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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 stockbroker or other licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in ShiFang Holding 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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SHIFANG HOLDING LIMITED

十方控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 1831)

**(I) PROPOSED CHANGE OF DOMICILE;
(II) PROPOSED ADOPTION OF NEW MEMORANDUM OF
CONTINUANCE AND BYE-LAWS;
(III) PROPOSED CANCELLATION OF SHARE PREMIUM ACCOUNT;
(IV) PROPOSED CAPITAL REORGANISATION;
(V) PROPOSED CHANGE OF BOARD LOT SIZE;
AND
(VI) NOTICE OF THE EXTRAORDINARY GENERAL MEETING**

The notice convening the EGM to be held at Room 1, United Conference Centre, 10/F, United Centre, 95 Queensway, Admiralty, Hong Kong on Monday, 25 February 2019 at 3:00 p.m. is set out on pages EGM-1 to EGM-5 of this circular.

Whether or not you are able to attend the EGM in person, please complete the enclosed form of proxy in accordance with the instructions printed thereon and return it 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, as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the EGM or any adjourned meeting thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or at any adjourned meeting thereof if you so wish and, in such event, the relevant form of proxy shall be deemed to be revoked.

1 February 2019

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EXPECTED TIMETABLE

The expected timetable for implementation of the Change of Domicile, the Adoption of New Memorandum of Continuance and Bye-laws, the Cancellation of Share Premium Account, the Capital Reorganisation and the Change of Board Lot Size is set out below:

Date of dispatch of this circular,
notice of EGM and proxy form Friday, 1 February 2019

Latest time for lodging transfers of
Shares for attending the EGM. 4:30 p.m. on Tuesday,
19 February 2019

Closure of register of members (both dates inclusive) Wednesday, 20 February 2019 to
Monday, 25 February 2019

Latest date and time for lodging forms of proxy
for the EGM 3:00 p.m. on Saturday,
23 February 2019

Date and time of the EGM 3:00 p.m. on Monday,
25 February 2019

Announcement of voting results of the EGM Monday, 25 February 2019

The following events are conditional on the fulfilment of the conditions for the implementation of the Change of Domicile, the Adoption of New Memorandum of Continuance and Bye-laws, the Cancellation of Share Premium Account, the Capital Reorganisation and the Change of Board Lot Size:

Expected effective date of the Cancellation of
Share Premium Account Monday, 25 February 2019

Expected effective date of the Change of
Domicile and the Adoption of New Memorandum of
Continuance and Bye-laws on or after Sunday,
10 March 2019
(Bermuda time)/
on or after Monday,
11 March 2019
(Hong Kong time)

Expected effective date and time of
the Capital Reorganisation 9:00 a.m. on Monday,
1 April 2019 (Hong Kong time)

EXPECTED TIMETABLE

First day for free exchange of existing share certificates

for new share certificates for the New Shares Monday, 1 April 2019

Commencement of dealings in New Shares 9:00 a.m. on Monday,
1 April 2019

Original counter for trading in the Existing Shares

in board lots of 1,000 Existing Shares

(in the form of existing share certificates)

temporarily closes 9:00 a.m. on Monday,
1 April 2019

Temporary counter for trading in the New Shares

in board lots of 250 New Shares

(in the form of existing share certificates) opens 9:00 a.m. on Monday,
1 April 2019

Original counter for trading in the New Shares

in board lots of 10,000 New Shares

(in the form of new share certificates) re-opens 9:00 a.m. on Tuesday,
16 April 2019

Parallel trading in the New Shares

(in the form of new share certificates and

existing share certificates) commences 9:00 a.m. on Tuesday,
16 April 2019

Designated broker starts to stand in the market to

provide matching services for odd lots of New Shares 9:00 a.m. on Tuesday,
16 April 2019

Temporary counter for trading in the New Shares

in board lots of 250 New Shares

(in the form of existing share certificates) closes 4:00 p.m. on Thursday,
9 May 2019

Parallel trading in the New Shares

(in the form of new share certificates and

existing share certificates) ends 4:00 p.m. on Thursday,
9 May 2019

EXPECTED TIMETABLE

Designated broker ceases to stand in the market to
provide matching services for odd lots of the New Shares 4:00 p.m. on Thursday,
9 May 2019

Last day for free exchange of existing share certificates
for new share certificates Tuesday, 14 May 2019

All times and dates specified in the timetable above refer to Hong Kong times and dates
unless otherwise specified.

**The timetable is indicative only and may be extended or varied. Any change to the
expected timetable above will be announced by the Company as and when appropriate.**

DEFINITIONS

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

“Adoption of New Memorandum of Continuance and Bye-laws”	the proposed adoption of the New Memorandum of Continuance and the Bye-laws in compliance with the laws of Bermuda to replace, respectively, the Memorandum and the Articles
“Articles”	the existing articles of association of the Company
“Board”	the board of Directors
“Bye-laws”	a new set of bye-laws of the Company proposed to be adopted by the Company and to take effect upon continuation of the Company in Bermuda
“Cancellation of Share Premium Account”	the proposed cancellation of the entire amount standing to the credit of the share premium account of the Company
“Capital Reduction”	the proposed reduction of the issued share capital of the Company through a cancellation of the paid-up capital of the Company to the extent of HK\$0.39 on each of the issued Consolidated Shares such that the nominal value of each issued Consolidated Share will be reduced from HK\$0.40 to HK\$0.01
“Capital Reorganisation”	the proposed reorganisation of the share capital of the Company involving the Share Consolidation, the Capital Reduction and the Share Subdivision
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Change of Board Lot Size”	the proposed change of board lot size for trading on the Stock Exchange from 1,000 Existing Shares to 10,000 New Shares upon the Capital Reorganisation becoming effective
“Change of Domicile”	the proposed change of domicile of the Company from the Cayman Islands to Bermuda

DEFINITIONS

“Companies Act”	the Companies Act 1981 of Bermuda
“Company”	ShiFang Holding Limited, a company incorporated in Cayman Islands with limited liability and whose Shares are listed on the Main Board of the Stock Exchange with stock code 1831
“Consolidated Share(s)”	ordinary share(s) of HK\$0.40 each in the share capital of the Company after the Share Consolidation becoming effective but before the Capital Reduction and the Share Subdivision becoming effective
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company convened to be held at Room 1, United Conference Centre, 10/F, United Centre, 95 Queensway, Admiralty, Hong Kong on Monday, 25 February 2019 at 3:00 p.m. for the Shareholders to consider and, if thought fit, approve, the Change of Domicile, the Adoption of New Memorandum of Continuance and Bye-laws, the Cancellation of Share Premium Account and the Capital Reorganisation, the notice of which is set out on pages EGM-1 to EGM-5 of this circular
“Existing Share(s)”	ordinary share(s) of HK\$0.10 each in the existing share capital of the Company prior to the Capital Reorganisation becoming effective
“Group”	the Company and its subsidiaries from time to time
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	30 January 2019, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“Memorandum”	the existing memorandum of association of the Company
“New Memorandum of Continuance”	a new memorandum of continuance of the Company proposed to be adopted by the Company and to take effect upon continuation of the Company in Bermuda
“New Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company after the Capital Reorganisation becoming effective
“PRC”	the People’s Republic of China
“Share(s)”	the Existing Share(s), Consolidated Share(s) or New Share(s), as the context may require
“Share Consolidation”	the proposed consolidation of every four issued and unissued Existing Shares into one Consolidated Share
“Share Subdivision”	the proposed sub-division of each of the authorised but unissued Consolidated Shares of HK\$0.40 each into forty New Shares of HK\$0.01 each
“Shareholder(s)”	holder(s) of the Existing Share(s), the Consolidated Share(s), and/or the New Share(s), as the case may be
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC

For the purposes of illustration only, the amounts denominated in RMB in this circular were translated into HK\$ at the rates of HK\$1.000 = RMB0.844 for financial figures as at 30 June 2018.

LETTER FROM THE BOARD



SHIFANG HOLDING LIMITED

十方控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 1831)

Executive Directors:

Mr. Siuming Tsui (*Chief Executive Officer*)

Mr. Chen Zhi

Mr. Yu Shi Quan

Registered Office:

P.O. Box 309, Uglan House

Grand Cayman KY1-1104

Cayman Islands

Non-executive Directors:

Mr. Chen Wei Dong

Ms. Chen Min

Principal Place of Business

in Hong Kong:

Room 2103, 21/F., "Port 33"

No. 33 Tseuk Luk Street

San Po Kong, Kowloon

Hong Kong

Independent non-executive Directors:

Mr. Zhou Chang Ren

Mr. Wong Heung Ming, Henry

Mr. Cai Jian Quan

1 February 2019

To the Shareholders

Dear Sir or Madam,

- (I) PROPOSED CHANGE OF DOMICILE;
(II) PROPOSED ADOPTION OF NEW MEMORANDUM OF
CONTINUANCE AND BYE-LAWS;
(III) PROPOSED CANCELLATION OF SHARE PREMIUM ACCOUNT;
(IV) PROPOSED CAPITAL REORGANISATION; AND
(V) PROPOSED CHANGE OF BOARD LOT SIZE**

INTRODUCTION

References are made to the announcement of the Company dated 18 January 2019, in which the Company proposed to implement the following proposals:

LETTER FROM THE BOARD

- (1) to change the domicile of the Company from the Cayman Islands to Bermuda by way of de-registration in the Cayman Islands and continuation as an exempted company under the laws of Bermuda;
- (2) to adopt the New Memorandum of Continuance and the Bye-laws to replace the existing Memorandum and the Articles, respectively, in order to comply with the laws of Bermuda;
- (3) to cancel the entire amount standing to the credit of the share premium account of the Company and to transfer the credits arising from such cancellation to an account designated as the contributed surplus account of the Company before the Change of Domicile becoming effective;
- (4) to implement the Capital Reorganisation after the Change of Domicile becoming effective which involves: (a) the Share Consolidation of every four issued and unissued Existing Shares of HK\$0.10 each into one Consolidated Share of HK\$0.40 each; (b) the Capital Reduction such that the nominal value of each issued Consolidated Share be reduced from HK\$0.40 to HK\$0.01; and (c) the Share Subdivision of each unissued Consolidated Share of HK\$0.40 each into forty New Shares of HK\$0.01 each; and
- (5) to change the board lot size for trading of the Shares from 1,000 Existing Shares to 10,000 New Shares upon the Capital Reorganisation becoming effective.

The purpose of this circular is to provide you with information regarding the above proposals and to give you notice of the EGM.

PROPOSED CHANGE OF DOMICILE

The Board proposed to change the domicile of the Company from the Cayman Islands to Bermuda by way of de-registration in the Cayman Islands and continuation as an exempted company under the laws of Bermuda. The Board also proposed to implement the Capital Reorganisation after the Change of Domicile becoming effective, details of which are set out in the section headed “Proposed Capital Reorganisation” below.

Effect of the Change of Domicile

Other than the expenses to be incurred, the Change of Domicile will not alter the underlying assets, investments, management or financial position of the Company nor the proportionate interests of the Shareholders. The Company’s legal advisers as to the laws of the Cayman Islands and Bermuda are of the view that the continuation of the Company in Bermuda does not create a new legal entity or prejudice or affect the continuity of the Company. The Company will continue to maintain a place of business in Hong Kong.

LETTER FROM THE BOARD

The Change of Domicile also will not involve the formation of a new holding company, the withdrawal of listing of the Existing Shares on the Stock Exchange, any issue of new Existing Shares, any transfer of assets of the Company or any change in the existing shareholding of the Company. Implementation of the Change of Domicile will not affect the listing status of the Company on the Stock Exchange.

Reasons for the Change of Domicile

As advised by the Company's legal advisers as to the laws of the Cayman Islands, if the Company proceeds with the Capital Reorganisation, which includes, amongst other things, the Capital Reduction in the Cayman Islands, the sanction by the Grand Court of the Cayman Islands would be required, and such sanction cannot be obtained in a commercially expedient time frame. To the best knowledge and belief of the Directors, subject to the availability of the Grand Court of the Cayman Islands, it normally takes around two to three months after the EGM to effect the Capital Reduction in the Cayman Islands. If the Capital Reorganisation is effected by way of a change of domicile of the Company from the Cayman Islands to Bermuda through de-registration in the Cayman Islands and continuation in Bermuda, the legal advisers of the Company as to the laws of the Cayman Islands and Bermuda advised that no court order is required in the Cayman Islands or Bermuda for the Change of Domicile and the Capital Reorganisation after de-registration of the Company in the Cayman Islands and its continuation in Bermuda. The Board considers that it would save the Company's time to carry out the Capital Reorganisation in Bermuda by first implementing the Change of Domicile.

The Board believes that the Change of Domicile is beneficial to and in the interests of the Company and the Shareholders as a whole. The expenses to be incurred for the Change of Domicile and the Capital Reorganisation is expected to be around HK\$1.5 million.

Conditions of the Change of Domicile

The Change of Domicile is conditional upon:

- (1) the passing of the necessary special resolution(s) by the Shareholders at the EGM to approve (i) the Change of Domicile; and (ii) the Adoption of New Memorandum of Continuance and Bye-laws;
- (2) compliance with the relevant requirements under the Listing Rules and the relevant legal procedures and requirements under the laws of the Cayman Islands and the laws of Bermuda in respect of the Change of Domicile; and
- (3) the obtaining of all necessary approvals from the relevant regulatory authorities or otherwise as may be required in respect of the Change of Domicile.

LETTER FROM THE BOARD

The Change of Domicile is not conditional upon the Capital Reorganisation becoming effective. However, the Capital Reorganisation is conditional upon the Change of Domicile becoming effective.

PROPOSED ADOPTION OF NEW MEMORANDUM OF CONTINUANCE AND BYE-LAWS

In connection with the Change of Domicile, it is proposed that the New Memorandum of Continuance and the Bye-laws be adopted by the Company to replace the existing Memorandum and the Articles, respectively, in order to comply with the laws of Bermuda.

The Adoption of New Memorandum of Continuance and Bye-laws is subject to Shareholders' approval at the EGM. A summary of the provisions of the New Memorandum of Continuance and the Bye-laws which will become effective upon continuation of the Company in Bermuda and their differences with the existing Memorandum and the Articles are set out in the Appendix to this circular.

PROPOSED CANCELLATION OF SHARE PREMIUM ACCOUNT

The Board proposed to cancel the entire amount standing to the credit of the share premium account of the Company and to transfer the credits arising from such cancellation to an account designated as the contributed surplus account of the Company upon the Change of Domicile becoming effective. As at 30 June 2018, the Company had a credit balance of approximately RMB851,682,000 (equivalent to approximately HK\$1,009,102,000) standing in its share premium account.

The account designated as the contributed surplus account of the Company, subject to the approval of the Shareholders at the EGM by way of special resolution, shall be the contributed surplus account of the Company within the meaning of the Companies Act effective upon the Change of Domicile becoming effective.

Condition of the Cancellation of Share Premium Account

The Cancellation of Share Premium Account is conditional upon the passing of a special resolution by the Shareholders at the EGM to approve the transfer to an account designated as the contributed surplus account of the Company credits arising from the cancellation of the entire amount standing to the credit of the share premium account of the Company and that such designated contributed surplus account of the Company shall be the contributed surplus account of the Company within the meaning of the Companies Act upon the Change of Domicile becoming effective.

LETTER FROM THE BOARD

For illustrative purpose only, the following table shows the amount of issued share capital of the Company and movement of the share premium account, the account designated as the contributed surplus account and accumulated deficits of the Company before and after the Cancellation of Share Premium Account and the Capital Reorganisation taking effect (assuming that there is no other changes), based on the Company's position as at 30 June 2018:

	Equity attributable to owners of the Company as at 30 June 2018 <i>RMB'000</i>	After the Cancellation of Share Premium Account but before the Capital Reorganisation becoming effective <i>RMB'000</i>	After the Cancellation of Share Premium Account and after the Capital Reorganisation becoming effective <i>RMB'000</i>	After setting off against the accumulated deficits as at 30 June 2018 <i>RMB'000</i>
Share capital	191,994	191,994	4,800	4,800
Share premium	851,682	–	–	–
Other reserves	55,316	55,316	55,316	55,316
Contributed surplus	–	851,682	1,038,876	220,081
Accumulated deficits	(818,795)	(818,795)	(818,795)	–

PROPOSED CAPITAL REORGANISATION

The Board proposed to implement the Capital Reorganisation after the Change of Domicile becoming effective which involves the following:

(1) Proposed Share Consolidation

The Board proposed to effect the Share Consolidation pursuant to which every four issued and unissued Existing Shares of HK\$0.10 each will be consolidated into one Consolidated Share of HK\$0.40 each and where applicable, the total number of the Consolidated Shares in the issued share capital of the Company immediately following the Share Consolidation will be rounded down to a whole number by cancelling any fraction in the issued share capital of the Company which may arise from the Share Consolidation.

LETTER FROM THE BOARD

(2) Proposed Capital Reduction and Share Subdivision

The Board proposed that:

- (a) the issued share capital of the Company will be reduced through a cancellation of the paid-up capital of the Company to the extent of HK\$0.39 on each of the issued Consolidated Shares such that the nominal value of each issued Consolidated Share will be reduced from HK\$0.40 to HK\$0.01;
- (b) immediately following the Capital Reduction, each of the authorised but unissued Consolidated Shares of HK\$0.40 each will be sub-divided into forty New Shares of HK\$0.01 each; and
- (c) the credits arising in the books of the Company from (i) the cancellation of any fraction in the issued share capital of the Company which may arise from the Share Consolidation; and (ii) the Capital Reduction will be credited to the contributed surplus account of the Company within the meaning of the Companies Act.

Assuming that there are no other changes in the issued share capital of the Company from the Latest Practicable Date until the effective date of the Capital Reorganisation, the share capital structure of the Company will be as follows:

	As at the Latest Practicable Date	Immediately after the Share Consolidation but before the Capital Reduction and the Share Subdivision becoming effective	Immediately after the Capital Reorganisation becoming effective
Amount of authorised share capital	HK\$1,000,000,000.00	HK\$1,000,000,000.00	HK\$1,000,000,000.00
Par value	HK\$0.10 per Existing Share	HK\$0.40 per Consolidated Share	HK\$0.01 per New Share
Number of authorised shares	10,000,000,000 Existing Shares	2,500,000,000 Consolidated Shares	100,000,000,000 New Shares
Amount of issued share capital	HK\$228,799,612.10	HK\$228,799,612.10	HK\$5,719,990.30
Number of issued shares	2,287,996,121 Existing Shares	571,999,030 Consolidated Shares	571,999,030 New Shares
Amount of unissued share capital	HK\$771,200,387.90	HK\$771,200,387.90	HK\$994,280,009.70
Number of unissued shares	7,712,003,879 Existing Shares	1,928,000,970 Consolidated Shares	99,428,000,970 New Shares

LETTER FROM THE BOARD

The New Shares in issue immediately following the Capital Reorganisation becoming effective will rank *pari passu* in all respects with each other and the Capital Reorganisation will not result in any change in the relative rights of the Shareholders. Any fractional Share arising from the Share Consolidation will not be allocated to the Shareholders. Any fractional entitlement to the New Shares will be aggregated, sold and retained for the benefit of the Company.

Any credit arising as a result of the Capital Reduction will be transferred to the contributed surplus account of the Company within the meaning of the Companies Act which, together with the amount already in the contributed surplus account as a result of the Cancellation of Share Premium Account and any credit which may arise as a result of the cancellation of any fraction in the issued share capital of the Company arising from the Share Consolidation, will then be applied by the Board to set off against the accumulated deficits of the Company in full or by the amount of such credits on the date of the Capital Reorganisation becoming effective.

Shareholders and potential investors should note that the credits arising in the books from the Capital Reorganisation will be subject to change depending on the number of the Existing Shares in issue immediately prior to the Capital Reorganisation becoming effective.

As at the Latest Practicable Date, the Company had no outstanding warrants, options or convertible securities.

Under the laws of Bermuda, the Directors may apply the contributed surplus in any manner permitted by the laws of Bermuda and the bye-laws of the Company in effect from time to time.

Conditions of the Capital Reorganisation

The Capital Reorganisation is conditional on:

- (1) the Change of Domicile becoming effective;
- (2) the passing of the necessary special resolution(s) by the Shareholders approving the Capital Reorganisation at the EGM;
- (3) the Stock Exchange granting the listing of, and permission to deal in, the New Shares in issue and to be issued upon the Capital Reorganisation becoming effective;

LETTER FROM THE BOARD

- (4) compliance with the relevant procedures and requirements under the laws of Bermuda and the Listing Rules to effect the Capital Reorganisation; and
- (5) the obtaining of all necessary approvals from the regulatory authorities or otherwise as may be required in respect of the Capital Reorganisation.

The requirements of section 46(2) of the Companies Act include (i) publication of a notice in relation to the Capital Reduction in an appointed newspaper in Bermuda on a date not more than thirty days and not less than fifteen days before the effective date of the Capital Reduction; and (ii) that the Directors are satisfied that on the effective date of the Capital Reduction, there are no reasonable grounds for believing that the Company is, or after the effective date of the Capital Reduction would be, unable to pay its liabilities as they become due.

Reasons for the Capital Reorganisation

Pursuant to Rule 13.64 of the Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the issuer may be required either to change the trading method or to proceed with a consolidation or splitting of its securities. According to the “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Stock Exchange on 28 November 2008 and updated on 3 July 2018, (i) market price of the securities of an issuer at a level less than HK\$0.10 will be considered as trading at extremity as referred to under Rule 13.64 of the Listing Rules; and (ii) taking into account the minimum transaction costs for a securities trade, the expected value per board lot should be greater than HK\$2,000. In view of the recent market price of the Existing Shares, the Directors resolved to propose the Capital Reorganisation with the view to complying with the trading requirements under the Listing Rules.

Based on the closing price of HK\$0.061 per Existing Share as at the Latest Practicable Date, the value of each board lot of 1,000 Existing Shares was only HK\$61.00. It is expected that the Capital Reorganisation would bring about a corresponding upward adjustment in the market price of the New Shares. The Capital Reorganisation will reduce the overall transaction and handling costs of dealings in the New Share as a proportion of the market value of each board lot, since most of the banks/securities houses will charge a minimum transaction costs for each securities transaction. The Board is of the view that the Capital Reorganisation would maintain the transaction amount for each board lot at a reasonable level in order to attract more investors and extend the base of the Shareholders, and thus provide flexibility for equity fund raising activities of the Company in the future.

LETTER FROM THE BOARD

Pursuant to the Articles and the Bye-laws, the Company shall not issue shares at a price below par value. Since the Existing Shares are currently trading substantially below par value, the Board found it difficult to negotiate with any potential investors and financial institutions for possible subscription, offer or placing of the Existing Shares of the Company at or above the par value. In light of the net current liabilities of RMB23.09 million of the Company as at 30 June 2018 and with the view to reducing its financial costs, on 24 January 2019, the Company has entered into a subscription agreement with TopBig International Development Limited regarding the conditional subscription of convertible bonds in the aggregate principal amount of HK\$250 million (the “**CB Subscription**”), the full details of which are disclosed in the Company’s announcement dated 24 January 2019. In order to facilitate fund raising activities by way of equity issue or convertible securities issue, the Company considers that it is desirable and necessary to lower the par value of the Existing Shares through implementing the Capital Reorganisation.

Save and except the CB Subscription, as at the Latest Practicable Date, the Company had no current plans for other equity fund raising activities in the next twelve months.

Furthermore, the credits in the contributed surplus account within the meaning of the Companies Act arising from the Capital Reorganisation will enable the Company to set off against its accumulated deficits in full or by the amount of such credits and may facilitate or be applied in any future distribution to the Shareholders or be applied in any other manner permitted by the laws of Bermuda and the bye-laws of the Company in effect from time to time.

The Board considers that the Capital Reorganisation is beneficial to and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

Effects of the Capital Reorganisation

Implementation of the Capital Reorganisation will not, of itself, alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests of the Shareholders, except for the payment of the related expenses. The Board believes that the Capital Reorganisation will not have any material adverse effect on the financial position of the Group and that on the date on which the Capital Reorganisation is to be effected, there are no reasonable grounds for believing that the Company is, or after the Capital Reorganisation would be, unable to pay its liabilities as they become due. No capital will be lost as a result of the Capital Reorganisation and, except for the expenses involved in relation to the Capital Reorganisation which are expected to be immaterial as compared to the net asset value of the Company, the net asset value of the Company will remain unchanged before and after the Capital Reorganisation becoming effective. The Capital Reorganisation does not involve any diminution of any liability in respect of any unpaid capital of the Company or the repayment to the Shareholders of any paid-up capital of the Company nor will it result in any change in the relative rights of the Shareholders.

As at the Latest Practicable Date, the Company had no plan or intention to carry out any future corporate actions in the next twelve months which may have an effect of undermining or negating the intended purpose of the Capital Reorganisation or further changing the trading arrangement of the Company.

Listing and dealings

Application has been made to the Stock Exchange for the granting of the listing of, and permission to deal in, the New Shares in issue and to be issued arising from the Capital Reorganisation.

None of the Existing Shares is listed, or dealt in, on any other stock exchange other than the Stock Exchange, and at the time the Capital Reorganisation becoming effective, the New Shares in issue will not be listed or dealt in on any other stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

LETTER FROM THE BOARD

Subject to the granting of the listing of, and permission to deal in, the New Shares on the Stock Exchange, as well as compliance with the stock admission requirements of the HKSCC, the New Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the New Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

The New Shares will be identical in all respects and rank *pari passu* in all respects with each other as to all future dividends and distributions which are declared, made or paid. All necessary arrangements will be made for the New Shares to be admitted into CCASS.

Free exchange of share certificates

Subject to the Capital Reorganisation becoming effective, Shareholders may, on or after Monday, 1 April 2019 until Tuesday, 14 May 2019 (both days inclusive), submit share certificates for the Existing Shares 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, to exchange, at the expense of the Company, for new share certificates for the New Shares, on the basis of four Existing Shares for one New Share. Thereafter, certificates for the Existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such other amount as may from time to time be specified by the Stock Exchange) by the Shareholders for each share certificate for the Existing Shares submitted for cancellation or each new share certificate issued for the New Shares, whichever the number of certificates cancelled/issued is higher. After 4:30 p.m. on Tuesday, 14 May 2019, existing share certificates for the Existing Shares will only remain effective as documents of title and may be exchanged for certificates for the New Shares at any time but will not be accepted for delivery, trading and settlement purposes.

The colour of the existing share certificates for the Existing Shares is Grey and the colour of the new share certificates for the New Shares will be Blue.

LETTER FROM THE BOARD

PROPOSED CHANGE OF BOARD LOT SIZE

At present, the Existing Shares are traded in board lot size of 1,000 Existing Shares. Based on the closing price of HK\$0.061 per Existing Share on the Latest Practicable Date, the board lot value of 1,000 Existing Shares is only HK\$61.00. The Board proposes to change the board lot size to 10,000 New Shares upon the Capital Reorganisation becoming effective such that the minimal board lot value of HK\$2,000 will be attained. Based on the closing price of HK\$0.061 per Existing Share (equivalent to the theoretical closing price of HK\$0.244 per New Share) as at the Latest Practicable Date, (i) the value of each board lot of 1,000 New Shares, assuming the Capital Reorganisation had already become effective, would be HK\$244.00; and (ii) the estimated market value per board lot of 10,000 New Shares would be HK\$2,440.00 assuming the Change of Board Lot Size had also become effective.

The Change of Board Lot Size will not result in change in the relative rights of the Shareholders. The Directors consider that the Change of Board Lot Size is appropriate and can reduce the proportionate transaction costs and charges for securities trading in this board lot value and can improve the trading liquidity of the New Shares, thereby attracting more investors and widening the base of the Shareholders.

In order to facilitate the trading of odd lots (if any) of the New Shares arising from the Capital Reorganisation and the Change of Board Lot Size, the Company has appointed Astrum Capital Management Limited as its agent to provide matching services, on a best effort basis, to those Shareholders who wish to acquire odd lots of the New Shares to make up a full board lot, or to dispose of their holding of odd lots of the New Shares during the period from 9:00 a.m. on Tuesday, 16 April 2019 to 4:00 p.m. on Thursday, 9 May 2019. Shareholders who wish to take advantage of this service should contact Mr. Cyrus Ho of Astrum Capital Management Limited at Room 2704, 27/F, Tower 1, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong or at telephone number (852) 3665-8160 during office hours of such period.

Shareholders with odd lots holdings of the New Shares should note that the matching of the sale and purchase of odd lots of the New Shares is on a best efforts basis. Successful matching of the sale and purchase of odd lots of the New Shares is not guaranteed. Shareholders who are in doubt about this service are recommended to consult their professional advisers.

LETTER FROM THE BOARD

THE EGM

The EGM will be held for the Shareholders to consider and, if thought fit, approve (i) the Change of Domicile; (ii) the Adoption of New Memorandum of Continuance and Bye-laws; (iii) the Cancellation of Share Premium Account; and (iv) the Capital Reorganisation.

The notice of the EGM is set out on pages EGM-1 to EGM-5 of this circular. A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete and sign the accompanying form of proxy 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 possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish, and in such case, the form of proxy previously submitted shall be deemed to be revoked.

Pursuant to Rule 13.39(4) of the Listing Rules, all votes of the Shareholders at the general meetings 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. Therefore, the chairman of the EGM will demand poll for every resolution set out in the notice of the EGM. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder will be required to abstain from voting on any of the resolutions set out in the notice of the EGM.

RECOMMENDATIONS

The Directors consider that (i) the Change of Domicile; (ii) the Adoption of New Memorandum of Continuance and Bye-laws; (iii) the Cancellation of Share Premium Account; and (iv) the Capital Reorganisation are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Therefore, the Directors recommend the Shareholders to vote in favour of all resolutions to be proposed at the EGM.

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 regarding 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.

LETTER FROM THE BOARD

WARNING

Shareholders should take note that the Change of Domicile, the Adoption of New Memorandum of Continuance and Bye-laws, the Cancellation of Share Premium Account, the Capital Reorganisation and the Change of Board Lot Size are conditional upon satisfaction of the respective conditions set out above. Therefore, the Change of Domicile, the Adoption of New Memorandum of Continuance and Bye-laws, the Cancellation of Share Premium Account, the Capital Reorganisation and the Change of Board Lot Size may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

ADDITIONAL INFORMATION

Your attention is drawn to the information set out in the Appendix to this circular.

By order of the Board
ShiFang Holding Limited
Siuming Tsui
Executive Director and Chief Executive Officer

Set out below is a summary of the provisions of the New Memorandum of Continuance and the Bye-laws which will become effective upon the continuation of the Company in Bermuda and their differences with the Memorandum and the Articles.

1. THE MEMORANDUM AND THE MEMORANDUM OF CONTINUANCE

The Memorandum states, *inter alia*, that the liability of each member of the Company is limited to the amount from time to time unpaid on such member's shares, that the objects for which the Company is established are unrestricted and that the Company shall have and be capable of from time to time and at all times exercising any and all of the powers at any time or from time to time exercisable by a natural person or body corporate, irrespective of any question of corporate benefit provided that the Company shall only carry on the businesses for which a licence is required under the laws of the Cayman Islands when so licensed under the terms of such laws.

Upon continuance of the Company in Bermuda, the Company will adopt the New Memorandum of Continuance which, upon filing with and registration by the Bermuda Registrar, will in effect be the Company's new memorandum of association. The New Memorandum of Continuance states, *inter alia*, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the shares respectively held by them and that the Company is an exempted company as defined in the Companies Act. The New Memorandum of Continuance also sets out the objects of the Company from the date of its continuance which are unrestricted and that the Company has the capacity, rights, powers and privileges of a natural person. As an exempted company, the Company will be carrying on business outside Bermuda.

In accordance with and subject to section 42A of the Companies Act, the New Memorandum of Continuance empowers the Company to purchase its own shares and pursuant to the Bye-laws, this power is exercisable by the Board upon such terms and subject to such conditions as it thinks fit.

2. THE ARTICLES AND THE BYE-LAWS

(a) Directors

(i) *Power to allot and issue shares and warrants*

Summary

Subject to the Companies Act, the New Memorandum of Continuance and the Bye-laws and any special rights conferred on the holders of any shares or class of shares, any share in the Company (whether forming part of the present capital or not) may be issued with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Company may by ordinary resolution determine or, if there has not been any such determination or so far as the same shall not make specific provision, as the Board may determine. Subject to the Companies Act, the New Memorandum of Continuance and the Bye-laws and any special rights conferred on the holders of any shares or attaching to any class of shares, any preference shares may be issued or converted into shares that are liable to be redeemed at a determinable date or at the option of the Company or the holder, on such terms and in such manner as the Company before the issue or conversion may by ordinary resolution of the members of the Company determine. The Board may issue warrants or convertible securities or securities of similar nature conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may from time to time determine.

Subject to the provisions of the Companies Act, the Bye-laws, any direction that may be given by the Company in general meeting and, where applicable, the rules of any Designated Stock Exchange (as defined in the Bye-laws) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, the unissued shares in the Company (whether forming part of the original or any increased capital) shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and upon such terms and conditions as the Board may in its absolute discretion determine, but so that no shares shall be issued at a discount to their nominal value.

Neither the Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to Shareholders with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the Board, be unlawful or impracticable. Shareholders affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of Shareholders for any purpose whatsoever.

Material differences

The corresponding provisions of the Articles relating to the power of Directors to allot and issue shares and warrants are similar save and except that (i) instead of ordinary resolution, a special resolution is required for the issue of shares that are liable to be redeemed, whether at the option of the Company or the holder thereof; (ii) there is no provision to allow the Board to disregard overseas Shareholders when making allotment of shares generally; and (iii) the Articles prohibit the Company to issue warrants to bearer for so long as a recognised clearing house (in its capacity as such) is a Shareholder.

(ii) *Power to dispose of the assets of the Company or any of its subsidiaries*

Summary

There are no specific provisions in the Bye-laws relating to the disposal of the assets of the Company or any of its subsidiaries.

Note: The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Bye-laws or the laws of Bermuda to be exercised or done by the Company in general meeting.

Material differences

The Articles do not contain any prohibition or restriction on the disposal of the assets of the Company or any of its subsidiaries.

(iii) Compensation or payments for loss of office*Summary*

Payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

Material differences

The Articles contain the same provision.

(iv) Loans and provision of security for loans to Directors*Summary*

There are no provisions in the Bye-laws relating to the making of loans to Directors. However, the Companies Act contains restrictions on companies making loans or providing security for loans to their directors.

Material differences

There are provisions in the Articles prohibiting, except as would, if the Company were a company incorporated in Hong Kong, be permitted by Section 157H of the Companies Ordinance as in force at the date of adoption of the Articles, and except as permitted under the Companies Law, (i) the making of a loan to a Director or to his Associates (as defined in the Articles) or a director of any holding company of the Company; (ii) the entering into of any guarantee or the provision of any security in connection with a loan made by any person to a Director of such a director; and (iii) if any one or more of the Directors hold (jointly or severally or directly or indirectly) a controlling interest in another company, the making of a loan to that other company or the entering into of any guarantee or the provision of any security in connection with a loan made by any person to that other company.

(v) Financial assistance to purchase shares of the Company*Summary*

Subject to compliance with the rules and regulations of the Designated Stock Exchange (as defined in the Bye-laws) and any other relevant regulatory authority, the Company may give financial assistance for the purpose of or in connection with a purchase made or to be made by any person of any shares in the Company.

Material differences

The Company is also empowered under the Articles to give financial assistance subject to compliance with the rules and regulations of the Exchange (as defined in the Articles) or the Securities and Futures Commission of Hong Kong from time to time in force.

(vi) Disclosure of interests in contracts with the Company or any of its subsidiaries*Summary*

A Director may hold any other office or place of profit with the Company (except that of auditor of the Company) in conjunction with his office of Director for such period and, subject to the Companies Act, upon such terms as the Board may determine, and may be paid such remuneration (whether by way of salary, commission, participation in profits or otherwise) in respect of any such other office or place of profit in addition to any remuneration provided for by or pursuant to any other Bye-laws. A Director may be or become a director or other officer of, or a member of, any company promoted by the Company or any other company in which the Company may be interested as a vendor, shareholder or otherwise, and shall not be liable to account to the Company or the Shareholders for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. Subject as otherwise provided by the Bye-laws, the Directors may exercise or cause to be exercised the voting powers conferred by the shares in any other company held or owned by the Company, or exercisable by them as directors of such other company in such manner in all respects as they think fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

Subject to the Companies Act and to the Bye-laws, no Director or proposed or intending Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the Shareholders for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established provided that such Director shall disclose the nature of his interest in any contract or arrangement in which he is interested in accordance with the Bye-laws. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the meeting of the Board at which the question of entering into the contract or arrangement is first considered, if he knows his interest then exists, or in any other case at the first meeting of the Board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the Board approving any contract or arrangement or any other proposal in which he or any of his close associates (as defined in the Bye-laws) is materially interested but this prohibition shall not apply to any of the following matters, namely:

- a. any contract or arrangement for the giving to such Director or his close associate(s) (as defined in the Bye-laws) any security or indemnity in respect of money lent by him or any of his close associate(s) (as defined in the Bye-laws) or obligations incurred or undertaken by him or any of his close associate(s) (as defined in the Bye-laws) at the request of or for the benefit of the Company or any of its subsidiaries;
- b. any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) (as defined in the Bye-laws) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

- c. any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) (as defined in the Bye-laws) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- d. any contract or arrangement in which the Director or his close associate(s) (as defined in the Bye-laws) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company; or
- e. any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, their close associate(s) (as defined in the Bye-laws) and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his close associate(s) (as defined in the Bye-laws), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

Material differences

The Articles contain similar provisions save and except that (i) instead of the interest of “close associates” (as defined in the Bye-laws), the exceptions to the Director’s right to vote and be counted in quorum concern the interest of “Associates” (as defined in the Articles); and (ii) there is an extra exception to a Director’s right to vote and be counted in quorum (i.e., any proposal concerning any other company in which the Director or any of his Associates (as defined in the Articles) is/are interested only, whether directly or indirectly, as an officer or executive or a shareholder or in which the Director or any of his Associates (as defined in the Articles) is/are beneficially interested in the shares of that company, provided that, the Director and any of his Associates (as defined in the Articles) is/are not, in aggregate, beneficially interested in 5 per cent. or more of the issued shares of any class of shares of such company (or of any third company through which his interest or that of any of his Associates (as defined in the Articles) is derived) or of the voting rights.

(vii) Remuneration*Summary*

The ordinary remuneration of the Directors shall from time to time be determined by the Company in general meeting, and such remuneration (unless otherwise directed by the resolution by which it is voted) shall be divided amongst the Board in such proportions and in such manner as the Board may agree or, failing agreement, equally, except that any Director who shall hold office for part only of the period in respect of which such remuneration is payable shall be entitled only to rank in such division for a proportion of remuneration related to the period during which he has held office. The Directors shall also be entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably incurred or expected to be incurred by them in attending any Board meetings, meetings of committees of the Board or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration provided for by or pursuant to any other Bye-laws.

A Director appointed to be a managing director, joint managing director, deputy managing director or to hold any other employment or other executive office of the Company shall receive such remuneration (whether by way of salary, commission or participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the Board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The Board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex-Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependants or any class or classes of such persons.

The Board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependants, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependants are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the Board considers desirable, be granted to an employee either before and in anticipation of, or upon, or at any time after, his actual retirement.

Material differences

The Articles contain similar provisions. However, the sanction of an ordinary resolution is required in order for the Board to establish and maintain or procure the establishment and maintenance of any contributory or non-contributory pension or provident or superannuation funds or employee or executive share option schemes for the benefit of, or give or procure the giving of donations, gratuities, pensions, allowances or emoluments to any persons who are or were at any time in the employment or service of the Company, or of any company which is a subsidiary of the Company, or is allied or associated with the Company or with any such subsidiary company, or who are or were at any time directors or officers of the Company or of any such other company as aforesaid, and holding or who have held any salaried employment or office in the Company or such other company, and the wives, widows, families and dependents of any such person.

(viii) Retirement, appointment and removal*Summary*

At each annual general meeting, one-third of the Directors for the time being (or if their number is not a multiple of three (3), then the number nearest to but not less than one-third) will retire from office by rotation provided that every Director shall be subject to retirement at least once every three (3) years. The Directors to retire by rotation shall include (so far as necessary to ascertain the number of directors to retire by rotation) any Director who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

Note: There are no provisions relating to retirement of Directors upon reaching any age limit.

The Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or, subject to authorisation by the Shareholders in general meeting, as an addition to the existing Board but so that the number of Directors so appointed shall not exceed any maximum number determined from time to time by the Shareholders in general meeting. Any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages under any agreement between him and the Company) provided that the notice of any such meeting convened for the purpose of removing a Director shall contain a statement of the intention to do so and be served on such Director fourteen (14) days before the meeting and, at such meeting, such Director shall be entitled to be heard on the motion for his removal. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two (2). There is no maximum number of Directors unless otherwise determined from time to time by Shareholders in general meeting.

The Board may from time to time appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period (subject to their continuance as Directors) and upon such terms as the Board may determine and the Board may revoke or terminate any of such appointments (but without prejudice to any claim for damages that such Director may have against the Company or vice versa). The Board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the Board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes. Any committee so formed shall, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the Board.

Material differences

The Articles contain similar provision relating to the rotation of Directors at least once every three years, but there is no detailed description of the selecting criteria to select which Directors to retire. Any person appointed by the Shareholders at general meeting as a Director (whether to fill a casual vacancy or as an addition to the Board) shall hold office until the next following annual general meeting. There is no requirement to serve any notice on the Director who will be removed nor is there any provision allowing such Director to be heard on the motion for his removal as these are requirements under the Companies Act only. There is also no provision requiring Shareholders' approval in case of appointment of a person as an addition to the existing Board.

(ix) Disqualification*Summary*

The office of a Director shall be vacated if the Director: (i) resigns his office by notice in writing delivered to the Company at the registered office of the Company or tendered at a meeting of the Board; (ii) becomes of unsound mind or dies; (iii) without special leave of absence from the Board, is absent from meetings of the Board for six (6) consecutive months, and his alternate Director, if any, shall not during such period have attended in his stead and the Board resolves that his office be vacated; (iv) becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors; (v) is prohibited by law from being a Director; or (vi) ceases to be a Director by virtue of any provision of the Statutes (as defined in the Bye-laws) or is removed from office pursuant to the Bye-laws.

Material differences

The Articles contain similar provisions relating to disqualification of Directors. However, the Articles provide one more situation under which a Director's office shall be vacated. A Director shall be removed from office by notice in writing served upon him signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors (including himself) then in office.

Furthermore, under the Articles, a Director's office will also be vacated if, without leave, he is absent from meetings of the Board (unless an alternate Director appointed by him attends in his place) for a continuous period of twelve (12) months and the Board resolves that his office be vacated, which is shorter than the period of six (6) months as provided for in the Bye-laws.

(x) Borrowing powers*Summary*

The Board may from time to time at its discretion exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and, subject to the Companies Act, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

Note: These provisions, in common with the Bye-laws in general, can be varied with the sanction of a special resolution of the Company.

Material differences

The Articles contain substantially similar provisions.

(xi) Quorum of meetings*Summary*

The quorum necessary for the transaction of the business of the Board may be fixed by the Board and, unless so fixed at any other number, shall be two (2). An alternate Director shall be counted in a quorum in the case of the absence of a Director for whom he is the alternate provided that he shall not be counted more than once for the purpose of determining whether or not a quorum is present.

Material differences

The Articles contain similar provisions except that an alternate Director who is an alternate for more than one (1) Director shall for quorum purposes be counted separately in respect of himself (if he is a Director) and in respect of each Director for whom he is an alternate (but so that nothing in such provision shall be construed as authorising a meeting to be constituted when only one person is physically present).

(b) Alterations to constitutional documents***Summary***

The Bye-laws may be rescinded, altered or amended by the Directors subject to the approval by a resolution of the Directors and the confirmation by a special resolution of the Shareholders. The Bye-laws state that a special resolution shall be required to alter the provisions of the New Memorandum of Continuance or to change the name of the Company.

Material differences

Under the Articles, any alteration to the Memorandum and the Articles requires the sanction of a special resolution of the Company.

(c) Alteration of capital***Summary***

The Company may from time to time by ordinary resolution in accordance with the relevant provisions of the Companies Act:

- (i) increase its capital by such sum, to be divided into shares of such amounts as the resolution shall prescribe;
- (ii) consolidate and divide all or any of its capital into shares of larger amount than its existing shares;
- (iii) divide its shares into several classes and without prejudice to any special rights previously conferred on the holders of existing shares attach thereto any preferential, deferred, qualified or special rights, privileges, conditions or restrictions which, in the absence of any such determination by the Company in general meeting, as the Directors may determine;

- (iv) sub-divide its shares or any of them into shares of smaller amount than is fixed by the New Memorandum of Continuance (subject, nevertheless, to the Companies Act), and may by such resolution determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred rights or be subject to any such restrictions as compared with the other or others as the Company has power to attach to unissued or new shares;
- (v) change the currency denomination of its share capital;
- (vi) make provision for the issue and allotment of shares which do not carry any voting rights; and
- (vii) cancel any shares which, at the date of passing of the resolution, have not been taken, or agreed to be taken, by any person, and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may, by special resolution, subject to any confirmation or consent required by law, reduce its authorised or issued share capital or, save for the use of share premium as expressly permitted by the Companies Act, any share premium account or other undistributable reserve.

Material differences

The Articles contain similar provisions save and except that there is no express provision in the Articles authorising the Company to do (iii), (v) and (vi) by way of ordinary resolution. However, it does not necessarily mean that the Company may not do any of (iii), (v) and (vi) as the Directors have general power under the Articles to do all such acts and things that are not by the Articles or by the Companies Law required to be exercised or done in general meeting. The Articles also similarly provide that the Company may also by special resolution reduce its share capital or, any capital redemption reserve subject to any conditions prescribed by the Companies Law (as defined in the Articles).

(d) Variation of rights of existing shares or classes of shares***Summary***

Subject to the Companies Act, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Bye-laws relating to general meetings will mutatis mutandis apply, but so that (i) the necessary quorum (other than at an adjourned meeting) shall be two (2) persons (or in the case of a member of the Company being a corporation, its duly authorised representative) holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting two (2) holders present in person (or in the case of a member of the Company being a corporation, its duly authorised representative) or by proxy (whatever the number of shares held by them) shall be a quorum; and (ii) every holder of shares of the class shall be entitled to one (1) vote for every such share held by him.

Material differences

The Articles contain substantially similar provisions save and except that the necessary quorum for both of any such separate meeting and any adjournment thereof shall be a person or persons together holding (or representing by proxy) not less than one-third in nominal value of the issued shares of that class.

(e) Special resolution – majority required***Summary***

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members of the Company as, being entitled so to do, vote in person or, in the case of such members of the Company as are corporations, by their respective duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice of not less than fourteen (14) clear days and not less than ten (10) clear business days has been duly given. Provided that if permitted by the Designated Stock Exchange (as defined in the Bye-laws), except in the case of an annual general meeting, if it is so agreed by a majority in number of the Shareholders having the right to attend and vote at such meeting, being a majority together representing not less than ninety-five per cent. (95%) of the total voting rights at the meeting of all Shareholders and, in the case of an annual general meeting, if so agreed by all Shareholders entitled to attend and vote thereat, a resolution may be proposed and passed as a special resolution at a meeting of which notice of less than fourteen (14) clear days and less than ten (10) clear business days has been given.

Material differences

The definition of special resolution under the Articles is substantially the same. In the case of a meeting convened for the purpose of passing a special resolution, twenty-one (21) days' notice in writing at the least must be given to all Shareholders for the time being specifying the intention to propose the relevant resolution as a special resolution.

(f) Voting rights***Summary***

Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with the Bye-laws, at any general meeting on a poll every Shareholders present in person or by proxy or (being a corporation) by its duly authorised representative shall have one (1) vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share.

At any general meeting, a resolution put to the vote of the meeting is to be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands.

If a recognised clearing house (or its nominee(s)) is a Shareholder it may authorise such persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of Shareholders provided that the authorisation shall specify the number and class of shares in respect of which each such representative is so authorised. Each person authorised pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares held by that clearing house (or its nominee(s)) in respect of the number and class of shares specified in the relevant authorisation including, where a show of hands is allowed, the right to vote individually on a show of hands.

Where the Company has any knowledge that any Shareholder is, under the rules of the Designated Stock Exchange (as defined in the Bye-laws), required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such Shareholder in contravention of such requirement or restriction shall not be counted.

Material differences

The Articles contain similar provisions save and except that (i) there is no provision in the Articles to disregard payment on shares in advance of calls or instalments; (ii) there is no provision in the Articles allowing the chairman of the meeting to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands; and (iii) a resolution put to the vote of a meeting shall be decided on a poll.

(g) Requirements for annual general meetings***Summary***

An annual general meeting of the Company must be held in each year other than the year in which its statutory meeting is convened at such time (within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting unless a longer period would not infringe the rules of any Designated Stock Exchange (as defined in the Bye-laws), if any) and place as may be determined by the Board.

Material differences

Similarly, the Company must hold a general meeting as its annual general meeting in each year and not more than fifteen (15) months (or such longer period as the Exchange (as defined in the Articles) may authorise) shall elapse between the date of one annual general meeting and the next.

(h) Accounts and audit***Summary***

The Board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the provisions of the Companies Act or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records shall be kept at the registered office of the Company or, subject to the Companies Act, at such other place or places as the Board decides and shall always be open to inspection by any Director. No Shareholder (other than a Director) shall have any right of inspecting any accounting record or book or document of the Company except as conferred by law or authorised by the Board or the Company in general meeting.

Subject to the Companies Act and the Bye-laws, a printed copy of the Directors' report, accompanied by the balance sheet and profit and loss account, including every document required by law to be annexed thereto, made up to the end of the applicable financial year and containing a summary of the assets and liabilities of the Company under convenient heads and a statement of income and expenditure, together with a copy of the auditors' report, shall be sent to each person entitled thereto at least twenty-one (21) days before the date of the general meeting and at the same time as the notice of annual general meeting and laid before the Shareholders at the annual general meeting in accordance with the requirements of the Companies Act provided that this provision shall not require a copy of those documents to be sent to any person whose address the Company is not aware of or to more than one of the joint holders of any shares or debentures; however, to the extent permitted by and subject to due compliance with all applicable laws, including, without limitation, the rules of the Designated Stock Exchange (as defined in the Bye-laws), the Company may send to such persons summarised financial statements derived from the Company's annual accounts and the Directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the Directors' report thereon.

Subject to the Companies Act, at the annual general meeting or at a subsequent special general meeting in each year, the Shareholders shall appoint an auditor to audit the accounts of the Company and such auditor shall hold office until the members of the Company appoint another auditor. Such auditor may be a Shareholder but no Director or officer or employee of the Company shall, during his continuance in office, be eligible to act as an auditor of the Company. The remuneration of the auditor shall be fixed by the Company in general meeting or in such manner as the members of the Company may determine. The Shareholders may, at any general meeting, by special resolution remove the auditor at any time before the expiration of his term of office and shall by ordinary resolution at that meeting appoint another auditor in his stead for the remainder of his term in accordance with the requirements under the Bye-laws.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor shall be submitted to the Shareholders in general meeting. The generally accepted auditing standards referred to herein may be those of a country or jurisdiction other than Bermuda. If the auditing standards of a country or jurisdiction other than Bermuda are used, the financial statements and the report of the auditor should disclose this fact and name such country and jurisdiction.

Material differences

The Articles contain similar provisions. However, except that (i) the books of account shall be kept at the Company's principal place of business in Hong Kong or, subject to the provisions of the Companies Law (as defined in the Articles), at such other place or places as the Board thinks fit; (ii) there is also no requirement under the Articles to send the annual accounts and reports at the same time as of the notice of annual general meeting; (iii) the auditors of the Company shall hold office until the next annual general meeting but there is no provision governing the removal of auditors generally save and except for removal of auditor appointed by the Board before the first annual general meeting; (iv) the Articles provide that no person may be appointed as the auditor unless he is independent of the Company; and (v) there is no provision in the Articles governing the auditing standard of the Company.

(i) Convening of general meetings

Summary

The Board may whenever it thinks fit call special general meetings, and member or members of the Company holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition.

Material differences

The Articles contain similar provisions save and except that (i) such requisition must be made by any two (2) or more Shareholders holding not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings, or any one (1) Shareholder which is a recognised clearing house holding not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings; and (ii) the meeting shall not be held after the expiration of three (3) months from the date of deposit of the requisition.

(j) Notices of meetings and business to be conducted thereat***Summary***

An annual general meeting shall be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days. All other general meeting (including a special general meeting) shall be called by notice of not less than fourteen (14) clear days and not less than ten (10) clear business days (in each case exclusive of the day on which the notice is given or deemed to be given and of the day for which it is given or on which it is to take effect). The notice must specify the time and place of the meeting and, in the case of special business, the general nature of that business. The notice convening an annual general meeting shall specify the meeting as such.

Material differences

The Articles contain similar provisions save and except that an annual general meeting and any extraordinary general meeting called for the passing of a special resolution shall be called by not less twenty-one (21) days' notice; any other extraordinary general meeting shall be called by not less than fourteen (14) days' notice.

(k) Transfer of shares***Summary***

All transfers of shares may be effected in any manner permitted by and in accordance with the rules of the Designated Stock Exchange (as defined in the Bye-laws) by an instrument of transfer in the usual or common form or in a form prescribed by the Designated Stock Exchange (as defined in the Bye-laws) or in any other form as the Board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the Board may approve from time to time. The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the Board may dispense with the execution of the instrument of transfer by the transferee in any case which it thinks fit, in its discretion, to do so and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect thereof. The Board may also resolve, either generally or in any particular case, upon request by either the transferor or the transferee, to accept mechanically executed transfers.

The Board in so far as permitted by any applicable law may, in its absolute discretion, at any time and from time to time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless the Board otherwise agrees, no shares on the principal register shall be transferred to any branch register nor shall shares on any branch register be transferred to the principal register or any other branch register. All transfers and other documents of title shall be lodged for registration and registered, in the case of shares on a branch register, at the relevant Registration Office (as defined in the Bye-laws) and, in the case of shares on the principal register, at the registered office of the Company in Bermuda or such other place in Bermuda at which the principal register is kept in accordance with the Companies Act.

The Board may, in its absolute discretion, and without giving any reason therefor, refuse to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve, or any share issued under any share incentive scheme for employees upon which a restriction on transfer imposed thereby still subsists, and it may also refuse to register any transfer of any share to more than four (4) joint holders or any transfer of any share (not being a fully paid up share) on which the Company has a lien.

The Board may decline to recognise any instrument of transfer unless a fee of such maximum sum as any Designated Stock Exchange (as defined in the Bye-laws) may determine to be payable or such lesser sum as the Directors may from time to time require is paid to the Company in respect thereof, the instrument of transfer, if applicable, is duly and properly stamped, is in respect of only one (1) class of share and is lodged at the relevant Registration Office (as defined in the Bye-laws) or registered office or such other place in Bermuda at which the principal register is kept in accordance with the Companies Act accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended after notice has been given by advertisement in any newspapers in accordance with the requirements of any Designated Stock Exchange (as defined in the Bye-laws) or by any means in such manner as may be accepted by the Designated Stock Exchange (as defined in the Bye-laws) to that effect, at such times and for such periods as the Board may determine and either generally or in respect of any class of shares. The registration of transfers of shares shall not be suspended for periods exceeding in the whole thirty (30) days in any year.

Material differences

The Articles contain similar provisions save and except that: (i) there is no provision in the Articles permitting the Board to refuse to register a transfer of share on the grounds that restriction on transfer is imposed under share incentive scheme; (ii) the notice to be given for suspension of registration of transfers is fourteen (14) days; and (iii) the Shareholders may by ordinary resolution extend the suspension period to not more than sixty (60) days in any year.

(l) Power for the Company to purchase its own shares***Summary***

The Bye-laws supplement the Company's New Memorandum of Continuance (which gives the Company the power to purchase its own shares) by providing that the power is exercisable by the Board upon such terms and conditions as it thinks fit, subject to the Companies Act, the New Memorandum of Continuance and, where applicable, the rules of any Designated Stock Exchange (as defined in the Bye-laws) and/or any competent regulatory authority.

Material differences

The Articles provide that subject to the provisions of the Companies Law (as defined in the Articles), and subject to any rights conferred on the holders of any class of shares, the Company shall have power to purchase or otherwise acquire all or any of its own shares provided that the manner of purchase has first been authorised by a resolution of the Shareholders.

(m) Power for any subsidiary of the Company to own shares in the Company***Summary***

There are no provisions in the Bye-laws relating to ownership of shares in the Company by a subsidiary.

Material differences

Similarly, the Articles do not contain any such provision.

(n) Power for the Company to pay commission in relation to issue of shares***Summary***

The Company may in connection with the issue of any shares exercise all powers of paying commission and brokerage conferred or permitted by the Companies Act. Subject to the Companies Act, the commission may be satisfied by the payment of cash or by the allotment of fully or partly paid shares or partly in one and partly in the other.

Material differences

The Articles contain similar provision but it is additionally provided that the commission shall not exceed 10% of the price at which the shares are issued.

(o) Dividends and other methods of distribution***Summary***

Subject to the Companies Act, the Company in general meeting may declare dividends in any currency to be paid to the Shareholders but no dividend shall be declared in excess of the amount recommended by the Board. The Company in general meeting may also make a distribution to its Shareholders out of any contributed surplus (as ascertained in accordance with the Companies Act). No dividend shall be paid or distribution made out of contributed surplus if to do so would render the Company unable to pay its liabilities as they become due or the realisable value of its assets would thereby become less than its liabilities.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share; and (ii) all dividends shall be apportioned and paid *pro rata* according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to a member of the Company by the Company on or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the Board may further resolve either (i) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the Shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (ii) that Shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit. The Company may also upon the recommendation of the Board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to Shareholders to elect to receive such dividend in cash in lieu of such allotment.

Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one (1) year after having been declared may be invested or otherwise made use of by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six (6) years after having been declared may be forfeited by the Board and shall revert to the Company.

Material differences

The Articles contain substantially similar provisions save and except that there is no reference to contributed surplus which is distributable under the laws of Bermuda only and the satisfaction of a dividend wholly or in part by the distribution of specific assets of any kind requires the sanction of Shareholders in general meeting.

(p) Proxies

Summary

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A Shareholder who is the holder of two (2) or more shares may appoint more than one (1) proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a Shareholder. In addition, a proxy or proxies representing either a Shareholder who is an individual or a Shareholder which is a corporation shall be entitled to exercise the same powers on behalf of the Shareholder which he or they represent as such Shareholder could exercise.

Material differences

The Articles contain substantially similar provisions.

(q) Call on shares and forfeiture of shares***Summary***

Subject to the Bye-laws and to the terms of allotment, the Board may from time to time make calls upon the Shareholders in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the Board may determine, but the Board may waive payment of such interest wholly or in part. The Board may, if it thinks fit, receive from any Shareholder willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the Board may decide.

If a Shareholder fails to pay any call on the day appointed for payment thereof, the Board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.

Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a Shareholder in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the Board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the Board determines.

Material differences

The Articles contain substantially similar provisions to the Bye-laws save and except that (i) the interest rate shall not exceed fifteen per cent. (15%) per annum; and (ii) the notice requiring payment should also state the place where the payment required by the notice is to be made.

(r) Inspection of register of members

Summary

The principal register and branch register of members of the Company shall be open to inspection between 10:00 a.m. and 12:00 noon during business hours by members of the public without charge at the registered office or such other place in Bermuda at which the register is kept in accordance with the Companies Act, unless the register is closed in accordance with the Bye-laws and the Companies Act. The principal register and branch register may be closed for inspection at such times or for such periods not exceeding in the whole thirty (30) days in each year as the Board may determine and either generally or in respect of any class of shares.

Material differences

Under the Articles any register of members held in Hong Kong shall during normal business hours (subject to such reasonable restrictions the Board may impose) be open to inspection by Shareholders without charge and any other person on payment of such fee not exceeding HK\$2.50 (or such higher amount as may from time to time be permitted under the Listing Rules) as the Board may determine for each inspection.

Except when a register is closed, the principal register and any branch register shall during business hours be kept open to the inspection of any Shareholder without charge, subject to such reasonable restrictions as the Company in general meeting may impose, but so that not less than two (2) hours in each business day is to be allowed for inspections. Fourteen (14) days' notice shall be given for the closure of the register for inspection. The Shareholders may by ordinary resolution determine that a register is closed for a period longer than thirty (30) days provided that such period shall not be extended beyond sixty (60) days in any year.

(s) Quorum for meetings and separate class meetings

Summary

For all purposes the quorum for a general meeting shall be two (2) Shareholders present in person or (in the case of a member of the Company being a corporation) by its duly authorised representative or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two (2) persons (or in the case of a Shareholder being a corporation, its duly authorised representative) holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting of such holders, two (2) holders present in person or (in the case of a Shareholder being a corporation) its duly authorised representative or by proxy (whatever the number of shares held by them) shall be a quorum.

Material differences

The Articles contain similar provisions save and except that the necessary quorum of any such separate meeting and of any adjournment thereof shall be a person or persons together holding (or representing by proxy) at the date of the relevant meeting not less than one-third in nominal value of the issued shares of that class.

(t) Rights of the minorities in relation to fraud or oppression***Summary***

There are no provisions in the Bye-laws relating to rights of minority Shareholders in relation to fraud or oppression. However, certain remedies are available to Shareholders under the laws of Bermuda.

Material differences

The Articles contain no provisions specifically dealing with such rights of minority Shareholders.

(u) Procedures on liquidation***Summary***

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

If the Company shall be wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Act, divide among the Shareholders in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the Shareholders or different classes of Shareholders. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members of the Company as the liquidator, with the like authority, shall think fit, and the liquidation of the Company shall be closed and the Company dissolved but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

Material differences

The Articles contain substantially similar provisions to the Bye-laws.

(v) Untraceable members***Summary***

The Company may sell any of the shares of a Shareholder who is untraceable if (i) all cheques or warrants (being not less than three (3) in total number) for any sum payable in cash to the holder of such shares have remained uncashed for a period of twelve (12) years before the date of publication of the advertisement referred to in (iii) in this paragraph; (ii) upon the expiry of the period of twelve (12) years before the date of publication of the advertisement referred to in (iii) in this paragraph, so far as it is aware at the end of such period, the Company has not during that time received any indication of the existence of the Shareholder by death, bankruptcy or operation of law; and (iii) the Company has caused an advertisement to be published in accordance with the rules of the Designated Stock Exchange (as defined in the Bye-laws) giving notice of its intention to sell such shares and a period of three (3) months, or such shorter period as may be permitted by the Designated Stock Exchange (as defined in the Bye-laws), has elapsed since such advertisement and the Designated Stock Exchange (as defined in the Bye-laws) has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds, it shall become indebted to the former Shareholder for an amount equal to such net proceeds.

Material differences

The Articles contain substantially similar provisions save and except that there is no specification on how to count the period of twelve (12) years. The Articles contain an additional condition under which the Company can sell the shares of an untraceable Shareholder, being that during the period of twelve (12) years, at least three (3) dividends in respect of the shares in question have become payable and no dividend during that period has been claimed by the Shareholder.

(w) Indemnity***Summary***

The Directors, secretary and other officers and every auditor for the time being of the Company and the liquidator or trustees (if any) for the time being acting in relation to any of the affairs of the Company and every one of them, and every one of their heirs, executors and administrators, shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their or any of their heirs, executors or administrators, shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices or trusts.

Material differences

The Articles provide a narrower indemnity in that every Director, auditor or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him as a director, auditor or other officer of the Company in defending any proceedings, whether civil or criminal, in which judgment is given in his favour, or in which he is acquitted.

NOTICE OF THE EGM

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SHIFANG HOLDING LIMITED

十方控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 1831)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (“**Meeting**”) of ShiFang Holding Limited (“**Company**”) will be held at Room 1, United Conference Centre, 10/F, United Centre, 95 Queensway, Admiralty, Hong Kong on Monday, 25 February 2019 at 3:00 p.m. to consider and, if thought fit, pass the following resolutions as special resolutions of the Company:

SPECIAL RESOLUTIONS

1. “**THAT:**

- (a) subject to the obtaining of all necessary governmental and regulatory consents, the change of the domicile of the Company (“**Change of Domicile**”) from the Cayman Islands to Bermuda by way of de-registration as a company under the laws of the Cayman Islands and continuation of the Company as an exempted company under the laws of Bermuda be and is hereby approved;
- (b) conditional upon the continuance of the Company in Bermuda as an exempted company under the laws of Bermuda, the memorandum of continuance, a copy of which has been produced to the Meeting marked “A” and initialled by the chairman of the Meeting (“**Chairman**”) for the purpose of identification, be and is hereby adopted in substitution for the memorandum of association of the Company, effective from the date that the memorandum of continuance is approved and registered by the Registrar of Companies in Bermuda;

NOTICE OF THE EGM

- (c) conditional upon the continuance of the Company in Bermuda as an exempted company under the laws of Bermuda, the bye-laws of the Company, a copy of which has been produced to the Meeting marked “B” and initialled by the Chairman for the purpose of identification, be and is hereby adopted in substitution for the articles of association of the Company, effective from the date that the memorandum of continuance is approved and registered by the Registrar of Companies in Bermuda;
 - (d) conditional upon the continuance of the Company in Bermuda as an exempted company under the laws of Bermuda, the maximum number of directors of the Company (“**Directors**”) shall, for the time being, be fixed at twenty (20) and the Directors be and are hereby authorised to fill any vacancies on the board of Directors (the “**Board**”) and to appoint additional Directors up to the maximum number determined herein or such other maximum number as may be determined from time to time by members of the Company in general meeting and to appoint alternate Directors at their discretion; and
 - (e) the Board be and is hereby authorised to do all such acts and things and execute all such documents on behalf of the Company, including under seal where applicable, as it may consider necessary or expedient to give effect to or in connection with the implementation of the Change of Domicile.”
2. “**THAT** subject to the passing of special resolution numbered 1 above:
- (a) the entire amount standing to the credit of the share premium account of the Company as at the date of passing this resolution be and is hereby cancelled and transferred to an account designated as the contributed surplus account of the Company (“**Cancellation of Share Premium Account**”);
 - (b) the account designated as the contributed surplus account of the Company be designated as the contributed surplus account of the Company within the meaning of the Companies Act 1981 of Bermuda (“**Contributed Surplus Account**”) upon the Change of Domicile (as defined in special resolution numbered 1 above) becoming effective and the amount standing to the credit of such designated account shall continue to stand to the credit of the Contributed Surplus Account upon the Change of Domicile becoming effective; and

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- (c) the Board be and is hereby authorised to do all such acts and things and execute all such documents on behalf of the Company, including under seal where applicable, as it may consider necessary or expedient to give effect to or in connection with the implementation of the Cancellation of Share Premium Account.”
3. **“THAT** subject to the passing of special resolution numbered 1 above and conditional upon the Change of Domicile (as defined in special resolution numbered 1 above) becoming effective and The Stock Exchange of Hong Kong Limited (**“Stock Exchange”**) granting the listing of, and permission to deal in, the New Shares (as defined below) arising from the Capital Reorganisation (as defined below), with effect from 9:00 a.m. (Hong Kong time) on the 21st day (if it is not a business day in Hong Kong, the immediately following business day in Hong Kong) after the effective date of the Change of Domicile in Hong Kong time:
- (a) every four issued and unissued shares of HK\$0.10 each in the existing share capital of the Company be and are consolidated (**“Share Consolidation”**) into one share of HK\$0.40 each (**“Consolidated Shares”**);
- (b) the total number of Consolidated Shares in the issued share capital of the Company immediately following the Share Consolidation be and is rounded down to a whole number by cancelling any fraction in the issued share capital of the Company arising from the Share Consolidation;
- (c) the par value of each of the then issued Consolidated Shares be and is hereby reduced from HK\$0.40 each to HK\$0.01 each (**“New Shares”**) by cancelling the capital paid-up thereon to the extent of HK\$0.39 on each of the then issued Consolidated Shares (together with sub-paragraph (b) above are hereinafter referred to as **“Capital Reduction”**);
- (d) each of the then authorised but unissued Consolidated Shares of HK\$0.40 each be and is hereby sub-divided into forty New Shares of HK\$0.01 each (**“Share Subdivision”**), together with the Share Consolidation and the Capital Reduction, **“Capital Reorganisation”**);

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- (e) the credits arising from the Capital Reduction be transferred to the Contributed Surplus Account (as defined in special resolution numbered 2 above) and the Board be and is hereby authorised to use the amount then standing to the credit of the Contributed Surplus Account in any manner as may be permitted under the bye-laws of the Company in effect from time to time and all applicable laws including, without limitation, eliminating or setting off the accumulated deficits of the Company which may arise from time to time and/or paying dividends and/or making any other distribution out of the Contributed Surplus Account from time to time without any further authorisation from the shareholders of the Company and all such actions in relation thereto be and are approved, ratified and confirmed; and
- (f) the Board be and is hereby authorised to do all such acts and things and execute all such documents on behalf of the Company, including under seal where applicable, as it may consider necessary or expedient to give effect to or in connection with the implementation of the Capital Reorganisation involving the Share Consolidation, the Capital Reduction and the Share Subdivision and (where applicable) to aggregate all fractional New Shares and sell them for the benefit of the Company.”

By order of the Board
ShiFang Holding Limited
Siuming Tsui
Executive Director and Chief Executive Officer

Hong Kong, 1 February 2019

Registered Office:

P.O. Box 309
Ugland House
Grand Cayman KY1-1104
Cayman Islands

*Principal Place of Business
in Hong Kong:*

Room 2103, 21/F., “Port 33”
No. 33 Tseuk Luk Street
San Po Kong, Kowloon
Hong Kong

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Notes:

1. All resolutions at the Meeting will be taken by poll pursuant to the Rules Governing the Listing of Securities on the Stock Exchange (“**Listing Rules**”) and the results of the poll will be published on the websites of the Stock Exchange and the Company in accordance with the Listing Rules.
2. The register of members of the Company will be closed from 20 February 2019 to 25 February 2019 (both days inclusive) during which period no transfer of shares of the Company will be registered.
3. Any member of the Company entitled to attend and vote at the Meeting shall be entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at the Meeting. A proxy need not be a member of the Company. On a poll, votes may be given either personally or by proxy.
4. Where there are joint holders of any shares, any one of such joint holders may vote at the Meeting, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders be present at the Meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
5. 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 appointer is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.
6. To be valid, 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 certified copy of such power or authority, shall be delivered to the office of the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.
7. Completion and delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the Meeting or any adjournment thereof if the member so wish and in such event, the instrument appointing a proxy should be deemed to be revoked.

As at the date of this notice, the executive Directors are Mr. Siuming Tsui (Chief Executive Officer), Mr. Chen Zhi and Mr. Yu Shi Quan; the non-executive Directors are Mr. Chen Wei Dong and Ms. Chen Min; and the independent non-executive Directors are Mr. Zhou Chang Ren, Mr. Wong Heung Ming, Henry and Mr. Cai Jian Quan.