Company:

Name of company	Name of Director	Capacity/Nature of interest	Number and class of shares	Approximate percentage of the issued share capital
The Company (<i>Note 1</i>)	Xu Chujia	Interest of spouse (<i>Note 2</i>)	60,528,000 Shares	4.89%
		Interest of a controlled corporation (<i>Note 3</i>)	640,000,000 Shares	51.65%
			700,528,000 Shares	56.54%
Boardwin (<i>Notes 3 and 4</i>)	Xu Chujia	Beneficial owner	76 ordinary shares	76%
	Wu Hanyu	Beneficial owner	2 ordinary shares	2%
	Zhan Meiqing	Beneficial owner	1 ordinary shares	1%

Notes:

1. The approximate percentages of the issued share capital of the Company held by the Director are calculated based on the number of issued Shares of the Company as at the Latest Practicable Date of 1,239,000,000.
2. As at the Latest Practicable Date, 60,528,000 Shares were beneficially owned by Ms. Zhang Meiquan, the spouse of Mr. Xu Chujia. By virtue of the SFO, Mr. Xu Chujia was taken to be interested in such Shares.
3. As at the Latest Practicable Date, Boardwin beneficially owned 640,000,000 Shares, representing approximately 51.65% of the issued share capital of the Company, and hence was an associated corporation (within the meaning of Part XV of the SFO) of the Company.

As at the Latest Practicable Date, Boardwin was held as to 76% by Mr. Xu Chujia. By virtue of the SFO, Mr. Xu Chujia was taken to be interested in the Shares beneficially owned by Boardwin.

4. The approximate percentage of the issued share capital of Boardwin held by each respective Director is calculated based on the number of issued ordinary shares of Boardwin as at the Latest Practicable Date of 100.

Save as disclosed above, so far as was known to the Directors, as at the Latest Practicable Date, none of the Directors and the chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests which they were taken or deemed to have under such provisions of the SFO); (ii) recorded in the register maintained by the Company referred to in section 352 of the SFO pursuant thereto; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code.

So far as was known to the Directors, as at the Latest Practicable Date, Mr. Xu Chujia was a director of Boardwin. Save as disclosed above, so far as was known to the Directors, as at the Latest Practicable Date, none of the Directors was a director or employee of a company which had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, no Director had any existing or proposed service contract with any member of the Group, excluding service contracts expiring or determinable by such member of the Group within one year without payment of compensation (other than statutory compensation).

4. INTERESTS IN ASSETS AND CONTRACTS AND COMPETING INTERESTS

None of the Directors had any interest, direct or indirect, in any asset which had, since 31 March 2018 (being the date to which the latest published audited consolidated financial statements of the Group were made up) and up to the Latest Practicable Date, been acquired or disposed of by or leased to any member of the Group or which were, as at the Latest Practicable Date, proposed to be acquired or disposed of by or leased to any member of the Group.

None of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group subsisting as at the Latest Practicable Date which was significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors or their respective close associates had any interest in any business which competed or were likely to compete, either directly or indirectly, with the businesses of the Group.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 March 2018, the date to which the latest published audited consolidated financial statements of the Group were made up.

6. QUALIFICATION AND CONSENT OF EXPERTS

The following is the qualification of the expert who has given advice, letter or opinion contained in this circular:

Name	Qualification
Opus Capital Limited	a corporation licensed under the SFO to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, the expert identified above had no shareholding, direct or indirect, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

The expert identified above did not have any interest, direct or indirect, in any asset which had, since 31 March 2018 (being the date to which the latest published audited consolidated financial statements of the Group were made up) and up to the Latest Practicable Date, been acquired or disposed of by or leased to any member of the Group or which were, as at the Latest Practicable Date, proposed to be acquired or disposed of by or leased to any member of the Group.

The expert identified above has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which they are included.

7. LITIGATION

So far as the Directors are aware, as at the Latest Practicable Date, no member of the Group was involved in any litigation or claim of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened by or against any member of the Group.

8. MISCELLANEOUS

- (a) All references to times and dates in this circular refer to Hong Kong times and dates.
- (b) The English text of this circular and the accompanying proxy form shall prevail over the Chinese text.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the head office and principal place of business in Hong Kong of the Company at Unit 16–18, 11/F China Merchants Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong during normal business hours from 9:30 a.m. to 5:30 p.m. on any business day from the date of this circular up to and including the date of the EGM:

- (a) the Property Management Framework Agreement;
- (b) the letter from the Independent Board Committee, the text of which is set out in this circular;
- (c) the letter from the Independent Financial Adviser, the text of which is set out in this circular;
- (d) the letter of consent referred to under the paragraph headed “Qualification and Consent of Experts” in this Appendix; and
- (e) the circular.

NOTICE OF THE EGM

Zhaobangji Properties Holdings Limited

兆邦基地產控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1660)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**EGM**”) of Zhaobangji Properties Holdings Limited (the “**Company**”; together with its subsidiaries, the “**Group**”) will be held at Unit 16–18, 11/F., China Merchants Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong on 21 December 2018 at 10 a.m. for the purpose of considering and, if thought fit, with or without amendments, passing the following resolutions each as an ordinary resolution of the Company:

1. “**THAT**

- (a) the property management framework agreement (the “**Property Management Framework Agreement**”) entered into between 深圳市兆邦基物業服務有限公司 (Shenzhen Zhaobangji Property Services Company Limited*) (“**Shenzhen Zhaobangji Property Services**”) and 深圳兆邦基集團有限公司 (Shenzhen Zhaobangji Group Company Limited*) (“**Shenzhen Zhaobangji**”) (for itself and as trustee for the benefit of its subsidiaries from time to time) on 30 November 2018 in relation to the provision of property management services by Shenzhen Zhaobangji Property Services in respect of properties currently controlled or being developed by Shenzhen Zhaobangji and its subsidiaries (the “**Shenzhen Zhaobangji Group**”) (a copy of which has been produced to the meeting marked “A” and signed by the chairman of the meeting for identification purpose), and the transactions contemplated thereunder (including the maximum of RMB7.0 million, RMB31.0 million and RMB32.6 million, and in any event not higher than 25% of the revenue of the Group for the immediately preceding financial year as shown in its audited consolidated financial statements, respectively which the aggregate amount of fees that may be charged by Shenzhen Zhaobangji Property Services pursuant to the Property Management Framework Agreement is expected not to exceed during the three years ending 31 March 2019, 2020 and 2021 respectively) be and are hereby approved, and the entering into of the Property Management Framework Agreement by a director of the Company (the “**Director**”) for and on behalf of the Company on 30 November 2018 be and is hereby approved, confirmed and ratified; and

* *for identification purpose only*

NOTICE OF THE EGM

- (b) any Director or any other person authorised by the Directors be and is hereby authorised to do and execute all such acts, matters, deeds, documents and things as he/she may in his/her absolute discretion consider necessary or desirable for or in connection with the implementation of the Property Management Framework Agreement and all transactions and other matters contemplated thereunder or ancillary thereto, to waive compliance from and/or agree to any amendment or supplement to any of the provisions of the Property Management Framework Agreement which is in his/her opinion not of a material nature and to effect or implement any other matters referred to in this resolution.”
2. “**THAT** Mr. Li Yan Sang be re-elected as an executive Director and the board (the “**Board**”) of Directors be authorised to fix his remuneration.”
3. “**THAT** Mr. Zhao Yiyong be re-elected as an executive director of the Company and the Board be authorised to fix his remuneration.”
4. “**THAT** Professor Lee Chack Fan, *G.B.S., S.B.S., J.P.* be re-elected as a non-executive director of the Company and the Board be authorised to fix his remuneration.”
5. “**THAT** Ms. Zhan Meiqing be re-elected as a non-executive director of the Company and the Board be authorised to fix her remuneration.”
6. “**THAT** Mr. Cheng Yiu-tong, *G.B.M., G.B.S., J.P.* be re-elected as an independent non-executive director of the Company and the Board be authorised to fix his remuneration.”

Yours faithfully,
By order of the board
Zhaobangji Properties Holdings Limited
Xu Chujia
Chairman and executive Director

Hong Kong, 5 December 2018

Registered office:
Maples Corporate Services Limited
PO Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands

*Head office and principal place of
business in Hong Kong:*
Unit 16–18, 11/F
China Merchants Tower Shun Tak Centre
168–200 Connaught Road Central
Hong Kong

NOTICE OF THE EGM

Notes:

1. For determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from 18 December 2018 to 21 December 2018, both days inclusive, during which period no transfer of shares will be effected and registered. In order to be eligible to attend and vote at the EGM, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on 17 December 2018.
2. Any member entitled to attend and vote at the EGM is entitled to appoint another person as his proxy to attend and vote instead of him. A member may appoint a proxy in respect of only part of his holding of shares in the Company. A proxy need not be a member of the Company.
3. The instrument appointing a proxy shall 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 its seal or under the hand of an officer, attorney or other person authorised to sign the same. In the case of an instrument of proxy purporting to be signed on behalf of a corporation by an officer thereof, it shall be assumed, unless the contrary appears, that such officer was duly authorised to sign such instrument of proxy on behalf of the corporation without further evidence of the facts.
4. The instrument appointing a proxy and (if required by the board) the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be delivered to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not less than forty-eight (48) hours before the time appointed for holding the EGM (i.e. at or before 10 a.m. on 19 December 2018 (Hong Kong time)) or adjourned meeting at which the person named in the instrument proposes to vote.
5. Delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the EGM convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.
6. Where there are joint holders of any share of the Company, any one of such joint holders 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 are present at the EGM, the vote of the senior holder 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 of the Company in respect of the relevant joint holding.

As at the date of this notice, the Board comprises five executive Directors, namely, Mr. Xu Chujia, Mr. Wu Hanyu, Mr. Kwan Kin Man Keith, Mr. Li Yan Sang and Mr. Zhao Yiyong; two non-executive Directors, namely, Professor Lee Chack Fan, G.B.S., S.B.S., J.P., and Ms. Zhan Meiqing and five independent non-executive Directors, namely, Mr. Cheng Yiu Tong, G.B.M., G.B.S., J.P., Mr. Hui Chin Tong Godfrey, Mr. Sze-to Kin Keung, Mr. Wong Chun Man and Mr. Ye Longfei.