
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 a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Beidahuang Industry Group Holdings Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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China Beidahuang Industry Group Holdings Limited 中國北大荒產業集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00039)

PROPOSED CHANGE OF DOMICILE; PROPOSED ADOPTION OF MEMORANDUM OF CONTINUANCE AND NEW BYE-LAWS; PROPOSED REDUCTION OF SHARE PREMIUM ACCOUNT; PROPOSED CAPITAL REORGANISATION; PROPOSED RE-ELECTION OF DIRECTOR; AND NOTICE OF EXTRAORDINARY GENERAL MEETING

A letter from the Board is set out on pages 10 to 23 of this circular. A notice convening an extraordinary general meeting (the “EGM”) of China Beidahuang Industry Group Holdings Limited (the “Company”) to be held at Unit E, 30/F., Tower B, Billion Centre, 1 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong on Monday, 17 January 2022 at 11:00 a.m. is set out on pages 49 to 53 of this circular.

A form of proxy for the EGM is enclosed with this circular. Whether or not you intend to attend the meeting, you are advised to complete the form of proxy enclosed in accordance with the instructions printed thereon and return it to the Company’s branch share registrar in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong as soon as possible but in any event no less than 48 hours before the time appointed for holding of the meeting or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof (as the case may be) should you so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.

PRECAUTIONARY MEASURES FOR THE EXTRAORDINARY GENERAL MEETING

Please see pages 8 to 9 of this circular for the precautionary measures to be implemented at the EGM to ensure the safety of the EGM attendees and to prevent the spreading of the coronavirus disease 2019 (“COVID-19”) pandemic, which include without limitation:

1. compulsory body temperature screening;
2. mandatory health declaration;
3. mandatory wearing of surgical face masks (no mask will be provided at the EGM venue); and
4. no distribution of souvenir and/or refreshments at the EGM.

Any attendee who (a) refuses to comply with the precautionary measures; (b) is subject to any prescribed quarantine by the Government or has close contact with any person under quarantine; or (c) has a fever or any flu-like symptoms or is otherwise unwell will be denied entry into or be required to leave the EGM venue at the absolute discretion of the Company to such extent permitted under law.

Shareholders are encouraged to appoint the chairman of the EGM as their proxy and to return their proxy forms by the time specified above, instead of attending the EGM in person.

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EXPECTED TIMETABLE

The expected timetable for the implementation of the Corporate Actions is set out below:

Event(s)	Date and time
Latest date and time for lodging transfers documents in order to qualify for attendance and voting at the EGM	4:00 p.m. on Tuesday, 11 January 2022
Closure of the register of members for determining the identity of the Shareholders entitled to attend and vote at the EGM (both dates inclusive)	Wednesday, 12 January 2022 to Monday, 17 January 2022
Latest date and time for lodging the proxy forms for the EGM	11:00 a.m. on Saturday, 15 January 2022
Record date for determining attendance and voting at the EGM	Monday, 17 January 2022
Expected date and time of the EGM	11:00 a.m. on Monday, 17 January 2022
Publication of the announcement of the poll results of the EGM	Monday, 17 January 2022
 <i>The following events are conditional on the fulfilment of the conditions for the implementation of the Corporate Actions:</i> 	
Effective date of the Share Premium Reduction	Monday, 17 January 2022
Effective date of the Change of Domicile and the Adoption of Memorandum of Continuance and New Bye-laws	on or after Monday, 7 February 2022 (Bermuda time)/ on or after Tuesday, 8 February 2022 (Hong Kong time)
Effective date and time of the Capital Reorganisation	9:00 a.m. on Wednesday, 2 March 2022
First day for free exchange of existing share certificates for share certificates of the New Shares	Wednesday, 2 March 2022
Dealings in the New Shares commence	9:00 a.m. on Wednesday, 2 March 2022

EXPECTED TIMETABLE

Event(s)	Date and time
Original counter for trading in the Existing Shares in board lots of 8,000 Existing Shares (in the form of existing share certificates) temporarily closes	9:00 a.m. on Wednesday, 2 March 2022
Temporary counter for trading in the New Shares in board lots of 1,600 New Shares (in the form of existing share certificates) opens	9:00 a.m. on Wednesday, 2 March 2022
Original counter for trading in the New Shares in board lots of 8,000 New Shares (in the form of new share certificates) re-opens	9:00 a.m. on Wednesday, 16 March 2022
Parallel trading in the New Shares (in the form of new share certificates in board lots of 8,000 New Shares and existing share certificates in board lots of 1,600 New Shares) commences.	9:00 a.m. on Wednesday, 16 March 2022
Designated broker starts to stand in the market to provide matching services for odd lots of the New Shares	9:00 a.m. on Wednesday, 16 March 2022
Designated broker ceases to stand in the market to provide matching services for odd lots of the New Shares	4:00 p.m. on Wednesday, 6 April 2022
Temporary counter for trading in the New Shares in board lots of 1,600 New Shares (in the form of existing share certificates) closes	4:10 p.m. on Wednesday, 6 April 2022
Parallel trading in the New Shares (in the form of new share certificates in board lots of 8,000 New Shares and existing share certificates in board lots of 1,600 New Shares) ends	4:10 p.m. on Wednesday, 6 April 2022

EXPECTED TIMETABLE

Event(s)	Date and time
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Last day for free exchange of existing share certificates for the share certificates of the New Shares	Friday, 8 April 2022
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All times and dates specified in this circular refer to the Hong Kong times and dates unless otherwise specified. This timetable is for indicative purpose only and any subsequent changes to the expected timetable will be announced by the Company as and when appropriate.

DEFINITIONS

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

“Adoption of Memorandum of Continuance and New Bye-laws”	the proposed adoption of the Memorandum of Continuance and the New Bye-laws in compliance with the laws of Bermuda to replace, respectively, the Memorandum and the Articles
“Articles”	the existing articles of association of the Company
“Board”	the board of the Directors
“Capital Reduction”	the proposed reduction of the par value of each of the then issued Consolidated Shares from HK\$0.50 to HK\$0.01 by cancelling the paid-up capital to the extent of HK\$0.49 on each of the then issued Consolidated Shares
“Capital Reorganisation”	the proposed reorganisation of the share capital of the Company involving the Share Consolidation, the Capital Reduction and the Share Sub-division
“CCASS”	the Central Clearing and Settlement System, a securities settlement system used within the Hong Kong Exchanges and Clearing Limited market system
“CCASS Operational Procedures”	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as amended from time to time
“Change of Domicile”	the proposed change of domicile of the Company from the Cayman Islands to Bermuda by way of deregistration in the Cayman Islands and continuation as an exempted company under the laws of Bermuda
“Companies Act”	the Companies Act 1981 (as amended) of Bermuda
“Company”	China Beidahuang Industry Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose Shares are listed on the Stock Exchange (stock code: 00039)

DEFINITIONS

“Consolidated Share(s)”	the ordinary share(s) of par value of HK\$0.50 each in the share capital of the Company immediately after the Share Consolidation but before the Capital Reduction and the Share Sub-division becoming effective
“Convertible Bonds”	the convertible bonds in the principal amount of HK\$111,100,000 issued by the Company on 1 November 2020, details of which are set out in the announcements of the Company dated 9 October 2020, 14 October 2020 and 2 November 2020
“Corporate Actions”	the Change of Domicile, the Adoption of Memorandum of Continuance and New Bye-laws, the Share Premium Reduction and the Capital Reorganisation
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve resolutions for effecting the Corporate Actions and the re-election of Mr. Chen as an executive Director
“Existing Share(s)”	the ordinary share(s) of par value of HK\$0.10 each in the share capital of the Company prior to the Capital Reorganisation becoming effective
“General Rules of CCASS”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	20 December 2021, being the latest practicable date prior to printing of this circular for ascertaining certain information in this circular

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Memorandum”	the existing memorandum of association of the Company
“Memorandum of Continuance”	a memorandum of continuance of the Company proposed to be adopted by the Company and to take effect upon continuation of the Company in Bermuda
“Mr. Chen”	Mr. Chen Chen
“New Bye-laws” or “Bye-laws”	a new set of bye-laws of the Company proposed to be adopted by the Company and to take effect upon continuation of the Company in Bermuda
“New Share(s)”	the ordinary share(s) of par value of HK\$0.01 each in the share capital of the Company immediately upon the Capital Reorganisation becoming effective
“Share(s)”	the Existing Share(s), the Consolidated Share(s) and/or the New Share(s), as the case may be
“Share Consolidation”	the proposed consolidation of every five (5) issued and unissued Existing Shares of par value of HK\$0.10 each in the share capital of the Company into one (1) Consolidated Share of par value of HK\$0.50 each and the cancellation of any fraction in the issued share capital of the Company arising as a result of the Share Consolidation (if applicable)
“Share Option Scheme”	the share option scheme of the Company adopted on 9 June 2017
“Share Premium Reduction”	the proposed reduction of the entire amount standing to the credit of the share premium account of the Company and the transfer of the credits arising from such reduction to an account designated as the contributed surplus account of the Company
“Share Sub-division”	the proposed sub-division of each of the authorised but unissued Consolidated Shares of par value of HK\$0.50 each into fifty (50) New Shares of par value of HK\$0.01 each

PRECAUTIONARY MEASURES FOR THE EGM

In view of the ongoing Novel Coronavirus (COVID-19) epidemic and recent requirements for prevention and control of its spread, the Company will implement, including but not limited to, the following preventive measures at the EGM to protect attending Shareholders, staff and other stakeholders from the risk of infection:

- (1) compulsory body temperature checks will be conducted for every Shareholder, proxy and other attendee at the entrance of the EGM venue. Any person with a body temperature of over 37.3 degrees Celsius will not be permitted to have access to the meeting venue;
- (2) all Shareholders, proxies and other attendees are required to complete and submit at the entrance of the EGM venue a declaration form confirming their names and contact details, and confirming that they have not travelled outside of Hong Kong, or to their best of knowledge had physical contact with any person who has recently travelled outside of Hong Kong at any time in the preceding 21 days. Any person who does not comply with this requirement may be denied entry into the EGM venue or be required to leave the EGM venue;
- (3) all attendees will be required to wear surgical face masks before they are permitted to attend, and during their attendance of, the EGM. Please note that no masks will be provided at the EGM and attendees should wear their own masks; and
- (4) no souvenirs will be provided and no refreshments will be served.

To the extent permitted under law, the Company reserves the right to deny entry into the EGM venue or require any person to leave the EGM venue in order to ensure the safety of the attendees at the EGM. The Company will monitor the development of COVID-19 situation and relevant guidance released by the Hong Kong Government from time to time, and may change the precautionary measures for the EGM as appropriate.

In the interest of all stakeholders' health and safety and consistent with recent COVID-19 guidelines for prevention and control, the Company reminds all Shareholders that physical attendance in person at the EGM is not necessary for the purpose of exercising voting rights. As an alternative, by using proxy forms with voting instructions inserted, Shareholders may appoint the Chairman of the meeting as their proxy to vote on the relevant resolution(s) at the meeting instead of attending the meeting in person.

PRECAUTIONARY MEASURES FOR THE EGM

If Shareholders have any questions relating to the EGM, please contact Union Registrars Limited, the Company's Hong Kong branch share registrar as follows:

Union Registrars Limited
Suites 3301-04, 33/F,
Two Chinachem Exchange Square
338 King's Road, North Point
Hong Kong
Email: info@unionregistrars.com.hk
Tel: (852) 2849 3399
Fax: (852) 2849 3319

LETTER FROM THE BOARD



China Beidahuang Industry Group Holdings Limited
中國北大荒產業集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00039)

Executive Directors:

Mr. Li Jiehong (*Chairman*)
Mr. Ke Xionghan
Mr. Zeng Jixiang
Mr. Yu Zicong
Mr. Chen Chen

Registered Office:

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

Non-executive Director:

Ms. Ho Wing Yan

*Head Office and Principal Place of
Business in Hong Kong:*

Room 225, 2/F
Mega Cube
8 Wang Kwong Road
Kowloon Bay
Kowloon
Hong Kong

Independent Non-executive Directors:

Mr. Chong Cha Hwa
Mr. Yang Yunguang
Mr. Chen Zhifeng

23 December 2021

To the Shareholders

Dear Sir or Madam,

**PROPOSED CHANGE OF DOMICILE;
PROPOSED ADOPTION OF MEMORANDUM OF
CONTINUANCE AND NEW BYE-LAWS;
PROPOSED REDUCTION OF SHARE PREMIUM ACCOUNT;
PROPOSED CAPITAL REORGANISATION;
PROPOSED RE-ELECTION OF DIRECTOR;
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the announcement of the Company dated 8 December 2021, in relation to the proposals on, amongst other things, the Change of Domicile, the Adoption of Memorandum of Continuance and New Bye-laws, the Share Premium Reduction and the Capital Reorganisation.

LETTER FROM THE BOARD

Reference is also made to the announcement of the Company dated 27 September 2021 in relation to the appointment of Mr. Chen as an executive Director with effect from 27 September 2021.

The purpose of this circular is to give you the notice of EGM and to provide you with information in compliance with the requirements of the Listing Rules and detailed information in respect of the resolutions to be proposed at the EGM, in order to enable you to make an informed decision on whether to vote for or against such resolutions to be proposed. Resolutions to be proposed at the EGM include the proposals on, amongst other things, (i) the Change of Domicile; (ii) the Adoption of Memorandum of Continuance and New Bye-laws; (iii) the Share Premium Reduction; (iv) the Capital Reorganisation; and (v) the re-election of Mr. Chen as an executive Director.

PROPOSED CHANGE OF DOMICILE

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

Conditions of the Change of Domicile

The Change of Domicile is conditional upon:

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

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

LETTER FROM THE BOARD

Effect of the Change of Domicile

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

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

The existing share certificates for the Existing Shares will continue to be valid and effective as documents of title and for trading and settlement purpose after the Change of Domicile becoming effective.

Reasons for the Change of Domicile

As advised by the Company's legal advisers as to the laws of the Cayman Islands, if the Company proceeds with the Capital Reorganisation under Cayman Islands laws, which includes, amongst other things, the Capital Reduction in the Cayman Islands, the sanction by the Grand Court of the Cayman Islands would be required. After consulting with the Company's legal advisers as to the laws of the Cayman Islands, the Board considers that such sanction may not be obtained in a commercially expedient timeframe. In general, the process of obtaining such sanction involves, among others, (i) applying to the Grand Court of the Cayman Islands by way of petition; (ii) authorising a person to provide the necessary affirmation or affidavit in support of the petition; (iii) filing the special resolution passed by the Company with the Cayman Islands Registrar of Companies; and (iv) apply to the court to confirm the special resolution. It is estimated that the whole process may take up to 12 weeks to complete, subject to further extension due to closure of the court during Christmas and New Year holidays.

LETTER FROM THE BOARD

Alternatively, if the Capital Reorganisation will be effected following a change of domicile of the Company from the Cayman Islands to Bermuda through deregistration in the Cayman Islands and continuation in Bermuda, the legal advisers of the Company as to the laws of the Cayman Islands and Bermuda advised that no court order is required in the Cayman Islands or Bermuda for the Change of Domicile and the Capital Reorganisation after deregistration of the Company in the Cayman Islands and its continuation in Bermuda. It is also advised that the Change of Domicile generally requires four weeks and it is estimated that the Capital Reduction in Bermuda can be completed within one month. Accordingly, as compared with an estimated time of at least 12 weeks for implementing the Capital Reduction in the Cayman Islands, implementing the Capital Reduction in Bermuda following the Change of Domicile only takes approximately six to seven weeks, which is substantially shorter. Therefore, considering the need for equity fund raising opportunities of the Company as further elaborated in the paragraph headed “Reasons for the Capital Reorganisation” below, the Board considers that it would save the Company’s time for carrying out the Capital Reorganisation in Bermuda by first implementing the Change of Domicile.

The Board believes that the Change of Domicile is beneficial to and in the interests of the Company and the Shareholders as a whole.

PROPOSED ADOPTION OF MEMORANDUM OF CONTINUANCE AND NEW BYE-LAWS

In connection with the Change of Domicile, the Company proposes to adopt the Memorandum of Continuance and the New Bye-laws in compliance with the laws of Bermuda to replace, respectively, the Memorandum and the Articles.

Conditions of the Adoption of Memorandum of Continuance and New Bye-laws

The Adoption of Memorandum of Continuance and New Bye-laws is conditional upon the passing of a special resolution by the Shareholders to approve the Adoption of Memorandum of Continuance and New Bye-laws at the EGM, and the registration of the Memorandum of Continuance by the Registrar of Companies in Bermuda.

A summary of the provisions of the Memorandum of Continuance and the New Bye-laws which will become effective upon continuation of the Company in Bermuda and their differences with the Memorandum and the Articles are set out in Appendix I to this circular.

The legal advisers of the Company as to Hong Kong laws and Bermuda laws have respectively confirmed that the Adoption of Memorandum of Continuance and New Bye-laws comply with the requirements of the Listing Rules and are not inconsistent with the laws of the Bermuda. The Company confirms that there is nothing unusual about the Adoption of Memorandum of Continuance and New Bye-laws.

LETTER FROM THE BOARD

PROPOSED SHARE PREMIUM REDUCTION

The Board proposes to reduce the entire amount standing to the credit of the share premium account of the Company and to transfer the credits arising from such reduction to an account designated as the contributed surplus account of the Company. As at the Latest Practicable Date, the Company has a credit balance of approximately HK\$1,669,298,000 standing in its share premium account.

Subject to the approval of the Shareholders at the EGM by way of a special resolution, the credits arising from the reduction of the entire amount standing to the credit of the share premium account of the Company can be transferred to an account designated as the contributed surplus account of the Company, and such account designated as the contributed surplus account of the Company shall become the contributed surplus account of the Company within the meaning of the Companies Act upon the Change of Domicile becoming effective.

Conditions of the Share Premium Reduction

The Share Premium Reduction is conditional upon:

- (i) the passing of a special resolution by the Shareholders approving the Share Premium Reduction at the EGM; and
- (ii) the compliance with the relevant legal procedures and requirements under the laws of the Cayman Islands to effect the Share Premium Reduction.

PROPOSED CAPITAL REORGANISATION

The Company proposes to implement the Capital Reorganisation upon the Change of Domicile becoming effective which involves the following:

(1) Proposed Share Consolidation

The Board proposes to effect the Share Consolidation pursuant to which every five (5) issued and unissued Existing Shares of HK\$0.10 each will be consolidated into one (1) Consolidated Share of HK\$0.50 each (i.e. 3,200,000,000 issued and unissued Consolidated Shares) and where applicable, the total number of Consolidated Shares in the issued share capital of the Company immediately following the Share Consolidation will be rounded down to a whole number by cancelling any fraction in the issued share capital of the Company which may arise from the Share Consolidation (i.e. 1,245,025,136 Consolidated Shares).

LETTER FROM THE BOARD

(2) Proposed Capital Reduction and Share Sub-division

The Board proposes that:

- (i) immediately upon the Share Consolidation becoming effective, the issued share capital of the Company will be reduced through a cancellation of the paid-up capital of the Company to the extent of HK\$0.49 on each of the issued Consolidated Share such that the nominal value of each issued Consolidated Share (i.e. 1,245,025,136 Consolidated Shares) will be reduced from HK\$0.50 to HK\$0.01;
- (ii) immediately following the Capital Reduction, each of the authorised but unissued Consolidated Shares of HK\$0.50 each will be sub-divided into fifty (50) New Shares of HK\$0.01 each;
- (iii) the credits arising in the books of the Company from (a) the cancellation of any fraction in the issued share capital of the Company which may arise from the Share Consolidation; and (b) the Capital Reduction will be credited to the contributed surplus account of the Company within the meaning of the Companies Act; and
- (iv) the amount standing to the credit of the contributed surplus account be applied to set off the accumulated losses of the Company in full and be applied in any other manner as may be permitted under the New Bye-laws and all applicable laws of Bermuda.

As at the Latest Practicable Date, the authorised share capital of the Company was HK\$1,600,000,000 comprising 16,000,000,000 Existing Shares of HK\$0.10 each, of which 6,225,125,683 Existing Shares have been issued and fully paid. Immediately following the Capital Reorganisation, the authorised share capital of the Company will be HK\$1,600,000,000 divided into 160,000,000,000 New Shares of HK\$0.01 each, of which 1,245,025,136 New Shares will be in issue (after Capital Reorganisation) and the aggregate nominal value of the issued share capital of the Company (after Capital Reorganisation) will be HK\$12,450,251.36 (assuming that no Existing Shares will be issued or repurchased from the Latest Practicable Date until the effective date of the Capital Reorganisation). A credit of HK\$610,062,316.64 will arise as a result of the Capital Reduction. Such credit will be transferred to the contributed surplus account of the Company which, together with the amount already in the contributed surplus account as a result of the Share Premium Reduction and any credit which may arise as a result of the cancellation of any fraction in the issued share capital of the Company arising from the Share Consolidation (if any), will then be applied by the Board to set off against the accumulated losses of the Company in full on the date of the Capital Reorganisation becoming effective. The total accumulated losses of the Company was approximately HK\$1,276,808,000 as shown in the audited consolidated financial statements of the Company for the year ended 31 December 2020.

LETTER FROM THE BOARD

Assuming no Existing Shares are issued or repurchased from the Latest Practicable Date until the effective date of the Capital Reorganisation, the effect of the Capital Reorganisation on the share capital structure of the Company will be as follows:

	As at the Latest Practicable Date	Immediately after the Share Consolidation becoming effective but before the Capital Reduction and Share Sub- division becoming effective	Immediately after the Capital Reorganisation becoming effective
Par value	HK\$0.10 per Existing Share	HK\$0.50 per Consolidated Share	HK\$0.01 per New Share
Amount of authorised share capital	HK\$1,600,000,000	HK\$1,600,000,000	HK\$1,600,000,000
Number of authorised shares	16,000,000,000 Existing Shares	3,200,000,000 Consolidated Shares	160,000,000,000 New Shares
Amount of issued share capital	HK\$622,512,568.30	HK\$622,512,568.00	HK\$12,450,251.36
Number of issued shares	6,225,125,683 Existing Shares	1,245,025,136 Consolidated Shares	1,245,025,136 New Shares
Amount of unissued share capital	HK\$977,487,431.70	HK\$977,487,432.00	HK\$1,587,549,748.64
Number of unissued shares	9,774,874,317 Existing Shares	1,954,974,864 Consolidated Shares	158,754,974,864 New Shares

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

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

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

LETTER FROM THE BOARD

Adjustments to outstanding Share Options and Convertible Bonds

As at the Latest Practicable Date, there are outstanding share options for subscription of 509,640,400 Existing Shares under the Share Option Scheme and Convertible Bonds with conversion rights which entitle the holder(s) thereof to convert into a maximum of 1,111,000,000 Existing Shares. The Capital Reorganisation may lead to adjustments to the exercise price and/or the number of Shares falling to be issued upon exercise of the outstanding options pursuant to the terms and conditions of the Share Option Scheme and upon exercise of conversion rights attached to the Convertible Bonds according to the terms and conditions of the bonds. The Company will make further announcements regarding the adjustments in accordance with the Listing Rules in due course.

Save as disclosed above, as at the Latest Practicable Date, the Company has no other derivatives, options, warrants or other securities in issue which are convertible or exchangeable into any Shares.

There will not be any changes in the board lot size upon completion of the Capital Reorganisation. The board lot size of the New Shares will remain at 8,000.

Fractional entitlement to the New Shares

Fractions of the New Shares, if any, arising from the Capital Reorganisation will be aggregated and sold (if a premium, net of expenses, can be obtained) for the benefit of the Company.

Conditions of the Capital Reorganisation

The Capital Reorganisation is conditional upon:

- (i) the Change of Domicile becoming effective;
- (ii) the Adoption of Memorandum of Continuance and New Bye-laws becoming effective;
- (iii) the passing of a special resolution by the Shareholders approving the Capital Reorganisation at the EGM;
- (iv) the Stock Exchange granting the listing of, and permission to deal in, the New Shares in issue and to be issued upon the Capital Reorganisation is effected and the New Shares which may fall to be allotted and issued upon exercise of the share options to be granted under the share option scheme(s) of the Company;
- (v) the compliance with the relevant legal procedures and requirements under the laws of Bermuda and the Listing Rules to effect the Capital Reorganisation; and

LETTER FROM THE BOARD

- (vi) the obtaining of all necessary approvals from the relevant regulatory authorities or otherwise as may be required in respect of the Capital Reorganisation.

Reasons for the Capital Reorganisation

Pursuant to Rule 13.64 of the Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the issuer may be required either to change the trading method or to proceed with a consolidation or splitting of its securities. According to the “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Stock Exchange on 28 November 2008 with the latest update on 1 October 2020, (i) market price of the securities of an issuer at a level less than HK\$0.10 will be considered as trading at extremity as referred to under Rule 13.64 of the Listing Rules; and (ii) taking into account the minimum transaction costs for a securities trade, the expected value per board lot should be greater than HK\$2,000. In view of the recent market price of the Existing Shares, the Directors resolved to propose the Capital Reorganisation with the view to complying with the trading requirements under the Listing Rules.

Based on the closing price of HK\$0.042 per Existing Share as at the Latest Practicable Date, the value of each board lot of 8,000 Existing Shares is only HK\$336. Upon the Share Consolidation becoming effective, based on the closing price of HK\$0.042 per Existing Share as at the Latest Practicable Date, the Share price of the Company would be adjusted to HK\$0.21 per Consolidated Share. With a board lot size of 8,000, the new board lot value would be HK\$1,680. It is expected that the Capital Reorganisation would bring about a corresponding upward adjustment in the market price of the New Shares. The Capital Reorganisation will reduce the overall transaction and handling costs of dealings in the New Shares as a proportion of the market value of each board lot, since most of the banks/securities houses will charge a minimum transaction costs for each securities transaction. The Board considers that the Capital Reorganisation would maintain the transaction amount for each board lot at a reasonable level in order to attract more investors and extend the base of the Shareholders, and thus provide flexibility for equity fund raising of the Company in the future.

Pursuant to the Articles, the Company shall not issue shares at a price below par value. Since the Existing Shares are currently trading substantially below par value, the Board found it difficult to negotiate with any potential investors and financial institutions for possible subscription, offer or placing of the Existing Shares at or above the par value. As at 30 June 2021, the Group had current liabilities of approximately HK\$996.0 million, out of which approximately HK\$156.6 million was overdue. In order to reduce the current liabilities of the Company and to improve the financial position of the Company, the Company intends to explore equity fund raising opportunities (the “**Intended Fund-raising**”). In order to facilitate fund raising activities by way of equity issue or convertible securities issue, the Company considers that it is desirable and necessary to lower the par value of the Existing Shares through implementing the Capital Reorganisation.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the Company has yet to finalise any binding agreement or enter into any memorandum of understanding regarding the Intended Fund-raising. Further announcement(s) will be made by the Company if a binding agreement is reached in respect of the Intended Fund-raising. Save and except the Intended Fund-raising, the Company has no current plans for other equity fund raising in the next twelve months.

Furthermore, the credits in the contributed surplus account within the meaning of the Companies Act arising from the Share Premium Reduction and Capital Reorganisation will enable the Company to set off against its accumulated losses (if any) in full upon the Capital Reorganisation becoming effective, and, if possible, it may be applied in the future for distribution to the Shareholders or in any manner permitted by the Companies Act and the New Bye-laws.

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

Effects of the Capital Reorganisation

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

Listing and dealings

Application will be made to the Stock Exchange for the granting of the listing of, and permission to deal in, the New Shares arising from the Capital Reorganisation and the New Shares which may fall to be allotted and issued upon exercise of the share options to be granted under the share option scheme(s) of the Company.

LETTER FROM THE BOARD

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

None of the share capital or debt securities of the Company is listed or dealt in on any other stock exchanges other than the Stock Exchange and no such listing or permission to deal is being or is currently proposed to be sought.

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

OTHER ARRANGEMENTS

Free exchange of share certificates

Subject to the Capital Reorganisation becoming effective, the Shareholders may, on or after Wednesday, 2 March 2022 until Friday, 8 April 2022 (both days inclusive), submit share certificates for the Existing Shares (in green colour) to the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, to exchange, at the expense of the Company, for new share certificates for the New Shares (in red colour) (on the basis of five (5) Existing Shares for one (1) New Share). Thereafter, certificates for Existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such other amount as may from time to time be specified by the Stock Exchange) by the Shareholders for each share certificate for the Existing Shares submitted for cancellation or each new share certificate issued for the New Shares, whichever the number of certificates cancelled/issued is higher. After 4:10 p.m. on Wednesday, 6 April 2022, existing share certificates for the Existing Shares will only remain effective as documents of title and may be exchanged for certificates for New Shares at any time but will not be accepted for delivery, trading and settlement purposes.

LETTER FROM THE BOARD

Arrangement for matching services for odd lots

In order to alleviate the difficulties arising from the existence of odd lots of the New Shares as a result of the Capital Reorganisation, Company has appointed China Sky Securities Limited to act as an agent to provide matching services, on a best effort basis, to those Shareholders who wish to top-up acquire the New Shares to make up a full new board lot or dispose of their holdings of odd lots of the New Shares, during the period from Wednesday, 16 March 2022 to Wednesday, 6 April 2022 (both days inclusive). Holders of the New Shares in odd lots who wish to take advantage of this arrangement may directly or through their brokers contact Mr. Simon Yuen of China Sky Securities Limited at Unit 2302-03, West Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong or via (852) 2680 7888 during 9:30 a.m. to 5:30 p.m. on business days within such period.

Holders of the New Shares in odd lots should note that successful matching of the sale and purchase of odd lots of the New Shares is not guaranteed. Shareholders are recommended to consult their professional advisers if they are in doubt about the above odd lots matching arrangement.

PROPOSED RE-ELECTION OF DIRECTOR

On 27 September 2021, Mr. Chen was appointed as an executive Director with effect from 27 September 2021. In accordance with article 99 of the Articles, Mr. Chen shall hold office until the next following general meeting of the Company and shall then be eligible for re-election at that meeting. Accordingly, Mr. Chen shall retire from office as a Director and, being eligible, shall offer himself for re-election at the EGM, being the first general meeting of the Company after his appointment on 27 September 2021.

Details of Mr. Chen are set out in the Appendix II to this circular.

WARNING

Shareholders and potential investors should be aware of and take note that each of the Corporate Actions are conditional upon satisfaction of the conditions precedent set out in the respective paragraphs headed “Conditions of the Change of Domicile”, “Conditions of the Adoption of Memorandum of Continuance and New Bye-laws”, “Conditions of the Share Premium Reduction” and “Conditions of the Capital Reorganisation”. Therefore, the Corporate Actions may or may not proceed.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

LETTER FROM THE BOARD

EGM

A notice convening the EGM to be held at Unit E, 30/F., Tower B, Billion Centre, 1 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong on Monday, 17 January 2022 at 11:00 a.m. is set out on pages 49 to 53 of this circular for the purpose of considering and, if thought fit, passing the resolutions to be proposed at the EGM including, *inter alia*, the Change of Domicile, the Adoption of Memorandum of Continuance and New Bye-laws, the Share Premium Reduction, the Capital Reorganisation and the re-election of Mr. Chen as an executive Director.

Each of the Change of Domicile, the Adoption of Memorandum of Continuance and New Bye-laws, the Share Premium Reduction and the Capital Reorganisation is conditional upon, among other things, the approval by the Shareholders by way of poll as special resolutions at the EGM; and the re-election of Mr. Chen as an executive Director shall be subject to the approval by the Shareholders by way of poll as ordinary resolution at the EGM. To the best knowledge of the Directors, none of the Shareholders has an interest in the Change of Domicile, the Adoption of Memorandum of Continuance and New Bye-laws, the Share Premium Reduction, the Capital Reorganisation and the re-election of Mr. Chen as an executive Director. Therefore, no Shareholders is required to abstain from voting on the above resolutions to be proposed at the EGM.

You will find enclosed a form of proxy for use at the EGM. Whether or not you intend to attend the EGM in person, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof (as the case may be) should you so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked

VOTING BY POLL

Article 80 of the Articles provides that at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is duly demanded. However, under Rule 13.39(4) of the Listing Rules, any vote of the shareholders at a general meeting must be taken by poll except where the chairman of the meeting, 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. Accordingly, the Directors intend that the chairman of the EGM shall demand voting of the resolutions put forward at the EGM by way of poll.

An announcement will be made by the Company following the conclusion of the EGM to inform the Shareholders of the results of the EGM.

LETTER FROM THE BOARD

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.

CLOSURE OF TRANSFER BOOKS AND REGISTER OF MEMBERS

The transfer books and register of members of the Company will be closed from Wednesday, 12 January 2022 to Monday, 17 January 2022 (both dates inclusive), during which period no transfer of Shares will be effected. In order to qualify for the right to attend and vote at the EGM, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration not later than 4:00 p.m. on Tuesday, 11 January 2022.

RECOMMENDATION

The Directors consider that the resolutions set out in the notice of EGM, including, but without limitation to the proposals on, the Change of Domicile, the Adoption of Memorandum of Continuance and New Bye-laws, the Share Premium Reduction, the Capital Reorganisation, and the re-election of Mr. Chen as an executive Director are in the best interests of the Company and the Shareholders as a whole.

Accordingly, the Directors recommend the Shareholders to vote in favour of all the resolutions to be proposed at the EGM as set out in the notice of EGM.

Your attention is also drawn to the additional information set out in Appendix I and Appendix II to this circular.

Yours faithfully,

By Order of the Board

China Beidahuang Industry Group Holdings Limited

Li Jiehong

Chairman

Set out below is a summary of certain provisions of the Memorandum of Continuance and Bye-laws of the Company upon continuation in Bermuda and their material differences with the Memorandum and the Articles prior to the Change of Domicile.

1. THE MEMORANDUM AND THE MEMORANDUM OF CONTINUANCE

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

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

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

2. BYE-LAWS

A summary of certain provisions of the Bye-laws is set out below.

(a) Shares**(i) *Variation of rights of existing shares or classes of shares****Summary*

If at any time the capital is divided into different classes of shares, all or any of the special rights (unless otherwise provided for by the terms of issue of that class) attached to any class may, subject to the provisions of the Companies Act, be varied or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. The provisions of the Bye-laws relating to general meetings will apply mutatis mutandis to every such separate general meeting, but so that the necessary quorum is not less than two persons holding or representing by proxy one-third in nominal value of the issued shares of the class.

Material differences

The Articles contain similar provisions.

(ii) *Alterations of capital**Summary*

The Company may from time to time by ordinary resolution: (i) increase its share capital by the creation of new shares; (ii) consolidate all or any of its share capital into shares of larger amount than its existing shares; (iii) divide its shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges or conditions; (iv) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Continuance; (v) cancel any shares which at the date of the resolution have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled; (vi) subject to applicable regulatory requirements, make provision for the issue and allotment of shares which do not carry any voting rights; and (vii) change the currency denomination of its share capital.

The Company may by special resolution reduce its share capital, any capital redemption reserve fund or any share premium account or other undistributable reserve in any manner authorised and subject to any conditions prescribed by law.

Material differences

The Articles contain similar provisions save and except that there is no express provision in the Articles authorising the Company to do (vi) and (vii) by way of ordinary resolution. However, it does not necessarily mean that the Company may not do any of (vi) and (vii) as the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit and the Directors have general power under the Articles to do all such acts and things that are not by the Articles or by the Companies Act (as amended) of the Cayman Islands (the “**Cayman Companies Act**”) required to be exercised or done in general meeting. The Company may also by special resolution reduce its share capital, any capital redemption reserve or other undistributable reserve in any manner permitted by law.

(iii) Transfer of shares

Summary

All transfers of shares must be effected by transfer in writing in the usual or common form or in any other form acceptable to the Board and may be under hand or by means of mechanically imprinted signatures or such other manner as the Board may from time to time approve. An instrument of transfer must be executed by or on behalf of the transferor and by or on behalf of the transferee and the transferor shall be deemed to remain the holder of a share until the name of the transferee is entered in the register of members in respect of that share.

The Board may, in its absolute discretion, at any time and from time to time transfer any share on the principal register to any branch register or any share on any branch register to the principal register or any other branch register. Unless the Board otherwise agrees, no shares on the principal register shall be transferred to any branch register nor shall shares on any branch register be transferred to the principal register or any other register. All transfers and other documents of title must be lodged for registration and registered, in the case of shares on a branch register, at the relevant registration office and, in the case of shares on the principal register, at the transfer office in Bermuda.

The Board may in its absolute discretion and without assigning any reason, refuse to register a transfer of any shares (not being fully paid shares) to a person of whom it does not approve or on which the Company has a lien. The Board may also refuse to register a transfer of shares (whether fully paid or not) in favour of more than four persons jointly. If the Board refuses to register a transfer, it will within two months after the date on which the transfer was lodged with the Company send to the transferor and transferee notice of the refusal.

The Board may decline to recognise any instrument of transfer unless the specified fee of up to such sum as the applicable stock exchange may determine to be payable is paid to the Company, the shares are free of any lien in favour of the Company, the instrument of transfer is properly stamped, is in respect of only one class of share and is lodged at the relevant registration or transfer office accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require is provided 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). Where applicable, the permission of the Bermuda Monetary Authority (“BMA”) with respect to the transfer shall be obtained.

The registration of transfers may be suspended and the register may be closed at such times and for such periods as the Board may from time to time determine and either generally or in respect of any class of shares. The register of members shall not be closed for more than 30 days in any year.

Fully paid shares shall be free from any restriction on transfer (except when permitted by the Stock Exchange) and shall also be free from all liens.

Material differences

The Articles contain similar provisions save and except that the permission of the BMA with respect to any transfer of share shall be obtained where applicable is required under Bermuda laws only.

(iv) Power for the Company to purchase its own shares

Summary

The Company’s power to repurchase its own shares is exercisable by the Board, upon such terms and subject to such conditions as it thinks fit.

Material differences

The Company is empowered by the Cayman Companies Act and the Articles to purchase its own shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by the Stock Exchange.

The Articles contain a provision stipulated that where the Company purchases for redemption a redeemable share, purchases not made through the market or by tender must be limited to a maximum price determined by the Company in general meeting. If purchases are by tender, tenders must be made available to all members alike.

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

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

Material differences

Similarly, the Articles do not contain any such provisions.

(vi) Calls on shares and forfeiture of shares*Summary*

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

If a shareholder fails to pay any call or instalment of a call on the day appointed for payment, the Board may, for so long as any part of the call or instalment remains unpaid, serve a notice on the shareholder requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment. The notice shall name a further day (not earlier than the expiration of 14 days from the date of the notice) on or before which the payment required by the notice is to be made, and shall also name the place where payment is to be made. The notice shall also state that, in the event of non-payment at or before the appointed time, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

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

Material differences

The Articles contain substantially similar provisions save and except that the interest of calls and on all moneys payable to the Company in respect of the shares are at the rate of not exceeding 15% per annum.

(b) Directors**(i) *Appointment, retirement and removal****Summary*

At each annual general meeting one-third of the Directors for the time being, or if their number is not three or a multiple of three then the number nearest to but not less than one third, shall retire from office by rotation. The Directors to retire in every year shall be those who have been in office longest since their last election but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree between themselves) be determined by lot.

No person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected has been lodged at the head office or at the registration office of the Company at least seven days before the date of the general meeting.

The number of Directors shall not be less than two. A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for breach of any contract of service between him and the Company). The Company may from time to time in general meeting by ordinary resolution elect any person to be a Director either to fill a casual vacancy or as an addition to the Board.

There is no shareholding qualification for Directors nor is there any specified age limit for Directors.

The Board may from time to time entrust to and confer upon a managing director, joint managing director, deputy managing director or executive director all or any of the powers of the Board that it thinks fit provided that the exercise of all powers by such Director shall be subject to such regulations and restrictions as the Board may from time to time make and impose. The Board may delegate any of its powers to committees consisting of such member or members of its body and such other persons as the Board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons

or purposes, but every committee so formed shall in the exercise of the powers so delegated conform to any regulations that may from time to time be imposed upon it by the Board.

Material differences

The Articles contain substantially similar provisions save and except that the Articles requiring special resolutions to approve the removal of any Director.

(ii) Power to allot and issue shares

Summary

Without prejudice to any special rights or restrictions for the time being attaching to any shares or any class of shares, any share may be issued upon such terms and conditions and with such preferred, deferred or other special rights, or such restrictions, whether as regards dividend, voting, return of capital or otherwise, as the Company may from time to time by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the Board may determine). Any preference share may, subject to the Companies Act and with the sanction of a special resolution, be issued on terms that it is liable to be redeemed upon the happening of a specified event or upon a given date and either at the option of the Company or, if so authorised by the Memorandum, at the option of the holder.

The Board may, subject to the approval by the shareholders in general meeting, issue warrants to subscribe for any class of shares or securities of the Company on such terms as the Board may from time to time determine. Where warrants are issued to bearer, no certificate in respect of such warrants shall be issued to replace one that has been lost unless the Board is satisfied beyond reasonable doubt that the original certificate has been destroyed and the Company has received an indemnity in such form as the Board thinks fit with regard to the issue of any such replacement certificate.

All unissued shares in the Company shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and generally on such terms as it shall in its absolute discretion think fit, but so that no shares shall be issued at a discount.

Material differences

The Articles contain similar provisions save and except that the Articles do not contain (i) a provision requiring special resolutions to approve the issuance of preference shares on terms that is liable to be redeemed upon the happening of a specified event or upon a given date and (ii) a provision requiring that no shares shall be issued at a discount.

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

While there are no specific provisions in the Bye-laws relating to the disposal of the assets of the Company or any of its subsidiaries, the Board may exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Bye-laws or the statutes to be exercised or done by the Company in general meeting.

Material differences

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

(iv) Borrowing powers*Summary*

Subject to the provisions of the Companies Act, the Board may from time to time at its discretion exercise all the powers of the Company to raise or borrow or to secure the payment of any sum or sums of money for the purposes of the Company and to mortgage or charge its undertaking, property and uncalled capital or any part thereof. The Board may raise or secure the payment or repayment of such sum or sums in such manner and upon such terms and conditions in all respects as it thinks fit and in particular by the issue of debentures, debenture stock, bonds or other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

Material differences

The Articles contain substantially similar provisions.

(v) Remuneration*Summary*

The Directors shall be entitled to receive by way of remuneration for their services such sum as is from time to time determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is determined) to be divided among the Directors in such proportions and in such manner as the Board may agree or, failing agreement, equally or, in the case of any Director holding office for less than the whole of the relevant period in respect of which the remuneration is paid, pro rata. These provisions shall not apply to a Director who holds any salaried employment or office in the Company except in the case of sums paid in respect of Directors' fees. The Directors shall also be entitled to be repaid all expenses reasonably incurred by them in the performance of their duties as Directors or otherwise incurred whilst engaged on the business of the Company. The Board may grant special remuneration to any Director who performs any special or extra services to or at the request of the Company. Such special remuneration may be made payable to such Director in addition to or in substitution for his ordinary remuneration as a Director. The remuneration of managing director, joint managing director, deputy managing director or other executive director or a Director appointed to any other office in the management of the Company may be fixed from time to time by the Board and may comprise remuneration and such other benefits and allowances as the Board may from time to time decide. Such remuneration is in addition to his remuneration as a Director.

The Board also has power to establish and maintain or procure the establishment and maintenance of any contributory or non-contributory pension or superannuation funds for the benefit of, or to give or procure the giving of donations, gratuities, pensions, allowances or emoluments to, any persons who are or were at any time in the employment or service of the Company, or of any company which is a subsidiary of the Company or is allied or associated with the Company or with any such subsidiary, or who are or were at any time Directors or officers of the Company or of any such other company and who hold or have held any salaried employment or office in the Company or such other company, and the dependents of any such persons, and may make payments for or towards the insurance of any such persons. Any Director holding any such employment or office is entitled to participate in and retain for his own benefit any such donation, gratuity, pension, allowance or emolument.

Material differences

The Articles contain substantially similar provisions save and except that the Articles contain a provision requiring ordinary resolutions to approve the establishment and maintenance of pension or superannuation funds.

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

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

Material differences

The Articles contain substantially similar provisions.

(vii) Loans to Directors*Summary*

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

Material differences

There are provisions in the Articles prohibiting the making of loans to a Director of the Company or to his associates (as defined in the Articles) excepted as permitted under the Cayman Companies Act.

(viii) Financial assistance to acquire shares in the Company*Summary*

- (a) Subject, where applicable, to the rules of any relevant stock exchange:
 - (i) the Company may in accordance with an employees' share scheme (as defined in the Companies Act) approved by the shareholders in general meeting provide money on such terms as the Board thinks fit for the acquisition of fully or partly paid shares in the Company or its holding company; and
 - (ii) the Company, the Company's subsidiary or holding company or a subsidiary of the Company's holding company may make loans to persons, including Directors and former Directors, employed in good faith by the Company with a view to enabling those persons, to acquire fully or partly paid shares in the Company or its holding company to be held by them by way of beneficial ownership.
- (b) The conditions subject to which money and loans are provided may include a provision to the effect that when an employee ceases to be employed by the Company, the shares acquired with such financial assistance shall or may be sold to the Company or such other company on such terms as the Board thinks fit.

Material differences

The Articles contain similar provision save and except that the Articles do not contain provision regarding the treatment of shares acquired with financial assistance.

(ix) Disclosure of interests in contracts with the Company or any of its subsidiaries

Summary

Subject to the Companies Act, a Director may hold any other office or place of profit with the Company (except that of auditor of the Company) in conjunction with his office of Director for such period and upon such terms as the Board may determine, and may be paid such extra remuneration for that other office or place of profit, in whatever form, as the Board may determine. A Director may be or become a director or other officer of, or be otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested and shall not be liable to account to the Company or the shareholders for any remuneration, profit or other benefit received by him as a director or officer of or from his interest in such other company. The Board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company. A Director shall not vote or be counted in the quorum on any resolution of the Board concerning his own appointment as the holder of any office or place of profit with the Company or any other company in which the Company is interested (including the arrangement or variation of the terms, or the termination, of such appointment).

Subject to the provisions of the Companies Act, no Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the shareholders for any benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship established by it. 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 must 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 taken into consideration, 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.

Save as otherwise provided by the Bye-laws, a Director shall not vote (nor shall he be counted in the quorum) on any resolution of the Board in respect of any contract or arrangement in which he or any of his close associates has a material interest, and if he does so his vote shall not be counted, but this prohibition will not apply to any of the following matters:

- (a) the giving of any security or indemnity to the Director or his close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;
- (b) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has/have himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (c) any proposal concerning an offer of shares, debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (d) any proposal or arrangement concerning the benefit of employees of the Company or its subsidiaries, including, the adoption, modification or operation of either: (i) any employees' share scheme or any share incentive or share option scheme under which the Director or his close associate(s) may benefit; or (ii) any pension fund or retirement, death or disability benefits scheme which relates to Directors, their close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or his close associate(s) any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and
- (e) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares, debentures or other securities of the Company by virtue only of his/their interest in those shares, debentures or other securities.

Material differences

The Articles contain similar provisions save and except that there is an extra exception to a Director's right to vote (i.e., any proposal concerning any other company in which the Director or any of his Associates (as defined in the Articles) is/are interested only, whether directly or indirectly, as an officer or executive or a Shareholder other than a company in which the Director or any of his Associates (as defined in the Articles) is/are beneficially interested in 5 per cent. or more of the issued shares 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 (as defined in the Articles) is derived).

(c) Alterations to the constitutional documents and the Company's name*Summary*

The Memorandum may, with the consent of the Minister of Finance of Bermuda (if required), be altered by the Company in general meeting. The Bye-laws may be amended by the Directors subject to the approval of the Company in general meeting. The Bye-laws state that a special resolution is required to alter the Memorandum, to approve any amendment of the Bye-laws or to change the name of the Company.

Material differences

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

(d) Meetings of shareholders**(i) Special resolutions***Summary*

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast of such shareholders as, being entitled so to do, vote in person or, where a corporate representative is allowed, by a duly authorised corporate representative or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given.

Material differences

The definition of special resolution under the Articles is similar.

(ii) Voting rights and right to demand a poll*Summary*

Subject to any special rights, privileges or restrictions as to voting for the time being attached to any class or classes of shares, at any general meeting: (a) on a poll, every shareholder present in person or by a duly authorised corporate representative or by proxy shall have one vote for every share of which he is the holder which is fully paid up or credited as fully paid (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); and (b) on a show of hands every shareholder who is present in person or by a duly authorised corporate representative or by proxy shall have one vote. On a poll, a shareholder entitled to more than one vote need not use all his votes or cast all the votes in the same way.

At any general meeting a resolution put to the vote of the meeting shall be decided by poll save that the chairman of the meeting may, pursuant to the Listing Rules, allow a resolution 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, a poll may be demanded by (in each case by shareholders present in person or by proxy or by a duly authorised corporate representative): (i) at least three shareholders for the time being entitled to vote at the meeting; or (ii) any shareholder or shareholders representing not less than one-tenth of the total voting rights of all the shareholders having the right to vote at the meeting; or (iii) a shareholder or shareholders holding shares in the Company conferring a right to vote at the meeting on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Where a shareholder is a recognised clearing house within the meaning of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), it may appoint such person or persons as it thinks fit to act as its proxy or proxies or as its corporate representative or representatives, to the extent permitted by the Companies Act, at any shareholders' general meeting or any meeting of any class of shareholders, provided that if more than one proxy or corporate representative is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy or corporate representative is to be appointed. The number of persons a clearing house may appoint to act as its corporate representative or representatives shall not exceed the number of shares held by the clearing house (or its nominee), being shares in respect of which there is an entitlement to attend and vote at the relevant meeting.

Material differences

The Articles contain similar provisions save and except that voting shall not be by way of a show of hands.

(iii) Annual general meetings

Summary

An annual general meeting must be held once in every year and within not more than 15 months after the last preceding annual general meeting.

Material differences

Similarly, the Company must hold a general meeting as its annual general meeting each year and not more than fifteen (15) months shall elapse between the date of one annual general meeting and the next.

(iv) Requisition of general meetings

Summary

The Board may, whenever it thinks fit, convene a special general meeting, and special general meetings shall also be convened on requisition, as provided by the Companies Act, and, in default, may be convened by the requisitionists.

Material differences

The Articles sets out the procedure for convening general meetings on requisitions by shareholders while such procedure is set out in the Companies Act and incorporated into the Bye-laws by reference. Pursuant to the Companies Act, the directors of a company, notwithstanding anything in its bye-laws shall, on the requisition of members of the company holding at the date of the deposit of the requisition not less than one-tenth of such of the paid-up capital of the company as at the date of the deposit carries the right of voting at general meetings of the company, or, in the case of a company not having a share capital, members of the company representing not less than one-tenth of the total voting rights of all the members having at the said date a right to vote at general meetings of the company, forthwith proceed duly to convene a special general meeting of the company.

The Companies Act contains a provision requiring such requisition be deposited at the registered office of the company while such notice is required to be deposited at the principal office, or in the event the Company ceases to have such a principal office, the registered office, under the Articles.

(v) ***Notices of meetings and business to be conducted***

Summary

An annual general meeting of the Company shall be called by at least 21 days' notice in writing and any other general meeting shall be called by at least 14 days' notice in writing (in each case exclusive of the day on which the notice is served or deemed to be served and of the day for which it is given). The notice shall specify the place, the day and the hour of meeting and, in the case of special business, the general nature of that business.

Any notice or document to be given to or by any person pursuant to these Bye-laws may be served on or delivered to any shareholder of the Company personally, by post to such shareholder's registered address or (other than share certificates) by advertisement in at least one English language newspaper and one Chinese language newspaper circulating generally in Hong Kong. Subject to the applicable laws of Bermuda and any rules prescribed by the Stock Exchange from time to time, a notice or document may be served or delivered by the Company to any shareholder by electronic means.

Material differences

The Articles contain substantially similar provisions.

(vi) Quorum for meetings and separate class meetings*Summary*

The quorum for a general meeting shall be two shareholders present in person or by a duly authorised corporate representative or by proxy and entitled to vote. In respect of a separate class meeting convened to sanction the modification of class rights, the necessary quorum shall be two persons holding or representing by proxy or by a duly authorised corporate representative one-third in nominal value of the issued shares of that class.

Material differences

The Articles contain similar provisions.

(vii) Proxies*Summary*

Any shareholder of the Company entitled to attend and vote at a meeting of the Company or a meeting of the holders of any class of shares in the Company is entitled to appoint another person as his proxy to attend and vote instead of him. Votes, whether on a show of hands or on a poll, may be given either personally or by a duly authorised corporate representative or by proxy. A shareholder holding two or more shares may appoint more than one proxy to attend on the same occasion. A proxy need not be a shareholder of the Company.

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 seal or under the hand of a duly authorised officer or attorney.

The instrument appointing a proxy to vote at a general meeting shall: (i) be deemed to confer authority upon the proxy to demand or join in demanding a poll and to vote on any resolution (or an amendment to any resolution) put to the meeting for which it is given as the proxy thinks fit; and (ii) unless the contrary is stated therein, be valid as well for any adjournment of the meeting as for the meeting to which it relates. Any form issued to a shareholder for appointing a proxy to attend and vote at a special general meeting or at an annual general meeting at which any business is to be transacted shall be such as to enable the shareholder, according to his intentions, to instruct the proxy to vote in favour of or against (or, in default of instructions, to exercise his discretion in respect of) each resolution dealing with any such business.

A proxy or proxies representing either an individual shareholder or a shareholder which is a corporation shall be entitled to exercise the same powers on behalf of the shareholder which he or they represent as such shareholder could exercise, including the right to vote individually on a show of hands.

Material differences

The Articles contain substantially similar provisions.

(e) Accounts and audit

Summary

The Board shall cause true accounts to be kept of the sums of money received and expended by the Company, the property, assets, credits and liabilities of the Company and all other matters required by the Companies Act affecting the Company or necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions.

The books of account are to be kept at the head office or at such other place as the Board thinks fit and shall always be open to the inspection of the Directors provided that such records as are required by the Companies Act shall also be kept at the registered office. No shareholder (not being a Director) or other person has any right to inspect any account, book or document of the Company except as conferred by the Companies Act or ordered by a court of competent jurisdiction or authorised by the Board or the Company in general meeting.

The Board shall from time to time cause to be prepared and laid before the Company at its annual general meeting such profit and loss accounts, balance sheets, group accounts (if any) and reports as are required by the Companies Act. Every balance sheet of the Company shall be signed on behalf of the Board by two Directors and a copy of every balance sheet (including every document required by law to be comprised therein or attached or annexed thereto) and profit and loss account which is to be laid before the Company at its annual general meeting, together with a copy of the Directors' report and a copy of the auditors' report, shall not less than 21 days before the date of the meeting be sent to every shareholder of, and every holder of debentures of, the Company and every other person entitled to receive notices of general meetings of the Company under the Companies Act or the Bye-laws. If all or any of the shares or debentures of the Company are for the time being (with the consent of the Company) listed or dealt in on any stock exchange, there shall be forwarded to the appropriate officer of such stock exchange such number of copies of such documents as are for the time being required under its regulations or practice.

Auditors shall be appointed and their duties regulated in accordance with the Companies Act. Subject as otherwise provided by the Companies Act, the remuneration of the auditors shall be fixed by or on the authority of the Company at each annual general meeting but, in respect of any particular year, the Company in general meeting may delegate the fixing of such remuneration to the Board.

Material differences

The Articles contain similar provisions save and except that there is no provision under the Articles requiring (i) two Directors to sign on every balance sheet of the Company and (ii) where if all or any of the shares or debentures of the Company are for the time being (with the consent of the Company) listed or dealt in on any stock exchange, there shall be forwarded to the appropriate officer of such stock exchange such number of copies of such documents as are for the time being required under its regulations or practice.

(f) Dividends and other methods of distribution

Summary

The Company in general meeting may declare dividends in any currency but no dividends shall exceed the amount recommended by the Board.

Unless and to the extent that the rights attached to any shares or the terms of their issue otherwise provide, all dividends shall be apportioned and paid pro rata according to the amounts paid or credited as paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. No amount paid upon a share in advance of calls will for this purpose be treated as paid up on the shares. The Board may retain any dividends or other moneys payable on or in respect of a share upon which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists. The Board may deduct from any dividend or bonus payable to any shareholder all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.

Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the Board may further resolve either: (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 to such dividend will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or (b) that the shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board thinks fit. The

Company may also, upon the recommendation of the Board, by a special resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

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

The Board may, if it thinks fit, receive from any shareholder willing to advance the same, and either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the moneys so advanced may pay interest at such rate (if any) not exceeding 20% per annum, as the Board may decide but a payment in advance of a call shall not entitle the shareholder to receive any dividend subsequently declared or to exercise any other rights or privileges as a shareholder in respect of the share or the due portion of the shares upon which payment has been advanced by such shareholder before it is called up.

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

The Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants have been left uncashed on two consecutive occasions or after the first occasion on which such a cheque or warrant is returned undelivered.

Material differences

The Articles contain substantially similar provisions save that under the Articles, there is a provision requiring that the dividend must be paid out of profits and reserves lawfully available for distribution including share premium and there is no reference made in the Articles to contributed surplus which is distributable under the laws of Bermuda only.

(g) Inspection of register of members***Summary***

There are no provisions in the Bye-laws relating to inspection of the register of members.

Material differences

The Articles provide that the register of members held in Hong Kong shall during normal business hours (subject to such reasonable restrictions as the Board may impose) be open to inspection by a member without charge.

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

There are no provisions in the Bye-laws relating to rights of minority members in relation to fraud or oppression. However, Bermuda company law provides for protection of minorities.

Material differences

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

(i) Procedures on liquidation***Summary***

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

If the Company is wound up, the surplus assets remaining after payment to all creditors are to be divided among the shareholders in proportion to the capital paid up on the shares held by them respectively, and if such surplus assets are insufficient to repay the whole of the paid up capital, they are to be distributed so that, as nearly as may be, the losses shall be borne by the shareholders in proportion to the capital paid up on the shares held by them respectively, all subject to the rights of any shares issued on special terms and conditions.

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

Material differences

The Articles contain similar provisions.

(j) Untraceable shareholders

Summary

The Company shall have the power to sell, in such manner as the Board thinks fit, any shares of a shareholder who is untraceable, but no such sale shall be made unless:

- (i) all cheques or warrants, 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;
- (ii) 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 shareholder who is the holder of such shares or of a person entitled to such shares by death, bankruptcy or operation of law;
- (iii) the Company has caused an advertisement to be inserted in the newspapers of its intention to sell such shares and a period of three months has elapsed since the date of such advertisement; and
- (iv) the Company has notified the relevant stock exchange of its intention to effect such sale.

Material differences

The Articles contain similar provisions.

APPENDIX II DETAILS OF THE DIRECTOR PROPOSED TO BE RE-ELECTED

The followings are the particulars of Mr. Chen who will retire from office and be proposed to be re-elected at the EGM:

Mr. Chen Chen

Position and Experience

Mr. Chen, aged 22, was appointed as an executive Director on 27 September 2021. He graduated from Wuhan Sports University (武漢體育學院) majoring in sport training. He is currently working in Dongguan Junjing Hardware Products Company Limited* (東莞市駿景五金製品有限公司). Save as disclosed herewith, Mr. Chen does not hold any directorship in any listed public companies in Hong Kong or overseas in the past three years and does not have any relationship with any Directors, senior management or substantial or controlling Shareholders for the purpose of the Listing Rules.

Length of Service and Director's Emolument

Mr. Chen has entered into a service agreement with the Company for a term of two years commencing from 27 September 2021 and his appointment can be terminated by one month's notice in writing served by either party on the other. Mr. Chen is subject to retirement by rotation and re-election pursuant to the Articles. He is entitled to an annual remuneration of HK\$360,000 as an executive Director which is determined by the Board by reference to his duties and responsibilities with the Company, the Company's remuneration policy and the remuneration committee's recommendation.

Interests in Shares

As at the Latest Practicable Date, Mr. Chen did not have any interests and short positions in the Shares or underlying Shares and in the shares or underlying shares of the Company's associated corporations within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Save as disclosed above, the Directors are not aware of any other matters relating to the re-election of Mr. Chen as an executive Director that needs to be brought to the attention of the Shareholders. There is no information relating to the re-election of Mr. Chen that is required to be disclosed pursuant to any of the requirements as set out in Rule 13.51(2)(h) to (v) of the Listing Rules.

* For identification purposes only

NOTICE OF EXTRAORDINARY GENERAL MEETING



China Beidahuang Industry Group Holdings Limited 中國北大荒產業集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00039)

NOTICE IS HEREBY GIVEN that the Extraordinary General Meeting (the “**EGM**”) of China Beidahuang Industry Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) will be held at Unit E, 30/F., Tower B, Billion Centre, 1 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong on Monday, 17 January 2022 at 11:00 a.m. for the purpose of considering and, if thought fit, passing, with or without modifications, the following special resolutions and ordinary resolution of the Company:

SPECIAL RESOLUTIONS

1. “**THAT**

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

NOTICE OF EXTRAORDINARY GENERAL MEETING

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

NOTICE OF EXTRAORDINARY GENERAL MEETING

3. “**THAT** subject to, among others, the passing of special resolution 1 above and conditional upon the Change of Domicile (as defined in special resolution 1 above) becoming effective and the Stock Exchange granting the listing of, and permission to deal in, the New Shares (as defined below) arising from the Capital Reorganisation (as defined below):
- (a) every five (5) issued and unissued shares of HK\$0.10 each in the existing share capital of the Company be and are consolidated (the “**Share Consolidation**”) into one (1) share of HK\$0.50 each (the “**Consolidated Shares**”);
 - (b) the total number of Consolidated Shares in the issued share capital of the Company immediately following the Share Consolidation be and is rounded down to a whole number by cancelling any fraction in the issued share capital of the Company arising from the Share Consolidation;
 - (c) immediately upon the Share Consolidation becoming effective, the issued share capital of the Company be and is hereby reduced through a cancellation of the paid-up capital of the Company to the extent of HK\$0.49 on each of the then issued Consolidated Share (the “**Capital Reduction**”) such that the nominal value of each then issued Consolidated Share will be reduced from HK\$0.50 to HK\$0.01 (the “**New Shares**”);
 - (d) immediately following the Capital Reduction, each of the then authorised but unissued Consolidated Shares of HK\$0.50 each be and is hereby sub-divided into fifty (50) New Shares of HK\$0.01 each (the “**Share Sub-division**”, together with the Share Consolidation and the Capital Reduction, the “**Capital Reorganisation**”);
 - (e) the credits arising from the cancellation of any fraction in the issued share capital of the Company which may arise from the Share Consolidation and the credit arising from the Capital Reduction be transferred to the Contributed Surplus Account (as defined in special resolution 2 above) and the Board be and is hereby authorised to use the amount then standing to the credit of the Contributed Surplus Account in any manner as may be permitted under the by-laws of the Company in effect from time to time and all applicable laws including, without limitation, eliminating or setting off the accumulated losses of the Company which may arise from time to time and/or paying dividends and/or making any other distribution out of the Contributed Surplus Account from time to time without any further authorisation from the shareholders of the Company and all such actions in relation thereto be and are approved, ratified and confirmed; and

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (f) the Board be and is hereby authorised to do all such acts and things and execute all such documents on behalf of the Company, including under seal where applicable, as it may consider necessary or expedient to give effect to or in connection with the implementation of the Capital Reorganisation involving the Share Consolidation, the Capital Reduction and the Share Sub-division and (where applicable) to aggregate all fractional New Shares and sell them for the benefit of the Company.”

ORDINARY RESOLUTION

4. “**THAT** Mr. Chen Chen be re-elected as an executive director of the Company.”

By Order of the Board

China Beidahuang Industry Group Holdings Limited

Li Jiehong

Chairman

Hong Kong, 23 December 2021

Notes:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint another person as his/her/its proxy to attend and vote on his/her/its behalf. A member who is the holder of two or more Shares may appoint more than one proxy to represent him/her/it and vote on his/her/its behalf. A proxy needs not be a member of the Company. If more than one proxy is so appointed, the appointments shall specify the number of Shares in respect of which each such proxy is so appointed.
2. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed, or a notorially certified copy of such power or authority, must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof (as the case may be).
3. Delivery of an instrument appointing a proxy should not preclude a member from attending and voting in person at the meeting or any adjournment thereof (as the case may be) should he/she/it so wish, and in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. Where there are joint holders of any Shares, any one of such persons may vote at the meeting personally or by proxy in respect of such Shares as if he/she were solely entitled thereto provided that if more than one of such joint holders be present at the meeting personally or by proxy, 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 holder(s), and for this purpose seniority will 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 EXTRAORDINARY GENERAL MEETING

5. The register of members of the Company will be closed from Wednesday, 12 January 2022 to Monday, 17 January 2022 (both days inclusive) during which period no transfer of Shares will be registered and effected. In order to qualify for attending and voting at the meeting, all transfers of Shares accompanied by the relevant share certificates and the appropriate share transfer forms must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration not later than 4:00 p.m. on Tuesday, 11 January 2022.
6. If Typhoon Signal No. 8 or above, or a "black" rainstorm warning or extreme conditions caused by super typhoons is in effect in Hong Kong at any time after 8:00 a.m. on the date of the meeting, the meeting will be adjourned. The Company will publish an announcement on the website of the Company at www.irasia.com/listco/hk/chinabeidahuang and on the HKEXnews website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk to notify shareholders of the Company of the date, time and venue of the adjourned meeting.
7. The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.
8. Pursuant to Rule 13.39(4) of the Listing Rules, all resolutions set out in this notice will be decided by poll at the EGM.
9. In view of the ongoing Novel Coronavirus (COVID-19) epidemic and recent requirements for prevention and control of its spread, certain measures will be implemented at the EGM to address the risk to attendees of infection. For details, all attendees of the EGM should read the section headed "Precautionary Measures for the EGM" on pages 8 to 9 of the circular of the Company for the EGM dated 23 December 2021.

As at the date of this notice, the Executive Directors of the Company are Mr. Li Jiehong (Chairman), Mr. Ke Xionghan, Mr. Zeng Jixiang, Mr. Yu Zicong and Mr. Chen Chen; the Non-executive Director of the Company is Ms. Ho Wing Yan; and the Independent Non-executive Directors of the Company are Mr. Chong Cha Hwa, Mr. Yang Yunguang and Mr. Chen Zhifeng.