

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

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XIWANG PROPERTY HOLDINGS COMPANY LIMITED

西王置業控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 2088)

**(1) MAJOR AND CONTINUING CONNECTED TRANSACTIONS
RENEWAL OF FINANCIAL SERVICES FRAMEWORK AGREEMENT
(2) PROPOSED ADOPTION OF NEW BYE-LAWS**

AND

(3) NOTICE OF SPECIAL GENERAL MEETING

**Independent Financial Adviser to the Independent Board Committee and
the Independent Shareholders**

Nuada Limited

A letter from the Board is set out on pages 6 to 32 of this circular. A letter from the Independent Board Committee is set out on page 33 of this circular. A letter from the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 34 to 60 of this circular.

A notice convening the SGM to be held at Boardroom 3-4, Mezzanine Floor, Renaissance Hong Kong Harbour View Hotel, No. 1 Harbour Road, Wanchai, Hong Kong on 30 November 2022 at 3 p.m. is set out on pages 146 to 148 of this circular. A form of proxy for use at the SGM (or any adjournment thereof) is also enclosed.

Whether or not you are able to attend the SGM, please complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending the SGM or any adjournment thereof and voting in person if you so wish.

PRECAUTIONARY MEASURES FOR THE SPECIAL GENERAL MEETING

Taking into account the recent development of the epidemic caused by novel coronavirus pneumonia (COVID-19), the Company will implement the following prevention and control measures at the SGM against the epidemic to protect the Shareholders from the risk of infection:

- (i) Compulsory body temperature check will be conducted;
- (ii) Every Shareholder or proxy is required to wear surgical face mask throughout the SGM;
- (iii) Every Shareholder or proxy is required to submit the health declaration form, which may be used for close contact tracing, if required;
- (iv) No refreshment will be served and no corporate gift will be distributed; and
- (v) Every Shareholder or proxy will be assigned a designated seat at the time of registration to ensure an appropriate social distancing.

Any Shareholder or proxy (a) who does not comply with any of the precautionary measures referred to in (i) to (iii) above; or (b) with a body temperature of over 37.3 degrees Celsius; or (c) who is subject to health quarantine prescribed by the Government of Hong Kong will not be given access to the meeting venue. The Company reminds the Shareholders or proxies that they should carefully consider the risks of attending the SGM, taking into account their own personal circumstances. For the health and safety of Shareholders, Shareholders are strongly encouraged to exercise their right to vote at the SGM by appointing the chairman of the SGM as their proxy and to return their proxy forms by the time specified above, instead of attending the SGM in person.

The Company will keep the constantly evolving COVID-19 pandemic situation under review. Subject to the development of the COVID-19 pandemic situation and the requirements or guidelines of the Government and/or regulatory authorities, the Company may be required to make changes to the arrangements relating to the SGM and implement additional measures at short notice. Shareholders should check the Company's website at www.xiwangproperty.com or the HKEXnews website at www.hkexnews.hk for any future announcements and updates on the SGM arrangements.

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DEFINITIONS

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

“ABC”	Agricultural Bank of China (中國農業銀行)
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Auditor”	the auditor of the Company for the time being and may include individual or partnership
“BOC”	Bank of China (中國銀行)
“Board”	the board of Directors
“Bye-laws”	the bye-laws of the Company
“CBIRC”	China Banking and Insurance Regulatory Commission
“Companies Act”	the Companies Act 1981 of Bermuda
“Company”	Xiwang Property Holdings Company Limited (西王置業控股有限公司*) (Stock Code: 2088), a company incorporated in Bermuda with limited liability and the shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Effective Date”	the date on which all the conditions precedent set out in the Financial Services Framework Agreement are fulfilled
“Existing Bye-laws”	the bye-laws of the Company currently in force
“Existing Financial Services Framework Agreement”	a framework agreement dated 12 August 2019 entered into between the Company and Xiwang Finance in relation to the provision of deposit services, loan services and other financial services to the Company and the Qualified Entities for the period from 1 December 2019 (being the effective date of the Existing Financial Services Framework Agreement) to 30 November 2022

* For identification purpose only

DEFINITIONS

“Financial Services Framework Agreement”	a framework agreement dated 7 October 2022 entered into between the Company and Xiwang Finance in relation to provision of financial services (deposit services and loan services) by Xiwang Finance to the Company and the Qualified Entities
“Group”	the Company and its subsidiaries
“Guarantee”	a guarantee dated 7 October 2022 executed by Xiwang Group Company in favour of the Company to secure the due performance of the obligations of Xiwang Finance under the Financial Services Framework Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Board Committee”	an independent committee of the Board comprising Mr. Wong Kai Hing, Mr. Wang An and Mr. Wang Zhen, being all the independent non-executive Directors, formed to advise the Independent Shareholders in relation to the deposit services under the Financial Services Framework Agreement and the Proposed Annual Caps
“Independent Financial Adviser” or “Nuada”	Nuada Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activities as defined under the SFO, the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the deposit services under the Financial Services Framework Agreement and the Proposed Annual Caps
“Independent Shareholders”	Shareholders other than Xiwang Investment and its associates, who are not involved or interested in the relevant resolution(s) to be approved at the SGM with respect to the deposit services and the Proposed Annual Caps
“Latest Practicable Date”	7 November 2022, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information referred to in this circular

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Bye-laws”	the amended and restated Bye-laws of the Company set out in Appendix III of this circular (with proposed changed marked up against the conformed version of the Existing Bye-laws posted on the website of the Stock Exchange) proposed to be adopted by the Shareholders with effect from the passing of the relevant special resolution at the SGM
“Parties”	the Company and Xiwang Finance, and “Party” means any one of them
“PBOC”	People’s Bank of China
“PRC”	the People’s Republic of China
“Proposed Adoption of the New Bye-laws”	the proposed adoption of the New Bye-laws as set out in special resolution no. 2 in the notice of Special General Meeting on page 147 of this circular and to be approved at the Special General Meeting
“Proposed Annual Caps”	the proposed maximum daily outstanding balance of deposits (including accrued interest) placed by the Group with Xiwang Finance during the term of the Financial Services Framework Agreement
“Qualified Entities”	companies which are owned as to (i) 51% or above by the Company, (ii) 20% or above by the Company and its subsidiaries, individually or collectively, or (iii) less than 20% by the Company and its subsidiaries, individually or collectively, but as the largest shareholders
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

DEFINITIONS

“SGM” or “Special General Meeting”	the special general meeting of the Company to be held at Boardroom 3-4, Mezzanine Floor, Renaissance Hong Kong Harbour View Hotel, No. 1 Harbour Road, Wanchai, Hong Kong on 30 November 2022 at 3 p.m. to consider, and if appropriate, to approve the resolution contained in the notice of the SGM which is set out on pages 146 to 148 of this circular
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)” or “Member(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Xiwang Finance”	Xiwang Group Finance Company Limited* (西王集團財務有限公司), a company established in the PRC with limited liability, which was at the Latest Practicable Date, a subsidiary of Xiwang Group Company
“Xiwang Group”	Xiwang Group Company and its subsidiaries
“Xiwang Group Company”	Xiwang Group Company Limited* (西王集團有限公司), a company established in the PRC with limited liability which was at the Latest Practicable Date, the ultimate holding company of the Company
“Xiwang Holdings”	Xiwang Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, which was at the Latest Practicable Date, held as to 95% by Xiwang Hong Kong and 5% by Mr. Wang Yong and 22 individuals
“Xiwang Hong Kong”	Xiwang Hong Kong Limited (西王香港有限公司), a company incorporated in Hong Kong with limited liability, which was at the Latest Practicable Date, a wholly-owned subsidiary of Xiwang Group Company

* For identification purpose only

DEFINITIONS

“Xiwang Investment”	Xiwang Investment Company Limited, a company incorporated in the British Virgin Islands with limited liability, which was at the Latest Practicable Date, the controlling shareholder of the Company and a wholly-owned subsidiary of Xiwang Holdings
“Xiwang Special Steel”	Xiwang Special Steel Company Limited (Stock Code: 1266), a company incorporated in Hong Kong with limited liability and a subsidiary of Xiwang Investment, the shares of which are listed on the main board of the Stock Exchange
“%”	per cent.

The English names of the Chinese nationals, companies, entities, departments, facilities, certificates, titles and the like are translation of their Chinese names and are included in this circular for identification purpose only and should not be regarded as their official English translation. In the event of any inconsistency, the Chinese name shall prevail.



XIWANG PROPERTY HOLDINGS COMPANY LIMITED

西王置業控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 2088)

Executive Directors:

Mr. Wang Jin Tao (*Chief Executive Officer*)

Mr. Wang Wei Min

Non-executive Directors:

Mr. Wang Di (*Chairman*)

Mr. Wang Yong (*Deputy Chairman*)

Mr. Sun Xihu

Independent non-executive Directors:

Mr. Wong Kai Hing

Mr. Wang An

Mr. Wang Zhen

Registered office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Principal place of business

in Hong Kong:

Unit 2110, 21/F, Harbour Centre

25 Harbour Road, Wanchai

Hong Kong

8 November 2022

To the Shareholders

Dear Sir or Madam,

**(1) MAJOR AND CONTINUING CONNECTED TRANSACTIONS
RENEWAL OF FINANCIAL SERVICES FRAMEWORK AGREEMENT;
(2) PROPOSED ADOPTION OF NEW BYE-LAWS;
AND
(3) NOTICE OF SPECIAL GENERAL MEETING**

1. INTRODUCTION

Reference is made to the announcements of the Company dated 7 October 2022, 12 October 2022 and 28 October 2022 in relation to the Financial Services Framework Agreement, the transactions contemplated thereunder and the Proposed Adoption of New Bye-laws.

* For identification purpose only

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things, (i) further information on the deposit services contemplated under the Financial Services Framework Agreement; (ii) a letter from the Independent Board Committee; (iii) a letter from the Independent Financial Adviser; (iv) the Proposed Adoption of the New Bye-laws and (v) the notice convening the SGM.

MAJOR AND CONTINUING CONNECTED TRANSACTIONS

1. FINANCIAL SERVICES FRAMEWORK AGREEMENT

As disclosed in the announcement of the Company dated 7 October 2022, the Company entered into the Existing Financial Services Framework Agreement with Xiwang Finance on 12 August 2019 for the provision of a range of financial services, including but not limited to deposit services, loan services, finance services and clearing services, by Xiwang Finance to the Company and the Qualified Entities. As the Existing Financial Services Framework Agreement will expire on 30 November 2022, the Company entered into the Financial Services Framework Agreement with Xiwang Finance on 7 October 2022 to renew the provision of deposit services and loan services, by Xiwang Finance to the Company and the Qualified Entities for a term commencing from the Effective Date to 30 November 2025.

(a) Principal Terms

The principal terms of the Financial Services Framework Agreement are summarized below:

Date

7 October 2022

Parties

- (a) the Company; and
- (b) Xiwang Finance

Term

From the Effective Date to 30 November 2025.

Scope of services

Xiwang Finance shall provide the Company and the Qualified Entities with deposit services and loan services, subject to the terms and conditions provided in the Financial Services Framework Agreement.

LETTER FROM THE BOARD

The Parties shall enter into separate agreements in respect of the transactions contemplated under the Financial Services Framework Agreement and such agreements shall be consistent with the terms and principles set out in the Financial Services Framework Agreement.

Fees and charges

(1) *Deposit services*

The interest rates payable by Xiwang Finance to the Group in respect of the deposit services shall not be lower than (i) the relevant benchmark interest rates set by the PBOC; and (ii) the interest rates offered by other independent major commercial banks in the PRC for comparable services during the same period, and shall be in compliance with the requirements set by the PBOC.

(2) *Loan and financing services*

The rates to be charged by Xiwang Finance for the provision of loan and financing services to the Group shall not be higher than (i) the relevant benchmark interest rates set by the PBOC; and (ii) the relevant rates charged by other independent major commercial banks in the PRC for comparable loan and financing services during the same period and shall be in compliance with the requirements set by the PBOC.

Capital risk management measures

Xiwang Finance undertakes to the Company that:

- (1) Xiwang Finance shall ensure the secure operation of its funds management network and safety of funds, control the asset-debt risks and satisfy the payment requirements of the Company and the Qualified Entities;
- (2) Xiwang Finance shall ensure that it is in strict compliance with the risk monitoring indicators applicable for Xiwang Finance issued by the CBIRC and that its major regulatory indicators such as asset-liability ratio and liquidity ratio will also comply with the requirements of the CBIRC and other relevant laws and regulations;

LETTER FROM THE BOARD

- (3) if certain events that may threaten the safety of the deposits of the Company and the Qualified Entities as specified in the Financial Services Framework Agreement arise; or on occurrence of any other circumstances which may cause security concerns in relation to the safety of the deposits of the Company, Xiwang Finance shall give written notice to the Company within two business days and adopt effective measures to avoid or mitigate losses while the Company shall have the right to (i) require Xiwang Finance to explain the underlying reasons and offer the relevant measures to prevent, control and resolve the issues; (ii) in the event that Xiwang Finance defaults in its payment obligations, inform and request the board of Xiwang Group Company to adopt remedial measures and increase the capital fund of Xiwang Finance to settle such payment obligations; and/or (iii) suspend or terminate the Financial Services Framework Agreement; and
- (4) in respect of the deposits placed by the Company and/or the Qualified Entities with Xiwang Finance, in case of default or misuse or breach by Xiwang Finance which renders the Company and/or the Qualified Entities unable to recover the deposits (including accrued interest) placed with Xiwang Finance, the Company and/or the Qualified Entities have the right to lawfully set off such deposits (including accrued interest) against the outstanding loans (including accrued interest) extended by Xiwang Finance to the Company and/or the Qualified Entities. However, if the Company and/or the Qualified Entities fail to repay the loans extended by Xiwang Finance on time, Xiwang Finance does not have the right to set off such outstanding loans due from the Company and/or the Qualified Entities with the deposits placed by the Company and/or the Qualified Entities with Xiwang Finance.

Conditions precedent

The Financial Services Framework Agreement shall become unconditional upon:

- (1) the Financial Services Framework Agreement and the transactions contemplated thereunder having been approved by the Board;
- (2) the Financial Services Framework Agreement and the transactions contemplated thereunder (including but not limited to the Proposed Annual Caps) having been announced and (if applicable) approved by the Independent Shareholders at the SGM in accordance with the requirements of the Listing Rules;

LETTER FROM THE BOARD

- (3) all necessary approvals and waivers for the transactions contemplated under the Financial Services Framework Agreement (including but not limited to the approvals and waivers required under the Listing Rules (if applicable) having been obtained; and
- (4) the expiry of the Existing Financial Services Framework Agreement which shall be on 30 November 2022. The Financial Services Framework Agreement shall commence from the Effective Date until 30 November 2025.

(b) Proposed Annual Caps

Deposit services

The Proposed Annual Caps in respect of the deposit services pursuant to the Financial Services Framework Agreement from the Effective Date to 31 December 2022, for the years ending 31 December 2023 and 2024 and the eleven months ending 30 November 2025 are as follows:

Period	Maximum daily outstanding balance of deposits (including accrued interest) (RMB million)
From the Effective Date to 31 December 2022	160
For the year ending 31 December 2023	160
For the year ending 31 December 2024	300
For the eleven months ending 30 November 2025	380

The Proposed Annual Caps were determined after taking into account the following:

- (i) the historical monetary funds (being cash and cash equivalents and restricted cash) of the Group, which were approximately RMB144 million, RMB144 million, RMB148 million and RMB148 million as at 31 December 2019, 31 December 2020, 31 December 2021 and 30 June 2022 respectively;

LETTER FROM THE BOARD

- (ii) the expected net cash flow position of the Group in the next three years resulting from (i) sale of properties from the key property development projects of the Group which include Meijun Project (美郡項目) and Lanting Project (蘭亭項目); (ii) the trading of construction materials and (iii) provision of property management services; and
- (iii) a buffer of approximately 5.8% to 14.8% to cover any increase in the net cash position of the Group arising out of possible disposal of other key property development projects or any future business opportunities not within the current contemplation of the Group.

The following illustrates the expected cash flows of the Group for the period from 1 July 2022 to 31 December 2025.

For the period from 1 July 2022 to 31 December 2022

	Approximate amount <i>(RMB million)¹</i>
Cash inflow	
– Sale of construction materials ²	25.3
– Provision of property management services ³	1.5
– Other income and receivables	1.6
Cash outflow	
– Costs payable for the construction materials ²	(24.0)
– Costs payable for the property management services ³	(0.7)
– Taxation	(0.3)
– Other operating expenses and payables	(4.4)
Net cash flow	(1.0)

Notes:

1. The figures shown in this table are to the best estimate of the Directors having made all reasonable enquiries and assumptions.
2. This is determined with reference to the current selling price and cost of construction materials and also to the historical data and the inflation.
3. This is determined with reference to the contracts signed with the customers. The cost estimation was based on the historical information and inflation.

LETTER FROM THE BOARD

For the year ending 31 December 2023

	Approximate amount <i>(RMB million)</i> ¹
Cash inflow	
– Sale of remaining units and parking lots of Phase Two of Meijun Project and Lanting Project ²	4.9
– Sale of construction materials ⁴	62.7
– Provision of property management services ⁵	3.3
– Other income and receivables	3.2
Cash outflow	
– Construction costs payable in respect of Phase Three of Meijun Project ³	(41.2)
– Costs payable for the construction materials ⁴	(61.0)
– Costs payable for the property management services ⁵	(1.5)
– Taxation	(0.9)
– Other operating expenses and payables	(8.2)
Net cash flow	(38.7)

Notes:

1. The figures shown in this table are to the best estimate of the Directors having made all reasonable enquiries and assumptions.
2. This is determined with reference to the current selling price of these properties which is in turn determined with reference to (a) the historical selling price of other residential properties of the Group in the same area, (b) the acquisition and construction costs of Lanting Project and Phase One and Phase Two of Meijun Project and (c) the prevailing selling price of other residential properties and parking lots in the proximity.
3. This is determined with reference to (a) the historical construction costs of other residential properties of the Group in the same area, (b) the design of Phase Three of Meijun Project, (c) the estimated increase in the labour costs and selling price of building materials in the PRC based on an inflation rate of approximately 7.8% and (d) the estimated timeframe for payment of construction costs based on the Group's past experience with other residential projects in the same area.
4. This is determined with reference to the current selling price and cost of construction materials and also to the historical data and the inflation. It is expected that the transaction volume will increase by 10.4%.
5. This is determined with reference to the contracts signed with the customers plus annual 10% increment in the charge out rate. The cost estimation was based on the historical information and inflation.

LETTER FROM THE BOARD

For the year ending 31 December 2024

	Approximate amount <i>(RMB million)</i> ¹
Cash inflow	
– Sale of stage 1 of Phase Three of Meijun Project ²	258.8
– Sale of construction materials ⁴	73.9
– Provision of property management services ⁵	3.6
– Other income and receivables	3.2
Cash outflow	
– Construction costs payable in respect of Phase Three of Meijun Project ³	(82.4)
– Costs payable for the construction materials ⁴	(71.8)
– Costs payable for the property management services ⁵	(1.6)
– Taxation	(14.4)
– Other operating expenses and payables	(10.1)
Net cash flow	159.2

Notes:

1. The figures shown in this table are to the best estimate of the Directors having made all reasonable enquiries and assumptions.
2. This is, in respect of Phase Three of Meijun Project, determined with reference to (a) the historical selling price of other residential properties of the Group in the same area, (b) the acquisition and estimated construction costs of Phase Three of Meijun Project, (c) the prevailing selling price of other residential properties in the proximity and (d) the estimated progress of sales of Phase Three of Meijun Project based on the Group's selling track record where it is expected that the Group would be able to sell approximately 12.2% of the gross floor area of Phase Three of Meijun Project in 2024. According to the current construction plan which is formulated based on the previous experience of the Group, it is expected that the Group would be able to complete construction of 30% of stage 1 of Phase Three of Meijun Project and thus commence pre-sale thereof in 2024. In the PRC, property buyers usually pay 30% down payment upon execution of the pre-sale contract with the balance to be paid on or before completion.
3. This is determined with reference to (a) the historical construction costs of other residential properties of the Group in the same area, (b) the design of Phase Three of Meijun Project, (c) the estimated increase in the labour costs and selling price of building materials in the PRC based on an inflation rate of approximately 7.8% and (d) the estimated timeframe for payment of construction costs based on the Group's past experience with other residential projects in the same area.
4. This is determined with reference to the current selling price and cost of construction materials and also to the historical data and the inflation. It is expected that the transaction volume will increase by 14.3%.
5. This is determined with reference to the contracts signed with the customers plus annual 10% increment in the charge out rate. The cost estimation was based on the historical information and inflation.

LETTER FROM THE BOARD

For the year ending 31 December 2025

	Approximate amount <i>(RMB million)</i> ¹
Cash inflow	
– Sale of stage 1 of Phase Three of Meijun Project ²	362.9
– Sale of construction materials ⁴	79.4
– Provision of property management services ⁵	4.0
– Other income and receivables	5.6
Cash outflow	
– Construction costs payable in respect of Phase Three of Meijun Project ³	(305.1)
– Costs payable for the construction materials ⁴	(77.2)
– Costs payable for the property management services ⁵	(1.8)
– Taxation	(19.8)
– Other operating expenses and payables	(12.1)
Net cash flow	35.9

Notes:

1. The figures shown in this table are to the best estimate of the Directors having made all reasonable enquiries and assumptions.
2. This is, in respect of Phase Three of Meijun Project, determined with reference to (a) the historical selling price of other residential properties of the Group in the same area, (b) the acquisition and estimated construction costs of Phase Three of Meijun Project, (c) the prevailing selling price of other residential properties in the proximity and (d) the estimated progress of sales of Phase Three of Meijun Project based on the Group's selling track record where it is expected that the Group would be able to sell approximately 24.4% of the gross floor area of Phase Three of Meijun Project in 2024.
3. This is determined with reference to (a) the historical construction costs of other residential properties of the Group in the same area, (b) the design of Phase Three of Meijun Project, (c) the estimated increase in the labour costs and selling price of building materials in the PRC based on an inflation rate of approximately 7.8% and (d) the estimated timeframe for payment of construction costs based on the Group's past experience with other residential projects in the same area.
4. This is determined with reference to the current selling price and cost of construction materials and also to the historical data and the inflation. It is expected that the transaction volume will increase by 6.7%.
5. This is determined with reference to the contracts signed with the customers plus annual 10% increment in the charge out rate. The cost estimation was based on the historical information and inflation.

LETTER FROM THE BOARD

The Directors (including the independent non-executive Directors after considering the advice from the Independent Financial Adviser) consider that the above Proposed Annual Caps in respect of the deposit services are fair and reasonable.

(c) Historical transaction amounts

The maximum daily outstanding balance of deposits (including accrued interest) with Xiwang Finance for the years ended 31 December 2019, 2020 and 2021, and the nine months ended 30 September 2022 under the Existing Financial Services Framework Agreement were as below:

Period	Maximum daily outstanding balance of deposits (including accrued interest) <i>(RMB in million)</i>
For the year ended 31 December 2019	144
For the year ended 31 December 2020	144
For the year ended 31 December 2021	149
For the nine months ended 30 September 2022	150

(d) Internal control on pricing policies and risk management measures

The interest rates for deposit and loan services will be arrived at after considering (i) the relevant benchmark interest rates set by the PBOC; and (ii) the interest rates charged/offered by other independent commercial banks and financial institutions in the PRC for provision of similar level of services, which will be obtained by the Company for comparison each time before entering into specific financial service agreements with Xiwang Finance.

There are stringent internal control policies with regard to financial service transactions. The finance department of the Company will compare the interest rates for deposit and loan services quoted from Xiwang Finance with the terms from other independent third parties (including at least 2 financial institutions and commercial banks in the PRC) to ensure that the most favourable terms are obtained from Xiwang Finance.

LETTER FROM THE BOARD

In addition, the financial service transactions under the Financial Services Framework Agreement will be reported to and approved by the head of the finance department of the Company.

By adopting the policy set out above, the Company is able to ensure that (i) the interest rate payable for the Company's deposits shall not be lower than the interest rate offered by other independent commercial banks for comparable deposits in the PRC; and (ii) the interest rate for loans to be charged by Xiwang Finance shall not be higher than those charged by other independent commercial banks for providing comparable services in the PRC.

Other internal control and risk management measures with respect to the deposit services include without limitation to the following:

- (i) the Group will, no less frequent than on a monthly basis, evaluate the financial performance and position of Xiwang Finance. The Company has been informed by Xiwang Finance that Xiwang Finance will provide the Company with its management accounts every month during the term of the Financial Services Framework Agreement. If the Group is aware of any material adverse change in the financial conditions of Xiwang Finance, the Group will adopt measures immediately, such as early withdrawal of deposits from Xiwang Finance and place such deposits with other financial institutions, to minimise the potential adverse effects; and
- (ii) the Group will, on a daily basis, monitor the deposit balance to ensure the Proposed Annual Caps are not exceeded.

(e) Provision of guarantee by Xiwang Group Company

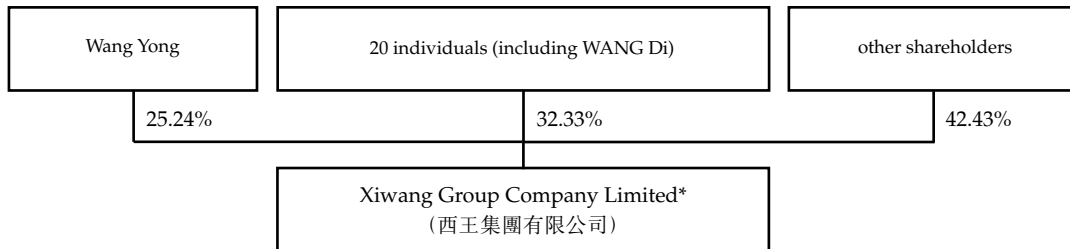
On the same day as signing of the Financial Services Framework Agreement, Xiwang Group Company executed the Guarantee in favour of the Company to secure the performance of the obligations of Xiwang Finance under the Financial Services Framework Agreement. The Guarantee will be effective from the date on which the Financial Services Framework Agreement becomes effective. No fees will be charged by Xiwang Group Company for the provision of such guarantee.

LETTER FROM THE BOARD

Pursuant to the terms of the Guarantee, Xiwang Group Company has undertaken that if Xiwang Finance experiences or foresees to experience any liquidity problems, Xiwang Group Company will inject capital to Xiwang Finance based on Xiwang Finance's needs in order to maintain the normal operations of Xiwang Finance. Xiwang Group Company has also undertaken to compensate the Company and/or the Qualified Entities jointly and severally with Xiwang Finance for all the substantial risks or losses (including but not limited to the deposits, interests and related expenses incurred) caused by or potentially caused by Xiwang Finance's breaches or potential breaches of PRC laws and regulations, or by any major operational or liquidity problems on the part of Xiwang Finance, or by Xiwang Finance's non-performance of any terms or default under the Financial Services Framework Agreement.

Xiwang Group Company is the ultimate holding company of the Company. Subsidiaries of Xiwang Group Company include but not limited to the Company and two other listed companies, namely, Xiwang Special Steel Company Limited (西王特鋼有限公司) listed on the Stock Exchange (Stock Code: 1266) and Xiwang Foodstuffs Company Limited (西王食品股份有限公司) listed on the Shenzhen Stock Exchange (Stock Code: 000639).

The below is a simplified organisational chart illustrating the ultimate beneficial owners of Xiwang Group Company:



LETTER FROM THE BOARD

Pursuant to Rule 14A.70(3) of the Listing Rules, the identity of the 20 individuals (who, in aggregate, own approximately 32.33% of Xiwang Group Company) and the other shareholders (who, in aggregate, own approximately 42.43% of Xiwang Group Company) are disclosed as follows:

Name in Chinese	Name in English (For identification purpose only)	Percentage of shareholdings
王剛	Wang Gang	1.88%
王呈林	Wang Chenglin	1.08%
王會議	Wang Huiyi	0.72%
王明詩	Wang Mingshi	0.72%
王明鶴	Wang Minghe	2.17%
王呈軍	Wang Chengjun	0.72%
甯立江	Ning Lijiang	1.80%
王濤	Wang Tao	1.44%
王棟	Wang Dong	1.88%
賀曉光	He Xiaoguang	0.72%
孫新虎	Sun Xinqu	1.44%
王棣	Wang Di	1.44%
王方明	Wang Fangming	1.44%
韓忠	Han Zhong	1.44%
王燕	Wang Yan	8.68%
王呈龍	Wang Chenglong	0.72%
韓本芳	Han Benfang	0.72%
王亮	Wang Liang	1.88%
王傳玉	Wang Chuanyu	0.72%
王岩	Wang Yan	0.72%
	Sub-total	32.33%

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Name in Chinese	Name in English (For identification purpose only)	Percentage of shareholdings
國民信託有限公司	National Trust Co., Ltd.	5.45%
新華基金管理股份有限公司	Xinhua Fund Management Co., Ltd.	1.77%
濱州正誠永盛股權投資合夥企業(有限合夥)	Binzhou Zhengcheng Yongsheng Equity Investment Partnership (Limited Partnership)	0.33%
北京福海合昇科技有限公司(Notes)	Beijing Fuhai Hesheng Technology Co., Ltd.	6.00%
濱州正應世嘉股權投資合夥企業(有限合夥)	Binzhou Zhengying Shijia Equity Investment Partnership (Limited Partnership)	5.05%
鄒平市韓店鎮西王村村民委員會	Village Committee of Xiwang Village, Handian Town, Zouping City	23.83%
	Sub-total	42.43%
王勇	Wang Yong	25.24%
	Grand Total	100.00%

Note: The ultimate beneficial owners of 北京福海合昇科技有限公司 are disclosed as follows:

Name in Chinese	Name in English (For identification purpose only)	Percentage of shareholdings
周志峰	Zhou Zhifeng	51%
楊孟欣	Yang Mengxin	25%
洪偉	Hong Wei	24%
		100%

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According to the audit report of Xiwang Group Company for the year ended 31 December 2021 and management account for the period ended 30 June 2022, Xiwang Group Company had:

- (i) net assets attributable to shareholders of approximately RMB14,927.6 million as at 31 December 2021 and RMB14,027.7 million as at 30 June 2022;
- (ii) consolidated cash and cash equivalents of approximately RMB1,035.9 million as at 31 December 2021 and RMB610.5 million as at 30 June 2022;
- (iii) incurred net loss attributable to shareholders of approximately RMB1,566.7 million and RMB1,092.0 million for the year ended 31 December 2021 and 30 June 2022 respectively; and
- (iv) generated net operating cash inflow of approximately RMB1,035.9 million and RMB334.9 million for the year ended 31 December 2021 and period ended 30 June 2022 respectively.

Based on the foregoing, the Board is confident that Xiwang Group Company should be able to honour its obligations under the Guarantee.

(f) Assessment of the risks of entering into the Financial Services Framework Agreement

In considering of the risks of entering into the Financial Services Framework Agreement, the Board has taken into account the following factors:

- (i) The Company has asked for an updated credit rating of Xiwang Group Company. However, since Xiwang Group Company has not issued bonds in the past two years, public rating report is not available. Starting from March 2022, the Company had been trying to contact its usual independent credit rating agent for an updated credit rating report but with no response. Thus, the Company has requested new independent credit rating agents to provide a new credit rating report. Nevertheless, the new credit rating agents find it very challenging and reluctant to conduct such report as the procedures of credit rating requires site visits. Lock-down restrictions have resulted in physical meetings, getting financial documents from the Company and on-site

LETTER FROM THE BOARD

inspections extremely problematic as citywide lockdown may happen any time. As such, the Company is of the view that it is not essential to engage independent credit agencies to obtain an updated credit rating because (i) the credit rating fee is high with costs ranged between RMB300,000 and RMB400,000; (ii) it takes a long period of time (at least forty-five (45) working days) to obtain the credit rating report; (iii) the credit rating report obtained has short validity. It only lasts for one year which shall be updated annually with additional costs. Since the Company has been monitoring and has been able to access the management accounts, relevant information and books and record of Xiwang Group Company in the past years on a regular basis and Xiwang Group Company has further provided profit and cashflow forecast in the next three years to the Company, the Board considers that it is in a better position than any independent credit rating agencies in assessing the financial position of Xiwang Group Company. Further, due to the vigorous pandemic control measures implemented by the Shandong Provincial Government, Zouping City has been locked-down from time to time which makes credit rating extremely difficult and requires a prolonged period of time. By weighting the above costs and benefits of the credit rating report and for the reasons above, credit rating report of Xiwang Group Company is not an economically effective mean to reflect the true capability of the Xiwang Group Company in providing the Guarantee. As such, the Board is of the view that engaging independent credit rating agencies to conduct a credit rating report with limited use is not sustainable, helpful and feasible.

- (ii) The Company has recently conducted online media search on Xiwang Group Company. It was discovered that there had been negative news and publicity concerning the credibility of Xiwang Group Company, for instance, (i) 百億債務和解協議執行順利，「玉米油大王」西王集團仍陷欠薪、訴訟困境西王集團_新浪財經_新浪網 (<https://finance.sina.com.cn/roll/2021-12-03/docikyamrmy6701440.shtml>); and (ii) 西王集團6.2億股權被凍結西王食品逆勢漲停_中國經濟網—國家經濟門戶 (http://finance.ce.cn/stock/gsgdbd/202204/25/t20220425_37528634.shtml).

LETTER FROM THE BOARD

The Company has taken the negative news and publicity seriously and requested Xiwang Group Company for a clarification and update on the latest status of the news. In relation to the unpaid salary incident, Xiwang Group Company opined that they was not aware of any labour dispute in any entity under the management of Xiwang Group Company. Xiwang Group Company had discussions and reviews on the incident which internal controls and measures have been implemented to enhance internal communication and corporate governance. In 2021, the management of the basketball team were transferred to Shandong Hi-Speed Group Co., Ltd. (山東高速集團有限公司). For debt settlement, the Company acknowledged a settlement arrangement between Xiwang Group Company and relevant creditors had been reached in April 2020. Since then, Xiwang Group Company had duly fulfilled its obligations and repaid the debt in accordance with the settlement arrangement. As such, the information reported may not be indicative of the present status of Xiwang Group Company.

In the circumstances, the Company has engaged manpower to conduct media search on Xiwang Group from time to time. Whenever negative news is found, the Company will send relevant news to Xiwang Group and require clarification from Xiwang Group in a timely manner. If further clarification is required, a meeting will be held for the Company to fully understand the latest status of the news. As such, the Company is using its best endeavours to closely monitor Xiwang Group.

- (iii) The Company has considered that the risk exposed by the in the deposit transactions with Xiwang Finance may be higher than placing deposits with a public licensed commercial bank with a diversified customer base since Xiwang Finance is not a public licensed bank. The Board is of the view that although Xiwang Finance is not a public licensed, it is a non-bank financial institution approved by CBIRC since 2016. As a non-bank financial institution under the CBIRC, Xiwang Finance is subject to very stringent monitoring and licensing rules including but not limited to the requirement of a sound and effective corporate governance, internal control, business operation, risk prevention and a stable and a fairly large scale cash flow. A perfect management information system and a perfect risk control system should have been established. Further, the parent company should have a sound corporate governance structure with no improper related transaction. The Company is given to understand that no violation of the rules of CBIRC has been observed since Xiwang Finance's establishment. In addition to CBIRC's monitoring, the Company has also assessed the credit quality of Xiwang Finance by taking into account their financial position, credit history and other factors. The Company is of the opinion that the risk of default by Xiwang Finance is relatively low and manageable. For the past years, Xiwang Finance had monthly provided its financial statements and other relevant information as requested by the Company to monitor the safety of the Company's deposit. In the

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event of any unusual circumstances which might cause security concerns in relation to the safety of the deposits of the Company, the Company has asked Xiwang Finance to provide explanation and follow up immediately. This internal control and risk assessments were proven to be effective in the past years. Going forward, the Company will also request Xiwang Finance to provide its financial statement on a monthly basis.

As at the Latest Practicable Date, Xiwang Finance has always duly paid the relevant interests to the Company. No single default event ever occurred with respect to the deposits of the Company with Xiwang Finance.

- (iv) The Company has also discussed with its management and understands that most of the deposits of the Group in Xiwang Finance were placed as four separate one-year time deposits (totalling RMB140 million as at 30 June 2022) of different but overlapping schedules and the remaining were demand deposits. In view of the overlapping schedules, the Proposed Annual Caps set by the maximum expected amount of cash balances of the Group would provide greater flexibility to the Group when the cash shall remain idle according to the expected cash flow, while the Group is still able to withdraw cash as planned when some of the time deposits mature. The Group may further separate the deposits in more than four times a year in the future for better control of the working capital of the Group.
- (v) Despite Xiwang Group Company has recorded a net loss in 2021, it remains to be in net asset position and has positive operational cash inflow. Based on the profit and cashflow forecast provided, the Board considers the loss suffered by Xiwang Group Company is a one-time loss and is of the view that Xiwang Group Company has the capability to provide the Guarantee. The Company will conduct media search and communicate with Xiwang Group Company from time to time to see if there is any material adverse change towards the financial position of Xiwang Group Company which potentially impairs its ability in providing the Guarantee.

As the default risk under the Financial Services Framework Agreement is relatively low, based on the benefits of enjoying a higher interest rate when compared with other commercial banks in the PRC, the Board is of the view that the risks associated with the Financial Services Framework Agreement are reasonable and controllable.

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(g) Reasons for and benefits of entering into the Financial Services Framework Agreement

The Group requires deposit and loan services in its ordinary course of business which are currently provided by both Xiwang Finance and other independent third party banks and/or financial institutions. There are various benefits by entering into the Financial Services Framework Agreement, such as the interest rates on deposits and loans to be offered by Xiwang Finance to the Group under the Financial Services Framework Agreement will be equal to or more favourable than those offered by other independent financial institutions and/or commercial banks in the PRC in respect of comparable services, the Group can generally enjoy better interest rates on depositing its current capital with Xiwang Finance than with other PRC commercial banks. Details of the rates in the historical deposit transactions offered by Xiwang Finance when compared with other commercial banks in the PRC were summarized as follows:

Deposit Transaction commenced in the year 2019

No.	Period	Xiwang Finance Deposit Interest Rate		Other Bank Deposit Interest Rate		PBOC's Base Rate	Length of Deposit
		Amount (RMB)	Rate	BOC	ABC		
1.	31 July 2019 – 30 July 2020	100,000,000	1.95%	1.75%	1.75%	1.50%	one year fixed
2.	30 August 2019 – 29 February 2020	11,000,000	1.69%	1.55%	1.55%	1.30%	half year fixed
3.	26 November 2019 – 25 May 2020	9,000,000	1.69%	1.55%	1.55%	1.30%	half year fixed

Deposit Transaction commenced in the year 2020

No.	Period	Xiwang Finance Deposit Interest Rate		Other Bank Deposit Interest Rate		PBOC's Base Rate	Length of Deposit
		Amount (RMB)	Rate	BOC	ABC		
1.	26 May 2020 – 25 May 2021	9,000,000	1.95%	1.75%	1.75%	1.50%	one year fixed
2.	12 August 2020 – 11 August 2021	100,000,000	2.10%	1.75%	1.75%	1.50%	one year fixed
3.	29 August 2020 – 28 August 2021	11,000,000	2.10%	1.75%	1.75%	1.50%	one year fixed
4.	20 November 2020 – 19 November 2021	20,000,000	2.10%	1.75%	1.75%	1.50%	one year fixed

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Deposit Transaction commenced in the year 2021

No.	Period	Xiwang Finance Deposit Interest Rate		Other Bank Deposit Interest Rate		PBOC's Base Rate	Length of Deposit
		Amount (RMB)	Rate	BOC	ABC		
1.	12 August 2021 – 11 August 2022	100,000,000	2.25%	1.75%	1.75%	1.50%	one year fixed
2.	29 August 2021 – 28 August 2022	11,000,000	2.25%	1.75%	1.75%	1.50%	one year fixed
3.	20 November 2021 – 19 November 2022	20,000,000	2.25%	1.75%	1.75%	1.50%	one year fixed
4.	26 May 2021 – 25 May 2022	9,000,000	2.10%	1.75%	1.75%	1.50%	one year fixed

Deposit Transaction commenced in the year 2022

No.	Period	Xiwang Finance Deposit Interest Rate		Other Bank Deposit Interest Rate		PBOC's Base Rate	Length of Deposit
		Amount (RMB)	Rate	BOC	ABC		
1.	12 August 2022 – 11 August 2023	100,000,000	2.25%	1.75%	1.75%	1.50%	one year fixed
2.	29 August 2022 – 28 August 2023	11,000,000	2.25%	1.75%	1.75%	1.50%	one year fixed
3.	20 November 2022 – 19 November 2023	20,000,000	2.25%	1.75%	1.75%	1.50%	one year fixed
4.	26 May 2022 – 25 May 2023	9,000,000	2.25%	1.75%	1.75%	1.50%	one year fixed

In addition to the higher interest rate, Xiwang Finance is established as a non-banking financial institution in the PRC regulated by the PBOC and the CBIRC, and provides its services in accordance with the rules and operational requirements of these regulatory authorities. In addition, capital risks are reduced through the introduction of the risk control measures stipulated in the Financial Services Framework Agreement.

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The Group is expected to benefit from Xiwang Finance's better understanding of the business needs of the Group which will allow more expedient and efficient services than those rendered by other PRC financial institutions and/or commercial banks. The Group and Xiwang Finance have been carrying out transactions with each other since October 2016. In view of the long-term relationship between the Group and Xiwang Finance, there are lower risks in transactions with strict compliance with the loan credit rating requirements according to a credit rating policy approved by the internal control committee (the credit rating is determined based on the customer's solvency, profitability, compliance and future prospects and other indicators with reference to the international industry practice) and loan approval procedures (a pre-lending investigation report with information including client's credit rating status, credit limit and conditions of usage prepared by the officer from credit department will be approved by manager of the credit department and the loan review committee) in all transactions as Xiwang Finance fully understands the credibility and financial position of the Group. As such, in the event that the Group needs to obtain loan and/or guarantee from Xiwang Finance in view of its business and financial needs, it is expected that the time required for the examination and approval of such loan and/or guarantee to be provided by Xiwang Finance will be generally shorter than that required by other financial institutions and/or commercial banks when timely loan and flexibility are indispensable for project development. The deposit transaction may also serve as a collateral in the event that further financing is required for Phase Three of Meijun Project.

By entering into the Financial Services Framework Agreement with Xiwang Finance, the Company will be able to leverage Xiwang Finance as the settlement platform, the Company can strengthen and centralise its control and management over the financial resources of the Group, thereby improving the utilisation and efficiency of fund usage and mitigating its operating risks. It can also accelerate the turnover of funds and reduce transaction costs and expenses, thereby further enhancing the amount and efficiency of funds utilisation. This effectively lowers the operation risk of the Group and is favourable to the Group's daily operation and management.

In view of the reasons and benefits as set out above, the Directors are of the view that the terms of the deposit services contemplated under the Financial Services Framework Agreement (including the Proposed Annual Caps) are fair and reasonable and on normal commercial terms which are no less favourable than those available from independent third parties under the prevailing market conditions, and are in the interests of the Company and the Shareholders as a whole.

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The Directors are also of the view that the terms of the loan services contemplated under the Financial Services Framework Agreement and the terms of the Guarantee are fair and reasonable and on normal commercial terms which are no less favourable than those available from independent third parties under the prevailing market conditions. The Directors are also of the view that the advantages of the deposit transaction with Xiwang Finance outweigh the disadvantages with sufficient monitoring and mitigating protocols provided by the Company. It is, therefore, in the interests of the Company and the Shareholders as a whole.

2. INFORMATION OF THE PARTIES

The Group is principally engaged in property development, trading of construction materials and provision of property management services in the PRC.

Xiwang Finance is principally engaged in the provision of financial services for the member companies of Xiwang Group (including but not limited to the provision of consultancy and agency services, entrusted loans, guarantee and bills acceptance and discounting services and taking deposit from the member companies of Xiwang Group), inter-bank lending and borrowing and other businesses approved by the CBIRC.

According to the audit report and management account of Xiwang Finance for the year ended 31 December 2021 and nine months period ended 30 September 2022, Xiwang Finance had:

- (i) net assets attributable to shareholders of approximately RMB2,334.9 million as at 31 December 2021 and approximately RMB2,338.3 million as at 30 September 2022;
- (ii) consolidated cash and cash equivalents of approximately RMB157.3 million as at 31 December 2021 and approximately RMB165.9 million as at 30 September 2022; and
- (iii) recorded net profit attributable to shareholders of approximately RMB1.5 million and approximately RMB2.1 million for the year ended 31 December 2021 and for the nine months period ended 30 September 2022 respectively.

LETTER FROM THE BOARD

3. LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, Xiwang Investment is the controlling shareholder of the Company and is wholly owned by Xiwang Holdings. Xiwang Holdings is held as to 95% by Xiwang Hong Kong and Xiwang Hong Kong is in turn wholly-owned by Xiwang Group Company. As at the Latest Practicable Date, Xiwang Group Company is the ultimate holding company of the Company, and hence Xiwang Finance, being a subsidiary of Xiwang Group Company is a connected person of the Company, and the transactions contemplated under the Financial Services Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As all of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Proposed Annual Caps exceed 25%, the deposit services under the Financial Services Framework Agreement constitute major and non-exempt continuing connected transactions of the Company, which are subject to the reporting, announcement, independent shareholders' approval and annual review requirements under Chapters 14 and 14A of the Listing Rules.

The provision of loan services by Xiwang Finance to the Group under the Financial Services Framework Agreement will constitute financial assistance to be received by the Group from a connected person. As such services will be conducted on normal commercial terms which are no less favourable to the Group than those offered by independent third parties, and will not be secured by any assets of the Group, the loan services are exempt from the independent shareholders' approval, annual review and all disclosure requirements under Rule 14A.90 of the Listing Rules.

The provision of the Guarantee by Xiwang Group Company to the Group will constitute financial assistance to be received by the Group from a connected person. As the Guarantee is provided on normal commercial terms or better and will not be secured by any assets of the Group, the provision of the Guarantee is exempt from the independent shareholders' approval, annual review and all disclosure requirements under Rule 14A.90 of the Listing Rules.

The Company will disclose the relevant details of the transactions conducted under the Financial Services Framework Agreement in its annual reports and accounts in accordance with the relevant requirements of Rule 14A.49 of the Listing Rules.

The Company will convene the SGM to consider and approve the provision of deposit services under the Financial Services Framework Agreement and the Proposed Annual Caps. Xiwang Investment and its associates, which together were interested in an aggregate of 982,999,588 Shares, representing approximately 69.78% of the issued share capital of the Company as at the Latest Practicable Date, shall abstain from voting at the SGM for the approval of the resolution relating to the deposit services under the Financial Services Framework Agreement and the Proposed Annual Caps.

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As (i) each of Mr. Wang Yong, Mr. Wang Di and Mr. Sun Xihu, being a Director, is also a director and shareholder of Xiwang Group Company, and (ii) Mr. Wang Di, being a Director, is also a director of Xiwang Finance, such Directors have abstained from voting on the resolutions of the Board approving the Financial Services Framework Agreement and the transactions contemplated thereunder. Save as disclosed above, none of the Directors has a material interest in the transactions contemplated under the Financial Services Framework Agreement.

The Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders in relation to the deposit services contemplated under the Financial Services Framework Agreement (including the Proposed Annual Caps). Nuada Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and Independent Shareholders in respect of the same.

As at the Latest Practicable Date and to the best knowledge, information and belief of the Directors, save for Xiwang Investment which is interested in the transactions to be approved at the SGM, none of the Shareholders is required to abstain from voting on the relevant resolution.

PROPOSED ADOPTION OF THE NEW BYE-LAWS

The Board proposes to seek the approval of the Shareholders at the SGM for the adoption of the New Bye-laws. The Board wishes to amend the Existing Bye-laws in order to, amongst others, (i) comply with the Core Shareholder Protection Standards as set out in appendix 3 of the Listing Rules; and (ii) incorporate housekeeping amendments. In view of the number of amendments proposed to be made to the Existing Bye-laws, the Board proposes that the New Bye-laws be adopted as the bye-laws of the Company in substitution for and to the exclusion of the Existing Bye-laws.

A summary of the major changes brought about by the proposed adoption of the New Bye-laws are set out below:

- (1) to remove the provision which provides that (i) where the Company purchases for redemption a redeemable share, purchases not made through the market or by tender shall be limited to a maximum price as may from time to time be determined by the Company in general meeting, either generally or with regard to specific purchases; and (ii) if purchases are by tender, tenders shall be available to all Members alike;

LETTER FROM THE BOARD

- (2) to revise that an annual general meeting of the Company shall be held in each financial year and such annual general meeting must be held within six (6) months after the end of the Company's financial year (unless a longer period would not infringe the rules of the Stock Exchange, if any) at such time and place as may be determined by the Board;
- (3) to provide that a meeting of Members or any class thereof may be held by means of such telephone, electronic, or other communication facilities as to permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and participation in such a meeting shall constitute presence at such meeting;
- (4) to allow that, for quorum purpose only, two persons appointed by the clearing house as authorised representative(s) or proxy(ies) shall form a quorum for a general meeting of the Company for all purposes;
- (5) to provide that all Members have the right to speak and vote at a general meeting of the Company, except where a Member is required by the Listing Rules to abstain from voting to approve the matter under consideration;
- (6) to clarify that the Directors appointed either to fill a casual vacancy on the Board or as an addition to the existing Board shall hold office until the first annual general meeting of the Company and shall then be eligible for re-election in alignment with paragraph 4(2) of appendix 3 to the Listing Rules;
- (7) to make corresponding updates to the relevant provisions in relation to any Board resolution approving any contract or arrangement or any other proposal in which he or any of his close associates is materially interested;
- (8) to provide that the Board may fill any casual vacancy in the office of Auditor and the Board may fix the remuneration of the Auditor such appointed. An Auditor appointed to fill a casual vacancy shall hold office until the next following annual general meeting and shall then be subject to appointment by the Members at such remuneration to be determined by the Members;
- (9) to clarify that the remuneration of the Auditor to be fixed by ordinary resolution of the Members in the general meeting of the Company or in such manner as the Members may determine;
- (10) to provide that the removal of the Auditor of the Company shall be approved by Members by extraordinary resolutions (two-thirds majority);

LETTER FROM THE BOARD

- (11) to provide that the signature of any notice or document to be given by the Company may be written, printed or made electronically; and
- (12) to incorporate other consequential and housekeeping amendments which are in line with the above amendments, and to make other amendments to update or clarify provisions of the Existing Bye-laws to better align with the language in the applicable laws of Bermuda and the Listing Rules.

A copy of the complete set of the New Bye-laws is set out in Appendix III to this circular.

The legal advisers of the Company as to Hong Kong laws have confirmed to the Company that the proposed amendments to the Bye-laws conform with the relevant parts of appendix 3 of the Listing Rules and the legal advisers of the Company as to Bermuda laws have confirmed to the Company that the proposed amendments to the Bye-laws does not violate the laws of Bermuda. In addition, the Company has confirmed to the Stock Exchange that there is nothing unusual about the proposed amendments to the Bye-laws for a company listed in Hong Kong.

The proposed adoption of the New Bye-laws is subject to the approval of the Shareholders by way of a special resolution at the SGM.

4. THE SGM AND PROXY ARRANGEMENT

A notice convening the SGM is set out on pages 146 to 148 of this circular.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of the Shareholders at the SGM 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. An announcement of the poll results will be published by the Company after the SGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

A form of proxy for use at the SGM is enclosed with this circular and such form of proxy is also published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.xiwangproperty.com). To be valid, the accompanying form of proxy must be completed and signed in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney or authority, at the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and delivery of the form of proxy will not preclude you from attending and voting at the SGM or any adjourned meeting if you so wish.

LETTER FROM THE BOARD

5. RECOMMENDATION

The Independent Board Committee having taken into account the advice of the Independent Financial Adviser, considers that the deposit services contemplated under the Financial Services Framework Agreement are required in the ordinary and usual course of business of the Group, the terms are fair and reasonable and on normal commercial terms no less favourable than those available from independent third parties under the prevailing market conditions, and are in the interests of the Company and the Shareholders as a whole, and the Proposed Annual Caps for the continuing connected transactions contemplated thereunder are fair and reasonable. Accordingly, the Board (including the Independent Board Committee having taken into account the advice of the Independent Financial Adviser) recommends the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Financial Services Framework Agreement and the Proposed Annual Caps.

6. ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee to the Independent Shareholders, the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, and additional information set out in Appendices I and II to this circular.

Yours faithfully,
By Order of the Board
Xiwang Property Holdings Company Limited
WANG DI
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is a full text of the letter from the Independent Board Committee prepared for the purpose of inclusion in this circular:



XIWANG PROPERTY HOLDINGS COMPANY LIMITED

西王置業控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 2088)

8 November 2022

To the Independent Shareholders

Dear Sir or Madam,

MAJOR AND CONTINUING CONNECTED TRANSACTIONS RENEWAL OF FINANCIAL SERVICES FRAMEWORK AGREEMENT

We refer to the circular issued by the Company to the Shareholders dated 28 October 2022 (the “Circular”) of which this letter forms part. Terms defined in the circular shall have the same meanings in this letter unless the context otherwise requires.

We have been appointed by the Board to consider the terms of the Financial Services Framework Agreement with respect to the deposit services (including the Proposed Annual Caps) and to advise the Independent Shareholders as to whether, in our opinion, its terms are fair and reasonable so far as the Independent Shareholders are concerned. Nuada Limited has been appointed as the Independent Financial Adviser to advise us in this respect.

We wish to draw your attention to the letter from the Board, as set out on pages 6 to 32 of the circular and the letter from the Independent Financial Adviser, as set out on pages 34 to 60 of the circular. Having considered the terms of the Financial Services Framework Agreement and the advice of the Independent Financial Adviser, we are of the view that the deposit services contemplated under the Financial Services Framework Agreement are required in the ordinary and usual course of business of the Group, the terms and conditions are fair and reasonable and on normal commercial terms, and in the interests of the Company and the Shareholders as a whole, and the Proposed Annual Caps for the continuing connected transactions contemplated thereunder are fair and reasonable. Our view relating to fairness and reasonableness is based on information, facts and circumstances currently prevailing.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to approve the Financial Services Framework Agreement and the transactions contemplated thereunder and the Proposed Annual Caps.

Yours faithfully,

For and on behalf of the Independent Board Committee

WONG KAI HING

WANG AN

WANG ZHEN

Independent non-executive Directors

* For identification purpose only

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of a letter of advice to the Independent Board Committee and the Independent Shareholders from Nuada Limited dated 8 November 2022 prepared for the purpose of inclusion in this circular.

Nuada Limited

Unit 1606, 16/F
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協成行上環中心 16 樓 1606 室

8 November 2022

*To the Independent Board Committee
and the Independent Shareholders of
Xiwang Property Holdings Company Limited*

Dear Sir or Madam,

MAJOR AND CONTINUING CONNECTED TRANSACTIONS RENEWAL OF FINANCIAL SERVICES FRAMEWORK AGREEMENT

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the provision of deposit services by Xiwang Finance to the Group under the Financial Services Framework Agreement (the “**Deposit Services**”) and the Proposed Annual Caps, details of which are set out in the section headed “Letter from the Board” (the “**Board Letter**”) in the Company’s circular dated 8 November 2022 to the Shareholders, of which this letter forms part. Our appointment as the Independent Financial Adviser has been approved by the Independent Board Committee. Terms used in this letter shall have the same meanings as defined in this circular unless the context requires otherwise.

As disclosed in the announcement of the Company dated 7 October 2022, the Company entered into the Existing Financial Services Framework Agreement with Xiwang Finance on 12 August 2019 for the provision of a range of financial services, including but not limited to deposit services, loan services, finance services and clearing services, by Xiwang Finance to the Company and the Qualified Entities. As the Existing Financial Services Framework Agreement will expire on 30 November 2022, the Company entered into the Financial Services Framework Agreement with Xiwang Finance on 7 October 2022 to renew the Existing Financial Services Framework Agreement for the provision of a range of financial services, including but not limited to deposit services, loan services, finance services and clearing services, by Xiwang Finance to the Company and the Qualified Entities for a term commencing from the Effective Date to 30 November 2025.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

On the same day as signing of the Financial Services Framework Agreement, Xiwang Group Company executed the Guarantee in favour of the Company to secure the performance of the obligations of Xiwang Finance under the Financial Services Framework Agreement. The Guarantee will be effective from the date on which the Financial Services Framework Agreement becomes effective. No fees will be charged by Xiwang Group Company for the provision of such guarantee.

As at the Latest Practicable Date, Xiwang Investment is the controlling shareholder of the Company and is wholly owned by Xiwang Holdings. Xiwang Holdings is held as to 95% by Xiwang Hong Kong and Xiwang Hong Kong is in turn wholly-owned by Xiwang Group Company. As at the Latest Practicable Date, Xiwang Group Company is the ultimate holding company of the Company, and hence Xiwang Finance, being a subsidiary of Xiwang Group Company, is a connected person of the Company, and the transactions contemplated under the Financial Services Framework Agreement constitute major and continuing connected transactions of the Company under Chapter 14 and Chapter 14A of the Listing Rules.

As all of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Proposed Annual Caps exceed 25%, the deposit services under the Financial Services Framework Agreement constitute major and non-exempt continuing connected transactions of the Company, which are subject to the reporting, announcement, independent shareholders' approval and annual review requirements under Chapter 14 and 14A of the Listing Rules.

The provision of loan services by Xiwang Finance to the Group under the Financial Services Framework Agreement will constitute financial assistance to be received by the Group from a connected person. As such services will be conducted on normal commercial terms which are no less favourable to the Group than those offered by independent third parties, and will not be secured by any assets of the Group, the loan services are exempt from independent shareholders' approval, annual review and all disclosure requirements under Rule 14A.90 of the Listing Rules.

The provision of the Guarantee by Xiwang Group Company to the Group will constitute financial assistance to be received by the Group from a connected person. As the Guarantee is provided on normal commercial terms or better and will not be secured by any assets of the Group, the provision of the Guarantee is exempt from the independent shareholders' approval, annual review and all disclosure requirements under Rule 14A.90 of the Listing Rules.

The Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders in relation to the deposit services contemplated under the Financial Services Framework Agreement (including the Proposed Annual Caps). We, Nuada Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and Independent Shareholders in respect of the same.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

During the past two years immediately preceding and up to the date of our appointment as the Independent Financial Adviser, save for this appointment as the Independent Financial Adviser in respect of the Financial Services Framework Agreement and the transactions contemplated thereunder, there were no other engagements between the Group and Nuada Limited. Apart from normal professional fees for our services to the Company in connection this appointment, no other arrangement exists whereby we have received/will receive any fees and/or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we are independent from, and are not associated with the Company or its substantial Shareholder(s) or connected person(s) as defined under the Listing Rules, and are considered eligible to give independent advice on the deposit services contemplated under the Financial Services Framework Agreement (including the Proposed Annual Caps).

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the accuracy of the statements, information, opinions and representations contained or referred to in this circular and the information and representations provided to us by the Company, the Directors and the management of the Company (the “**Management**”). We have no reason to believe that any information or representation relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading. We have assumed that all information, representations and opinions contained or referred to in this circular, which have been provided by the Company, the Directors and the Management and for which they are solely and wholly responsible, were true and accurate at the time when they were made and continue to be true up to the date of the SGM and should there be any material changes after the despatch of this circular, the Independent Shareholders would be notified as soon as possible.

The Directors have jointly and severally accepted full responsibility for the accuracy of the information contained in this circular and have confirmed in this circular, having made all reasonable inquiries, that to the best of their knowledge, opinion expressed in this circular have been arrived at after due and careful consideration and there are no other facts the omission of which would make any statement in this circular misleading.

Our review and analysis were based upon, among other things, the documents and information provided by the Company including the Financial Services Framework Agreement, the announcement in relation to the Financial Services Framework Agreement, this circular, the financial information of Xiwang Group Company and Xiwang Finance, cash flow forecasts of the Group for the period from 1 July 2022 to 31 December 2025, details of historical transactions under the Existing Financial Services Framework Agreement, as well as certain published information from the public domain including the annual report of the Company for the year ended 31 December 2021, the interim report of the Company for the six months ended 30 June 2022 and statistics released by Shandong Provincial Statistical Bureau (山東省統計局).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We consider that we have reviewed sufficient information, including relevant information and documents provided by the Company and the Directors and the information published by the Company, to enable us to reach an informed view and to justify reliance on the accuracy of the information contained in this circular and to provide a reasonable basis for our opinions and advice. We have not, however, carried out any independent verification of the information provided by the Company and the Directors, nor have we conducted an independent in-depth investigation into the business and affairs, financial condition and future prospects of the Group.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our advice in respect of the deposits services under the Financial Services Framework Agreement and and the Proposed Annual Caps, we have taken into consideration the following principal factors and reasons:

1. Information on the Group

(a) *Principal business of the Group*

The Group is principally engaged in property development and trading of construction materials in the PRC and commenced a new business of property management services in the PRC in July 2022.

(b) *Financial information of the Group*

The table below summarises the financial results of the Group for the two financial years ended 31 December 2020 (“FY2020”) and 31 December 2021 (“FY2021”) respectively as extracted from the annual report of the Company for FY2021 (the “Annual Report”), and for the two six months periods ended 30 June 2021 (“FP2021”) and 30 June 2022 (“FP2022”) as extracted from the interim report of the Company for FP2022 (the “Interim Report”).

	For the six months ended		For the year ended	
	30 June 2022 (unaudited) RMB'000	30 June 2021 (unaudited) RMB'000	31 December 2021 (audited) RMB'000	31 December 2020 (audited) RMB'000
Revenue	23,413	14,568	25,169	25,228
– Property development	–	–	–	14,389
– Trading of construction material	23,413	14,568	25,169	10,839
Profit/(loss) for the year/period	(3,253)	4,735	7,765	(11,122)

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Financial performance for FY2021

The revenue of the Group for FY2021 amounted to approximately RMB25.2 million, which was around the same level as compared with that of approximately RMB25.2 million for FY2020. Nevertheless, the revenue for FY2021 was solely attributable by the trading of construction material business of the Group, which commenced in FY2020. As discussed with the Management, completed properties of existing projects of the Group were largely sold out prior to FY2021 and therefore there were no revenue generated from the property development business of the Group. The Group recorded a profit for the year of approximately RMB7.8 million for FY2021 as compared with a loss for the year of approximately RMB11.1 million for FY2020. As discussed with the Management, the change from loss to profit was mainly due to (i) a gross loss from the property development business for FY2020, which was nil for FY2021; (ii) an income tax credit by approximately RMB9.5 million for FY2021 as compared with approximately RMB0.2 million for FY2020, which consists of reversal of over-provisions of land appreciation tax of approximately RMB4.8 million and corporate income tax credit of approximately RM4.7 million.

Financial performance for FP2022

The revenue of the Group for FP2022 amounted to approximately RMB23.4 million, which represents an increase of approximately 60.3% as compared with that of approximately RMB14.6 million for FP2021. As discussed with the Management, it was mainly due to the fact that the business segment of trading of construction material which commenced in FY2020 continued to develop. The Group recorded a loss for the period of approximately RMB3.3 million for FP2022 as compared with a profit for the period of approximately RMB4.7 million for FP2021. As discussed with the Management, the change from profit to loss was mainly due to (i) an increase in administrative expenses by approximately RMB3.0 million in relation to exchange loss and legal and professional fee incurred in FP2022; (ii) a reversal of over-provisions of land appreciation tax of approximately RMB4.7 million for FP2021 as mentioned above, which was nil for FP2022.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Financial position as at 31 December 2021 and 30 June 2022

	As at 30 June 2022	As at 31 December 2021
	(Unaudited)	(Audited)
	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Current assets, of which:	545,442	546,024
– Cash and cash equivalents	147,873	148,233
– Properties under development	295,169	295,169
Current liabilities	62,463	61,408
Net current assets	482,979	484,616
Total assets	726,039	726,882
Total liabilities	155,621	154,566
Net assets	570,418	572,316

As stated in the Interim Report, as at 30 June 2022, net current assets of the Company amounted to approximately RMB483.0 million as compared with that of approximately RMB484.6 million as at 31 December 2021, while the net assets amounted to approximately RMB570.4 million as compared with that of approximately RMB572.3 million as at 31 December 2021, both of which remained relatively stable.

As at 30 June 2022, the current assets comprising mainly properties under development of approximately RMB295.2 million and cash and cash equivalents of approximately RMB147.9 million.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Cash flow for FY2021 and FP2022

	For the six months ended		For the year ended	
	30 June 2022 (unaudited) RMB'000	30 June 2021 (unaudited) RMB'000	31 December 2021 (audited) RMB'000	31 December 2020 (audited) RMB'000
Net cash flows generated from/(used in) operating activities	(1,612)	2,404	2,691	(2,319)
Net cash flows generated from investing activities	189	1,476	2,946	2,551
Net cash flow used in financing activity	(291)	(285)	(579)	(603)
Net increase/(decrease) in cash and cash equivalents	(1,714)	3,595	5,058	(371)
Cash and cash equivalents at beginning of year/period	148,233	144,368	144,368	143,833
Effect of foreign exchange rate changes, net	1,354	(285)	(1,193)	906
Cash and cash equivalents at end of year/period	147,873	147,678	148,233	144,368

Regarding the cash flow of the Group, we note that the net increase/(decrease) in cash and cash equivalents was mainly driven by the net cash flows generated from/(used in) operating activities. Nevertheless, the net increase/(decrease) in cash and cash equivalents from year to year or period to period was insignificant as they represented less than 5% of the amount of cash and cash equivalents at end of year/period during FY2020, FY2021 and 6M2022, which therefore remained relatively stable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As discussed with the Management, we understand that both trading of construction materials and property management services businesses of the Group generally require a much lower level of cash outflow as compared with property development business, which would incur major cash outflow when construction of a project commences and generate substantial cash inflow when pre-sale or sale of properties commences. As there were no construction of projects in progress for FY2020, FY2021 and FP2022, the respective amount of cash and cash equivalents at the end of year/period remained relatively stable as illustrated above. For more details about the cash flow forecasts for the period from 1 July 2022 to 31 December 2025, please refer to the sub-section headed “(b) Expected cash flows of the Group” below.

(c) Property development projects of the Group

The table below set out below the details of each of the Group’s existing projects as extracted from the Annual Report and the status of these projects as at the Latest Practicable Date according to the Management:

Project	Description	Status as at the Latest Practicable Date
Lanting Project (蘭亭項目)	Residential development divided into two phases and located at the junction between the south of Heban 3rd Road and the west of Liquan 1st Road, Zouping, Shandong Province	Both phases of Lanting Project were completed and approximately 98.7% of gross floor area (the “GFA”) of the project had been sold as at the Latest Practicable Date. As advised by the Management, the remaining area of the project is expected to be sold during the year ending 31 December 2023.
Meijun Project (美郡項目)	Residential development divided into three phases and located at the east of Daixi 3rd Road South of Chengnan New District, Zouping, Shandong Province	Both Phases One and Two of Meijun Project were completed and approximately 95.4% and 99.7% of GFA of Phases One and Two of Meijun Project had been sold respectively as at the Latest Practicable Date. As advised by the Management, the remaining area of Phase One and Phase Two of Meijun Project is expected to be sold during the year ending 31 December 2023.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Project	Description	Status as at the Latest Practicable Date
		<p>Phase Three of Meijun Project is in the planning stage. As advised by the Management, development of Phase Three of Meijun Project will be divided into two stages, where State-owned Land Use Certificate for stage 1 has been obtained and that for stage 2 is yet to be granted. The demolition works of the existing structures for Phase Three of Meijun Project will commence in early 2023 and complete in late 2023, and the construction will commence after completion of demolition. The Group intended to pre-sale the uncompleted units of the project by phases from the year ending 31 December 2024 onwards upon obtaining all the necessary consents and regulatory approvals. To the best knowledge and belief of the Management, the development of stage 2 is subject to the grant of Land Use Certificate which is currently expected to be obtained in the year ending 31 December 2024.</p>

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Project	Description	Status as at the Latest Practicable Date
Qinghe Project (清河項目)	Residential development located at Kaihe Village, Handian Town of Zouping City, Binzhou City of Shandong Province	Home settlements were completed and the Group is in the course of obtaining the State-owned Land Use Certificates. Due to its heavy working capital investment, the Group is very cautious in starting this project. Besides, the Management also considers that the progress of the Qinghe Project is very slow and it is difficult for the Group to obtain the aforesaid land use rights certificate through public tender, auction and listing-for-bidding. Continuous discussion between the Group and the government is still in progress. The Group would also explore other possibilities to recover the costs incurred for the Qinghe Project, so that the Group's resources can be utilised properly and the risks in excessive borrowings could be avoided.

In summary, the Management currently expects that during the terms of the Financial Services Framework Agreement, i.e. for the period from the Effective Date to 30 November 2025, only Phase Three of Meijun Project will commence construction and pre-sale of uncompleted units, which would incur major cash outflow as well as generate substantial cash inflow.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(d) Outlook of the property development industry

We note that the property development business of the Group and, in particular, the Meijun Project is based in Shandong Province and focuses on the residential sector. In this regard, we have studied the relevant statistics stated in the Shandong Statistical Yearbooks (山東統計年鑒) for year 2017 to year 2021 published by the Shandong Provincial Statistical Bureau (山東省統計局), details of which are extracted below:

	2017	2018	2019	2020	2021	Cumulative annual growth rate
Floor space of residential buildings sold (<i>million square meter</i>)	106.0	112.0	117.6	114.3	119.0	2.9%
Total sale of residential buildings sold (<i>billion RMB</i>)	607.1	689.2	868.3	928.7	1,011.0	13.6%

Source: Shandong Statistical Yearbooks by Shandong Provincial Statistical Bureau

We note that over the last five years, the sales of residential buildings sold in Shandong Province have been increasing in terms of both floor space and total price (albeit a small decrease in floor space of residential buildings sold in year 2020 which might possibly be due to pandemic's adverse effect on the economy), with cumulative annual growth rates of approximately 2.9% and 13.6% respectively. Given the continuous growth in the recent years despite the temporary effect of pandemic in year 2020, we considers that the residential property market in Shandong Province would remain positive.

2. Information on the counterparties to the Financial Services Framework Agreement

(a) Information on the Xiwang Group Company

Xiwang Group Company is the ultimate holding company of the Company. Subsidiaries of Xiwang Group Company include but not limited to the Company and two other listed companies, namely, Xiwang Special Steel Company Limited (西王特鋼有限公司) listed on the Stock Exchange (Stock Code: 1266) and Xiwang Foodstuffs Company Limited (西王食品股份有限公司) listed on the Shenzhen Stock Exchange (Stock Code: 000639).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We have reviewed the audit report of Xiwang Group Company for FY2021 and the management accounts of Xiwang Group Company for the six months ended 30 June 2022 provided by the Management, and noted that despite incurring net loss attributable to shareholders of approximately RMB1,566.7 million and RMB1,092.0 million for FY2021 and 30 June 2022 respectively, Xiwang Group Company had net assets attributable to shareholders of approximately RMB14,927.6 million and RMB14,027.7 million as at 31 December 2021 and 30 June 2022 respectively. We have discussed with Management regarding the financial performance of Xiwang Group Company and understand that Xiwang Group Company's net losses for recent financial periods were mainly due to, among others, the COVID-19 pandemic in the PRC causing lock-down and disruption to upstream suppliers of several subsidiaries, in turn resulting in lower margin, which is expected to slowly return to normal as it is currently under better control.

We noted that Xiwang Group Company had a credit rating of "AA+" on 3 June 2019 (and later revised to "BB" according to the announcement of the Company dated 7 November 2019) according to the credit rating report published by a credit rating company in the PRC. We have requested the Management for latest credit rating and were advised that (i) the aforesaid credit rating report was prepared in relation to bonds issued by Xiwang Group Company at the relevant time. As Xiwang Group Company has not issued bonds in the past two years and all the aforesaid bonds were converted to other form of liabilities pursuant to a settlement agreement between Xiwang Group Company and its creditors approved on 16 April 2020 (details of the aforesaid settlement agreement were set out in the announcements of the Company dated 31 March 2020 and 16 April 2020), the aforesaid rating has no longer been applicable and no updated public rating report is available; (ii) starting from March 2022, the Company had been trying to contact its usual independent credit rating agent for an updated credit rating report but with no response, while other credit rating agents approached by the Company find it very challenging and were reluctant to conduct such report as the procedures of credit rating requires site visits; (iii) according to the experience of Xiwang Group Company, should a credit rating report is to be obtained, it would take a long period of time which would not be feasible in view of the imminent expiration of the Existing Financial Services Framework Agreement. Notwithstanding the lack of up-to-date credit rating report, we have reviewed the latest financial information of Xiwang Group Company as stated above and noted that (i) it had net assets attributable to shareholders of approximately RMB14,027.7 million as at 30 June 2022, which is approximately 36.9 times of the highest Proposed Annual Caps of RMB380 million; and (ii) the net loss attributable to shareholders was mainly due to, among others, the COVID-19 pandemic in the PRC causing lock-down and disruption to upstream suppliers of several subsidiaries. In view of the above, we considered that the financial position of Xiwang Group Company is satisfactory.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In addition, we are aware that there were several negative news articles up to April 2022 concerning the credibility and liquidity position of Xiwang Group Company on the Internet. In this regard, we had discussed with the Management and understand that those allegations were untrue. In particular, regarding debt settlement, we understand that a settlement arrangement between Xiwang Group Company and relevant creditors had been reached in April 2020 as stated above. Since then, Xiwang Group Company had duly fulfilled its obligations and repaid the debt in accordance with the settlement arrangement. Please refer to the paragraph headed “(f) Assessment of the risks of entering into the Financial Services Framework Agreement” in the Board Letter for details regarding the negative news and the clarification by Xiwang Group Company. We have also conducted media search and were not aware of further negative news articles as at the Latest Practicable Date.

Notwithstanding the net loss attributable to shareholders of approximately RMB1,566.7 million and RMB1,092.0 million for FY2021 and 30 June 2022 respectively, the lack of an updated credit rating report and the negative news regarding Xiwang Group Company, having taken into account that (i) the aforesaid credit rating report was issued in relation to the bonds issued by Xiwang Group Company, which were all converted into other form of liabilities and the rating has no longer been applicable; (ii) the Company has approached credit rating agents to provide new credit rating report since March 2022 but they are reluctant to conduct such report; (iii) the recent financial performance of Xiwang Group Company was affected by the impact of COVID-19 pandemic; (iv) Xiwang Group Company had net assets attributable to shareholders of approximately RMB 14,027.7 million as at 30 June 2022, which is approximately 36.9 times of the highest Proposed Annual Caps of RMB380 million; (v) the provision of the Guarantee by Xiwang Group Company to the Group merely serves as security for the performance of the obligations of Xiwang Finance under the Financial Services Framework Agreement; (vi) according to the Management, the allegations stated in the negative news articles are untrue and there were no further negative news articles as at the Latest Practicable Date; (vii) the financial position and performance of Xiwang Finance, which provides financial services to the Group under the Financial Services Framework Agreement and its financial position and performance are more relevant to the Group than those of Xiwang Group Company, were satisfactory as detailed below; and (viii) given that, according to the Management, Xiwang Finance did not provide any financial assistance in the form of loans or guarantee to Xiwang Group Company, the financial position of Xiwang Finance would not be directly affected in the event that Xiwang Group Company faces any difficulties regarding its liquidity position, we are of the view and concur with the view of the Management that the financial position and performance of Xiwang Group Company would not have material adverse effect on the performance of Xiwang Finance under the Financial Services Framework Agreement.

(b) Information on Xiwang Finance

Xiwang Finance is established as a non-banking financial institution in the PRC regulated by the PBOC and the CBIRC, and is principally engaged in the provision of financial services for the member companies of Xiwang Group (including but not limited to the provision of consultancy and agency services, entrusted loans, guarantee and bills acceptance and discounting services and taking deposit from the member companies of Xiwang Group), inter-bank lending and borrowing and other businesses approved by the CBIRC.

We have reviewed the audit reports of Xiwang Finance for FY2020 and FY2021 provided by the Management. It is noted that Xiwang Finance record net profit attributable to shareholders of approximately RMB3.0 million and RMB1.5 million for FY2020 and FY2021 respectively, and had total assets and net assets attributable to shareholders of approximately RMB6,156.8 million and RMB2,333.4 million as at 31 December 2020 and approximately RMB6,201.1 million and RMB2,334.9 million as at 31 December 2021 respectively. We also reviewed the management accounts of Xiwang Finance provided by the Management and noted that Xiwang Finance record net profit attributable to shareholders of approximately RMB2.1 million for the nine months period ended 30 September 2022, and had total assets and net assets of approximately RMB5,785.1 million and RMB2,338.3 million as at 30 September 2022 respectively. The amount of net assets attributable to shareholders as at 30 September 2022 of approximately RMB2,338.3 million represented approximately 6 times of the highest Proposed Annual Caps of RMB380 million.

We note that Xiwang Finance is not a public licensed bank but is instead a non-bank financial institution approved by CBIRC which provide financial services mainly to members of the Xiwang Group. Accordingly, the risks exposed by the Company in the deposit transactions with Xiwang Finance would be different from placing deposits with a public licensed commercial bank with a diversified customer base. Nevertheless, we understand that CBIRC set out requirements for the risk monitoring indicators for non-bank financial institutions which they have to comply. In this regard, we have requested the Management for the risk monitoring indicators applicable for Xiwang Finance issued by the CBIRC and other major regulatory indicators (including working capital ratio, capital adequacy ratio, fixed asset ratio, etc) at as end of each month during the three years ended 31 December 2021 (the “**Review Period**”) as well as the relevant requirement, and noted that all those indicators indeed complied with the requirements of the CBIRC regarding non-bank financial institutions and other relevant laws and regulations. In particular, Xiwang Finance’s liquidity ratio, which is the ratio of current assets to current liabilities, had been consistently above 30% at as end of each month during the Review Period and was approximately 48% as at 31 December 2021, which was well above the requirement of 25% set by CBIRC

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

on Xiwang Finance; while its capital adequacy ratio, which is the ratio of capital to risk-weighted assets, had been around the level of 30% at as end of each month during the Review Period, which was well above the requirement of 10% set by CBIRC on Xiwang Finance. We also note that while the liquidity ratio requirement for commercial banks in the PRC is also 25%, their capital adequacy ratio requirement is slightly lower at 8%. As such, we considered that the higher capital adequacy ratio requirement for Xiwang Finance has taken into account the higher credit risk of Xiwang Finance than other commercial banks in the PRC.

We have also discussed with the Management and were advised that up to and as at the Latest Practicable Date, (i) Xiwang Finance had no record of non-compliance with relevant laws, rules or regulations or history of default regarding the Group's deposit with Xiwang Finance; and (ii) Xiwang Finance did not provide any financial assistance in the form of loans or guarantee to Xiwang Group Company. We have also searched on the Internet and were not aware of any non-compliance of Xiwang Finance in the past.

Given (i) the liquidity ratio of Xiwang Finance had been consistently above 30% as at end of each month during the Review Period; (ii) the capital adequacy ratio had been around 30% as at end of each month during the Review Period; and (iii) the compliance record of Xiwang Finance as stated above, the financial position of Xiwang Finance has been solid and risks associated with deposits in Xiwang Finance are in control.

In view of the above analysis based on information provided by the Management, in particular (i) Xiwang Finance recorded profits for the last two financial years; (ii) total assets and net assets of Xiwang Finance remained stable for the last two financial years and its net assets was not less than 6 times of the Proposed Annual Caps; (iii) Xiwang Finance has complied with the requirement set by CBIRC regarding applicable risk monitoring indicators (which are as stringent as or more stringent than the requirements on commercial banks in the PRC), in particular with strong liquidity ratio and capital adequacy ratio well above the requirements implying mitigated risks; (iv) Xiwang Finance had no record of non-compliance with relevant laws, rules or regulations or history of default regarding the Group's deposit with Xiwang Finance, nor did it provide any financial assistance in the form of loans or guarantee to Xiwang Group Company; and (v) the interest rates offered by Xiwang Finance have been higher than those quoted by the Group from at least two commercial banks in the PRC who are independent third parties, we are of the view and concur with the view of the Management that the capital risks associated with the Deposit Services is in control.

3. Reasons for and benefits of the Deposit Services

As stated in the Board Letter, the Group requires deposit and loan services in its ordinary course of business which are currently provided by both Xiwang Finance and other independent third party banks and/or financial institutions. As the interest rates on deposits and loans to be offered by Xiwang Finance to the Group under the Financial Services Framework Agreement will be no less favourable than those offered by other independent financial institutions and/or commercial banks in the PRC in respect of comparable services, the Group can generally enjoy better interest rates on depositing its current capital with Xiwang Finance than the PRC commercial banks can offer to the Group.

The Management considers that by entering into the Financial Services Framework Agreement with Xiwang Finance, the Company will be able to leverage Xiwang Finance as the settlement platform, the Company can strengthen and centralise its control and management over the financial resources of the Group, thereby improving the utilisation and efficiency of fund usage and mitigating its operating risks. It can also accelerate the turnover of funds and reduce transaction costs and expenses, thereby further enhancing the amount and efficiency of funds utilisation. This effectively lowers the operation risk of the Group and is favourable to the Group's daily operation and management.

In view of (i) the existing cash position of the Group as at 30 June 2022; (ii) our review on the historical amounts and cash flow forecasts as detailed below, upon which the Proposed Annual Caps were determined; (iii) notwithstanding the Proposed Annual Caps representing almost the entire cash balance as at 30 June 2022 and the expected cash inflow of the Group for the coming years, the Deposits Services being flexibility to but not obligation on the Group to better manage its financial resources when the cash on hand shall remain idle according to the expected cash flows of the Group; (iv) the strong financial position of Xiwang Finance; and (v) the internal control and risk management measures in place to safeguard the interests of the Group, we are of the view and concur with the view of the Directors that the terms of the Deposit Services contemplated under the Financial Services Framework Agreement (including the Proposed Annual Caps) are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

4. Principal terms of the Deposit Services

The Financial Services Framework Agreement shall be valid for a term commencing from the Effective Date to 30 November 2025, being a period of approximately three years.

The major terms in relation to the Deposit Services under the Financial Services Framework Agreement, which are set out in the Letter from the Board, are summarised as follows:

(a) Scope of services

Xiwang Finance shall provide the Company and the Qualified Entities with deposit services, subject to the terms and conditions provided in the Financial Services Framework Agreement.

The Parties shall enter into separate agreements in respect of the transactions contemplated under the Financial Services Framework Agreement and such agreements shall be consistent with the terms and principles set out in the Financial Services Framework Agreement.

(b) Interest rates payable

The interest rates payable by Xiwang Finance to the Group in respect of the deposit services shall not be lower than (i) the relevant benchmark interest rates set by the PBOC; and (ii) the interest rates paid by other independent major commercial banks in the PRC for comparable services during the same period, and shall be in compliance with the requirements set by the PBOC.

(c) Capital risk management measures

To reduce the capital risks of the Group, under the Financial Services Framework Agreement, Xiwang Finance undertakes to the Company that:

- (1) Xiwang Finance shall ensure the secure operation of its funds management network and safety of funds, control the asset-debt risks and satisfy the payment requirements of the Company and the Qualified Entities;

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- (2) Xiwang Finance shall ensure that it is in strict compliance with the risk monitoring indicators applicable for Xiwang Finance issued by the CBIRC and that its major regulatory indicators such as asset-liability ratio and liquidity ratio will also comply with the requirements of the CBIRC and other relevant laws and regulations;
- (3) If certain events that may threaten the safety of the deposits of the Company and the Qualified Entities as specified in the Financial Services Framework Agreement arise; or on occurrence of any other circumstances which may cause security concerns in relation to the safety of the deposits of the Company, Xiwang Finance shall give written notice to the Company within two business days and adopt effective measures to avoid or mitigate losses while the Company shall have the right to (i) require Xiwang Finance to explain the underlying reasons and offer the relevant measures to prevent, control and resolve the issues; (ii) in the event that Xiwang Finance defaults in its payment obligations, inform and request the board of Xiwang Group Company to adopt remedial measures and increase the capital fund of Xiwang Finance to settle such payment obligations; and/or (iii) suspend or terminate the Financial Services Framework Agreement; and
- (4) In respect of the deposits placed by the Company and/or the Qualified Entities with Xiwang Finance, in case of default or misuse or breach by Xiwang Finance which renders the Company and/or the Qualified Entities unable to recover the deposits (including accrued interest) placed with Xiwang Finance, the Company and/or the Qualified Entities have the right to lawfully set off such deposits (including accrued interest) against the outstanding loans (including accrued interest) extended by Xiwang Finance to the Company and/or the Qualified Entities. However, if the Company and/or the Qualified Entities fail to repay the loans extended by Xiwang Finance on time, Xiwang Finance does not have the right to set off such outstanding loans due from the Company and/or the Qualified Entities with the deposits placed by the Company and/or the Qualified Entities with Xiwang Finance.

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(d) Conditions precedent

The Financial Services Framework Agreement shall become unconditional upon:

- (1) the Financial Services Framework Agreement and the transactions contemplated thereunder having been approved by the Board;
- (2) the Financial Services Framework Agreement and the transactions contemplated thereunder (including but not limited to the Proposed Annual Caps) having been announced and (if applicable) approved by the Independent Shareholders at the SGM in accordance with the requirements of the Listing Rules;
- (3) all necessary approvals and waivers for the transactions contemplated under the Financial Services Framework Agreement (including but not limited to the approvals and waivers required under the Listing Rules (if applicable)) having been obtained; and
- (4) the expiry of the Existing Financial Services Framework Agreement which shall be on 30 November 2022.

(e) Our view on the terms of the Deposit Services

As stated above, Xiwang Finance undertakes to the Group to carry out various capital risk management measures. Please refer to the paragraph headed “(b) Information on Xiwang Finance” above in this letter for our review on the the risk monitoring indicators applicable for Xiwang Finance issued by the CBIRC and other major regulatory indicators (including working capital ratio, capital adequacy ratio, fixed asset ratio, etc).

As detailed in the sub-section headed “6. Internal control and risk management measures” below, we have reviewed the interest rates offered by Xiwang Finance to the Group under the Existing Financial Services Framework Agreement and noted that interest rate offered by Xiwang Finance were higher than those offered by independent third parties (including at least 2 financial institutions and/or commercial banks in the PRC). The Group will also, on a regular basis, evaluate the financial performance and position of Xiwang Finance and monitor the deposit balance. Accordingly, we are satisfied that the internal control and risk management measures are in place and can ensure that (i) interest rates for Deposit Services will be no less favourable than those available from independent third parties; and (ii) the capital risks associated with the Deposit Services is in control.

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Taking into consideration that (i) the interest rates for the Deposit Services shall be no less favourable to the Group than those offered by independent third parties for comparable deposit services in the PRC; (ii) Xiwang Group Company is the guarantor for the Financial Services Framework Agreement to secure the performance of the obligations of Xiwang Finance; (iii) Xiwang Finance has strong financial position and has complied with the risk monitoring indicators requirements of the CBIRC and other relevant laws and regulations regarding, among others, liquidity and capital; (iv) Xiwang Finance has undertaken to carry out certain risk control measures on its part to reduce the capital risks faced by the Group; and (v) the Company has implemented proper internal control and risk management measures under the Existing Financial Services Framework Agreement to ensure that interest rates of the Deposit Services offered by Xiwang Finance is no less favourable than those offered by financial institutions and commercial banks in the PRC who are independent third parties and to reduce the capital risk associated with the Deposit Services, we are of the view and concur with the view of the Management that the terms of the Deposit Services are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

5. Proposed Annual Caps

The Proposed Annual Caps in respect of the deposit services pursuant to the Financial Services Framework Agreement from the Effective Date to 31 December 2022, for the years ending 31 December 2023 and 2024 and the eleven months ending 30 November 2025 are as follows:

Period	Maximum daily outstanding balance of deposits (including accrued interest) <i>(RMB million)</i>
From the Effective Date to 31 December 2022	160
For the year ending 31 December 2023	160
For the year ending 31 December 2024	300
For the eleven months ending 30 November 2025	380

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As set out in the Board Letter, the Proposed Annual Caps were determined after taking into account the following:

- (1) the historical monetary funds (being cash and cash equivalents and restricted cash) of the Group, which were approximately RMB144 million, RMB144 million, RMB148 million and RMB148 million as at 31 December 2019, 31 December 2020, 31 December 2021 and 30 June 2022 respectively;
- (2) the expected net cash flow position of the Group in the next three years resulting from (i) sale of properties from the key property development projects of the Group which include Meijun Project (美郡項目) and Lanting Project (蘭亭項目); (ii) the trading of construction materials and (iii) provision of property management services; and
- (3) a buffer of approximately 5.8% to 14.8% to cover any increase in the net cash position of the Group arising out of possible disposal of other key property development projects or any future business opportunities not within the current contemplation of the Group.

In assessing the reasonableness of the Proposed Annual Caps, we have reviewed, among other things, (i) the historical maximum daily outstanding balance of deposits (including accrued interest) with Xiwang Finance during the terms of the Existing Financial Services Framework Agreement; and (ii) the underlying cash flow forecasts related to the expected cash flows of the Group for the period from 1 July 2022 to 31 December 2025 (the “**Forecast Period**”) as set out in the sub-section headed “(b) Proposed Annual Caps” in the Board Letter.

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(a) *Historical amounts under the Existing Financial Services Framework Agreement*

For comparison, as set out in the Board Letter, the maximum daily outstanding balance of deposits (including accrued interest) with Xiwang Finance for the years ended 31 December 2019, 2020 and 2021, and the nine months ended 30 September 2022 under the Existing Financial Services Framework Agreement were as below:

Period	Maximum daily outstanding balance of deposits (including accrued interest) <i>(RMB million)</i>
For the year ended 31 December 2019	144
For the year ended 31 December 2020	144
For the year ended 31 December 2021	149
For the nine months ended 30 September 2022	150

We note that the maximum daily outstanding balance of deposits (including accrued interest) during the terms of the Existing Financial Services Framework Agreement was approximately RMB150 million. Having also considered that cash and cash equivalent of the Group amounted to approximately RMB147.9 million as at 30 June 2022 as detailed in the sub-section headed “(b) Financial information of the Group” above, and that it is expected there will be no material cash inflow and outflow for the two years ending 31 December 2023 as detailed below, we consider that the Proposed Annual Caps for the period from the Effective Date to 31 December 2022 and for the year ending 31 December 2023 of RMB160 million which represents a small buffer is fair and reasonable. We have also discussed with the Management and understand that most of the deposits of the Group in Xiwang Finance were placed as four separate one-year time deposits (totalling RMB140 million as at 30 June 2022) of different but overlapping schedules and the remaining were demand deposits. In view of the overlapping schedules, the Proposed Annual Caps set by the maximum expected amount of cash balances of the Group would provide greater flexibility to the Group when the cash shall remain idle according to the expected cash flow, while the Group is still able to withdraw cash as planned when some of the time deposits mature. The Group may further separate the deposits in more than four separate one-year time deposits in the future for better control of the working capital of the Group. Accordingly, we consider it is justifiable to set the Proposed Annual Caps by the maximum expected amount of cash balances of the Group.

(b) Expected cash flows of the Group

We have reviewed and have discussed with the Management regarding the cash flow forecasts of the Group for the Forecast Period, which form the basis for the Proposed Annual Caps. We noted that (i) cash inflow and outflow related to the property development business of the Group represents a substantial portion of the cash inflow and outflow of the Group for the three years ending 31 December 2025. Such cash flows are mainly related to stage 1 of Phase Three of Meijun Project, the development of which is expected to commence during the year ending 31 December 2024; (ii) while separately the cash inflow and outflow related to the trading of construction materials business of the Group were substantial during the Forecast Period, the Group does not hold any inventory for such construction materials and thus the differences in timing between those cash inflows and outflows are small. As a result, the net cash flow of this business segment, which is expected to be not more than RMB3 million per year, is more relevant when considering the effect of this business segment on the cash flow of the Group; and (iii) provision of property management services is a new business segment of the Group commenced in July 2022, and the amount of cash inflow and outflow are expected to be insignificant during the Forecast Period as compared with other business segments of the Group. In light of the above, we focus on the cash flow of the property development business of the Group during the Forecast Period to assess the fairness and reasonableness of the Proposed Annual Caps.

As discussed with the Management and as stated above, during the Forecast Period, the Group is expected to only commence development related to stage 1 of Phase Three of Meijun Project, as well as pre-sale of uncompleted units of such project. Development is expected to commence in the year ending 31 December 2024 and complete in the year ending 31 December 2026, while pre-sale of uncompleted units is also expected to occur in the same time span.

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As advised by the Management, the development costs and payment schedule are estimated with reference to the historical development costs per square meter of Phase Two of Meijun Project, which would represent the closest estimation given that they are different phases of the same project which locates in close proximity. We have reviewed the relevant information and noted that the Management expects an increase in development costs as compared with historical costs with an estimated inflation rate of approximately 7.8%. We have studied statistics published by the National Bureau of Statistics (國家統計局), and noted that during the period from year 2011 to year 2021, the average wage of workers in the construction sector of Shandong experienced growth ranging from growth rates of approximately 6.5% to 16.6% per year with an average rate of approximately 9.8%, while the purchasing price index for industrial producers had growth rates ranging from a negative rate of approximately 6.1% to a positive rate of approximately 11.0% per year with an average of approximately 1.4%. In view of the average growth rates in labour costs and material costs (as reflected by the purchasing price index for industrial producers) and their fluctuations as stated above, we consider that the estimated inflation rate of approximately 7.8% per year for prudent sake, and hence the forecasts of costs related to Phase Three of Meijun Project based on historical development costs and estimated inflation rate are justifiable.

Regarding the sale of residential units of the project, we noted that the amount was determined with reference to, among others, the prevailing selling price of other residential properties in proximity and the estimated progress of sales based on the previous experience of the Group. In particular, we have searched on two online platforms for residential properties and noted that the estimated unit price per square meter is indeed set at a level similar to those new residential units currently on sale in Zouping, Shandong. For the schedule of pre-sales, we understand from the Management that the progress was determined with reference to the pattern for pre-sales of units under Phase Two of Meijun Project. In light of the above, and taking into account the growth in sale of residential buildings sold in Shandong as detailed in the sub-section headed “(d) Outlook of the property development industry” above, we consider that the sales of unit under Phase Three of Meijun Project as estimated under the cash flow forecasts, are justifiable.

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Based on the Group's historical cash flow and cash position as at 30 June 2022 and our review of the historical amounts under the Existing Financial Services Framework Agreement and the cash flow forecasts, while also taking into account that (i) the Deposit Services and the Proposed Annual Caps merely provide the flexibility to, and do not impose any obligation on, the Group to deposit its cash with Xiwang Finance; (ii) most of the deposits of the Group in Xiwang Finance were placed as four separate one-year time deposits of different but overlapping schedules such that the Proposed Annual Caps set by the maximum expected amount of cash balances of the Group would provide greater flexibility to the Group should the Group choose to utilise the deposit service; (iii) the internal control measures of the Group ensure that (a) should the Group decide to place deposits, terms of the Deposit Services offered by Xiwang Finance shall be no less favourable to the Group than those available from independent third parties, and (b) the liquidity risk is controlled by the Group's regular evaluation of Xiwang Finance's financial performance and position, we are of the view and concur with the view the Management that the Proposed Annual Caps are fair and reasonable.

6. Internal control and risk management measures

We have enquired into the internal control of the Group regarding the Deposit Services under the Existing Financial Services Framework Agreement and the Financial Services Framework Agreement. According to the Management, there are internal control policies in place including:

- (1) The finance department of the Company will compare the interest rates for deposit services quoted from Xiwang Finance with the terms from other independent third parties (including at least 2 financial institutions and/or commercial banks in the PRC) to ensure that the most favourable terms are obtained from Xiwang Finance;
- (2) The financial service transactions under the Financial Services Framework Agreement will be reported to and approved by the head of the finance department of the Company;
- (3) the Group will, no less frequent than on a monthly basis, evaluate the financial performance and position of Xiwang Finance. The Company has been informed by Xiwang Finance that Xiwang Finance will provide the Company with its management accounts every month during the term of the Financial Services Framework Agreement. If the Group is aware of any material adverse change in the financial conditions of Xiwang Finance, the Group will adopt measures immediately, such as early withdrawal of deposits from Xiwang Finance and place such deposits with other financial institutions, to minimise the potential adverse effects;
- (4) the Group will, on a daily basis, monitor the deposit balance to ensure the Proposed Annual Caps are not exceeded;

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- (5) The independent non-executive Directors will review the transactions under the Financial Services Framework Agreement annually to ensure that the relevant transactions are entered (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or on terms no less favourable to the Group than those available from independent third parties; and (iii) in accordance with the Financial Services Framework Agreement governing them on terms that are fair and reasonable and in the interest of the Company and Shareholders as a whole; and
- (6) The Company will engage its auditors to report on the Financial Services Framework Agreement annually confirming whether (i) the relevant transactions under the Financial Services Framework Agreement have been approved by the Board; (ii) the transactions were in accordance with the pricing policies of the Group and entered in to in accordance with the Financial Services Framework Agreement; and (iii) the continuing connected transactions have not exceed the Proposed Annual Caps.

We have requested from the Management for and have reviewed the historical transactions and the relevant interest rates offered by Xiwang Finance to the Group under the Existing Financial Services Framework Agreement. Based on the information provided by the Management, we note that (i) up to the Latest Practicable Date, the Group has placed 13 fixed deposits and also demand deposit under the Existing Financial Services Framework Agreement; and (ii) under that aforesaid 13 fixed deposits and the demand deposit, the relevant interest rates offered by Xiwang Finance were indeed higher and no less favourable than those offered by independent third parties (including at least 2 financial institutions and/or commercial banks in the PRC) and the relevant benchmark interest rates set by the PBOC.

Regarding item (3) above, we understand from the Management that Xiwang Finance indeed provided the Company with its management accounts every month during the term of the Existing Financial Services Framework Agreement for the Group's evaluation. Regarding items (5) and (6) above, we have also noted from the previous annual reports from the Company that the independent non-executive Directors and the auditors of the Company has respectively reviewed and reported on the previous continuing connected transactions of the Group under the Existing Financial Services Framework Agreement, and did not notice any anomaly.

In light of the above, we consider that there are adequate and enforceable internal control measures in place regarding the continuing connected transactions contemplated under the Financial Services Framework Agreement.

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RECOMMENDATION

Having considered the aforementioned principal factors and reasons, we are of the view that (i) the Deposit Services contemplated under the Financial Services Framework Agreement is in the interests of the Company and the Shareholders as a whole; (ii) the Deposit Services contemplated under the Financial Services Framework Agreement is on normal commercial terms and are conducted in the ordinary and usual course of business of the Group; and (iii) the terms of the Deposit Services contemplated under the Financial Services Framework Agreement (including the Proposed Annual Caps) are fair and reasonable so far as the Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders, and we also recommend the Independent Shareholders, to vote in favour of the relevant resolution(s) to be proposed at the SGM to approve the Financial Services Framework Agreement and the transactions contemplated thereunder and the Proposed Annual Caps.

Yours faithfully,
For and on behalf of
Nuada Limited

Kevin Wong
Vice President

Nigel Ng
Manager

Mr. Kevin Wong is a person licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO and is a responsible officer of Nuada Limited who has over 15 years of experience in corporate finance industry.

Mr. Nigel Ng is a person licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO and is a responsible officer of Nuada Limited who has over 7 years of experience in corporate finance industry.

1. SUMMARY OF FINANCIAL INFORMATION

Financial information of the Group for each of the three financial years ended 31 December 2019, 2020 and 2021 have been disclosed in the following documents published on both websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.xiwangproperty.com):

- annual report of the Company for the year ended 31 December 2019 published on 13 May 2020 (pages 50 to 120)
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0513/2020051300461.pdf>);
- annual report of the Company for the year ended 31 December 2020 published on 28 April 2021 (pages 50 to 130)
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0428/2021042802278.pdf>);
and
- annual report of the Company for the year ended 31 December 2021 published on 29 April 2022 (pages 52 to 132)
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0429/2022042903905.pdf>).

2. STATEMENT OF INDEBTEDNESS

At the close of business on 30 September 2022 for the purpose of ascertaining information contained in this statement of indebtedness prior to the printing of this circular, the details of the Group's indebtedness are as follows:

- Unaudited outstanding interest-bearing bank loan and other borrowings are NIL.
- Unaudited outstanding lease liabilities are approximately RMB45,000.

Save as aforesaid and apart from intra-group liabilities, the Group did not have any mortgages, charges, debentures, loan capital, bank loans and overdrafts, debt securities or other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptances or acceptance credits, or any guarantees, or any other contingent liabilities outstanding at the close of business on 30 September 2022.

3. WORKING CAPITAL SUFFICIENCY

The Directors, after due and careful enquiry and taking into consideration the financial resources and banking facilities available to the Group, are of the opinion that, after entering into the Financial Services Framework Agreement, the Group will have sufficient working capital to satisfy its present requirements for the next twelve months from the date of this circular in the absence of unforeseen circumstances.

4. EFFECT ON THE EARNINGS AND ASSETS AND LIABILITIES OF THE GROUP

The Financial Services Framework Agreement with Xiwang Finance is to strengthen the supervision and control of funds, raise lower-interest-rate loans and access higher-interest-rate deposits through the funds management platform of Xiwang Finance, which will not only further enhance the capital usage efficiency and improve the overall operational standards of corporate funds, but reinforce the bargaining power of the Group for external financing. Despite this, it is expected that the Group will not depend on Xiwang Finance for accessing such services, and that entering into the Financial Services Framework Agreement will not impede the Group from entering into similar agreements with other financial institutions when it considers necessary.

The Company can accumulate the idle funds within the Group quickly through the capital pool of Xiwang Finance and apply them through unified allocation, which will effectively save the finance costs and realise the profitability potential of the Company. The improvement of the capital usage efficiency will reduce the dependence of the Group on external financing and the lines of credit, which will in turn decrease the overall gearing of the Company to some extent.

The Board is of the view that interest income will increase through the deposits services offered by Xiwang Finance. The Group is able to obtain more other income from the fixed deposits. As a consequence, such arrangement would improve the Group's profitability and increase the assets of the Group.

5. FINANCIAL AND TRADING PROSPECT OF THE GROUP

The Group currently engaged in property development, trading of construction materials and provision of property in the PRC with its major operations located in Shandong Province. Property development business is the principal activity of the Group since year 2012 and the Group has two property projects pending development in the upcoming years; namely Meijun Project Phase Three and Qinghe Project.

Meijun Project Phase Three is located at the east of Daiqi 3rd Road, South of Chengnan New District, a newly developed area in Zouping City and the City government headquarters, hospital and colleges are nearby. The planned gross floor area of the project is approximately 250,000 square meters, which will be developed in three phases. The construction work in respect of the area is expected to commence in 2024 and 2025 respectively and all of the construction work will be completed in 2026.

Qinghe Project is located at Kaihe Village, Handian Town of Zouping City. The project comprises a parcel of land with a site area of approximately 131,258 square meters for the construction of residential units. At present, the project has completed the construction of resettlement houses and is coordinating the handling of land use certificates.

Apart from property development, the Group considers trading of construction materials supplement to the business of property development. With the established network in Zouping City, the Group will further develop this business by recruiting more sales personnel and also expand its customer base, particularly outside Shandong Province.

The Group also diversified its sources of income to property management business since July 2022. The Group built a new team in the property management business and provided services in Zouping City with a residential contracted gross floor area of approximately 179,000 square metres. The Group will further expand its business in the property management services in the coming year.

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

As at the Latest Practicable Date, the following Directors and chief executive of the Company had interests or short positions in the Shares, underlying Shares and/or debentures (as the case may be) of the Company or any of its associated corporations (within the meaning of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such Director or chief executive is taken or deemed to have under such provisions of the SFO) or which were required to be entered into the register required to be kept by the Company under section 352 of the SFO or which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in the Listing Rules:

Name of Director	Name of company/ associated corporation	Capacity	Number and class of securities held/interested (Note 1)	Approximate percentage shareholding in the same class of securities in the relevant corporation as at the Latest Practicable Date
WANG Yong	Company	Interest of controlled corporations (Note 2)	982,999,588 (L) ordinary shares	69.78%
			506,244,669 (L) convertible preference shares	99.75%
	Xiwang Investment	Interest of controlled corporations (Note 2)	3 shares (L)	100%
	Xiwang Holdings	Beneficial owner	6,738 shares (L)	3.37%
		Interest of controlled corporations (Note 2)	190,000 shares (L)	95%

Name of Director	Name of company/ associated corporation	Capacity	Number and class of securities held/interested (Note 1)	Approximate percentage shareholding in the same class of securities in the relevant corporation as at the Latest Practicable Date
	Xiwang Hong Kong	Interest of controlled corporations (Note 2)	694,132,000 shares (L)	100%
	Xiwang Group Company	Beneficial owner (Note 2)	RMB620,000,000 (L)	25.24%
	Xiwang Special Steel	Interest of controlled corporations (Note 3)	868,093,000 shares (L)	36.64%
WANG Di	Company	Beneficial owner	3,000,000 (L) ordinary shares (Note 4)	0.21%
	Xiwang Holdings	Beneficial owner	177 shares (L)	0.09%
	Xiwang Group Company	Beneficial owner	RMB35,460,000 (L)	1.44%
	Xiwang Special Steel	Beneficial owner	9,333,333 shares (L)	0.39%
SUN Xinqu	Company	Beneficial owner	3,000,000 (L) ordinary shares (Note 4)	0.21%
	Xiwang Holdings	Beneficial owner	89 shares (L)	0.04%
	Xiwang Group Company	Beneficial owner	RMB35,460,000 (L)	1.44%

Notes:

- (1) The letter "L" represents the Director's long position in the shares of the relevant corporation.
- (2) As at the Latest Practicable Date, Xiwang Group Company is the ultimate holding company of the Company. Xiwang Group Company is owned as to 25.24% by Mr. WANG Yong, 32.33% by 20 individuals including Mr. WANG Di and the remaining 42.43% by other shareholders. Further, the 20 individuals of their voting powers as a shareholder of Xiwang Group Company. Accordingly, Mr. WANG Yong is deemed to be interested in 57.57% of the shares of the Company in which Xiwang Group Company is interested.

Xiwang Hong Kong is a wholly-owned subsidiary of Xiwang Group. Xiwang Hong Kong directly holds 95% and Mr. WANG Yong and 22 individuals directly hold 5% of the issued share capital of Xiwang Holdings, respectively. Xiwang Investment is a wholly-owned subsidiary of Xiwang Holdings. Therefore, Xiwang Holdings, Xiwang Hong Kong and Xiwang Group Company are deemed to be interested in the number of shares of the Company held by Xiwang Investment.
- (3) These shares are registered in the name of Xiwang Investment. Mr. WANG Yong is deemed to be interested in all the shares of Xiwang Special Steel held by Xiwang Investment.
- (4) These interests represent the Directors' beneficial interests in the underlying Shares in respect of share options granted by the Company to the Directors.

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any assets which have since 31 December 2021, being the date to which the latest published audited financial statements of the Company were made up, been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group.

Save for the Existing Financial Services Framework Agreement and the Financial Services Framework Agreement, none of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which was significant in relation to the business of the Group.

As at the Latest Practicable Date, so far as was known to the Directors, the following Directors were also directors or employees of a company which has an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Director	Name of company	Position
Wang Yong	Xiwang Group Company	director
Wang Di	Xiwang Group Company	director
	Xiwang Hong Kong	director
	Xiwang Holdings	director
	Xiwang Investment	director
Sun Xihu	Xiwang Group Company	director

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which will not expire or is not determinable by the Group within one year without payment of compensation other than statutory compensation.

4. MATERIAL ADVERSE CHANGE

As set out in the announcement of the Company dated 15 August 2022 and in the 2022 interim results announcement dated 24 August 2022, the Group record a consolidated net loss of approximately RMB3.3 million during the six months ended 30 June 2022 (the "Period") as compared with a consolidated net profit of approximately RMB7.8 million for the year ended 31 December 2021 (the "Year 2021"). This is mainly attributable to the decrease in the reversal of over-provisions of land appreciation tax and increase in the administrative expenses in the Period when compared to the Year 2021.

Except as disclosed above, the Directors confirm that there was no material adverse change in the financial or trading position of the Group since 31 December 2021, being the date to which the latest published audited financial statements of the Company were made up.

5. COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors nor his close associates was interested in any business apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with that of the Group.

6. EXPERT

- (a) The following sets out the qualifications of the expert which has given its opinion, letter or advice contained in this circular:

Name	Qualifications
Nuada Limited	a licensed corporation under the SFO to carry on Type 6 (advising on corporate finance) regulated activities

- (b) As at the Latest Practicable Date, Nuada did not have any shareholding, direct or indirect, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.
- (c) As at the Latest Practicable Date, Nuada did not have any interest, direct or indirect, in any assets which had, since 31 December 2021, being the date to which the latest published audited financial statements of the Company were made up, been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.
- (d) Nuada has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which they are included.
- (e) The letter, recommendation and opinion given by Nuada are given as of the date of this circular for incorporation herein.

7. LITIGATION

As at the Latest Practicable Date, to the best knowledge of the Directors, no member of the Group was engaged in any litigation or claim of material importance and, so far as the Directors are aware, no litigation or claim of material importance was pending or threatened against any member of the Group.

8. MATERIAL CONTRACTS

Save for the Financial Services Framework Agreement and the Guarantee, no other contracts (not being contracts in the ordinary course of business) were entered into by the Company or any of its subsidiaries within two years immediately preceding the date of this circular and up to the Latest Practicable Date which are or may be material.

9. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.xiwangproperty.com) for a period of 14 days from the date of this circular (both days inclusive):

- (a) the Financial Services Framework Agreement; and
- (b) the Guarantee.

10. GENERAL

- (a) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal place of business of the Company in Hong Kong is at Unit 2110, 21/F, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong.
- (b) The Hong Kong branch share registrar and transfer office of the Company is Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (c) The company secretary of the Company is Ms. Fung Nga Fong, who is a practising certified public accountant and a Chartered Secretary, a Chartered Governance Professional and an Associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.
- (d) The English text of this circular shall prevail over the Chinese text in the case of inconsistency.

The following is the set of New Bye-laws proposed to be adopted by the Company. The New Bye-Laws are prepared in English with no official Chinese version. Chinese translation is for reference only. The English version shall prevail in case of any discrepancy or inconsistency between the English version and its Chinese translation.

AMENDED AND RESTATED
BYE-LAWS

OF

Xiwang ~~Sugar~~Property Holdings Company Limited
(Adopted pursuant to ~~written resolutions~~
by a Special Resolution passed ~~by the sole shareholder on 6~~
November 2005)_____)

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INTERPRETATION

1. In these Bye-laws, unless the context otherwise requires, the words standing in the first column of the following table shall bear the meaning set opposite them respectively in the second column.

WORD	MEANING
“Act”	the Companies Act 1981 (<u>as amended</u>) of Bermuda.
“associate”	the meaning attributed to it in the rules of the Designated Stock Exchange.
“Auditor”	the auditor of the Company for the time being and may include any individual or partnership.
“Bye-laws”	these Bye-laws in their present form or as supplemented or amended or substituted from time to time.
“Board” or “Directors”	the board of directors of the Company or the directors present at a meeting of directors of the Company at which a quorum is present.
“capital”	the share capital from time to time of the Company.
“clear days”	in relation to the period of notice that period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect.
“clearing house”	a <u>recognised clearing house within the meaning of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)</u> or a clearing house recognised by the laws of the jurisdiction in which the shares of the Company are listed or quoted on a stock exchange in such jurisdiction.
<u>“Close Associate(s)”</u>	<u>shall have the meaning given to the term “close associate(s)” in the Listing Rules.</u>
“Company”	Xiwang Sugar Property Holdings Company Limited.
“competent regulatory authority”	a competent regulatory authority in the territory where the shares of the Company are listed or quoted on a stock exchange in such territory.

“Convertible Preference Shares”	the convertible preference shares with a par value of HK\$0.10 each in the share capital of the Company, entitling the holder to convert into Shares, the terms of which are set out in Bye-law 15A.
“debenture” and “debenture holder”	include debenture stock and debenture stockholder respectively.
“Designated Stock Exchange”	a stock exchange which is an appointed stock exchange for the purposes of the Act in respect of which the shares of the Company are listed or quoted and where such appointed stock exchange deems such listing or quotation to be the primary listing or quotation of the shares of the Company.
“dollars” and “HK\$”	dollars, the legal currency of Hong Kong.
<u>“electronic meeting”</u>	<u>means a general meeting convened for, and held and conducted by virtual attendance and participation by members and/or proxies by means of electronic facilities.</u>
“head office”	such office of the Company as the Directors may from time to time determine to be the principal office of the Company.
<u>“HK Companies Ordinance”</u>	<u>means the Companies Ordinance (Chapter 622 of the laws of Hong Kong) as may be amended from time to time.</u>
<u>“Listing Rules”</u>	<u>the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.</u>
“Member”	a duly registered holder from time to time of the shares in the capital of the Company.
“month”	a calendar month.
“Notice”	written notice unless otherwise specifically stated and as further defined in these Bye-laws.
“Office”	the registered office of the Company for the time being.
“paid up”	paid up or credited as paid up.

<u>“physical meeting”</u>	<u>means a general meeting convened for, and held and conducted by, physical attendance and participation by Members and/or proxies.</u>
“Register”	the principal register and where applicable, any branch register of Members to be kept pursuant to the provisions of the Act.
“Registration Office”	in respect of any class of share capital such place as the Board may from time to time determine to keep a branch register of Members in respect of that class of share capital and where (except in cases where the Board otherwise directs) the transfers or other documents of title for such class of share capital are to be lodged for registration and are to be registered.
“Seal”	common seal or anyone or more duplicate seals of the Company (including a securities seal) for use in Bermuda or in any place outside Bermuda.
“Secretary”	any person, firm or corporation appointed by the Board to perform any of the duties of secretary of the Company and includes any assistant, deputy, temporary or acting secretary.
“Shares”	the ordinary shares <u>with a par value</u> of HK\$0.10 each in the share capital of the Company.
<u>“shares”</u>	<u>the Shares and the Convertible Preference Shares.</u>
“Statutes”	the Act and every other act of the Legislature of Bermuda for the time being in force applying to or affecting the Company, its memorandum of association and/or these Bye-laws.
“year”	a calendar year.

2. In these Bye-laws, unless there be something within the subject or context inconsistent with such construction:
- (a) words importing the singular include the plural and vice versa;
 - (b) words importing a gender include both gender and the neuter;
 - (c) words importing persons include companies, associations and bodies of persons whether corporate or not;
 - (d) the words:
 - (i) “may” shall be construed as permissive;
 - (ii) “shall” or “will” shall be construed as imperative;
 - (e) expressions referring to writing shall, unless the contrary intention appears, be construed as including printing, lithography, photography and other modes of representing words or figures in a visible form, and including where the representation takes the form of electronic display, provided that both the mode of service of the relevant document or notice and the Member’s election comply with all applicable Statutes, rules and regulations;
 - (f) references to any act, ordinance, statute or statutory provision shall be interpreted as relating to any statutory modification or re-enactment thereof for the time being in force;
 - (g) save as aforesaid words and expressions defined in the Statutes shall bear the same meanings in these Bye-laws if not inconsistent with the subject in the context;
 - (h) a resolution shall be a special resolution when it has been passed by a majority of not less than three-fourths of votes cast by such Members as, being entitled so to do, vote in person or, by proxy or, in the case of such Members as are corporations, by their respective duly authorised ~~representative or, where proxies are allowed, by proxy~~representatives, at a general meeting of which not less than twenty-one (21) clear days’ Notice, specifying (without prejudice to the power contained in these Bye-laws to amend the same) the intention to propose the resolution as a special resolution, has been duly given. Provided that, except in the case of an annual general meeting, if it is so agreed by a majority in number of the Members having the right to attend, speak and vote at any such meeting, being a majority together holding not less than ninety-five (95) per cent. in nominal value of the shares giving that right and in the case of an annual general meeting, if it is so agreed by all Members entitled to attend, speak and vote thereat, a resolution may be proposed and passed as a special resolution at a meeting of which less than twenty-one (21) clear days’ Notice has been given;

- (i) a resolution shall be an ordinary resolution when it has been passed by a simple majority of votes cast by such Members as, being entitled so to do, vote in person or, by proxy or, in the case of any such Members being a corporations, by its their respective duly authorised representatives ~~or, where proxies are allowed, by proxy~~, at a general meeting of which not less than fourteen (14) clear days' Notice has been duly given;
- (j) a special resolution shall be effective for any purpose for which an ordinary resolution is expressed to be required under any provision of these Bye-laws or the Statutes;
- (k) a resolution shall be an extraordinary resolution when it has been passed by a majority of not less than two-thirds of votes cast by such Members as, being entitled so to do, vote in person, by proxy or, in the case of such Members being corporations, by their respective duly authorised representatives at a general meeting of which not less than twenty-one (21) clear days' Notice has been duly given;
- (kl) references to a document being executed include references to it being executed under hand or under seal or by electronic signature or by any other method and references to a notice or document include a notice or document recorded or stored in any digital, electronic, electrical, magnetic or other retrievable form or medium and information in visible form whether having physical substance or not;
- (lm) a reference to a meeting is to a meeting convened and held in any manner permitted by these Bye-laws and any Member or Director participating in a meeting by means of electronic facilities shall be deemed to be present at that meeting for all purposes of the Act and these Bye-laws, and the terms "attend", "participate", "attending", "participating", "attendance" and "participation" shall be construed accordingly;
- (mn) a reference to electronic facilities includes, without limitation, a website address, a webinar, a webcast, video or any other form of conference call system (being a telephone, video, web or other system); and
- (no) no provision precludes the holding and conducting of a general meeting of the Company in such a way that persons who are not present together at the same place or places may by electronic means attend and participate in it.

SHARE CAPITAL

3. (1) The authorised share capital of the Company at the date on which these Bye-laws come into effect shall be HK\$400,000,000 divided into shares 4,000,000,000 Shares of par value HK\$0.10 each and 2,000,000,000 Convertible Preference Shares of par value HK\$0.10 each.
- (2) Subject to the Act, the Company's memorandum of association and, where applicable, the rules of any Designated Stock Exchange and/or any competent regulatory authority, any power of the Company to purchase or otherwise acquire its own shares shall be exercisable by the Board upon such terms and subject to such conditions as it thinks fit.
- (3) ~~Neither the Company nor any of its subsidiaries shall directly or indirectly give financial assistance to a person who is acquiring or proposing to acquire shares in the Company for the purpose of that acquisition whether before or at the same time as the acquisition takes place or afterwards PROVIDED that nothing in this Bye-law shall prohibit transactions permitted by the Act.~~

ALTERATION OF CAPITAL

4. The Company may from time to time by ordinary resolution in accordance with Section 45 of the Act:
- (a) increase its share capital by such sum, to be divided into shares of such amounts, as the resolution shall prescribe;
- (b) consolidate and divide all or any of its capital into shares of larger amount than its existing shares;
- (c) divide its shares into several classes and without prejudice to any special rights previously conferred on the holders of existing shares attach thereto respectively any preferential, deferred, qualified or special rights, privileges, conditions or such restrictions which in the absence of any such determination by the Company in general meeting, as the Directors may determine provided always that where the Company issues shares which do not carry voting rights, the words "non-voting" shall appear in the designation of such shares and where the equity capital includes shares with different voting rights, the designation of each class of shares, other than those with the most favourable voting rights, must include the words "restricted voting" or "limited voting";
- (d) sub-divide its shares, or any of them, into shares of smaller amount than is fixed by the memorandum of association (subject, nevertheless, to the 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;

- (e) change the currency denomination of its share capital;
 - (f) make provision for the issue and allotment of shares which do not carry any voting rights; and
 - (g) cancel any shares which, at the date of the 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.
5. The Board may settle as it considers expedient any difficulty which arises in relation to any consolidation and division under the last preceding Bye-law and in particular but without prejudice to the generality of the foregoing may issue certificates in respect of fractions of shares or arrange for the sale of the shares representing fractions and the distribution of the net proceeds of sale (after deduction of the expenses of such sale) in due proportion amongst the Members who would have been entitled to the fractions, and for this purpose the Board may authorise some person to transfer the shares representing fractions to their purchaser or resolve that such net proceeds be paid to the Company for the Company's benefit. Such purchaser will not be bound to see to the application of the purchase money nor will his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale.
6. The Company may from time to time 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 Act, any share premium account or other undistributable reserve.
7. Except so far as otherwise provided by the conditions of issue, or by these Bye-laws, any capital raised by the creation of new shares shall be treated as if it formed part of the original capital of the Company, and such shares shall be subject to the provisions contained in these Bye-laws with reference to the payment of calls and instalments, transfer and transmission, forfeiture, lien, cancellation, surrender, voting and otherwise.

SHARE RIGHTS

8. Subject to 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 restrictions whether in 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.

9. Subject to Sections 42 and 43 of the Act, these Bye-laws, and to 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, at a determinable date or at the option of the Company or the holder if so authorised by its memorandum of association, are liable to be redeemed on such terms and in such manner as the Company before the issue or conversion may by ordinary resolution of the Members determine. ~~Where the Company purchases for redemption a redeemable share, purchases not made through the market or by tender shall be limited to a maximum price as may from time to time be determined by the Company in general meeting, either generally or with regard to specific purchases. If purchases are by tender, tenders shall be available to all Members alike.~~

VARIATION OF RIGHTS

10. Subject to the Act and without prejudice to Bye-law 8, all or any of the special rights for the time being attached to the shares or any class of shares may, unless otherwise provided by the terms of issue of the shares of that class, from time to time (whether or not the Company is being wound up) be varied, modified or abrogated either with the consent in writing of the holders ~~of not less than~~ together holding at least three-fourths of the voting rights of 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 all the provisions of these Bye-laws relating to general meetings of the Company shall, mutatis mutandis, apply, but so that:
- (a) the necessary quorum (other than at an adjourned meeting) shall be two persons (or in the case of a Member 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 holders present in person (or in the case of a Member being a corporation, its duly authorised representative) or by proxy (whatever the number of shares held by them) shall be a quorum;
 - (b) every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him; and
 - (c) any holder of shares of the class present in person (or in the case of a Member being a corporation, its duly authorised representative) or by proxy may demand a poll.
11. The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be varied, modified or abrogated by the creation or issue of further shares ranking *pari passu* therewith.

SHARES

12. (1) Subject to the Act, these Bye-laws, any direction that may be given by the Company in general meeting and, where applicable, the rules of any Designated Stock Exchange 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 of 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 and 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. 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 offer, option or shares to Members or others 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. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.
- (2) The Board may issue warrants 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.
13. The Company may in connection with the issue of any shares exercise all powers of paying commission and brokerage conferred or permitted by the Act. Subject to the 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.
14. Except as required by law, no person shall be recognised by the Company as holding any share upon any trust and the Company shall not be bound by or required in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any fractional part of a share or (except only as otherwise provided by these Bye-laws or by law) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.
15. Subject to the Act and these Bye-laws, the Board may at any time after the allotment of shares but before any person has been entered in the Register as the holder, recognise a renunciation thereof by the allottee in favour of some other person and may accord to any allottee of a share a right to effect such renunciation upon and subject to such terms and conditions as the Board considers fit to impose.
- 15A. Notwithstanding other provisions of these Bye-laws, the Convertible Preference Shares shall confer on the registered holders thereof the following rights and privileges and be subject to the following rights, restrictions and provisions.

(a) Par value

Each Convertible Preference Share shall have a par value of HK\$0.10 each.

(b) **Issue price**

The issue price per Convertible Preference Share is HK\$1.18.

(c) **As regards conversion period and procedures**

- (i) The term of the Convertible Preference Shares commences from the date of issue of the relevant Convertible Preference Shares (the “**Issue Date**”).
- (ii) During the period of existence of the Convertible Preference Shares, subject to the conversion restriction as described below, each holder of the Convertible Preference Shares shall have the right to convert all or part (any conversion in part being in amounts or integral multiples of 2,000 Shares or such other number as may for the time being be a board lot of Shares on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) or such other stock exchange which in the opinion of the Board is the principal stock exchange on which the Shares are listed or traded) of any Convertible Preference Shares into new Shares at any time at the conversion price set out below.
- (iii) Under the terms of the Convertible Preference Shares, the Company shall not issue new Shares to the holders of the Convertible Preference Shares upon exercise of the conversion right relating to the Convertible Preference Shares in the event that the public float requirement as set out under the ~~Rules Governing the Listing of Securities on the Stock Exchange (“**Listing Rules**”)~~Listing Rules cannot be complied with as a result of the issue of such new Shares (“**Public Float Requirement**”).

- (iv) The right to convert shall be exercisable on any date by completing the notice of conversion endorsed on the certificate relating to the Convertible Preference Shares to be converted (“**Conversion Notice**”) and delivering it (together with such other evidence (if any) as the Directors may reasonably require to prove the title of the person exercising such right) to the registrars (“**Registrars**”) for the time being of the Company, such Conversion Notice to specify the date when the conversion is to become effective, which date shall not be less than five (5) days and not more than ten (10) days from the date of receipt of the Conversion Notice by the Registrars (“**Conversion Date**”) provided that if any Conversion Date would otherwise fall on a Saturday, Sunday or other day which is a public holiday in Hong Kong, such Conversion Date shall be the next day which is not such a public holiday. A Conversion Notice once given may not be withdrawn without the consent in writing of the Company.
- (v) Conversion of the Convertible Preference Shares may be effected in such manner as the Board shall from time to time reasonably determine (subject to the provisions of the applicable laws and regulations). Notwithstanding any provisions herein to the contrary, the Company shall have the right to defer the issue and allotment of the Shares to a date falling ninety (90) days after conversion or such longer period as the Board shall reasonably consider appropriate and necessary in the event a conversion will (i) trigger a mandatory offer obligation under Rule 26 of the Codes on Takeovers and Mergers and Share Repurchases issued by the Securities and Futures Commission of Hong Kong on the part of the Convertible Preference Shares holder who exercised the conversion rights; or (ii) result in the failure by the Company to comply with the Public Float Requirement. Notwithstanding any provision to the contrary contained herein, the Company shall be entitled to defer the issue and allotment of the Shares to until the proposal by the holder of the Convertible Preference Shares to restore the public float is implemented to its satisfaction.
- (vi) The Company shall not later than the expiration of twenty-eight (28) days after conversion despatch certificates for the Shares resulting from conversion and, if appropriate, certificates for any balance of the Convertible Preference Shares remaining unconverted.
- (vii) The Shares resulting from conversion of the Convertible Preference Shares shall carry the right to receive all dividends and other distributions declared made or paid on the ordinary share capital of the Company the record date of which shall fall on or after the date of issue and allotment of such Shares. The Shares resulting from conversion shall rank pari passu in all other respects and form one class with the ordinary share capital of the Company then in issue and fully paid.

- (viii) The Company shall use its best endeavours to ensure that the Listing Committee of the Stock Exchange grants permission to deal in and listing of all the Share arising on conversion of the Convertible Preference Shares.
- (ix) If whilst any of the Convertible Preference Share remains capable of conversion, the Company shall make any issue by way of capitalisation of profits or reserves including any share premium account to members of the Company, such issue shall be made only to the holders of the Shares and shall be in the form of fully paid Shares and the number of Shares arising on any subsequent conversion of Convertible Preference Shares shall be increased pro rata. Provided that (A) no such adjustment shall be made if the said issue of fully paid Shares shall have been made in lieu of the payment of any dividend (or part thereof) pursuant to arrangements whereby a holder of Shares shall be given the right in respect of the same to make an election to receive cash or to receive new Shares issued by way of capitalisation and (B) the Company shall not make any such capitalisation issue (other than such a capitalisation issue as is referred to in proviso (A) above) unless the Company has sufficient profits or reserves.
- (x) If whilst any of the Convertible Preference Shares remain capable of conversion, an offer is made to the holders of Shares of the Company (or such holders other than the offeror and/or any company controlled by the offeror and/or any persons acting in concert with the offeror) to acquire the whole or any of the issued Shares and the Company becomes aware that the right to cast more than fifty (50) per cent of the votes which may ordinarily be cast on a poll at a general meeting of the Company has or will become vested in the offeror and/or such companies or persons aforesaid, the Company shall give written notice to all holders of the Convertible Preference Shares of such vesting as soon as practicable but in no event later than fourteen (14) days of its becoming so aware.

(xi) If whilst any of the Convertible Preference Shares remain capable of conversion a notice is given by the Company to the members of the Company to convene a general meeting for the purposes of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same day as or soon after it despatches such notice to each member of the Company give notice thereof to all holders of Convertible Preference Shares (together with a notice of the existence of this provision) and thereupon, each holder of Convertible Preference Shares shall be entitled to exercise all or any of his conversion rights at any time no later than five (5) business days prior to the proposed general meeting of the Company by giving the Conversion Notice to the Company whereupon the Company shall as soon as possible and, in any event, no later than two clear business days immediately prior to the date of the proposed general meeting referred to above, issue and allot the relevant number of Shares to such holder of Convertible Preference Shares credited as fully paid.

(d) As regards conversion price

- (i) The initial conversion price is the issue price of the Convertible Preference Shares, being HK\$1.18 per Share. Based on a fixed exchange rate of RMB1 to HK\$1.229, the RMB equivalent initial conversion price is RMB0.96 per Convertible Preference Share.
- (ii) The holders of the Convertible Preference Shares are not required to pay any additional money upon conversion of the Convertible Preference Shares to Shares.
- (iii) The conversion price is subject to adjustment upon the occurrence of certain prescribed events (each an “**Adjustment Event**”) including consolidation, subdivision or reclassification of Shares, capitalisation of profits or reserves, capital distributions, rights issues of Shares or options over Shares, rights issues of other securities, issues at less than current market price, etc., so that if the Convertible Preference Shares are thereafter converted, the holder of the Convertible Preference Shares may receive the same aggregate value of the Shares that he/she/it would have owned immediately following such Adjustment Event if he/she/it had converted the Convertible Preference Shares immediately prior to such Adjustment Event.

- (iv) If the Company or any holder of Convertible Preference Shares determines that an adjustment should be made to the conversion price as a result of one or more Adjustment Events or circumstances set out in sub-paragraph (iii) above, the Company or the holder of Convertible Preference Shares may, subject to the Board's decision that it is appropriate and at the Company's expense, request an approved investment bank or professional accounting firm, acting as expert ("Expert"), to determine as soon as practicable (1) what adjustment (if any) to the conversion price is fair and reasonable to take into account thereto and is appropriate to give the result which the approved investment bank or professional accounting firm, as the case may be, considers in good faith to reflect the intentions of the adjustment provisions; and (2) the date on which such adjustment should take effect; and upon such determination such adjustment (if any) shall be made and shall take effect in accordance with such determination. No adjustment shall be made which would result in the conversion price being reduced so that on conversion, the Shares which fall to be issued would be at a discount to their nominal value. If any adjustment is required to be made to the conversion price, a further announcement will be made by the Company.
- (v) For the avoidance of doubt, share subdivision which (i) does not involve any changes in the number of issued Shares and (ii) does not involve any adjustment on the market price of the Shares, shall not have any impact to the conversion price of the Convertible Preference Shares, subject to any decision to the contrary made by any Expert so appointed for the purpose of determining the adjustment (if any) to the conversion price.

(e) As regards preferred distribution

Each Convertible Preference Share shall confer on the holder thereof the right to receive a preferred distribution from the Issue Date at a rate of RMB0.01 per Convertible Preference Share price, payable in Hong Kong dollar equivalent annually in arrears. Each preferred distribution is cumulative. Any arrears of preferred distribution and accrued but unpaid preferred distribution shall be extinguished upon any voluntary conversion of the Convertible Preference Shares by a holder.

(f) As regards deferral or non-payment of preferred distribution

The Board may, in its sole discretion, elect to defer or not pay a preferred distribution. No interest accrues on any unpaid preferred distribution. If the Board elects to defer or not pay a preferred distribution payment, the Company shall not (i) pay any dividends, distributions or make any other payment on any Shares or (ii) redeem, cancel, repurchase or acquire for any consideration of any Shares, unless at the same time it pays to the holders of

Convertible Preference Shares any deferred or unpaid preferred distribution which was scheduled to be paid on a day falling in the same the financial year in respect of which payment of such dividends, distributions or other payments is made or during which such redemption, cancellation, repurchase or acquisition occurs.

(g) As regards dividends

Each Convertible Preference Share shall also confer on the holder thereof the right to receive, in addition to the preferred distribution, dividend pari passu with holders of the Shares on the basis of the number of the Share(s) into which each Convertible Preference Share may be converted and on an as converted basis.

(h) As regards further participation

The Convertible Preference Shares shall not carry any right to participate in profits or assets of the Company beyond such rights as are expressly set out in the terms of the Convertible Preference Shares.

(i) As regards voting

The holder(s) of the Convertible Preference Shares will not be entitled to attend, speak or vote at any general meeting of the Company by reason only of his/her/its being the holder(s) of the Convertible Preference Shares, unless a resolution is to be proposed at a general meeting for winding-up the Company or a resolution is to be proposed which if passed would vary or abrogate the rights or privileges of the holder(s) of the Convertible Preference Shares.

(j) As regards return of capital

The Convertible Preference Shares shall rank pari passu in all respects for return of capital on liquidation, winding up or dissolution of the Company and participation in the distribution of surplus assets of the Company with all other shares in the capital of the Company for the time being in issue.

(k) As regards variation of rights

Subject to the applicable laws, the Company shall not vary, alter or abrogate, or permit or cause the variation, alteration or abrogation of, all or any of the rights or privileges attached to the Convertible Preference Shares without both the prior consent of ~~a majority of the~~ holders holding at least three-fourths of the voting rights of the Shares and a separate consent of the Convertible Preference Shares holders ~~of not less than seventy-five (75) per cent~~holding at least three-fourths of the voting rights of the outstanding Convertible Preference Shares for the time being.

(l) As regards restrictions on the Company

For so long as any Convertible Preference Shares remain outstanding, the Company shall at all times maintain sufficient unissued Shares available in order to implement conversion in full of all the Convertible Preference Shares then outstanding.

(m) As regards documents

While any of the Convertible Preference Shares remain outstanding, the Company shall send to the holders of Convertible Preference Shares, for information, a copy of every document sent to the holders of other shares of the Company at the same time as it is sent to such holders.

(n) As regards dealings by connected person

Subject to the requirements of the Listing Rules from time to time (in particular those in relation to connected transactions) and the restriction on conversion and transfer as provided in this appendix and any other applicable regulations, the Convertible Preference Shares may be issued to any connected person (as defined in the Listing Rules) of the Company.

(o) As regards pre-emptive rights

In the event that the Company shall at any time issue to holders of new Shares or other securities or instruments convertible into Shares, the Company shall not be obliged to offer such shares, securities or other instruments to the holders of Convertible Preference Shares.

(p) As regards listing

The Convertible Preference Shares will not be listed on any stock exchange.

(q) As regards transferability

The Convertible Preference Shares shall be freely transferable.

(r) As regards redemption

The Convertible Preference Shares shall be non-redeemable.

- (s) **As regards conversion and transfer restrictions on Xiwang Investment**
- (i) Xiwang Investment Holdings Limited (“**Xiwang Investment**”) shall not, within a period of 12 months from the date of the Issue Date, convert, transfer, sell or otherwise dispose of the Convertible Preference Shares allotted to it in the capacity as a Qualifying Shareholder (i.e. Shareholders other than the Shareholder(s) with registered addresses (as shown in the register of members of the Company on 5 April 2012 or such other date as may be agreed between the Company and the Underwriter (“**Record Date**”)) which are outside Hong Kong to whom the Board (based on legal opinions provided by legal advisers if the Board considers it necessary) considers it necessary or expedient not to offer the Convertible Preference Shares on account either of legal restrictions under the laws of relevant place or the requirements of the relevant regulatory body or stock exchange in that place, whose name(s) appear(s) on the register of members of the Company on the Record Date (“**Qualifying Shareholders**”)) or in the capacity as underwriter (“**Underwriter**”) of the open offer of the Convertible Preference Shares by the Company on the basis of nine Convertible Preference Shares for every ten existing Shares to the Qualifying Shareholders on the terms and subject to the conditions set out in the circular of the Company dated 2 March 2012 (“**Open Offer**”) (for the avoidance of doubt, excluding any Convertible Preference Shares which it subsequently acquired from the Qualifying Shareholders); and
- (ii) Xiwang Investment shall not convert, transfer, sell or otherwise dispose of the Convertible Preference Shares allotted to it in the capacity as a Qualifying Shareholder or in the capacity as an Underwriter of the Open Offer (for the avoidance of doubt, excluding any Convertible Preference Shares which it subsequently acquired from the Qualifying Shareholders) and shall not transfer, sell or otherwise

dispose of any Shares issued pursuant to the exercise of conversion rights attaching to such Convertible Preference Shares unless as permitted as follows:

Period commencing **Maximum percentage of Convertible Preference Shares allotted to Xiwang Investment in the capacity as a Qualifying Shareholder or in the capacity as an Underwriter/ Shares issued pursuant to the exercise of conversion rights attaching to such Convertible Preference Shares permitted to be transferred/sold/disposed of**

The day falling 1 year after the Issue Date 25% of such number of Convertible Preference Shares and (if any) the Shares

The day falling 2 years after the Issue Date 50% of such number of Convertible after the Issue Date Preference Shares and (if any) the Shares

The day falling 3 years after the Issue Date 75% of such number of Convertible Preference Shares and (if any) the Shares

The day falling 4 years after the Issue Date 100% of such number of Convertible Preference Shares and (if any) the Shares

- (iii) During the above restriction period, in the event that Xiwang Investment's interests in the Shares falls below 55% as a result of the conversion of the Convertible Preference Shares by holder(s) of the Convertible Preference Shares (other than Xiwang Investment), exercise of share options or other convertible securities, or any other event causing dilution of Xiwang Investment's interests in the Shares (other than Xiwang Investment's disposal of the Shares), the above conversion restriction shall cease to apply for the purpose of topping-up Xiwang Investment's shareholding interests in the Shares back to approximately 55% ("**Top-up Exemption**") whereas conversion is still subject to the Public Float Requirement (as defined below) set out below such that no conversion would be allowed if conversion would result in the Public Float Requirement not being met. For the avoidance of doubt, the above selling restrictions under subparagraphs (i) and (ii) above shall remain to apply in respect of any Shares issued upon conversion of the Convertible Preference Shares under the Top-up Exemption.

(t) **As regards conversion restriction**

Save for the conversion restriction imposed on Xiwang Investment as set out in sub-paragraph (s) above, no restriction on conversion will be imposed on holders of the Convertible Preference Shares unless conversion of the Convertible Preference Shares would result in the Public Float Requirement not being met i.e. public floatation of the Shares falling below 25% (or such percentage as otherwise stipulated under the Listing Rules).

(u) **As regards Put Option right**

- (i) The put option ("**Put Option**") granted by Xiwang Investment pursuant to a deed dated 27 January 2012 ("**Put Option Deed**") executed between Xiwang Investment as grantor and the Company pursuant to which Xiwang Investment shall grant to the Qualifying Shareholders (other than Xiwang Investment) who subscribe for Convertible Preference Shares under assured entitlement ("**Initial Subscribers**") the right to sell the Convertible Preference Shares which they subscribe under assured entitlement to Xiwang Investment on the date falling on the second anniversary of the date of issue of the Convertible Preference Shares at the Subscription Price less all preferred distribution paid by the Company during the 2-year period to the Initial Subscribers in respect of the Convertible Preference Shares which they subscribe under assured entitlement. The Put Option is only applicable to the Convertible Preference Shares initially subscribed under assured entitlement by the Initial Subscribers (which do not include Xiwang Investment) but not applicable to additional Convertible Preference Shares subscribed under excess application and not applicable to Convertible Preference Shares subsequently acquired through transfer or otherwise. Each Initial Subscriber who subscribe for the Convertible Preference Shares will have the right to sell the Convertible Preference Shares subscribed under assured entitlement (which, for the avoidance of doubt, do not include any additional Convertible Preference Shares allotted pursuant to excess application or any Convertible Preference Shares subsequently transferred to or otherwise acquired by such Initial Subscribers) to Xiwang Investment on the date falling on the second anniversary of the Issue Date ("**Put Date**") at the Subscription Price less all preferred distribution paid by the Company during the 2-year period. The Initial Subscribers exercising the Put Option shall be entitled to any dividends, distributions or return of capital relating to the Convertible Preference Shares which are declared or otherwise have a record date on or before the Put Date.
- (ii) Xiwang Investment shall be bound by the Put Option Deed which was executed by Xiwang Investment as grantor on 27 January 2012 pursuant to which the Put Option was granted by Xiwang Investment to the Initial Subscribers in a non-transferable registered form.

SHARE CERTIFICATES

16. Every share certificate shall be issued under the Seal or a facsimile thereof and shall specify the number and class and distinguishing numbers (if any) of the shares to which it relates, and the amount paid up thereon and may otherwise be in such form as the Directors may from time to time determine. No certificate shall be issued and representing shares of more than one class. The Board may by resolution determine, either generally or in any particular case or cases, that any signatures on any such certificates (or certificates in respect of other securities) need not be autographic but may be affixed to such certificates by some mechanical means or may be printed thereon or that such certificates need not be signed by any person.
17.
 - (1) In the case of a share held jointly by several persons, the Company shall not be bound to issue more than one certificate therefor and delivery of a certificate to one of several joint holders shall be sufficient delivery to all such holders.
 - (2) Where a share stands in the names of two or more persons, the person first named in the Register shall as regards service of notices and, subject to the provisions of these Bye-laws, all or any other matters connected with the Company, except the transfer of the shares, be deemed the sole holder thereof.
18. Every person whose name is entered, upon an allotment of shares, as a Member in the Register shall be entitled, without payment, to receive one certificate for all such shares of any one class or several certificates each for one or more of such shares of such class upon payment for every certificate after the first of such reasonable out-of-pocket expenses as the Board from time to time determines.
19. Share certificates shall be issued within the relevant time limit as prescribed in the Act or as the Designated Stock Exchange may from time to time determine, whichever is the shorter, after allotment or, except in the case of a transfer which the Company is for the time being entitled to refuse to register and does not register, after lodgment of a transfer with the Company.
20.
 - (1) Upon every transfer of shares the certificate held by the transferor shall be given up to be cancelled, and shall forthwith be cancelled accordingly, and a new certificate shall be issued to the transferee in respect of the shares transferred to him at such fee as is provided in paragraph (2) of this Bye-law. If any of the shares included in the certificate so given up shall be retained by the transferor a new certificate for the balance shall be issued to him at the aforesaid fee payable by the transferor to the Company in respect thereof.
 - (2) The fee referred to in paragraph (1) above shall be an amount not exceeding the relevant maximum amount as the Designated Stock Exchange may from time to time determine provided that the Board may at any time determine a lower amount for such fee.

21. If a share certificate shall be damaged or defaced or alleged to have been lost, stolen or destroyed a new certificate representing the same shares may be issued to the relevant Member upon request and on payment of such fee as the Designated Stock Exchange may determine to be the maximum fee payable or such lesser sum as the Board may determine and, subject to compliance with such terms (if any) as to evidence and indemnity and to payment of the costs and reasonable out-of-pocket expenses of the Company in investigating such evidence and preparing such indemnity as the Board may think fit and, in case of damage or defacement, on delivery of the old certificate to the Company provided always that where share warrants have been issued, no new share warrant shall be issued to replace one that has been lost unless the Directors are satisfied beyond reasonable doubt that the original has been destroyed.

LIEN

22. The Company shall have a first and paramount lien on every share (not being a fully paid share) for all moneys (whether presently payable or not) called or payable at a fixed time in respect of that share. The Company shall also have a first and paramount lien on every share (not being a fully paid share) registered in the name of a Member (whether or not jointly with other Members) for all amounts of money presently payable by such Member or his estate to the Company whether the same shall have been incurred before or after notice to the Company of any equitable or other interest of any person other than such member, and whether the period for the payment or discharge of the same shall have actually arrived or not, and notwithstanding that the same are joint debts or liabilities of such Member or his estate and any other person, whether a Member or not. The Company's lien on a share shall extend to all dividends or other moneys payable thereon or in respect thereof. The Board may at any time, generally or in any particular case, waive any lien that has arisen or declare any share exempt in whole or in part, from the provisions of this Bye-law.
23. Subject to these Bye-laws, the Company may sell in such manner as the Board determines any share on which the Company has a lien, but no sale shall be made unless some sum in respect of which the lien exists is presently payable, or the liability or engagement in respect of which such lien exists is liable to be presently fulfilled or discharged nor until the expiration of fourteen clear days after a notice in writing, stating and demanding payment of the sum presently payable, or specifying the liability or engagement and demanding fulfilment or discharge thereof and giving notice of the intention to sell in default, has been served on the registered holder for the time being of the share or the person entitled thereto by reason of his death or bankruptcy.

24. The net proceeds of the sale shall be received by the Company and applied in or towards payment or discharge of the debt or liability in respect of which the lien exists, so far as the same is presently payable, and any residue shall (subject to a like lien for debts or liabilities not presently payable as existed upon the share prior to the sale) be paid to the person entitled to the share at the time of the sale. To give effect to any such sale the Board may authorise some person to transfer the shares sold to the purchaser thereof. The purchaser shall be registered as the holder of the shares so transferred and he shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale.

CALLS ON SHARES

25. Subject to these Bye-laws and to the terms of allotment, the Board may from time to time make calls upon the Members in respect of any moneys unpaid on their shares (whether on account of the nominal value of the shares or by way of premium), and each Member shall (subject to being given at least fourteen (14) clear days' Notice specifying the time and place of payment) pay to the Company as required by such notice the amount called on his shares. A call may be extended, postponed or revoked in whole or in part as the Board determines but no member shall be entitled to any such extension, postponement or revocation except as a matter of grace and favour.
26. A call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed and may be made payable either in one lump sum or by instalments.
27. A person upon whom a call is made shall remain liable for calls made upon him notwithstanding the subsequent transfer of the shares in respect of which the call was made. The joint holders of a share shall be jointly and severally liable to pay all calls and instalments due in respect thereof or other moneys due in respect thereof.
28. If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the amount unpaid from the day appointed for 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 in its absolute discretion waive payment of such interest wholly or in part.
29. No Member shall be entitled to receive any dividend or bonus or to be present and vote (save as proxy for another Member) at any general meeting either personally or by proxy, or be reckoned in a quorum, or exercise any other privilege as a Member until all calls or instalments due by him to the Company, whether alone or jointly with any other person, together with interest and expenses (if any) shall have been paid.

30. On the trial or hearing of any action or other proceedings for the recovery of any money due for any call, it shall be sufficient to prove that the name of the Member sued is entered in the Register as the holder, or one of the holders, of the shares in respect of which such debt accrued, that the resolution making the call is duly recorded in the minute book, and that notice of such call was duly given to the Member sued, in pursuance of these Bye-laws; and it shall not be necessary to prove the appointment of the Directors who made such call, nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.
31. Any amount payable in respect of a share upon allotment or at any fixed date, whether in respect of nominal value or premium or as an instalment of a call, shall be deemed to be a call duly made and payable on the date fixed for payment and if it is not paid the provisions of these Bye-laws shall apply as if that amount had become due and payable by virtue of a call duly made and notified.
32. On the issue of shares the Board may differentiate between the allottees or holders as to the amount of calls to be paid and the times of payment.
33. The Board may, if it thinks fit, receive from any Member willing to advance the same, and either in money or money's worth, all or any part of the moneys uncalled and unpaid or instalments payable upon any shares held by him and upon all or any of the moneys so advanced (until the same would, but for such advance, become presently payable) pay interest at such rate (if any) as the Board may decide. The Board may at any time repay the amount so advanced upon giving to such Member not less than one month's Notice of its intention in that behalf, unless before the expiration of such notice the amount so advanced shall have been called up on the shares in respect of which it was advanced. Such payment in advance shall not entitle the holder of such share or shares to participate in respect thereof in a dividend subsequently declared.

FORFEITURE OF SHARES

34. (1) If a call remains unpaid after it has become due and payable the Board may give to the person from whom it is due not less than fourteen (14) clear days' Notice:
 - (a) requiring payment of the amount unpaid together with any interest which may have accrued and which may still accrue up to the date of actual payment; and
 - (b) stating that if the Notice is not complied with the shares on which the call was made will be liable to be forfeited.

- (2) If the requirements of any such Notice are not complied with, any share in respect of which such Notice has been given may at any time thereafter, before payment of all calls and interest due in respect thereof has been made, be forfeited by a resolution of the Board to that effect, and such forfeiture shall include all dividends and bonuses declared in respect of the forfeited share but not actually paid before the forfeiture.
35. When any share has been forfeited, notice of the forfeiture shall be served upon the person who was before forfeiture the holder of the share. No forfeiture shall be invalidated by any omission or neglect to give such Notice.
36. The Board may accept the surrender of any share liable to be forfeited hereunder and, in such case, references in these Bye-laws to forfeiture will include surrender.
37. Until cancelled in accordance with the requirements of the Act, a forfeited share shall be the property of the Company and may be sold, re-allotted or otherwise disposed of to such person, upon such terms and in such manner as the Board determines, and at any time before a sale, re-allotment or disposition the forfeiture may be annulled by the Board on such terms as the Board determines.
38. A person whose shares have been forfeited shall cease to be a Member in respect of the forfeited shares but nevertheless shall remain liable to pay the Company all moneys which at the date of forfeiture were presently payable by him to the Company in respect of the shares, with (if the Directors shall in their discretion so require) interest thereon from the date of forfeiture until payment at such rate (not exceeding twenty per cent. (20%) per annum) as the Board determines. The Board may enforce payment thereof if it thinks fit, and without any deduction or allowance for the value of the forfeited shares, at the date of forfeiture, but his liability shall cease if and when the Company shall have received payment in full of all such moneys in respect of the shares. For the purposes of this Bye-law any sum which, by the terms of issue of a share, is payable thereon at a fixed time which is subsequent to the date of forfeiture, whether on account of the nominal value of the share or by way of premium, shall notwithstanding that time has not yet arrived be deemed to be payable at the date of forfeiture, and the same shall become due and payable immediately upon the forfeiture, but interest thereon shall only be payable in respect of any period between the said fixed time and the date of actual payment.

39. A declaration by a Director or the Secretary that a share has been forfeited on a specified date shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share, and such declaration shall (subject to the execution of an instrument of transfer by the Company if necessary) constitute a good title to the share, and the person to whom the share is disposed of shall be registered as the holder of the share and shall not be bound to see to the application of the consideration (if any), nor shall his title to the share be affected by any irregularity-in or invalidity of the proceedings in reference to the forfeiture, sale or disposal of the share. When any share shall have been forfeited, notice of the declaration shall be given to the Member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof, shall forthwith be made in the register, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or make any such entry.
40. Notwithstanding any such forfeiture as aforesaid the Board may at any time, before any shares so forfeited shall have been sold, re-allotted or otherwise disposed of, permit the shares forfeited to be bought back upon the terms of payment of all calls and interest due upon and expenses incurred in respect of the share, and upon such further terms (if any) as it thinks fit.
41. The forfeiture of a share shall not prejudice the right of the Company to any call already made or instalment payable thereon.
42. The provisions of these Bye-laws as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

REGISTER OF MEMBERS

43. (1) The Company shall keep in one or more books a Register and shall enter therein the following particulars, that is to say:
- (a) the name and address of each Member, the number and class of shares held by him and, in respect of any shares that are not fully paid, the amount paid or agreed to be considered as paid on such shares;
 - (b) the date on which each person was entered in the Register; and
 - (c) the date on which any person ceased to be a Member.
- (2) Subject to the Act, the Company may keep an overseas or local or other branch register of Members resident in any place, and the Board may make and vary such regulations as it determines in respect of the keeping of any such register and maintaining a Registration Office in connection therewith.

44. ~~The Register and branch register of Members, as the case may be, in Bermuda (except when the Register is closed)~~ shall be open to inspection between 10 a.m. and 12 noon on every business day by Members without charge or by any other person, upon a maximum payment of five Bermuda dollars, at the Office or such other place in Bermuda at which the Register is kept in accordance with the Act or, if appropriate, upon a maximum payment of ten dollars at the Registration Office. The Register in Hong Kong (except when the Register is closed) shall during business hours be kept open to inspection by any Member without charge and any Member may require the provision to him of copies or extracts thereof in all respects as if the Company were incorporated under and were subject to the HK Companies Ordinance. The Register including any overseas or local or other branch register of Members may, after notice has been given by ~~advertisement in an appointed newspaper and where applicable, any other newspapers announcement or by electronic communication~~ in accordance with the requirements of any Designated Stock Exchange and advertisement in an appointed newspaper (as defined in the Act) and where applicable, or by any means in such manner as may be accepted by the Designated Stock Exchange to that effect, be closed 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.

RECORD DATES

45. Notwithstanding any other provision of these Bye-laws the Company or the Directors may fix any date as the record date for:
- (a) determining the Members entitled to receive any dividend, distribution, allotment or issue and such record date may be on, or at any time not more than thirty (30) days before or after, any date on which such dividend, distribution, allotment or issue is declared, paid or made;
 - (b) determining the Members entitled to receive notice of and to speak, attend and vote at any general meeting of the Company.

TRANSFER OF SHARES

46. Subject to these Bye-laws, any Member may transfer all or any of his shares by an instrument of transfer in the usual or common form or in a form prescribed by the Designated Stock Exchange or in any other form approved by the Board and 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.

47. 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. Without prejudice to Bye-law 46, the Board may also resolve, either generally or in any particular case, upon request by either the transferor or transferee, to accept mechanically executed transfers. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register in respect thereof. Nothing in these Bye-laws shall preclude the Board from recognising a renunciation of the allotment or provisional allotment of any share by the allottee in favour of some other person.
48. (1) 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, without prejudice to the foregoing generality, refuse to register a transfer of any share to more than four (4) joint holders or a transfer of any share (not being a fully paid up share) on which the Company has a lien.
- (2) No transfer shall be made to an infant or to a person of unsound mind or under other legal disability.
- (3) 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 Register to any branch register or any share on any branch register to the Register or any other branch register. In the event of any such transfer, the shareholder requesting such transfer shall bear the cost of effecting the transfer unless the Board otherwise determines.
- (4) Unless the Board otherwise agrees (which agreement may be on such terms and subject to such conditions as the Board in its absolute discretion may from time to time determine, and which agreement the Board shall, without giving any reason therefor, be entitled in its absolute discretion to give or withhold), no shares upon the Register shall be transferred to any branch register nor shall shares on any branch register be transferred to the Register or any other branch register and all transfers and other documents of title shall be lodged for registration, and registered, in the case of any shares on a branch register, at the relevant Registration Office, and, in the case of any shares on the Register, at the Office or such other place in Bermuda at which the Register is kept in accordance with the Act.

49. Without limiting the generality of the last preceding Bye-law, the Board may decline to recognise any instrument of transfer unless:-
- (a) a fee of such maximum sum as the Designated Stock Exchange may determine to be payable or such lesser sum as the Board may from time to time require is paid to the Company in respect thereof;
 - (b) the instrument of transfer is in respect of only one class of share;
 - (c) the instrument of transfer is lodged at the Office or such other place in Bermuda at which the Register is kept in accordance with the Act or the Registration Office (as the case may be) 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); and
 - (d) if applicable, the instrument of transfer is duly and properly stamped.
50. If the Board refuses to register a transfer of any share, it shall, within two (2) months after the date on which the transfer was lodged with the Company, send to each of the transferor and transferee notice of the refusal.
51. The registration of transfers of shares or of any class of shares may, after notice has been given by advertisement in an appointed newspaper and, where applicable, any other newspapers in accordance with the requirements of any Designated Stock Exchange or by any means (electronic or otherwise) in such manner as may be accepted by the Designated Stock Exchange to that effect be suspended at such times and for such periods (not exceeding in the whole thirty (30) days in any year) as the Board may determine.

TRANSMISSION OF SHARES

52. If a Member dies, the survivor or survivors where the deceased was a joint holder, and his legal personal representatives where he was a sole or only surviving holder, will be the only persons recognised by the Company as having any title to his interest in the shares; but nothing in this Bye-law will release the estate of a deceased Member (whether sole or joint) from any liability in respect of any share which had been solely or jointly held by him.

53. Subject to Section 52 of the Act, any person becoming entitled to a share in consequence of the death or bankruptcy or winding-up of a Member may, upon such evidence as to his title being produced as may be required by the Board, elect either to become the holder of the share or to have some person nominated by him registered as the transferee thereof. If he elects to become the holder he shall notify the Company in writing either at the Registration Office or Office, as the case may be, to that effect. If he elects to have another person registered he shall execute a transfer of the share in favour of that person. The provisions of these Bye-laws relating to the transfer and registration of transfers of shares shall apply to such notice or transfer as aforesaid as if the death or bankruptcy of the Member had not occurred and the notice or transfer were a transfer signed by such Member.
54. A person becoming entitled to a share by reason of the death or bankruptcy or winding-up of a Member shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share. However, the Board may, if it thinks fit, withhold the payment of any dividend payable or other advantages in respect of such share until such person shall become the registered holder of the share or shall have effectually transferred such share, but, subject to the requirements of Bye-law 75(2) being met, such a person may attend, speak and vote at meetings.

UNTRACEABLE MEMBERS

55. (1) Without prejudice to the rights of the Company under paragraph (2) of this Bye-law, the Company may cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants have been left uncashed on two consecutive occasions. However, the Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants after the first occasion on which such a cheque or warrant is returned undelivered.
- (2) The Company shall have the power to sell, in such manner as the Board thinks fit, any shares of a Member who is untraceable, but no such sale shall be made unless:
- (a) all cheques or warrants in respect of dividends of the shares in question, being not less than three in total number, for any sum payable in cash to the holder of such shares in respect of them sent during the relevant period in the manner authorised by the Bye-laws of the Company have remained uncashed;

- (b) so far as it is aware at the end of the relevant period, the Company has not at any time during the relevant period received any indication of the existence of the Member who is the holder of such shares or of a person entitled to such shares by death, bankruptcy or operation of law; and
- (c) the Company, if so required by the rules governing the listing of shares on the Designated Stock Exchange, has given notice to, and caused advertisement in newspapers in accordance with the requirements of, the Designated Stock Exchange to be made of its intention to sell such shares in the manner required by the Designated Stock Exchange, and a period of three (3) months or such shorter period as may be allowed by the Designated Stock Exchange has elapsed since the date of such advertisement.

For the purpose of the foregoing, the “relevant period” means the period commencing twelve years before the date of publication of the advertisement referred to in paragraph (c) of this Bye-law and ending at the expiry of the period referred to in that paragraph.

- (3) To give effect to any such sale the Board may authorise some person to transfer the said shares and an instrument of transfer signed or otherwise executed by or on behalf of such person shall be as effective as if it had been executed by the registered holder or the person entitled by transmission to such shares, and the purchaser shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale. The net proceeds of the sale will belong to the Company and upon receipt by the Company of such net proceeds it shall become indebted to the former Member for an amount equal to such net proceeds. No trust shall be created in respect of such debt and no interest shall be payable in respect of it and the Company shall not be required to account for any money earned from the net proceeds which may be employed in the business of the Company or as it thinks fit. Any sale under this Bye-law shall be valid and effective notwithstanding that the Member holding the shares sold is dead, bankrupt or otherwise under any legal disability or incapacity.

GENERAL MEETINGS

56. ~~An~~ Subject to the Act, an annual general meeting of the Company shall be held in each financial year other than the year in which its statutory and such annual general meeting is convened at such time (must be held within a period of not more than fifteen (15) six (6) months after the holding end of the last preceding annual general meeting Company's financial year (unless a longer period would not infringe the rules of the Designated Stock Exchange, if any) at such time and place as may be determined by the Board. A general meeting of the Members or any class thereof may be held by means of such telephone, electronic or other communication facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and participation in such a meeting shall constitute presence in person at such meeting.
57. Each general meeting, other than an annual general meeting, shall be called a special general meeting. General meetings may be held in any part of the world as may be determined by the Board.
58. The Board may whenever it thinks fit call special general meetings, ~~and~~. Subject to the Listing Rules, one or more Members holding, at the date of deposit of the requisition, shares in the share capital of the Company that represent not less than one-tenth of the paid up capital of the Company carrying the right of voting rights at general meetings of the Company on a one vote per share basis 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 or resolution specified in such requisition, in accordance with the Act; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionists themselves may do so in accordance with the provisions of Section 74(3) of the Act.

NOTICE OF GENERAL MEETINGS

59. (1) An annual general meeting and any special general meeting at which the passing of a special resolution or an extraordinary resolution is to be considered shall be called by not less than twenty-one (21) clear days' Notice. All other special general meetings may be called by not less than fourteen (14) clear days' Notice but a general meeting may be called by shorter notice if it is so agreed:
- (a) in the case of a meeting called as an annual general meeting, by all the Members entitled to attend, speak and vote thereat; and
 - (b) in the case of any other meeting, by a majority in number of the Members having the right to attend, speak and vote at the meeting, being a majority together holding not less than ninety-five per cent. (95%) in nominal value of the issued shares giving that right.

- (2) The Notice shall specify or include: (i) except in the time and case of an electronic meeting, the place of the meeting and; (ii) the day, the hour and the agenda of the meeting; (iii) in case of special business, the general nature of the business; and (iv) if the general meeting is to be an electronic meeting, a statement to the effect and details of the electronic facilities to be made available for attending and participating by electronic means at the general meeting (or how these details will be made available by the Company before the general meeting). The Notice convening an annual general meeting shall specify the meeting as such. Notice of every general meeting shall be given to all Members other than to such Members as, under the provisions of these Bye-laws or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, to all persons entitled to a share in consequence of the death or bankruptcy or winding-up of a Member and to each of the Directors and the Auditors.
60. The accidental omission to give Notice of a meeting or (in cases where instruments of proxy are sent out with the Notice) to send such instrument of proxy to, or the non-receipt of such Notice or such instrument of proxy by, any person entitled to receive such Notice shall not invalidate any resolution passed or the proceedings at that meeting.

PROCEEDINGS AT GENERAL MEETINGS

61. (1) All business shall be deemed special that is transacted at a special general meeting, and also all business that is transacted at an annual general meeting, with the exception of sanctioning dividends, the reading, considering and adopting of the accounts and balance sheet and the reports of the Directors and Auditors and other documents required to be annexed to the balance sheet, the election of Directors and appointment of Auditors and other officers in the place of those retiring, the fixing of the remuneration of the Auditors, and the voting of remuneration or extra remuneration to the Directors.
- (2) No business other than the appointment of a chairman of a meeting shall be transacted at any general meeting unless a quorum is present at the commencement of the business. Two (2) Members entitled to speak, vote and present in person (or in the case of a Member being a corporation by its duly authorised representative) or by proxy or, for quorum purpose only, two persons appointed by the clearing house as authorised representative(s) or proxy(ies) shall form a quorum for all purposes.
- (3) All Members have the right to (a) speak at a general meeting; and (b) vote at a general meeting except where a Member is required, by the rules of the Designated Stock Exchange, to abstain from voting to approve the matter under consideration.

62. If within thirty (30) minutes (or such longer time not exceeding one hour as the chairman of the meeting may determine to wait) after the time appointed for the meeting a quorum is not present, the meeting, if convened on the requisition of Members, shall be dissolved. In any other case it shall stand adjourned to the same day in the next week at the same time and place or to such time and place as the Board may determine. If at such adjourned meeting a quorum is not present within half an hour from the time appointed for holding the meeting, the meeting shall be dissolved.
63. The president of the Company or the chairman shall preside as chairman at every general meeting. If at any meeting the president or the chairman, as the case may be, is not present within fifteen (15) minutes after the time appointed for holding the meeting, or if neither of them is willing to act as chairman, the Directors present shall choose one of their number to act, or if one Director only is present he shall preside as chairman if willing to act. If no Director is present, or if each of the Directors present declines to take the chair, or if the chairman chosen shall retire from the chair, the Members present in person or (in the case of a Member being a corporation) by its duly authorised representative or by proxy and entitled to speak and vote shall elect one of their number to be chairman.
64. The chairman may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place as the meeting shall determine, but no business shall be transacted at any adjourned meeting other than the business which might lawfully have been transacted at the meeting had the adjournment not taken place. When a meeting is adjourned for fourteen (14) days or more, at least seven (7) clear days' Notice of the adjourned meeting shall be given specifying the time and place of the adjourned meeting but it shall not be necessary to specify in such notice the nature of the business to be transacted at the adjourned meeting and the general nature of the business to be transacted. Save as aforesaid, it shall be unnecessary to give notice of an adjournment.
65. If an amendment is proposed to any resolution under consideration but is in good faith ruled out of order by the chairman of the meeting, the proceedings on the substantive resolution shall not be invalidated by any error in such ruling. In the case of a resolution duly proposed as a special resolution, no amendment thereto (other than a mere clerical amendment to correct a patent error) may in any event be considered or voted upon.

VOTING

66. Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with these Bye-laws, at any general meeting on a show of hands every Member present in person (or being a corporation, is present by a representative duly authorised under Section 78 of the Act) or by proxy shall have one vote ~~and on~~. On a poll every Member present in person or by proxy or, in the case of a Member being a corporation, by its duly authorised representative shall have one 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 instalments is treated for the foregoing purposes as paid up on the share. Notwithstanding anything contained in these Bye-laws, where more than one proxy is appointed by a Member which is a clearing house (or its nominee(s), each such proxy shall have one vote on a show of hands. A resolution put to the vote of a meeting shall be decided ~~on a show of hands unless voting by way of a poll is required by, save that the chairman of the meeting may, in good faith and pursuant to the rules of the Designated Stock Exchange, allow a resolution which relates purely to a procedural or (an administrative matter to be voted on by a show of hands. Where a show of hands is allowed, before or on the declaration of the result of the show of hands or~~ on the withdrawal of any other demand for, a poll) a poll is can be demanded:
- (a) by the chairman of such meeting; or
 - (b) by at least three Members present in person (or in the case of a Member being a corporation by its duly authorised representative) or by proxy for the time being entitled to attend, speak and vote at the meeting; or
 - (c) by a Member or Members present in person (or in the case of a Member being a corporation by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all Members having the right to attend, speak and vote at the meeting; or
 - (d) by a Member or Members present in person (or in the case of a Member being a corporation by its duly authorised representative) or by proxy and holding shares in the Company conferring a right to attend, speak and vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right; or
 - (e) if required by the rules of the Designated Stock Exchange, by any Director or Directors who, individually or collectively, hold proxies in respect of shares representing five per cent. (5%) or more of the total voting rights at such meeting.

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

67. ~~Unless~~When a ~~poll~~resolution is duly demanded and the demand is not withdrawnvoted on by a show of hands, a declaration by the chairman that a resolution has on a show of hands been carried, or carried unanimously, or by a particular majority, or not carried by a particular majority, or lost, and an entry to that effect made in the minute book of the Company, shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded for or against the resolution.
68. ~~If a poll is duly demanded the~~The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The Company shall only be required to disclose the voting figures on a poll if such disclosure is required by the rules of the Designated Stock Exchange.
69. ~~A~~Any poll ~~demanded~~ on the election of a chairman, or on a question of adjournment, shall be taken forthwith. A poll ~~demanded~~ on any other question shall be taken in such manner (including the use of ballot or voting papers or tickets) and either forthwith or at such time (being not later than thirty (30) days after the date of the demand) and place as the chairman directs. It shall not be necessary (unless the chairman otherwise directs) for notice to be given of a poll not taken immediately.
70. The demand for a poll shall not prevent the continuance of a meeting or the transaction of any business other than the question on which the poll has been demanded, and, with the consent of the chairman, it may be withdrawn at any time before the close of the meeting or the taking of the poll, whichever is the earlier.
71. On a poll votes may be given either personally or by proxy.
72. A person entitled to more than one vote on a poll need not use all his votes or cast all the votes he uses in the same way.
73. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of such meeting shall be entitled to a second or casting vote in addition to any other vote he may have.
74. Where there are joint holders of any share anyone of such joint holder may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at any meeting the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the Register in respect of the joint holding. Several executors or administrators of a deceased Member in whose name any share stands shall for the purposes of this Bye-law be deemed joint holders thereof.

75. (1) A Member who is a patient for any purpose relating to mental health or in respect of whom an order has been made by any court having jurisdiction for the protection or management of the affairs of persons incapable of managing their own affairs may vote, whether on a show of hands or on a poll, by his receiver, committee, curator bonis or other person in the nature of a receiver, committee or curator bonis appointed by such court, and such receiver, committee, curator bonis or other person may vote on a poll by proxy, and may otherwise act and be treated as if he were the registered holder of such shares for the purposes of general meetings, provided that such evidence as the Board may require of the authority of the person claiming to vote shall have been deposited at the Office, head office or Registration Office, as appropriate, not less than forty-eight (48) hours before the time appointed for holding the meeting, or adjourned meeting or poll, as the case may be.
- (2) Any person entitled under Bye-law 53 to be registered as the holder of any shares may vote at any general meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that forty-eight (48) hours at least before the time of the holding of the meeting or adjourned meeting, as the case may be, at which he proposes to vote, he shall satisfy the Board of his entitlement to such shares, or the Board shall have previously admitted his right to vote at such meeting in respect thereof.
76. (1) No Member shall, unless the Board otherwise determines, be entitled to attend, speak and vote and to be reckoned in a quorum at any general meeting unless he is duly registered and all calls or other sums presently payable by him in respect of shares in the Company have been paid.
- (2) Where the Company has knowledge that any Member is, under the rules of the Designated Stock Exchange, 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 Member in contravention of such requirement or restriction shall not be counted.

77. If:
- (a) any objection shall be raised to the qualification of any voter; or
 - (b) any votes have been counted which ought not to have been counted or which might have been rejected; or
 - (c) any votes are not counted which ought to have been counted;

the objection or error shall not vitiate the decision of the meeting or adjourned meeting on any resolution unless the same is raised or pointed out at the meeting or, as the case may be, the adjourned meeting at which the vote objected to is given or tendered or at which the error occurs. Any objection or error shall be referred to the chairman of the meeting and shall only vitiate the decision of the meeting on any resolution if the chairman decides that the same may have affected the decision of the meeting. The decision of the chairman on such matters shall be final and conclusive.

PROXIES

78. Any Member entitled to attend, speak and vote at a meeting of the Company shall be entitled to appoint another person as his proxy to attend, speak 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 speak and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a Member. In addition, a proxy or proxies representing either a Member who is an individual or a Member which is a corporation shall be entitled to exercise the same powers on behalf of the Member which he or they represent as such Member could exercise.
79. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same. In the case of an instrument of proxy purporting to be signed on behalf of a corporation by an officer thereof it shall be assumed, unless the contrary appears, that such officer was duly authorised to sign such instrument of proxy on behalf of the corporation without further evidence of the fact.

80. 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 such place or one of such places (if any) as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the meeting (or, if no place is so specified at the Registration Office or the Office, as may be appropriate) not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll taken subsequently to the date of a meeting or adjourned meeting, not less than twenty-four (24) hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of twelve (12) months from the date named in it as the date of its execution, except at an adjourned meeting or on a poll demanded at a meeting or an adjourned meeting in cases where the meeting was originally held within twelve (12) months from such date. Delivery of an instrument appointing a proxy shall not preclude a Member from attending and voting in person at the meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.
81. Instruments of proxy shall be in any common form or in such other form as the Board may approve (provided that this shall not preclude the use of the two-way form) and the Board may, if it thinks fit, send out with the notice of any meeting forms of instrument of proxy for use at the meeting. The instrument of proxy shall be deemed to confer authority to demand or join in demanding a poll and to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit. The instrument of proxy shall, unless the contrary is stated therein, be valid as well for any adjournment of the meeting as for the meeting to which it relates.
82. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the instrument of proxy or of the authority under which it was executed, provided that no intimation in writing of such death, insanity or revocation shall have been received by the Company at the Office or the Registration Office (or such other place as may be specified for the delivery of instruments of proxy in the notice convening the meeting or other document sent therewith) two (2) hours at least before the commencement of the meeting or adjourned meeting, or the taking of the poll, at which the instrument of proxy is used.
83. Anything which under these Bye-laws a Member may do by proxy he may likewise do by his duly appointed attorney and the provisions of these Bye-laws relating to proxies and instruments appointing proxies shall apply mutatis mutandis in relation to any such attorney and the instrument under which such attorney is appointed.

CORPORATIONS ACTING BY REPRESENTATIVES

84. (1) Any corporation which is a Member may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or at any meeting of any class of Members. The person so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual Member and such corporation shall for the purposes of these Bye-laws be deemed to be present in person at any such meeting if a person so authorised is present thereat.
- (2) Where a Member is a clearing house (or its nominee(s) and, in each case, being a corporation), it may authorise such persons as it thinks fit to act as its representatives at any meeting of the Company or at any meeting of any class of Members, or (where appropriate and subject to the Act) at any meeting of creditors of the Company, provided that the authorisation shall specify the number and class of shares in respect of which each such representative is so authorised. Each person so authorised under the provisions of this Bye-law 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 clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by the clearing house (or its nominee(s) in respect of the number and class of shares specified in the relevant authorisation including the right to vote ~~individually on a show of hands~~ and the right to speak.
- (3) Any reference in these Bye-laws to a duly authorised representative of a Member being a corporation shall mean a representative authorised under the provisions of this Bye-law.

WRITTEN RESOLUTIONS OF MEMBERS

85. (1) Subject to the Act, a resolution in writing signed (in such manner as to indicate, expressly or impliedly, unconditional approval) by or on behalf of all persons for the time being entitled to receive notice of and to attend, speak and vote at general meetings of the Company shall, for the purposes of these Bye-laws, be treated as a resolution duly passed at a general meeting of the Company and, where relevant, as a special resolution so passed. Any such resolution shall be deemed to have been passed at a meeting held on the date on which it was signed by the last Member to sign, and where the resolution states a date as being the date of his signature thereof by any Member the statement shall be prima facie evidence that it was signed by him on that date. Such a resolution may consist of several documents in the like form, each signed by one or more relevant Members.
- (2) Notwithstanding any provisions contained in these Bye-laws, a resolution in writing shall not be passed for the purpose of removing a Director before the expiration of his term of office under Bye-law 86(4) or for the purposes set out in Bye-law 154(3) relating to the removal and appointment of the Auditor.

BOARD OF DIRECTORS

86. (1) Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two (2). There shall be no maximum number of Directors unless otherwise determined from time to time by the Members in general meeting. The Directors shall be elected or appointed in the first place at the statutory meeting of Members and thereafter at the annual general meeting in accordance with Bye-law 87 or at any special general meeting and shall hold office until the next appointment of Directors or until their successors are elected or appointed. Any general meeting may authorise the Board to fill any vacancy in their number left unfilled at a general meeting.
- (2) 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 Members 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 Members in general meeting. Any Director so appointed by the Board shall hold office only until the next following first annual general meeting of the Company after his appointment and shall then be eligible for re-election at that meeting.

- (3) Neither a Director nor an alternate Director shall be required to hold any shares of the Company by way of qualification and a Director or alternate Director (as the case may be) who is not a Member shall be entitled to receive notice of and to attend and speak at any general meeting of the Company and of all classes of shares of the Company.
- (4) The Members may, at any general meeting convened and held in accordance with these Bye-laws, by ordinary resolution remove a Director at any time before the expiration of his period of office notwithstanding anything to the contrary in these Bye-laws or in any agreement between the Company and such Director (but without prejudice to any claim for damages under any such agreement) provided that the Notice of any such meeting convened for the purpose of removing a Director shall contain a statement of the intention so to do 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.
- (5) A vacancy on the Board created by the removal of a Director under the provisions of subparagraph (4) above may be filled by the election or appointment by the Members at the meeting at which such Director is removed to hold office until the next appointment of Directors or until their successors are elected or appointed or, in the absence of such election or appointment such general meeting may authorise the Board to fill any vacancy in the number left unfilled.
- (6) The Company may from time to time in general meeting by ordinary resolution increase or reduce the number of Directors but so that the number of Directors shall never be less than two (2).

RETIREMENT OF DIRECTORS

87. (1) Notwithstanding any other provisions in the Bye-laws, 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), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at least once every three years.
- (2) A retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he retires. 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 of the other Directors subject to retirement by rotation who have been longest in

office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. Any Director appointed pursuant to Bye-law 86(2) shall not be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation.

88. No person other than a Director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for election as a Director at any general meeting unless a Notice signed by a Member (other than the person to be proposed) duly qualified to attend, speak and vote at the meeting for which such notice is given of his intention to propose such person for election and also a Notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the head office or at the Registration Office provided that the minimum length of the period, during which such Notice(s) are given, shall be at least seven (7) days and that (if the Notices are submitted after the dispatch of the notice of the general meeting appointed for such election) the period for lodgment of such Notice(s) shall commence on the day after the dispatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.

DISQUALIFICATION OF DIRECTORS

89. The office of a Director shall be vacated if the Director:
- (1) resigns his office by notice in writing delivered to the Company at the Office or tendered at a meeting of the Board;
 - (2) becomes of unsound mind or dies;
 - (3) without special leave of absence from the Board, is absent from meetings of the Board for six 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; or
 - (4) becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;
 - (5) is prohibited by law from being a Director; or
 - (6) ceases to be a Director by virtue of any provision of the Statutes or is removed from office pursuant to these Bye-laws.

EXECUTIVE DIRECTORS

90. The Board may from time to time appoint anyone or more of its body to be a 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. Any such revocation or termination as aforesaid shall be without prejudice to any claim for damages that such Director may have against the Company or the Company may have against such Director. A Director appointed to an office under this Bye-law shall be subject to the same provisions as to removal as the other Directors of the Company, and he shall (subject to the provisions of any contract between him and the Company) ipso facto and immediately cease to hold such office if he shall cease to hold the office of Director for any cause.
91. Notwithstanding Bye-laws 96, 97, 98 and 99, an executive director appointed to an office under Bye-law 90 hereof shall receive such remuneration (whether by way of salary, commission, 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 determine, and either in addition to or in lieu of his remuneration as a Director.

ALTERNATE DIRECTORS

92. Any Director may at any time by Notice delivered to the Office or head office or at a meeting of the Directors appoint any person to be his alternate Director. Any person so appointed shall have all the rights and powers of the Director or Directors for whom such person is appointed in the alternative provided that such person shall not be counted more than once in determining whether or not a quorum is present. An alternate Director may be removed at any time by the person or body which appointed him and, subject thereto, the office of alternate Director shall continue until the next annual election of Directors or, if earlier, the date on which the relevant Director ceases to be a Director. Any appointment or removal of an alternate Director shall be effected by Notice signed by the appointor and delivered to the Office or head office or tendered at a meeting of the Board. An alternate Director may also be a Director in his own right and may act as alternate to more than one Director. An alternate Director shall, if his appointor so requests, be entitled to receive notices of meetings of the Board or of committees of the Board to the same extent as, but in lieu of, the Director appointing him and shall be entitled to such extent to attend and vote as a Director at any such meeting at which the Director appointing him is not personally present and generally at such meeting to exercise and discharge all the functions, powers and duties of his appointor as a Director and for the purposes of the proceedings at such meeting the provisions of these Bye-laws shall apply as if he were a Director save that as an alternate for more than one Director his voting rights shall be cumulative.

93. An alternate Director shall only be a Director for the purposes of the Act and shall only be subject to the provisions of the Act insofar as they relate to the duties and obligations of a Director when performing the functions of the Director for whom he is appointed in the alternative and shall alone be responsible to the Company for his acts and defaults and shall not be deemed to be the agent of or for the Director appointing him. An alternate Director shall be entitled to contract and be interested in and benefit from contracts or arrangements or transactions and to be repaid expenses and to be indemnified by the Company to the same extent mutatis mutandis as if he were a Director but he shall not be entitled to receive from the Company any fee in his capacity as an alternate Director except only such part, if any, of the remuneration otherwise payable to his appointor as such appointor may by Notice to the Company from time to time direct.
94. Every person acting as an alternate Director shall have one vote for each Director for whom he acts as alternate (in addition to his own vote if he is also a Director). If his appointor is for the time being absent from Hong Kong or otherwise not available or unable to act, the signature of an alternate Director to any resolution in writing of the Board or a committee of the Board of which his appointor is a member shall, unless the notice of his appointment provides to the contrary, be as effective as the signature of his appointor.
95. An alternate Director shall ipso facto cease to be an alternate Director if his appointor ceases for any reason to be a Director, however, such alternate Director or any other person may be re-appointed by the Directors to serve as an alternate Director PROVIDED always that, if at any meeting any Director retires but is re-elected at the same meeting, any appointment of such alternate Director pursuant to these Bye-laws which was in force immediately before his retirement shall remain in force as though he had not retired.

DIRECTORS' FEES AND EXPENSES

96. The ordinary remuneration of the Directors shall from time to time be determined by the Company in general meeting and shall (unless otherwise directed by the resolution by which it is voted) 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. Such remuneration shall be deemed to accrue from day to day.
97. Each Director shall be entitled to be repaid or prepaid all travelling, hotel and incidental expenses reasonably incurred or expected to be incurred by him in attending meetings of the Board or 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 his duties as a Director.

98. 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-law.
99. The Board shall obtain the approval of the Company in general meeting before making any payment to any Director or past Director of the Company by way of compensation for loss of office, or as consideration for or in connection with his retirement from office (not being payment to which the Director is contractually entitled).

DIRECTORS' INTERESTS

100. A Director may:
- (a) hold any other office or place of profit with the Company (except that of Auditor) in conjunction with his office of Director for such period and, subject to the relevant provisions of the Act, upon such terms as the Board may determine. Any remuneration (whether by way of salary, commission, participation in profits or otherwise) paid to any Director in respect of any such other office or place of profit shall be in addition to any remuneration provided for by or pursuant to any other Bye-law;
 - (b) act by himself or his firm in a professional capacity for the Company (otherwise than as Auditor) and he or his firm may be remunerated for professional services as if he were not a Director;
 - (c) continue to be or become a director, managing director, joint managing director, deputy managing director, executive director, manager or other officer or member of any other company promoted by the Company or in which the Company may be interested as a vendor, shareholder or otherwise and (unless otherwise agreed) no such Director shall be accountable for any remuneration, profits or other benefits received by him as a director, managing director, joint managing director, deputy managing director, executive director, manager or other officer or member of or from his interests in any such other company. Subject as otherwise provided by these 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 themselves or any of them directors, managing directors, joint managing directors, deputy managing directors, executive directors, managers or other officers of such company) or voting or providing for the payment of remuneration to the director, managing director, joint managing director, deputy managing director, executive director, manager or

other officers of such other company and any Director may vote in favour of the exercise of such voting rights in manner aforesaid notwithstanding that he may be, or about to be, appointed a director, managing director, joint managing director, deputy managing director, executive director, manager or other officer of such a company, and that as such he is or may become interested in the exercise of such voting rights in manner aforesaid.

101. Subject to the Act and to these 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 whatever, 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 Members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or of 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 Bye-law 102 herein.
102. 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. For the purposes of this Bye-law, a general Notice to the Board by a Director to the effect that:
- (a) he is a member or officer of a specified company or firm and is to be regarded as interested in any contract or arrangement which may after the date of the Notice be made with that company or firm; or
 - (b) he is to be regarded as interested in any contract or arrangement which may after the date of the Notice be made with a specified person who is connected with him;

shall be deemed to be a sufficient declaration of interest under this Bye-law in relation to any such contract or arrangement, provided that no such Notice shall be effective unless either it is given at a meeting of the Board or the Director takes reasonable steps to secure that it is brought up and read at the next Board meeting after it is given.

103. (1) 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 ~~associates~~Close Associate(s) is materially interested, but this prohibition shall not apply to any of the following matters namely:
- (i) any contract or arrangement for the giving to such Director or his ~~associate~~Close Associate(s) any security or indemnity in respect of money lent by him or any of his ~~associates~~Close Associate(s) or obligations incurred or undertaken by him or any of his ~~associates~~Close Associate(s) at the request of or for the benefit of the Company or any of its subsidiaries;
 - (ii) 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 ~~associate~~Close Associate(s) has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;
 - (iii) any ~~contract or arrangement~~proposal 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 ~~associate~~Close Associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
 - (iv) any contract or arrangement in which the Director or his ~~associate~~Close Associate(s) 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;
 - (v) any contract or arrangement concerning any other company in which the Director or his ~~associate~~Close Associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or a shareholder or in which the Director and any of his ~~associates~~Close Associate(s) are not in aggregate beneficially interested in five (5) per cent or more of the issued shares or of the voting rights of any class of shares of such company (or of any third company through which his interest or that of any of his ~~associates~~Close Associate(s) is derived); or

- (vi) 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, his ~~associates~~Close Associate(s) and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his ~~associate~~Close Associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.
- (2) A company shall be deemed to be a company in which a Director and/or his ~~associate~~Close Associate(s) owns five (5) per cent. or more if and so long as (but only if and so long as) he and/or his ~~associates~~Close Associate(s), (either directly or indirectly) are the holders of or beneficially interested in five (5) per cent. or more of any class of the equity share capital of such company or of the voting rights available to members of such company (or of any third company through which his interest or that of any of his ~~associates~~Close Associate(s) is derived). For the purpose of this paragraph there shall be disregarded any shares held by a Director or his ~~associate~~Close Associate(s) as bare or custodian trustee and in which he or any of them has no beneficial interest, any shares comprised in a trust in which the interest of the Director or his ~~associate~~Close Associate(s) is/are in reversion or remainder if and so long as some other person is entitled to receive the income thereof, and any shares comprised in an authorised unit trust scheme in which the Director or his ~~associate~~Close Associate(s) is/are interested only as a unit holder.
- (3) Where a company in which a Director and/or his ~~associate~~Close Associate(s) holds five (5) per cent. or more is materially interested in a transaction, then that Director and/or his ~~associate~~Close Associate(s) shall also be deemed materially interested in such transaction.
- (4) If any question shall arise at any meeting of the Board as to the materiality of the interest of a Director (other than the chairman of the meeting) or as to the entitlement of any Director (other than such chairman) to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, such question shall be referred to the chairman of the meeting and his ruling in relation to such other Director shall be final and conclusive except in a case where the nature or extent of the interest of the Director concerned as known to such Director has not been fairly disclosed to the Board. If any question as aforesaid shall arise in respect of the chairman of the meeting such question shall be decided by a resolution of the Board (for which purpose such chairman shall not vote thereon) and such resolution shall be final and conclusive except in a case where the nature or extent of the interest of such chairman as known to such chairman has not been fairly disclosed to the Board.

GENERAL POWERS OF THE DIRECTORS

104. (1) The business of the Company shall be managed and conducted by the Board, which may pay all expenses incurred in forming and registering the Company and may exercise all powers of the Company (whether relating to the management of the business of the Company or otherwise) which are not by the Statutes or by these Bye-laws required to be exercised by the Company in general meeting, subject nevertheless to the provisions of the Statutes and of these Bye-laws and to such regulations being not inconsistent with such provisions, as may be prescribed by the Company in general meeting, but no regulations made by the Company in general meeting shall invalidate any prior act of the Board which would have been valid if such regulations had not been made. The general powers given by this Bye-law shall not be limited or restricted by any special authority or power given to the Board by any other Bye-law.
- (2) Any person contracting or dealing with the Company in the ordinary course of business shall be entitled to rely on any written or oral contract or agreement or deed, document or instrument entered into or executed as the case may be by any two of the Directors acting jointly on behalf of the Company and the same shall be deemed to be validly entered into or executed by the Company as the case may be and shall, subject to any rule of law, be binding on the Company.
- (3) Without prejudice to the general powers conferred by these Bye-laws it is hereby expressly declared that the Board shall have the following powers:
- (a) to give to any person the right or option of requiring at a future date that an allotment shall be made to him of any share at par or at such premium as may be agreed.
 - (b) to give to any Directors, officers or servants of the Company an interest in any particular business or transaction or participation in the profits thereof or in the general profits of the Company either in addition to or in substitution for a salary or other remuneration.
 - (c) to resolve that the Company be discontinued in Bermuda and continued in a named country or jurisdiction outside Bermuda subject to the provisions of the Act.

105. The Board may establish any regional or local boards or agencies for managing any of the affairs of the Company in any place, and may appoint any persons to be members of such local boards, or any managers or agents, and may fix their remuneration (either by way of salary or by commission or by conferring the right to participation in the profits of the Company or by a combination of two or more of these modes) and pay the working expenses of any staff employed by them upon the business of the Company. The Board may delegate to any regional or local board, manager or agent any of the powers, authorities and discretions vested in or exercisable by the Board (other than its powers to make calls and forfeit shares), with power to sub-delegate, and may authorise the members of any of them to fill any vacancies therein and to act notwithstanding vacancies. Any such appointment or delegation may be made upon such terms and subject to such conditions as the Board may think fit, and the Board may remove any person appointed as aforesaid, and may revoke or vary such delegation, but no person dealing in good faith and without notice of any such revocation or variation shall be affected thereby.
106. The Board may by power of attorney appoint ~~under the Seal~~ any company, firm or person or any fluctuating body of persons, whether nominated directly or indirectly by the Board, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these Bye-laws) and for such period and subject to such conditions as it may think fit, and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Board may think fit, and may also authorise any such attorney to sub-delegate all or any of the powers, authorities and discretions vested in him. Such attorney or attorneys may, if so authorised under the Seal of the Company, execute any deed or instrument under their personal seal with the same effect as the affixation of the Seal.
107. The Board may entrust to and confer upon a managing director, joint managing director, deputy managing director, an executive director or any Director any of the powers exercisable by it upon such terms and conditions and with such restrictions as it thinks fit, and either collaterally with, or to the exclusion of, its own powers, and may from time to time revoke or vary all or any of such powers but no person dealing in good faith and without notice of such revocation or variation shall be affected thereby.
108. All cheques, promissory notes, drafts, bills of exchange and other instruments, whether negotiable or transferable or not, and all receipts for moneys paid to the Company shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, in such manner as the Board shall from time to time by resolution determine. The Company's banking accounts shall be kept with such banker or bankers as the Board shall from time to time determine.

109. (1) 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 moneys 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 under the Company or any of its subsidiary companies) and ex-employees of the Company and their dependants or any class or classes of such person.
- (2) 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 mentioned in the last preceding 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.

BORROWING POWERS

110. The Board may exercise all the powers of the Company to raise or borrow money and 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 Act, to issue debentures, bonds and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.
111. Debentures, bonds and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.
112. Any debentures, bonds or other securities may be issued at a discount (other than shares), premium or otherwise and with any special privileges as to redemption, surrender, drawings, allotment of shares, attending and voting at general meetings of the Company, appointment of Directors and otherwise.
113. (1) Where any uncalled capital of the Company is charged, all persons taking any subsequent charge thereon shall take the same subject to such prior charge, and shall not be entitled, by notice to the Members or otherwise, to obtain priority over such prior charge.
- (2) The Board shall cause a proper register to be kept, in accordance with the provisions of the Act, of all charges specifically affecting the property of the Company and of any series of debentures issued by the Company and shall duly comply with the requirements of the Act in regard to the registration of charges and debentures therein specified and otherwise.

PROCEEDINGS OF THE DIRECTORS

114. The Board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it considers appropriate. Questions arising at any meeting shall be determined by a majority of votes. In the case of any equality of votes the chairman of the meeting shall have an additional or casting vote.
115. A meeting of the Board may be convened by the Secretary on request of a Director or by any Director. The Secretary shall convene a meeting of the Board of which notice may be given in writing or by telephone, telex, telegram, facsimile or email or in such other manner as the Board may from time to time determine whenever he shall be required so to do by the president or chairman, as the case may be, or any Director.
116. (1) 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.
- (2) Directors may participate in any meeting of the Board by means of a conference telephone, electronic or other communications equipment through which all persons participating in the meeting can communicate with each other simultaneously and instantaneously and, for the purpose of counting a quorum, such participation shall constitute presence at a meeting as if those participating were present in person.
- (3) Any Director who ceases to be a Director at a Board meeting may continue to be present and to act as a Director and be counted in the quorum until the termination of such Board meeting if no other Director objects and if otherwise a quorum of Directors would not be present.
117. The continuing Directors or a sole continuing Director may act notwithstanding any vacancy in the Board but, if and so long as the number of Directors is reduced below the minimum number fixed by or in accordance with these Bye-laws, the continuing Directors or Director, notwithstanding that the number of Directors is below the number fixed by or in accordance with these Bye-laws as the quorum or that there is only one continuing Director, may act for the purpose of filling vacancies in the Board or of summoning general meetings of the Company but not for any other purpose.
118. The Board may elect a chairman and one or more deputy chairman of its meetings and determine the period for which they are respectively to hold such office. If no chairman or deputy chairman is elected, or if at any meeting neither the chairman nor any deputy chairman is present within five (5) minutes after the time appointed for holding the same, the Directors present may choose one of their number to be chairman of the meeting.

119. A meeting of the Board at which a quorum is present shall be competent to exercise all the powers, authorities and discretions for the time being vested in or exercisable by the Board.
120. (1) The Board may delegate any of its powers, authorities and discretions to committees, consisting of such Director or Directors and other persons as it thinks fit, and they 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 which may be imposed on it by the Board.
- (2) All acts done by any such committee in conformity with such regulations, and in fulfilment of the purposes for which it was appointed, but not otherwise, shall have like force and effect as if done by the Board, and the Board shall have power, with the consent of the Company in general meeting, to remunerate the members of any such committee, and charge such remuneration to the current expenses of the Company.
121. The meetings and proceedings of any committee consisting of two or more members shall be governed by the provisions contained in these Bye-laws for regulating the meetings and proceedings of the Board so far as the same are applicable and are not superseded by any regulations imposed by the Board under the last preceding Bye-law.
122. A resolution in writing signed by all the Directors except such as are temporarily unable to act through ill-health or disability, and all the alternate Directors, if appropriate, whose appointors are temporarily unable to act as aforesaid shall be as valid and effectual as if a resolution had been passed at a meeting of the Board duly convened and held provided that such number is sufficient to constitute a quorum and that a copy of such resolution has been given or the contents thereof communicated to all the Directors for the time being entitled to receive notices of Board meetings in the same manner as notices of meetings are required to be given by these Bye-laws and further provided that no Director is aware of or has received any objection to the resolution from any Director. Such resolution may be contained in one document or in several documents in like form each signed by one or more of the Directors or alternate Directors and for this purpose a facsimile signature of a Director or an alternate Director shall be treated as valid.
123. All acts bona fide done by the Board or by any committee or by any person acting as a Director or members of a committee, shall, notwithstanding that it is afterwards discovered that there was some defect in the appointment of any member of the Board or such committee or person acting as aforesaid or that they or any of them were disqualified or had vacated office, be as valid as if every such person had been duly appointed and was qualified and had continued to be a Director or member of such committee.

MANAGERS

124. The Board may from time to time appoint a general manager, a manager or managers of the Company and may fix his or their remuneration either by way of salary or commission or by conferring the right to participation in the profits of the Company or by a combination of two or more of these modes and pay the working expenses of any of the staff of the general manager, manager or managers who may be employed by him or them upon the business of the Company.
125. The appointment of such general manager, manager or managers may be for such period as the Board may decide, and the Board may confer upon him or them all or any of the powers of the Board as it may think fit.
126. The Board may enter into such agreement or agreements with any such general manager, manager or managers upon such terms and conditions in all respects as the Board may in their absolute discretion think fit, including a power for such general manager, manager or managers to appoint an assistant manager or managers or other employees whatsoever under them for the purpose of carrying on the business of the Company.

OFFICERS

127. (1) The officers of the Company shall consist of a president and vice-president or chairman and deputy chairman, the Directors and Secretary and such additional officers (who may or may not be Directors) as the Board may from time to time determine, all of whom shall be deemed to be officers for the purposes of the Act and these Bye-laws.
- (2) The Directors shall, as soon as may be after each appointment or election of Directors, elect amongst the Directors a president and a vice-president or a chairman and a deputy chairman; and if more than one (1) Director is proposed for either of these offices, the election to such office shall take place in such manner as the Directors may determine.
- (3) The officers shall receive such remuneration as the Directors may from time to time determine.
- (4) Where the Company appoints and maintains a resident representative ordinarily resident in Bermuda in accordance with the Act, the resident representative shall comply with the provisions of the Act.

The Company shall provide the resident representative with such documents and information as the resident representative may require in order to be able to comply with the provisions of the Act.

The resident representative shall be entitled to have notice of, attend and be heard at all meetings of the Directors or of any committee of such Directors or general meetings of the Company.

128. (1) The Secretary and additional officers, if any, shall be appointed by the Board and shall hold office on such terms and for such period as the Board may determine. If thought fit, two (2) or more persons may be appointed as joint Secretaries. The Board may also appoint from time to time on such terms as it thinks fit one or more assistant or deputy Secretaries.
- (2) The Secretary shall attend all meetings of the Members and shall keep correct minutes of such meetings and enter the same in the proper books provided for the purpose. He shall perform such other duties as are prescribed by the Act or these Bye-laws or as may be prescribed by the Board.
129. The president or the chairman, as the case may be, shall act as chairman at all meetings of the Members and of the Directors at which he is present. In his absence a chairman shall be appointed or elected by those present at the meeting.
130. The officers of the Company shall have such powers and perform such duties in the management, business and affairs of the Company as may be delegated to them by the Directors from time to time.
131. A provision of the Act or of these Bye-laws requiring or authorising a thing to be done by or to a Director and the Secretary shall not be satisfied by its being done by or to the same person acting both as Director and as or in place of the Secretary.

REGISTER OF DIRECTORS AND OFFICERS

132. (1) The Board shall cause to be kept in one or more books at the Office a Register of Directors and Officers and shall enter therein the following particulars with respect to each Director and Officer, that is to say:
- (a) in the case of an individual, his or her present first name, surname and address; and
- (b) in the case of a company, its name and registered office.
- (2) The Board shall within a period of fourteen (14) days from the occurrence of:
- (a) any change among the Directors and Officers; or
- (b) any change in the particulars contained in the Register of Directors and Officers,
- cause to be entered on the Register of Directors and Officers the particulars of such change and of the date on which it occurred.

- (3) The Register of Directors and Officers shall be open to inspection by members of the public without charge at the Office between 10:00 a.m. and 12:00 noon on every business day.
- (4) In this Bye-law "Officer" has the meaning ascribed to it in Section 92A(7) of the Act.

MINUTES

133. (1) The Board shall cause Minutes to be duly entered in books provided for the purpose:
- (a) of all elections and appointments of officers;
 - (b) of the names of the Directors present at each meeting of the Directors and of any committee of the Directors;
 - (c) of all resolutions and proceedings of each general meeting of the Members and meetings of the Board.
- (2) Minutes prepared in accordance with the Act and these Bye-laws shall be kept by the Secretary at the Office.

SEAL

134. (1) The Company shall have one or more Seals, as the Board may determine. For the purpose of sealing documents creating or evidencing securities issued by the Company, the Company may have a securities seal which is a facsimile of the Seal with the addition of the words "Securities Seal" on its face or in such other form as the Board may approve. The Board shall provide for the custody of each Seal and no Seal shall be used without the authority of the Board or of a committee of the Board authorised by the Board in that behalf. Subject as otherwise provided in these Bye-laws, any instrument to which a Seal is affixed shall be signed autographically by one Director and the Secretary or by two Directors or by such other person (including a Director) or persons as the Board may appoint, either generally or in any particular case, save that as regards any certificates for shares or debentures or other securities of the Company the Board may by resolution determine that such signatures or either of them shall be dispensed with or affixed by some method or system of mechanical signature. Every instrument executed in the manner provided by this Bye-law shall be deemed to be sealed and executed with the authority of the Board previously given.

- (2) Where the Company has a Seal for use abroad, the Board may by writing under the Seal appoint any agent or committee abroad to be the duly authorised agent of the Company for the purpose of affixing and using such Seal and the Board may impose restrictions on the use thereof as may be thought fit. Wherever in these Bye-laws reference is made to the Seal, the reference shall, when and so far as may be applicable, be deemed to include any such other Seal as aforesaid.

AUTHENTICATION OF DOCUMENTS

135. Any Director or the Secretary or any person appointed by the Board for the purpose may authenticate any documents affecting the constitution of the Company and any resolution passed by the Company or the Board or any committee, and any books, records, documents and accounts relating to the business of the Company, and to certify copies thereof or extracts therefrom as true copies or extracts, and if any books, records, documents or accounts are elsewhere than at the Office or the head office the local manager or other officer of the Company having the custody thereof shall be deemed to be a person so appointed by the Board. A document purporting to be a copy of a resolution, or an extract from the minutes of a meeting, of the Company or of the Board or any committee which is so certified shall be conclusive evidence in favour of all persons dealing with the Company upon the faith thereof that such resolution has been duly passed or, as the case may be, that such minutes or extract is a true and accurate record of proceedings at a duly constituted meeting.

DESTRUCTION OF DOCUMENTS

136. (1) The Company shall be entitled to destroy the following documents at the following times:
- (a) any share certificate which has been cancelled at any time after the expiry of one (1) year from the date of such cancellation;
 - (b) any dividend mandate or any variation or cancellation thereof or any notification of change of name or address at any time after the expiry of two (2) years from the date such mandate variation cancellation or notification was recorded by the Company;
 - (c) any instrument of transfer of shares which has been registered at any time after the expiry of seven (7) years from the date of registration;

- (d) any allotment letters after the expiry of seven (7) years from the date of issue thereof; and
- (e) copies of powers of attorney, grants of probate and letters of administration at any time after the expiry of seven (7) years after the account to which the relevant power of attorney, grant of probate or letters of administration related has been closed;

and it shall conclusively be presumed in favour of the Company that every entry in the Register purporting to be made on the basis of any such documents so destroyed was duly and properly made and every share certificate so destroyed was a valid certificate duly and properly cancelled and that every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered and that every other document destroyed hereunder was a valid and effective document in accordance with the recorded particulars thereof in the books or records of the Company. Provided always that: (1) the foregoing provisions of this Bye-law shall apply only to the destruction of a document in good faith and without express notice to the Company that the preservation of such document was relevant to a claim; (2) nothing contained in this Bye-law shall be construed as imposing upon the Company any liability in respect of the destruction of any such document earlier than as aforesaid or in any case where the conditions of proviso (1) above are not fulfilled; and (3) references in this Bye-law to the destruction of any document include references to its disposal in any manner.

- (2) Notwithstanding any provision contained in these Bye-laws, the Directors may, if permitted by applicable law, authorise the destruction of documents set out in sub-paragraphs (a) to (e) of paragraph (1) of this Bye-law and any other documents in relation to share registration which have been microfilmed or electronically stored by the Company or by the share registrar on its behalf provided always that this Bye-law shall apply only to the destruction of a document in good faith and without express notice to the Company and its share registrar that the preservation of such document was relevant to a claim.

DIVIDENDS AND OTHER PAYMENTS

- 137. Subject to the Act, the Company in general meeting may from time to time declare dividends in any currency to be paid to the Members 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 the Members out of any contributed surplus (as ascertained in accordance with the Act).
- 138. 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 the aggregate of its liabilities and its issued share capital and share premium accounts.

139. Except in so far as the rights attaching to, or the terms of issue of, any share otherwise provide:
- (a) 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 be treated for the purposes of this Bye-law as paid up on the share; and
 - (b) all dividends shall be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid.
140. The Board may from time to time pay to the Members such interim dividends as appear to the Board to be justified by the profits of the Company and in particular (but without prejudice to the generality of the foregoing) if at any time the share capital of the Company is divided into different classes, the Board may pay such interim dividends in respect of those shares in the capital of the Company which confer on the holders thereof deferred or non-preferential rights as well as in respect of those shares which confer on the holders thereof preferential rights with regard to dividend and provided that the Board acts bona fide the Board shall not incur any responsibility to the holders of shares conferring any preference for any damage that they may suffer by reason of the payment of an interim dividend on any shares having deferred or non-preferential rights and may also pay any fixed dividend which is payable on any shares of the Company half-yearly or on any other dates, whenever such profits, in the opinion of the Board, justifies such payment.
141. The Board may deduct from any dividend or other moneys payable to a Member 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.
142. No dividend or other moneys payable by the Company on or in respect of any share shall bear interest against the Company.
143. Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address or, in the case of joint holders; addressed to the holder whose name stands first in the Register in respect of the shares at his address as appearing in the Register or addressed to such person and at such address as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the

Register in respect of such shares; and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company notwithstanding that it may subsequently appear that the same has been stolen or that any endorsement thereon has been forged. Anyone of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

144. 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. Any dividend or bonuses unclaimed after a period of six (6) years from the date of declaration shall be forfeited and shall revert to the Company. The payment by the Board of any unclaimed dividend or other sums payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof.
145. 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 and in particular of paid up shares, debentures or warrants to subscribe securities of the Company or any other company, or in any one or more of such ways, and where any difficulty arises in regard to the distribution the Board may settle the same as it thinks expedient, and in particular may issue certificates in respect of fractions of shares, disregard fractional entitlements or round the same up or down, and may fix the value for distribution of such specific assets, or any part thereof, and may determine that cash payments shall be made to any Members upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the Board and may appoint any person to sign any requisite instruments of transfer and other documents on behalf of the persons entitled to the dividend, and such appointment shall be effective and binding on the Members. The Board may resolve that no such assets shall be made available to Members with registered addresses in any particular territory or territories where, in the absence of a registration statement or other special formalities, such distribution of assets would or might, in the opinion of the Board, be unlawful or impracticable and in such event the only entitlement of the Members aforesaid shall be to receive cash payments as aforesaid. Members affected as a result of the foregoing sentence shall not be or be deemed to be a separate class of Members for any purpose whatsoever.

146. (1) Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared on any class of the share capital of the Company, the Board may further resolve either:
- (a) 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 if the Board so determines) in cash in lieu of such allotment. In such case, the following provisions shall apply:
 - (i) the basis of any such allotment shall be determined by the Board;
 - (ii) the Board, after determining the basis of allotment, shall give not less than two (2) weeks' Notice to the holders of the relevant shares of the right of election accorded to them and shall send with such notice forms of election and specify the procedure to be followed and the place at which and the latest date and time by which duly completed forms of election must be lodged in order to be effective;
 - (iii) the right of election may be exercised in respect of the whole or part of that portion of the dividend in respect of which the right of election has been accorded; and
 - (iv) the dividend (or that part of the dividend to be satisfied by the allotment of shares as aforesaid) shall not be payable in cash on shares in respect whereof the cash election has not been duly exercised („ the non-elected shares”) and in satisfaction thereof shares of the relevant class shall be allotted credited as fully paid up to the holders of the non-elected shares on the basis of allotment determined as aforesaid and for such purpose the Board shall capitalise and apply out of any part of the undivided profits of the Company (including profits carried and standing to the credit of any reserves or other special account other than the Subscription Rights Reserve) as the Board may determine, such sum as may be required to pay up in full the appropriate number of shares of the relevant class for allotment and distribution to and amongst the holders of the non-elected shares on such basis; or

- (b) that the shareholders entitled to such dividend shall 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. In such case, the following provisions shall apply:
 - (i) the basis of any such allotment shall be determined by the Board;
 - (ii) the Board, after determining the basis of allotment, shall give not less than two (2) weeks' Notice to the holders of the relevant shares of the right of election accorded to them and shall send with such notice forms of election and specify the procedure to be followed and the place at which and the latest date and time by which duly completed forms of election must be lodged in order to be effective;
 - (iii) the right of election may be exercised in respect of the whole or part of that portion of the dividend in respect of which the right of election has been accorded; and
 - (iv) the dividend (or that part of the dividend in respect of which a right of election has been accorded) shall not be payable in cash on shares in respect whereof the share election has been duly exercised ("**the elected shares**") and in lieu thereof shares of the relevant class shall be allotted credited as fully paid up to the holders of the elected shares on the basis of allotment determined as aforesaid and for such purpose the Board shall capitalise and apply out of any part of the undivided profits of the Company (including profits carried and standing to the credit of any reserves or other special account other than the Subscription Rights Reserve) as the Board may determine, such sum as may be required to pay up in full the appropriate number of shares of the relevant class for allotment and distribution to and amongst the holders of the elected shares on such basis.
- (2) (a) The shares allotted pursuant to the provisions of paragraph (1) of this Bye-law shall rank *pari passu* in all respects with shares of the same class (if any) then in issue save only as regards participation in the relevant dividend or in any other distributions, bonuses or rights paid, made, declared or announced prior to or contemporaneously with the payment or declaration of the relevant dividend unless, contemporaneously with the announcement by the Board of their proposal to apply the provisions of sub-paragraph (a) or (b) of paragraph (2) of this Bye-law in relation to the relevant dividend or contemporaneously with their announcement of the distribution, bonus or rights in question, the Board shall specify that the shares to be allotted pursuant to the provisions of paragraph (1) of this Bye-law shall rank for participation in such distribution, bonus or rights.

- (b) The Board may do all acts and things considered necessary or expedient to give effect to any capitalisation pursuant to the provisions of paragraph (1) of this Bye-law, with full power to the Board to make such provisions as it thinks fit in the case of shares becoming distributable in fractions (including provisions whereby, in whole or in part, fractional entitlements are aggregated and sold and the net proceeds distributed to those entitled, or are disregarded or rounded up or down or whereby the benefit of fractional entitlements accrues to the Company rather than to the Members concerned). The Board may authorise any person to enter into on behalf of all Members interested, an agreement with the Company providing for such capitalisation and matters incidental thereto and any agreement made pursuant to such authority shall be effective and binding on all concerned.
- (3) The Company may upon the recommendation of the Board by ordinary resolution resolve in respect of anyone particular dividend of the Company that notwithstanding the provisions of paragraph (1) of this Bye-law a dividend 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.
- (4) The Board may on any occasion determine that rights of election and the allotment of shares under paragraph (1) of this Bye-law shall not be made available or made to any shareholders with registered addresses in any territory where, in the absence of a registration statement or other special formalities, the circulation of an offer of such rights of election or the allotment of shares would or might, in the opinion of the Board, be unlawful or impracticable, and in such event the provisions aforesaid shall be read and construed subject to such determination. Members affected as a result of the foregoing sentence shall not be or be deemed to be a separate class of Members for any purpose whatsoever.
- (5) Any resolution declaring a dividend on shares of any class, whether a resolution of the Company in general meeting or a resolution of the Board, may specify that the same shall be payable or distributable to the persons registered as the holders of such shares at the close of business on a particular date, notwithstanding that it may be a date prior to that on which the resolution is passed, and thereupon the dividend shall be payable or distributable to them in accordance with their respective holdings so registered, but without prejudice to the rights inter se in respect of such dividend of transferors and transferees of any such shares. The provisions of this Bye-law shall mutatis mutandis apply to bonuses, capitalisation issues, distributions of realised capital profits or offers or grants made by the Company to the Members.

RESERVES

147. Before recommending any dividend, the Board may set aside out of the profits of the Company such sums as it determines as reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied and pending such application may, also at such discretion, either be employed in the business of the Company or be invested in such investments as the Board may from time to time think fit and so that it shall not be necessary to keep any investments constituting the reserve or reserves separate or distinct from any other investments of the Company. The Board may also without placing the same to reserve carry forward any profits which it may think prudent not to distribute.

CAPITALISATION

148. The Company may, upon the recommendation of the Board, at any time and from time to time pass an ordinary resolution to the effect that it is desirable to capitalise all or any part of any amount for the time being standing to the credit of any reserve or fund (including the profit and loss account) whether or not the same is available for distribution and accordingly that such amount be set free for distribution among the Members or any class of Members who would be entitled thereto if it were distributed by way of dividend and in the same proportions, on the footing that the same is not paid in cash but is applied either in or towards paying up the amounts for the time being unpaid on any shares in the Company held by such Members respectively or in paying up in full unissued shares, debentures or other obligations of the Company, to be allotted and distributed credited as fully paid up among such Members, or partly in one way and partly in the other, and the Board shall give effect to such resolution provided that, for the purposes of this Bye-law, a share premium account and any reserve or fund representing unrealised profits, may be applied only in paying up in full unissued shares of the Company to be allotted to such Members credited as fully paid. In carrying sums to reserve and in applying the same the Board shall comply with the provisions of the Act.
149. The Board may settle, as it considers appropriate, any difficulty arising in regard to any distribution under the last preceding Bye-law and in particular may issue certificates in respect of fractions of shares or authorise any person to sell and transfer any fractions or may resolve that the distribution should be as nearly as may be practicable in the correct proportion but not exactly so or may ignore fractions altogether, and may determine that cash payments shall be made to any Members in order to adjust the rights of all parties, as may seem expedient to the Board. The Board may appoint any person to sign on behalf of the persons entitled to participate in the distribution any contract necessary or desirable for giving effect thereto and such appointment shall be effective and binding upon the Members.

SUBSCRIPTION RIGHTS RESERVE

150. The following provisions shall have effect to the extent that they are not prohibited by and are in compliance with the Act:

- (1) If, so long as any of the rights attached to any warrants issued by the Company to subscribe for shares of the Company shall remain exercisable, the Company does any act or engages in any transaction which, as a result of any adjustments to the subscription price in accordance with the provisions of the conditions of the warrants, would reduce the subscription price to below the nominal value of a share, then the following provisions shall apply:
 - (a) as from the date of such act or transaction the Company shall establish and thereafter (subject as provided in this Bye-law) maintain in accordance with the provisions of this Bye-law a reserve (the "**Subscription Rights Reserve**") the amount of which shall at no time be less than the sum which for the time being would be required to be capitalised and applied in paying up in full the nominal amount of the additional shares required to be issued and allotted credited as fully paid pursuant to sub- paragraph (c) below on the exercise in full of all the subscription rights outstanding and shall apply the Subscription Rights Reserve in paying up such additional shares in full as and when the same are allotted;
 - (b) the Subscription Rights Reserve shall not be used for any purpose other than that specified above unless all other reserves of the Company (other than share premium account) have been extinguished and will then only be used to make good losses of the Company if and so far as is required by law;
 - (c) upon the exercise of all or any of the subscription rights represented by any warrant, the relevant subscription rights shall be exercisable in respect of a nominal amount of shares equal to the amount in cash which the holder of such warrant is required to pay on exercise of the subscription rights represented thereby (or, as the case may be the relevant portion thereof in the event of a partial exercise of the subscription rights) and, in addition, there shall be allotted in respect of such subscription rights to the exercising warrant_holder, credited as fully paid, such additional nominal amount of shares as is equal to the difference between:
 - (i) the said amount in cash which the holder of such warrant is required to pay on exercise of the subscription rights represented thereby (or, as the case may be, the relevant portion thereof in the event of a partial exercise of the subscription rights); and

- (ii) the nominal amount of shares in respect of which such subscription rights would have been exercisable having regard to the provisions of the conditions of the warrants, had it been possible for such subscription rights to represent the right to subscribe for shares at less than par

and immediately upon such exercise so much of the sum standing to the credit of the Subscription Rights Reserve as is required to pay up in full such additional nominal amount of shares shall be capitalised and applied in paying up in full such additional nominal amount of shares which shall forthwith be allotted credited as fully paid to the exercising warrant_holders; and

- (d) if, upon the exercise of the subscription rights represented by any warrant, the amount standing to the credit of the Subscription Rights Reserve is not sufficient to pay up in full such additional nominal amount of shares equal to such difference as aforesaid to which the exercising warrant_holder is entitled, the Board shall apply any profits or reserves then or thereafter becoming available (including, to the extent permitted by law, share premium account) for such purpose until such additional nominal amount of shares is paid up and allotted as aforesaid and until then no dividend or other distribution shall be paid or made on the fully paid shares of the Company then in issue. Pending such payment and allotment, the exercising warrant_holder shall be issued by the Company with a certificate evidencing his right to the allotment of such additional nominal amount of shares. The rights represented by any such certificate shall be in registered form and shall be transferable in whole or in part in units of one share in the like manner as the shares for the time being are transferable, and the Company shall make such arrangements in relation to the maintenance of a register therefor and other matters in relation thereto as the Board may think fit and adequate particulars thereof shall be made known to each relevant exercising warrant_holder upon the issue of such certificate.

- (2) Shares allotted pursuant to the provisions of this Bye-law shall rank pari passu in all respects with the other shares allotted on the relevant exercise of the subscription rights represented by the warrant concerned. Notwithstanding anything contained in paragraph (1) of this Bye-law, no fraction of any share shall be allotted on exercise of the subscription rights.
- (3) The provision of this Bye-law as to the establishment and maintenance of the Subscription Rights Reserve shall not be altered or added to in any way which would vary or abrogate, or which would have the effect of varying or abrogating the provisions for the benefit of any warrant_holder or class of warrant_holders under this Bye-law without the sanction of a special resolution of such warrant_holders or class of warrant_holders.

- (4) A certificate or report by the auditors for the time being of the Company as to whether or not the Subscription Rights Reserve is required to be established and maintained and if so the amount thereof so required to be established and maintained, as to the purposes for which the Subscription Rights Reserve has been used; as to the extent to which it has been used to make good losses of the Company; as to the additional nominal amount of shares required to be allotted to exercising warrant_holders credited as fully paid, and as to any other matter concerning the Subscription Rights Reserve shall (in the absence of manifest error) be conclusive and binding upon the Company and all warrant_holders and shareholders.

ACCOUNTING RECORDS

151. 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 Act or necessary to give a true and fair view of the Company's affairs and to explain its transactions. The financial year end of the Company shall be 31 December in each calendar year or as otherwise determined by the Board.
152. The accounting records shall be kept at the Office or, subject to the Act, at such other place or places as the Board decides and shall always be open to inspection by the Directors. No Member (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.
153. Subject to Section 88 of the Act and Bye-law 154, 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 annual general meeting and laid before the Company in general meeting in accordance with the requirements of the Act provided that this Bye-law 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.

154. To the extent permitted by and subject to due compliance with all applicable Statutes, rules and regulations, including, without limitation, the rules of the Designated Stock Exchange, and to obtaining all necessary consents, if any, required thereunder, the requirements of Bye-law 153 shall be deemed satisfied in relation to any person by sending to the person in any manner not prohibited by the Statutes, a summary financial statement derived from the Company's annual accounts and the directors' report which shall be in the form and containing the information required by applicable laws and regulations, provided that any person who is otherwise entitled to the annual financial statements of the Company and the directors' report thereon may, if he so requires by notice in writing served on the Company, demand that the Company sends to him, in addition to a summary financial statement, a complete printed copy of the Company's annual financial statement and the directors' report thereon.
155. The requirement to send to a person referred to in Bye-law 153 the documents referred to in that provision or a summary financial report in accordance with Bye-law 154 shall be deemed satisfied where, in accordance with all applicable Statutes, rules and regulations, including, without limitation, the rules of the Designated Stock Exchange, the Company publishes copies of the documents referred to in Bye-law 153 and, if applicable, a summary financial report complying with Bye-law 154, on the Company's computer network or in any other permitted manner (including by sending any form of electronic communication), and that person has agreed or is deemed to have agreed to treat the publication or receipt of such documents in such manner as discharging the Company's obligation to send to him a copy of such documents.

AUDIT

156. (1) Subject to Section 88 of the Act, ~~at the annual general meeting or at a subsequent special general meeting in each year, the Members shall~~the Members may by ordinary resolution appoint an auditor to audit the accounts of the Company and such auditor shall hold office until the Members appoint another auditor. Such auditor may be a Member 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.
- (2) Subject to Section 89 of the Act, a person, other than an incumbent Auditor, shall not be capable of being appointed Auditor ~~at an annual general meeting~~ unless notice in writing of an intention to nominate that person to the office of Auditor has been given not less than twenty-one (21) days before the ~~annual general meeting~~ for the appointment of the Auditor and furthermore, the Company shall send a copy of any such notice to the incumbent Auditor.

- (3) The Members may, at any general meeting convened and held in accordance with these Bye-laws, by ~~special~~extraordinary 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.
157. Subject to Section 88 of the Act the accounts of the Company shall be audited at least once in every year.
158. The remuneration of the Auditor shall be fixed by the Company in general meeting by ordinary resolution or in such manner as the Members may determine.
- ~~159. If the office of auditor becomes vacant by the resignation or death of the Auditor, or by his becoming incapable of acting by reason of illness or other disability at a time when his services are required, the Directors shall fill the vacancy and fix the remuneration of the Auditor so appointed.~~
159. Subject to the Listing Rules, the Board may fill any casual vacancy in the office of Auditor but while any such vacancy continues the surviving or continuing Auditor or Auditors, if any, may act, the remuneration of any Auditor appointed by the Board under this Bye-law may be fixed by the Board. Subject to Bye-law 156(3), an Auditor appointed under this Bye-law shall hold office until the next following annual general meeting of the Company and shall then be subject to re-appointment by the Members under Bye-law 156(1) at such remuneration to be determined by the Members under Bye-law 158.
160. The Auditor shall at all reasonable times have access to all books kept by the Company and to all accounts and vouchers relating thereto; and he may call on the Directors or officers of the Company for any information in their possession relating to the books or affairs of the Company.
161. The statement of income and expenditure and the balance sheet provided for by these Bye-laws shall be examined by the Auditor and compared by him with the books, accounts and vouchers relating thereto; and he shall make a written report thereon stating whether such statement and balance sheet are drawn up so as to present fairly the financial position of the Company and the results of its operations for the period under review and, in case information shall have been called for from Directors or officers of the Company, whether the same has been furnished and has been satisfactory. 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 Members 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 or jurisdiction.

NOTICES

162. Any Notice or document (including any “corporate communication” within the meaning ascribed thereto under the rules of the Designated Stock Exchange), whether or not, to be given or issued under these Bye-laws from the Company to a Member shall be in writing or by cable, telex or facsimile transmission message or other form of electronic transmission or communication and any such Notice and document may be served or delivered by the Company on or to any Member either personally or by sending it through the post in a prepaid envelope addressed to such Member at his registered address as appearing in the Register or at any other address supplied by him to the Company for the purpose or, as the case may be, by transmitting it to any such address or transmitting it to any telex or facsimile transmission number or electronic number or address or website supplied by him to the Company for the giving of Notice to him or which the person transmitting the notice reasonably and bona fide believes at the relevant time will result in the Notice being duly received by the Member or may also be served by advertisement in appointed newspapers (as defined in the Act) or in newspapers published daily and circulating generally in the territory of and in accordance with the requirements of the Designated Stock Exchange or, to the extent permitted by the applicable laws, by placing it on the Company’s website or the website of the Designated Stock Exchange, and giving to the member a notice stating that the notice or other document is available there (a “**notice of availability**”). The notice of availability may be given to the Member by any of the means set out above. In the case of joint holders of a share all notices shall be given to that one of the joint holders whose name stands first in the Register and notice so given shall be deemed a sufficient service on or delivery to all the joint holders.
163. Any Notice or other document:
- (a) if served or delivered by post, shall where appropriate be sent by airmail and shall be deemed to have been served or delivered on the day following that on which the envelope containing the same, properly prepaid and addressed, is put into the post; in proving such service or delivery it shall be sufficient to prove that the envelope or wrapper containing the notice or document was properly addressed and put into the post and a certificate in writing signed by the Secretary or other officer of the Company or other person appointed by the Board that the envelope or wrapper containing the notice or other document was so addressed and put into the post shall be conclusive evidence thereof;
 - (b) if sent by electronic communication, shall be deemed to be given on the day on which it is transmitted from the server of the Company or its agent. A notice placed on the Company’s website or the website of the Designated Stock Exchange is deemed given by the Company to a Member on the day following that on which a notice of availability is deemed served on the Member;

- (c) if served or delivered in any other manner contemplated by these Bye-laws, shall be deemed to have been served or delivered at the time of personal service or delivery or, as the case may be, at the time of the relevant despatch, transmission or publication; and in proving such service or delivery a certificate in writing signed by the Secretary or other officer of the Company or other person appointed by the Board as to the fact and time of such service, delivery, despatch, transmission or publication shall be conclusive evidence thereof; and
 - (d) may be given to a Member either in the English language or the Chinese language, subject to due compliance with all applicable Statutes, rules and regulations.
164. (1) Any Notice or other document delivered or sent by post to or left at the registered address of any Member in pursuance of these Bye-laws shall, notwithstanding that such Member is then dead or bankrupt or that any other event has occurred, and whether or not the Company has notice of the death or bankruptcy or other event, be deemed to have been duly served or delivered in respect of any share registered in the name of such Member as sole or joint holder unless his name shall, at the time of the service or delivery of the notice or document, have been removed from the Register as the holder of the share, and such service or delivery shall for all purposes be deemed a sufficient service or delivery of such Notice or document on all persons interested (whether jointly with or as claiming through or under him) in the share.
- (2) A notice may be given by the Company to the person entitled to a share in consequence of the death, mental disorder or bankruptcy of a Member by sending it through the post in a prepaid letter, envelope or wrapper addressed to him by name, or by the title of representative of the deceased, or trustee of the bankrupt, or by any like description, at the address, if any, supplied for the purpose by the person claiming to be so entitled, or (until such an address has been so supplied) by giving the notice in any manner in which the same might have been given if the death, mental disorder or bankruptcy had not occurred.
- (3) Any person who by operation of law, transfer or other means whatsoever shall become entitled to any share shall be bound by every notice in respect of such share which prior to his name and address being entered on the Register shall have been duly given to the person from whom he derives his title to such share.

SIGNATURES

165. For the purposes of these Bye-laws, a cable or telex or facsimile or electronic transmission message purporting to come from a holder of shares or, as the case may be, a Director or alternate Director, or, in the case of a corporation which is a holder of shares from a director or the secretary thereof or a duly appointed attorney or duly authorised representative thereof for it and on its behalf, shall in the absence of express evidence to the contrary available to the person relying thereon at the relevant time be deemed to be a document or instrument in writing signed by such holder or Director or alternate Director in the terms in which it is received. The signature to any notice or document to be given by the Company may be written, printed or made electronically.

WINDING UP

166. (1) ~~The~~ Subject to Bye-law 166(2), the Board shall have power in the name and on behalf of the Company to present a petition to the court for the Company to be wound up.
- (2) A resolution that the Company be wound up ~~by the court or be wound up~~ voluntarily shall be a special resolution.
167. 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 Act, divide among the Members in specie or kind the whole or any part of the assets of the Company and whether or not the assets shall consist of properties of one kind or shall consist of properties to be divided as aforesaid of different kinds, and may for such purpose set such value as he deems fair upon anyone or more class or classes of property and may determine how such division shall be carried out as between the Members or different classes of Members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of the Members as the liquidator with the like authority shall think fit, and the liquidation of the Company may 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.

INDEMNITY

168. (1) 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 everyone of them, and everyone 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; and none of them shall be answerable for the acts, receipts, neglects or defaults of the other or others of them or for joining in any receipts for the sake of conformity, or for any bankers or other persons with whom any moneys or effects belonging to the Company shall or may be lodged or deposited for safe custody, or for insufficiency or deficiency of any security upon which any moneys of or belonging to the Company shall be placed out on or invested, or for any other loss, misfortune or damage which may happen in the execution of their respective offices or trusts, or in relation thereto; PROVIDED THAT this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of said persons.
- (2) Each Member agrees to waive any claim or right of action he might have, whether individually or by or in the right of the Company, against any Director on account of any action taken by such Director, or the failure of such Director to take any action in the performance of his duties with or for the Company; PROVIDED THAT such waiver shall not extend to any matter in respect of any fraud or dishonesty which may attach to such Director.

ALTERATION OF BYE-LAWS AND AMENDMENT TO
MEMORANDUM OF ASSOCIATION AND NAME OF COMPANY

169. No Bye-law shall be rescinded, altered or amended and no new Bye-law shall be made until the same has been approved by a resolution of the Directors and confirmed by a special resolution of the Members. A special resolution shall be required to alter the provisions of the memorandum of association or to change the name of the Company.

INFORMATION

170. No Member shall be entitled to require discovery of or any information in respect of any detail of the Company's trading or any matter which is or may be in the nature of a trade secret or secret process which may relate to the conduct of the business of the Company and which in the opinion of the Directors it will be inexpedient in the interests of the members of the Company to communicate to the public.

NOTICE OF SGM

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this notice, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this notice.



XIWANG PROPERTY HOLDINGS COMPANY LIMITED

西王置業控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 2088)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the “**SGM**”) of Xiwang Property Holdings Company Limited (the “**Company**”) will be held at Boardroom 3-4, Mezzanine Floor, Renaissance Hong Kong Harbour View Hotel, No. 1 Harbour Road, Wanchai, Hong Kong on 30 November 2022 at 3 p.m. (or any adjournment thereof) for the following purposes:

ORDINARY RESOLUTION

1. To consider and, if thought fit, passing the following resolution as an ordinary resolution of the Company, with or without modification:

“**THAT**

the Financial Services Framework Agreement and the Proposed Annual Caps (both as defined and described in the circular of the Company dated 8 November 2022), the implementation of the deposit services thereunder, and all other transactions contemplated thereunder and in connection therewith and any other ancillary documents be and are hereby approved, confirmed and/or ratified; and the directors of the Company be and are hereby authorised for and on behalf of the Company, to sign, seal, execute, perfect, perform, deliver all such agreements, instruments, documents and deeds, and do all such acts and things and take all such steps as they may in their discretion consider necessary, desirable or expedient for the implementation of and/or giving effect to the Financial Services Framework Agreement and the Proposed Annual Caps, the implementation of the deposit services thereunder, and all other transactions contemplated thereunder and all such acts and things the directors have done are hereby approved, confirmed and ratified.”

* For identification purpose only

NOTICE OF SGM

SPECIAL RESOLUTION

2. To consider and, if thought fit, passing the following resolution as a special resolution of the Company, with or without modification:

“**THAT**

the amended and restated bye-laws of the Company (the “**New Bye-laws**”), a copy of which is produced to this meeting and signed by the chairman of this meeting for the purpose of identification, be and are hereby approved and adopted in substitution for and to the exclusion of the existing bye-laws of the Company with immediate effect, and that any one director, secretary or registered office provider of the Company be and is hereby authorised to do all things necessary to implement the adoption of the New Bye-laws, including but not limited to making the relevant registrations and filings in accordance with the requirements of the applicable laws in Bermuda and Hong Kong.”

By Order of the Board
Xiwang Property Holdings Company Limited
WANG DI
Chairman

Hong Kong, 8 November 2022

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal place of business in Hong Kong:
Unit 2110, 21/F, Harbour Centre
25 Harbour Road, Wanchai
Hong Kong

Notes:

1. In order to determine the entitlement to attend and vote at the Meeting, the register of members in respect of Ordinary Shares will be closed from 25 November 2022 to 30 November 2022 (both days inclusive), during which period no transfer of Ordinary Shares will be registered. In order to be eligible to attend and vote at the Meeting, all transfer documents accompanied by the relevant share certificates and, in the case of holders of convertible preference shares, all duly completed notices of conversion accompanied by the relevant certificates of convertible preference shares, must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on 24 November 2022.
2. A shareholder of the Company entitled to attend and vote at the SGM (or any adjournment thereof) may appoint one or more than one proxy to attend and to vote in his stead. A proxy need not be a shareholder of the Company.
3. In the case of joint holders of an ordinary share of the Company, any one of such joint holders may vote, either in person or by proxy, in respect of such ordinary share as if he/she was solely entitled thereto; but if more than one of such joint holders are present at the SGM, 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. 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.

NOTICE OF SGM

4. To be valid, the form of proxy duly completed and signed in accordance with the instructions printed thereon together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof must be deposited at the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof.
5. Delivery of an instrument appointing a proxy should not preclude a member from attending and voting in person at the SGM or any adjournment thereof and in such event, the instrument appointing a proxy shall be deemed to be revoked.

As at the date of this notice, the Board comprises the following Directors:

Executive Directors:

Mr. WANG Jin Tao
Mr. WANG Wei Min

Independent non-executive Directors:

Mr. WONG Kai Hing
Mr. WANG An
Mr. WANG Zhen

Non-executive Directors:

Mr. WANG Di
Mr. WANG Yong
Mr. SUN Xihu