

LETTER FROM THE BOARD

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king fook holdings limited 景福集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 280)

Directors:

Yeung Ping Leung, Howard
Tang Yat Sun, Richard
Cheng Ka On, Dominic
Yeung Bing Kwong, Kenneth
Fung Chung Yee, Caroline
Wong Wei Ping, Martin*
Lau To Yee**
Cheng Kar Shing, Peter**
Ho Hau Hay, Hamilton**
Sin Nga Yan, Benedict**
Cheng Kwok Shing, Anthony**

Registered office:

9th Floor
King Fook Building
30–32 Des Voeux Road Central
Hong Kong

* *Non-executive Director*

** *Independent non-executive Directors*

28th July, 2014

To the shareholders

Dear Sir or Madam,

PROPOSALS RELATING TO GENERAL MANDATE TO ISSUE SHARES AND AMENDMENT OF ARTICLES OF ASSOCIATION, AND NOTICE OF ANNUAL GENERAL MEETING

INTRODUCTION

At the annual general meeting of King Fook Holdings Limited (the “Company”) for the year ended 31st March, 2014, resolutions will be proposed to grant to the directors of the Company a general mandate to issue shares of the Company and to amend the Articles of Association of the Company (the “Articles”).

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The purpose of this circular is to give you further details of the abovementioned proposals and notice of the annual general meeting of the Company for the year ended 31st March, 2014 (the “AGM”).

GENERAL MANDATE TO ISSUE SHARES

At the AGM, an ordinary resolution will be proposed to grant a general mandate to the directors of the Company to allot, issue and dispose of shares of the Company not exceeding 20 per cent. of the number of issued shares of the Company (“Shares”) on the date of the resolution to provide flexibility to the Company to raise fund by issue of shares efficiently. On 22nd July, 2014, being the latest practicable date prior to printing of this circular, there were in issue an aggregate of 652,607,475 Shares. On the assumption that no Share will be issued prior to the AGM, exercise in full of the mandate could result in up to 130,521,495 Shares being issued by the Company.

AMENDMENT OF THE ARTICLES

It is proposed to amend the Articles (which contains the previous Memorandum of Association of the Company (the “Memorandum”) pursuant to (i) the new Companies Ordinance, Chapter 622 of the Laws of Hong Kong (the “New Companies Ordinance”) on its coming into effect on 3rd March, 2014) following implementation of the New Companies Ordinance; and (ii) amendment of Appendix 3 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) as follows:

1. the whole of the Memorandum be deleted;
2. the words “(Chapter 32)” at the top of the caption of the Articles be deleted;
3. the heading “Table A” and the existing provisions of Article 1 of the Articles be deleted and be replaced by the following:

“Preliminary

1. (A) The name of the Company is “KING FOOK HOLDINGS LIMITED 景福集團有限公司”. Name.
(B) The registered office of the Company will be situated in Hong Kong. Registered office.
(C) The liability of the members of the Company is limited. Limited liability.
(D) The regulations contained in the model articles mentioned in the Companies Ordinance shall not apply to the Company.”; Other regulations excluded.
4. the figure “32” in the interpretation of “the Companies Ordinance” or “the Ordinance” in Article 2 of the Articles be deleted and be replaced by “622”;
5. the phrase “and includes stock except where a distinction between stock and shares is expressed or implied” in the interpretation of “share” in Article 2 of the Articles be deleted;

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6. the existing provisions of Article 3 of the Articles be deleted and be replaced by the following:
 - “3. The share capital of the Company on its incorporation shall consist of two shares subscribed by the two founder members at HK\$0.25 each, totalling HK\$0.50, fully paid.”; Capital.
7. the second sentence in paragraph (B) of Article 4 of the Articles be deleted;
8. in Article 5 of the Articles, (i) the figure “64” be deleted and be replaced by “180”; (ii) the words “of three-fourths in nominal value of the issued” be deleted and be replaced by “representing at least seventy-five per cent. of the total voting rights of holders of”; and (iii) the words “one-third in nominal value of the issued” be deleted and be replaced by “one-third of the total voting rights of holders of”;
9. Articles 7 and 13 of the Articles be deleted;
10. the words “and the amount paid thereon” in Article 18 of the Articles be deleted;
11. the phrase “, whether on account of the nominal value of the share and/or by way of premium,” in Article 35 of the Articles be deleted;
12. the phrase “, whether on account of the nominal value of the share or by way of premium,” in Articles 53 and 58 of the Articles be deleted;
13. the heading “Stock” and Articles 59 to 62 of the Articles be deleted;
14. the existing provisions of Article 63 of the Articles be deleted and be replaced by the following:
 - “63. (A) The Company may by ordinary resolution alter its share capital in any one or more of the ways set out in section 170 of the Ordinance (or such applicable provisions of the Ordinance in effect from time to time). Alteration of share capital.
 - (B) The Company may by special resolution reduce its share capital in accordance with Division 3 of Part 5 of the Ordinance (or such applicable provisions of the Ordinance in effect from time to time).”; Reduction of share capital.
15. the phrase “; and not more than fifteen months shall elapse between the date of one annual general meeting of the Company and that of the next” in Article 70 of the Articles be deleted and be replaced by “in accordance with the provisions of the Companies Ordinance”;
16. the words “in nominal value of the shares giving that right” in paragraph (ii) of Article 73 of the Articles be deleted and be replaced by “of the total voting rights at the meeting of all the members”;
17. in Article 80 of the Articles, (i) the phrase “; or” at the end of paragraph (iii) be deleted and be replaced by a full stop; and (ii) paragraph (iv) be deleted;

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18. the phrase “and shall have for every partly paid share of which he is the holder the fraction of one vote equal to the proportion which the nominal amount paid up or credited as paid up thereon bears to the nominal value of the share” in Article 85 of the Articles be deleted;
19. the phrase “(excluding any part of a day that is a public holiday)” be added after the words “forty-eight hours” in Article 92 of the Articles;
20. the words “par or at such premium” in sub-paragraph (i) of paragraph (B) of Article 112 of the Articles be deleted and be replaced by “such price”;
21. the phrase “, provided that a share premium account and a capital redemption reserve fund may, for the purposes of this Article, only be applied in paying up unissued shares to be issued to members of the Company as fully paid up shares” in paragraph (A) of Article 142 of the Articles be deleted;
22. Article 143 of the Articles be deleted;
23. in paragraph (A) of Article 147 of the Articles, (i) the phrase “or any part of any of the Company’s reserve accounts (including any special account, share premium account and capital redemption reserve fund (if there be any such reserve)) as the Directors may determine, a sum equal to the aggregate nominal amount of the shares to be allotted on such basis” in sub-sub-paragraph (d) of sub-paragraph (i) be deleted and be replaced by “a sum equal to the amount of the dividend (or that part of the dividend to be satisfied by the allotment of shares as aforesaid)”; and (ii) the phrase “Company’s reserve accounts (including any special account, share premium account and capital redemption reserves) as the Directors may determine, a sum equal to the aggregate nominal amount of the shares to be allotted on such basis” in sub-sub-paragraph (d) of sub-paragraph (ii) be deleted and be replaced by “Company a sum equal to the amount of the dividend (or that part of the dividend in respect of which a right of election has been accorded)”;
24. in Article 149 of the Articles, (i) the phrase “according to the amounts paid or credited as paid up on the shares” be deleted and be replaced by “by reference to each member’s holding of shares which are fully paid up or credited as fully paid up”; and (ii) the words “paid up capital” in the margin note be deleted and be replaced by “holding of shares”;
25. the words “on the day following that on which the envelope or wrapper containing the same, properly prepaid and addressed, is put into the post” in paragraph (a) of Article 166 of the Articles be deleted and be replaced by “(subject to the provisions of the Ordinance) on the second business day following that on which the envelope or wrapper containing the same, properly prepaid and addressed, is put into the post”;
26. the existing provisions of Article 175 of the Articles be deleted and be replaced by the following:

“175. A Director or former Director of the Company may be indemnified out of the Company’s assets against any liability incurred by the Director to a person (other than the Company or any of its subsidiaries) in connection with any negligence, default, breach of duty or breach of trust in relation to the Company or any of its subsidiaries (as the case may be) as provided under the Companies Ordinance.”;

Indemnity.

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27. the information on subscribers of the Company set out after Article 175 of the Articles be deleted and be replaced by the following:

“Details of the founder members of the Company and the shares subscribed by them on 27th June, 1987 are as follows:

Names, addresses and descriptions	Number of shares subscribed
SHIPCORP LIMITED By, Edward G. Gray, Director 19th Floor Alexandra House 16–20 Chater Road Hong Kong Corporation	One
SEACORP LIMITED By, Edward G. Gray, Director 19th Floor Alexandra House 16–20 Chater Road Hong Kong Corporation	One
Total number of shares subscribed for	Two

”; and

28. (i) the definition of “associate” in Article 2 of the Articles be deleted and be replaced by the following definition:

““close associate” shall have the meaning attributed to it in the Close associate. rules of the Designated Stock Exchange;”; and

- (ii) the word “associates” in Article 107 of the Articles be changed to “close associates” throughout such Article.

The effects of the proposed amendment of the Articles are as follows:

1. the deletion of the whole Memorandum follows the abolition of memorandum of association by the New Companies Ordinance;
2. the deletion of reference to “Chapter 32” in the caption of the Articles reflects the replacement of the previous Companies Ordinance (Chapter 32 of the Laws of Hong Kong) (the “Previous Companies Ordinance”) by the New Companies Ordinance;
3. the amendments of the heading and Article 1 of the Articles (i) include provisions relating to the name, registered office and limited liability of members of the Company originally set out in the Memorandum; and (ii) exclude the application of the model articles prescribed by the New Companies Ordinance to the Company;

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4. the amendment of the interpretation of the “Companies Ordinance” or “the Ordinance” in Article 2 of the Articles reflects the replacement of the Previous Companies Ordinance by the New Companies Ordinance;
5. the amendment of the interpretation of “share” in Article 2 of the Articles reflects the abolition of the Company’s power to issue stock under the New Companies Ordinance;
6. the amendment of Article 3 of the Articles removes reference to nominal amount in the share capital of the Company which has been abolished by the New Companies Ordinance and provides information on the share capital of the Company on incorporation as required under the New Companies Ordinance;
7. the amendment of Article 4 of the Articles removes the Company’s power to issue bearer share warrant pursuant to the New Companies Ordinance;
8. the amendments of Article 5 of the Articles (i) replace section 64 of the Previous Companies Ordinance with section 180 of the New Companies Ordinance in respect of modification of rights of shares; (ii) provide that the rights of a class of shares may be modified with the written consent of holders representing at least 75% of the total voting rights of holders of the relevant class of shares; and (iii) provide that two persons at least holding or representing by proxy one-third of the total voting rights of holders of the relevant class of shares shall form a quorum for general meetings of the holders of such class of shares;
9. the deletions of Articles 7 and 13 of the Articles remove provisions relating to (i) increase of share capital of the Company by reference to the amount of the share capital; and (ii) the Company’s power to pay interest on capital raised for construction of works or buildings or provision of plant which have been abolished by the New Companies Ordinance;
10. the amendment of Article 18 of the Articles removes the requirement that the amount paid on the shares be specified in the share certificates;
11. the amendment of Article 35 of the Articles removes provisions relating to payment of nominal value of shares and/or premium (which have been abolished by the New Companies Ordinance) on allotment of shares;
12. the amendments of Articles 53 and 58 of the Articles remove provisions relating to payment of nominal value of share or premium (which have been abolished by the New Companies Ordinance) after forfeiture of shares;
13. the deletions of the heading “Stock” and Articles 59 to 62 of the Articles remove provisions relating to stock pursuant to abolition of the Company’s power to issue stock by the New Companies Ordinance;
14. the amendment of Article 63 of the Articles allows the Company to alter (including to increase) and to reduce its share capital in accordance with the New Companies Ordinance;
15. the amendment of Article 70 of the Articles allows the Company to convene annual general meeting as required by the provisions of the New Companies Ordinance;
16. the amendment of Article 73 of the Articles allows shareholders of not less than 95% of the total voting rights at a general meeting to give written consent to shorter notice for such meeting;

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17. the amendment of Article 80 removes provisions conferring power on shareholders to demand voting on a poll at a general meeting of the Company with reference to amount of paid up capital held by them pursuant to abolition of nominal value of shares under the New Companies Ordinance;
18. the amendment of Article 85 of the Articles disallows holders of partly paid shares to vote on a poll at a general meeting of the Company;
19. the amendment of Article 92 of the Articles follows the provisions in the New Companies Ordinance that in calculating the period for deposit of an instrument appointing a proxy, no account shall be taken of any part of a day that is a public holiday;
20. the amendment of Article 112 of the Articles allows the Directors to grant option to subscribe for shares of the Company at a price to be agreed instead of at par or premium;
21. the amendment of Article 142 of the Articles removes references to share premium account and capital redemption reserve fund (which have been abolished by the New Companies Ordinance) relating to capitalisation of reserves;
22. the deletion of Article 143 of the Articles removes provisions relating to subscription right reserve, which has been abolished by the New Companies Ordinance;
23. the amendments of Article 147 of the Articles removes references to share premium account and capital redemption reserve fund (which have been abolished by the New Companies Ordinance) relating to scrip dividend scheme;
24. the amendments of Article 149 of the Articles change the basis for payment of dividends so that dividends shall be paid according to holding of fully paid shares instead of amounts paid or credited as paid up on the shares;
25. the amendment of Article 166 of the Articles follows the provisions of the New Companies Ordinance on service of documents by post;
26. the amendment of Article 175 of the Articles allows a director or former director of the Company to be indemnified out of the Company's assets against any liability to a third party in accordance with the provisions of the New Companies Ordinance;
27. the replacement of information on subscribers provides details of the founder members of the Company and the shares subscribed by them; and
28. the change of "associate" and "associates" to "close associate" and "close associates" respectively in the Articles follows the amendment of Appendix 3 of the Listing Rules which disallows a director to vote on any board resolution approving any contract or arrangement or any other proposal in which he or any of his close associates has a material interest or be counted in the quorum present at the meeting.

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ANNUAL GENERAL MEETING

You will find on pages 9 to 10 of this circular a notice of the AGM to be held at 12:00 noon on 26th September, 2014 at The Ballroom, 18th Floor, The Mira Hong Kong, 118 Nathan Road, Kowloon, Hong Kong. Voting at the AGM will be taken by poll.

Resolution no. 4A will be proposed as an ordinary resolution to give a general mandate to the directors to allot, issue and deal with shares of the Company not exceeding 20 per cent. of the number of issued shares of the Company as at the date of the resolution.

Resolution no. 4B will be proposed as a special resolution to approve the proposed amendment of the Articles.

There is enclosed a form of proxy for use at the AGM. You are requested to complete the form of proxy and return it to the registered office of the Company in accordance with the instructions printed thereon not less than 48 hours (excluding any part of a day that is a public holiday) before the time fixed for holding the AGM, whether or not you intend to be present at the AGM. The completion and return of the form of proxy will not prevent you from attending and voting in person should you so wish.

RECOMMENDATION

The directors consider that the proposed granting of the general mandate to issue shares of the Company and amendment of the Articles are in the interest of the Company and shareholders as a whole and so recommend you to vote in favour of the relevant resolutions at the AGM. The directors will vote all their shareholdings in favour of such resolutions.

Yours faithfully,
By order of the Board
Yeung Ping Leung, Howard
Chairman

NOTICE OF ANNUAL GENERAL MEETING



king fook holdings limited 景福集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 280)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting of the abovenamed company (the “Company”) will be held at 12:00 noon on 26th September, 2014 at The Ballroom, 18th Floor, The Mira Hong Kong, 118 Nathan Road, Kowloon, Hong Kong for the following purposes:

1. To receive and consider the audited financial statements and the reports of the directors and independent auditor for the year ended 31st March, 2014.
2. To elect directors and to authorise the board of directors to fix their remuneration.
3. To appoint auditor and to authorise the board of directors to fix its remuneration.
4. As special business, to consider and, if thought fit, pass the following resolutions, of which resolution no. 4A will be proposed as an ordinary resolution and resolution no. 4B will be proposed as a special resolution:

ORDINARY RESOLUTION

A. “THAT:

- (a) subject to paragraph (c), the exercise by the directors of the Company during the Relevant Period of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such power be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such power after the end of the Relevant Period;
- (c) the aggregate number of shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the directors of the Company pursuant to the approval in paragraph (a), otherwise than pursuant to a Rights Issue or scrip dividend scheme or similar arrangement of the Company or the exercise of the subscription rights under the share option scheme of the Company shall not exceed 20 per cent. of the number of shares of the Company in issue as at the date of this resolution and the said approval shall be limited accordingly; and

NOTICE OF ANNUAL GENERAL MEETING

(d) for the purposes of this resolution:

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

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association of the Company or any applicable law to be held; and
- (iii) the revocation or variation of this resolution by an ordinary resolution of the shareholders of the Company in general meeting; and

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

SPECIAL RESOLUTION

- B. “THAT the existing Articles of Association of the Company be and are hereby amended (including removal of the objects of the Company) in the manner set out in the section headed “Amendment of the Articles” in the circular of the Company dated 28th July, 2014 (a copy of which section has been submitted to the meeting and signed by the Chairman of the meeting for the purpose of identification).”

By Order of the Board
Cheung Kit Man, Melina
Company Secretary

Hong Kong, 28th July, 2014

Registered office:

9th Floor
King Fook Building
30–32 Des Voeux Road Central
Hong Kong

Note: A member entitled to attend and vote at the meeting convened by the above notice (the “Meeting”) is entitled to appoint not more than two proxies (except a member who is a clearing house or its nominee may appoint more than two proxies) to attend and, in the event of a poll, vote in his stead. A proxy need not be a member of the Company. In order to be valid, the form of proxy must be deposited at the Company’s registered office together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, not less than 48 hours (excluding any part of a day that is a public holiday) before the time for holding the Meeting or adjourned Meeting.

As at the date of this notice, the executive directors of the Company are Mr. Yeung Ping Leung, Howard, Mr. Tang Yat Sun, Richard, Mr. Cheng Ka On, Dominic, Mr. Yeung Bing Kwong, Kenneth and Ms. Fung Chung Yee, Caroline; the non-executive director is Mr. Wong Wei Ping, Martin; and the independent non-executive directors are Mr. Lau To Yee, Mr. Cheng Kar Shing, Peter, Mr. Ho Hau Hay, Hamilton, Mr. Sin Nga Yan, Benedict and Mr. Cheng Kwok Shing, Anthony.