

YANGHAO INTERNATIONAL LIMITED

ACN 133 453 531

Suite 1903,
109 Pitt Street,
Sydney NSW 2000
Australia

NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY MEMORANDUM

Notice is given that the Annual General Meeting of the Shareholders of Yanghao International Limited will be held at Unit 9U, 175 Lower Gibbes Street, Chatswood, NSW 2067 Australia, on Thursday 17 November 2016 at 2:00 pm (Sydney time) (**AGM**).

Business

Ordinary Business

A. Financial Statement and Reports

To receive and consider:

- (a) the financial statements of the Company for the year ending 30 June 2016;
- (b) the Directors' Report; and
- (c) the Auditor's Report.

There is no requirement for shareholders to approve these reports.

B. To consider, and if thought fit, to pass with or without modification, the following resolutions each as an Ordinary Resolution

1. Ordinary Resolution 1: Adoption of Remuneration Report

To consider and, if thought fit, pass the following as a non-binding ordinary resolution:

'That the Remuneration Report as set out in the Annual Report for the financial year ended 30 June 2016 be adopted.'

Note: The vote on this resolution is advisory only and does not bind the Directors or the Company.

2. Ordinary Resolution 2: Re-election of Director – Mr Wei Huang

To consider and, if thought fit, pass the following as an ordinary resolution:

'That Mr Wei Huang, a director retiring by rotation in accordance with clause 59 of the Company's constitution, and being eligible, be re-elected as a director of the Company.'

3. Ordinary Resolution 3: Election of Director – Ms Ying Liu Huang

To consider and, if thought fit, pass the following as an ordinary resolution:

'That Ms Ying Liu Huang, a director retiring in accordance with clause 58.2 of the Company's constitution, and being eligible, be elected as a director of the Company.'

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4. Other Business

To transact any other business that may legally be brought forward in accordance with the Constitution of the Company and the *Corporations Act 2001* (Cth).

Explanatory Statement

An Explanatory Statement in respect of the resolutions detailed above is enclosed with this Notice of Annual General Meeting.

Annual Report

Shareholders are reminded that the Company's Annual Report is available on ASX website, <http://www.asx.com.au/asxpdf/20161003/pdf/43bntmvw6496l2.pdf>

By Order of the Board



Ying Liu Huang
Company Secretary
5th October 2016

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Voting Entitlements

In accordance with section 1074E(2)(g) of the *Corporations Act 2001* (Cth) (**Corporations Act**) and regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), persons holding shares at 7.00 pm (Sydney time) on 15 November 2016 will be treated as Shareholders. This means that if you are not the registered holder of a relevant Share at that time you will not be entitled to attend and vote in respect of that Share at the meeting.

Voting Exclusion Statements

Resolution 1:

Pursuant to section 250R of the Corporations Act, a vote must not be cast, and the Company will disregard any votes cast on Resolution 1, by or on behalf of:

- a member of the key management personnel (**KMP**), details of whose remuneration are included in the Remuneration Report for the year ended 30 June 2016; or
- a closely related party of a KMP;

whether the votes are cast as a shareholder, proxy or in any other capacity.

However, a person described above may cast a vote on Resolution 1 if it is not cast on behalf of a person described above and either:

- the proxy is appointed by writing that specifies how the proxy is to vote on the resolution proposed in Resolution 1; or
- the chairman of the meeting is appointed as proxy and the appointment of the chairman does not specify the way in which the chairman is to vote and expressly authorises the chairman to exercise the proxy even though the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

Please note, in accordance with sections 250R(4) and 250R(5) of the Corporations Act, the chairman will not vote any undirected proxies in relation to Resolution 1 unless the shareholder expressly authorises the chairman to vote in accordance with the chairman's stated voting intentions. Please note that if the chairman of the meeting is your proxy (or becomes your proxy by default), by completing the attached proxy form, you will expressly authorise the chair to exercise your proxy on Resolution 1 even though it is connected directly or indirectly with the remuneration of a member of Key Management Personnel for the Company, which includes the chairman.

If you appoint the chairman as your proxy, you can direct the chairman to vote for or against or abstain from voting on Resolution 1 by marking the appropriate box on the proxy form.

If you are a KMP or a closely related party of a KMP (or are acting on behalf of any such person) and purport to cast a vote that will be disregarded by the Company (as indicated above), you may be liable for an offence for breach of voting restrictions that apply to you under the Corporations Act.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, whether directly or indirectly. Members of key management personnel include its directors and certain senior executives.

The proxy form accompanying this Notice of AGM contains detailed instructions regarding how to complete the proxy form if a Shareholder wishes to appoint the chairman of the meeting as his or her proxy. You should read those instructions carefully.

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Proxies

A shareholder who is entitled to attend and vote at the Annual General Meeting may appoint up to two proxies to attend and vote on behalf of that shareholder. A proxy form is included with this Notice of Annual General Meeting. If you require an additional proxy form, please contact Computershare Investor Services Pty Limited, GPO Box 242 Melbourne, VIC 3001, Australia.

If a shareholder appoints two proxies, the appointment of the proxies may specify the proportion or the number of that shareholder's votes that each proxy may exercise. If the appointment does not specify, each proxy may exercise half of the votes. Fractions of votes will be disregarded. A proxy form must be signed by the shareholder or their duly appointed attorney, or in the case of a body corporate, executed in accordance with the corporation's constitution, or signed by a duly authorised officer or attorney. A proxy need not be a shareholder of the Company.

To be effective, the Company must receive the completed proxy form signed by the shareholder and, if the form is signed by the shareholder's attorney or authorised officer of a corporation, the authority under which the proxy form is signed (or a certified copy of the authority) by **no later than 2.00 pm (Sydney time) on 15 November 2016**, by post or fax to:

- the Company's share registrar, Computershare Investor Services Pty Limited, as listed below.
- **Custodian Voting** – for Intermediary Online subscribers only (Custodians) please visit www.intermediaryonline.com to submit your voting intentions.

Mail:

Yanghao International Limited
C/- Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001
Australia

Fax:

Yanghao International Limited
C/-Computershare Investor Services Pty Limited
Fax: 1800 783 447 (within Australia)
Fax: +61 3 9473 2555 (outside Australia)

Body corporate representatives

- A corporation, by resolution of its directors, may authorise a person to act as its representative to vote at the meeting.
- A representative appointed by a corporation may be entitled to execute the same powers on behalf of the corporation as the corporation could exercise if it were an individual shareholder of the Company.
- To evidence the authorisation, either a certificate of body corporate representative executed by the corporation or under the hand of its attorney or an equivalent document evidencing the appointment will be required.
- The certificate or equivalent document must be produced prior to the meeting.

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Voting by proxies

Where more than one proxy is appointed, neither proxy is entitled to vote on a show of hands. A proxy may decide whether to vote on any motion, except where the proxy is required by law or the constitution to vote, or abstain from voting, in their capacity as proxy. If a proxy is directed how to vote on an item of business, the proxy may vote on that item only in accordance with the direction. If a proxy is not directed how to vote on an item of business, the proxy may vote as he or she thinks fit. If a proxy abstains from voting and the directions on the proxy require that person to vote, the votes not exercised by the proxy will be given to the chairman to vote in accordance with the directions on the proxy form.

Subject to the statement below, if a shareholder appoints the chairman of the meeting as the shareholder's proxy and does not specify how the chairman is to vote on an item of business, the chairman will vote, as proxy for that shareholder, in favour of that item on a poll.

Please read the directions on the proxy form carefully, especially if you intend to appoint the chairman of the meeting as your proxy.

Undirected proxies

The chairman of the meeting will vote undirected proxies in favour of all resolutions on the agenda for the meeting. The Company recommends that Shareholders who submit proxies should consider giving 'how to vote' directions to their proxyholder on each resolution.

If you complete a proxy form that authorises the chairman of the meeting to vote on your behalf as proxyholder, and you do not mark any of the boxes so as to give him directions about how your vote should be cast, you will be expressly authorising the chair to exercise your proxy in accordance the chairman's stated voting intention on all resolutions even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

If you wish to appoint the chairman of the meeting as your proxyholder but you do not want to put him in the position to cast your votes in accordance with chairman's stated voting intention, you can direct the chairman by completing the appropriate box on the proxy form, to vote against or abstain from voting on the Resolutions.

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2016 Annual General Meeting – Explanatory Statement

The Explanatory Statement has been prepared for the information of shareholders in connection with the Annual General Meeting of shareholders to be held on 17 November 2016 at 2.00 pm (Sydney time) at Unit 9U, 175 Lower Gibbes Street, Chatswood NSW 2067, Australia.

This Explanatory Statement should be read in conjunction with the accompanying Notice of Annual General Meeting, and is a brief explanation of the Agenda Items in the Notice of Annual General Meeting and why the Company is seeking this shareholder approval.

Ordinary Business

Item A. Receiving Financial Statements and Reports

The Corporation Act requires the financial report (which includes the financial statements and Directors' declaration), the Directors' report and Auditor's report to be laid before the annual general meeting. There is no requirement either in the Corporations Act or the Company's constitution for shareholders to approve the financial report, the Directors' report or the Auditor's report. Shareholders will be given a reasonable opportunity to ask questions and make comments on these reports.

The auditor of the Company or their representative will be available to receive questions relevant to:

- (a) the conduct of the audit;
- (b) the preparation and content of the Auditor's Report;
- (c) the accounting policies adopted by the Company in relation to the preparation of the Financial Statements; and
- (d) the independence of the Auditor in relation to the conduct of the audit.

A shareholder of the Company who is entitled to cast a vote at the AGM may submit a written question to the auditor if:

- (a) the question is relevant to:
 - a. the content of the Auditor's Report to be considered at the AGM; or
 - b. the conduct of the audit of the annual financial report to be considered at the AGM; and
- (b) the shareholder gives the question to the Company no later than the fifth business day before the day on which the AGM is held.

Item B:

1. Ordinary Resolution 1: Adoption of the Remuneration Report Ordinary Resolution

A copy of the Company's 2016 Annual Report is available to members upon request at the Company's offices, and is also available from the ASX website at <http://www.asx.com.au/asxpdf/20161003/pdf/43bntmvw6496l2.pdf>

The Company's remuneration report is submitted to shareholders for consideration and adoption under a non-binding vote.

The Directors' Report for the period ended 30 June 2016 contains a remuneration report, which sets out the policy for the remuneration of the Directors, company secretaries and senior managers.

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The Corporations Act requires that a resolution be put to a vote that the remuneration report be adopted. The Corporations Act expressly provides that the vote is advisory only, and does not bind the Directors or the Company.

Shareholders attending the AGM will be given a reasonable opportunity to ask questions about, or make comments on, the remuneration report.

Two Strikes Rule

As a result of the amendment to the Corporations Act which came into effect on 1 July 2011, a 'two-strikes and re-election' process has been introduced as follow:

- (a) At the 2015 AGM, the resolution to adopt the Company's remuneration report for the financial year ended 30 June 2015 received a "no" vote of 0.12%. Where the Company's Remuneration Report receives a 'no' vote of 25% or more, the Company's subsequent Remuneration Report must explain the Board's proposed action in response or, if the Board does not propose any action, the Board's reasons for inaction;
- (b) If the resolution to adopt the Company's subsequent Remuneration Report receives a 'no' vote of 25% or more in two consecutive AGMs, a resolution must be put ("Spill Resolution") to shareholders at the same Meeting.
- (c) If the spill Resolution passes with 50% or more of the eligible votes cast, another meeting of the Company's shareholders ("Spill meeting") must be held within 90 days. At the spill meeting, all Directors (other than the Managing Director) who were in office when the Directors' Report was considered at the most recent Meeting will be required to stand for re-election.

Directors' Recommendation

The Directors recommend that shareholders approve Ordinary Resolution 1 adopting the remuneration report under a non-binding vote.

2. Ordinary Resolution 2: Re-election of Director – Mr Wei Huang

B.Ec, M. Com

Mr Huang graduated with a Bachelor of Economics from Macquarie University and a Master of Commerce from the University of New South Wales. He is a member of CPA Australia. Mr Huang has experience in the textile, retail, financial services, construction and mining sectors in Australia and internationally, specialising in financial control, new business start ups and business development. Mr Huang is also on the board of Australian Bauxite Ltd and Tiaro Coal Ltd.

Clause 59 of the Company's Constitution requires that at each Annual General Meeting one-third of the Directors must retire from office (excluding the Managing Director in accordance with clause 76.9 of the Company's Constitution). Mr Huang Wei, being the Director who has been longest in office, retires by rotation and is eligible for re-election. Accordingly he seeks re-appointment as a Director.

Directors' Recommendation

The Directors (with Mr Huang abstaining) recommend that shareholders approve Ordinary Resolution 2 for the re-election of Mr Huang as a Director of the Company.

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3. Ordinary Resolution 3: Election of Director – Ms Ying Liu Huang

B.Ec, M. Com, (Professional Accounting), Dip. Mgt

Ms Huang holds both Bachelor and Master degrees in Professional Accounting; Ms Huang is a qualified Certified Practising Accountant, also holds a Diploma in Management. With 20 years of corporate experiences, Ms Huang have been working in a major international IT company over the past 19 years, she has held many senior management positions locally and across Asia Pacific regions, including General Manager, Business Development Executive and Business and Alliance Managers. She has strong business knowledge internationally, especially in the Asia Pacific market; she is also specialized in business operations, process transformation and financial management.

On 26th November 2015, Ms Huang was appointed a Director by the Board. In accordance with clause 58 of the Company's Constitution, a Director appointed by the board holds office until the next Annual General Meeting, and is eligible for election. Ms Huang seeks election as a Director of the Company.

Directors' Recommendation

The Directors (with Ms Huang abstaining) recommend that shareholders approve Ordinary Resolution 3 for the election of Ms Huang as a Director of the Company.

GLOSSARY

In this Explanatory Memorandum and Notice of Annual General Meeting the following expressions have the following meanings unless stated otherwise or unless the context otherwise requires:

Board means the board of directors of the Company;

A closely related party of a member of the key management personnel means any of the following:

- a spouse, child or dependent of the member;
- a child or dependent of the member's spouse;
- anyone else who is one of the member's family and may be expected to influence, or be influenced by, the member in the member's dealings with the Company;
- a company the member controls; or
- a person prescribed by regulations (as at the date of this Notice of AGM, no additional persons have been prescribed by regulation).

Company means Yanghao International Limited ACN 133 453 531;

Constitution means the existing constitution of the Company;

Corporations Act means *Corporations Act 2001* (Cth);

Director means a director of the Company;

Key Management Personnel has the same meaning as in the accounting standards as defined in section 9 of the Corporations Act (so the term broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director, whether executive or otherwise, of the Company);

Meeting means the meeting of shareholders convened by the Notice;

Notice means the notice of meeting to which this Explanatory Memorandum is attached.