



GRAND COURT OF THE CAYMAN ISLANDS

FINANCIAL SERVICES DIVISION

FSD Cause No. of 2024 ()

IN THE MATTER OF SECTION 92 THE COMPANIES ACT (2023 REVISION)

AND IN THE MATTER OF FANG HOLDINGS LIMITED

BETWEEN:

(1) KOA CAPITAL L.P.

FIRST PETITIONER

(2) 507 SUMMIT LLC

SECOND PETITIONER

and

(1) TIANQUAN MO

FIRST RESPONDENT

(2) FANG HOLDINGS LIMITED

SECOND RESPONDENT

WINDING UP PETITION

TO THE GRAND COURT

The humble petition of (i) Koa Capital L.P. with registered office 344 Grove St, STE 960, Jersey City, NJ 07302 and (ii) 507 Summit LLC with registered office at c/o Lepercq de Neuflyze, 853 Broadway, Suite 1109, New York, NY 10003 (collectively the "Petitioners"), shows that:

A. INTRODUCTION AND OVERVIEW**(I) The Company**

1. Fang Holdings Limited ("**Fang**" or the "**Company**"), formerly Soufun Holdings Limited, is an exempted company with limited liability registered under the laws of the Cayman Islands with registered number 136949 and having its registered office at Vistra (Cayman) Limited, P. O. Box 31119, Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1 – 1205 Cayman Islands.
2. The Company's principal place of business is in the People's Republic of China (the "**PRC**") and is located at Tower A, No. 20 Guogongzhuang Middle Street, Fengtai District, Beijing 100070.
3. As at 23 November 2022, the Company had authorized and issued share capital of 90,357,329 Ordinary Shares with a par value of HK\$1.00 each made up of 66,020,679 Class A Ordinary Shares and 24,336,650 Class B Ordinary Shares.¹
4. The Class A Ordinary Shares entitle the holder to one vote per share. The Class B Ordinary Shares entitle the holder to ten votes per share. The holders of the Class B Ordinary Shares are insiders of the company or related to insiders of the company, including the founder of the Company and First Respondent, Tianquan Mo (莫天全) (also referred to as "**Vincent Mo**").
5. As the Company was formerly listed on the New York Stock Exchange ("**NYSE**") and is now listed on the Over-the-counter Exchange ("**OTC**"), its Class A Ordinary Shares are not directly traded. Instead, a class of securities called American Depositary Shares ("**ADS**") exist to represent the underlying Class A Ordinary Shares which are held by a third-party custodian known as a depository. For the Company's ADS/Class A Ordinary Shares, JPMorgan Chase Bank, N.A. ("**JPM**") acts as depository. ADS represent the underlying Class A Ordinary Shares while American Depositary Receipts ("**ADR**"), if issued, evidence the ADS held by any given party. One (1) ADS currently represents ten (10) Class A Ordinary Shares.

¹ Fang Holdings SEC Form 6K Exhibit 99.3, page 1 (filed 23 November 2023) Form of Proxy for Annual General Meeting.
<https://www.sec.gov/Archives/edgar/data/1294404/000110465922121718/0001104659-22-121718-index.html>.

6. The Company completed an initial public offering on 16 September 2010². Its initial registration statement was governed by the U.S. Securities Act of 1933, which requires complete, accurate and regular disclosure of relevant information to the market. Thereafter, the Company has been subject to the reporting requirements laid down by the U.S. Securities Exchange Act of 1934 and rules promulgated by the U.S. Securities and Exchange Commission (“**SEC**”), including that it file an annual report conforming with SEC Form 20-F. Before delisting from the NYSE in or about June 2022, the Company had been under an affirmative duty to report a range of matters fully and completely with the SEC.³
7. The Company holds itself out as operating a leading real estate internet portal in the PRC named Fangtianxia (房天下), which offers marketing, listing, financial and value-added services for China's fast-growing real estate, home furnishing and improvement sectors. The Company apparently conducts its business in the PRC through a series of subsidiaries and variable interest entities.
8. As at the date of this petition, the Petitioners believe that significant shareholdings in the Company can be summarized as follows:

Shareholder	% of Shares/ADS in Issue	% of Voting
Vincent Mo and companies of which Vincent Mo is 100% owner or which are affiliated with him ⁴	59.1%	85.2%

² SEC Form 424(B)(4) filed 17 September 2010, prospectus dated 16 September 2010
<https://www.sec.gov/Archives/edgar/data/1294404/000095012310087094/0000950123-10-087094-index.htm>

³ The U.S. Securities Exchange Act of 1934, sections 13, mandates annual reporting by entities such as the Company. The rules of the SEC further require certain reporting, including current reports as to certain matters (known as Form 6-Ks, pursuant to Rule 13a-16 or 15d-16). In addition, the holders of equity interests in the Company of 5% or more are required to provide initial and ongoing disclosure of various matters relating to their equity interests in certain prescribed forms (known as Schedules 13D and 13G). As regards all of these filings, the SEC Rules further provide that, “[i]n addition to the information expressly required to be included in a statement or report, there shall be added such further material information, if any, as may be necessary to make the required statements, in the light of the circumstances under which they are made not misleading.”

⁴ SEC Form SC 13D/A filed 24 May 2022
<https://www.sec.gov/Archives/edgar/data/1294404/000110465922064220/0001104659-22-064220-index.htm>; further, Vincent Mo described himself as the “registered holder” of shares in the

General Atlantic Singapore Fund Pte.Ltd. ⁵	12.3%	3.6%
Evenstar Capital Management Limited ⁶	14.4%	4.2%

(II) The Petitioners

9. Koa Capital L.P. ("**First Petitioner**") is a Delaware limited partnership with a registered office at 344 Grove St, STE 960, Jersey City, NJ 07302.
10. 507 Summit LLC ("**Second Petitioner**") is a Delaware limited liability company with a registered address at 853 Broadway, Suite 1109, New York, NY 10003.
11. The First Petitioner first purchased ADS on 30 July 2021 and first converted an ADS to shares of the Company on 31 August 2022. The Second Petitioner first purchased ADS on 8 August 2022 and first converted an ADS to shares of the Company on 2 March 2023. Accordingly, the First Petitioner and the Second Petitioner have been entered on Fang's register of members as the holders of at least ten (10) Class A Ordinary Shares since August 2022 and March 2023 respectively.
12. As of the date of this Petition, the First Petitioner holds six hundred and forty one thousand, eight hundred and ten (641,810) Class A Ordinary Shares in the Company. The Second Petitioner holds two million, three hundred and sixty-four thousand, five hundred and forty-nine (2,364,549) Class A Ordinary Shares in the Company.
13. The Petitioners have a legal and/or beneficial interest in 4.6% of the authorised and issued Class A Ordinary Shares in the Company. When considered in the context of the Company's authorised and issued share capital as a whole (including the Class B Ordinary Shares referred to above at paragraph 3), the Petitioners have a legal and/or beneficial interest in approximately 3.3% of the Company's share capital.

Company in his Notice of Appearance filed in the 2020 Winding Up Proceedings (as defined below) and has referred to himself as "*shareholder*" in his affidavit evidence filed in the 2020 Winding Up Proceedings.

⁵ SEC Form SC 13D/A filed 25 September 2023

<https://www.sec.gov/Archives/edgar/data/1294404/000095014223002471/0000950142-23-002471-index.htm>

⁶ SEC Form SC 13D/A filed 10 October 2023

<https://www.sec.gov/Archives/edgar/data/1294404/000119312523252977/0001193125-23-252977-index.htm>

The Company is solvent and the Petitioners expect that its shareholders, including the Petitioners, would be entitled to a surplus on winding up.

(III) Control of the Company

Vincent Mo (former Chairman)

14. Vincent Mo is the founder and had been an Executive Chairman of Fang's board of directors from 1999 to February 2022⁷.
15. As outlined above at paragraph 8, through his direct and indirect shareholding in the Company Vincent Mo exercises approximately 85% of the voting rights in the Company. Based on the Form SC 13D/A filed on 24 May 2022 by the Company with the SEC, Vincent Mo holds shares in the Company indirectly through (i) Ace Smart Investments Limited ("**ACE**"); (ii) Media Partner Technology Limited ("**Media Partner**"); (iii) Next Decade Investments Limited ("**Next Decade**"); (iv) Karistone Limited ("**Karistone**"); (v) Ateefa Limited ("**Ateefa**"); (vi) Deanhale Limited ("**Deanhale**"); and (vii) Open Land Holdings Limited ("**Open Land**").⁸
16. All of the shares of Media Partner are held in The MC Trust, for which Butterfield Fiduciary Services (Cayman) Limited serves as trustee. All of the shares of Next Decade are held in KM & KM Trust, for which Credit Suisse Trust Limited serves as trustee. Vincent Mo's wife is the sole director of Media Partner and Next Decade. All the other companies set out in paragraph 15 were wholly owned by Vincent Mo.⁹
17. Vincent Mo and/or his family (and/or trusts controlled by them) also own and control a group of hotel companies, held primarily via Upsky Enterprises Limited ("**Upsky Enterprises**") a company incorporated in the British Virgin Islands. According to its website, Upsky Enterprises owns (apparently indirectly) eight portfolio hotels, five in the PRC and three in the US. Upsky Enterprises used to own two other hotels in the PRC. Upsky Enterprises, which was incorporated on 8 December 2005, appears to be a holding company for Vincent Mo's PRC and US hotel assets and business.¹⁰

⁷ SEC Form 6-K (filed 28 February 2022)

<https://www.sec.gov/Archives/edgar/data/1294404/000110465922028068/0001104659-22-028068-index.htm>

⁸ SEC Form SC 13D/A filed on 24 May 2022: <https://ir.fang.com/node/9926/html>

⁹ SEC Form SC 13D/A (filed on 24 May 2022): <https://ir.fang.com/node/9926/html>

¹⁰ <http://www.upskyhotel.com/en/worldhotels/>

18. Upsky Enterprises previously held a 60.53%¹¹ interest in Shun Cheong Holdings Limited (which company's name was subsequently changed to IDG Energy Investment Limited, referred to herein as "**Shun Cheong/IDG Energy**" and then further changed to Productive Technologies Company Limited ("**Productive Technologies**") in or about July 2022), a Hong Kong-listed company with a construction and hotel management business and majority owned by Vincent Mo (via Upsky Enterprises) until August 2016. In 2016, Shun Cheong/IDG Energy was the subject of a reverse takeover by Xilin Gol League Hongbo Mining Development Co. Ltd (a subsidiary of IDG-Accel China Capital II L.P. and IDG-Accel China Capital II Investors L.P.) with Upsky Enterprises disposing of its direct interest in Shun Cheong/IDG Energy in return for Shun Cheong/IDG Energy's hotel business¹².
19. As at 31 March 2023, Vincent Mo and/or companies subject to his control held a 5.05% interest in Productive Technologies.¹³ Tanisca Investments Limited has interest in 344,754,077 ordinary shares of Productive Technologies, while Upsky Enterprises has interest in 34,753,409 ordinary shares of Productive Technologies. Vincent Mo has control over 100% interests of Tanisca Investments Limited and Upsky Enterprises Limited.
20. In addition to his commercial business enterprises, Vincent Mo and/or his family also control two not-for-profit companies within the United States; The Research Center on Natural Conservation, Inc ("**RCNC**") and Wall Street Global Training Center ("**WSGT**"). As pleaded below, Fang has claimed publicly that WSGT provides training services in the building known as 72 Wall Street, which is owned by a wholly-owned subsidiary of Fang.
21. Vincent Mo has also served as the Chairman of China Index Holdings Limited ("**CIH**") until 22 February 2022¹⁴, Fang's subsidiary which was 'spun-off' and listed on NASDAQ in June 2019.

¹¹ <https://en.pdt-techs.com/storage/files/25eb6675fa83331b39d1eeac1437ab28.pdf>

¹² <https://moebius.asia/Documents/company/reports/listedco/listconews/SEHK/2015/1028/LTN20151028009.pdf>

¹³ <https://en.pdt-techs.com/storage/files/e87bc9faf594c9c64a21f407da3dcfb8.pdf>

¹⁴ SEC Form 6-K (filed 28 February 2022)

<https://www.sec.gov/Archives/edgar/data/1749797/000110465922028060/0001104659-22-028060-index.htm>

Richard Dai

22. Richard Jianguo Dai (代建功) (“**Mr. Dai**”) is the nephew of Mr. Mo.¹⁵ Mr. Dai joined Fang in 1999 and served as Fang’s President and CEO from 1999 to 2014 and Fang’s director from September 2010 to February 2016. Mr. Dai was reelected to the board of Fang and appointed as Executive Chairman of the board of Fang, effective from 28 February 2022.¹⁶
23. Mr. Dai was also elected to the board of CIH and appointed as Chairman of the board of CIH, effective from 28 February 2022.¹⁷
24. Based on Form 20F of the Company for the year ended 31 December 2014, Mr. Dai is also a shareholder of the Company, who held 602,792 Class A Ordinary shares.¹⁸

The board of directors

25. The current board of directors of the Company is comprised of¹⁹:
 - a. Mr. Dai (appointed on 28 February 2022): Executive Chairman of the Board of Directors;
 - b. Jian Liu (appointed on 19 January 2021): Director and Chief Executive Officer;
 - c. Shaohua Zhang (appointed on 28 August 2018): Independent Director;
 - d. Howard Huyue Zhang (appointed on 22 May 2019): Independent Director;
 - e. Changming Yan (appointed on 5 June 2020): Independent Director; and
 - f. Yu Huang (appointed on 27 September 2021): Independent Director

¹⁵ SEC Form 20-F Fang 2018 Annual Report page 25.

<https://www.sec.gov/Archives/edgar/data/1294404/000114420419026078/0001144204-19-026078-index.html>

¹⁶ SEC Form 6-K filed 28 February 2022 “FANG ANNOUNCES CHANGES IN BOARD OF DIRECTORS AND MANAGEMENT”

https://www.sec.gov/Archives/edgar/data/1294404/000110465922028068/tm227867d1_ex99-1.htm

¹⁷ SEC Form 6-K filed 28 February 2022 “CHINA INDEX HOLDINGS ANNOUNCES CHANGES IN BOARD OF DIRECTORS”

<https://www.sec.gov/Archives/edgar/data/1749797/000110465922028060/0001104659-22-028060-index.htm>

¹⁸ SEC Form 20F for the fiscal year ended 31 December 2014

[sec.gov/Archives/edgar/data/1294404/000114420415025606/v405784_20f.htm](https://www.sec.gov/Archives/edgar/data/1294404/000114420415025606/v405784_20f.htm) at P.89

¹⁹ [Board of Directors | Fang Holdings Limited](#)

(collectively the "**Current Board**").

Turnover of directors since 2017

26. Fang has experienced a high-turnover in directors with the trend accelerating in recent years:
- a. Shan Li, Quan Zhou and Sol Trujillo resigned in 2017;
 - b. Mingqiang Bi (June 2017- August 2018) resigned in 2018;
 - c. Jingbo Wang (June 2017-January 2019) resigned in 2019;
 - d. Hong Qin (November 2019-June 2020) resigned in June 2020;
 - e. Nina Gong resigned in January 2021;
 - f. Vincent Mo resigned in February 2022.
27. Given that the First Respondent exercises overwhelming voting power (in excess of 85%), and given that the conduct of the Company's business is no longer subject to the various protective undertakings given in the context of the 2020 Winding Up Proceedings (as defined below), the fact that the composition of the board of directors changed over time has no bearing on the grounds pleaded in this petition.

Summary of the Petitioners' claims

28. In summary, the Petitioners claim that the First Respondent (via his control of the Company's controlling shareholders), and/or the Company's board of directors have caused:
- a. The Company's business to be pursued, and its assets utilised, for the improper purpose of benefiting the Company's Executive Chairman, Vincent Mo, and persons associated with him, and the Petitioners rely upon, amongst other things, the following matters (which are pleaded in more detail in section C below):
 - i. The IDG Alternative Transaction;
 - ii. The Safari Transaction;
 - iii. The CIH Transactions;
 - iv. Dealings in relation to Fang's assets and/or entry into arrangements regarding Fang's assets in order to benefit hotel businesses owned

and controlled by Vincent Mo and/or which were not for Fang's benefit; and

- v. The Wanli Transaction.
 - b. The Company to adopt the oppressive Sixth Amended and Restated Memorandum of Association (as detailed in section D below).
 - c. The Company to mislead investors and/or wrongfully fail to comply with applicable disclosure obligations (as detailed in section E below).
29. The 2020 Winding Up Petition described in section B below, which had been presented by a different shareholder of the Company and which the Petitioners reasonably anticipated would effect a material change in the Company's conduct was recently withdrawn by consent without any of the allegations therein being adjudicated and without the Company addressing any of the grounds, which persist. Indeed, the 17 October 2023 Consent Order (the "**Withdrawal Consent Order**") by which the 2020 Winding Up Petition was withdrawn, and the proceedings were discontinued (on a without prejudice basis) also released both the Company and the First Respondent from all the various undertakings as to corporate conduct which they gave to the Court during the course of those proceedings. In the circumstances, while the petitioners in the 2020 Winding Up Petition elected to withdraw it, all of the matters raised therein remain unaddressed. Further and in any event, additional matters have come to light that did not form part of the 2020 Winding Up Petition.
30. By reason of the above:
 - a. There has been a lack of probity in the conduct of the Company's business by the Company's directors and the Petitioners have justifiably lost trust and confidence in the management of the Company.
 - b. The affairs of the Company have been conducted for the benefit of the First Respondent as the owner of the majority shareholders, rather than for the benefit of shareholders as a whole, and in a manner oppressive to the Petitioners as minority shareholders.
 - c. Further, by reason of the above, the Company's business and affairs have been and continue to be wrongfully mismanaged to such an extent as to require an urgent and independent investigation.

B. Winding Up Petition Presented by Evenstar Master Fund SPC in November 2020

31. On 13 November 2020, Evenstar Master Fund SPC for and on behalf of Evenstar Master Sub-Fund I Segregated Portfolio and Evenstar Special Situations Limited (“**Evenstar**”) commenced a winding up proceeding against the Company and Vincent Mo under Cause No. FSD 278 of 2020 (ASCJ) (subsequently, re-assigned (DDJ)) (“**2020 Winding Up Proceedings**”) by presenting its winding up petition (the “**2020 Winding Up Petition**”).
32. On 8 December 2020, Evenstar filed an application seeking the appointment of provisional liquidators over the Company (the “**PL Application**”) and issued a summons seeking the appointment of a reconstituted board of directors of the Company on 21 June 2021 (the “**Reconstitution Summons**”).
33. On 24 December 2020, a Consent Order was made in the 2020 Winding Up Proceedings which is described in the Withdrawal Consent Order as containing certain undertakings “*regarding the management of the [Company] and restrictions on the disposition and/or encumbrance of the [Company's] real property*” (the “**December 2020 Undertakings**”).
34. On 20 July 2021, The Hon. Anthony Smellie, made an order (the “**2021 Consent Order**”), by consent of the parties to the 2020 Winding Up Proceedings, adjourning the PL Application and the Reconstitution Summons *sine die*.
35. The 2021 Consent Order annexed a schedule of agreed terms, which provided, amongst other things, that the Company shall appoint an independent director proposed by Evenstar and such independent director would also be appointed to the boards of twenty variable interest entities which directly or indirectly hold real property in the PRC for the Company. Evenstar agreed to withdraw the PL Application and the Reconstitution Summons following such appointment of its proposed independent director. It is however unclear from the public record whether the PL Application and the Reconstitution Summons were ever formally withdrawn by Evenstar.
36. As Yu Huang is the only independent director on the Current Board appointed after July 2021, it is inferred that he was the independent director proposed by Evenstar.
37. Further, the 2021 Consent Order also contained numerous undertakings by the First Respondent and by the Company, including (the “**July 2021 Undertakings**”):
 - a. an undertaking by the First Respondent not to be involved in any decision-making process in respect of, or procure, any disposal or transfer of the real

properties held directly or indirectly by the Company's VIEs (Variable Interest Entities); and

- b. an undertaking by the Company and by the First Respondent not to remove (or cause or permit any of its subsidiaries, including without limitation any of its WFOES (Wholly Foreign Owned Enterprises) to remove) without the leave of the Court the Evenstar Independent Director until judgment.
38. On 10 October 2023, the Company filed a Form 13D²⁰, disclosing that on 27 September 2023, the Company and Vincent Mo entered into a settlement agreement with Evenstar (the "**Evenstar Settlement Agreement**"), pursuant to which:
- a. within two business days of the date of the Evenstar Settlement Agreement, that is, by 29 September 2023, the Company would transfer US\$4,000,000 (the "**Settlement Sum**") to Evenstar;
 - b. immediately upon payment by the Company to Evenstar of the Settlement Sum and the Company's delivery of certain information or documents in relation to its assets to Evenstar, Evenstar would discontinue the 2020 Winding Up Proceedings (without prejudice);
 - c. Evenstar shall be entitled to a put option²¹ to sell all or part of its shares in the Company to the Company and/or Vincent Mo at a price no less than the value implied by the per share price of any Corporate Restructuring Transaction²²

²⁰ <https://www.sec.gov/Archives/edgar/data/1294404/000119312523252977/d450332dsc13da.htm>

²¹ Clause 5.1 of the Evenstar Settlement Agreement, <https://www.sec.gov/Archives/edgar/data/1294404/000119312523252977/d450332dex994.htm>

²² See Clause 1 of the Evenstar Settlement Agreement, <https://www.sec.gov/Archives/edgar/data/1294404/000119312523252977/d450332dex994.htm>

A Corporate Restructuring Transaction is defined in the Settlement Agreement: Corporate **Restructuring Transaction** means (i) any disposition, public listing or delisting, take-private, squeeze-out, consolidation, reorganization, amalgamation, merger, scheme or arrangement or change of Control (A) of the Company or (B) otherwise involving entities holding directly or indirectly a majority of the Company's consolidated assets, (ii) the sale or other disposition, directly or indirectly, of a majority of the Company's consolidated assets, or (iii) other transaction or series of transactions having similar effects, in each case whether through a single or series of related transactions.

- d. Evenstar, as long as it owns 5% or more of Fang, will have the right to appoint, remove and replace at least one director to Fang's board of directors and one director to each Subsidiary that holds real properties;²³
 - e. Evenstar received a right that prevents non-consensual dilution, forced sale, cash out and/or cancellation of securities held by Evenstar in the Company as a result of any Corporate Restructuring Transaction;²⁴
 - f. In the event of a breach of the Evenstar Settlement Agreement, Evenstar has the right to an injunction or other equitable relief enjoining any breach of the Agreement and Fang waives any and all defenses it may have on the ground of lack of jurisdiction or competence of the court to grant such an injunction or other equitable relief;²⁵
 - g. In the event of a threatened breach of the Evenstar Settlement Agreement, Evenstar shall be entitled to obtain a preliminary injunction, a temporary restraining order, a temporary or permanent injunction or any other specific performance remedy that may then be available under applicable law²⁶
39. The Petitioners did not receive any prior notice in respect of the settlement of the 2020 Winding Up Proceedings between Evenstar and the Company. By the time the aforementioned Form 13D was published on 10 October 2023, the settlement had been concluded and it would appear that the transfer of the Settlement Sum was already completed on 29 September 2023, meaning that Evenstar had already compromised its claims and was obliged to discontinue the 2020 Winding Up Proceedings and withdraw the 2020 Winding Up Petition immediately. In the circumstances, the Petitioners could not have prevented the discontinuance and withdrawal.
40. The resulting Withdrawal Consent Order withdrawing the 2020 Winding Up Petition and discontinuing the 2020 Winding Up Proceedings was sealed on 17 October 2023, on the papers administratively without an oral hearing.

²³ Clause 3 of the Evenstar Settlement Agreement,
<https://www.sec.gov/Archives/edgar/data/1294404/000119312523252977/d450332dex994.htm>

²⁴ Clause 4.1 of the Evenstar Settlement Agreement,
<https://www.sec.gov/Archives/edgar/data/1294404/000119312523252977/d450332dex994.htm>

²⁵ Clause 8.9 of the Evenstar Settlement Agreement,
<https://www.sec.gov/Archives/edgar/data/1294404/000119312523252977/d450332dex994.htm>

²⁶ Clause 8.11 of the Evenstar Settlement Agreement,
<https://www.sec.gov/Archives/edgar/data/1294404/000119312523252977/d450332dex994.htm>

41. After the successful negotiation of the Evenstar Settlement Agreement that granted Evenstar similar rights and protections that had been granted under the December 2020 and July 2021 Undertakings, the parties agreed to a Withdrawal Consent Order that released the Company and the First Respondent from all the undertakings which they gave to the Court during the course of the 2020 Winding Up Proceedings.
42. On 24 October 2023, the Company announced in a press release that the 2020 Winding Up Proceedings had been discontinued.²⁷
43. As elaborated below, whilst the 2020 Winding Up Proceedings revealed that Vincent Mo and the Company's then board of directors had caused the Company's business to be pursued and its assets utilized for the wrongful purpose of benefitting Vincent Mo and persons associated with him, at the conclusion of the 2020 Winding Up Proceedings:
 - a. None of the allegations regarding the mismanagement or misconduct in respect of the affairs of the Company were resolved by the Court;
 - b. Evenstar was the only shareholder which received benefits in the form of:
 - (i) Settlement Sum and from the CIH go-private transactions (as elaborated below),
 - (ii) a put option which will enable it to exit the Company,
 - (iii) management power through the appointment of a director to the Company board,
 - (iv) management power through the appointment of a director to each Fang Subsidiary (as defined in the Evenstar Settlement Agreement) that holds real estate assets,
 - (v) an anti-dilution right and right preventing non-consensual squeeze-out or cash-out of shares owned through a Corporate Restructuring Transaction, and
 - (vi) the ability to obtain injunction in the event of breach or threatened breach of the Settlement Agreement.

²⁷ <https://ir.fang.com/news-releases/news-release-details/fang-holdings-announces-outcome-winding-petition-against-company>

- c. The other shareholders of the Company (including the Petitioners) have had less visibility than Evenstar over the management and financial position of the Company as the Company had ceased filing its required SEC filing;
- d. Vincent Mo remains in control of the Company as the owner of the majority shareholders with 85.2% voting power and through his nephew, Mr. Dai, who now sits as Executive Chairman of the Current Board;
- e. The appointment of Mr. Dai, the nephew of Vincent Mo, and Yu Huang, the appointee of Evenstar, has not improved the board composition for better corporate governance of the Company in the interest of protecting the shareholders who did not enter into a settlement agreement with the Company;
- f. Such corporate governance protections as were put in place by way of various undertakings given in the 2020 Winding Up Proceedings by Vincent Mo and the Company have been terminated by the Withdrawal Consent Order on 17 October 2023.

In the premises, the Company continues to be controlled by the same persons whose conduct grounded the 2020 Winding Up Petition. That conduct remains unaddressed and remains as germane to the Petitioners' and other shareholders' lack of confidence in the management of the Company today as it was when the 2020 Winding Up Petition was presented.

C. COMPLAINTS: USE OF COMPANY'S BUSINESS AND ASSETS TO BENEFIT VINCENT MO

- 44. As pleaded in further detail below, the Petitioners contend that there have been repeated instances of the Company's business and/or assets being used in such a manner as to benefit Vincent Mo or those associated with him rather than being used for the benefit of and for the corporate objectives and purposes of the Company. The Petitioners rely on the following instances but reserve the right to seek to amend to plead further instances as further information becomes available:
 - a. The IDG Alternative Transaction: the Petitioners contend that this transaction involved Fang repurchasing a convertible note at an overvalue in order to benefit Vincent Mo by enabling him to discharge his own personal indebtedness;
 - b. The Safari Transaction: the Petitioners contend that this transaction involved Fang repurchasing a convertible note at an overvalue in order to benefit Vincent Mo personally;

- c. The CIH Transactions: the Petitioners contend that Vincent Mo caused Fang to purchase shares in CIH from companies subject to his control at a price exceeding the publicly traded price of CIH, at which Fang could have purchased shares, on two occasions (27 December 2019 and 23 June 2020). These transactions caused tens of millions of dollars in losses to Fang, but inured to the benefit of family trusts controlled by Vincent Mo; further, Vincent Mo obtained personal benefits from the subsequent take-private action of CIH; and
- d. Dealings in relation to Fang's assets for the purpose of benefiting Vincent Mo's hotels business or which were not for the benefit of Fang.

(I) The IDG Alternative Transaction

- 45. On 4 November 2015, IDG Alternative Global Limited ("**IDG Alternative**"), a company incorporated under the laws of the British Virgin Islands, purchased a US\$200 million convertible note from Fang with a maturity date of 3 November 2022 (the "**IDG Note**").²⁸ At the same time, IDG Alternative subscribed for US\$156 million of Fang stock (5,359,658 Class A Ordinary Shares).²⁹ Accordingly, the combined value of the IDG Alternative share issuance and convertible note was US\$356 million (the "**IDG Alternative Transaction**").
- 46. SEC filings show that, at that time, the shareholders of IDG Alternative were IDG Maximum Financial Limited ("**IDG Maximum**") and Deanhale. In order to partially fund the IDG Alternative Transaction, IDG Maximum subscribed for shares in IDG Alternative in the amount of US\$108.77 million and Deanhale subscribed for shares in the amount of US\$98 million. As a result, IDG Maximum held a 72.53% interest in IDG Alternative with the remaining 27.47% interest in IDG Alternative held by Deanhale.³⁰ Deanhale was and, as far as the Petitioners are aware, continues to be wholly owned by Vincent Mo.³¹

²⁸ SEC Form 20-F Fang 2019 Annual Report page F-58.

https://www.sec.gov/Archives/edgar/data/1294404/000110465920066414/a20-6487_120f.htm

²⁹ SEC Form 13D/A filed 12 November 2015

<https://www.sec.gov/Archives/edgar/data/1513214/000114420415064290/0001144204-15-064290-index.html>

³⁰ SEC Form 13D/A filed 12 November 2015

<https://www.sec.gov/Archives/edgar/data/1513214/000114420415064290/0001144204-15-064290-index.html>

³¹ See SEC Schedule 13D in respect of Fang, as filed by Tianquan Mo and others, Item 2 ("*Deanhale Limited, an exempted company incorporated with limited liability under the laws of the British Virgin*

47. Deanhale's subscription of US\$98 million to acquire its shareholding in IDG Alternative was funded as follows³²:
- a. Deanhale provided cash in the amount of US\$10 million; and
 - b. On 29 October 2015, IDG Maximum and Deanhale entered into a note purchase agreement whereby IDG Maximum purchased a senior secured note from Deanhale in the principal amount of US\$88 million (the "**Deanhale Note**"). The proceeds of the Deanhale Note were used by Deanhale to subscribe for shares in IDG Alternative in accordance with the terms of the note purchase agreement. The Deanhale Note bore an annual interest rate of 2% with a maturity date of 2 November 2019.
48. The transactions outlined above at paragraphs 45 to 47 capitalized IDG Alternative to the tune of approximately US\$206 million. The cost of the IDG Alternative Transaction, however, was US\$356 million. In order to address this funding gap, IDG Alternative entered into a facility agreement with China Merchants Bank Co., Ltd ("**CMB**") on 28 October 2015 whereby IDG Alternative borrowed US\$150 million for a term of 36 months subject to an interest rate of LIBOR plus 3.5% (the "**CMB Loan**"). The repayment date for the CMB Loan was 28 October 2018.³³
49. The maturity dates arising under the IDG Alternative Transaction and the CMB Loan were not aligned:
- a. The CMB Loan fell due for payment on 28 October 2018;
 - b. The Deanhale Note had a maturity date of 2 November 2019; and
 - c. The IDG Note had (and continued to have, subject to the partial repurchase outlined below at paragraph 55) a maturity date of 3 November 2022. No filings have been made disclosing the status of this loan.

Islands, . . . is wholly owned by Mr. Mo") (filed 4 November 2015, https://www.sec.gov/Archives/edgar/data/1294404/000114420415064290/v424267_sc13da.htm) and SEC Schedule 13D in respect of Fang, as filed by Tianquan Mo and others, Item 2 ("Deanhale Limited, a business company incorporated with limited liability under the laws of the British Virgin Islands, ...is wholly owed by Mr. Mo") (filed 20 July 2021, [sec.gov/Archives/edgar/data/1513214/000110465921093686/tm2122534d1_sc13da.htm](https://www.sec.gov/Archives/edgar/data/1513214/000110465921093686/tm2122534d1_sc13da.htm))

³² Form SCD/A (filed 12 November 2015)

<https://www.sec.gov/Archives/edgar/data/1513214/000114420415064290/0001144204-15-064290-index.html>

³³ Form SC 13D/A (filed 12 November 2015)

<https://www.sec.gov/Archives/edgar/data/1513214/000114420415064290/0001144204-15-064290-index.html>

50. Had Fang's share price risen in the intervening period, IDG Alternative could have refinanced the CMB Loan, disposed of some of the Fang stock acquired on 4 November 2015 at a profit or converted the note in part and sold those shares, again at a profit, to repay the CMB Loan. As matters transpired, Fang's share price fell 71.3% between November 2015 and October 2018.
51. In the lead-up to the CMB loan repayment date, the IDG Note was restructured as follows:
- a. On 25 October 2018, Fang repurchased US\$50 million of the IDG Note from IDG Alternative for US\$38,860,000 plus accrued interests (the "**2018 Note Repurchase**").³⁴ As at 25 October 2018, US\$38,860,000 represented 77.72% of the par value of that portion of the IDG Note;
 - b. By a transaction bearing the same date, Clever Sight Limited (an IDG related party) purchased 3,407,360 Class A Ordinary shares from IDG Alternative at a price of US\$9.60 per share. The total consideration for this share purchase was US\$32.7 million (the "**Clever Sight Share Sale**");³⁵ and
 - c. In a further series of transactions disclosed and apparently made at the same time, IDG Alternative retained one portion of the IDG Note (the "**Fifth IDG Note Portion**") and sold four other portions of the IDG Note to four related parties (IDG Ultimate Global Limited, Stormy August Limited, Velda Power Limited and Quartz Fortune Limited (the "**IDG Purchasers**")).³⁶ The par value of the four IDG Note portions in question was US\$95,060,000. However, the IDG Purchasers acquired those IDG Note portions at a discounted price of US\$76,048,000 (the "**2018 Note Sale**").
52. The proceeds of the 2018 Note Repurchase (US\$38.9 million), the Clever Sight Share Sale (US\$32.7 million) and the 2018 Note Sale (US\$76.048 million) were used to repay the CMB Loan in full.

³⁴ As disclosed in an exhibit to an SEC Form 13 D filed by IDG in respect of Fang Holdings (filed 1 November 2018,

https://www.sec.gov/Archives/edgar/data/1294404/000095010318012922/dp97338_sc13da.htm).

³⁵ As disclosed in an SEC Form 13 D filed by IDG in respect of Fang Holdings (filed 1 November 2018, https://www.sec.gov/Archives/edgar/data/1294404/000095010318012922/dp97338_sc13da.htm).

³⁶ As disclosed in an exhibit to an SEC Form 13 D filed by IDG in respect of Fang Holdings (filed 1 November 2018,

https://www.sec.gov/Archives/edgar/data/1294404/000095010318012922/dp97338_sc13da.htm).

53. Fang's SEC Form 20F (Annual Report) for 2018 states that Deanhale is deemed to beneficially own certain shares by virtue of its relationship with IDG Alternative.³⁷ However, its Form 20-F, annual report for the fiscal year ended 2018 does not state that the 2018 Note Repurchase was a related-party transaction. This is despite the fact that the original Form 13D filings by the IDG entities filed on 4 November 2015 did disclose this relationship.
54. In addition to the restructuring of the IDG Note, as outlined above at paragraph 51, IDG Maximum, Vincent Mo and Deanhale restructured their respective interests in IDG Alternative by entering into an Amendment to Shareholders' Agreement dated 26 October 2018 (the "**Amended SA**").³⁸ As a result of this Amended SA, which amended the 2 November 2015 Shareholders' Agreement among such parties, the beneficial interest in the remaining portion of the IDG Note (the Fifth IDG Note Portion with an approximate value of US\$54.9 million) was transferred to Deanhale subject to certain terms.
55. It follows that the beneficial interest in the Fifth IDG Note Portion was held by related parties, namely Deanhale and through it, Vincent Mo. Approximately one year later, on 28 October 2019 (five days before the Deanhale Note's maturity date but more than three years before the IDG Note's maturity date, including the maturity date for the Fifth IDG Note Portion), Fang repurchased the Fifth IDG Note Portion (with a par value US\$54.9 million) at a cost of US\$55.01 million ("**2019 Note Repurchase**"). Although Fang's SEC Form 20-F (Annual Report) for 2019 discloses this related-party transaction, it did not even purport to explain how the early repurchase of the IDG Note held beneficially by Deanhale/Vincent Mo was in Fang's interest.
56. The 2019 Note Repurchase was not in the best interests of the Company:
 - a. The repurchase price was 100.13% of the par value of the IDG Note. Given that a portion of the IDG Note was being repurchased three years in advance of its maturity date, there was no commercial rationale for the repurchase at 100% of the par value let alone any figure representing a premium in excess of par value;

³⁷ Fang Holdings SEC Form 20-F, Annual Report for the Fiscal Year Ended 31 December 2018, page 122 (filed 14 May 2019,

https://www.sec.gov/Archives/edgar/data/1294404/000114420419026078/tv519703_20f.htm).

³⁸ As disclosed in an exhibit to an SEC Form 13 D filed by IDG in respect of Fang Holdings (filed 1 November 2018,

https://www.sec.gov/Archives/edgar/data/1294404/000095010318012922/dp97338_sc13da.htm).

- b. The repurchase price should have been discounted and a repurchase price in the range of 77.7%-82% of the par value of the IDG Note would have been more appropriate at that time;
- c. By repurchasing a portion of the IDG Note on non-commercial terms and at substantial overvalue, Fang's management caused it to lose between US\$10 million and US\$12 million;
- d. Given the proximity in timing between the IDG Note repurchase in late October 2019, the Safari NRA in late December 2019 (as outlined below), the maturity date of the Deanhale Note in early November 2019 and the maturity of a separate debt obligation owed by Karistone, another company wholly-owned by Vincent Mo, in the amount of US\$27 million on 10 November 2019, it is reasonably inferred that Vincent Mo required funds to effect the repayment of the Deanhale Note and/or the Karistone liability and, accordingly, caused Fang to effect the repurchase without the appropriate discount (and therefore at an overvalue); and
- e. It is further reasonably inferred that the repurchase was structured in this manner because it was in Vincent Mo's financial interest that it should occur in this way. There was no benefit to Fang arising from the 2019 Note Repurchase at a price in excess of par value.

57. In the premises:

- a. By failing to make proper disclosure of this a related party transaction (the 2018 Note Repurchase) in its SEC Form 20-F (Annual Report for 2018), Fang breached its obligations under Item 7(B) of Form 20-F, requiring disclosure of related party transactions, including disclosure of any transaction since the beginning of the registrant's last fiscal year between the registrant and any 5% shareholder where the amount involved exceeds \$100,000 and the 5% shareholder has a direct or indirect material interest in the transaction;³⁹
- b. By failing to make proper disclosure of the true purpose of the 2019 Note Repurchase (i.e. to enable related parties to discharge their own liabilities) Fang breached its obligations under Item 7(B) of Form 20-F;

³⁹ See Page 19 of SEC Form 20-F, Item 7(B) requires companies to disclose transactions "*between the company and (a) enterprises that directly or indirectly through one or more intermediaries, control or are controlled by, or are under common control with, the company.*"

<https://www.sec.gov/files/form20-f.pdf>

- c. Fang's then directors have breached their fiduciary duties by failing to act bona fide in the best interests of Fang and/or by acting for an improper purpose, by causing Fang to enter into the 2019 Note Repurchase:
 - i. Which caused a loss to Fang; and
 - ii. The true purpose of which was to benefit Vincent Mo by providing him with funds to enable him to discharge his own personal indebtedness.

(II) Carlyle Group – The Safari Transaction

58. On 24 September 2015: (i) Safari Group Holdings Limited ("**Safari**") subscribed for 3,418,803 Class A Ordinary Shares in Fang; and (ii) Safari Group CB Holdings Limited ("**Safari CB**") purchased two convertible notes with a combined value of US\$100 million⁴⁰ from Fang (the "**Safari Notes**") (together, the "**Safari Transaction**"). At the date of the Safari Transaction, each of Safari and Safari CB was owned 72% by Safari Parent Limited ("**Safari Parent**") and 28% by Ateefa. The value of Ateefa's (indirect) interest in the Safari Notes was therefore US\$28 million. Safari Parent is affiliated with Carlyle Group and Ateefa is wholly owned by Vincent Mo.
59. Ateefa's portion of the share subscription and the purchase of the Safari Notes was funded by way of a separate convertible note⁴¹:
 - a. Pacific Voyage Limited ("**Pacific Voyage**") purchased from Ateefa, a senior, secured note in the principal amount of US\$53.56 million (the "**Ateefa Note**");
 - b. The purchase was made pursuant to a Note Purchase Agreement made between Pacific Voyage, Ateefa and Vincent Mo, dated 17 September 2015 (the "**NPA**"). Under the terms of the NPA, Vincent Mo and Ateefa agreed to use the proceeds of sale from the note purchase to subscribe for certain shares in Safari and Safari CB, which Ateefa duly did on 24 September 2015; and
 - c. The Ateefa Note was due to mature on 24 September 2020.

⁴⁰ See Fang Holdings SEC Form 20-F, Annual Report for the Fiscal Year Ended 31 December 2016, page F-52 (filed 12 May 2017).

⁴¹ See Fang Holdings SEC Form SC 13D filed 09 October 2015

<https://www.sec.gov/Archives/edgar/data/1513214/000114420415058793/0001144204-15-058793-index.html>

60. The maturity date of the Safari Notes was 24 September 2022 and they bore interest at an annual rate of 1.5%.
61. On 31 December 2019, Fang and Safari entered into a note repurchase agreement (the “**Safari NRA**”), whereby Fang redeemed a portion of the Safari Notes from Safari CB in the principal amount of US\$28 million for a consideration of US\$28.105 million. The US\$28 million portion of the Safari Notes which was redeemed was beneficially owned by Ateefa and therefore ultimately beneficially owned by Vincent Mo.⁴²
62. Fang’s 2019 SEC Form 20-F (Annual Report) does not reveal why that portion of the Safari Notes was repurchased on 31 December 2019 for a figure in excess of 100% of par in circumstances where the term of the Safari Notes had approximately 2 years and 9 months left to run. There is no commercial rationale for an early repurchase without a discount and it is reasonably inferred that the repurchase was structured in this way to benefit Vincent Mo, at Fang’s expense.
63. In the premises Fang’s then directors acted in breach of their fiduciary duties (to act bona fide in the best interests of Fang and to act for the proper corporate or business purposes of Fang) by causing Fang to effect the said repurchase, which was clearly not in the best interests of Fang and the true purpose of which was to benefit Vincent Mo.

(III) The CIH Transactions

64. The board of directors of the Company (through Vincent Mo and directors controlled by him) structured a scheme which it caused the Company to implement within a short period of three years by:
 - a. first spinning-off its wholly owned subsidiary, CIH, as a company to be listed on NASDAQ;
 - b. through the exercise of two options acquiring from the companies controlled by Vincent Mo his interests in CIH at an inflated price;
 - c. then eventually sponsoring a take private transaction of CIH.

The listing of CIH

⁴² Fang Holdings SEC Form 20-F, Annual Report for the Fiscal Year Ended 31 December 2019, page F-59 (filed 27 May 2020)

https://www.sec.gov/Archives/edgar/data/1294404/000110465920066414/a20-6487_120f.htm.

65. Until 11 June 2019, CIH was a wholly-owned subsidiary of Fang. When CIH was ‘spun off’ through listing on NASDAQ, Fang did not structure the spin-off so as to retain any CIH shares.
66. CIH’s business comprises the operation of real estate related information and analytics services in China. In its prospectus, dated 6 June 2019 (the “**CIH Prospectus**”),⁴³ the view of Fang’s board of directors was expressed to be that it would be in the best interests of Fang and its shareholders for CIH to operate the commercial property-related business independently, with Fang focusing on operating the real estate internet portal in the PRC and its related strategy of enhancing online operations and residential property-related business. The CIH Prospectus outlined the rationale behind the ‘spin-off’ and separation of the two business in more detail in the following terms:

*“Enhanced strategic and business focus. The separation and distribution will allow each company to focus on and more effectively pursue its own distinct operating priorities and strategies, and **will enable the management of each company to concentrate efforts on the unique needs of each business and pursue distinct opportunities for long-term growth and profitability.** Following the separation and distribution, we will strategically focus primarily on the commercial property sector in China to capture the enormous market opportunity from its rapid development, while Fang will retain its business operating a real estate Internet portal focusing primarily on serving the residential property sector.*

*More efficient allocation of capital. The separation and distribution **will permit each company to concentrate its financial resources solely on its own operations, to provide greater flexibility to invest capital in its business in a timely manner appropriate for its distinct strategy and business needs and to facilitate a more efficient allocation of capital.***

*Alignment of incentives with performance objectives. The separation and distribution **will facilitate incentive compensation arrangements for employees more directly tied to the performance of the relevant company’s business,** and may enhance employee hiring and retention by, among other things, improving the alignment of management and employee incentives with performance and growth objectives.*

⁴³ SEC Form F-1A Registration Statement filed on behalf of CIH (filed 24 May 2019, <https://www.sec.gov/Archives/edgar/data/1749797/000104746919003315/a2238801zf-1a.htm>).

Direct access to capital markets. The separation and distribution will create an independent equity structure that will afford us direct access to capital markets and facilitate our ability to capitalize on our unique growth opportunities and effect future acquisitions utilizing our ordinary shares.

*Capital market profile. The separation and distribution **will allow investors to separately value Fang and our company based on their unique investment identities, including the merits, performance and future prospects of their respective businesses. The separation and distribution will also provide investors with two distinct and targeted investment opportunities.** The investment community, including analysts, stockholders and prospective investors in each company, will be better able to realize the value of each company fully and independently and enhance the brand recognition of each company.”⁴⁴ (Emphasis added).*

67. On listing, CIH’s ADS price was US\$3.40 per ADS and remained fairly constant until the end of June 2019. Between June 2019 and October 2019, CIH’s ADS price dropped to US\$2.10 per ADS (as at 16 August 2019), before rising to an all-time high of US\$5.07 per ADS (as at 17 September 2019). From 17 September to the end of December 2019, CIH’s ADS price generally declined with the closing price on 31 December 2019 of US\$3.64 per ADS.
68. As part of this listing process, each shareholder of Fang (including Vincent Mo and his affiliates) received new CIH shares or CIH ADS on a pro rata basis in accordance with their prior ownership interest in Fang.

The entry into and initial exercise of the CIH Share Option

69. Approximately 6 months following completion of the CIH ‘spin-off’, on 24 December 2019, Fang entered into a sale and purchase agreement (the “**S&P Agreement**”) with two companies controlled by Vincent Mo, Next Decade and Media Partner (referred to above at paragraph 15). The S&P Agreement gave Fang the right to purchase up to 15 million ordinary shares of CIH held by Next Decade and Media Partner within 12 months of the date of the S&P Agreement. According to the terms of the S&P Agreement:

*“The Purchaser [Fang] agrees to buy, and the Sellers [Next Decade and Media Partner], agree to sell, starting from the date hereof and until the elapse of twelve (12) calendar months thereafter, **at a fixed price of US\$5.99 per***

⁴⁴ SEC Form F-1A Registration Statement filed on behalf of CIH, page 86 (filed 24 May 2019, <https://www.sec.gov/Archives/edgar/data/1749797/000104746919003315/a2238801zf-1a.htm>).

share, any amount and at any time, in the aggregate up to 15,000,000 ordinary shares (mainly Class B shares] (“Shares”) of China Index Holdings Limited (CIH) beneficially owned by each Seller. The Purchaser shall have the absolute and sole discretion to determine the number of Shares to purchase, the timing of the purchase, and the number of transactions to effect such purchase(s)...”⁴⁵ (Emphasis added)

70. The ratio of CIH shares to CIH ADS is 1:1. On 24 December 2019, CIH’s closing price was US\$2.97 per ADS. Accordingly, the fixed price of US\$5.99 per share represented a 101.7% premium to the market price as at 24 December 2019.
71. Three days later, on 27 December 2019, Fang exercised the option to purchase 5,000,000 ordinary shares from Next Decade and Media Partner at the fixed price of US\$5.99 per share (“**First Option Exercise**”).⁴⁶ The consideration paid by Fang to Next Decade and Media Partners was US\$29.95 million in total. On the date of the First Option Exercise, CIH’s ADS traded between a low of US\$2.98 and a high of US\$3.41. The closing price for CIH’s ADS on 27 December 2019 was US\$3.36 per ADS. Taking the closing price of US\$3.36 as a benchmark, the purchase price of US\$5.99 per share represented a 78.3% premium to the market price on 27 December 2019. Accordingly, the transaction caused Fang an immediate but unrealized loss of US\$13.15 million, i.e., being the difference between the purchase price (US\$29.95 million) and the market value of the CIH shares on that date (US\$16.8 million).
72. As at the date of the First Option Exercise, the CIH shares in question had been Fang’s property less than 7 months earlier.

Purported rationale and accounting treatment of First Option Exercise

73. In SEC filings, made in early 2020, Fang claimed that the transaction was for “investment purposes”.⁴⁷ Yet, in its subsequently-filed Form 20-F (Annual Report

⁴⁵ Purchase and Sale Agreement dated as of 24 December 2019 among Fang Holdings, Next Decade and Media Partner, exhibited to SEC Form 13D, filed in respect of Fang Holdings (filed 6 January 2020),

https://www.sec.gov/Archives/edgar/data/1294404/000110465920001596/tm201318d1_ex99-1.htm.

⁴⁶ SEC Form SC 13D filed 06 January 2020

<https://www.sec.gov/Archives/edgar/data/1294404/000110465920001596/0001104659-20-001596-index.html>

⁴⁷ SEC Form 13D, filed in respect of Fang Holdings (6 January 2020),

https://www.sec.gov/Archives/edgar/data/1294404/000110465920001596/tm201318d1_sc13d.htm

for 2019), Fang sought to assign the premium to market value for the exercise of the call option, as “compensation expenses” for Vincent Mo. These compensation expenses were calculated as US\$13.6 million by Fang, a sum even higher than the difference between the purchase price and the market value on the day the option was exercised (some US\$13.15 million). In any event, Fang’s filing from 27 May 2020 contradicted its assertion in its 6 January 2020 filing that the transaction was for “investment purposes”.

74. Although Fang’s SEC Form 20-F for 2019 stated that Fang had entered into service contracts with its executive officers,⁴⁸ it did not confirm that compensation of this nature was permissible under the terms of the service contract between the Company and Vincent Mo.
75. For the financial year ending 31 December 2019, Fang had a compensation committee consisting of Vincent Mo and one of the purportedly independent directors, Hong Qin.⁴⁹ Executive compensation was and continues to be purportedly governed by a compensation committee that upon the Company’s listing consisted of three members of whom the majority were independent members. At the relevant time the committee did not consist of a majority of independent directors, and may still not,⁵⁰ in that it comprised just two members (not three), one of whom (Vincent Mo) was acknowledged not to be (and plainly was not) independent.⁵¹ Despite this state of affairs, Fang’s SEC Form 20-F (Annual Report for the year 2019) positively asserted that:

“Our compensation committee and our nominating and corporate governance committee are comprised with a majority of independent directors and not only independent directors. Our executive chairman, Mr. Mo, who serves on both our compensation committee and nominating and

⁴⁸ See Fang Holdings SEC Form 20-F, Annual Report for the Fiscal Year Ended 31 December 2019, page 79 (filed 27 May 2020),

https://www.sec.gov/Archives/edgar/data/1294404/000110465920066414/a20-6487_120f.htm.

⁴⁹ See Fang Holdings SEC Form 20-F, Annual Report for the Fiscal Year Ended 31 December 2019, page 88 (filed 27 May 2020),

https://www.sec.gov/Archives/edgar/data/1294404/000110465920066414/a20-6487_120f.htm.

⁵⁰ Hong Qin has since resigned as a director and he has been replaced by Changming Yan on the compensation committee. See Fang Holdings First Quarter 2020 Unaudited Financial Results and Change in Board of Directors filed 06 Jun 2020,

https://www.sec.gov/Archives/edgar/data/1294404/000110465920070312/a20-21810_1ex99d1.htm.

⁵¹ See Fang Holdings SEC Form 20-F, Annual Report for the Fiscal Year Ended 31 December 2019, page 115 (filed 27 May 2020),

https://www.sec.gov/Archives/edgar/data/1294404/000110465920066414/a20-6487_120f.htm.

corporate governance committee, **is not independent** under the relevant New York Stock Exchange rules". (Emphasis added).

76. Under the terms of the S&P Agreement, Fang was never obliged to exercise the option on any given date. Moreover, there was no clear investment rationale to exercise the option, three days after its execution, when the fixed (option) price was 78.2% above the market price at that point in time.
77. Booking the loss of US\$13.6 million as compensation expenses for Vincent Mo is not in line with and, in fact, dwarfs the cumulative cash compensation paid to all directors and executive officers of Fang from 2010 to 2018:

Fang Directors and Executive Officers Compensation	
Year	Cash Compensation (USD)
2010	699,000 ⁵²
2011	601,395 ⁵³
2012	711,239 ⁵⁴
2013	751,441 ⁵⁵
2014	695,273 ⁵⁶
2015	737,395 ⁵⁷

⁵² See Fang Holdings SEC Form 20-F, Annual Report for the Fiscal Year ended 31 December 2010, page 69,

<https://www.sec.gov/Archives/edgar/data/1294404/000095012311058186/h05125e20vf.htm>

⁵³ See Fang Holdings SEC Form 20-F, Annual Report for the Fiscal Year ended 31 December 2011, page 71,

<https://www.sec.gov/Archives/edgar/data/1294404/000119312512186535/d307245d20f.htm>

⁵⁴ See Fang Holdings SEC Form 20-F, Annual Report for the Fiscal Year ended 31 December 2012, page 65,

<https://www.sec.gov/Archives/edgar/data/1294404/000119312513140490/d440355d20f.htm>

⁵⁵ See Fang Holdings SEC Form 20-F, Annual Report for the Fiscal Year ended 31 December 2013, page 96,

<https://www.sec.gov/Archives/edgar/data/1294404/000119312514169854/d679351d20f.htm>

⁵⁶ See Fang Holdings SEC Form 20-F, Annual Report for the Fiscal Year ended 31 December 2014, page 80,

https://www.sec.gov/Archives/edgar/data/1294404/000114420415025606/v405784_20f.htm

⁵⁷ See Fang Holdings SEC Form 20-F, Annual Report for the Fiscal Year ended 31 December 2015, page 117,

https://www.sec.gov/Archives/edgar/data/1294404/000114420416103111/v436073_20f.htm

2016	913,165 ⁵⁸
2017	869,774 ⁵⁹
2018	800,000 ⁶⁰
2019	14,300,000 ⁶¹

78. By booking the loss of US\$13.6 million as compensation expenses attributable to Vincent Mo⁶², Fang's executive compensation for 2019 increased by 1,700% compared to the aggregate executive compensation paid for 2018. Fang's financial performance over the course of 2019 did not merit any increase in executive compensation, let alone an increase of 1,700%. Fang's SEC Form 20-F (Annual Report for 2019), and accompanying financial statements, reveal that revenue dropped by US\$21 million, with the Company incurring a net loss of US\$10,250,000 attributable to operational losses and a comprehensive loss of US\$32,784,000 (the sum of the net loss over the period together with non-operational losses which have yet to be recognized as the underlying transaction(s) is (are) still open).⁶³
79. The accounting treatment of the unrealized loss on the First Option Exercise was therefore neither credible nor appropriate.
80. Publicly available information shows that there was sufficient liquidity in the market for CIH ADS in the lead up to the exercise of the CIH option on 27 December 2019

⁵⁸ See Fang Holdings SEC Form 20-F, Annual Report for the Fiscal Year ended 31 December 2016, page 85,

https://www.sec.gov/Archives/edgar/data/1294404/000114420417026955/v464444_20f.htm

⁵⁹ See Fang Holdings SEC Form 20-F, Annual Report for the Fiscal Year ended 31 December 2017, page 86,

https://www.sec.gov/Archives/edgar/data/1294404/000114420418028915/tv488612_20f.htm

⁶⁰ See Fang Holdings SEC Form 20-F, Annual Report for the Fiscal Year ended 31 December 2018, page 107,

https://www.sec.gov/Archives/edgar/data/1294404/000114420419026078/tv519703_20f.htm

⁶¹ See Fang Holdings SEC Form 20-F, Annual Report for the Fiscal Year ended 31 December 2019, page 79, https://www.sec.gov/Archives/edgar/data/1294404/000110465920066414/a20-6487_120f.htm

⁶² See Fang Holdings SEC Form 20-F, Annual Report for the Fiscal Year ended 31 December 2019, page 79, https://www.sec.gov/Archives/edgar/data/1294404/000110465920066414/a20-6487_120f.htm

⁶³ See Fang Holdings SEC Form 20-F, Annual Report for the Fiscal Year Ended 31 December 2019, pages F-7 and F-8 (filed 27 May 2020), https://www.sec.gov/Archives/edgar/data/1294404/000110465920066414/a20-6487_120f.htm.

such that if Fang had genuinely wished to acquire CIH shares as an investment, it could have purchased 5,000,000 CIH ADS at market price or, in the alternative, at a small premium on the market price but, in any event, well below the option price of US\$5.99 per ADS/per share. Fang, in fact, acquired CIH ADS in the period leading up to the exercise of the CIH option on 27 December 2019 and just after it (30 December 2019), and the number of ADS acquired by Fang was a fraction of the shares actually traded on NASDAQ on those days. Further, there was a period between 4 December and 24 December 2019 where Fang took no steps to acquire any CIH ADS though ADS trading volumes remained significant during this period⁶⁴:

Date	CIH ADS Purchased by Fang	Total	Market Volume
22 November 2019	13,900	63,321	22.0%
25 November 2019	9,500	63,121	15.1%
26 November 2019	17,600	429,217	4.1%
27 November 2019	38,920	77,483	50.2%
29 November 2019	16,900	44,965	37.6%
2 December 2019	13,500	162,978	8.3%
3 December 2019	33,700	234,312	14.4%
4 December 2019		103,318	-
5 December 2019		1,002,043	-
6 December 2019		120,749	-
9 December 2019		138,416	-
10 December 2019		132,189	-
11 December 2019		804,500	-
12 December 2019		116,703	-

⁶⁴ See SEC Form 13D filed 06 January 2020, https://www.sec.gov/Archives/edgar/data/1294404/000110465920001596/tm201318d1_sc13d.htm

13 December 2019		714,686	-
16 December 2019		227,386	-
17 December 2019		759,195	-
18 December 2019		99,579	-
19 December 2019		90,216	-
20 December 2019		1,806,616	-
23 December 2019		50,777	-
24 December 2019		116,673	-
26 December 2019	156,935	734,601	21.4%
27 December 2019	7,100	139,532	5.1%
30 December 2019	45,708	156,867	29.1%
Total	353,763	8,389,443	

81. For the period in question (22 November 2019 to 30 December 2019), there were 25 trading days in total with the number of ADSs actually traded over that period ranging from 45,000 to 1.8 million per day. The average trading volume during this period was 335,000 with the median being 138,000. On the day when trading peaked at 1.8 million ADS traded, Fang's SEC filings disclose that it did not acquire any of the ADSs (1.8 million) actually traded on that date.
82. Between 22 November 2019 and 30 December 2019, i.e. the period when 8,389,443 CIH ADS were traded on the open market, the closing price for CIH ADS ranged between a low of US\$2.96 per ADS and a high of US\$3.70 per ADS; well below the option price of US\$5.99 per share. CIH's trading price on 20 December 2019, the date when 1.8 million CIH were traded by parties other than Fang, ranged from US\$2.92 per ADS to US\$3.10 per ADS, well below the option price of US\$5.99 per share/ADS. It follows that had Fang's directors genuinely wished to acquire 5,000,000 CIH ADS as an investment for Fang's benefit, they could have taken this step on the open market at far less cost to Fang than the exercise of the option.

83. Moreover, Fang's directors have not articulated any urgency for exercising the option on 27 December 2019. For the reasons articulated above, there was sufficient liquidity in the market prior to the exercise of the option to obviate any need therefor or, in the alternative, if there was not sufficient liquidity in the market, had Fang's management genuinely wished to acquire CIH ADS as an investment, they could have caused it to build up its position over time. Indeed, between 29 August 2019 and 23 September 2019, Fang acquired 1,992,113 CIH ADS at a total cost of US\$8,441,335. Taken with the figure of 353,763 above, in the lead up to the First Option Exercise, Fang acquired 2,345,876 CIH ADS (the "**First CIH Trading Tranche**").

Second Exercise of the CIH Share Option

84. On 23 June 2020, Fang's management caused it to exercise the option, for a second time, to purchase a further 8,549,249 ordinary shares from Next Decade and Media Partner, again, at the fixed price of US\$5.99 per share ("**Second Option Exercise**"). The consideration paid by Fang to Next Decade and Media Partner (companies controlled by Vincent Mo) was approximately US\$51,210,000 million in total. When the option was exercised for a second time on 23 June 2020, CIH's ADS were being traded between a low of US\$ 2.68 and a high of US\$ 3.05. The closing price for CIH's ADS on 23 June 2020 was US\$3.02 per ADS. Taking the closing price of US\$3.02 as a benchmark, the purchase price of US\$5.99 per share represented a 98.3% premium to the market price on 23 June 2020 and the transaction caused Fang an immediate but unrealized loss of US\$25.39 million, i.e. the difference between the purchase price (of US\$51.21 million) and the market value of the CIH shares on that date (of US\$25.82 million).
85. When the option was exercised for a second time on 23 June 2020, Fang was acquiring property which had been held by it approximately one year earlier. It makes no commercial or economic sense for Fang to exercise an out of the money option to purchase shares at a significant premium to the public market price.

Contradicting representations in the CIH Prospectus

86. The acquisition of CIH ADS and shares by Fang, first six months after the 'spin off' and then again, a year following the 'spin-off', directly contradicts the rationale for the 'spin-off' as set out in the CIH Prospectus (which was approved by Fang's directors), including:
- a. permitting CIH and Fang to concentrate their respective financial resources solely on their own operations and provide greater flexibility to invest capital

in their respective businesses in a timely manner appropriate to their distinct strategy and business needs; and

- b. allowing investors to separately value Fang and CIH based on their unique investment identities (see paragraph 66 above).
87. At the time of the First Option Exercise and the Second Option Exercise, CIH's authorized and issued share capital was 96,112,336 Class A Ordinary Shares comprising 72,475,630 Class A Ordinary Shares and 23,636,706 Class B Ordinary Shares.⁶⁵ Acquiring 13,549,249 shares and 4,301,712 CIH ADS on the open market (representing 18.7% of the equity in CIH) does not conform with the avowed purpose of allowing investors to separately value Fang and CIH.
 88. The SEC filings made by Fang disclose that its working capital (US\$95,622,409) was used to acquire these CIH ADSs/shares. CIH's market capitalization as of the end of October 2020 was approximately US\$128.79 million. In other words, Fang has expended the equivalent of 74.2% of the then current market capitalization of CIH to acquire an 18.7% equity interest therein. As outlined above, one of the avowed purposes of the 'spin-off' was to concentrate CIH and Fang's respective financial resources solely on their own operations and provide greater flexibility to invest capital in their respective businesses in a timely manner appropriate to their distinct strategy and business needs. It is not possible to reconcile this avowed purpose with the course of conduct which Fang's management caused it to embark upon, beginning in August 2019 (a mere 2.5 months following the completion of the CIH 'spin-off'). Instead of concentrating Fang's resources in a manner appropriate to Fang's distinct strategy and business needs and solely on its own operation, Fang's directors have caused it to embark upon a course of conduct (investing its capital extensively in CIH) which is inconsistent with the rationale for the CIH 'spin-off'.

⁶⁵ See CIH SEC Form 20-F filed 30 April 2020, page 2 and page F-4
<https://www.sec.gov/Archives/edgar/data/1749797/000110465920053959/0001104659-20-053959-index.htm>

Take Private Action

89. Vincent Mo (through his affiliated companies) and Mr. Dai (through his wholly owned company True Knight Limited ("**True Knight**") continued to acquire shares and ADS in CIH. As of 18 January 2023⁶⁶,
- a. Vincent Mo beneficially owned (i) 11,669,921 Class A Ordinary Shares (including 9,962,597 Class A Ordinary Shares represented by ADSs) held of record by ACE; (ii) 926,461 Class B Ordinary Shares held of record by Karistone and 360,421 Class A Ordinary Shares that Karistone has the right to obtain within 60 days following the date hereof by exercise of certain company options; (iii) 25,000 Class A Ordinary Shares represented by ADSs held of record by Open Land; (iv) 5,795,802 Class B Ordinary Shares held of record by Media Partner (a company wholly owned by The MC Trust) and 1,367,378 Class A Ordinary Shares that Media Partner has the right to obtain within 60 days following the date hereof by exercise of certain Company Options and settlement of certain Company Restricted Shares; (v) 14,177 Class A Ordinary Shares represented by ADSs and 5,794,757 Class B Ordinary Shares held of record by Next Decade (a company wholly owned by KM & KM Trust), and 1,367,377 Class A Ordinary Shares and 1,754,500 Class B Ordinary Shares that Next Decade has the right to obtain within 60 days following the date hereof by exercise of certain CIH options and settlement of certain CIH restricted shares.
 - b. Mr. Dai beneficially owned 8,801,142 Class A Ordinary Shares in CIH through True Knight, and 246,667 Class A Ordinary Shares evidenced by ADSs.
90. General Atlantic Singapore Fund Pte. Ltd. (together with its affiliated investment entities) ("**General Atlantic**") first offered on 30 November 2020 to purchase all outstanding shares and ADSs of CIH the price of US\$2.23 per share (the "**General Atlantic Offer**").⁶⁷ At a board meeting on 21 March 2021, the board decided that

⁶⁶ See CIH SEC Form 13E3 filed 20 January 2023, page 87-88
https://www.sec.gov/Archives/edgar/data/1749797/000110465923005202/tm231329-1_sc13e3.htm

⁶⁷ See CIH SEC Form 6-K filed 30 November 2020
https://www.sec.gov/Archives/edgar/data/1749797/000110465920130261/a20-37275_1ex99d1.htm

General Atlantic's Offer did not "have any deal certainty" and the board resolved it would not take any further actions.⁶⁸

91. Subsequently on 23 August 2022, Fang submitted a preliminary, non-binding proposal to take CIH private at a price of \$0.84 per CIH share or CIH ADS.⁶⁹
92. Over next few months, Fang, Vincent Mo and his affiliated entities, Mr. Dai (through True Night), together with other investors (including Evenstar and General Atlantic), formed a consortium ("**Consortium**") and they eventually increased the purchase price to \$1 per CIH share or CIH ADS.
93. On 22 December 2022, CIH, CIH Holdings Limited ("**Merger Parent**") and CIH Merger Sub Holdings Limited ("**Merger Sub**") entered into an agreement and plan of merger (the "**Merger Agreement**"), pursuant to which Merger Sub would be merged with and into the CIH through a "short-form" merger between a parent company and one of its subsidiary companies. Following the completion of the merger, CIH would cease to be a public company.⁷⁰
94. Vincent Mo and Mr. Dai utilized Fang as a sponsor in the take private transaction, as Fang committed \$14.8 million in equity financing and incurred a \$2.2 million guarantee obligation.⁷¹
95. The obligation of each member of the Consortium was to exchange, or "roll over" their interests in CIH in exchange for a like number of Merger Parent shares in advance of the merger. Accordingly, the agreement to "roll-over" CIH shares to Merger Sub in exchange for new shares in Merger Parent on a 1:1 basis was the only consideration paid by any of the Consortium members (with the exception of Fang).
96. Through the control rights enabled by Fang's ownership of CIH shares, Vincent Mo and Mr Dai derived personal economic benefits, including:

⁶⁸ See CIH SEC Form 13E3 filed 20 January 2023, page 29

https://www.sec.gov/Archives/edgar/data/1749797/000110465923005202/tm231329-1_sc13e3.htm

⁶⁹ See CIH SEC Form 6-K filed 23 August 2022, "*China Index Holdings Announces Receipt of Non-Binding "Going Private" Proposal*"

https://www.sec.gov/Archives/edgar/data/1749797/000110465922093692/tm2224348d1_ex99-1.htm

⁷⁰ See CIH SEC Form 13E3 filed 20 January 2023, page 5

https://www.sec.gov/Archives/edgar/data/1749797/000110465923005202/tm231329-1_sc13e3.htm

⁷¹ See CIH SEC Form 13E3 filed 20 January 2023, page 19

https://www.sec.gov/Archives/edgar/data/1749797/000110465923005202/tm231329-1_sc13e3.htm

- a. They accumulated sufficient voting rights to achieve a short-form merger at a price that shifted value from those shareholders of CIH squeezed out of their ownership to the Consortium members (including Vincent Mo and Mr. Dai who continued to retain their ownership);
 - b. This was all done with-out the need to spend any money of their own as the resources of Fang were used to finance the deal and provide for guarantees.
97. Evenstar also managed to obtain the shares in Merger Parent through the same “roll over” arrangement without paying any monetary consideration.

Breaches of fiduciary duties

98. In light of the above, within a period of approximately 3.5 years, Fang completed the listing of CIH, repurchased CIH's shares from Vincent Mo's affiliates at a price far in excess of open market, then delisted CIH at a per share price far below both open market and the price at which it purchased shares from Vincent Mo's affiliates. The whole series of events lacks commercial rationale for Fang while at the same time resulting in significant economic benefit to Vincent Mo and Mr. Dai. In particular, it is reasonable to infer that:
- a. The entry into the CIH Share Option and/or the First Option Exercise was not for genuine “investment purposes” but instead were in order to benefit Next Decade and Media Partner, and through them, Vincent Mo and/or family trusts subject to his control;
 - b. The Second Option Exercise was also for the purpose of benefiting Next Decade and Media Partner, and through them, Vincent Mo and/or family trusts subject to his control; and
 - c. The entry into the CIH Share option and/or the First Option Exercise and/or the Second Option Exercise were not in the best interests of the Company or for the proper corporate or business purposes of the Company.
 - d. The entry into the take-private action was for the collateral purpose of benefiting Vincent Mo and Mr. Dai (through the companies controlled by them).
99. The entry into the CIH Share Option, the First and Second Option Exercises, and the take-private action were all either approved or acquiesced in by Fang’s board. Further, it is also to be reasonably inferred that the treatment of the immediate but unrealised loss to Fang occasioned by the First Option Exercise was also approved by Fang’s audit committee and/or compensation committees.

100. In the premises, Vincent Mo, Mr. Dai and Fang's directors thereby acted in breach of their fiduciary duties by not acting bona fide in the best interests of Fang.
101. The said breaches of fiduciary duties have been compounded by Fang's failure to make proper disclosures and by misleading investors by attempting to disguise the unrealised loss as executive compensation.

(IV) **Dealings in relation to the Company's assets and business for the benefit of Vincent Mo and/or his other business interests and/or which were not for the benefit of the Company**

102. As set out in paragraph 7 above, Fang:
- a. Was founded by Vincent Mo in 1999 as an advertising platform for PRC's real estate companies;
 - b. Now operates PRC's largest real estate and listing and search portal named Fangtianxia (房天下). In other words, it is an internet/online business, not a traditional "bricks and mortar" business; and
 - c. Does not hold itself out as a real estate company or property company in the traditional meaning of word; that is, it is not a company that buys, sells and rent properties.
103. By contrast, publicly available information indicates that Vincent Mo owns, via a separate corporate group, a hotel business, in particular the Upsky brand of hotels held by Upsky Enterprises and/or affiliated companies. The "Upsky" hotel portfolio in the PRC, as described by its website, includes the following 5 hotels:⁷²
- a. Shanghai Baoan Hotel in Shanghai ("**Shanghai Baoan**");
 - b. Youtx Sky Huizhou Condo Hotel in Huizhou ("**Youtx Huizhou**");
 - c. Skye The Resort Apartments in Huizhou ("**Skye Resort**");
 - d. Silver Beach No.1 International Conference Center Hotel in Beihai ("**Silver Beach**"); and
 - e. Guangxi Wharton International Hotel in Nanning (the "**Wharton Hotel**").
104. In earlier years, the "Upsky" hotel portfolio in the PRC, as described by its website, also included the following two hotels:

⁷² [Hotel List-Global Hotels \(upskyhotel.com\)](https://www.upskyhotel.com)

- a. Beijing Baoyi Hotel in Beijing ("**Beijing Baoyi Hotel**");
 - b. Youtx Sky Yiqing in Lichuan ("**Youtx Sky**");
105. The "Upsky" hotel portfolio in the US, as described by its website, includes the following 3 hotels:
- a. Best Western Plus Lighthouse, Pacifica, California ("**Upsky Best Western**");
 - b. Crowne Plaza San Francisco Airport Hotel, California ("**Upsky Crowne Plaza**"); and
 - c. Radisson Hotel Hauppauge-Long Island ("**Upsky Radisson Hotel**");
- (collective the "**US Upsky Properties**").
106. An attempt by Fang in 2014 and 2015 to enter the property transaction sector in the PRC (as a real estate/property company) was vigorously resisted by property brokers in different cities:
- a. Protests started in May 2014 in Hangzhou, when nine local brokers in Hangzhou stopped posting their listings on the Company's platform, and continued with other brokers in Henan, Shenzhen, and Chongqing;⁷³
 - b. In August 2014, 13 property brokers in Shanghai, accounting for around 30% to 40% of the Company's local listing ad business, launched a similar boycott;
 - c. In November 2014, leading real estate Lianjia and 5i5j announced they were cutting ties with Fang;⁷⁴ and
 - d. In April 2015, 34 brokers in Guangzhou were still boycotting Fang.⁷⁵
107. As a result of the difficulties it had faced in attempting to enter the real estate market, in 2017, Fang announced that its strategic attempt to change its business model from an internet portal business to a real estate/property company had failed. It stated that it was returning to its original business model of an internet portal business. As a result, it estimated that it would return to profitability in 2018, and estimated profits to be around US\$100 million to \$120 million. These estimates proved to be unrealistic and Fang incurred a net loss of US\$114.9 million in 2018,

⁷³ <https://gd.sina.cn/news/zx/2015-03-29/detail-iawzuney1328798.d.html>

⁷⁴ <https://finance.sina.cn/chanjing/gsxw/2014-12-11/detail-iawzunex5945948.d.html>

⁷⁵ <https://gd.sina.cn/news/zx/2015-03-29/detail-iawzuney1328798.d.htm>

*“primarily due to the combined effect of the decrease in [Fang’s] revenues and the decrease in the fair value of [Fang’s] equity investments”.*⁷⁶

108. Nevertheless, as set out below, for reasons that have not been explained, Fang has engaged in a pattern of purchasing properties in China and the US, even though this activity bore no relation to its traditional core business. The pattern is pronounced from 2017 onwards, but has its antecedents in earlier purchases.
109. Further, there have been opaque dealings between Fang entities and entities owned and/or controlled by Vincent Mo (including payment of management fees to entities controlled by him) and a failure to make appropriate disclosure in relation to properties owned by Fang entities.
110. In the premises, it is to be reasonably inferred that the purchase of real estate/hotels by Fang has been for the purpose of benefitting Vincent Mo and/or businesses owned and/or controlled by him and not for the benefit of Fang.

Section 1: PRC assets

Sanya Bay Hotel

111. In 2012 Fang purchased 47 rooms in a Sanya Bay La Costa Seaside Hotel (**“the Sanya Bay Property”**). The transaction was described by Fang as follows:
 - a. In its SEC Form 20-F (Annual Report) for 2011 (filed in April 2012), Fang disclosed that it owned, “certain properties of approximately 2,913 sq.m. in Sanya, Hainan Province, China”. It stated that, “[w]e acquired these properties for RMB82.5 million (approximately US\$13.1 million) pursuant to a purchase agreement which we entered into with the previous owner of these properties, Beijing Hengxinjiahua Investment Consultancy Limited, on March 15, 2012. We plan to use these properties as our local office in Hainan as well as for internal training purposes” (the **“March 2012 Acquisition”**);⁷⁷

⁷⁶ Fang Holdings SEC Form 20-F, Annual Report for the Fiscal Year Ended 31 December 2018, page 7 (filed 14 May 2019,

https://www.sec.gov/Archives/edgar/data/1294404/000114420419026078/tv519703_20f.htm).

⁷⁷ SouFun Holdings SEC Form 20-F, Annual Report for the Fiscal Year Ended 31 December 2011, page 43 (filed 26 April 2012,

<https://www.sec.gov/Archives/edgar/data/1294404/000119312512186535/d307245d20f.htm>).

- b. In the same SEC Form 20-F disclosure, Fang asserted that Beijing Hengxinjiahua Investment Consultancy Limited ("**Beijing Hengxinjiahua**") was an independent third-party;⁷⁸
- c. The purchase agreement filed as an exhibit to the SEC Form 20-F for 2011 revealed that Fang had actually acquired 44 hotel rooms in the Sanya Bay Property. These rooms are spread out over seven floors (2nd floor, 3rd floor, 7th-11th floors);⁷⁹
- d. In its SEC Form 20-F (Annual Report) for 2012, Fang revealed that in June 2012, it had acquired a further 198 sq.m. of property from Beijing Hengxinjiahua for RMB5.6 million (approximately US\$0.9 million) bringing the total number of hotel rooms to 47;
- e. On 25 October 2012, the SEC staff wrote to Fang and questioned the relationships or dealings between Beijing Hengxinjiahua and the management of Fang and noted that Fang made a \$14.8 million loan (the "**2011 Loan**") to Dandong Yuanlong Villa Management Company ("**Dandong Yuanlong**");⁸⁰
- f. In a response dated 8 November 2012⁸¹ (the "**2012 Response to SEC**"), Fang: (i) admitted that Beijing Hengxinjiahua had been previously owned by Vincent Mo and Mr. Dai (i.e. at the time Mr. Dai was Fang's President and CEO and now Fang's Executive Chairman of the Board of Directors) but claimed that, "*Mr. Mo and Mr. Dai sold their respective interests in Dong Fang Xi Mei [the former name of Beijing Hengxinjiahua]*" on 20 December 2011 (i.e. four months before Fang's acquisition the hotels room described in subparagraph a. above) to Dandong Yuanlong for an aggregate consideration of RMB 1 million (US\$0.16 Million). Accordingly, Beijing Hengxinjiahua became wholly owned by Dandong Yuanlong. The response claimed that Dandong Yuanlong was "*an independent third party*";

⁷⁸ See SouFun Holdings SEC Form 20-F, Annual Report for the Fiscal Year Ended 31 December 2011, Note 21 to the Financial Statement (filed 26 April 2012, <https://www.sec.gov/Archives/edgar/data/1294404/000119312512186535/d307245d20f.htm>).

⁷⁹ See SouFun Holdings SEC Form 20-F, Annual Report for the year ending 31 December 2011 exhibit 4.22 (filed 26 April 2012, <https://www.sec.gov/Archives/edgar/data/1294404/000119312512186535/d307245dex422.htm>).

⁸⁰ 25 October 2012 letter from SEC Staff to SouFun Holdings, <https://www.sec.gov/Archives/edgar/data/1294404/000000000012058884/filename1.pdf>.

⁸¹ 8 November 2012 letter from Wilson Sonsini Goodrich & Rosati (acting for Fang) to SEC, <https://www.sec.gov/Archives/edgar/data/1294404/000119312512458834/filename1.htm>

- g. In the 2012 Response to SEC, it was explained that the 2011 Loan was extended to Dandong Yuanlong in September and December 2011 to obtain higher returns (i.e. an interest of 10% per annum) for Fang from its significant cash and cash equivalents on hand. Further, the 2012 Response to SEC stated that "*Dandong Yuanlong had initially planned to purchase the subject properties for itself and borrowed the [2011 Loan] from [Fang] primarily to pay the purchase price. After paying for the purchase price, Dandong Yuanlong experienced liquidity issues and as a result was unable to repay the [2011 Loan]. Dandong Yuanlong decided to offer the subject properties for sale and use the sale proceeds to repay [Fang]'s loan. [Fang] offered to purchase the subject properties as it believed that the price sought by Dandong Yuanlong was below market price and that [Fang] would be able to use the subject properties as its local office and for internal training purposes.*";
- h. In the 2012 Response to SEC, Fang concluded the explanation by stating that "*After negotiations with [Fang] and several other prospective buyers, Dandong Yuanlong caused Hengxinjiahua to enter into a purchase agreement, dated March 15, 2012, with [Fang] to sell the subject properties to [Fang] for RMB82.5 million. On April 6, 2012, Dandong Yuanlong repaid the subject loan in full primarily with the proceeds of the purchase price paid by [Fang] for the subject properties.*";
- i. The 2012 Response to SEC was referred to again by Fang in 2013 when it attempted to refute claims that the transaction was a related party transaction.⁸²
112. Neither Fang's 2013 press release nor the 2012 letter to the SEC mentioned that Dandong Yuanlong was a company owned by a former classmate of Vincent Mo, Deng Wei⁸³.
113. There was no proper commercial rationale or benefit for Fang to make the loan to Dandong Yuanlong, or for it to purchase the Sanya Bay Hotel properties from Beijing Hengxinjiahua. The effect of the above transaction is that, within a short period of less than six months,

⁸² SouFun Holdings 16 April 2013 Press Release, "*Soufun Management Commented on a Short Seller's Updated Report*", exhibited to SouFun Holdings Current Report Form 6-K (filed 18 April 2013, <https://www.sec.gov/Archives/edgar/data/1294404/000119312513159851/d523178dex991.htm>).

⁸³ See Fang IR News 26 December 2007 (<https://www.fang.com/news/2007-12-26/1421484.htm>) and Short Seller's Report Glaucus Research Group, I. (b), [GlaucusResearch-Soufun_It_Is_So_Fun_To_Conceal_Related_Party_Transactions_Apr16_2013.pdf](https://www.gmtresearch.com/GlaucusResearch-Soufun_It_Is_So_Fun_To_Conceal_Related_Party_Transactions_Apr16_2013.pdf) (gmtresearch.com)

- a. In September and December 2011, Mr. Mo and Mr. Dai caused Fang to extend the 2011 Loan to Dandong Yuanlong, purportedly to earn interest; as Dandong Yuanlong had only become the owner of Beijing Hengxinjiahua on 20 December 2011, part (if not all) of the 2011 Loan was extended to Dandong Yuanlong before it acquired the shareholding interests previously owned by Mr. Mo and Mr. Dai in Beijing Hengxinjiahua;
- b. at the time the 2011 Loan was extended, it was said that Dandong Yuanlong had planned to purchase the subject properties for itself; strangely, Fang was prepared to provide funding for Dandong Yuanlong to purchase the Sanya Bay Hotel properties but was not given an opportunity to acquire Sanya Bay Hotel properties directly; it was also unclear at what price Dandong Yuanlong originally proposed to purchase the subject properties;
- c. once the 2011 Loan was extended, Dandong Yuanlong did not acquire Sanya Bay Hotel properties for itself, instead the subject properties came under the name of Beijing Hengxinjiahua; Dandong Yuanlong however managed to spend the 2011 Loan fairly quickly and started to experience "liquidity issues".
- d. Fang's own monies (in the sum of approximately US\$13.1 million) were then utilized to repay a loan just extended by it a few months ago (in the principal sum of approximately US\$14.8 million), as Fang provided funds through the March 2012 Acquisition for Dandong Yuanlong to repay Fang in April 2012;
- e. Subsequently in June 2012 and notwithstanding that the 2011 Loan had already been repaid, Fang went on to spend another US\$0.9 million on acquiring from Beijing Hengxinjiahua another three hotel rooms;
- f. It is unclear whether Fang in fact earned any interest from the 2011 Loan. It is however apparent that Fang provided cashflow to Dandong Yuanlong through the 2011 Loan and the March 2012 Acquisition, notwithstanding that it could have used the same fund to purchase the Sanya Bay Hotel Properties directly; instead, Fang bought the Sanya Bay Hotel Properties from Beijing Hengxinjiahua (a company that was previously owned by Mr. Mo and Mr. Dai some four months before the March 2012 Acquisition).
- d. After the sale of his interests in Beijing Hengxinjiahua in December 2011, Mr. Mo apparently still retained management and controlling roles in the company. From 13 July 2017 to 26 February 2019, he held the positions of manager, executive director as well as "legal representative" of Beijing Hengxinjiahua.

114. The purchase of the Sanya Bay Hotel properties predates Fang's stated venture into real property (which was in 2014). Further, as pleaded below, Fang does not appear to be using the properties for office purposes and has not disclosed any income received in respect of the properties, indicating that Fang has received no commercial benefit from the acquisition of the properties.
115. In SEC Form 20-F annual filings from 2012 to 2019, Fang had continued to describe the properties as either being planned for use as, "our local office in Hainan as well as for internal training purposes",⁸⁴ or as being in actual use, "as our local office".⁸⁵
116. In fact, the Sanya Bay Hotel properties are not used as offices.
117. The Sanya Bay La Costa Seaside Hotel is a resort hotel in Sanya, Hainan with approximately 369 rooms in total⁸⁶. The hotel was developed by a company called Hainan Honghai Tourism Co. Ltd ("**Honghai Tourism**") and is managed by Sanya Bay La Costa Hotel Co. Ltd ("**Sanya Bay Co**").
118. The Petitioners understand that the Sanya Bay Hotel is managed on the basis of a property rights model whereby all rooms in the hotel are managed by the same

⁸⁴ SouFun Holdings SEC Form 20-F, Annual Report for the Fiscal Year Ended 31 December 2012, Page 39 (filed 3 April 2013,

<https://www.sec.gov/Archives/edgar/data/1294404/000119312513140490/d440355d20f.htm>).

⁸⁵ SouFun Holdings SEC Form 20-F, Annual Report for the Fiscal Year Ended 31 December 2013, page 58 (filed 30 April 2014,

<https://www.sec.gov/Archives/edgar/data/1294404/000119312514169854/d679351d20f.htm>); see

also SouFun Holdings SEC Form 20-F, Annual Report for the Fiscal Year Ended 31 December 2014, page 46 (filed 28 April 2015,

https://www.sec.gov/Archives/edgar/data/1294404/000114420415025606/v405784_20f.htm)

(same); SouFun Holdings SEC Form 20-F, Annual Report for the Fiscal Year Ended 31 December 2015, page 67 (filed 17 May 2016,

https://www.sec.gov/Archives/edgar/data/1294404/000114420416103111/v436073_20f.htm)

(same); Fang SEC Form 20-F, Annual Report for the Fiscal Year Ended 31 December 2016, page 48 (filed 12 May 2017,

https://www.sec.gov/Archives/edgar/data/1294404/000114420417026955/v464444_20f.htm)

(same); Fang SEC Form 20-F, Annual Report for the Fiscal Year Ended 31 December 2017, page 47 (filed 15 May 2018,

https://www.sec.gov/Archives/edgar/data/1294404/000114420418028915/tv488612_20f.htm)

(same); Fang SEC Form 20-F, Annual Report for the Fiscal Year Ended 31 December 2018, page 64 (filed 14 May 2019,

https://www.sec.gov/Archives/edgar/data/1294404/000114420419026078/tv519703_20f.htm); Fang

SEC Form 20-F, Annual Report for the Fiscal Year Ended 31 December 2019, page 46 (filed 27 May

2020, [https://www.sec.gov/Archives/edgar/data/1294404/000110465920066414/a20-](https://www.sec.gov/Archives/edgar/data/1294404/000110465920066414/a20-6487_120f.htm)

[6487_120f.htm](https://www.sec.gov/Archives/edgar/data/1294404/000110465920066414/a20-6487_120f.htm)) (same).

⁸⁶ See public WeChat account of Sanya Bay Property

company (i.e. Sanya Bay Co) and are available to be booked by guests. The investor who owns the rooms does not actively manage or use the property.

119. In addition:

- a. Fang already has a local office in Sanya which is listed on its website, as being at 302, Building 3, Central Building, Yingbin Road, Jiyang District, Sanya City, Hainan Province (海南省三亚市吉阳区迎宾路中环广场 3 栋 302); and
- b. Sanya Bay La Costa Seaside Hotel is not listed on Fang's website as an office of Fang's in Sanya.

120. Based on the foregoing, it is reasonably inferred that the 47 hotel rooms (the 44 hotel rooms acquired in March 2012 and the 3 hotel rooms acquired in June 2012) do form part of the property rights model in effect at the Sanya Bay Hotel and that they comprise part of the pool of hotel rooms, 369 hotel rooms in total, available to paying guests who wish to stay at the hotel. The 47 hotel rooms owned by Fang is not insignificant representing 12.7% of the total pool of hotel rooms at the Sanya Bay Hotel.

121. In its SEC Form 20-F (Annual Report) for fiscal year 2012, the financial statements cover revenues in respect of marketing services, listing services, e-commerce services and other value-added services and products.⁸⁷ Ancillary activities are recognized under the heading, "*operating income*" for the same period which covers foreign exchange income, interest income, realized gains – trading securities and government grants. The income stream from the 47 hotel rooms was not recognized as revenue or operating income for this period or if it was, it was not correctly disclosed.

122. In its SEC Form 20-F (Annual Report) for fiscal year 2013, the accompanying financial statements once again do not recognize any revenue or operating income from the 47 hotel rooms for this period.⁸⁸ Other income was recognized for the first time in that year and is described as, "*other revenue of US\$8.9 million and other expenses of US\$8.1 million of the three subsidiaries [Fang] acquired in the BaoAn*

⁸⁷ See SouFun Holdings SEC Form 20-F, Annual Report for the Fiscal Year Ended 31 December 2012, page F-29 (filed 3 April 2013, <https://www.sec.gov/Archives/edgar/data/1294404/000119312513140490/d440355d20f.htm>).

⁸⁸ See SouFun Holdings SEC Form 20-F, Annual Report for the Fiscal Year Ended 31 December 2013, page 82, (filed 30 April 2014, <https://www.sec.gov/Archives/edgar/data/1294404/000119312514169854/d679351d20f.htm>).

acquisition since March 2013".⁸⁹ It is highly unlikely to be the case that the revenue/income in respect of the 47 hotel rooms failed to meet Fang's *de minimis* accounting threshold – in 2011 and 2013, Fang recognized foreign exchange gains in the amount of US\$1,000 and US\$3,000 respectively.⁹⁰

123. The position was the same for the fiscal year 2014 with Fang's management neglecting and/or omitting to account for revenue or operating income in respect of the 47 hotel rooms. Other income in 2014 consisted of, "*other revenue of US\$13.7 million and other expenses of US\$12.9 million of the three subsidiaries [Fang] acquired in March 2013 that owned and managed the Baoan Building.*"⁹¹
124. For the fiscal year ended 2015, revenue and/or operating income from the 47 hotel rooms was not recorded in Fang's financial statements.⁹² Other losses (not income) are recorded in the form of losses of US\$625,000 which are ascribed to, "*other revenue of US\$0.7 million and other expenses of US\$.1.3 million of our subsidiaries that operate the hotel and office leasing businesses.*"⁹³ The, "*hotel and office leasing businesses*" appears to be a reference to the operations owned by the

⁸⁹ See SouFun Holdings SEC Form 20-F, Annual Report for the Fiscal Year Ended 31 December 2013, page 86, (filed 30 April 2014),

<https://www.sec.gov/Archives/edgar/data/1294404/000119312514169854/d679351d20f.htm>).

⁹⁰ See SouFun Holdings SEC Form 20-F, Annual Report for the Fiscal Year Ended 31 December 2013, page 8 (filed 30 April 2014),

<https://www.sec.gov/Archives/edgar/data/1294404/000119312514169854/d679351d20f.htm>).

⁹¹ See SouFun Holdings SEC Form 20-F, Annual Report for the Fiscal Year Ended 31 December 2014, pages and 73 (filed 28 April 2015),

https://www.sec.gov/Archives/edgar/data/1294404/000114420415025606/v405784_20f.htm).

⁹² See SouFun Holdings SEC Form 20-F, Annual Report for the Fiscal Year Ended 31 December 2015 (filed 17 May 2016),

https://www.sec.gov/Archives/edgar/data/1294404/000114420416103111/v436073_20f.htm).

⁹³ See SouFun Holdings SEC Form 20-F, Annual Report for the Fiscal Year Ended 31 December 2015, page 107 (filed 17 May 2016),

https://www.sec.gov/Archives/edgar/data/1294404/000114420416103111/v436073_20f.htm).

Baoan entities.⁹⁴ Other income, again derived from the Baoan hotel and office leasing business, was US\$415,000 in 2016⁹⁵ and a loss of US\$567,000 in 2017.⁹⁶

125. For the fiscal years 2017-2019, there was a significant jump in the revenue and expenses which contributed to the line item, “*other income*”. In 2017, other revenue was US\$12.2 million and other expenses were US\$12.8 million in respect of the operation of the hotel and office leasing businesses of Fang’s subsidiaries. In 2018, “*other income*” consisted of rental income of US\$2.6 million, income from litigation of US\$1.4 million and loss from hotel operations of US\$0.7 million.⁹⁷ In 2019, “*other income*” consisted of rental income of US\$5.2 million, income from litigation of US\$0.4 million and loss from hotel operations of US\$1.7 million.⁹⁸ Despite the significant jump in other revenues from 2017-2019 (and the jump in expenses in 2017), neither the annual reports nor the accompanying financial statements provide any clarity regarding the precise source of the income. In circumstances where Fang’s management neglected, omitted and/or failed to make the required disclosures regarding this revenue stream from 2011-2016 and, “*other income*” for the Fiscal Years 2017-2019 is framed in opaque terms, it is to be reasonably inferred that, “*other income*” in the Forms 20-F, Annual Reports for the Fiscal Years 2017-2019 and accompanying financial statements does not include income for those periods derived from the 47 hotel rooms.
126. In the premises, having regard to the misleading description of the use of the property, the lack of any obvious rationale for Fang to be acquiring hotel property in 2012, the opaque circumstances in which it was acquired and the failure to disclose the related party elements of the transactions, it is averred that the true purpose of Fang acquiring the Sanya Bay Property was to enable Vincent Mo and Mr. Dai to offload property they owned onto Fang, via Dandong Yuanlong and Beijing

⁹⁴ See SouFun Holdings SEC Form 20-F, Annual Report for the Fiscal Year Ended 31 December 2015, page 137 (filed 17 May 2016),

https://www.sec.gov/Archives/edgar/data/1294404/000114420416103111/v436073_20f.htm

⁹⁵ See SouFun Holdings SEC Form 20-F, Annual Report for the Fiscal Year Ended 31 December 2016, page 78, (filed 12 May 2017,

https://www.sec.gov/Archives/edgar/data/1294404/000114420417026955/v464444_20f.htm).

⁹⁶ See Fang Holdings SEC Form 20-F, Annual Report for the Fiscal Year Ended 31 December 2017, pages 77 and 80 (filed 15 May 2018,

https://www.sec.gov/Archives/edgar/data/1294404/000114420418028915/tv488612_20f.htm).

⁹⁷ See Fang Holdings SEC Form 20-F, Annual Report for the Fiscal Year Ended 31 December 2018, page 99 (filed 14 May 2019,

https://www.sec.gov/Archives/edgar/data/1294404/000114420419026078/tv519703_20f.htm).

⁹⁸ See Fang Holdings SEC Form 20-F, Annual Report for the Fiscal Year Ended 31 December 2019, page 73 (filed 27 May 2020,

https://www.sec.gov/Archives/edgar/data/1294404/000110465920066414/a20-6487_120f.htm).

Hengxinjiahua, which at the very least constitutes self- dealing, and/or represents the transfer of the cost of acquiring such property from themselves to Fang.

127. Further, the failure to disclose any income from the properties, and the false description of the use of the properties as offices, when in fact they are used as hotel rooms, raises the reasonable inference that the income derived from the properties is being diverted away from Fang and to or for the benefit of Vincent Mo and/or his affiliated hotel businesses.
128. The breaches of duty outlined above are compounded in that when the SEC queried the nature of the transactions in October 2012, the response provided by Fang’s directors to the SEC (as to which see paragraph 111 above), was incomplete, misleading and/or untrue.

Youtx Hotels

129. “Youtx (游天下)” held itself out as a service affiliated with Fang. According to its website as of 10 February 2023, “Youtx (游天下)” is real estate internet portal owned by Fang, specializing in daily rentals and short rentals. Youtx’s website states:

“As a branch of Fang.com (NYSE:SFUN), Youtx.com is a solution for short-term rentals founded in September of 2011. Whether a vacation villa, a Chinese traditional house, or a common apartment, people can list their extra property on our website to rent, to get more from short-term rentals than long-term ones. And travelers can get unique travel experience and save considerable amount of money by choosing to stay at short-term rentals than hotels.”⁹⁹

130. Based on this description, Youtx’s business is similar to that of AirBnB though, as outlined below, it would appear to include traditional hotel accommodation. However, there is no mention of Youtx (or any type of AirBnB-type business which could be a reference to Youtx) in Fang’s SEC filings.
131. However, Youtx also appeared to be affiliated with Upsky Enterprises, the hotel business owned by Vincent Mo, not Fang. Sometime between 29 August 2023 and the date of this petition the Youtx’s website has been redirected to upskyhotel.com with a message stating that due to an adjustment to its business Youtx has suspended its short-term rental business and delisted its property listings.

⁹⁹ <https://web.archive.org/web/20230210075052/http://en.youtx.com/about/>

132. Youtx Huizhou and Youtx Sky were held out as affiliated with Upsky Enterprises. Specifically:
- a. According to the Upsky brand's earlier website (Vincent Mo's personal hotel business), Youtx Huizhou and Youtx Sky are all listed as "Upsky" hotels, though the description of Youtx Huizhou states that this "hotel apartment belongs to Soufun and is invested by the Century investment company"¹⁰⁰; and
 - b. Youtx Huizhou prominently displays Upsky brand signage in the hotel.
133. In April 2013, Fang entered into a contract with Che Tian Xia Company Ltd. to use the latter's domain name www.youtx.com for five years at nil consideration.¹⁰¹ Che Tian Xia Company Ltd. is a company owned by Vincent Mo and Mr. Dai, who holds 80% and 20% of the shares in such company respectively.
134. In view of the apparent operation of the hotels as Upsky branded hotels, despite Youtx's description of itself as part of Fang and Upsky's statement that Youtx Huizhou is owned by Soufun (the former name of Fang), it is reasonably inferred that there are management arrangements between Fang (or a Fang subsidiary) and Upsky Enterprises (a related party) in relation to the management of Youtx Huizhou and/or Youtx Sky and the operation of Youtx, in which case there has again been a failure by Fang to disclose a related party transaction and any and all amounts earned or received under such arrangements. Alternatively, the above arrangements demonstrate that there are intermingling of Fang's business/assets with Youtx and Upsky Enterprises.

Shanghai Baoan Hotel

135. In December 2012, Fang entered into an agreement with China BaoAn Group Co. Ltd., a Chinese company, to acquire a large property located at 800 Dongfang Road, Pudong, Shanghai, known as the "**BaoAn Building**", for US\$127.3 million in cash.¹⁰² The acquisition was completed in the first quarter of 2013, according to Fang's management:

¹⁰⁰ <http://www.upskyhotel.com/cn/hotelsdetail/3009?mid=>

¹⁰¹ [NYSE_SFUN_2015.pdf \(annualreports.com\)](http://www.nyse.com/press/20150127/nyse-sfun-2015.pdf)

¹⁰² SouFun Holdings 2 January 2013 Press Release, "*SOUFUN ESTABLISHED HEADQUARTERS IN SHANGHAI AND SIGNED AN AGREEMENT TO ACQUIRE A COMMERCIAL PROPERTY FOR ITS SHANGHAI HEADQUARTERS*", exhibited to SouFun Holdings SEC Form 6-K, Current Report (filed 4 January 2013, <https://www.sec.gov/Archives/edgar/data/1294404/000119312513002948/d462133dex991.htm>).

*“In December 2012, we entered into an agreement to acquire a portion of the BaoAn Building in Shanghai for our Shanghai headquarters through the acquisition of the entire equity interests in three companies that owned and operated the property from China BaoAn Group Co., Ltd., a Chinese company, and its affiliated companies, for RMB800 million (US\$127.3 million) in cash. The property, located at 800 Dongfang Road, Pudong, Shanghai, has usable space of approximately 42,000 square meters and is currently used for offices, retail space and a hotel. We plan to gradually convert it into office and training space to support our business expansion in Shanghai and East China area. The relevant regulatory approvals were obtained and the acquisition was completed in the first quarter of 2013”.*¹⁰³

136. The companies that were acquired in this transaction and which collectively own and operate the BaoAn Building appear to have been referred to in subsequent SEC Filings by Fang as the “*Baoan Entities*” (including Shanghai Baoan Hotel Co Ltd and Shanghai Baoan Enterprise Co Ltd).¹⁰⁴
137. After the acquisition of the BaoAn Building, the Baoan Entities entered into an agreement (the “**BaoAn Management Contract**”) with Beihai Silver Beach No 1 Hotel Company Limited (“**Beihai Silver Beach**”), a company under the control of Vincent Mo¹⁰⁵, for Beihai Silver Beach to manage the BaoAn Building. Specifically, according to Fang’s SEC Form 20-F (Annual Report) for 2013, “*on April 1, 2013, we and Beihai Silver Beach entered into a contract, pursuant to which Beihai Silver Beach was engaged to manage the hotel and office leasing operations owned by the Baoan Entities for ten years*”.¹⁰⁶

¹⁰³ “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*”, exhibited to SouFun Holdings Form 6-K Current Report (filed 3 December 2013, <https://www.sec.gov/Archives/edgar/data/1294404/000119312513461034/d634209dex992.htm>).

¹⁰⁴ SouFun Holdings SEC Form 20-F, Annual Report for the Fiscal Year Ended 31 December 2013, page F-40 (filed 30 April 2014, <https://www.sec.gov/Archives/edgar/data/1294404/000119312514169854/d679351d20f.htm>).

¹⁰⁵ Behai Silver Beach is disclosed as a related party (“*a company under the control of Vincent Tianquan Mo*”) in SouFun Holdings SEC Form 20-F, Annual Report for the Fiscal Year Ended 31 December 2013, page F-63 (filed 30 April 2014, <https://www.sec.gov/Archives/edgar/data/1294404/000119312514169854/d679351d20f.htm>). Similar disclosures are made in SouFun/Fang’s Form 20-Fs for subsequent years.

¹⁰⁶ SouFun Holdings SEC Form 20-F, Annual Report for the Fiscal Year Ended 31 December 2013, page F-64 (filed 30 April 2014, <https://www.sec.gov/Archives/edgar/data/1294404/000119312514169854/d679351d20f.htm>)

138. In the same SEC Form 20-F filed for 2013, Fang stated that, “the property has usable space of approximately 42,000 sqm and is currently used for offices, retail space and a hotel”.¹⁰⁷ A similar statement was contained in further SEC Form 20-F filings for 2014 and subsequent years.
139. Fang reported that in 2013, the sum of \$537,000 was paid in fees by Fang (through the Baoan Entities) to Behai Silver Beach.¹⁰⁸ In total, between 2013-2019, Fang paid US\$3.8million in fees to Beihai Silver Beach, Vincent Mo’s company. Although Fang had failed to disclose further management fees paid to Behai Silver Beach in subsequent years, it is reasonable to infer that the management fees continued to be incurred by Fang from 2020 to 2023 given that the BaoAn Management Contract was for a duration of ten years.
140. There is no commercial rationale for such payment, given that:
- a. As disclosed on the Upsky website, one of its PRC portfolio hotels is Silver Beach located in Beihai. According to the “History” section of the website, the Upsky group “[i]ndependently designed and built the Beihai Silver Beach No.1 Conference Center Hotel (four-star hotel) Opened (sic) successfully **and began comprehensive management company.**” (emphasis added). In the premises, it is reasonable to infer that the management company identified by the Upsky group on the website and Beihai Silver Beach are one and the same.
 - b. It follows that Beihai Silver Beach appeared to manage Silver Beach, a hotel based in Beihai (the hotel identified above at paragraph 103, in the extreme south of the PRC and at a considerable distance from Shanghai).
 - c. SAIC records reveals that Beihai Silver Beach's address is at N.333. Yunnan South Road, Beihai City; there is no indication any operations of Beihai Silver Beach based in Shanghai.
 - d. In addition, the WeChat page of the Shanghai BaoAn Hotel (i.e. part of the BaoAn Building) identifies the management entity as Shanghai BaoAn Hotel Co Ltd (i.e. one of the BaoAn Entities), and not Beihai Silver Beach. Shanghai BaoAn Hotel Co Ltd is a wholly-owned subsidiary of Fang and is listed as one

¹⁰⁷ SouFun Holdings SEC Form 20-F, Annual Report for the Fiscal Year Ended 31 December 2013, page 59 (filed 30 April 2014,

<https://www.sec.gov/Archives/edgar/data/1294404/000119312514169854/d679351d20f.htm>

¹⁰⁸ SouFun Holdings SEC Form 20-F, Annual Report for the Fiscal Year Ended 31 December 2013, page 113 (filed 30 April 2014).

of its principal subsidiaries in its SEC Form 20-F for the fiscal year ended 31 December 2019.¹⁰⁹

- e. The relationship between Fang and Shanghai BaoAn Hotel Co Ltd renders it unlikely that there is any sub-contracting arrangement between Beihai Silver Beach and Shanghai BaoAn Hotel Co Ltd. It would make no commercial sense for Fang to enter into a management agreement with a related party (Beihai Silver Beach) only for that related party, in turn, to subcontract the work in full back to Fang's wholly-owned subsidiary, Shanghai Baoan Hotel Co Ltd. In the premises, it is reasonably to be inferred that Beihai Silver Beach may not have in fact provided management services in respect of the Shanghai BaoAn Hotel.

141. Further:

- f. The Upsky website lists the Shanghai BaoAn Hotel as its PRC headquarters and states that, "*In December 31th 2013 (sic.), the hotel officially belonged to the Upsky Hotel & Resorts group, and became the headquarters of Upsky China*". The Shanghai BaoAn Hotel asset is therefore being used (at least in part) for the benefit of Upsky Enterprises.¹¹⁰
- g. Fang's SEC filings have not disclosed any transaction between Fang and the Upsky group of companies in relation to the Shanghai BaoAn Hotel. It is reasonably to be inferred that:
 - i. Either the Shanghai Baoan Hotel has, in fact, been transferred to an Upsky entity, in which case this has not been disclosed in SEC filings nor the terms upon which the hotel was transferred by Fang to Upsky, which is a related party.
 - ii. Or, if the Shanghai Baoan Hotel is merely occupied by Upsky Enterprises (or another Upsky entity) as its PRC headquarters, details of the terms or consideration upon which this right has been granted to the Upsky group have not been disclosed in Fang's SEC filings to date, and ought to have been as a related party transaction.

142. In the premises:

¹⁰⁹ Fang Holdings SEC Form 20-F, Annual Report for the Fiscal Year Ended 31 December 2019, page F-15 (filed 27 May 2020, <https://www.sec.gov/Archives/edgar/data/1294404/000110465920066414/0001104659-20-066414-index.htm>).

¹¹⁰ <http://www.upskyhotel.com/en/Booking/Booking?hotelid=2>

- a. There appears to be no justification for the payment of US\$3.8 million to Beihai Silver Beach by Fang between 2013-2019 and the subsequent payment under the BaoAn Management Contract between 2020 -2023;
- b. Fang’s directors breached their fiduciary duty to act *bona fide* in the best interests of Fang by causing it to pay US\$3.8 million and any subsequent payment between 2020 to 2023 under the BaoAn Management Contract to Beihai Silver Beach without any justification; and
- c. The Upsky Group’s apparent use of the property raises a reasonable inference that a transaction has been entered into between Fang and an Upsky entity and/or there has been an intermingling of Fang’s and Vincent Mo’s hotel business (including the Upsky Enterprises's business) for the purpose of benefiting Upsky Enterprises and/or Vincent Mo and not for the benefit of Fang or for the corporate or business purposes of Fang.

Baoyi Property

143. Fang has purchased a property known as “Beijing Baoyi” (the “**Baoyi Property**”) in circumstances suggesting it is a disguised hotel purchase made for the benefit of Vincent Mo.

144. In its SEC Form 20-F (Annual Report) for 2015, Fang stated that it had:

“entered into a commercial properties purchase agreement with a real estate developer to purchase an office building in Beijing to be used as our new headquarters establishment with a total price [of] approximately \$243 million. This property has a total usable office space of approximately 70,000 sq.m. and is located at Guogongzhuang Middle Road, Fengtai District, Beijing, which we believe will provide strong support to our fast expanding headcounts and Beijing operations...”¹¹¹

145. It is reasonably inferred that the liability for the purchase price of the Baoyi Property was incurred by Fang (and Fang’s SEC Form 20-F referred to above did not state that any third party had assumed such liability).

146. Despite this statement describing the Baoyi Property as comprising “office space”, it in fact includes a hotel, namely, the Beijing Baoyi Hotel. This fact is not mentioned, however, in this or any of Fang’s subsequent SEC Form 20-F annual

¹¹¹ SouFun Holdings SEC Form 20-F, Annual Report for the Fiscal Year Ended 31 December 2015, page 67 (filed 17 May 2016, https://www.sec.gov/Archives/edgar/data/1294404/000114420416103111/v436073_20f.htm).

filings. As pleaded above at paragraph 104, the Beijing Baoyi Hotel is previously described on Upsky's website as one of its hotels in the PRC.

147. Because of this lack of any reference in Fang's SEC filings, Fang has given no information regarding the performance of the Beijing Baoyi Hotel, including as to revenue and any profits, over the years or if such has been included in annual reports, it has not been disclosed on an identifiable basis. Similarly, the SEC filings do not disclose the basis upon which the Beijing Baoyi Hotel has been and continues to be managed.
148. SAIC records reveal, however, that the registered address of Beijing Baoyi Hotel Management Co Limited ("**Baoyi Co**") is identical to the physical address of the Beijing Baoyi Hotel. In the corporate profile of Baoyi Co, it is also stated that its business is in managing a "Baoyi Hotel" located in Beijing. In the premises, it is to be reasonably inferred that the Beijing Baoyi Hotel is managed by Baoyi Co.
149. Until 26 June 2019, Baoyi Co was a subsidiary of Shanghai BaoAn Hotel Co Limited (which, as pleaded above, is a Fang subsidiary). On 26 June 2019, the ownership of Baoyi Co was transferred to Shanghai Yuyue Electronic Technology Development Co Ltd ("**Shanghai Yuyue**"), a company which is under the control of Vincent Mo.¹¹² After the transfer of ownership, Vincent Mo remained an executive director of Baoyi Co until 23 December 2021.
150. Despite Fang's 2015 SEC Form 20-F stating that it had acquired the Baoyi Property, the petition filed by Evenstar in the 2020 Winding Up Proceedings revealed that PRC Real Estate Register states that the following are registered owners ("**Baoyi Registered Owners**") of parts of the Baoyi Property with such interests being entered on the register between March and May 2017:
- d. Beijing China Index Information Co., Ltd (北京中指数资讯有限公司);
 - e. Beijing Sou Fun Internet Information Service Co., Ltd (北京搜房互联网信息服务有限公司);
 - f. Beijing Sou Fun Science and Technology Development Co., Ltd (北京搜房科技发展有限公司);

¹¹² See Fang Holdings SEC Form 20-F, Annual Report for the Fiscal Year Ended 31 December 2019, page 98 (filed 27 May 2020). [90164b64-2803-46ec-98ac-b81320e14e04 \(fang.com\)](https://www.fang.com)

- g. Beijing Century Jia Tian Xia Science and Technology Development Co., Ltd (北京世纪家天下科技发展有限公司);
- h. Beijing Li Tian Rong Ze Yi Jia Science and Technology Development Co., Ltd (北京立天荣泽亿家科技发展有限公司); and
- i. Beijing Jia Tian Xia Advertisement Limited (北京家天下广告有限公司).

The PRC Real Estate Register does not reveal who was registered as the legal owner(s) the various parts of the Baoyi Property prior to the period at issue in 2017.

- 151. The Baoyi Registered Owners are all companies that are owned by Vincent Mo and Mr Dai (as pleaded further below). Fang has failed to disclose any transaction between Fang and the Baoyi Registered Owners by which any ownership interest of Baoyi Property was transferred to the latter, which ought to have been disclosed as a related party transaction. Further, Fang has failed to disclose any income arising from the sale or operation of either the Baoyi Property or any parts thereof.
- 152. Alternatively, if Fang purchased the Baoyi Property in order for it to be held from the outset wholly or partially by the Baoyi Registered Owners then Fang has failed to disclose that fact, and there was no commercial rationale for such an arrangement and as such it involves unnecessary risks for Fang and was not for the benefit of Fang.
- 153. In the further alternative, if any of the Baoyi Registered Owners were formerly owned by any Fang group company, and were transferred into the majority ownership of Vincent Mo, no such transfer transaction has been disclosed by Fang (and ought to have been, as a related party transaction under Item 7(B) of Form 20-F) nor has any price for any such transfer been disclosed as income by Fang.
- 154. Company search records further reveal that:
 - a. Beijing China Index Information Co., Ltd (北京中指数资讯有限公司) has a registration number of 110101007752237, was incorporated on 8 November 2004 with a registered capital of RMB1million, and is 80% owned by Vincent Mo and 20% owned by Mr Dai via two companies, Beijing Sou Fun Internet Information Service Co., Ltd (as described in subparagraph b below) and Beijing Jia Tian Xia Advertisement Limited (as described in subparagraph f below); Vincent Mo was the "legal representative" and manager of the company until 20 November 2018 and 16 April 2018 respectively; Mr Dai is

the current "legal representative", the chairman of the board and the manager of this company;

- b. Beijing Sou Fun Internet Information Service Co., Ltd (北京搜房互联网信息服务有限公司) has a registration number of 110101006348693, was incorporated on 17 December 2003 with a registered capital of RMB 10 million, and is 80% owned by Vincent Mo and 20% owned by Mr Dai. Vincent Mo was the "legal representative", the executive director and manager of this company until 12 May 2021;
- c. Beijing Sou Fun Science and Technology Development Co., Ltd (北京搜房科技发展有限公司) has a registration number of 110108009395808, was incorporated on 14 March 2006 with a registered capital of RMB 11 million, and is 80% owned by Vincent Mo and 20% owned by Mr Dai. Mr Dai was a "supervisor" of this company until 10 January 2018. Vincent Mo is currently the chairman of the board and manager of this company.
- d. Beijing Century Jia Tian Xia Science and Technology Development Co., Ltd (北京世纪家天下科技发展有限公司) has a registration number of 110108002118002, was incorporated on 21 December 2006 with a registered capital of RMB 10 million, and is 80% owned by Vincent Mo and 20% owned by Mr Dai. Vincent is currently the "legal representative", chairman of the board and manager of this company. Dai was the general manager of this company until 27 March 2018;
- e. Beijing Li Tian Rong Ze Yi Jia Science and Technology Development Co., Ltd (北京立天荣泽亿家科技发展有限公司) has a registration number of 110107019871501, was incorporated on 16 September 2015 with a registered capital of RMB 2 million, and is owned by Beijing Li Tian Rong Ze Science and Technology Development Co., Ltd (北京立天荣泽科技发展有限公司) with registration number of 110111012255267; Vincent Mo was the "legal representative" of Beijing Li Tian Rong Ze Yi Jia Science and Technology Development Co., Ltd until 24 May 2018; the company's sole shareholder, Beijing Li Tian Rong Ze Science and Technology Development Co., Ltd is 80% owned by Vincent Mo and 20% owned by Mr Dai; and
- f. Beijing Jia Tian Xia Advertisement Limited (北京家天下广告有限公司) has a registration number of 110101001652970, was incorporated on 1 September

2000 with a registered capital of RMB 1.5 million, and is 80% owned by Vincent Mo and 20% owned by Mr Dai; Vincent Mo was the "legal representative" and an executive director of the company until 2 February 2019; Mr Dai is currently the "legal representative", the chairman of the board and the manager of this company.

155. Five out of the six entities listed in paragraph 154 above are listed in Fang's SEC Form 20-F filings as being major subsidiaries of Fang (and not entities owned directly by Vincent Mo).¹¹³ The exception is Beijing China Index Information Co. (as to which see below). The Petitioners understand that an accounting decision has been made to consolidate these entities directly owned by Mo as being Fang subsidiaries (even though no Fang entity is in fact recorded as being an owner of them) on the basis of Structure Contracts.¹¹⁴ Fang states in its SEC Form 20-F annual filings that the reason for Structure Contracts is to comply with PRC laws on foreign investment in the Internet business.¹¹⁵

¹¹³ For example, Beijing Sou Fun Internet Information Service Co., Ltd referred to in paragraph 154 above, is described on page F-14 of Fang's SEC Form 20-F Annual Report for 2019 (https://www.sec.gov/Archives/edgar/data/1294404/000110465920066414/a20-6487_120f.htm) as a major subsidiary of Fang. Beijing Sou Fun Science and Technology Development Co., Ltd referred to in paragraph 154 above, is described on page 57 of Fang's SEC Form 20-F Annual Report for 2019 as a principal subsidiary of Fang, and a, "*consolidated controlled subsidiary*". Beijing Century Jia Tian Xia Science and Technology Development Co., Ltd is described on page F-14 of Fang's SEC Form 20-F Annual Report for 2019 as a, "*consolidated controlled entity*". Beijing Li Tian Rong Ze Yi Jia Science and Technology Development Co., Ltd is described on page F-14 of Fang's SEC Form 20-F Annual Report for 2019 as a, "*consolidated controlled subsidiary*", Beijing Jia Tian Xia Advertisement Limited is described on page 58 of Fang's SEC Form 20-F Annual Report for 2019 as a, "*consolidated controlled subsidiary*".

¹¹⁴ In terms of accounting treatment, page 62 of Fang's Form 20-F Annual Report for 2019 states that "*[b]ased on these Structure Contracts, we believe that, notwithstanding our lack of equity ownership, the arrangements provide us with effective control over our consolidated controlled entities. Accordingly, the financial results of these entities are included in our consolidated financial statements.*"

¹¹⁵ The rationale for structure contracts is set out at page 20 of Fang's SEC Form 20-F Annual Report for 2019 as follows: "*[t]o comply with applicable PRC laws, rules and regulations, we conduct our operations in China primarily through our wholly-owned PRC subsidiaries and our consolidated controlled entities. Our wholly-owned PRC subsidiaries, our consolidated controlled entities (excluding their subsidiaries) and their respective shareholders have entered into a series of contractual arrangements, which consist of exclusive technical consultancy and service agreements, equity pledge agreements, operating agreements, shareholders' proxy agreements, loan agreements and exclusive call option agreements (collectively, the "Structure Contracts").*"

156. Fang has disclosed in its annual reports (i.e. its SEC Form 20-F annual filings) that the Structure Contracts (as defined in such filing) suffer from the following risks (among others)¹¹⁶:
- a. “[Fang] may lose the ability to utilize assets held by our consolidated controlled entities that are important to the operation of our business if any of these entities goes bankrupt or becomes subject to a dissolution or liquidation proceeding”; and
 - b. “Contractual arrangements, including voting proxies, with our consolidated controlled entities for our Internet content distribution and marketing businesses may not be as effective in providing operational control as direct or indirect ownership”.
157. Beijing China Index Information Co., Ltd was also previously listed as a, “consolidated controlled entity” of Fang¹¹⁷. After the ‘spin-off’ of CIH, it ceased to be a “consolidated controlled entity” of Fang, and it has not become listed as a “consolidated controlled entity” of CIH. Accordingly, it would appear that any Structure Contracts that were in place and enabled it to be treated as a “consolidated controlled entity” of Fang have been terminated or expired.
158. In fact, there is no commercial purpose or rationale for the Baoyi Property being owned by the Baoyi Registered Owners (which are owned by Vincent Mo and Mr Dai) rather than via wholly-owned subsidiaries of Fang, because there are no restrictions preventing wholly foreign-owned enterprises owning real estate in the PRC.
159. In the premises, registering the Baoyi Property in the names of third parties owned by Vincent Mo and Mr Dai, without commercial justification was not in the best interests of Fang and has unnecessarily put that asset at risk, in a manner that potentially benefits Vincent Mo and Mr Dai.
160. Further, if Fang has transferred any ownership interest in the Baoyi Property and/or in the Baoyi Registered Owners (and no income arising from any such transfer has been reported in Fang’s SEC Filings), Fang’s directors will have breached their fiduciary duties to act bona fide in the best interests of Fang, to promote the success of the company, to act for the proper corporate and business purposes of Fang, to exercise reasonable care, skill and diligence and (in the case of Vincent

¹¹⁶ SEC Form 20-F, page 22,

https://www.sec.gov/Archives/edgar/data/1294404/000110465920066414/a20-6487_120f.htm

¹¹⁷ SEC Form 20-F filed 15 May 2018, page 50,

https://www.sec.gov/Archives/edgar/data/1294404/000114420418028915/tv488612_20f.htm

Mo) to avoid conflicts of interests by transferring or permitting the alienation of Beijing Baoyi Hotel for no value.

Intermingling of Fang's business/assets with Vincent Mo's hotel businesses

161. In the premises, each of the following represents an intermingling of Fang's business/assets with that of Vincent Mo's hotel businesses which cannot have been and is not in the best interests of Fang:

- a. Sanya Bay Property: apparent diversion of hotel room income to Vincent Mo's hotel businesses;
- b. The apparent use by Upsky, without any disclosed benefit to Fang, of Youtx-branded assets (i.e. Youtx Huizhou and Youtx Sky), where Youtx describes itself as a branch of Fang and where at least one of the hotels (Youtx Huizhou) is stated by Upsky itself to belong to "Soufun" (Fang's former name);
- c. Shanghai Baoan Hotel: payment of fees to Beihai Silver Beach and apparent use of Fang's asset by Upsky without any disclosed benefit to Fang;
- d. Baoyi Property: transferring or registering the property in the names of companies that are owned by Vincent Mo and Mr Dai and diversion of management income through the transfer of Baoyi Co.

Section 2: The transfer of 42 subsidiaries at undervalue to Shanghai Yuyue

162. Baoyi Co was not the only entity transferred to Shanghai Yuyue between June and September 2019 (as referred to in paragraph 149 above). Fang's SEC Form 20-F (Annual Report) for 2019 states that:

"In June 2019 and September 2019, we entered into a series of disposal agreement (sic.) with Shanghai Yuyue to transfer our shareholding in 42 subsidiaries which used to provide marketing, listing, leads generating services and ecommerce business to Shanghai Yuyue. Revenues generated by these entities were US\$8.7 million for the year ended December 31, 2018 and US\$1.5 million before the disposal in 2019. Upon the disposal, Shanghai Yuyue assumes net liabilities for these entities at carrying amount. Accordingly, there was no disposal gain or loss as a result of the transaction. For the year ended December 31, 2019, noncash net liability distributed

to Shanghai Yuyue in connection with the disposal was US\$8.8 million”.
(Emphasis added)¹¹⁸

163. Although the 42 subsidiaries are not named in the disclosure contained in Fang’s SEC Form 20-F Annual Report for 2019, it appears Baoyi Co was among the entities transferred to Shanghai Yuyue or, in the alternative, it was an additional transfer which was not disclosed.
164. Company search records disclose that Shanghai Yuyue is currently owned by one PRC national, Wang Nig, and was previously owned by Jiang Yan and Fan Wenying. However, Fang’s SEC Form 20-F Annual Report for 2019 states that Shanghai Yuyue is under the control of Vincent Mo.¹¹⁹
165. Fang’s 2019 Form 20-F Annual Report does not indicate why the 42 subsidiaries were transferred to Shanghai Yuyue, a company controlled by Vincent Mo, on an investment cost/net liabilities basis. These 42 subsidiaries were revenue-making subsidiaries and any fair value assessment of their worth should have been based on their future estimated earnings. It is to be reasonably inferred that this transaction did not occur on a commercial basis, concluded at arm’s length.
166. In the premises, Fang’s directors breached their fiduciary duties to act bona fide in the best interests of Fang, to act for the proper corporate and business purposes of Fang, to exercise reasonable care, skill and diligence, to avoid conflicts of interests by entering into the transaction.

Section 3: US properties

72 Wall Street

167. In 2011, a Fang subsidiary acquired a former AIG building located at 72 Wall Street, New York for an aggregate of approximately US\$60.7 million. The building was acquired by Best Work Holdings (New York) LLC (“**Best Work**”) (a company

¹¹⁸ Fang Holdings SEC Form 20-F, Annual Report for the Fiscal Year Ended 31 December 2019, page 98 (filed 27 May 2020, https://www.sec.gov/Archives/edgar/data/1294404/000110465920066414/a20-6487_120f.htm) (same).

¹¹⁹ Fang Holdings SEC Form 20-F, Annual Report for the Fiscal Year Ended 31 December 2019, page 98 (filed 27 May 2020). [90164b64-2803-46ec-98ac-b81320e14e04 \(fang.com\)](https://www.fang.com)

established on 14 March 2011 and 100% owned by Fang) from Sahn Eagle LLC in two separate transactions in July 2011 and October 2011 respectively.¹²⁰

168. In its December 2010 press release announcing the first of the two transactions, which was publicly filed with the SEC, Fang stated that it planned, “to use the former AIG Training Center as its own global training center to train its expanding management staff and clients, in conjunction with selected universities and colleges in the United States. As Chinese economy continues to expand, developing capable Chinese management talent is a strategic priority for the company to ensure its continued competitive advantage and market leadership”.¹²¹
169. The description of 72 Wall Street as a “training center” does not reflect the true nature, scale and scope of the property. The 72 Wall Street property is a commercial building comprising 325,000 square feet, standing at 124 feet (37.8 meters) and consisting of 18 stories in total.
170. In March 2011, around the same time as Best Work was formed as a Fang subsidiary, Vincent Mo also formed WSGT as a New York non-profit company. Initially, Vincent Mo caused WSGT to be the named purchaser in the 4 October 2011 purchase and sale agreement with Sahn Eagle which covered the purchase of the second parcel of the “72 Wall Street” property. On 26 October 2011, however, Vincent Mo caused WSGT to assign the purchase and sale agreement to Best Work.¹²²
171. After Best Work completed the purchase of 72 Wall Street, Fang claimed, in its SEC Form 20-F (Annual Report) for fiscal year 2011 that, “[w]e plan to use the building as our global training center”¹²³ and that WSGT had provided, “training services” in that

¹²⁰ See SouFun Holdings SEC Form 20-F, Annual Report for the Fiscal Year Ended 31 December 2011, page 43 (filed 26 April 2012),

<https://www.sec.gov/Archives/edgar/data/1294404/000119312512186535/d307245d20f.htm>.

¹²¹ See SouFun Holdings SEC Form 6-K, Current Report (filed 23 December 2010), attaching SouFun Holdings Press Release dated 23 December 2010, “SouFun Announces the Signing of an Agreement to Acquire Former AIG Training Center”,

<https://www.sec.gov/Archives/edgar/data/1294404/000095012310116334/h04713exv99w1.htm>.

¹²² See 2012 Response to SEC at

<https://www.sec.gov/Archives/edgar/data/1294404/000119312512458834/filename1.htm>

¹²³ See SouFun Holdings SEC Form 20-F, Annual Report for the Fiscal Year Ended 31 December 2011, page 43 (filed 26 April 2012).

<https://www.sec.gov/Archives/edgar/data/1294404/000119312512186535/d307245d20f.htm>

year to Fang.¹²⁴ When pressed by the SEC for specifics of this, Fang set out in the 2012 Response to SEC that WSGT had furnished, “*training programs to employees and customers in the following areas: management skills and leadership, finance and accounting, product development, marketing and customer base analysis, and business strategies.*”¹²⁵ It asserted that the training had been “*primarily*” provided at 72 Wall Street itself and produced an English translation of a purported contract with WSGT. In 2011, Fang paid Wall Street Global Training Center, Inc. training service fees of approximately US\$0.5 million. In addition, Fang also prepaid service fees of US\$1.6 million for future services.¹²⁶

172. In its SEC Form 20-F (Annual Report) for the year 2012, Fang likewise reported that WSGT had furnished, “*training programs to employees and customers in management skills and leadership, finance and accounting, product development, marketing and customer base analysis, and business strategies*”¹²⁷ and that the training was primarily provided at 72 Wall Street.¹²⁸ It also repeated its prior statement that, “[w]e plan to use the building as our global training center”.¹²⁹

173. The statement that the training was primarily provided at 72 Wall Street (and that the planned use of the property was for, “*our global training center*”) was repeated in Fang’s SEC Form 20-F (Annual report) for the year ending 31 December 2013.¹³⁰

¹²⁴ See SouFun Holdings SEC Form 20-F, Annual Report for the Fiscal Year Ended 31 December 2011, page 43 (filed 26 April 2012).

<https://www.sec.gov/Archives/edgar/data/1294404/000119312512186535/d307245d20f.htm>

¹²⁵ <https://www.sec.gov/Archives/edgar/data/1294404/000119312512458834/filename1.htm>

¹²⁶ See SouFun Holdings SEC Form 20-F, Annual Report for the Fiscal Year Ended 31 December 2011 page 83 (filed 26 April 2012).

<https://www.sec.gov/Archives/edgar/data/1294404/000119312512186535/d307245d20f.htm>

¹²⁷ See SouFun Holdings SEC Form 20-F, Annual Report for the Fiscal Year Ended 31 December 2012, page 77 (filed 3 April 2013).

<https://www.sec.gov/Archives/edgar/data/1294404/000119312513140490/d440355d20f.htm>

¹²⁸ See SouFun Holdings SEC Form 20-F, Annual Report for the Fiscal Year Ended 31 December 2012, page 39 (filed 3 April 2013).

<https://www.sec.gov/Archives/edgar/data/1294404/000119312513140490/d440355d20f.htm>

¹²⁹ See SouFun Holdings SEC Form 20-F, Annual Report for the Fiscal Year Ended 31 December 2012, page 39 (filed 3 April 2013).

<https://www.sec.gov/Archives/edgar/data/1294404/000119312513140490/d440355d20f.htm>

¹³⁰ See SouFun Holdings SEC Form 20-F, Annual Report for the Fiscal Year Ended 31 December 2013, pages 58 (filed 30 April 2014).

<https://www.sec.gov/Archives/edgar/data/1294404/000119312514169854/d679351d20f.htm>

174. Also, in its Form 20-F disclosures, Fang stated it paid approximately US\$500,000 to WSGT for training service fees in 2011,¹³¹ approximately US\$1.6 million in 2012¹³² and approximately US\$250,000 to WSGT in training fees in 2013.¹³³ From 2011 to 2013, the fees reportedly paid by Fang to WSGT came to approximately US\$2.4 million in total.

175. However, concurrently-filed public disclosures by Shun Cheong/IDG Energy¹³⁴, (which, as noted above was majority-owned by Vincent Mo) at that time shows that from the outset, Vincent Mo's plan was to use 72 Wall Street as a hotel. The Shun Cheong disclosure dated 15 December 2011 states that Beijing Pukai Shiji Investment Consultancy Company ("**Beijing Pukai**") (a hotel investments and consulting services company ultimately controlled by Vincent Mo) was involved in a hotel project at 72 Wall Street:

*"The projects participated by the JV Partner [Beijing Pukai] include Hebei Hengshui "Park Number One" High-end Residential Project (河北衡水「公园一号」高档住宅项目), Asia Pacific Garden Hotel-Beijing (北京亚太花园酒店) ("Garden Hotel") and Tianjin Yilan International Hotel (天津依兰国际酒店) ("Yilan Hotel") in the PRC, **and 72 Wall Street Mansion in the U.S**".* (emphasis added).

176. When questions were raised publicly in April 2013 regarding the 72 Wall Street property, a Fang press release, which was shortly thereafter reported to the SEC,¹³⁵ asserted that:

¹³¹ See SouFun Holdings SEC Form 20-F, Annual Report for the Fiscal Year Ended 31 December 2011, page 83 (filed 26 April 2012).

<https://www.sec.gov/Archives/edgar/data/1294404/000119312512186535/d307245d20f.htm>

¹³² See SouFun Holdings SEC Form 20-F, Annual Report for the Fiscal Year Ended 31 December 2012, page 77 (filed 3 April 2013).

<https://www.sec.gov/Archives/edgar/data/1294404/000119312513140490/d440355d20f.htm>

¹³³ See SouFun Holdings SEC Form 20-F, Annual Report for the Fiscal Year Ended 31 December 2013, page F-64, Note 18 to the Financial Statements. (filed 30 April 2014).

<https://www.sec.gov/Archives/edgar/data/1294404/000119312514169854/d679351d20f.htm>

¹³⁴ Circular published by Shun Cheong/IDG entitled "*Major and Connected Transaction – Formation of a Joint Venture Company and Notice of SGM*" dated 15 December 2011,

<https://moebius.asia/Documents/company/reports/listedco/listconews/SEHK/2011/1214/LTN20111214400.pdf>.

¹³⁵ SouFun Holdings SEC Form 6-K, Current Report (filed 11 April 2013), attaching Soufun Holdings 5 April 2013 Press Release, "*Soufun Management commented on a Short Seller's Third Report*",

<https://www.sec.gov/Archives/edgar/data/1294404/000119312513150332/d520323dex991.htm>.

*“[Fang] purchased 72 Wall Street for its long term strategy of [Fang]’s internal global training programs collectively called **[Fang] Business School**. The facility needs renovation and is now not in a condition for full operations. The company has been using it as a temporary office and occasionally for visiting [Fang] employees and clients (62 visitors in 2011, 241 visitors in 2012, and planning for 350 visitors in 2013). **It is preliminarily planned to open in full in two years from today.** [Fang]’s visiting employees and clients for training purposes are mostly arranged by a related party called Wall Street Global Training Center (a not for profit organization in application), of Which (sic) our Chairman is a director. In the past two plus years, [Fang] paid roughly \$2 million (which has been disclosed with SEC) to Wall Street Global Training Center for the 300 plus visitors”. (Emphasis added)*

177. This 2013 press release, which admits that 72 Wall Street was unsuitable for training and was used merely as a, “*temporary office*” and for visitors, appears to contradict Fang’s prior statement to the SEC that, in 2011 and the first three quarters of 2012, that WSGT conducted “*training programs*” for “*62 and 143 employees and customers*”, “*primarily*” at 72 Wall Street.¹³⁶ Indeed, the number of “*visitors*” to the “*temporary office*” claimed for the year 2011 (62) is the same number that Fang previously claimed (in its statement to the SEC) had received “*training*”.
178. Notwithstanding these apparent contradictions, Fang continued to state, in its SEC filings for the Fiscal Year ended 31 December 2014, that the primary use of 72 Wall Street was as a global training centre.¹³⁷
179. Despite its 22 April 2013 press release describing its plans for a “*Fang Business School*” to open in 2015, no such school materialized that year, or ever. Instead, in its SEC Form 20-F (Annual Report) for 2016¹³⁸, and in public disclosures from that point onwards, Fang simply stated that 72 Wall Street is, “*currently under major refurbishment (sic) work*”. However, this “*major refurbishment*” is for the use of the property as a hotel, not a global training centre. NYC Department of Buildings (“**NYC DOB**”) records filed on 27 October 2016 indicate that the 72 Wall Street property was to undergo construction work to convert it into a hotel with adjoining

¹³⁶ 2012 Response to SEC,

<https://www.sec.gov/Archives/edgar/data/1294404/000119312512458834/filename1.htm>.

¹³⁷ See SouFun Holdings SEC Form 20-F, Annual Report for the Fiscal Year Ended 31 December 2014, page 46 (“*We have primarily used this building as our global training center*”) (filed 28 April 2015); SouFun Holdings SEC Form 20-F, Annual Report for the Fiscal Year Ended 31 December 2015, page 67 (same) (filed May 17 2016).

¹³⁸ https://www.sec.gov/Archives/edgar/data/1294404/000114420417026955/v464444_20f.htm

office and retail space and this work is ongoing. NYC DOB records further state that the registered architect for the property is Marc Stumer of Mojo Stumer Associates and that firm's website displays concept photos for this project under the name "72 Wall Street Hotel".¹³⁹ The NYC DOB records further disclose that the estimated total cost of renovation is US\$19.5 million.

180. The history section of Upsky's website records that it "*purchased an office building in New York*" in 2011,¹⁴⁰ and is opening a hotel on "Wall Street, New York." No further details of this "*office building*" is disclosed nor the use that it has purportedly been put to in the context of Upsky's business since then. As outlined above, Upsky Enterprises is a private company through which Vincent Mo operates hotels in the PRC and US. In the circumstances, it is to be reasonably inferred that Upsky's reference to an "office building" in New York is a reference to 72 Wall Street which Fang (not Upsky) acquired in 2011.
181. It is to be reasonably inferred that it was always the intention of Vincent Mo and Fang's management to use 72 Wall Street as a hotel and the avowed use of the property as a "*global training centre*" was a fiction which Fang's management repeatedly used to mislead the public on this point from 2011-2015. Despite filing the renovation permit application in October 2016 and receiving approval in April 2018, Fang has since failed to make appropriate disclosures to investors and/or failed to describe the true use to which 72 Wall Street is to be put, even as Vincent Mo has publicly foreshadowed its inclusion in his/Upsky's US hotel portfolio on Upsky's website.
182. Further, having regard to the misleading statements relating to its use, and the involvement of entities owned and/or controlled by Vincent Mo (such as Beijing Pukai), it is to be reasonably inferred that the true purpose of acquiring 72 Wall Street was to benefit Vincent Mo's hotel business and not to benefit Fang, and that this was hidden from shareholders.
183. In October 2018, Best Work entered into a mortgage with Far Eastern International Bank, to secure a concurrently-executed US\$60 million Facility Agreement between Fang and Far Eastern International Bank. Under the agreements, Best Work serves as guarantor for Fang's debt, and has pledged 72 Wall Street as collateral. The use of funds under the Facility Agreement is not apparent from the mortgage but, having regard to the intermingling of Fang's business/assets with that of Vincent Mo's hotel businesses pleaded at paragraph 161 above, it may be

¹³⁹ https://web.archive.org/web/20201031193053/https://mojostumer.com/portfolio_page/72-wall-street-hotel/

¹⁴⁰ <https://web.archive.org/web/20221001212919/http://www.upskyhotel.com/en/progresseng/>

reasonably inferred that the loan is to finance the refurbishment of 72 Wall Street as a hotel for the benefit of Vincent Mo and his hotels business and not for the benefit of Fang.

RCNC – Arden House, New York Military Academy and Briarcliff Campus

184. On 21 October 2011, RCNC was formed as a non-profit New York corporation.
185. A non-profit company in the United States is required to file annual “IRS Form 990” disclosures with the Internal Revenue Service (“**IRS**”), indicating both its management and any, “related party transaction” with persons involved in its management. At all material times, according to such disclosures, Vincent Mo has been the President of RCNC. In addition, Vincent Mo's wife, Jing Cao, and daughter, Katharine Mo, have been identified as officers of RCNC.¹⁴¹
186. The initial stated purpose of RCNC was to, “*encourage interest for environmental protection and preserve natural collection*”.¹⁴² Days after its creation, in October 2011, RCNC closed on the purchase of Arden House, a large historic mansion property in Harriman, in the state of New York. RCNC was publicly identified at the time as being affiliated with Soufun Holdings (i.e. Fang)¹⁴³.
187. Arden House's prior owner was another New York non-profit, Open Space Initiative (“**OSI**”). A contemporaneous press release by the OSI's realtor stated that RCNC had purchased the property for US \$6.5 million.¹⁴⁴ The press release further quoted the seller as stating that, “*[t]he property had sale restrictions – it can only be sold to another nonprofit. Also 400 of the property's 450 acres had a conservation easement, protecting the land and its surrounding trees*”. RCNC IRS filings also state the mission involved, “*encourage interest and support for environmental protection issues; to study the effects of global warming on the environment in the future; to promote, foster and advance interest in the preservation of the environment for future generation.*”
188. Although RCNC's non-profit status allowed the parties to overcome the deed restrictions limiting the sale of Arden House to non-profit corporations, it is unclear

¹⁴¹ <https://projects.propublica.org/nonprofits/organizations/453641847>

¹⁴² RCNC IRS Form 990 for fiscal year 2014, page 1 (filed November 15, 2015), https://projects.propublica.org/nonprofits/display_990/453641847/2016_01_EO%2F13-118713_10926_453641847.

¹⁴³ [Harriman mansion sold to nonprofit \(recordonline.com\)](http://Harriman%20mansion%20sold%20to%20nonprofit%20(recordonline.com))

¹⁴⁴ <https://observer.com/2011/11/gilded-age-mansion-changes-hands-in-upstate-new-york-for-46-million/>

whether RCNC has engaged in significant philanthropic activities connected with this stated “mission”. Its website claims that it has been involved in such activities.

189. It is clear, however, that Arden House has been used by Vincent Mo’s family, or those connected with him, for other purposes. In 2018, Vincent Mo’s *alma mater*, Tsinghua University, organized a fintech seminar at Arden House¹⁴⁵. More recently Vincent Mo's daughter held her wedding at Arden House on 24 July 2021.
190. When RCNC was established in 2011, contemporary news reports stated that RCNC had been, “*created by [Fang]*”.¹⁴⁶ In October 2012, SEC enquired about the relationship between RCNC and Fang, including whether any directors or managers of Fang manage or are otherwise involved with RCNC. In 2012 Response to SEC, to the SEC Fang denied any such connection, and stated that “*RCNC was established by [Vincent Mo], who also serves as a director of RCNC. However, [Fang] is not involved or otherwise related with RCNC and was not involved in its acquisition of Arden House*”.¹⁴⁷
191. In April 2013, Glaucus Research Group California, LLC (“**Glaucus**”) raised further questions about RCNC’s connections with Fang, pointing to the fact that Arden House's administrator was a Fang employee utilizing a Fang email address. In its public statements attempting to refute to these reports, Fang stated that, “*Our Chairman’s family formed a not-for-profit corporation called Research Center on Natural Conservation ...to purchase the Arden House... Our Chairman’s family (not SouFun) paid full for the purchase...*” (sic). However, the actual source of those funds was not disclosed (and, as noted below, it appears that Vincent Mo’s companies, Upsy Enterprises and Next Decade, supplied at least some finance to RCNC). The fact that the estate was being administered by a Fang employee using a Fang email address was attributed to the fact that Vincent Mo, “*occasionally invites [Fang’s] visiting employees and clients to use the Arden House for free.*”¹⁴⁸

¹⁴⁵ <https://alumni.sem.tsinghua.edu.cn/info/1002/1843.htm>

¹⁴⁶ SEC 25 October 2012 letter to SouFun Holdings (i.e. Fang), <https://www.sec.gov/Archives/edgar/data/1294404/000000000012058884/filename1.pdf>.

¹⁴⁷ SouFun Holdings counsel 8 November 2012 letter to SEC, <https://www.sec.gov/Archives/edgar/data/1294404/000119312512458834/filename1.htm>.

¹⁴⁸ SEC Form 6-K filed 11 April 2013, <https://www.sec.gov/Archives/edgar/data/1294404/000119312513150332/d520323dex991.htm>

192. Shortly thereafter, the email contact address on the Arden House website was changed from houyukui@soufun.com¹⁴⁹ to admin@theardenhouse.com¹⁵⁰. As recently as 03 January 2024 <https://theardenhouse.com> redirects to <https://www1.fang.com/>. Further, the domain name theardenhouse.com still shares the same Secure Sockets Layer (“**SSL**”) certificate with Fang and, in fact, domain names used by Fang and several other companies associated with Fang, Vincent Mo and the “Upsky” brand use the same SSL certificate, which indicates that the websites are run by the same organization. These domains include: fang.com; fang.com.cn; youtx.com; upskywharton.com; upskyshanghai.com; upskynanning.com; upskybeihai.com; upskybaoan.com; upskyardenhouse.com; soufun.com; chinaindexacademy.com.
193. In September 2015, RCNC acquired New York Military Academy (“**NYM**”), a New York non-profit corporation that owns and runs a 126 year-old international boarding school of the same name, located in Cornwall-on-Hudson, New York.¹⁵¹
194. NYMA was acquired by RCNC at an auction conducted by NYM's then court-appointed bankruptcy trustee. The stated purchase price of the auction was US\$15.83 million. The purchase arrangements also apparently involved discharging NYMA from the bankruptcy regime.¹⁵²
195. Since October 2015, Vincent Mo has been a member of NYM's Board of Trustees and/or held executive leadership positions and since October 2015 through October 2019, Vincent Mo's wife, Jing Cao, was a member of NYM's Board of Trustees and/or held executive leadership positions.
196. In February 10, 2017, RCNC acquired a further property, the campus of the former "Briarcliff College", located in Briarcliff Manor, in the State of New York. Public reports indicate that the Briarcliff College campus was acquired from Pace University for approximately USD 17.35 million.¹⁵³ These three purchases by RCNC

¹⁴⁹ See waybackmachine 13 April 2013,
https://web.archive.org/web/20130411061035/http://theardenhouse.com:80/AHshell_Contact.htm
↓

¹⁵⁰ See waybackmachine 25 October 2013,
https://web.archive.org/web/20131025220710/http://theardenhouse.com:80/AHshell_Contact.htm
↓

¹⁵¹ <https://www.reuters.com/article/new-york-militaryacademy/new-york-military-academy-sold-in-bidding-war-to-chinese-investors-idUSL1N1203KZ20150930>

¹⁵² <https://www.reuters.com/article/new-york-militaryacademy/new-york-military-academy-sold-in-bidding-war-to-chinese-investors-idUSL1N1203KZ20150930>

¹⁵³ <https://patch.com/new-york/pleasantville/chinese-backed-buyer-adds-pace-briarcliff-campus-hudson-valley-holdings>

(Arden House, NYMA and Briarcliff campus, collectively the “**NY Properties**”) required a considerable outlay of cash from a non-profit corporation (RCNC) that was not a functioning business itself, and was only newly created.

197. In the 2021 Form 990, 235 Elm Place, Briarcliff, NY, was no longer reported as an asset and public sources state the property was sold by RCNC¹⁵⁴. The proceeds from this sale appear to have been used to partially repay a loan from Upsky International Holdings – San Francisco from \$15,063,186 in 2020 to \$5,823,186 (as detailed below).
198. Although the precise source of RCNC's capital is unclear, its IRS filings (in particular disclosure of “*related party transaction*”) indicated not only that it has borrowed considerable funds from Vincent Mo and/or his private entities, but that Vincent Mo's companies have received significant real property rights over the NY Properties in return.
199. Specifically, the IRS Form 990s¹⁵⁵ filed by RCNC for the years 2015 through 2021 (the most recently available filing) discloses the following, “*Business Transactions Involving Interested Person*” as identifying its President, Vincent Mo as the “Interested Person” in each case:
 - a. A “mortgage and loan” from “*Upsky International Holdings – San Francisco [sic]*” (Vincent Mo is described as “President” of that entity)¹⁵⁶ beginning with US\$1,783,552 in 2015 and increased to US\$15,063,186 from 2016 to 2020 before being reduced to US\$5,823,186 in 2021;
 - b. A “*mortgage loan from Upsky Enterprise*” beginning with US\$16,648,751 in 2015 and increasing by US\$10,300,000 in 2016 to US\$26,948,751¹⁵⁷ and remained the same till 2021, with no reported interest;
 - c. A “*mortgage loan*” since 2015 from “Next Decade” (which is owned by the “*KM & KM Trust*”) in the sum of US\$6,654,225, with no reported interest; and

¹⁵⁴ <https://riverjournalonline.com/business/former-pace-campus-in-briarcliff-sold-to-rockland-based-congregation/23359/>, <https://westfaironline.com/courts/subpoenas-okd-for-cayman-islands-inquiry-into-hudson-valley-real-estates-approved-for-cayman-islands-inquiry-into-hudson-valley-real-estate/>

¹⁵⁵ See Form 990s <https://projects.propublica.org/nonprofits/organizations/453641847>

¹⁵⁶ It is not stated in the Form 990 whether the interest accrues per calendar month or annum, if there is additional interest or the date of the maturity.

¹⁵⁷ It is not stated in the Form 990 whether the interest accrues per calendar month or annum, if there is additional interest or the date of the maturity.

- d. Since 2017, a US\$170,000 loan from Upsky Lighthouse Hotel LLC, an apparent subsidiary of Upsky Enterprises (and disclosed as being affiliated with Vincent Mo), which increased to US\$1,099,875 in 2021. The interest for the loan from Upsky Lighthouse Hotel for each year from 2017 to 2020 is US\$2,633. It is not stated in the Form 990 whether the interest of US\$2,633 accrues per calendar month or per annum.
200. In addition, the NYMA Form 990 filed for the years beginning June 2015 through June 2022 indicates that NYMA received a US\$1,992,538 loan from “Upsky” in the first year Vincent Mo joined the Board of Trustees and that loan has generally increased every year through June 2022 to US\$5,553,483, with no reported interest¹⁵⁸.
201. The description of the Vincent Mo-related entities in these filings is cursory, and the actual nature of the loan and mortgage transactions (and properties secured thereunder) remains unclear. Moreover, RCNC has not yet completed their IRS Form 990 filings for the years subsequent to 2021 and NYMA has not yet completed their IRS Form 990 for years subsequent to 2022.
202. It is reasonably to be inferred, however, that Upsky and Next Decade have obtained mortgage security over at least some of the New York Properties. This indicates that Vincent Mo has a potential means of foreclosing over such properties (and thus securing direct title over them) should there be a default in respect of the mortgage loans.
203. That Upsky is involved with the NY Properties is further shown by the history section of Upsky’s website, listing Upsky’s inheritance of the “*rich history of Arden House, Upsky Hotels & resorts is to extend the merits of Arden House and Establish a new round of success in the Arden House tradition*”.
204. In 2 June 2018, allegations surfaced that RCNC’s purchase of Briarcliff may be part of a scheme in which Vincent Mo “is using the charity as a front to steal money” and “and invest it in real estate owned by his own charity.”¹⁵⁹
205. It further remains the case that in the conduct of Vincent Mo’s hotel business (including Upsky Enterprises and other entities owned and/or controlled by Vincent

¹⁵⁸ Form 990 New York Military Academy, loans disclosed as “Upsky”, “Upsky San Francisco Airport Hotel LLC” and “loans... to... 35% controlled entity or family member”, See Form 990s, <https://projects.propublica.org/nonprofits/organizations/140921372>

¹⁵⁹ <https://briarcliffbulletin.com/2018/06/02/pace-university-sells-briarcliff-campus-to-mysterious-charity/>

Mo) has utilized and benefited from Fang's assets, on several occasions without adequately disclosing such use and benefits (see paragraphs 102 to 213).

206. At a minimum, the apparent co-mingling of Fang and Upsky business/assets in the PRC creates a strong need to ascertain the true source of the capital lent by Upsky / Next Decade to RCNC and NYMA and whether it is derived from Fang, and if so, in what amounts.

Upsky US hotels

207. The Upsky Best Western is held in the name of Upsky Lighthouse Hotel LLC ("**Upsky Lighthouse**"), a company incorporated in California on 18 October 2013. Vincent Mo is registered as the sole manager of Upsky Lighthouse.
208. The registered owner of Upsky Crowne Plaza is Upsky San Francisco Airport Hotel LLC, a company incorporated in California and in respect of which Vincent Mo is registered as the sole manager.
209. The registered owner of Upsky Radisson Hotel is Upsky Long Island Hotel LLC, a company incorporated in New York and again, in respect of which Vincent Mo is registered as the sole manager.¹⁶⁰
210. Given the evident co-mingling of Upsky and Company business/assets within the PRC, as described at paragraphs 111 to 161 above, at minimum, disclosure and / or further investigation is warranted in respect of the sources of funding for the purchase and maintenance of these three US hotels in order to ascertain whether the source of the relevant funding was Fang and if so in what amounts.

Conclusion on the property transactions

211. In all the premises, there is a consistent course of dealings spanning nearly a decade of the First Respondent using the Company for his own benefit in connection with various real estate transactions. The 2020 Winding Up Proceedings were reasonably expected to (but did not) curtail the First Respondent's ability to treat the Company as his personal fief.
212. In fact, the termination of the various corporate governance undertakings in the wake of the Withdrawal Consent Order returns matters to where they stood prior to the presentation of the 2020 Winding Up Petition.

¹⁶⁰ See Form 20-F filed 14 May 2019 for the fiscal year ended 31 December 2018, page 126
<https://www.sec.gov/Archives/edgar/data/1294404/000114420419026078/0001144204-19-026078-index.htm>

213. In the circumstances, the Petitioners have reasonably lost confidence in the ability of the Current Board to conduct the business of the Company in the best interests of the Company. There is also a need for an investigation into the affairs of the Company.

(V) The Wanli Transaction

214. In 2018, the Company paid RMB500 million (c. US\$73 million at the time) for a 10% equity interest (15,328,730 shares) in Chongqing Wanli New Energy Co., Ltd ("**Wanli**" and the "**Wanli Transaction**"). The Company's SEC Form 20-F filed on 14 May 2019 stated as follows:¹⁶¹

"On July 19, 2018, Fang we [sic] entered into definitive agreements to acquire a 10% equity interest in Wanli from its controlling shareholder for a cash consideration of RMB500 million, of which RMB200 million will compensate the seller in connection with the Business Disposal (defined below). In connection with the acquisition, the seller agrees agreed [sic] (1) to enter into an irrevocable voting proxy agreement with a term of three years to adhere to our action in Wanli's future meetings of shareholders and board of directors and (2) to purchase from Wanli its battery business for a price of no less than RMB680 million within three years after the consummation of the acquisition (the "Business Disposal"). Following the completion of the acquisition on August 10, 2018, we have become the largest shareholder of Wanli."

215. Wanli was (and remains) a PRC company listed on the Shanghai Stock Exchange (stock code: 600847), which is "*principally engaged in the manufacture and sales of lead-acid batteries*" and whose products "*are mainly used in automotive starter lead-acid batteries, electric road vehicles traction lead-acid batteries, electric moped lead-acid batteries*" in the domestic PRC market.¹⁶²

216. Wanli's battery business had no apparent connection or synergy with the Company's real estate business. The only connection between the Company and Wanli was that Vincent Mo was already a significant minority shareholder in Wanli,

¹⁶¹ SEC Form 20-F, filed 14 May 2019, pages 49 and F-47

sec.gov/Archives/edgar/data/1294404/000114420419026078/tv519703_20f.htm#a_033

¹⁶² Reuters Markets profile of Wani <https://www.reuters.com/markets/companies/600847.SS>

having acquired a 5% shareholding in Wanli in 2017.¹⁶³ The Company did not disclose this fact in its SEC Form 20-F filing.

217. The RMB500 million purchase price represented a per share price of RMB32.62. The price of Wanli's shares on the exchange never exceeded RMB15.30 during the six months of 2018 immediately preceding the Wanli Transaction. On 18 July 2018, the day preceding the Company's entry into a binding agreement to purchase the shares, the stock exchange price of the Wanli shares was RMB14. In the preceding weeks there was sufficient volume traded on the stock exchange for the Company to have acquired the same number of shares at or around the market price. Therefore, as part of the Wanli Transaction, the Company paid a premium of at least 133% on the market price of the Wanli shares. There was no commercial justification for such premium to be paid for a minority shareholding in Wanli.

218. The point is underscored by the fact that, following the closing of the Wanli Transaction, during September to December in 2018, the Company acquired an additional 4.67% equity interest in Wanli through daily transactions in the secondary market with total consideration of US\$11,667,000 (or approximately RMB 11.25 per share), much less than it paid just months prior.¹⁶⁴ Unlike the initial purchase where the Company purchased shares through a wholly owned foreign entity, this purchase was made through Beijing Hua Ju Tian Xia Network Technology, an entity controlled by Vincent Mo. Beijing Hua Ju Tian Xia Network Technology was formerly a wholly owned foreign entity of the Company, but was transferred to Vincent Mo in December 2014 and consolidated in the financials by the Company as a result of an equity pledge agreement.¹⁶⁵ No explanation is given as to why the Company purchased shares through an entity controlled by Vincent Mo rather than a wholly owned subsidiary of the Company. As of December 31, 2018, through ownership and pledge agreements with related parties, the Company has been deemed to control a 14.67% equity interest in Wanli, however, approximately 1/3rd of the shares were paid for by Fang but owned by Vincent Mo.¹⁶⁶ The Company

¹⁶³ See pages 7 and 8 of https://static.sse.com.cn/disclosure/listedinfo/announcement/c/new/2022-10-25/600847_20221025_2_cG2oVSjD.pdf Vincent Mo further increased his personal shareholding in Wanli during 2018, as to which see page 31

https://static.sse.com.cn/disclosure/listedinfo/announcement/c/2019-04-18/600847_2018_n.pdf

¹⁶⁴ Form 20-F filed 14 May 2019 page F-47

https://www.sec.gov/Archives/edgar/data/1294404/000114420419026078/tv519703_20f.htm

¹⁶⁵ Form 20-F filed 17 May 2016, page F-15

<https://www.sec.gov/Archives/edgar/data/1294404/000114420416103111/0001144204-16-103111-index.htm>

¹⁶⁶ Fang's Form 20-F filed 14 May 2019

https://www.sec.gov/Archives/edgar/data/1294404/000114420419026078/tv519703_20f.htm

continued to purchase Wanli shares during 2019 at a similar price.¹⁶⁷ The Company continued to acquire further small shareholdings in Wanli during 2020 and 2022.

219. RMB200 million of the RMB500 million purchase price of the Wanli Transaction was expressed to be compensation to the seller in connection with the "*Business Disposal*", which referred to the seller's obligation to purchase Wanli's battery business for RMB680 million within three years. In effect, the Company incurred the entire cost of a RMB 200 million put right for which it was not the direct economic beneficiary. There is no apparent commercial rationale for the Company (rather than Wanli) incurring the cost of the put right since Wanli (instead of Fang) is the direct beneficiary of the put right.
220. Indeed, since the battery business was Wanli's core business, the whole Wanli Transaction effectively amounted to the Company paying RMB500 million for a minority 10% stake in an entirely unrelated company the entire business of which would then be sold to the outgoing shareholder for RMB680 million within three years. Quite apart from illustrating the commercial absurdity of the transaction, this also further illustrates the inflated price the Company paid for the Wanli shares. If the entire Wanli business was worth RMB680 million, then a 10% share of that business was worth RMB68 million rather than the RMB500 million that the Company paid. On this basis, the Company paid a 635% premium.
221. During June and July 2022, Beijing Zhongzhi Hongyuan (a related party of CIH controlled by Vincent Mo¹⁶⁸), acquired 1,362,800 Wanli shares from the secondary market.¹⁶⁹
222. On 11 September 2020, the China Securities Regulatory Commission required Wanli to meet in their office to discuss omissions in the disclosure of related transactions between Wanli and Pukai Shijie (an entity controlled by Vincent Mo), accounting errors and corporate governance.¹⁷⁰

¹⁶⁷ An additional 1.88% through daily transactions in the secondary market with total consideration of US\$4,868,000 or approximately RMB11.63 per share. See page 32

https://static.sse.com.cn/disclosure/listedinfo/announcement/c/new/2021-04-16/600847_20210416_11.pdf

¹⁶⁸ CIH SEC Form 20-F filed 26 April 2022 page 1

<https://www.sec.gov/Archives/edgar/data/1749797/000110465922049859/0001104659-22-049859-index.html>

¹⁶⁹ https://static.sse.com.cn/disclosure/listedinfo/announcement/c/new/2022-10-25/600847_20221025_2_cG2oVSjD.pdf

¹⁷⁰ <http://www.csrc.gov.cn/chongqing/c104815/c1136407/content.shtml>

223. In the premises:

- a. The Wanli Transaction, being an acquisition of a significant minority stake in a completely unrelated business, had no apparent commercial rationale.
- b. The Company paid a wholly unjustified premium to the market price for its shares in Wanli. The Wanli Transaction plainly lacked commercial rationale, as it involved Fang paying RMB500 million for 10% in a company the entire underlying business of which was, according to the terms of the Wanli Transaction, worth only RMB680 million.

224. In the circumstances, the Petitioners have reasonably lost confidence in the ability of the Current Board to conduct the business of the Company in the best interests of the Company. There is also a need for an investigation into the affairs of the Company.

D COMPLAINTS: OPPRESSIVE CONSTITUTIONAL AMENDMENTS

225. The Sixth Amended and Restated Memorandum of Association (“**Sixth Amended MOA**”)¹⁷¹ was adopted on 27 December 2022. The Sixth Amended MOA included over a dozen updates that were highly disadvantageous to shareholders, removed reporting obligations and worsened corporate governance. Based on Vincent Mo’s controlling position, he himself had sufficient voting power to introduce these amendments. Red text sections were deleted as compared to the Fifth Amended and Restated Memorandum of Association and blue text sections have been added.

226. The definition of “ordinary resolution” was changed to no longer require at least ten (10) days’ notice, allowing the Board to announce resolutions during a meeting without giving shareholders time to consider any proposal.¹⁷²

“ordinary resolution” resolution shall be an ordinary resolution when it has been passed by a simple majority of votes cast by such Members as, being entitled so to do, vote in person or, in the case of any Member being a corporation, by its duly authorised representative or,

¹⁷¹ SEC Form 6-K, Exhibit 99.2, filed 23 November 2022, https://www.sec.gov/Archives/edgar/data/1294404/000110465922121718/tm2231152d1_ex99-2.htm

¹⁷² SEC Form 6-K, Exhibit 99.2, filed 23 November 2022, Page 8, https://www.sec.gov/Archives/edgar/data/1294404/000110465922121718/tm2231152d1_ex99-2.htm

where proxies are allowed, by proxy at a general meeting ~~of which not less than ten (10) clear days' Notice has been duly given~~ held in accordance with these Articles.

227. The definition of special resolution was changed to no longer require at least ten (10) days' notice and the removal of minority protections when special resolutions are proposed with less than ten (10) days' notice. Under the prior Memorandum of Association, when a special resolution was proposed with less than ten (10) days' notice, to pass it required both the majority in number of Members and at least sixty-six and two-thirds (66.66%) in nominal value of shares.¹⁷³ The requirement of majority in number meant every shareholder was treated equally in this vote, irrespective of their holdings. Removing this protection has negatively impacted minority shareholders.

“special resolution”: *a resolution shall be a special resolution when it has been passed by a majority of not less than two-thirds of votes cast by such Members as, being entitled so to do, vote in person or, in the case of such Members as are corporations, by their respective duly authorised representative or, where proxies are allowed, by proxy at a general meeting of which ~~not less than ten (10) clear days' Notice~~ [written notice unless otherwise specifically stated and as further defined in these Articles.], specifying (without prejudice to the power contained in these Articles to amend the same) the intention to propose the resolution as a special resolution, has been duly given. ~~Provided that, except in the case of an annual general meeting, if it is so agreed by a majority in number of the Members having the right to attend and vote at any such meeting, being a majority together holding not less than sixty-six and two-thirds (66.66) per cent. in nominal value of the shares giving that right and in the case of an annual general meeting, if it is so agreed by all Members entitled to attend and vote thereat, a resolution may be~~*

¹⁷³ SEC Form 6-K, Exhibit 99.2, filed 23 November 2022, Page 9, https://www.sec.gov/Archives/edgar/data/1294404/000110465922121718/tm2231152d1_ex99-2.htm

proposed and passed as a special resolution at a meeting of which less than ten (10) clear days' Notice has been given;

a special resolution shall be effective for any purpose for which an ordinary resolution is expressed to be required under any provision of these Articles or the Statutes.

228. The Board of Directors restricted shareholders rights to receive and consent to corporate actions that are taken without a meeting.¹⁷⁴

45. *For the purpose of determining the Members entitled to receive notice of, attend or to vote at any general meeting of Members, or any adjournment thereof, or ~~entitled to express consent to corporate action in writing without a meeting, or those Members that are~~ entitled to receive payment of any dividend or ~~other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of shares or in order to make a determination as to who is a Member for any other purpose, that are entitled to receive notice of, attend or vote at a meeting of the Members and~~ for the purpose of ~~any other lawful action, the Board may fix, in advance, a determining those Members that are entitled to receive payment of any dividend the Directors may, at or within ninety calendar days prior to the date of declaration of such dividend, fix a subsequent date as the record date for~~ any such determination of Members, which date shall not be more than sixty (60) days nor less than ten (10) days before the date of such meeting, nor more than sixty (60) days prior to any other such action.*

229. The NYSE requires all listed companies to hold annual meetings in accordance with the Company Guide Sec. 704¹⁷⁵. The company removed this requirement thereby eliminating the company's ability to relist on the NYSE from the OTC and further negatively impacting minority shareholders. Additionally, only the majority of the board, controlled by Vincent Mo, or Mr. Dai, Vincent Mo's nephew, can call a general meeting:¹⁷⁶

¹⁷⁴ SEC Form 6-K, Exhibit 99.2, filed 23 November 2022, Page 21
https://www.sec.gov/Archives/edgar/data/1294404/000110465922121718/tm2231152d1_ex99-2.htm

¹⁷⁵ <https://nyseamericanguide.srorules.com/company-guide/09013e2c853aa946>

¹⁷⁶ SEC Form 6-K, Exhibit 99.2, filed 23 November 2022, Page 25

56. ~~An~~The Company may (but shall not be obliged to) in each calendar year hold a general meeting as its annual general meeting of the Company shall be held in each year other than the year in which these Articles were adopted at such time and place as may be determined by the Board and shall specify the meeting as such in the notices calling it.
58. (1) Subject to the provisions of paragraph (2) of this Article below, only a majority of the Board or the Chairman of the Board may call ~~extraordinary~~ general meetings, which ~~extraordinary~~ general meetings shall be held at such times and locations (as permitted hereby) as such person or persons shall determine.

Shorten the days required to call a general meeting or extraordinary general meeting:¹⁷⁷

59. (1) An annual general meeting and any extraordinary general meeting may be called by not less than ~~ten~~seven (107) clear calendar days' Notice

230. Originally, Directors nominated by the Board would automatically retire at the next annual general meeting and were put up reelection to shareholders, but the amended articles allowed the Directors to nominate a Board Member on terms allowing the Director to retire at the next **or a subsequent** annual general meeting. This means the Board of Directors can appoint a director without ever taking a shareholder vote.¹⁷⁸

86. (3) The Directors shall have the power from time to time and at any time to appoint any person as a Director to fill a casual vacancy on the Board or as an addition to the existing Board. ~~Any Director so appointed by the Board shall hold office only until the next following Director so appointed by the Board shall hold office only until the next following [annual general meeting]~~
- (4) An appointment of a Director may be on terms that the Director shall automatically retire from office (unless he has sooner vacated office) at the next or a subsequent annual general meeting of the Company and shall then or upon any specified event or after any specified period in a written agreement between the Company and the Director, if any; but no such term shall be implied in the absence of express provision. Each Director whose term of office expires

¹⁷⁷ SEC Form 6-K, Exhibit 99.2, filed 23 November 2022, Page 26

¹⁷⁸ SEC Form 6-K, Exhibit 99.2, filed 23 November 2022, Page 33

shall be eligible for re-election at a meeting of the Shareholders or re-appointment by the Board.

231. The Company was required to distribute financial information to shareholders, as is the normal course for public companies. However, the Company removed this requirement, and now only the Directors, who by virtue of being on the board already know the financials, can request them.¹⁷⁹ This requirement also restricts the ability of the Company to be relisted on the NYSE.

~~149. Subject to Article 150, a printed copy of the Directors' report, accompanied by the balance sheet and profit and loss account, including every document required by law to be annexed thereto, made up to the end of the applicable financial year and containing a summary of the assets and liabilities of the Company under convenient heads and a statement of income and expenditure, together with a copy of the Auditors' report, shall be sent to each person entitled thereto at least ten (10) days before the date of the general meeting and laid before the Company at the annual general meeting held in accordance with Article 56 provided that this Article shall not require a copy of those documents to be sent to any person whose address the Company is not aware of or to more than one of the joint holders of any shares or debentures.~~

149. The auditors shall, if so required by the Directors, make a report on the accounts of the Company during their tenure of office at the next annual general meeting following their appointment, and at any time during their term of office, upon request of the Directors or any general meeting of the Members.

~~150. Subject to due compliance with all applicable Statutes, rules and regulations, including, without limitation, the rules of the Designated Stock Exchange, and to obtaining all necessary consents, if any, required thereunder, the requirements of Article 149 shall be deemed satisfied in relation to any person by sending to the person in any manner not prohibited by the Statutes, a summary financial statement derived from the Company's annual accounts and the directors' report which shall be in the form and containing the information required by applicable laws and regulations, provided that any person who is otherwise entitled to the annual financial statements of the Company and the directors' report thereon may, if he so requires by notice in writing served on the Company, demand that the Company sends to him, in addition to a summary financial~~

¹⁷⁹ SEC Form 6-K, Exhibit 99.2, filed 23 November 2022, Page 54

~~statement, a complete printed copy of the Company's annual financial statement and the directors' report thereon.~~

150. The Directors in each calendar year shall prepare, or cause to be prepared, an annual return and declaration setting forth the particulars required by the Act and deliver a copy thereof to the Registrar of Companies in the Cayman Islands.

~~151. The requirement to send to a person referred to in Article 149 the documents referred to in that article or a summary financial report in accordance with Article 150 shall be deemed satisfied where, in accordance with all applicable Statutes, rules and regulations, including, without limitation, the rules of the Designated Stock Exchange, the Company publishes copies of the documents referred to in Article 149 and, if applicable, a summary financial report complying with Article 150, on the Company's computer network or in any other permitted manner (including by sending any form of electronic communication), and that person has agreed or is deemed to have agreed to treat the publication or receipt of such documents in such manner as discharging the Company's obligation to send to him a copy of such documents.~~

157. *The statement of income and expenditure and the balance sheet provided for by these Articles shall be examined by the Auditor and compared by him with the books, accounts and vouchers relating thereto; and he shall make a written report thereon stating whether such statement and balance sheet are drawn up so as to present fairly the financial position of the Company and the results of its operations for the period under review and, in case information shall have been called for from Directors or officers of the Company, whether the same has been furnished and has been satisfactory. The financial statements of the Company shall be audited by the Auditor in accordance with generally accepted auditing standards. The Auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the Auditor shall be submitted to the Members in general meeting. The generally accepted auditing standards referred to herein may be those of a country or jurisdiction other than the Cayman Islands. If so, the financial statements and the report of the Auditor should disclose this act and name such country or jurisdiction.*

232. Removing the requirement to post notices to the Company's website and providing notice to members, unless the Directors deem it appropriate.¹⁸⁰

158. *Any Notice or document, whether or not, to be given or issued under these Articles from the Company to a Member shall be in writing or by cable, telex or facsimile transmission message or other form of electronic transmission or communication and any such Notice and document may be served or delivered by the Company on or to any Member either personally or by sending it through the post in a prepaid envelope addressed to such Member at his registered address as appearing in the Register or at any other address supplied by him to the Company for the purpose or, as the case may be, by transmitting it to any such address or transmitting it to any telex or facsimile transmission number or electronic number or address or website supplied by him to the Company for the giving of Notice to him or which the person transmitting the notice reasonably and bona fide believes at the relevant time will result in the Notice being duly received by the Member or may also be served by advertisement in appropriate newspapers in accordance with the requirements of the Designated Stock Exchange or, to the extent permitted by the applicable laws, by placing it on the Company's website ~~and giving to the member a notice stating that the notice or other document is available there (a "notice of availability"). The notice of availability may be given to the Member by any of the means set out above~~ should the Directors deem it appropriate. In the case of joint holders of a share all notices shall be given to that one of the joint holders whose name stands first in the Register and notice so given shall be deemed a sufficient service on or delivery to all the joint holders. These Articles shall be examined by the Auditor and compared by him with the books, accounts and vouchers relating thereto; and he shall make a written report thereon stating whether such statement and balance sheet are drawn up so as to present fairly the financial position of the Company and the results of its operations for the period under review and, in case information shall have been called for from Directors or officers of the Company, whether the same has been furnished and has been satisfactory. The financial statements of the Company shall be audited by the Auditor in accordance with generally accepted auditing standards. The Auditor shall make a written report thereon in*

¹⁸⁰ SEC Form 6-K, Exhibit 99.2, filed 23 November 2022, Page 56

accordance with generally accepted auditing standards ~~and the report of the Auditor shall be submitted to the Members in general meeting~~. The generally accepted auditing standards referred to herein may be those of a country or jurisdiction other than the Cayman Islands. If so, the financial statements and the report of the Auditor should disclose this act and name such country or jurisdiction.

233. Removed the notice delivery date from the day on which it is served on the members to when it is placed on the website:¹⁸¹

159. (b) *if sent by electronic communication, shall be deemed to be given on the day on which it is transmitted from the server of the Company or its agent. A notice placed on the Company's website is deemed given by the Company to a Member ~~on the day following that on which a notice of availability is deemed served on the Member~~ upon the time of its placement on the Company's website*

234. These amendments to the Company's articles:

- d. were not made *bona fide* for the benefit of the Company as a whole;
- e. were oppressive to the minority shareholders, including the Petitioners, in that they weakened or removed altogether the Petitioners' rights to information about the Company's affairs and the internal corporate controls that were fundamental to the bargain on the basis of which the Petitioners subscribed to be members of the Company; and
- f. involved Vincent Mo's majority shareholding vehicles appropriating to themselves unjust benefits at the expense of the Petitioners and other minority shareholders by limiting availability of key information to themselves (via Vincent Mo and his affiliates on the board of the Company).

235. In the premises, the amendments to the Company's articles amounted to oppression of minorities by the majority shareholders controlled by Vincent Mo.

E COMPLAINTS: MISLEADING INVESTORS AND/OR FAILING TO COMPLY WITH APPLICABLE DISCLOSURE OBLIGATIONS

236. Fang has repeatedly failed to make full and proper disclosure to the market as required by Form 20-F concerning matters relating to its business and affairs. The

¹⁸¹ SEC Form 6-K, Exhibit 99.2, filed 23 November 2022, Page 57

Petitioners rely on the facts and matters set out further below, pending further investigation:

- a. Failures to disclose material allegations regarding business practices;
 - b. Misleading statements and non-disclosures relating to Fang's properties in the PRC;
 - c. Failure to disclose material facts in relation to the transfer of 42 of Fang's subsidiaries;
 - d. Misleading statements and non-disclosures relating to Fang's properties in the US;
 - e. Failure to file any financials or disclosures as required by Form 20-F since 2020;
 - f. Failure to maintain Fang's NYSE listing;
 - g. Reducing disclosure requirements which additionally restricts the ability of Fang to be re-listed on the NYSE and weakening corporate governance through the adoption of the Sixth Amended and Restated Memorandum of Association; and
 - h. Failure to disclose allegations regarding business practices.
237. The Petitioners contend that the sheer number and materiality of the non-disclosures and misleading statements demonstrate that Fang's management (including Vincent Mo) is not taking its obligations seriously and that there is an urgent need for an independent investigation into Fang's business and affairs and the management of its business and affairs. Furthermore, taken together, the historic and continuing failure of the board of the Company to comply with its obligations to provide information to shareholders gives rise to a reasonable inference of lack of probity on the part of the board and has, among other matters, caused the Petitioners to suffer a justifiable loss of faith and confidence in the management of the Company.

(I) Failure to disclose allegations regarding business practices

238. In September 2015, 1,000 Fang employees were dismissed by way of text message sent by Fang's, "*Supervision and Anti-Corruption Investigation Office*". The employees in question, brokerage agents, were dismissed on the basis that they had allegedly faked transaction contracts in respect of residential real estate listings. Chinese media reports indicated that the brokerage agents were allegedly

involved in “swiping”, i.e. the generation of fake transactions in order to manipulate a commercial online platform which rewards users based on transaction volume.

239. In response to the Chinese media coverage, Fang stated that the dismissals had been made in accordance with its internal code of conduct and that terminations for similar reasons had occurred before.¹⁸²

240. Chinese media outlet, Sina Finance, reported (at the time) that the dismissed workers claimed that swiping had occurred with the knowledge of Fang’s management and that management had acquiesced in this practice. The dismissals led to mass protests by former employees at Fang’s Beijing and Shanghai offices.¹⁸³ Media reports at the time stated that police officers were present at these protests such was their significance.¹⁸⁴

241. In its various filings with the SEC, Fang has failed to make any public disclosure regarding the mass dismissal of approximately one thousand employees for allegedly fraudulent conduct (the “**Swiping Incident**”). Similarly, no public disclosure was made regarding the allegations of former employees that such fraud was condoned by Fang’s management or the mass protests which followed the dismissals. In fact, in Fang’s SEC Form 20-F (Annual Report) filed for 2015, its management described its relationship with its employees as follows:

*“We believe we maintain a good working relationship with our employees and we have not experienced any significant labor disputes...”*¹⁸⁵

242. Fang’s assertion regarding the absence of labour disputes was not correct having regard to the matters pleaded above. Further, by failing to make any public disclosure regarding the mass dismissals for alleged fraud, Fang failed to comply with the SEC’s instructions to Item 6.D of Form 20-F, which requires the company to accurately disclose, “*the number of employees at the end of the period or the average for the period for each of the past three financial years (and changes in such numbers, if material)*” and, “*any significant change in the number of employees, and information regarding the relationship between management and labor unions*”. Additionally, Fang’s failure to disclose the fraud allegations and labour disputes violates its disclosure obligations under Item 8.A(7) of Form 20-F, requiring the company to, “[p]rovide information on any legal or arbitration proceedings,

¹⁸² <http://finance.sina.com.cn/chanjing/gsnews/20151016/173823498020.shtml>

¹⁸³ <https://finance.sina.com.cn/chanjing/gsnews/20151014/095423470201.shtml>

¹⁸⁴ <https://geoinvesting.com/chinese-media-reports-allege-fake-contract-trouble-brewing-at-soufun/>

¹⁸⁵ See SouFun Holdings SEC Form 20-F, Annual Report for the Fiscal Year Ended 31 December 2015, page 129 (same) (filed May 17 2016).

including those . . . involving any third party, which may have, or have had in the recent past, significant effects on the company's financial position or profitability. This includes governmental proceedings pending or known to be contemplated".

(II) Misleading Statements/non-disclosures regarding the IDG Alternative Transaction

243. Paragraphs 45-57 above are repeated.

244. In the premises:

- a. By failing to disclose a related party transaction, namely the 2018 Note Repurchase, in its SEC Form 20-F for the fiscal year ended 31 December 2018, Fang breached its obligations under item 7(B) of Form 20-F, requiring disclosure of certain related party transactions (as further described in paragraph 57 above);
- b. By failing to make proper disclosure of the true purpose of the 2019 Note Repurchase (i.e. to enable related parties to discharge their own liabilities) Fang breached its obligations under Item 7(B) of Form 20-F (as further described in paragraph 57 above).

(III) Misleading statements/non-disclosures regarding PRC properties

Sanya Bay Hotel

245. Paragraphs 111-128 above are repeated.

246. In the premises by falsely claiming that the Sanya Bay Property is a local office (and that it was purchased with the aim of being a local office) and failing to disclose income derived from the properties, Fang has breached its disclosure obligations under Item 4.D of Form 20-F (as summarized in paragraphs 120-125 above) and has misled investors.

Youtx

247. Paragraphs 129 -134 above are repeated.

248. In the premises:

- a. By failing to disclose a related party transaction between Youtx (Fang's branch) and Upsky Enterprises or an entity within the Upsky Group, Fang breached its obligations under Item 7(B) of Form 20-F, requiring disclosure of certain related party transactions (as further described in paragraph 134 above);

- b. Further, by failing to disclose the assets or related income arising from Upsky's use of the Youtx brand and/or its assets, Fang failed to comply with its disclosure obligations under Item 3(A), Item 4.D and Item 8 and item 17 of SEC Form 20-F, namely Item 3 required Fang to disclose "key information", including financial data which, "shall include, at a minimum, net sales or operating revenues; income (loss) from operations; income (loss) from continuing operations; net income (loss); net income (loss) from operations per share; income (loss) from continuing operations per share; total assets; net assets . . .".

Shanghai Baoan Hotel

249. Paragraphs 135-142 above are repeated.

250. In the premises:

- a. If the Shanghai Baoan Hotel is owned by Upsky, by failing to make proper disclosure of this related party transaction, Fang breached its obligations under Item 7(B) of Form 20-F, requiring disclosure of certain related party transactions, including disclosure of any transaction since the beginning of the registrant's last fiscal year between the registrant and any 5% shareholder where the amount involved exceeds \$120,000 and the 5% shareholder has a direct or indirect material interest in the transaction;
- b. If the Shanghai Baoan Hotel is being occupied by Upsky, such undisclosed use of the premises likely violates the Company's SEC disclosure obligations under Item 4.D of Form 20-F. Item 4.D requires the company to accurately disclose information regarding its properties including, "information regarding any material tangible fixed assets, . . . including a description of the size and uses of the property; productive capacity and extent of utilization of the company's facilities".

Baoyi Property

251. Paragraphs 143-160 above are repeated.

252. In the premises:

- a. Fang's failure to disclose a related party transaction (any contracts between Fang and the registered owners owned/controlled by Vincent Mo, including any consolidated controlled entities) violates its obligations under Item 7(B) of Form 20-F and SFAS 57, requiring disclosure of certain related party transactions, including disclosure of any transaction since the beginning of

the registrant's last fiscal year between the registrant and any 5% shareholder where the amount involved exceeds \$120,000 and the 5% shareholder has a direct or indirect material interest in the transaction;

- b. In addition, Fang's failure to disclose the related party transaction with Beijing Baoyi (the management arrangement between Fang and Baoyi Co, a subsidiary of Shanghai Yuyue (a company which is under the control of Vincent Mo) violates its obligations under Item 7(B) of Form 20-F, requiring disclosure of certain related party transactions, including disclosure of any transaction since the beginning of the registrant's last fiscal year between the registrant and any 5% shareholder where the amount involved exceeds \$120,000 and the 5% shareholder has a direct or indirect material interest in the transaction;
- c. Further, by failing to disclose that a hotel operated in its headquarters building that is managed by Baoyi Co, a subsidiary of Shanghai Yuyue (which is under the control of Vincent Mo), Fang violated its disclosure obligations under Item 4.B and 4.D of SEC Form 20-F. Item 4.B. requires the Company to provide an accurate, "description of the nature of the company's operations and its principal activities, stating the main categories of products sold and/or services performed for each of the last three financial years" and, "[a] description of the principal markets in which the company competes, including a breakdown of total revenues by category of activity and geographic market for each of the last three financial years". Item 4.D. requires the company to accurately disclose information regarding its properties including, "information regarding any material tangible fixed assets, . . . including a description of the size and uses of the property; productive capacity and extent of utilization of the company's facilities".

(IV) Failure to disclose details regarding 42 subsidiaries transferred

253. Paragraphs 162-166 above are repeated.

254. Insofar as it has failed to disclose the names of the 42 subsidiaries and significant information regarding these transactions, Fang appears to have breached its disclosure obligations as prescribed by the SEC in Item 4.A.4 for the Form 20-F Annual Report, requiring a company to disclose, "*[t]he important events in the development of the company's business, e.g. information concerning the nature and results of any material reclassification, merger or consolidation of the company or any of its significant subsidiaries; acquisitions or dispositions of material assets other than in the ordinary course of business; any material changes in the mode of*

conducting the business; material changes in the types of products produced or services rendered; name changes; or the nature and results of any bankruptcy, receivership or similar proceedings with respect to the company or significant subsidiaries".

(V) Misleading statements/non-disclosures regarding United States properties

72 Wall Street

255. Paragraphs 167-183 above are repeated.

256. In the premises:

- a. In failing to disclose the true purpose of acquiring 72 Wall Street and in failing to accurately disclose the nature of operations conducted from and the “refurbishment” work conducted at 72 Wall Street, Fang has breached the reporting standards laid down by the SEC regarding corporate assets. Specifically, in its instructions for Item 4.D of the SEC Form 20-F (governing annual disclosures concerning, “*Property, plants and equipment*”), the SEC requires a company to accurately disclose, “information regarding any material tangible fixed assets, . . . including a description of the size and uses of the property; productive capacity and extent of utilization of the company’s facilities”. Further, Item 4.D requires a company to disclose information, “[w]ith regard to any material plans to construct, expand or improve facilities, describe the nature of and reason for the plan, an estimate of the amount of expenditures including the amount of expenditures already paid, a description of the method of financing the activity, the estimated dates of start and completion of the activity, and the increase of production capacity anticipated after completion”. As should be apparent, the annual reports filed by Fang Holdings have not met this requirement and have in instead made inaccurate and misleading disclosures; and
- b. Fang has further issued press statements (and has filed such statements with the SEC) containing misleading information, in that they falsely claimed that the property was to be used as a training centre.

San Jose Property

257. In Fang’s SEC Form 20-F Annual Report for the year 2017, it disclosed that it had, “purchased a total net rentable area of 264,964 square feet in an office building in San Francisco. Our San Francisco office is primarily used as our technology and

research center in the US".¹⁸⁶ This statement was repeated in its SEC Form 20-F Annual Reports for 2018¹⁸⁷ and 2019.¹⁸⁸

258. The property in question is not actually located in the city of San Francisco, but is located in the nearby city of San Jose. An online article from September 2017 discloses that Best Fang Holding LLC ("**Best Fang**"), a subsidiary of Fang, purchased a technology campus known as the 'Campus on First' comprising a three-storey research and development building (119,780 square feet) adjacent to a six-storey office building (145,184 square feet) (totaling 264,964 square feet).¹⁸⁹ The purchase price was approximately US\$58 million.
259. Prior to Best Fang's acquisition of the San Jose property in September 2017, contemporaneous reports in the media indicated that it had been vacant for over a year at least.¹⁹⁰ The Petitioners have not found any evidence that the '*Campus on First*' has been occupied by any tenants/members of Fang staff on a regular basis since its acquisition in 2017 and the property is currently available for lease in its entirety. Fang's "San Francisco" office is therefore not its technology and research centre in the US and the fact that the property is available for lease in its entirety undermines the claims which Fang's management have made regarding the purported use of the '*Campus on First*' in its last three SEC Form 20F filings.
260. Moreover, Fang's directors have caused it to expend approximately US\$58 million for no discernible purpose. The '*Campus on First*' is not in use by Fang nor is it yielding any rental income to cover the cost of maintenance, insurance, tax and other outlay which it ought to be incurring in the meantime.
261. In the premises:
- a. By including inaccurate information in its SEC Form 20F annual filings as to the true use of the San Jose Property and inaccurately representing that the property was located in San Francisco, Fang has failed to comply with SEC

¹⁸⁶ Fang Holdings SEC Form 20-F, Annual Report for the Fiscal Year Ended 31 December 2017, page 48 (filed 15 May 2018).

¹⁸⁷ Fang Holdings SEC Form 20-F, Annual Report for the Fiscal Year Ended 31 December 2018, page 65 (filed 14 May 2019).

¹⁸⁸ Fang Holdings SEC Form 20-F, Annual Report for the Fiscal Year Ended 31 December 2019, page 46 (filed 27 May 2020).

¹⁸⁹ <https://www.bizjournals.com/sanjose/news/2017/09/22/chinese-company-buys-north-san-jose-office-park.html>

¹⁹⁰ <https://www.mercurynews.com/2017/09/21/asian-investors-scoop-up-empty-north-san-jose-campus-for-58-5-million/>; <https://www.bizjournals.com/sanjose/news/2017/09/22/chinese-company-buys-north-san-joseoffice-park.html>

reporting requirements, as specified in Item 4.D. of SEC Form 20-F (as described at paragraph 257 above) in that Fang Holdings has failed to supply accurate information about its, “*material tangible fixed assets, including leased properties . . . including a description of the size and uses of the property; productive capacity and extent of utilization of the company’s facilities*”;

- b. Vincent Mo has breached his fiduciary duties to act *bona fide* in the best interests of Fang.

(VI) Failure to file Form 20-F with the SEC

262. Fang is required to file Form 20-F four months after the end of its fiscal year.¹⁹¹ On 28 April 2020 Fang notified of its delay in filing its 20-F for the period ending 31 December 2019 due to COVID:

*“Fang Holdings Limited (the “Company” or “Fang”) will be relying on the order issued by the U.S. Securities and Exchange Commission (“SEC”) on March 25, 2020 providing **conditional relief to public companies that are unable to timely comply with their filing obligations as a result of the effects of coronavirus disease 2019 (COVID-19)** (Release No. 34-88465) (the “Order”) to delay the filing of its Annual Report on Form 20-F for the fiscal year ended December 31, 2019 (the “Annual Report”) due to circumstances related to COVID-19.*

*Starting from early 2020, to contain the spread of COVID-19, the Chinese government took a number of cautionary measures, which included, among others, extending the Chinese New Year holiday, quarantining individuals infected with or suspected of having COVID-19, restricting residents from travel, encouraging people to work remotely from home and cancelling public activities. People traveling to Beijing, where the Company’s headquarters are located, currently continue to go through a 14-day quarantine in general. As a result of the COVID-19 pandemic, and the responsive government and business continuity measures, the Company’s employees were required to either work remotely or work at office premises in shifts for reduced working hours from January to March 2020. **The restrictions on the access to the Company’s facilities and the quarantine measures have significantly***

¹⁹¹ See “3. Periodic and Ongoing Reporting Obligations. Annual Reports — foreign private issuers file annual reports on Form 20-F. Foreign private issuers are required to file Form 20-F within four months of the end of the fiscal year.” <https://www.sec.gov/divisions/corpfin/internatl/foreign-private-issuers-overview.shtml>

impeded the Company's internal financial staff from completing the financial statements and related materials necessary for audit in time. These, in turn, have hampered the ability of the Company to complete its financial statements and prepare the Annual Report in time to be filed by the original due date of April 30, 2020."¹⁹² (emphasis added)

263. Less than a month later Fang filed its Form 20-F for the period ending 31 December 2019 on 27 May 2020.¹⁹³ The pandemic only caused a 29-day delay in Fang's filing its required annual report on Form 20-F.
264. On 26 March 2021 (which was four months after the commencement of 2020 Winding Up Proceedings), Fang filed its Q4 and Fiscal Year 2020 Unaudited Financial Results¹⁹⁴. Fang demonstrated its ability to publicly disclose its financial records following commencement of such proceedings.
265. On 3 May 2021, two months after presenting its unaudited financial results, Fang notified the SEC of its inability to complete its 2020 Form 20-F "primarily due to the pending winding-up petition"¹⁹⁵. This was a reference to the 2020 Winding Up Proceedings. There is no basis for failing to file its Form 20-F. The pending 2020 Winding Up Proceedings did not previously prevent Fang from filing its Q4 and Fiscal Year 2020 Unaudited Financial Results and should not prevent it from completing its 2020 Form 20-F.
266. In the 2020 Winding Up Proceedings, Fang presented an unaudited consolidated balance sheet and income statement as at 30 June 2021 to prove that it remained cash flow solvent and balance sheet solvent (see Reasons for Decision of The Hon. Anthony Smellie on 13 September 2021 in the 2020 Winding Up Proceedings). So while Fang failed to file required disclosure with the SEC, when it proved useful to the company in another context – such as court proceedings determining whether

¹⁹² See SEC Form 6-K filed 28 April 2020,

https://www.sec.gov/Archives/edgar/data/1294404/000110465920051886/a20-17920_16k.htm

¹⁹³ See SEC Form 20-F,

https://www.sec.gov/Archives/edgar/data/1294404/000110465920066414/a20-6487_120f.htm

¹⁹⁴ See SEC Form 6-K, "Fang Announces Fourth Quarter and Fiscal Year 2020 Unaudited Financial Results"

(filed 29 March 2021,

[https://www.sec.gov/Archives/edgar/data/1294404/000110465921042705/a21-](https://www.sec.gov/Archives/edgar/data/1294404/000110465921042705/a21-11063_1ex99d1.htm)

[11063_1ex99d1.htm](https://www.sec.gov/Archives/edgar/data/1294404/000110465921042705/a21-11063_1ex99d1.htm))

¹⁹⁵ See SEC Form NT 20-F filed 03 May 2021,

https://www.sec.gov/Archives/edgar/data/1294404/000110465921059481/a21-4469_2nt20f.htm

Fang could make a payment on debt for which Vincent Mo was a beneficiary – Fang was clearly able to provide the financial information required.

267. On 03 May 2022, Fang again notified the SEC of its inability to complete its 2021 Form 20-F “primarily due to the pending winding-up petition”¹⁹⁶.
268. On 28 August 2022 Fang submitted a proposal to acquire all outstanding shares of CIH.¹⁹⁷ Over the months of August 2022 to April 2023, Fang was heavily involved in negotiating the acquisition of CIH and made representations of its financial solvency to Roth Capital, the financial adviser to CIH.¹⁹⁸ These financial representations show that the decision to keep the public in the dark about Fang’s financial decision was not made out of necessity but out of a strategic and self-serving choice by the management of Fang. Later, on 04 September 2023 Fang announced that it intended to go private¹⁹⁹.
269. As Fang had not filed any Form 20-F since the year ended December 2019, the shareholders were kept in the dark in respect of transactions and financial position of Fang for some three years (2020 to 2023); it is also impossible for the shareholders to assess the value of their investment.
270. Whilst the 2020 Winding Up Proceedings did not prevent Fang from producing financial information to the Court or to a counterparty in a transaction when the circumstances suit its need, such proceedings have been used as a convenient excuse to derogate its filing obligation and the information rights of its shareholders. The Company's persistent failure to do so gives rise to a reasonable inference of lack of probity in management and contributes to the Petitioners' justified loss of faith and confidence.

¹⁹⁶ See SEC Form NT 20-F filed 03 May 2022,

https://www.sec.gov/Archives/edgar/data/1294404/000110465922054935/tm222817d2_nt20f.htm

¹⁹⁷ See CIH SEC Form 6-K filed 23 August 2022,

<https://www.sec.gov/Archives/edgar/data/1749797/000110465922093692/0001104659-22-093692-index.htm>

¹⁹⁸ See CIH SEC Form SC 13E3 Exhibit (C)-(2) page 5 “Fang Holdings has in excess of \$50 million on its balance sheet“

<https://www.sec.gov/Archives/edgar/data/1749797/000110465923005202/0001104659-23-005202-index.htm>

¹⁹⁹ SEC Form 6-K filed 06 September 2023,

https://www.sec.gov/Archives/edgar/data/1294404/000110465923098475/tm2325466d1_ex99-1.htm

(VII) Failure to comply with the listing requirements on the NYSE

271. As a NYSE listed company Fang is required to file its annual report on Form 20-F and file its semiannual results on Form 6-K. On 18 May 2022 the company:

“today announced that it received a notice from the NYSE Regulation staff regarding the commencement of delisting proceedings of the Company’s American depositary shares (the “ADSs”) on the basis that the ADSs are not suitable for listing due to the Company’s failure to file with the Securities and Exchange Commission its annual report on Form 20-F for the year ended December 31, 2020 and current report on Form 6-K for the half year ended June 30, 2021 by May 17, 2022, which is the maximum time allowed under Section 802.01E of the NYSE’s Listed Company Manual.

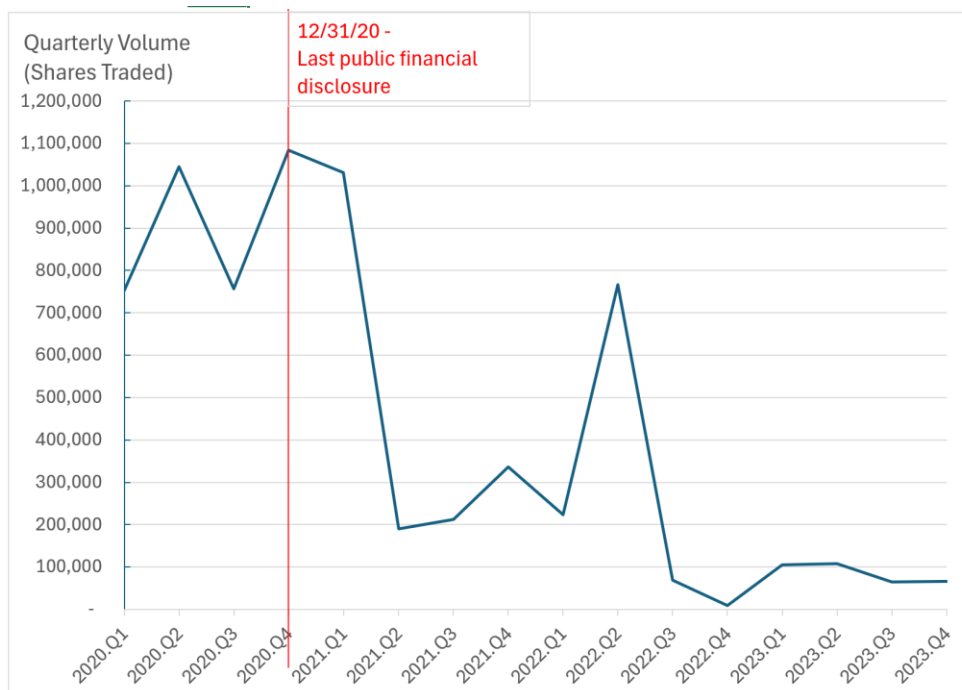
The NYSE suspended the trading in the ADSs on May 18, 2022. The Company has until June 2, 2022 to submit a written request to appeal the NYSE Regulation staff’s delisting decision.”²⁰⁰

272. On 01 June 2022, the Company confirmed to the NYSE that it would not exercise its right to object.²⁰¹

273. By failing to make its annual and semiannual filing requirements, the management of the Company caused Fang’s shares to be delisted from the NYSE, an organized stock exchange, to the OTC market. As a result, the trading volume and liquidity in the shares significantly declined.

²⁰⁰ See SEC Form 6-k filed 19 May 2022, https://www.sec.gov/Archives/edgar/data/1294404/000110465922062647/tm2215979d1_ex99-1.htm

²⁰¹ See SEC Form 25-NSE filed 02 June 2022, <https://www.sec.gov/Archives/edgar/data/876661/000087666122000469/ruleprovisionnotice.htm>



(VIII) Constant Replacement of Auditor and Chronic failure to meet minimum accounting requirements

274. As an SEC-filing company and a NYSE listed company, Fang is required to file its independently audited annual financial statements every year.
275. Since 2004, Fang's auditors had expressed discomfort in respect of its accounting practices. From 2018 to 2022, Fang has had four (4) different auditors.
276. Every accounting firm either resigned due to material weakness over accounting records and systems, lack of sufficient accounting personnel with the appropriate competency, internal control over financial reporting, or was dismissed after identifying these issues, with the exception of Malone Bailey, LLP who didn't opine on Fang's financials as it was dismissed after less than 9 months.
277. After each instance of material weaknesses being identified, Fang promised shareholders to strengthen its corporate governance, reporting disclosures and internal controls.
278. The complaints detailed herein overlap with the dismissal of accounting firms and it can be reasonable inferred that additional complaints have happened since the Petitioners first acquired shares in July 2021 as the dismissal of KPMG Huazahen LLP and Malone Bailey, LLP occurred after July 2021.

279. In the Company's initial public offering, material weakness had been identified by its prior accounting firms.

*"In November 2004, our prior registered independent public accounting firm, or the 2004 accounting firm, whom we had engaged in March 2004 to audit our consolidated financial statements in connection with a proposed initial public offering, **expressed discomfort with our accounting records and systems during the course of its review of our book entries relating to certain advances to our employees. Our 2004 accounting firm also noted inconsistencies between the information we provided and our accounting records.** In December 2004, following discussions with our then-existing audit committee, our **2004 accounting firm informed our audit committee and us that it was unable to continue its audit and was resigning as our registered independent public accounting firm, citing concerns about the reliability and sufficiency of our financial reporting processes, including our internal controls and systems, the financial information provided by our management and certain representations of our employees.***

*In early 2006, we engaged a new registered independent public accounting firm, or our 2006 accounting firm. **Despite efforts by our management to improve our internal controls, our 2006 accounting firm informed us that we lacked sufficient financial accounting staff with U.S. GAAP knowledge or familiarity with SEC reporting processes.** Our 2006 accounting firm also informed us that we initially recorded certain transactions in a manner inconsistent with U.S. GAAP. Furthermore, following discussions among us, our 2006 accounting firm and our 2004 accounting firm regarding our previous restatement of our 2001, 2002 and 2003 financial statements, our **2004 accounting firm notified us of its decision to withdraw its audit opinion on our financial statements for those years.***

*In November 2007, we terminated our working relationship with our 2006 accounting firm whom we had engaged to audit our 2004 and 2005 financial statements. **In February 2008, Ernst & Young Hua Ming replaced our 2006 accounting firm.** Ernst & Young Hua Ming is an affiliate of the independent auditor for Telstra International, which became our significant shareholder in August 2006. In connection with our dismissal of our 2006 accounting firm and our engagement of Ernst & Young Hua Ming, and based on our communications with our 2006 independent accounting firm and Ernst & Young Hua Ming, we do not believe any circumstances concerning the*

change in auditors needed to be brought to Ernst & Young Hua Ming's attention by our 2006 accounting firm.”²⁰² (emphasis added)

280. Fang made promises to shareholders that it would correct these weaknesses and improve its corporate governance including audit disclosures and internal audit controls.

*“In February 2010, in connection with this offering, we engaged Shenzhen Union Strength Business Consulting Co., Ltd., or Union Strength, to assess the effectiveness of our internal control over financial reporting and to make recommendations on our internal control over financial reporting, in preparation for our required future compliance with Section 404 of the Sarbanes-Oxley Act of 2002, or Sarbanes-Oxley. Based on the assessment set forth in Union Strength’s February 2010 report, they recommended that we: (1) **strengthen our corporate governance structure, including our audit disclosure controls and relevant policies and procedures**; (2) **establish an audit committee, an effective internal audit function, a code of conduct, anti-fraud policies, a whistle-blower system and employee complaint handling procedures for accounting and auditing matters**; (3) **strengthen our procedures on the preparation, review, approval and disclosure of financial reports in preparation for becoming a listed company**; (4) **increase the number of financial staff with relevant accounting knowledge and experience with U.S. GAAP**; (5) **improve and regularly update documentation of our processes and controls, such as accounting manuals**; (6) create policies on the maintenance and custody of written and electronic control evidence, such as working papers and supporting documents; and (7) create formal access controls over the opening, cancelling and authorizing of an account in our application systems, improve management of important application systems and segregate our accounting responsibility and financial software system administration.”²⁰³ (emphasis added)*

281. In April 2010, Ernst & Young Hua Ming, the accounting firm appointed in 2008, identified similar weakness to which Fang again promised to correct.

“In April 2010, in connection with the audit of our financial statements included in this prospectus, Ernst & Young Hua Ming identified the following

²⁰² SEC Form F-1 filed 02 September 2010 page 27,
<https://www.sec.gov/Archives/edgar/data/1294404/000095012310083390/h04135fv1.htm>

²⁰³ SEC Form F-1 filed 02 September 2010 page 28,
<https://www.sec.gov/Archives/edgar/data/1294404/000095012310083390/h04135fv1.htm>

material weaknesses: (1) **Ernst & Young Hua Ming noted that we did not have sufficient accounting personnel with an appropriate level of knowledge, experience and training in U.S. GAAP and SEC reporting matters to properly identify, analyze and conclude on accounting issues and to prepare financial statements in accordance with U.S. GAAP and SEC reporting requirements;** and (2) Ernst & Young Hua Ming noted that we did not establish or maintain an effective independent oversight function, such as an independent audit committee, to fulfill the required oversight function of monitoring and evaluating the independent auditors, our financial performance, the transparency of our financial disclosures and the effectiveness of our internal controls, accounting policies and procedures. Ernst & Young Hua Ming also identified the following deficiencies in our internal control over financial reporting: (1) **lack of formal documentation on transfer pricing policy;** (2) **lack of a comprehensive computerized system to timely track operating data and integrate with the accounting system;** and (3) ineffective information technology, or IT, control environment for accounting and key business systems.

As we [Fang] will be subject to the reporting obligations under the U.S. securities laws following this offering, **we are in the process of further refining and enhancing our internal controls** in order to satisfy the requirements of Section 404 of Sarbanes-Oxley, which requires annual management assessments of the effectiveness of our internal control over financial reporting and an attestation report by an independent registered public accounting firm on the effectiveness of our internal control over financial reporting.”²⁰⁴

282. In the Company’s 2010 Annual Report, material weaknesses were identified by Ernst & Young Hua Ming, again with Fang promising to correct reporting deficiencies.

“In connection with the audit of our financial statements for the year ended December 31, 2010, our independent registered public accounting firm, Ernst & Young Hua Ming **identified the following as a material weakness involving internal control over financial reporting:** we did not have sufficient accounting personnel with an appropriate level of knowledge, experience and training in U.S. GAAP and SEC reporting matters to properly

²⁰⁴ SEC Form F-1 filed 02 September 2010 page 28,
<https://www.sec.gov/Archives/edgar/data/1294404/000095012310083390/h04135fv1.htm>

identify, analyze and conclude on accounting issues and to prepare financial statements in accordance with U.S. GAAP and SEC reporting requirements. Ernst & Young Hua Ming also identified the following as **deficiencies in our internal control over financial reporting**: (1) a lack of formal documentation on transfer pricing policy; (2) a lack of formal approval and documentation for cash management and investment activities; and (3) ineffective information technology control environment for accounting and key business systems.

We are taking steps to remediate all significant deficiencies identified by Ernst & Young Hua Ming.²⁰⁵

283. In the Company's 2011 Annual Report, the Company reported it had corrected all the deficiencies in its internal control over financial report.

*"As a result of these remedial actions, we [Fang] believe that the material weakness identified above have been remediated. Our management has concluded that our internal control over financial reporting was effective as of December 31, 2011."*²⁰⁶

284. Ernst & Young Hua Ming additionally reported it believed Fang had effective internal control over financial reporting.

*"In our [Ernst & Young Hua Ming] opinion, [Fang] maintained, in all material respects, effective internal control over financial reporting as of December 31, 2011"*²⁰⁷

285. After a few years of not identifying weakness in the company's controls, in 2017 Ernst & Young Hua Ming again found material weakness over internal control over financial reporting:

"In our opinion, because of the effect of the material weakness described below on the achievement of the objectives of the control criteria, Fang Holdings Limited (the Company) has not maintained effective internal control over financial reporting as of December 31, 2017

A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in

²⁰⁵ SEC Form 20-F filed 10 June 2011 page 15,

<https://www.sec.gov/Archives/edgar/data/1294404/000095012311058186/h05125e20vf.htm>

²⁰⁶ SEC Form 20-F filed 26 April 2012 page 99,

<https://www.sec.gov/Archives/edgar/data/1294404/000119312512186535/d307245d20f.htm>

²⁰⁷ SEC Form 20-F filed 23 April 2012 page F-3,

<https://www.sec.gov/Archives/edgar/data/1294404/000119312512186535/d307245d20f.htm>

*reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.*²⁰⁸

286. In response to its material weaknesses, the company again promised to take corrective action.

“we plan to undertake steps to strengthen our internal control over financial reporting, including: (1) assessing the progress made on legal contingencies in a timely manner by formalizing a litigation inventory and tracking report on a quarterly basis prepared and reviewed by our internal legal group; (2) improving timely communication between accounting team and internal legal group to address impact on the consolidated financial statements as a result of latest developments, if any, on legal contingencies; and (3) establishing effective monitoring and oversight controls over the financial statement close process to ensure our controls over the analysis and accounting for material subsequent event transactions are operated as designed.”²⁰⁹

287. The Company dismissed Ernst & Young Hua Ming as its auditor on 19 July 2018, two months after Ernst & Young Hua Ming expressed an adverse opinion in Fang's annual report for the year ended 31 December 2017 regarding the abovementioned material weakness related to the design of controls to monitor and timely identify significant legal contingencies, or developments thereto, in order to perform appropriate accounting analysis and review, including related financial statement disclosures, as part of the financial statement close process²¹⁰.

²⁰⁸ SEC Form 20-F filed 15 May 2018 page F-1,

https://www.sec.gov/Archives/edgar/data/1294404/000114420418028915/tv488612_20f.htm

²⁰⁹ SEC Form 20-F filed 15 May 2018 page 16,

https://www.sec.gov/Archives/edgar/data/1294404/000114420418028915/tv488612_20f.htm

²¹⁰ SEC Form 20-F filed 14 May 2019 page 147,

https://www.sec.gov/Archives/edgar/data/1294404/000114420419026078/tv519703_20f.htm

288. In the Company's 2018 Annual Report, it was stated KPMG Huazhen LLP also identified material weaknesses on the Company's internal controls, "*our report dated May 14, 2019 expressed an adverse opinion on the effectiveness of the Company's internal control over financial reporting*"²¹¹
289. In response to the material weaknesses, Fang again promised shareholders improved internal controls.

*"To remedy our identified material weakness subsequent to December 31, 2018, we plan to undertake steps to strengthen our internal control over financial reporting, including: (1) hiring more qualified resources including financial controller, equipped with relevant U.S. GAAP and SEC reporting experience and qualifications to strengthen the financial reporting function and to set up a financial and system control framework, (2) implementing regular and continuous U.S. GAAP accounting and financial reporting training programs for our accounting and financial reporting personnel, (3) establishing effective oversight and clarifying reporting requirements for non-recurring and complex transactions to ensure consolidated financial statements and related disclosures are accurate, complete and in compliance with SEC reporting requirements, and (4) upgrading our operating and accounting systems to prevent systematic errors."*²¹²

290. In the Company's 2019 Annual Report, KPMG Huazhen LLP again identified material weakness "*the Company has not maintained effective internal control over financial reporting as of December 31, 2019*"²¹³ with Fang reinforcing its efforts to improve its internal controls.

"our [Fang] disclosure controls and procedures were not effective in certain respects, primarily due to the material weakness in our internal controls

We [Fang] are currently in the process of remediating the material weakness described above. In 2020, we will continue to implement

²¹¹ SEC Form 20-F filed 14 May 2019 page F-1,

https://www.sec.gov/Archives/edgar/data/1294404/000114420419026078/tv519703_20f.htm

²¹² SEC Form 20-F filed 14 May 2019 page 22,

https://www.sec.gov/Archives/edgar/data/1294404/000114420419026078/tv519703_20f.htm

²¹³ SEC Form 20-F filed 31 December 2019 page F-2

https://www.sec.gov/Archives/edgar/data/1294404/000110465920066414/a20-6487_120f.htm

additional measures to remediate the existing material weakness as discussed above.²¹⁴

291. On 28 October 2021 Fang announced its dismissal of KPMG Huazahen LLP and appointment of Malone Bailey, LLP²¹⁵.
292. On 14 July 2022 Fang announced its dismissal of Malone Bailey, LLP and appointment of Shandong Haixin Certified Public Accounts Co., Ltd.²¹⁶

F GROUNDS FOR RELIEF

293. By reason of the matters aforesaid, Vincent Mo, Mr Dai and directors appointed at Vincent Mo's direction have conducted and continue to conduct Fang's business in such a way as is unfairly prejudicial and oppressive to the rights and interests of the Petitioners, other shareholders and other investors, which rights and interests have been disregarded and undermined such that appropriate relief cannot be obtained without the Court's intervention.
294. In addition, Vincent Mo, Mr. Dai and the directors appointed at Vincent Mo's direction have engaged in significant mismanagement/misconduct in respect of the affairs of the Company by way of action and/or omission such that the Petitioners have reasonable grounds to regard the board as operating with a lack of probity and have justifiably lost all confidence in the ability of the board of directors to manage the Company's affairs in accordance with: (i) their fiduciary and common law duties; (ii) applicable regulatory and statutory requirements; and (iii) accepted standards and norms as regards corporate governance, transparency, investor and shareholder protection and commercial behavior generally.
295. The Petitioners rely upon the following matters as rehearsed above, namely:
- a. The IDG Alternative Transaction, as pleaded in paragraphs 45-57 above;
 - b. The Safari Transaction as pleaded in paragraphs 58 to 63 above;
 - c. The CIH Transactions as pleaded in paragraphs 64-101 above;

²¹⁴ SEC Form 20-F filed 31 December 2019 page 112 and 113,

https://www.sec.gov/Archives/edgar/data/1294404/000110465920066414/a20-6487_120f.htm

²¹⁵ SEC Form 6-K filed 28 October 2021,

https://www.sec.gov/Archives/edgar/data/1294404/000110465921130701/tm2130937d1_ex99-1.htm

²¹⁶ SEC Form 6-K filed 15 July 2022,

https://www.sec.gov/Archives/edgar/data/1294404/000110465922080186/tm2221030d1_ex99-1.htm

- d. The pursuit of the business of the Company and use and transfer of its assets for the benefit of Vincent Mo and/or his personal and/or business interests as pleaded in paragraphs 102- 213 above;
- e. The Wanli Transaction as pleaded in paragraphs 214-224 above;
- f. The adoption of oppressive Sixth Amended and Restated Memorandum of Association as pleaded in paragraphs 225-235 above; and
- g. Persistent non-compliance with statutory and regulatory disclosure requirements and the consequent provision of misleading information to shareholders, investors and the market as pleaded in paragraphs 236-292 above.

296. In the premises:

- g. There has been a lack of probity in the conduct of the Company's business by the Company's directors and the Petitioners have justifiably lost trust and confidence in the management of the Company.
- h. The affairs of the Company have been conducted for the benefit of the first Respondent as the owner of the majority shareholders, rather than for the benefit of shareholders as a whole, and in a manner oppressive to the Petitioners as minority shareholders.
- i. Further, by reason of the above, the Company's business and affairs have been and continue to be wrongfully mismanaged to such an extent as to require an urgent and independent investigation.

297. On the foregoing grounds, it is just and equitable for the Company to be wound up.

YOUR PETITIONERS THEREFORE HUMBLY PRAY THAT:

- (1) The Company be wound up in accordance with section 92(e) Companies Act (2023 Revision).
- (2) Andrew Morrison and David Griffin, both of FTI Consulting (Cayman) Limited Suite 3212, 53 Market Street, Camana Bay, Grand Cayman KY1-1203, Cayman Islands and Vincent Fok of FTI Consulting (Hong Kong) Limited, Level 35, Oxford House, Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong, China be appointed as joint official liquidators of the Company with power to act jointly and severally (the "**Official Liquidators**").
- (3) The Official Liquidators be authorized to act jointly and severally in their capacity as liquidators of the Company.

- (4) The Official Liquidators shall not be required to give security for their appointment.
- (5) The Official Liquidators be authorized to exercise within and outside the Cayman Islands any of the powers conferred on them by the Court pursuant to Section 110(2) and Part II of the Third Schedule of the Companies Act without further sanction or intervention of the Court.
- (6) The Official Liquidators be authorized to take any such action as may be necessary or desirable in connection with the liquidation of the Company and the winding-up of its affairs and to prevent the dissipation of the assets of the Company and its subsidiaries in any jurisdiction.
- (7) The Official Liquidators be authorized to take any such action as may be necessary or desirable to obtain recognition of the Official Liquidators and/or their appointment in any other relevant jurisdiction and to make applications to the courts of such purpose
- (8) The Official Liquidators have the power to appoint agents in the Cayman Islands, the United States, the PRC and elsewhere to do any business contemplated by this order which they are unable to do themselves or which can more conveniently be done by an agent.
- (9) The Official Liquidators be authorized to take control of such of the direct and/or indirect subsidiaries of the Company (the "Subsidiaries") and/or control and vote the Company's interest in any joint ventures, investments, associated companies, businesses or other entities in which the Company holds an interest (or such shares of Company) (the "Associated Companies" and collectively with the Company and the Subsidiaries the "Group") in each case wherever located, as the Official Liquidators shall think fit; to call or cause to be called such meetings of such Subsidiaries and/or Associated Companies and/or to sign such resolutions (in accordance with the provisions of any relevant constitutional or related documentation of such companies) and take such other steps including applications to appropriate courts and/or regulators, as the Official Liquidators shall consider necessary to appoint or remove or terminate the engagement or authority of, directors, legal representatives, officers, agents, attorneys and/or managers to, by or from such Subsidiaries and/or Associated Companies, and in each case take such steps as are necessary to cause the registered agents (or other equivalent corporate administrators) of such Subsidiaries or Associated Companies to give effect to the changes to the boards of directors, legal representatives, officers and/or managers of such companies or entities, including (without limitation) effecting changes to the company registers of such Subsidiaries or Associated Companies as may be deemed appropriate by the Official

Liquidators; and/or to take such other action in relation to all such Subsidiaries or Associated Companies as the Official Liquidators shall think fit for the purpose of protecting the Assets and managing the affairs of the Company (which, for the avoidance of doubt, shall include the assets and affairs of the Subsidiaries and Associated Companies).

- (10) The Official Liquidators be at liberty to appoint counsel, attorneys, and/or any other professional advisors and agents, whether in the Cayman Islands or elsewhere as they may consider necessary to advise and assist them in the performance of their duties and on such terms as they may think fit and to remunerate them out of the assets of the Company.
- (11) The remuneration and expenses of the Official Liquidators shall be paid out of the assets of the Company.
- (12) The Official Liquidators be at liberty to apply generally to the Court to make such orders for regulating the future conduct of the affairs of the Company as the Court shall deem fit.
- (13) Such further or other relief be granted as the Court deems appropriate.
- (14) The petitioners' costs of and incidental to the Petition shall be paid forthwith out of the assets of the Company on the indemnity basis.

And your Petitioners will ever pray etc.

Dated the 16th day of January 2024

A handwritten signature in black ink that reads "Carey Olsen". The signature is written in a cursive style. Below the signature is a horizontal line.

Carey Olsen

Attorneys-at-Law for the Petitioners

NOTE: This petition is intended to be served on the First Respondent and the Second Respondent.