
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

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勒泰集團有限公司
LERTHAI GROUP LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 112)

**PROPOSALS FOR
RE-ELECTION OF RETIRING DIRECTORS,
GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES,
EXTENSION OF GENERAL MANDATE TO ISSUE SHARES
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice of Annual General Meeting to be held at Room 3303, Tower Two, Lippo Centre, 89 Queensway, Admiralty, Hong Kong on Wednesday, 29 July 2020 at 9:30 a.m. is set out on pages 14 to 17 of this circular. A form of proxy for use by the Shareholders at the Annual General Meeting is enclosed with the 2019 annual report of the Company for despatch to the Shareholders together with this circular. Whether or not you intend to be present at the Annual General Meeting in person, please complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's registrar and transfer office, Tricor Secretaries Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as practicable and in any event not later than 48 hours (excluding any part of a day that is public holiday) before the time for holding the Annual General Meeting (i.e. not later than 9:30 a.m. on Monday, 27 July 2020 (Hong Kong Time)) or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Annual General Meeting should you so wish.

SPECIAL MEASURES FOR THE AGM

Please note that the following measures will be implemented for the AGM due to the COVID-19 pandemic:

- Compulsory temperature checks before entering the building where the AGM will be held; those with a fever may not be admitted.
- Wearing of face masks is compulsory at any time within the meeting venue and throughout the AGM.
- There will be no distribution of gifts and no refreshments.

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* Should there be any discrepancy between the English and Chinese versions, the English version shall prevail.

DEFINITIONS

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

“Annual General Meeting” or “AGM”	the annual general meeting of the Company to be held at Room 3303, Tower Two, Lippo Centre, 89 Queensway, Admiralty, Hong Kong on Wednesday, 29 July 2020 at 9:30 a.m. or any adjournment thereof, notice of which is set out on pages 14 to 17 of this circular
“Articles of Association”	the articles of association of the Company
“Board”	the board of Directors
“China Lerthai”	China Lerthai Commercial Real Estate Holdings Limited
“Close Associates”	has the same meaning as defined in the Listing Rules
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Company”	Lerthai Group Limited, a company incorporated in Hong Kong with limited liability, and the issued Shares of which are listed on the main board of the Stock Exchange
“Core Connected Person(s)”	has the same meaning as defined in the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	23 June 2020, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Options”	the option(s) granted or to be granted under the Share Option Scheme to subscribe for Shares in accordance with the terms thereof

DEFINITIONS

“Repurchase Mandate”	a general and unconditional mandate proposed to be granted to the Directors by the Shareholders at the Annual General Meeting to exercise the power of the Company to repurchase Shares up to a maximum of 10% of the aggregate number of issued Shares of the Company as at the date of passing of the relevant resolution
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of the Company
“Share Option Scheme”	the share option scheme of the Company adopted on 22 August 2014
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Codes”	The Codes on Takeovers and Mergers and Share Buy-backs of Hong Kong
“%”	per cent

LETTER FROM THE BOARD



勒泰集團有限公司 LERTHAI GROUP LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 112)

Executive Directors:

Mr. Yang Longfei (Chairman and Chief Executive Officer)
Ms. Zhang Yan (Vice Chairlady and Co-Chief Executive Officer)

Non-executive Directors:

Mr. Yang Shao Ming
Mr. Chan Ho Yin
Ms. Chi Lai Man Jocelyn

Independent Non-executive Directors:

Ms. Chan Lai Ping
Mr. Wong Hon Kit
Mr. Wong Tat Keung

Registered Office:

Room 3303, Tower Two
Lippo Centre
89 Queensway
Admiralty, Hong Kong

29 June 2020

To the Shareholders

Dear Sir or Madam,

**PROPOSALS FOR
RE-ELECTION OF RETIRING DIRECTORS,
GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES,
EXTENSION OF GENERAL MANDATE TO ISSUE SHARES
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you the notice of the Annual General Meeting as set out on pages 14 to 17, and with information regarding certain resolutions to be proposed at the Annual General Meeting to enable you to make an informed decision on whether to vote for or against those resolutions.

LETTER FROM THE BOARD

The resolutions include (i) approving the re-election of retiring Directors; (ii) granting to the Directors the Repurchase Mandate; (iii) granting to the Directors a general and unconditional mandate (a) to issue further Shares representing up to 20% of the aggregate number of issued Shares as at the date of passing of the relevant resolution and (b) to issue Shares not exceeding the aggregate number of Shares repurchased pursuant to the Repurchase Mandate.

RETIREMENT AND RE-ELECTION OF DIRECTORS

Pursuant to article 101 of the Articles of Association, not less than one-third of the members of the Board shall retire from office by rotation at the Annual General Meeting and shall be eligible for re-election by the Shareholders. Accordingly, Ms. Zhang Yan as the executive Director and Mr. Wong Tat Keung as an independent non-executive director will retire from office by rotation at the Annual General Meeting and being eligible, offer themselves for re-election at the Annual General Meeting.

Pursuant to article 92 of the Articles of Association, the Directors shall have power from time to time, and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. Any Director so appointed shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election at that meeting. Accordingly, Mr. Chan Ho Yin and Ms. Chi Lai Man Jocelyn as non-executive Directors and Ms. Chan Lai Ping as an independent non-executive Director shall hold office only until the Annual General Meeting and shall then be eligible for re-election.

Details of the Directors who are proposed to be re-elected at the Annual General Meeting are as follows:

Ms. ZHANG Yan (“Ms. Zhang”), aged 45, is currently the Vice Chairlady and an executive Director of the Company, mainly responsible for assisting Mr. Yang Longfei, the Chairman of the Company in formulating the overall development strategy of the listed company and supervising and managing the expansion and daily operation of the Group’s business. She serves China Lerthai for over 15 years, and held various important positions such as the CEO – Financial Services of China Lerthai. She is well experienced in cost control, taxation, financing and business operations and successfully issued the first Asset-backed Securities (“ABS”) without single subject credit rating. She is Vice Chairman of Promoting Development Alliances. Ms. Zhang holds a master’s degree in business administration and a law degree awarded by People’s University of China and a master’s degree in business administration awarded by Tsinghua University. Ms. Zhang was a committee of People’s Congress Standing of Lubei District of Tangshan. Ms. Zhang was also a permanent member of Tangshan Tsinghua University Alumni Association and a member of Hebei Association of Women Entrepreneurs.

Ms. Zhang has entered into a service agreement with the Company for a term of three years commencing from 1 April 2018 subject to retirement from office by rotation and re-election at the annual general meeting of the Company and vacation of office in accordance with the Articles of Association. Ms. Zhang is entitled to an emolument of HK\$250,000 per month and a director fee of HK\$180,000 per annum (revised to HK\$360,000 per annum with effect from 1 July 2020) for her appointment as an executive Director, which was determined with reference to the duties and responsibilities of an executive Director.

LETTER FROM THE BOARD

As at the Latest Practicable Date, Ms. Zhang is beneficially interested in 2,178,000 Shares and 3,387,659 underlying shares of the Company pursuant to the Share Option Scheme within the meaning of Part XV of the SFO, representing approximately 0.52% of the issued share capital of the Company as at the Latest Practicable Date.

Mr. WONG Tat Keung (“**Mr. Wong**”), aged 49, is currently an independent non-executive Director of the Company. He obtained a master’s degree in business administration (financial services) from the University of Greenwich, England. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and has more than 22 years of experience in audit, taxation, accounting and business advisory. From January 2006 to February 2010, he was the proprietor of Aston Wong & Co., Certified Public Accountants practising in Hong Kong. Since January 2010, he has been a director of his own corporate practice, namely Aston Wong CPA Limited. Mr. Wong is a director of Hong Kong Wan Long CPA Limited. Mr. Wong has been appointed as an independent non-executive director of Singapore eDevelopment Limited whose shares are listed on Singapore Exchange Securities Trading Limited since 27 January 2017 and Mr. Wong was an independent non-executive director of ZH International Holdings Limited whose shares are listed on the Stock Exchange (Stock code: 185) between 7 December 2009 and 27 July 2015 and Roma Group Limited whose shares are listed on the Stock Exchange (Stock code: 8072) from 2 March 2016 to 24 January 2020.

Mr. Wong has entered into a service agreement with the Company for a term of three years commencing from 30 November 2018 subject to retirement from office by rotation and re-election at the annual general meeting of the Company and vacation of office in accordance with the Articles of Association. Mr. Wong is entitled to a director fee of HK\$180,000 per annum (revised to HK\$360,000 per annum with effect from 1 July 2020) for his appointment as an independent non-executive Director, which was determined with reference to the duties and responsibilities of an independent non-executive Director.

As at the Latest Practicable Date, Mr. Wong does not have any interests in any shares of the Company within the meaning of Part XV of the SFO.

Mr. CHAN Ho Yin (“**Mr. Chan**”), aged 44, has been appointed as a non-executive Director since 15 May 2020. Mr Chan has over 18 years of corporate advisory and restructuring experience in various jurisdictions including Hong Kong, Mainland PRC, Cayman Islands, BVI, Singapore and Indonesia, including restructuring of property development, real estate and construction companies. Mr. Chan joined Borrelli Walsh Limited in 2006 and has been a director there since 2008. Mr. Chan graduated with a bachelor of commerce degree and a bachelor of law degree in 2000 from University of Melbourne, Australia, and obtained the Legal Practitioner of the Supreme Court of Australian Capital Territory, Australia.

Mr. Chan is a member of Certified Public Accountants of Australia, and a member of the Hong Kong Institute of Certified Public Accountants.

LETTER FROM THE BOARD

Mr. Chan is currently a receiver over 254,055,888 shares charged by the Company's substantial shareholder China Lerthai Commercial Real Estate Holdings Limited ("**China Lerthai**") and 162,222,222 shares charged by another substantial shareholder, director and chairman of the Company, Yang Longfei, as at the Latest Practicable Date. The appointment was instructed by Fantastic Stargaze Limited and Peace Winner Limited, two companies wholly-owned by China Huarong Asset Management Co., Ltd. ("**China Huarong**"). Within the meaning of Part XV of the SFO, Mr. Chan's beneficial interest represents approximately 38.83% of the issued share capital of the Company as at the Latest Practicable Date.

Mr. Chan is expected to facilitate and monitor the debt restructuring of the Company with the date of termination to be fixed at a later stage depending on the restructuring status. Mr. Chan is entitled to a director fee of HK\$360,000 per annum with effective from 1 July 2020 for his appointment as a non-executive Director, which was determined with reference to the duties and responsibilities of a non-executive Director.

Ms. CHI Lai Man Jocelyn ("Ms. Chi"), aged 43, has been appointed as a non-executive Director since 15 May 2020. She has extensive experience in various restructuring, dispute resolution and financial investigation assignments in Asia. Ms. Chi joined Borrelli Walsh Limited as a manager in 2006 and is now a director. Ms. Chi graduated with a bachelor of commerce degree in accounting and finance from Monash University, Australia in 2000, and obtained a Postgraduate Diploma in Advance Accounting from the same university in 2001. She obtained a master degree in corporate finance from the Hong Kong Polytechnic University in 2005. Ms. Chi is a member of the Certified Practising Accountants of Australia and a member of the Hong Kong Institute of Certified Public Accountants.

Ms. Chi was non-executive director of PanAsialum Holdings Company Limited (stock code: 2078) from 27 May 2016 to 3 May 2019.

Ms. Chi is currently a receiver over 254,055,888 shares charged by the Company's substantial shareholder China Lerthai and 162,222,222 shares charged by another substantial shareholder, director and chairman of the Company, Yang Longfei, as at the Latest Practicable Date. The appointment was instructed by Fantastic Stargaze Limited and Peace Winner Limited, two companies wholly-owned by China Huarong. Within the meaning of Part XV of the SFO, Ms. Chi's beneficial interest represents approximately 38.83% of the issued share capital of the Company as at the Latest Practicable Date.

Ms. Chi is expected to facilitate and monitor the debt restructuring of the Company with the date of termination to be fixed at a later stage depending on the restructuring status. Ms. Chi is entitled to a director fee of HK\$360,000 per annum with effective from 1 July 2020 for her appointment as a non-executive Director, which was determined with reference to the duties and responsibilities of a non-executive Director.

LETTER FROM THE BOARD

Ms. CHAN Lai Ping (“**Ms. Chan**”), aged 43, is a solicitor qualified to practise in Hong Kong and a member of The Law Society of Hong Kong. She is a consultant of a law firm in Hong Kong. Ms. Chan has many years of experience in advising on corporate finance, mergers and acquisitions, corporate governance, regulatory and compliance matters. She was the company secretary and general counsel of China Shandong Hi-Speed Financial Group Limited, a company whose shares are listed on the Main Board of the Stock Exchange (stock code: 412). She is also serving as the general counsel and the company secretary of Hao Tian Development Group Limited, a company whose shares are listed on the Main Board of the Stock Exchange (stock code: 474) and Hao Tian International Construction Investment Group Limited, a company whose shares are listed on the Main Board of the Stock Exchange (stock code: 1341). Ms. Chan has a bachelor of laws degree and a postgraduate certificate in laws from the University of Hong Kong. She also has a master of corporate finance degree from the Hong Kong Polytechnic University.

Ms. Chan has entered into a service agreement with the Company for a term of three years commencing from 27 March 2020 subject to retirement from office by rotation and re-election at the annual general meeting of the Company and vacation of office in accordance with the Articles of Association. Ms. Chan is entitled to a director fee of HK\$180,000 per annum (revised to HK\$360,000 per annum with effect from 1 July 2020) for her appointment as an independent non-executive Director, which was determined with reference to the duties and responsibilities of an independent non-executive Director.

As at the Latest Practicable Date, Ms. Chan does not have any interests in any shares of the Company within the meaning of Part XV of the SFO.

Save as disclosed above, Ms. Zhang, Mr. Wong, Mr. Chan, Ms. Chi and Ms. Chan (i) do not hold any other position with the Company or any of its subsidiaries; (ii) did not hold any other directorships in any other public companies the securities of which are listed on any security market in Hong Kong or overseas in the three years prior to the Latest Practicable Date; (iii) do not hold any other major appointment or professional qualification; and (iv) do not have any relationship with other Directors, senior management or substantial or controlling Shareholders (as defined under the Listing Rules) of the Company.

Save as disclosed above, the Company is not aware of any other information relating to the proposed re-election of Ms. Zhang, Mr. Wong, Mr. Chan, Ms. Chi and Ms. Chan as Directors, required to be disclosed pursuant to any of the requirements set forth in Rule 13.51(2) (h) to (v) of the Listing Rules or any other matter that needs to be brought to the attention of the Shareholders.

LETTER FROM THE BOARD

GENERAL MANDATE TO REPURCHASE SHARES

At the Annual General Meeting, an ordinary resolution will be proposed to grant to the Directors a general and unconditional mandate to exercise all powers of the Company to repurchase issued Shares. The maximum number of Shares that may be repurchased pursuant to the Repurchase Mandate will be such number which represents 10% of the aggregate number of issued Shares as at the date of passing of the relevant resolution, provided that if any subsequent consolidation or subdivision of Shares is effected, the maximum number of Shares that may be repurchased pursuant to the approval granted under such resolution as a percentage of the total number of issued Shares at the date immediately before and after such consolidation or subdivision shall be the same and such maximum number of Shares shall be adjusted accordingly. The Repurchase Mandate will lapse on the earliest of, the date of the next annual general meeting, or the date by which the next annual general meeting of the Company is required to be held by laws and/or the Articles of Association, or the date upon which such authority is revoked or varied by an ordinary resolution of the Company in general meeting.

In accordance with the Listing Rules, the Company is required to send to the Shareholders an explanatory statement which is set out in the appendix to this circular. Shareholders are advised to read the explanatory statement carefully.

GENERAL MANDATE TO ISSUE SHARES AND EXTENSION OF GENERAL MANDATE TO ISSUE SHARES

At the Annual General Meeting, an ordinary resolution will be proposed to grant to the Directors a general and unconditional mandate to issue new Shares representing up to 20% of the aggregate number of issued Shares as at the date of passing of the relevant resolution, provided that if any subsequent consolidation or subdivision of Shares is effected, the maximum number of Shares that may be issued pursuant to the approval granted under such resolution as a percentage of the total number of issued Shares at the date immediately before and after such consolidation or subdivision shall be the same and such maximum number of Shares shall be adjusted accordingly. As at the Latest Practicable Date, there were a total of 1,072,099,304 Shares in issue. On the assumption that the total number of Shares in issue on the Annual General Meeting remains unchanged as on the Latest Practicable Date, the number of Shares issuable pursuant to the general mandate to issue Shares on the date of passing the resolution will be 214,419,860 Shares.

Subject to the passing of the aforesaid ordinary resolutions of the Repurchase Mandate and the general mandate to issue new Shares, an ordinary resolution will also be proposed to authorise the Directors to issue new Shares not exceeding the aggregate number of Shares repurchased pursuant to the Repurchase Mandate.

ANNUAL GENERAL MEETING

The notice of the Annual General Meeting is set out on pages 14 to 17 of this circular. At the Annual General Meeting, in addition to the ordinary business of the meeting, resolutions will be proposed to approve the general mandate to issue Shares and the Repurchase Mandate.

LETTER FROM THE BOARD

A form of proxy for the Annual General Meeting is enclosed with the 2019 annual report of the Company for despatch to the Shareholders together with this circular. Whether or not you intend to be present at the Annual General Meeting in person, you are requested to complete the form of proxy and return it to the Company's registrar and transfer office, Tricor Secretaries Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, in accordance with the instructions printed thereon as soon as practicable but in any event no later than 48 hours (excluding any part of a day that is public holiday) before the time for holding the Annual General Meeting (i.e. not later than 9:30 a.m. on Monday, 27 July 2020 (Hong Kong Time)) or any adjournment thereof. The completion and return of a form of proxy will not preclude you from attending and voting at the Annual General Meeting in person should you so wish.

The register of members will be closed from Friday, 24 July 2020 to Wednesday, 29 July 2020, both days inclusive. For the purpose of ascertaining the Shareholders' entitlement to the attendance of and voting at the Annual General Meeting, all share transfers accompanied by the relevant share certificates must be lodged with the Company's registrar and transfer office, Tricor Secretaries Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Thursday, 23 July 2020.

According to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The chairman of the Annual General Meeting will demand a poll for each of the resolutions to be proposed at the Annual General Meeting in compliance with the Listing Rules. Having made all reasonable enquiries, the Board is not aware of any Shareholder who is required to abstain from voting on each of the resolutions to be proposed at the Annual General Meeting. An explanation of the procedures of conducting a poll is provided in the notes to the notice of the Annual General Meeting and details will be conveyed to the Shareholders at the Annual General Meeting. The results of the poll shall be deemed to be the resolution of the general meeting in which the poll was demanded or required and the poll results will be published on the websites of Stock Exchange (www.hkexnews.hk) and the Company (www.lerthai.com.hk) after the Annual General Meeting.

RECOMMENDATION

The Directors (other than Mr. Chan Ho Yin and Ms. Chi Lai Man Jocelyn have abstained from voting on the relevant Board resolutions relating to the proposed Repurchase Mandate and general mandate to issue Shares) are of the opinion that re-election of Directors, the granting of the Repurchase Mandate and the general mandate to issue Shares are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors (other than Mr. Chan Ho Yin and Ms. Chi Lai Man Jocelyn have abstained from making any recommendation to Shareholders on Ordinary Resolutions 4 to 6 relating to the proposed Repurchase Mandate and general mandate to issue Shares) recommend you to vote in favour of the relevant resolutions to be proposed at the Annual General Meeting.

PRECAUTIONS IN LIGHT OF COVID-19 PANDEMIC

At the time of issuing this circular, many countries and regions around the world including Hong Kong are still devoting vigorous efforts to contain the COVID-19 pandemic. The situation is evolving and it is hard to predict when the crisis will end.

LETTER FROM THE BOARD

The health and safety of our Shareholders and staff are our top priority as we plan for the Company's AGM. It is important that we continue to stay alert and help prevent the spread of the disease, and Shareholders are reminded to consider for themselves whether they should attend the AGM in person. The health risks posed by large scale gatherings should not be underestimated.

In order to protect attending Shareholders and staff of the Company from the risk of infection, the Company will implement the following precautionary measures at the AGM:

- Compulsory temperature checks for every attending Shareholder, proxy or other attendee before entering the building where the AGM will be held. Any person with a fever or is unwell may be denied entry into the meeting venue.
- Any person who does not comply with the precautionary measures or is subject to any Hong Kong SAR Government prescribed quarantine may be denied entry into the meeting venue. Health declaration may be required.
- All attendees have to wear face masks within the meeting venue and throughout the meeting.
- There will be no distribution of gifts and no refreshments will be served.
- Appropriate seating spacing will be implemented to ensure safe distancing among attendees

The Company also reminds Shareholders that attendance at the AGM in person is not necessary for the purpose of exercising voting rights. Shareholders may consider appointing the chairman of the AGM as their proxy to vote on the relevant resolution(s) at the meeting as an alternative to attending the meeting in person.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

Yours faithfully,
By Order of the Board
Lerthai Group Limited
Yang Longfei
Chairman and Chief Executive Officer

The following is the explanatory statement required under Rule 10.06(1)(b) of the Listing Rules to provide the Shareholders with all the information reasonably necessary for them to make an informed decision on whether to vote for or against the ordinary resolution approving the Repurchase Mandate and constitutes the memorandum of the terms of the proposed repurchase required under Section 239(2) of the Companies Ordinance.

1. SHARE CAPITAL

As at the Latest Practicable Date, there were a total of 1,072,099,304 Shares in issue.

Subject to the passing of the ordinary resolution granting the Repurchase Mandate and on the assumption that no further Shares are issued or repurchased prior to the Annual General Meeting, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 107,209,930 Shares, being approximately 10% of the entire issued Shares.

2. REASONS FOR REPURCHASES

The Directors (other than Mr. Chan Ho Yin and Ms. Chi Lai Man Jocelyn have abstained from voting on the relevant Board resolutions relating to the Repurchase Mandate) believe that the Repurchase Mandate is in the best interests of the Company and the Shareholders as a whole. Repurchases of Shares may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value and/or earnings per Share. The Directors (other than Mr. Chan Ho Yin and Ms. Chi Lai Man Jocelyn) believe that such repurchases made will benefit the Company and the Shareholders and granting of the Repurchase Mandate would give the Company additional flexibility to do so if and when appropriate.

3. FUNDING OF REPURCHASES

Purchases of the issued Shares must be made out of funds legally available for the purpose in accordance with the Articles of Association and the Companies Ordinance. The Companies Ordinance provides that the amount of capital repaid in connection with a Share repurchase may only be paid from the distributable profits of the Company or the proceeds of a new issue of Shares made for the purpose of the repurchase.

On the basis of the consolidated financial position of the Company as at 31 December 2019 (being the date to which the latest published audited financial statements of the Company have been made up) and in particular the working capital position of the Company at that time and the number of Shares now in issue, the Directors consider that there might be a material adverse impact on the working capital position or the gearing position of the Company in the event that the Repurchase Mandate were to be carried out in full at any time during the Repurchase Mandate period. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in circumstances that have a material adverse impact on the working capital position or the gearing levels of the Company.

4. PRICES OF SHARES

The highest and lowest prices per Share at which the Shares traded on the Stock Exchange during each of the previous twelve months (where applicable) before the Latest Practicable Date are as follows:

	Price per Share	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
June 2019	7.96	6.83
July 2019	7.39	7.05
August 2019	7.20	6.60
September 2019	7.05	3.59
October 2019	3.60	2.45
November 2019	4.55	3.25
December 2019	4.78	4.33
January 2020	4.61	3.78
February 2020	3.78	3.39
March 2020	3.50	3.11
April 2020	5.29	3.00
May 2020	5.23	4.96
June 2020 (up to the Latest Practicable Date)	5.39	4.80

5. UNDERTAKING AND DISCLOSURE OF INTERESTS

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

As at the Latest Practicable Date, none of the Directors nor, to the best of their knowledge and belief having made all reasonable enquiries, their Close Associates, have any present intention to sell any Share to the Company in the event that the Repurchase Mandate is approved by the Shareholders.

As at the Latest Practicable Date, no Core Connected Person has notified the Company that he/she/it has a present intention to sell Shares to the Company, or has undertaken not to do so, in the event that the Repurchase Mandate is granted by the Shareholders.

6. THE TAKEOVERS CODES

If a Shareholder 's proportionate interest in the voting rights of the Company increases as a result of a share repurchase, such increase will be treated as an acquisition of voting rights for the purposes of the Takeovers Codes and, if such increase results in a change of control, may in certain circumstances give rise to an obligation to make a general offer for shares under Rules 26 and 32 of the Takeovers Codes.

As at the Latest Practicable Date, Mr. Chan Ho Yin and Ms. Chi Lai Man Jocelyn, the receiver over 254,055,888 shares charged by the Company's substantial shareholder China Lerthai Commercial Real Estate Holdings Limited ("**China Lerthai**") and 162,222,222 shares charged by another substantial shareholder, director and chairman of the Company, Yang Longfei, are beneficially interested in approximately 38.83% of the total number of Shares in issue. In the event that the Directors exercise in full the power to repurchase the Shares which is proposed to be granted pursuant to resolution no. 4 set out in the notice convening the Annual General Meeting, the shareholding in the Company held by Mr. Chan and Ms. Chi together with China Lerthai would be increased to approximately 43.14%, which will exceed the 2% creeper as specified in Rule 26.1 of the Takeovers Code, in which event, an obligation to make a mandatory offer under Rules 26 and 32 of the Takeovers Codes may arise.

The Directors have no present intention to exercise the Repurchase Mandate to repurchase Shares to the extent that less than 25% (or such other prescribed minimum percentage as determined by the Stock Exchange) of the issued Shares would be in public hands.

7. SHARES REPURCHASES MADE BY THE COMPANY

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

NOTICE OF ANNUAL GENERAL MEETING



勒泰集團有限公司 LERTHAI GROUP LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 112)

NOTICE IS HEREBY GIVEN that the annual general meeting (the “**Annual General Meeting**”) of Lerthai Group Limited (the “**Company**”) will be held at Room 3303, Tower Two, Lippo Centre, 89 Queensway, Admiralty, Hong Kong on Wednesday, 29 July 2020 at 9:30 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and consider audited consolidated financial statements, directors’ report and auditor ‘s report of the Company for the year ended 31 December 2019.
2.
 - (a) To re-elect Ms. Zhang Yan as an executive director of the Company;
 - (b) To re-elect Mr. Chan Ho Yin as a non-executive director of the Company;
 - (c) To re-elect Ms. Chi Lai Man Jocelyn as a non-executive director of the Company;
 - (d) To re-elect Mr. Wong Tat Keung as an independent non-executive director of the Company;
 - (e) To re-elect Ms. Chan Lai Ping as an independent non-executive director of the Company; and
 - (f) To authorise the board of directors of the Company to fix their remuneration.
3. To re-appoint ZHONGHUI ANDA CPA Limited as the auditor of the Company and to authorise the board of directors of the Company to fix their remuneration.

NOTICE OF ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS

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

“**THAT:**

- (a) subject to paragraph (c) below, the exercise by the directors of the Company (the “**Directors**”) during the Relevant Period (as defined below) of all the powers of the Company to repurchase issued shares of the Company (the “**Shares**”) subject to and in accordance with all applicable laws and requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) as amended from time to time be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) shall be in addition to any other authorisation given to the Directors and shall authorise the Directors on behalf of the Company during the Relevant Period to procure the Company to repurchase the Shares at a price determined by the Directors;
- (c) the aggregate number of Shares which are authorised to be repurchased by the Directors pursuant to the approval in paragraph (a) shall not exceed 10% of the aggregate number of Shares in issue as at the date of passing this resolution, and the said authority shall be limited accordingly, provided that if any subsequent consolidation or subdivision of shares of the Company is effected, the maximum number of shares of the Company that may be purchased pursuant to the approval in paragraph (a) above as a percentage of the total number of issued shares of the Company immediately before and after such consolidation or subdivision shall be the same and such maximum number of shares of the Company shall be adjusted accordingly; and
- (d) for the purposes of this resolution:

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

- (i) the conclusion of the next annual general meeting of the Company; or
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by laws and/or the Company’s articles of association to be held; or
- (iii) the date upon which the authority set out in this resolution is revoked or varied by way of ordinary resolution of the Company in general meeting.”

NOTICE OF ANNUAL GENERAL MEETING

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

“**THAT:**

- (a) subject to paragraph (c) below, the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with additional Shares and to make or grant offers, agreements, options and rights of exchange or conversion which might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) shall be in addition to any other authorisation given to the Directors and shall authorise the Directors during the Relevant Period to make or grant offers, agreements, options and rights of exchange or conversion which might require the exercise of such powers after the end of the Relevant Period;
- (c) the number of Shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval granted in paragraph (a), otherwise than pursuant to (i) a Rights Issue (as defined below), or (ii) the exercise of the options granted under any share option scheme adopted by the Company, or (iii) any scrip dividend or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with the articles of association of the Company, shall not exceed 20% of the aggregate number of issued Shares as at the date of passing this resolution, and the said approval shall be limited accordingly, provided that if any subsequent consolidation or subdivision of shares of the Company is effected, the maximum number of shares of the Company that may be issued pursuant to the approval in paragraph (a) above as a percentage of the total number of issued shares of the Company immediately before and after such consolidation or subdivision shall be the same and such maximum number of shares of the Company shall be adjusted accordingly; and
- (d) for the purposes of this resolution:

“Relevant Period” shall have the same meaning as those ascribed to it under the resolution set out in paragraph 4(d) of the notice convening the meeting of which this resolution forms part; and

“Rights Issue” means an offer of Shares open for a period fixed by the Directors to holders of Shares on the register on a fixed record date in proportion to their then holdings of such Shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction, or the requirements of any recognised regulatory body or any stock exchange, in any territory outside Hong Kong).”

NOTICE OF ANNUAL GENERAL MEETING

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

“**THAT** conditional upon the passing of the resolutions nos. 4 and 5 as set out in the notice convening the meeting of which these resolutions form part, the general mandate granted to the Directors pursuant to the resolution no. 5 as set out in the notice convening the meeting of which this resolution forms part be and is hereby extended by the addition thereto of the aggregate number of Shares repurchased by the Company under the authority granted pursuant to the resolution no. 4 as set out in the notice convening the meeting of which this resolution forms part, provided that such amount shall not exceed 10% of the aggregate number of issued Shares as at the date of passing this resolution.”

By Order of the Board
Lerthai Group Limited
Yang Longfei
Chairman and Chief Executive Officer

Hong Kong, 29 June 2020

Website of the Company: <http://www.lerthai.com.hk>

Notes:

1. The register of members will be closed from Friday, 24 July 2020 to Wednesday, 29 July 2020, both days inclusive. For the purpose of ascertaining the members' entitlement to the attendance of the Annual General Meeting, all share transfers accompanied by the relevant share certificates must be lodged with the Company's registrar and transfer office, Tricor Secretaries Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Thursday, 23 July 2020.
2. Any shareholder of the Company entitled to attend and vote at the meeting is entitled to appoint one or more separate proxies to attend and, on a poll, to vote instead of him. A proxy needs not be a member of the Company.
3. To be valid, a form of proxy in the prescribed form together with the power of attorney or other authority (if any) under which it is signed (or a notarially certified copy thereof) must be deposited at the Company's registrar and transfer office, Tricor Secretaries Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not less than 48 hours (excluding any part of a day that is public holiday) before the time for holding the Annual General Meeting (i.e. not later than 9:30 a.m. on Monday, 27 June 2020 (Hong Kong Time)) or at any adjournment thereof.
4. As at the date hereof, the Board comprises Mr. Yang Longfei and Ms. Zhang Yan as executive Directors, Mr. Yang Shao Ming, Mr. Chan Ho Yin and Ms. Chi Lai Man Jocelyn as non-executive Directors, Ms. Chan Lai Ping, Mr. Wong Hon Kit and Mr. Wong Tat Keung as independent non-executive Directors.