
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in the Company, you should at once hand this circular with the accompanying form of proxy to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

PUXING ENERGY LIMITED 普星能量有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 90)

**(1) PROPOSED GRANTING OF GENERAL MANDATES
TO ISSUE NEW SHARES AND REPURCHASE SHARES,
(2) RE-ELECTION OF RETIRING DIRECTORS,
(3) PROPOSED ADOPTION OF NEW MEMORANDUM AND ARTICLES
OF ASSOCIATION,
(4) MAJOR AND CONTINUING CONNECTED TRANSACTIONS
AND
NOTICE OF ANNUAL GENERAL MEETING**

**Independent Financial Adviser to the Independent Board Committee and
the Independent Shareholders in relation to the New Financial Services Agreement**



Capitalised terms used in this cover page have the same meanings as defined in this circular.

A letter from the Independent Board Committee to the Independent Shareholders in relation to the terms of the deposit services, bills acceptance services and bills discounting services under the New Financial Services Agreement is set out on pages 26 and 27 of this circular.

A letter from the Board is set out on pages 5 to 25 of this circular. A notice convening the AGM of the Company to be held at Kowloon Room I, Mezzanine Floor, Kowloon Shangri-La, 64 Mody Road, Kowloon, Hong Kong, on Friday, 17 June 2022 at 10:30 a.m. is set out on pages 111 to 116 of this circular. A form of proxy for use at the AGM is enclosed with this circular.

Whether or not you are able to attend the AGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible and in any event not less than forty-eight (48) hours before the time appointed for the holding of the AGM or any adjournment thereof. Completion and return of the enclosed form of proxy will not preclude you from attending and voting in person at the AGM or any adjournment thereof should you so wish and in such event, the form of proxy shall be deemed to be revoked.

PRECAUTIONARY MEASURES FOR THE AGM

In order to prevent and control the spread of the coronavirus disease (COVID-19) and keep appropriate social distancing for the health and safety of the Shareholders and other attendees of the AGM, the following measures will be taken at the AGM:

- compulsory temperature screening/checks for attendees at the entrance of the hotel
- attendees are required to scan the QR Codes of "LeaveHomeSafe" and "Vaccine Pass" at the entrance of the hotel and the AGM venue respectively, and wear surgical masks throughout the AGM
- limiting the number of attendees at the AGM venue to avoid overcrowding
- maintaining an appropriate social distancing between seats
- no distribution of corporate gift or refreshment

Shareholders are reminded (i) to consider carefully the risk of attending the AGM, which will be held in an enclosed environment; (ii) to follow any guidelines or requirements of the Hong Kong Government relating to COVID-19 pandemic from time to time in deciding whether or not to attend the AGM; and (iii) not to attend the AGM if they have contracted or are suspected to have contracted COVID-19. Shareholders attending the AGM in person are expected to comply with all precautionary measures as set out in this circular. Any person who declines to adhere to any of the measures and cooperate with the hotel or Company staff, or is subjected to any prescribed quarantine of the Hong Kong Government may be denied entry into the AGM venue or be required to leave the AGM venue at the absolute discretion of the Company as permitted by law. Shareholders are further reminded that they may appoint the chairman of the meeting as their proxy to vote on the relevant resolutions at the AGM as an alternative to attending the AGM in person.

Subject to the development of the COVID-19 pandemic, the Company may implement further procedures and precautionary measures at short notice and may issue further announcement as appropriate. Shareholders should check the Company's website (www.puxing-energy.com) and the Stock Exchange's website (www.hkexnews.hk) for updates on the latest arrangement of the AGM.

18 May 2022

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DEFINITIONS

In this circular (other than in the notice of AGM), unless the context otherwise requires, the following expressions shall have the following meanings:

“5% Threshold”	the thresholds referred to in Rule 14A.76(2) of the Listing Rules;
“AGM”	the annual general meeting of the Company to be held at Kowloon Room I, Mezzanine Floor, Kowloon Shangri-La, 64 Mody Road, Kowloon, Hong Kong, on Friday, 17 June 2022 at 10:30 a.m. (or any adjournment thereof);
“Anergy International”	has the meaning as ascribed to it in Appendix I to this circular;
“Articles of Association”	the articles of association of the Company, as amended from time to time;
“associate(s)”	has the meaning ascribed thereto under the Listing Rules;
“BC Fund SPC”	has the meaning as ascribed to it in Appendix I to this circular;
“Board”	the board of Directors;
“CBIRC”	China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會);
“close associate(s)”	has the same meaning ascribed to it under the Listing Rules;
“Company”	Puxing Energy Limited (普星能量有限公司), a company incorporated in the Cayman Islands with limited liability, of which the Shares are listed on the Main Board of the Stock Exchange;
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules;
“controlling shareholder(s)”	has the same meaning ascribed to it under the Listing Rules;
“core connected person(s)”	has the same meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;

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“Extension Mandate”	a general and unconditional mandate to the Directors to the effect that any Shares repurchased under the Repurchase Mandate will be added to the aggregate number of Shares which may be allotted, issued and dealt with under the Issue Mandate;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Hong Kong Government”	the Government of Hong Kong;
“Independent Board Committee”	a committee of the Board comprising Mr. Tse Chi Man, Mr. Yao Xianguo and Mr. Yu Wayne W., being the independent non-executive Directors;
“Independent Financial Adviser”	Donvex Capital Limited, the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the New Financial Services Agreement, the provision of deposit services, bills acceptance services and bills discounting services by Wanxiang Finance to the Group thereunder and the proposed New Caps for the relevant periods;
“Independent Shareholder(s)”	Shareholder(s) who is/are not required to abstain from voting on the resolution in relation to the New Financial Services Agreement at the AGM;
“Issue Mandate”	a general and unconditional mandate to the Directors to exercise all the powers of the Company to allot, issue and otherwise deal with Shares not exceeding 20% of the aggregate number of Shares in issue on the date of passing the relevant resolution;
“Latest Practicable Date”	11 May 2022, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time;

DEFINITIONS

“Memorandum and Articles of Association”	the Memorandum of Association and the Articles of Association;
“Memorandum of Association”	the memorandum of association of the Company, as amended from time to time;
“Mr. Lu”	Mr. Lu Weiding (魯偉鼎先生), the ultimate controller of the Company;
“New Cap(s)”	has the meaning as ascribed to it under the section headed “Major and Continuing Connected Transactions – (ii) New Financial Services Agreement” of this circular;
“New Financial Services Agreement”	the financial services framework agreement entered into between the Company and Wanxiang Finance on 30 March 2022;
“Nomination Committee”	the nomination committee of the Company;
“Old Financial Services Agreement”	the financial services framework agreement entered into between the Company and Wanxiang Finance on 22 January 2020;
“PRC”	the People’s Republic of China, which for the purpose of this circular, excludes Hong Kong, Macao Special Administrative Region of the PRC and Taiwan;
“Puxing International”	has the meaning as ascribed to it in Appendix I to this circular;
“Remuneration Committee”	the remuneration committee of the Company;
“Repurchase Mandate”	a general and unconditional mandate to the Directors to exercise all the powers of the Company to repurchase Shares not exceeding 10% of the aggregate number of the Share of the Company in issue on the date of passing of the relevant resolution;
“RMB”	Renminbi, the lawful currency of the PRC;
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (as amended, supplemented or otherwise modified from time to time);

DEFINITIONS

“Share(s)”	ordinary shares of HK\$0.10 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“substantial shareholder(s)”	has the same meaning ascribed to it under the Listing Rules;
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission of Hong Kong;
“Wanxiang Finance”	Wanxiang Finance Co., Ltd.* (萬向財務有限公司), a company established in the PRC and a connected person of the Company;
“Wanxiang Group”	Wanxiang Group Corporation* (萬向集團公司), a company establish in the PRC and a connected person of the Company; and
“%”	per cent.

* For identification purposes only

References to time and dates in this circular are to Hong Kong time and dates.

LETTER FROM THE BOARD

PUXING ENERGY LIMITED
普星能量有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 90)

Executive Directors:

Mr. XU Anliang (*Chairman*)

Mr. WEI Junyong

Independent Non-executive Directors:

Mr. TSE Chi Man

Mr. YAO Xianguo

Mr. YU Wayne W.

Registered Office:

Cricket Square

Hutchins Drive

PO Box 2681

Grand Cayman, KY1-1111

Cayman Islands

*Principal Place of Business
in Hong Kong:*

Room 706, 7/F., Albion Plaza

2-6 Granville Road

Tsim Sha Tsui, Kowloon

Hong Kong

18 May 2022

To the Shareholders

Dear Sir or Madam,

**(1) PROPOSED GRANTING OF GENERAL MANDATES
TO ISSUE NEW SHARES AND REPURCHASE SHARES,
(2) RE-ELECTION OF RETIRING DIRECTORS,
(3) PROPOSED ADOPTION OF NEW MEMORANDUM AND ARTICLES
OF ASSOCIATION,
(4) MAJOR AND CONTINUING CONNECTED TRANSACTIONS
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with the notice of AGM and information regarding the resolutions to be proposed at the AGM relating to, among other things, (i) the granting of the Issue Mandate to the Board; (ii) the granting of the Repurchase Mandate to the Board; (iii) the granting of the Extension Mandate to the Board; (iv) the re-election of retiring Directors; (v) the adoption of new Memorandum and Articles of Association; (vi) details of the terms of deposit services, bills acceptance services and bills discounting services under the New

LETTER FROM THE BOARD

Financial Services Agreement and the proposed New Caps; (vii) a letter from the Independent Board Committee to the Independent Shareholders in relation to the terms of the deposit services, bills acceptance services and bills discounting services under the New Financial Services Agreement and the proposed New Caps; and (viii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the terms of the deposit services, bills acceptance services and bills discounting services under the New Financial Services Agreement and the proposed New Caps.

ISSUE MANDATE, REPURCHASE MANDATE AND EXTENSION MANDATE

At the annual general meeting of the Company held on 4 June 2021, ordinary resolutions were passed for the granting of general mandates to the Directors (i) to allot, issue and deal with up to 91,720,000 new Shares, representing 20% of the aggregate number of Shares in issue as at 4 June 2021; (ii) to repurchase Shares up to a maximum of 10% of the aggregate number of Shares in issue as at 4 June 2021; and (iii) to extend the general mandate to issue, allot and deal with the Shares in the share capital of the Company by adding the aggregate number of Shares repurchased.

The above general mandates will lapse at the conclusion of the forthcoming AGM. In order to provide continual flexibility to the Directors, the following resolutions (among other matters) will be proposed at the AGM:

- (a) to grant the Issue Mandate to the Directors, i.e., to exercise all the powers of the Company to allot, issue and otherwise deal with additional Shares up to a maximum of 20% of the aggregate number of Shares in issue on the date of passing of such resolution;
- (b) to grant the Repurchase Mandate to the Directors, i.e., to exercise all the powers of the Company to repurchase Shares up to a maximum of 10% of the aggregate number of Shares in issue on the date of passing of such resolution; and
- (c) to grant the Extension Mandate to the Directors, i.e., to extend the aggregate number of Shares to be issued, allotted and dealt with under the Issue Mandate by adding the aggregate number of Shares repurchased under the Repurchase Mandate.

As at the Latest Practicable Date, the Company had an aggregate of 458,600,000 Shares in issue. Subject to the passing of the proposed resolution for the grant of the Issue Mandate and on the basis that no Shares are allotted and issued or repurchased by the Company prior to the AGM, the Company would be allowed under the Issue Mandate (if approved by the Shareholders at the AGM) to issue up to a maximum of 91,720,000 new Shares.

Further, subject to the passing of the proposed resolution for the grant of the Repurchase Mandate and on the basis that no Shares are allotted and issued or repurchased by the Company prior to the AGM, the Company would allow under the Repurchase Mandate (if approved by the Shareholders at the AGM) to repurchase up to a maximum of 45,860,000 Shares.

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Each of the Issue Mandate and Repurchase Mandate, if approved, will continue in force until the earliest of: (i) the conclusion of the next annual general meeting of the Company following the AGM; or (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or any other applicable laws of the Cayman Islands to be held; or (iii) the revocation and variation of the authority given under such resolution by an ordinary resolution of the Shareholders in a general meeting prior to the next annual general meeting of the Company following the AGM.

Under the Listing Rules, the Company is required to give the Shareholders all information which is reasonably necessary to enable the Shareholders to make an informed decision as to whether to vote for or against the resolution for the grant of the Repurchase Mandate to the Directors. The explanatory statement required by the Listing Rules is set out in Appendix I to this circular.

LENGTH OF TENURE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

As at the Latest Practicable Date, the length of tenure of each of the independent non-executive Directors was as follows:

Name	Length of tenure
Mr. Tse Chi Man	About 13 years
Mr. Yao Xianguo	About 13 years
Mr. Yu Wayne W.	About 10 years

RE-ELECTION OF RETIRING DIRECTORS

Pursuant to article 84(1) of the existing Articles of Association and to comply with the code provision B.2.2 of part 2 of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules, at each annual general meeting of the Company, one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. Pursuant to article 84(2) of the existing Articles of Association, a retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the AGM at which he retires.

Accordingly, the Directors, namely, Mr. Yao Xianguo and Mr. Yu Wayne W. will retire as Directors by rotation at the AGM and being eligible, offer themselves for re-election at the AGM.

On 30 March 2022, the Nomination Committee, having reviewed the Board's composition, nominated Mr. Yao Xianguo and Mr. Yu Wayne W. to the Board for it to recommend to Shareholders for re-election at the AGM. The nominations were made in accordance with the nomination policy adopted by the Group and took into account the respective contribution of the retiring Directors to the Board and considering the skills, experience, professional knowledge, personal integrity and time commitments of the retiring Directors, with due regard for the benefits of Board diversity.

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On 30 March 2022, the Board accepted the Nomination Committee's nominations and recommended Mr. Yao Xianguo and Mr. Yu Wayne W. to stand for re-election by Shareholders at the AGM. The Board considers that the re-election of Mr. Yao Xianguo and Mr. Yu Wayne W. as Directors is in the best interest of the Company and its Shareholders as a whole. Mr. Yao Xianguo and Mr. Yu Wayne W. abstained from the discussion and voting at the Board meeting regarding their respective nominations.

Biographical details of the aforementioned retiring Directors who are proposed to be re-elected at the AGM are set out in Appendix II to this circular. The re-election of these retiring Directors will be individually voted on by Shareholders.

PROPOSED ADOPTION OF NEW MEMORANDUM AND ARTICLES OF ASSOCIATION

In order to (i) provide flexibility to the Company in relation to the conduct of general meetings; (ii) bring the Memorandum and Articles of Association in line with the relevant requirements of the applicable laws of the Cayman Islands and the Listing Rules; and (iii) make other consequential and housekeeping amendments, the Board proposes to seek approval of the Shareholders by special resolution at the AGM to amend the existing Memorandum and Articles of Association by way of adoption of the new Memorandum and Articles of Association as the memorandum of association and articles of association of the Company in substitution for, and to the exclusion of, the existing Memorandum and Articles of Association.

A summary of the major changes brought about by the adoption of the new Memorandum and Articles of Association are set out below:

1. to reflect the current name and current share capital of the Company;
2. to allow all general meetings (including, *inter alia*, an annual general meeting, an extraordinary general meeting, any adjourned meeting or postponed meeting) to be held as a physical meeting in any part of the world and at one or more locations, or as a hybrid meeting or an electronic meeting;
3. to include the definition of "Act", "announcement", "close associate", "electronic communication", "electronic meeting", "Hong Kong", "hybrid meeting", "Listing Rules", "Meeting Location", "physical meeting" and "Principal Meeting Place" to align the relevant provision in the new Memorandum and Articles of Association with the applicable laws of the Cayman Islands and the Listing Rules, and making corresponding changes to the relevant articles;
4. to allow the Board to accept the surrender for no consideration of any fully paid share;
5. to allow the seal of the Company to be affixed or imprinted to a share certificate with the authority of the Directors;

LETTER FROM THE BOARD

6. to remove the restriction on the record date to determine the Shareholders' entitlement to any dividend, distribution, allotment or issue;
7. to allow transfer of Shares in the manner permitted by the Stock Exchange even without an instrument of transfer;
8. to provide that notice in relation to suspension for the registration of transfers of Shares may be published by electronic means and the period of the suspension for the registration for the registration of transfer of Shares may be extended with the approval of the Shareholders;
9. to provide that the Company must hold an annual general meeting within six (6) months after the end of the Company's financial year;
10. to include additional details to be specified in a notice of general meeting in light of the allowing general meeting to be held at one or more meeting locations, or as a hybrid meeting or an electronic meeting;
11. to provide that the respective notice period for an annual general meeting and all other general meetings to be not less than twenty-one (21) clear days and fourteen (14) clear days;
12. to clarify that two persons appointed by the clearing house as authorised representatives or proxy shall form a quorum at a general meeting for all purposes;
13. to provide that the chairman of the general meeting may, with the consent of the general meeting at which a quorum is present or at his absolute discretion under certain prescribed circumstances, adjourn the meeting from time to time (or indefinitely), from place to place(s) and/or from one form to another (a physical meeting, a hybrid meeting or an electronic meeting);
14. to provide for the proceedings of general meetings which are held at one or more locations, or as a hybrid meeting or an electronic meeting, and the powers of the Board and the chairman of the general meetings in relation thereto;
15. to allow the Directors to postpone or make changes to a general meeting when they in their absolute discretion consider it is inappropriate, impracticable, unreasonable or undesirable to hold the general meeting on or at the scheduled date or time or place or in the scheduled form, for example, in case of bad weather conditions or other similar events, and making corresponding changes to the relevant articles;
16. to provide that the chairman of the general meeting may allow a resolution to be voted on by a show of hands for purely procedural or administrative matters in a physical meeting, of which a poll may be demanded by the Shareholders;

LETTER FROM THE BOARD

17. to allow the Shareholders to have the right to speak and to vote at a general meeting except where a Shareholder is required to abstain from voting on the matter under consideration;
18. to allow for votes to be cast by the Shareholders electronically as the Directors or the chairman of the general meeting may determine;
19. to allow instruments of proxy to be returned to the Company by electronic means;
20. to allow the Board and the chairman of the general meeting to treat a proxy appointment as valid notwithstanding that all the formalities may not have been complied with;
21. to provide that any person appointed by the Directors to fill a casual vacancy on or as an addition to the Board shall hold office until the next following annual general meeting, and shall then be eligible for re-election;
22. to allow a notice of Board meeting to be given verbally or by electronic means and to clarify that the board meeting can be held in an electronic form;
23. to allow a notification of consent to a Directors' resolution in writing given by a Director to be treated as his/her signature to such resolution;
24. to empower the Board to capitalise certain reserves of the Company to pay up the Shares to be allotted pursuant to any share incentive scheme or employee benefit scheme;
25. to empower the Directors to fill casual vacancy in the office of the auditor of the Company and to fix their remuneration by the Board, and such auditor shall hold office until the next following annual general meeting and their appointment and remuneration shall then be subject to the approval of the Shareholders;
26. to clarify that a notice, document or publication is deemed to have been served on the day on which it first appears on the Company's website to which the recipient may have access or the day on which the notice of availability is deemed to have been delivered to such person, whichever is later, and if such notice, document or publication is issued as an advertisement in a newspaper, it shall be deemed to have been served on the day on which the advertisement first so appears;
27. to remove the provision which provides that in the event of winding-up of the Company in Hong Kong, every Shareholder who is not for the time being in Hong Kong shall be bound to serve notice in writing on the Company appointing some person resident in Hong Kong upon whom summonses and other notices, process or orders under the winding up may be served;

LETTER FROM THE BOARD

28. to clarify that a former Director can also be indemnified for his actions in relation to the affairs of the Company during the time he was a Director;
29. to include a new provision to state the financial year of the Company; and
30. to make other housekeeping amendments, including making consequential amendments in line with the above amendments to the existing Memorandum and Articles of Association.

The proposed adoption of the new Memorandum and Articles of Association is subject to the approval of the Shareholders by way of a special resolution at the AGM.

The full particulars of the proposed amendments to the existing Memorandum and Articles of Association brought about the adoption of the new Memorandum and Articles of Association (marked-up against the existing Memorandum and Articles of Association) is set out in Appendix III to this circular. The new Memorandum and Articles of Association is written in English. There is no official Chinese translation in respect thereof. Therefore, the Chinese version of the new Memorandum and Articles of Association is purely a translation only. Should there be any discrepancy, the English version shall prevail.

The legal advisers to the Company as to Hong Kong laws have confirmed that the proposed amendments to the existing Memorandum and Articles of Association comply with the requirements of the Listing Rules and the legal advisers to the Company as to the laws of the Cayman Islands have confirmed that the proposed amendments to the existing Memorandum and Articles of Association and the proposed adoption of the new Memorandum and Articles of Association do not violate the applicable laws of the Cayman Islands. The Company confirms that there is nothing unusual about the proposed amendments to the existing Memorandum and Articles of Association for a company listed on the Stock Exchange.

MAJOR AND CONTINUING CONNECTED TRANSACTIONS

(i) The Background

As announced in the announcement of the Company dated 30 March 2022 in relation to, *inter alia*, the New Financial Services Agreement, the Company entered into the New Financial Services Agreement with Wanxiang Finance on 30 March 2022, pursuant to which Wanxiang Finance has agreed to provide certain financial services, including, *inter alia*, deposit services, bills acceptance services and bills discounting services to the Group in accordance with the terms and conditions set out in the New Financial Services Agreement. Wanxiang Finance is a non-banking financial institution regulated by the CBIRC.

The Group utilises the services of Wanxiang Finance on a voluntary and non-exclusive basis and is not under any obligation to engage Wanxiang Finance for any particular service. Wanxiang Finance is merely one of a number of financial institutions providing financial services to the Group.

LETTER FROM THE BOARD

(ii) New Financial Services Agreement

Date: 30 March 2022

Parties: (1) The Company; and
(2) Wanxiang Finance.

The transactions under the New Financial Services Agreement are non-exclusive and the Group has the right to decide whether it requires and accepts the financial services to be provided by Wanxiang Finance, and to choose the financial institution at its discretion to engage the financial services, with reference to its own business needs.

Effective date and term

The New Financial Services Agreement shall become effective upon the approval of the deposit services, bills acceptance services and bills discounting services under the New Financial Services Agreement and the annual caps (the “**New Caps**”) for such services at the AGM and has a term commencing 1 January 2023 and ending 31 December 2025. The term of the New Financial Services Agreement can be extended on a mutually agreed basis subject to compliance with the relevant requirements of the Listing Rules.

A. Deposit services

Wanxiang Finance shall provide certain deposit services to the Group, the principal terms of which are as follows:

- (i) the provision of deposit services by Wanxiang Finance to the Group shall be within the scope approved by the CBIRC and in accordance with the relevant laws and regulations of the PRC;
- (ii) the interest rate for the deposit of the Group’s funds with Wanxiang Finance shall be determined on the basis of the base interest rate offered by the People’s Bank of China for the same period, taking into consideration the interest rates for the same type of deposit for the same period offered by other commercial banks in the PRC to the Group, subject to compliance with the relevant requirements of the relevant regulatory bodies; and
- (iii) the maximum daily balance (including interests) of the Group’s deposit with Wanxiang Finance shall not exceed RMB250,000,000.

LETTER FROM THE BOARD

Historical caps, existing cap and historical transaction amounts

As disclosed in the announcement of the Company dated 22 January 2020, the annual caps for the said deposit services of Wanxiang Finance for each of the three years ending 31 December 2022 are RMB170,000,000, RMB170,000,000 and RMB170,000,000, respectively. The said annual cap for the year ending 31 December 2022 shall continue to apply. For each of the years ended 31 December 2020 and 31 December 2021, the maximum daily balance (including interests) of the Group's deposit with Wanxiang Finance, was approximately RMB126,436,000 and approximately RMB134,766,000, respectively; and for the two months ended 28 February 2022, the maximum daily balance (including interests) of the Group's deposit with Wanxiang Finance, was approximately RMB106,301,000.

Proposed New Caps for 2023 to 2025

The Board, having considered (i) the said historical deposit amounts and the historical cash position of the Group; (ii) the expansion in business and operation size of the Group as a result of the completion of acquisition of 100% equity interests of Quzhou Puxing Gas Turbine Thermal Power Co., Ltd.* (衢州普星燃機熱電有限公司) on 30 September 2020 (as announced by the Company on such date); (iii) the expected growth of the business operations of the Group; and (iv) the expected amount of interest income from Wanxiang Finance, proposed that the maximum daily balance (including interests) of the aggregated deposits placed by the Group with Wanxiang Finance under the New Financial Services Agreement shall not exceed RMB250,000,000 for each of the three years ending 31 December 2025 and such have been set as the New Caps for the said deposit services.

B. Bills acceptance services

Wanxiang Finance shall provide bills acceptance services to the Group from time to time upon its request pursuant to which Wanxiang Finance may require the Group to provide security deposit in respect of the bills acceptance services rendered and shall charge the Group a service fee with reference to, *inter alia*, the face value of bills, the level of security deposit provided, payment date of the bills and capital sufficiency of Wanxiang Finance, etc.

The principal terms of such services are as follows:

- (i) the provision of bills acceptance services by Wanxiang Finance to the Group shall be within the scope approved by the CBIRC and in accordance with the relevant laws and regulations of the PRC;
- (ii) the Group and Wanxiang Finance will enter into a separate agreement in respect of the engagement of bills acceptance services;
- (iii) the Group shall not be required to provide any security over its assets for the bills acceptance services save for the security deposit;

LETTER FROM THE BOARD

- (iv) the service fee and proportion of security deposit to the face value of bills in respect of the bills acceptance services shall be no higher than those in the market, and determined with reference to the same for the same type of services for the same period provided by other commercial banks in the PRC to the Group, subject to compliance with the relevant requirements of the relevant regulatory bodies; and
- (v) the aggregate amount of the face value of bills to be accepted under the bills acceptance services shall not exceed RMB100,000,000, RMB100,000,000 and RMB100,000,000, respectively, for each of the three years ending 31 December 2025.

For each of the years ended 31 December 2020 and 31 December 2021, and the two months ended 28 February 2022, no bills acceptance service of Wanxiang Finance was engaged by the Group.

Proposed New Caps for 2023 to 2025

The Board, having considered (i) the historical cash position of the Group; (ii) the liquidity of the business operations of the Group; and (iii) working capital financial channels, proposed that the aggregate amount of the face value of bills to be accepted under the bills acceptance services shall not exceed RMB100,000,000, RMB100,000,000 and RMB100,000,000 respectively, for each of the three years ending 31 December 2025 and such have been set as the New Caps for the said bills acceptance services.

C. Bills discounting services

Wanxiang Finance shall provide certain bills discounting services to the Group, pursuant to which the Group may from time to time transfer certain bills to Wanxiang Finance to obtain funds at a certain discount rate taking into account, *inter alia*, face value of the bills, payment date of the bills, bills issuing bank and capital sufficiency of Wanxiang Finance, etc.

The principal terms of such services are as follows:

- (i) the provision of bills discounting services by Wanxiang Finance to the Group shall be within the scope approved by the CBIRC and in accordance with the relevant laws and regulations of the PRC;
- (ii) the Group and Wanxiang Finance will enter into a separate agreement in respect of the engagement of bills discounting services;

LETTER FROM THE BOARD

- (iii) the discount rate in respect of the bills discounting services to be charged by Wanxiang Finance shall be no higher than the discount rate in the market, and determined with reference to the discount rates for the same type of services for the same period provided by other commercial banks in the PRC to the Group, subject to compliance with the relevant requirements of the relevant regulatory bodies; and
- (iv) the aggregate transaction amount of bills to be transferred to Wanxiang Finance under the bills discounting services shall not exceed RMB100,000,000, RMB100,000,000 and RMB100,000,000, respectively, for each of the three years ending 31 December 2025.

For each of the years ended 31 December 2020 and 31 December 2021, and the two months ended 28 February 2022, no bills discounting service of Wanxiang Finance was engaged by the Group.

Proposed New Caps for 2023 to 2025

The Board, having considered (i) the historical cash position of the Group; (ii) the liquidity of the business operations of the Group; and (iii) working capital financial channels, proposed that the aggregate transaction amount of bills to be transferred to Wanxiang Finance for the bills discounting services shall not exceed RMB100,000,000, RMB100,000,000 and RMB100,000,000 respectively, for each of the three years ending 31 December 2025 and such have been set as the New Caps for the said bills discounting services.

D. Other terms of the New Financial Services Agreement

In addition to the abovementioned deposit services, bills acceptance services and bills discounting services, Wanxiang Finance has also agreed to provide the following financial services to the Group under the New Financial Services Agreement:

- (i) Credit facilities

Wanxiang Finance shall provide certain unsecured revolving credit facilities to the Group under the New Financial Services Agreement. As the said credit facilities to be provided by Wanxiang Finance to the Group are on normal commercial terms or better to the Group and are for the benefit of the Group, and no security over the assets of the Group is granted in respect of such credit facilities, such credit facilities are exempt from the reporting, announcement and independent shareholders' approval requirements under the Listing Rules according to Rule 14A.90 of the Listing Rules.

LETTER FROM THE BOARD

For completeness, the major terms of the said credit facilities to be provided by Wanxiang Finance to the Group are set out below for the Shareholders' information:

- (1) the provision of the credit facilities by Wanxiang Finance to the Group shall be within the scope approved by the CBIRC and in accordance with the relevant laws and regulations of the PRC;
- (2) the interest rate for the credit facilities to be provided by Wanxiang Finance to the Group shall be no higher than the interest rate in the market, and determined with reference to the interest rates for the same type of loan for the same period provided by other commercial banks in the PRC to the Group, subject to compliance with the relevant requirements of the relevant regulatory bodies;
- (3) the Group shall not be required to provide any security over its assets for the credit facilities; and
- (4) Wanxiang Finance shall provide the credit facilities of up to RMB1,000,000,000 (including any facilities that has been utilised by the bills acceptance services and bills discounting services from time to time) to the Group during the term of the New Financial Services Agreement.

(ii) Miscellaneous financial services

Wanxiang Finance shall also provide certain other miscellaneous financial services to the Group under the New Financial Services Agreement. As such miscellaneous financial services shall be conducted on normal commercial terms or better to the Group, and the Group expects that all the percentage ratios (if applicable) of such relevant financial services to be engaged by the Group from Wanxiang Finance in aggregate will be less than 5% and the total consideration or value of financial assistance (as the case may be) will be less than HK\$3,000,000, the provision of such financial services by Wanxiang Finance to the Group will be exempt from the reporting, announcement and independent shareholders' approval requirements under the Listing Rules according to Rule 14A.76 of the Listing Rules.

For completeness, the major terms of the provision of such financial services to be provided by Wanxiang Finance to the Group are set out below for the Shareholders' information:

- (1) the provision of such miscellaneous financial services, including settlement, designated loans and financial advice, etc. to be provided by Wanxiang Finance to the Group, shall be within the scope approved by the CBIRC and in accordance with the relevant laws and regulations of the PRC; and

LETTER FROM THE BOARD

- (2) the fees to be charged by Wanxiang Finance for the provision of such services shall be determined in accordance with relevant laws and regulations on the basis of fair market prices, and shall not exceed the rates charged by independent third parties.

(iii) Internal control procedures

To secure the Shareholders' interests, Wanxiang Finance has given certain undertakings under the New Financial Services Agreement and the Company has adopted certain internal control procedures, pursuant to which the financial management department of the Company conducts monthly tracking, monitoring and verification of the progress of the Company's transactions. The audit committee of the Board conducts a regular review of continuing connected transactions to ensure the effectiveness of the internal control measures relating to continuing connected transactions. The Board considers that the above internal control procedures adopted by the Company in respect of the transactions under the New Financial Services Agreement are appropriate and that they will give sufficient assurance to the Shareholders that the transactions under the New Financial Services Agreement will be appropriately monitored by the Company.

Prior to placing deposits with or engaging bills acceptance services, bills discounting services or other financial services by the Group from Wanxiang Finance, the relevant member of the Group shall obtain at least three quotations from independent financial institutions for similar deposit services, bills acceptance services, bills discounting services or other financial services of a similar nature, to the extent commercially practicable. Such quotation(s) shall be compared to those offered by Wanxiang Finance. The manager of the financial management department will be responsible for deciding whether to accept the deposit conditions or engage bills acceptance services, bills discounting services or other financial services, based on the above information, and seek approval from an executive Director. In case the relevant cap(s) for the relevant year in respect of the relevant transactions may be exceeded, the Group shall suspend those services with Wanxiang Finance for the remainder of such year until the relevant requirements of the Listing Rules (if any) are complied with. The Directors (including the independent non-executive Directors) are of the view that the abovementioned methods and procedures are sufficient to ensure that the said transactions with Wanxiang Finance will be conducted on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders.

LETTER FROM THE BOARD

(iv) Reasons for and benefits of the New Financial Services Agreement

The reasons for the Company to enter into the New Financial Services Agreement with Wanxiang Finance are as follows:

- (i) Wanxiang Finance has a better understanding of the operations of the Group and therefore offers more convenient, efficient and flexible services to the Group than other commercial banks in the PRC;
- (ii) the interest rate for the deposit services, the service fee and proportion of security deposit to the face value of bills for the bills acceptance services and the discount rate for the bills discounting services offered by Wanxiang Finance, and the rates and fees charged by Wanxiang Finance for the credit facilities and miscellaneous financial services to be provided to the Group, shall be equal to or more favourable than those offered or charged by independent third parties in the market in the PRC;
- (iii) the activities of Wanxiang Finance are regulated by the CBIRC and Wanxiang Finance provides services within its approved scope in compliance with the relevant laws and regulations; and
- (iv) the credit risk the Company would be exposed to associated with the deposit services of Wanxiang Finance is the same as or lower than those of independent commercial banks in the PRC on the basis that:
 - (a) the activities of Wanxiang Finance are regulated by the CBIRC and Wanxiang Finance provides services within its approved scope in compliance with the relevant laws and regulations;
 - (b) the audited financial positions of Wanxiang Finance as at 31 December 2020 and 2021, respectively, and audited financial results of Wanxiang Finance for the years ended 31 December 2020 and 2021, respectively, both prepared in accordance with generally accepted accounting principles in the PRC (certain key financial information of the same is set out below);
 - (c) the key financial ratios of Wanxiang Finance (as set out below) which indicate that Wanxiang Finance is in compliance with the CBIRC requirements; and

LETTER FROM THE BOARD

- (d) according to the relevant laws and regulations promulgated by the CBIRC and the articles of association of Wanxiang Finance, in the event that Wanxiang Finance falls into financial difficulty, Wanxiang Group undertook that they will provide financial support to Wanxiang Finance to satisfy its capital need, such as injected additional capital into Wanxiang Finance, to restore its financial position.

The following table sets out the abovementioned (i) key financial information of Wanxiang Finance, according to its audited financial statements for the years ended 31 December 2020 and 2021, respectively; and (ii) key financial ratios of Wanxiang Finance as at 31 December 2020 and 31 December 2021, respectively:

Key financial information of Wanxiang Finance

	For the years ended	
	31 December	
	2021	2020
	<i>RMB million</i>	<i>RMB million</i>
	(audited)	(audited)
Net interest income	305.9	345.4
Investment income	1.0	118.0
Reversal of impairment loss/(Impairment loss)	364.8	(175.0)
Profit after taxation	500.5	305.0
	As at 31 December	
	2021	2020
	<i>RMB million</i>	<i>RMB million</i>
	(audited)	(audited)
Assets		
Loan receivables	19,805.9	15,588.3
Cash and bank balances	3,044.2	1,913.2
Other assets	155.4	408.6
	<u>23,005.5</u>	<u>17,910.1</u>

LETTER FROM THE BOARD

	As at 31 December	
	2021	2020
	<i>RMB million</i>	<i>RMB million</i>
	(audited)	(audited)
Liabilities		
Deposit received	19,914.2	15,058.2
Other liabilities	<u>35.5</u>	<u>296.5</u>
	<u><u>19,949.7</u></u>	<u><u>15,354.7</u></u>
Equity		
Share Capital	1,200.0	1,200.0
Reserves	<u>1,855.8</u>	<u>1,355.4</u>
	<u><u>3,055.8</u></u>	<u><u>2,555.4</u></u>

Key financial ratios of Wanxiang Finance

Financial ratios	Requirements of the CBIRC	As at 31 December	
		2021	2020
Capital adequacy ratio	Not less than 10%	14.01%	13.85%
Inter-bank borrowing balance to total capital ratio	Not more than 100%	Nil	Nil
Total amount of outstanding guarantees to total capital ratio	Not more than 100%	62.06%	71.18%
Total amount of investment to total capital ratio	Not more than 70%	Nil	2.99%
Self-owned fixed assets to total capital ratio	Not more than 20%	0.29%	0.35%

Accordingly, the transactions under the New Financial Services Agreement shall facilitate the Group to increase its efficiency in managing its operation funds with an aim to reduce its financing cost.

LETTER FROM THE BOARD

The Directors (including the independent non-executive Directors in respect of the provision of the deposit services, bills acceptance services and bills discounting services under the New Financial Services Agreement after considering the advice of the Independent Financial Adviser) consider that the New Financial Services Agreement has been negotiated on arm's length basis and is on normal commercial terms or better to the Group, taking into account (i) the audited financial positions of Wanxiang Finance as at 31 December 2020 and 2021 and audited financial results of Wanxiang Finance for the years ended 31 December 2020 and 2021 (certain key financial information of the same is set out above); (ii) the key financial ratios of Wanxiang Finance (as set out above); and (iii) the financial qualification of Wanxiang Finance (being regulated by the CBIRC). The terms of the New Financial Services Agreement, the transactions contemplated thereunder, the proposed New Caps are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The Board approved the New Financial Services Agreement and the transactions contemplated thereunder on 30 March 2022. As at the date of the Board meeting, Mr. Xu Anliang has declared to the Board of his concurrent title as a director of Wanxiang Finance and the chairman of the Board, and he has abstained from voting in respect of the resolutions approving the New Financial Services Agreement, the transactions contemplated thereunder and the proposed New Caps. Reference is made to the announcement of the Company dated 30 March 2022 in relation to, *inter alia*, the New Financial Services Agreement, where it was disclosed that Mr. Xu Anliang had the concurrent title of chairman of the board of directors of Wanxiang Finance. The Company hereby clarifies that Mr. Xu Anliang was a director (and not a chairman of the board of directors) of Wanxiang Finance. Save as disclosed above, none of the other Directors was considered having a material interest in the New Financial Services Agreement and the transactions contemplated thereunder and was required to abstain from voting in respect of the resolutions approving such transactions and the proposed New Caps.

(v) Listing Rules implications

Wanxiang Finance is a subsidiary of Wanxiang Group, the controlling Shareholder indirectly interested in approximately 65.42% of the issued share capital of the Company. Accordingly, Wanxiang Group and Wanxiang Finance are both connected persons of the Company. Therefore, the transactions contemplated under the New Financial Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

As all of the applicable percentage ratios calculated in accordance with the Listing Rules for each of the deposit services, bills acceptance services and bills discounting services under the New Financial Services Agreement for the three years ending 31 December 2025 exceed the 5% Threshold, the provision of each of the deposit services, bills acceptance services and bills discounting services by Wanxiang Finance to the Group and the proposed New Caps for the relevant periods are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Further, as the provision of deposit services by Wanxing Finance to the Group under the New Financial Services Agreement also constitutes a transaction under Rule 14.04(1)(e) of the Listing Rules and one of the applicable percentage ratios calculated in accordance with the Listing Rules for the deposit services under the New Financial Services Agreement exceeds 25% but all of which are less than 100%, the provision of the deposit services by Wanxiang Finance to the Group constitutes a major transaction of the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Company will seek the Independent Shareholders' approval in respect of the New Financial Services Agreement, the provision of deposit services, bills acceptance services and bills discounting services by Wanxiang Finance to the Group thereunder and the proposed New Caps. Other than Puxing International (indirectly wholly-owned by Wanxiang Group), which held 300,000,000 Shares (representing approximately 65.42% of the issued share capital of the Company) as at the Latest Practicable Date, no Shareholder is required to abstain from voting in respect of such resolution at the AGM.

(vi) Information on the parties

The Group

The Group is principally engaged in the development, operation and management of natural gas-fired power plants.

Wanxiang Finance

Wanxiang Finance is principally engaged in the operation of financial business under the financial license regulated by the CBIRC. Wanxiang Finance is a subsidiary of Wanxiang Group, the indirect controlling Shareholder ultimately controlled by Mr. Lu.

LETTER FROM THE BOARD

The scope of business of Wanxiang Finance covers handling financial and financing consultation, credit authentication and related consultation and agency business for member companies; assisting member companies in collection and delivery of transaction payments; engaging in insurance brokerage business upon approval; providing guarantee for member companies; handling entrusted loans and entrusted investments among member companies; handling bill acceptance and discounting for member companies; handling the internal transfer settlement among member companies and formulating the relevant settlement and clearance schemes; taking deposits of member companies; handling loans and finance leasing for member companies; engaging in inter-bank lending; issuing financial corporate bonds upon approval; underwriting corporate bonds of member companies; investing in the equity of financial institutions; investing in securities with price; and providing consumption loan, purchaser loan and finance leasing of products of member companies.

- (vii) Financial effect of the deposit services, bills acceptance services and bills discounting services under the New Financial Services Agreement

The Directors are of the opinion that the provision of deposit services, bills acceptance services and bills discounting services by Wanxiang Finance to the Group under the New Financial Services Agreement will not have any material impact on the earnings, assets and liabilities of the Group.

AGM AND PROXY ARRANGEMENT

A notice convening the AGM to be held at Kowloon Room I, Mezzanine Floor, Kowloon Shangri-La, 64 Mody Road, Kowloon, Hong Kong, on Friday, 17 June 2022 at 10:30 a.m. is set out on pages 111 to 116 of this circular. At the AGM, in addition to the ordinary businesses of the meeting, resolutions will be proposed for approval on the proposed Extension Mandate, amendments to the existing Memorandum and Articles of Association and adoption of the new Memorandum and Articles of Association and the New Financial Services Agreement, the provision of deposit services, bills acceptance services and bills discounting services thereunder and the proposed New Caps as special businesses.

LETTER FROM THE BOARD

A form of proxy for use by the Shareholders at the AGM is enclosed with this circular. Whether or not you are able to attend and vote at the AGM in person, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company's share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible and in any event not less than forty-eight (48) hours before the time appointed for holding the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude the Shareholders from attending and voting in person at the AGM or any adjourned meeting should you so wish and in such event, the form of proxy shall be deemed to be revoked.

VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, all votes of the Shareholders to be taken at the AGM shall be taken by poll. Therefore, the chairman of the AGM will demand a poll for all the resolutions to be put forward at the AGM pursuant to article 66 of the existing Articles of Association. The Company will appoint scrutineers to handle vote-taking procedures at the AGM. The results of the poll will be published on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.puxing-energy.com) as soon as possible after the AGM in accordance with Rule 13.39(5) of the Listing Rules.

RECOMMENDATION

The Board is pleased to recommend all of the retiring Directors to stand for re-election by Shareholders as Directors. The Directors also consider that the proposed resolutions set out in the notice of AGM, including, *inter alia*, the granting of Issue Mandate, Repurchase Mandate, Extension Mandate, the amendments to the existing Memorandum and Articles of Association and the adoption of new Memorandum and Articles of Association, and the New Financial Services Agreement, the provision of deposit services, bills acceptance services and bills discounting services thereunder and the proposed New Caps, are in the best interests of the Company and its Shareholders as a whole. Accordingly, the Directors recommend that all Shareholders to vote in favour of the resolutions to be proposed at the AGM as set out in the notice of AGM.

RESPONSIBILITY STATEMENT

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

LETTER FROM THE BOARD

FURTHER INFORMATION

Your attention is drawn to the additional information set out in Appendices IV to V to this circular in relation to the provision of deposit services, bills acceptance services and bills discounting services under the New Financial Services Agreement.

Yours faithfully,
By Order of the Board
Puxing Energy Limited
XU Anliang
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

PUXING ENERGY LIMITED

普星能量有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 90)

18 May 2022

To the Independent Shareholders of Puxing Energy Limited

Dear Sir or Madam,

MAJOR AND CONTINUING CONNECTED TRANSACTIONS

We have been appointed as members of the Independent Board Committee to advise the Independent Shareholders of Puxing Energy Limited to consider the provision of deposit services, bills acceptance services and bills discounting services by Wanxiang Finance to the Group under the New Financial Services Agreement (as defined in the circular of the Company dated 18 May 2022 (the “**Circular**”)) and the relevant proposed New Caps (as defined in the Circular), details of which are set out in the section headed “Major and Continuing Connected Transactions – (ii) New Financial Services Agreement” in the “Letter from the Board” contained in the Circular. Unless the context otherwise requires, terms defined in the Circular shall have the same meanings when used in this letter.

Your attention is drawn to the “Letter from the Board”, the advice of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the terms of the provision of deposit services, bills acceptance services and bills discounting services by Wanxiang Finance to the Group under the New Financial Services Agreement and the proposed New Caps as set out in the “Letter from the Independent Financial Adviser” as well as other additional information set out in other parts of the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into account the advice of, and the principal factors and reasons considered by the Independent Financial Adviser in relation thereto as stated in its letter, we consider that the terms of the provision of deposit services, bills acceptance services and bills discounting services by Wanxiang Finance to the Group under the New Financial Services Agreement and the proposed New Caps are fair and reasonable, on normal commercial terms (or better to the Group) and in the ordinary and usual course of business of the Company, and in the interest of the Company and its Shareholders as a whole. We therefore recommend that you vote in favour of the ordinary resolution to be proposed at the AGM to approve the New Financial Services Agreement, the provision of deposit services, bills acceptance services and bills discounting services by Wanxiang Finance to the Group thereunder and the proposed New Caps.

Yours faithfully,
The Independent Board Committee

Tse Chi Man
Independent
Non-executive Director

Yao Xianguo
Independent
Non-executive Director

Yu Wayne W.
Independent
Non-executive Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter of advice from Donvex Capital Limited setting out their advice to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.



Unit 2502, 25/F
Carpo Commercial Building
18-20 Lyndhurst Terrace
Central
Hong Kong

18 May 2022

*The Independent Board Committee and the Independent Shareholders of
Puxing Energy Limited*

Dear Sir/Madam,

MAJOR AND CONTINUING CONNECTED TRANSACTION

INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to (i) the provision of deposit services, bills acceptance services and bills discounting services by Wanxiang Finance to the Group under the New Financial Services Agreement; and (ii) the respective proposed New Caps, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company dated 18 May 2022 to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used herein have the same meanings as those defined in the Circular unless otherwise stated.

As stated in the Letter from the Board, on 30 March 2022, the Company entered into the New Financial Services Agreement with Wanxiang Finance in relation to the provision of certain financial services, including, *inter alia*, deposit services, bills acceptance services and bills discounting services.

As at the Latest Practicable Date, Wanxiang Finance is a subsidiary of Wanxiang Group, the controlling Shareholder indirectly interested in approximately 65.42% of the issued share capital of the Company. Accordingly, Wanxiang Group and Wanxiang Finance are both connected persons of the Company. Therefore, the transactions contemplated under the New Financial Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As all of the applicable percentage ratios calculated in accordance with the Listing Rules for each of the deposit services, bills acceptance services and bills discounting services under the New Financial Services Agreement for the three years ending 31 December 2025 exceed the 5% Threshold, the provision of each of the deposit services, bills acceptance services and bills discounting services by Wanxiang Finance to the Group and the proposed New Caps for the relevant periods are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Tse Chi Man, Mr. Yao Xianguo and Mr. Yu Wayne W., has been formed to advise the Independent Shareholders as to (i) whether the provision of deposit services, bills acceptance services and bills discounting services by Wanxiang Finance to the Group contemplated under the New Financial Services Agreement and the relevant proposed New Caps are on normal commercial terms, in the Company's ordinary and usual course of business, fair and reasonable and in the interests of the Company and the Shareholders as a whole, and (ii) how the Independent Shareholders should vote in respect to the relevant resolution(s) to approve the New Financial Services Agreement, the transactions contemplated thereunder and the New Caps. In our capacity as the Independent Financial Adviser, our role is to advise the Independent Board Committee and the Independent Shareholders in this regard.

The Company will seek the Independent Shareholders' approval in respect of the New Financial Services Agreement, the provision of deposit services, bills acceptance services and bills discounting services by Wanxiang Finance to the Group thereunder and the proposed New Caps. Other than Puxing International (indirectly wholly-owned by Wanxiang Group), which held 300,000,000 Shares (representing approximately 65.42% of the issued share capital of the Company) as at the Latest Practicable Date, no Shareholder is required to abstain from voting in respect of such resolution at the AGM.

INDEPENDENCE

We did not act as financial adviser to the Group and its respective connected persons in the past two years immediately preceding the Latest Practicable Date.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In the past two years immediately preceding the Latest Practicable Date, we have acted as the independent financial adviser to independent board committee and independent shareholders of the Company for the very substantial acquisition and connected transaction in relation to the acquisition of the entire equity interests in Quzhou Puxing Gas Turbine Thermal Power Co., Ltd.* (衢州普星燃機熱電有限公司)(the “**Target Company**”) (the “**Previous Engagement**”). For details, please refer to the circular of the Company dated 24 June 2020. Under the Previous Engagement, we were required to express our opinion on and give recommendations to the independent board committee and independent shareholders of the Company in relation to the acquisition of the entire equity interests in the Target Company. Apart from the independent financial adviser roles in connection with the Previous Engagement and the New Financial Services Agreement, we have not acted in any capacity of the Group and its respective connected persons in the past two years immediately preceding the Latest Practicable Date.

We are independent from, and not connected with, the Company or any of its substantial shareholders, directors, chief executive, or any of their respective associates, and have sufficient expertise and resources to give an opinion on the transactions. As at the Latest Practicable Date, we did not have any relationship with or interest in the Company or any other parties within the past two years that could reasonably be regarded as relevant to our independence.

Apart from normal professional fees in connection with this appointment as the Independent Financial Adviser, no other arrangements exist whereby we had received or will receive any fees and/or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence. We consider ourselves independent to form our opinion in relation to the New Financial Services Agreement, the transactions contemplated thereunder and the New Caps.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Directors and management of the Company. We have no reason to believe that any information and representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading. We have assumed that all statements, information, opinions and representations contained or referred to in the Circular, which have been provided by the Directors and management of the Company and for which they are solely and wholly responsible, were true and accurate at the time they were made and continue to be true until the date of the AGM.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed that, having made all reasonable enquiries, to the best of their knowledge and belief, the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no material facts and representations the omission of which would make any statement in the Circular or the Circular misleading.

We consider that we have reviewed sufficient information to reach an informed view regarding the New Financial Services Agreement, the transactions contemplated thereunder and the proposed New Caps, and to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation. We have not, however, for the purpose of this exercise, conducted any form of independent in-depth investigation or audit into the businesses or affairs or future prospects of the Group, nor have we considered the taxation implication on the Group.

Our opinion is based on the financial, economic, market, and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion, and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise, or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell, or buy any Shares or any other securities of the Company.

This letter is issued for the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the New Financial Services Agreement, the transactions contemplated thereunder and the proposed New Caps, and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purpose, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the New Financial Services Agreement including the New Caps, we have taken into consideration the following principal factors and reasons:

I. Background information on the Group

With reference to the Letter from the Board, the Group is principally engaged in the development, operation and management of natural gas-fired power plants.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The table below set forth a summary of the consolidated financial information of the Group for the years ended 31 December 2020 (“FY2020”) and 31 December 2021 (“FY2021”):

	FY2021	FY2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(audited)	(audited)
Revenue	601,573	580,240
Profit for the year	103,792	123,674

According to the annual report for FY2021 of the Company, the revenue of the Group increased from approximately RMB580.2 million for FY2020 to approximately RMB601.6 million for FY2021, representing an increase of approximately 3.7%. The increase in revenue is mainly due to an increase in revenue from the sales of heat of approximately RMB18.6 million benefitted from the increase in the Group’s heat sales volume and the average selling price of heat.

The profit for the year decreased from approximately RMB123.7 million for FY2020 to RMB103.8 million for FY2021, representing a decrease of approximately 16.1%. The decrease in net profit is mainly due to the increase in interest expenses for FY2021 and the absence of a one-off substantial foreign exchange gain similar to that in FY2020 when the Group’s subsidiaries in the PRC distributed profits to their holding companies in Hong Kong while the exchange rate between the declaration date and the actual payment date significantly fluctuated.

	As at	As at
	31 December	31 December
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(audited)	(audited)
Cash and cash equivalents	76,087	131,964
Net assets	718,853	651,215

The cash and cash equivalents of the Group decreased from approximately RMB132.0 million as at 31 December 2020 to approximately RMB76.1 million as at 31 December 2021, representing a decrease of approximately 42.3%. The decrease is mainly due to increase in repayment of debts.

The net asset of the Group increased from approximately RMB651.2 million as at 31 December 2020 to approximately RMB718.9 million as at 31 December 2021, representing an increase of approximately 10.4%. The increase in net assets is mainly due to the net effect of the increase in the net profit of the Group for FY2021 and the distribution of dividends in FY2021.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

II. Background information on Wanxiang Finance

Wanxiang Finance is principally engaged in the operation of financial business under the financial license regulated by the CBIRC. As at the Latest Practicable Date, Wanxiang Finance is a subsidiary of Wanxiang Group, the indirect controlling Shareholder interested in approximately 65.42% of the issued share capital of the Company, ultimately controlled by Mr. Lu. Accordingly, Wanxiang Group and Wanxiang Finance are both connected persons of the Company.

The following table sets out the key financial information of Wanxiang Finance, as extracted from its audited financial statements for FY2021 and FY2020 respectively, both of which were prepared in accordance with the generally accepted accounting principles in the PRC:

	FY2021 <i>RMB million</i> (audited)	FY2020 <i>RMB million</i> (audited)
Net interest income	305.9	345.4
Investment income	1.0	118.0
Reversal of impairment loss/(Impairment loss)	364.8	(175.0)
Profit after taxation	500.5	305.0
	As at 31 December 2021 <i>RMB million</i> (audited)	As at 31 December 2020 <i>RMB million</i> (audited)
Assets		
Loans receivables	19,805.9	15,588.3
Cash and bank balances	3,044.2	1,913.2
Other assets	<u>155.4</u>	<u>408.6</u>
	<u><u>23,005.5</u></u>	<u><u>17,910.1</u></u>
Liabilities		
Deposit received	19,914.2	15,058.2
Other liabilities	<u>35.5</u>	<u>296.5</u>
	<u><u>19,949.7</u></u>	<u><u>15,354.7</u></u>
Equity		
Share capital	1,200.0	1,200.0
Reserves	<u>1,855.8</u>	<u>1,355.4</u>
	<u><u>3,055.8</u></u>	<u><u>2,555.4</u></u>

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As at 31 December 2020 and 2021, the deposit received by Wanxiang Finance was approximately RMB15.1 billion and RMB19.9 billion respectively, which mainly represented the deposit placed by member entities of Wanxiang Finance in relation to deposit services provided by Wanxiang Finance.

As a financial institution regulated by the CBIRC, Wanxiang Finance is required to operate in compliance with Measures for the Administration of Finance Companies of Enterprise Groups (《企業集團財務公司管理辦法》) (the “Measures”) to prevent possible financial risk, including credit risk. Pursuant to the Measures, it requires the following:

- (i) in the event that Wanxiang Finance falls into financial difficulty, Wanxiang Group undertook that they will provide financial support to Wanxiang Finance to satisfy its capital need, such as injected additional capital into Wanxiang Finance, to restore its financial position; and
- (ii) Wanxiang Finance is required to comply with certain financial ratio requirements set by the CBIRC from time to time. As provided by the Company, the below table sets out the key financial ratios of Wanxiang Finance as at 31 December 2020 and 31 December 2021 respectively:

Financial ratios	Requirements of the CBIRC	As at 31 December 2021	As at 31 December 2020
Capital adequacy ratio	Not less than 10%	14.01%	13.85%
Inter-bank borrowing balance to total capital ratio	Not more than 100%	Nil	Nil
Total amount of outstanding guarantees to total capital ratio	Not more than 100%	62.06%	71.18%
Total amount of investment to total capital ratio	Not more than 70%	Nil	2.99%
Self-owned fixed assets to total capital ratio	Not more than 20%	0.29%	0.35%

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As set out in the table above, Wanxiang Finance complied with the key financial ratio requirements set by CBIRC as at 31 December 2020 and 31 December 2021 respectively. As such, we are of the view that the Measures would mitigate the credit risk exposed by the Company when Wanxiang Finance provides deposit services, bills acceptance services and bills discounting services to the Group.

III. The continuing connected transactions

(a) Background

On 30 March 2022, the Company entered into the New Financial Services Agreement with Wanxiang Finance, pursuant to which Wanxiang Finance has agreed to provide deposit services, bills acceptance services and bills discounting services to the Group.

(b) Reasons for and benefits of entering into the New Financial Services Agreement

Having considered that the Company and Wanxiang Finance belong to the same group and have been familiar with each other in particular for financial areas, the entering into of the New Financial Services Agreement could provide the following benefits:

- (i) Wanxiang Finance has a better understanding of the operations of the Group and therefore offers more convenient, efficient and flexible services to the Group than other commercial banks in the PRC. It also allows efficient allocation of funds as the Group can centralise its cash pool and potentially negotiate for better interest returns leveraging high deposit amount;
- (ii) (a) the interest rate for the deposit services; (b) the service fee and proportion of security deposit to the face value of bills for the bills acceptance services; and (c) the discount rate for the bills discounting services offered by Wanxiang Finance shall be equal to or more favourable than those offered or charged by independent third parties in the market in the PRC;
- (iii) the activities of Wanxiang Finance are regulated by the CBIRC and Wanxiang Finance provides services within its approved scope in compliance with the relevant laws and regulations;
- (iv) the credit risk the Company would be exposed to associate with the deposit services of Wanxiang Finance is the same as or lower than those of independent commercial banks in the PRC on the basis that:
 - (a) the activities of Wanxiang Finance are regulated by the CBIRC and Wanxiang Finance provides services within its approved scope in compliance with the relevant laws and regulations;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (b) the key financial ratios of Wanxiang Finance (as set out in the above section) indicate that the operation of Wanxiang Finance is in compliance with the CBIRC requirements; and
 - (c) according to the relevant laws and regulations promulgated by the CBIRC and the articles of association of Wanxiang Finance, in the event that Wanxiang Finance falls into financial difficulty, Wanxiang Group undertakes that they will provide financial support to Wanxiang Finance to satisfy its capital need, such as injected additional capital into Wanxiang Finance, to restore its financial position.
- (v) The bills acceptance services and bills discounting services under the New Financial Services Agreement provides the Group more flexibility and liquidity as it allows the Company to avoid the mismatch of the working capital as follows:
- (a) The customers of the Group began to settle their purchases of electricity with bills since FY2020. Unless the bills are discounted to the banks or other financial institutions, the bills receivable can only be converted into cash when the bills matured, which normally takes 180 days since the issuance of the bills. However, the Group is required to prepay its natural gas suppliers normally 7 days in advance before delivery. As such, there is a mismatch in the flow of working capital. In light of the above, the Group considers to use bills acceptance services and bills discounting services to address the problem;
 - (b) by implementing bills acceptance services, the Group is able to purchase natural gas from suppliers via bills to delay the full cash payment of the purchase. The Group can request Wanxiang Finance to issue a bill of the full purchase amount by merely paying a deposit to Wanxiang Finance and pay the remaining amount within a period of time. Then the Group is able to settle the purchase of natural gas with suppliers using the bill. Normally, the Group is required to prepay its suppliers 7 days in advance before delivery, whereas, under the bills acceptance services, the Group can opt to settle the full amount of the bill within 180 days since its issuance. In this way, the Group can delay the full cash payment of the purchase; and
 - (c) by implementing bills discounting services, the Group is able to convert the bills receivables received from the customers into cash upon the receipt of the bills rather than to wait till the due date of the bills for the settlement of the bills receivables. The early receipt of cash could be utilised to settle payments with suppliers to avoid the liquidity risk as a result of the mismatch of working capital as mentioned in paragraph (a) above; and

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (vi) Wanxiang Finance has adopted internal control and risk management measures to mitigate fund risks and guarantee fund safety, thereby protecting the overall interests of the Group.

In view of the above, we concur with the Directors that the entering into of the New Financial Services Agreement is fair and reasonable and is in the interest of the Company and the Shareholders as a whole.

(c) *Principal terms of the deposit services, bills acceptance services, and bills discounting services under the New Financial Services Agreement*

The following summarised the principal terms of the New Financial Services Agreement:

Date:	30 March 2022
Parties:	The Company; and Wanxiang Finance
Term:	Three years from 1 January 2023 to 31 December 2025
Major terms:	A. Deposit services

Wanxiang Finance shall provide certain deposit services to the Group, the principal terms of which are as follows:

- (i) the provision of deposit services by Wanxiang Finance to the Group shall be within the scope approved by the CBIRC and in accordance with the relevant laws and regulations of the PRC;
- (ii) the interest rate for the deposit of the Group's funds with Wanxiang Finance shall be determined on the basis of the base interest rate offered by the People's Bank of China for the same period, taking into consideration the interest rates for the same type of deposit for the same period offered by other commercial banks in the PRC to the Group, subject to compliance with the relevant requirements of the relevant regulatory bodies; and

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- (iii) the maximum daily balance (including interests) of the Group's deposit with Wanxiang Finance shall not exceed RMB250,000,000.

B. Bills acceptance services

Wanxiang Finance shall provide bills acceptance services to the Group from time to time upon its request pursuant to which Wanxiang Finance may require the Group to provide security deposit in respect of the bills acceptance services rendered and shall charge the Group a service fee with reference to, *inter alia*, the face value of bills, the level of security deposit provided, payment date of the bills and capital sufficiency of Wanxiang Finance, etc. The principal terms of such services are as follows:

- (i) the provision of bills acceptance services by Wanxiang Finance to the Group shall be within the scope approved by the CBIRC and in accordance with the relevant laws and regulations of the PRC;
- (ii) the Group and Wanxiang Finance will enter into a separate agreement in respect of the engagement of bills acceptance services;
- (iii) the Group shall not be required to provide any security over its assets for the bills acceptance services save for the security deposit;
- (iv) the service fee and proportion of security deposit to the face value of bills in respect of the bills acceptance services shall be no higher than those in the market, and determined with reference to the same for the same type of services for the same period provided by other commercial banks in the PRC to the Group, subject to compliance with the relevant requirements of the relevant regulatory bodies; and

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- (v) the aggregate amount of the face value of bills to be accepted under the bills acceptance services shall not exceed RMB100,000,000, RMB100,000,000 and RMB100,000,000, respectively, for each of the three years ending 31 December 2025.

C. Bills discounting services

Wanxiang Finance shall provide certain bills discounting services to the Group, pursuant to which the Group may from time to time transfer certain bills to Wanxiang Finance to obtain funds at a certain discount rate taking into account, *inter alia*, face value of the bills, payment date of the bills, bills issuing bank and capital sufficiency of Wanxiang Finance, etc. The principal terms of such services are as follows:

- (i) the provision of bills discounting services by Wanxiang Finance to the Group shall be within the scope approved by the CBIRC and in accordance with the relevant laws and regulations of the PRC;
- (ii) the Group and Wanxiang Finance will enter into a separate agreement in respect of the engagement of bills discounting services;
- (iii) the discount rate in respect of the bills discounting services to be charged by Wanxiang Finance shall be no higher than the discount rate in the market, and determined with reference to the discount rates for the same type of services for the same period provided by other commercial banks in the PRC to the Group, subject to compliance with the relevant requirements of the relevant regulatory bodies; and
- (iv) the aggregate transaction amount of bills to be transferred to Wanxiang Finance under the bills discounting services shall not exceed RMB100,000,000, RMB100,000,000 and RMB100,000,000, respectively, for each of the three years ending 31 December 2025.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Our assessment

We have reviewed the terms of the of the New Financial Services Agreement and noted that all the interest rates and service fees associated with the deposit services, bills acceptance services and bills discounting services under the New Financial Services Agreement are the same or more favorable than those provided by other independent third parties. We further observed that the services provided by Wanxiang Finance are within the scope approved by the CBIRC and in accordance with the relevant laws and regulations of the PRC.

As such, we consider the terms of the New Financial Services Agreement are (i) on normal commercial terms; and (ii) fair and reasonable.

(d) *Historical Transaction Amounts and the New Caps*

Deposit services

Set out below are (i) the historical amounts of the deposit services for the FY2020 and FY2021 and 2 months ended 28 February 2022 (“**2M2022**”); (ii) the annual caps for FY2020, FY2021, and the year ending 31 December 2022 (“**FY2022**”); and (iii) the New Caps for the year ending 31 December 2023 (“**FY2023**”), 31 December 2024 (“**FY2024**”) and 31 December 2025 (“**FY2025**”):

	Historical transaction amounts			New Caps		
	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
	RMB	RMB	RMB	RMB	RMB	RMB
	(million)	(million)	(million)	(million)	(million)	(million)
Maximum daily balance (including interests)	126.4	134.8	106.3 (Note)	NA	NA	NA
Daily balance caps	170	170	170	250	250	250
Utilisation rate	74.4%	79.3%	62.5%	NA	NA	NA

Note: It represents the maximum daily balance (including interests) for 2M2022.

Historical transaction amounts

As illustrated in the above table, we have noticed that the utilisation rates of the annual cap for deposit with Wanxiang Finance were 74.4%, 79.4%, and 62.5% for FY2020, FY2021, and 2M2022, respectively.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Basis of determination of the New Caps

As disclosed in the Letter from the Board, the New Caps in respect of the deposit services were determined after taking into account of (i) the historical deposit amount and the historical cash position of the Group; (ii) the expected growth of the business operations of the Group; and (iii) the expected amount of interest income from Wanxiang Finance.

Our assessment on the fairness and reasonableness of annual caps for deposit services

(i) Historical deposit amounts

We noted that the maximum daily deposit balance of the Group with Wanxiang Finance for FY2020, FY2021 and 2M2022 amounted to approximately RMB126.4 million, RMB134.8 million, and RMB106.3 million, which represent approximately 74.4%, 79.4% and 62.5% of the annual caps for deposit services for FY2020, FY2021 and FY2022, respectively. Upon further discussion with the Directors, we found out that the Company had to refrain from using deposit services with Wanxiang Finance and instead seek independent third parties for deposit services in worry of exceeding the existing annual caps.

In addition, with respect to the Company's circular dated 24 June 2020, the acquisition of the entire equity interests in Target Company had significantly increased the scale of the Group's business operations from the following perspectives:

- (a) the installed power generation capacity increased significantly from approximately 457.58 megawatt to 687.73 megawatt, representing an increase of approximately 50%;
- (b) the maximum heating capacity significantly increased from approximately 160 tons/hour to 360 tons/hour, representing an increase of approximately 125%; and
- (c) as disclosed in the annual report of the Company for FY2020, the revenue of the Target Company amounted to approximately RMB170.9 million for FY2019, representing approximately 58% of the total revenue of the Group prior to the acquisition of the entire interests in the Target Company of approximately RMB292.2 million. The adjusted revenue of the Group for FY2019 was RMB463.1 after taking into account the acquisition of the Target Company, representing an increase of 58%.

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The previous annual caps for deposit services were made with respect to the business operations prior to the acquisition of the Target Company. The New Caps for deposit service of RMB250 million from previous annual caps of RMB170 million represents an increase of approximately 47%, which is commensurate to the 50% increase in the rising power generation capacity and 58% increase in revenue as stated above after taking into account the acquisition of the Target Company. The New Caps for deposit services need to cater for the additional business size introduced by the acquisition.

(ii) The expected growth of the business operations of the Group

In recent years, the PRC government has been firmly committed to achieve carbon peaking and carbon neutrality goals and has been determined to assist the development and usage of low carbon energy consumption. As of the Latest Practicable Date, the majority of electricity in China is generated via burning coal. We have discussed with the Directors and noted that, since the Company solely utilise natural gas, a more environmentally friendly fossil fuel with comparatively low carbon emission, to generate electricity and heat, the Company may benefit from the new energy policies of the PRC government in the event of utilisation of clean energy as a replacement of coal. Furthermore, as confirmed with the Directors, we noticed Zhejiang Province intends to comprehensively implement the electricity spot market trading so as to tie in with its purpose of achieving growth in natural gas power generation, which will create opportunities for the Group to expand its natural gas power generation business and may lead to an increase in the Group's natural gas power generation. Notwithstanding the competition the Group may face in the electricity spot market, the electricity spot market trading represents a chance for the Group to secure extra business for power generation. As such, a higher cap for maximum daily balance would be necessary to cater for the potential growth of the business operations of the Group.

Conclusion

Having considered all the factors as mentioned above, we are of the view that the New Caps regarding deposit services of the New Financial Services Agreement are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Bills acceptance services

The following table sets forth the New Caps for bills acceptance services under the New Financial Services Agreement for FY2023, FY2024 and FY2025:

	FY2023	FY2024	FY2025
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	<i>(million)</i>	<i>(million)</i>	<i>(million)</i>
Annual caps	100	100	100

Historical transaction amount

The Group did not receive any bills acceptance services from Wanxiang Finance for FY2020, FY2021 and 2M2022.

Basis of determination of the New Caps

As disclosed in the Letter from the Board, the New Caps in respect of the bills acceptance services were determined after taking into account (i) the historical cash position of the Group; (ii) the liquidity of the business operations of the Group; and (iii) working capital financial channels.

Our assessment on the fairness and reasonableness of annual caps for bills acceptance services

We have discussed with the Directors and discovered that bill acceptance services can provide more flexibility and liquidity for the Company as it allows the Group to delay the full cash payment of the purchase, details of which have been disclosed under paragraph (b) of point (v) under the section headed “PRINCIPAL FACTORS AND REASONS CONSIDERED – III. The continuing connected transaction – (b) Reasons for and benefits of entering into the New Financial Services Agreement”.

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We have also reviewed the fuel consumption under the cost of sales of the Group as extracted from the annual report for FY2020 and FY2021. The fuel consumption of the Group was approximately RMB107.7 million, RMB215.3 million and RMB228.4 million for FY2019, FY2020 and FY2021 respectively. The New Caps for bills acceptance services of RMB100 million for FY2023, FY2024 and FY2025 represents approximately 43.8% of fuel consumption for FY2021. Taking into account the above proportion and the expected growth of the business of the Group in the future as stated under the paragraph headed “Deposit services – Our assessment on the fairness and reasonableness of annual caps for deposit services – (ii) The expected growth of the business operations of the Group” in this section above, we are of the view that the New Caps for bills acceptance services of RMB100 million for each of FY2023, FY2024 and FY2025 is a fair and reasonable amount.

Conclusion

Having considered all the factors as mentioned above, we are of the view that the New Caps regarding bills acceptance services under the New Financial Services Agreement are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

Bills discounting services

The following table sets forth the New Caps for bills discounting services under the New Financial Services Agreement for FY2023, FY2024 and FY2025:

	FY2023	FY2024	FY2025
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	<i>(million)</i>	<i>(million)</i>	<i>(million)</i>
Annual caps	100	100	100

As disclosed in the Letter from the Board, the New Caps in respect of the bills discounting services were determined after taking into account (i) the historical cash position of the Group; (ii) the liquidity of the business operations of the Group; and (iii) working capital financial channels.

Historical transaction amount

The Group did not receive any bills discounting services from Wanxiang Finance for FY2020, FY2021 and 2M2022.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Basis of determination of the New Caps

As disclosed in the Letter from the Board, the New Caps in respect of the bill discounting services were determined after taking into account (i) the historical cash position of the Group; (ii) the liquidity of the business operations of the Group; and (iii) working capital financial channels.

Our assessment on the fairness and reasonableness of annual caps for bills discounting services

We have discussed with the Directors and discovered that the Group is able to avoid the liquidity risk as a result of the mismatch of working capital by using bill discounting services, details of which have been disclosed under paragraphs (a) and (c) of point (v) under the section headed “PRINCIPAL FACTORS AND REASONS CONSIDERED – III. The continuing connected transaction – (b) Reasons for and benefits of entering into the New Financial Services Agreement”.

We have reviewed the revenue of the Group in recent years as extracted from the annual report for FY2020 and FY2021. The revenue of the Company was approximately RMB463.1 million, RMB580.2 million and RMB601.6 million for FY2019, FY2020 and FY2021 respectively. As suggested by the Directors, due to the COVID-19 pandemic in China in early 2020, the settlement method on the sales of electricity has been changed, and the Group received approximately RMB56.3 million worth of bills since the beginning of 2020. The said change in settlement method by its customer via bills leads to more necessity for bills discounting services for the Group’s operations.

Considering (i) the increase in the revenue of the Group from RMB463.1 million for FY2019 to RMB601.6 million for FY2021; and (ii) the expected increase in the amount of settlement on the sales of electricity via bills in the future, we are of the view that the New Caps under the bills discounting services is a fair and reasonable amount.

Conclusion

Having considered all the factors as mentioned above, we are of the view that the New Caps regarding bills discounting services under the New Financial Services Agreement are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

IV. Internal control measures

As stated in the Letter from the Board, the Company has adopted the internal control measures for monitoring the continuing connected transactions between the Company and Wanxiang Finance and to ensure that (i) the transactions pursuant to the New Financial Services Agreement will be conducted on normal commercial terms, fair and reasonable and no less favourable than those available from or offered to independent third parties and in accordance to the New Financial Services Agreement; and (ii) the New Caps will not be exceeded. For details of the internal control measures, please refer to the Letter from the Board.

The Directors consider that the internal control mechanism is effective to ensure that the transactions contemplated under the New Financial Services Agreement have been and will be conducted on normal commercial terms and not prejudicial to the interest of the Company and the Shareholders as a whole.

We have carried out the following procedures to assess the internal control in relation to the continuing connected transactions of the Group:

(i) Our review on the guidelines

To assess the effectiveness of the internal control procedures, we have obtained and reviewed the internal procedures guidelines of the Group governing the continuing connected transactions pursuant to the New Financial Services Agreement which stipulates the management responsibilities and division of work.

We noticed that the financial management department of the Company is responsible for conducting monthly tracking, monitoring and verification of the progress of the Company's transactions under the New Financial Services Agreement. The manager of the financial management department is responsible for deciding whether to accept the conditions and services from Wanxiang Finance and seek approval from an executive director of the Company.

Based on the above, we are of the view that the Company has put in place measures that would ensure that the continuing connected transactions will be conducted on normal commercial terms, and on similar basis as the Company's transactions with other independent third parties and shall be on terms no less favourable than those provided by or from independent third parties.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(ii) Review from the Board and the Company

We noted from the annual report for FY2021 of the Company that the Board (including independent non-executive Directors) has conducted regular review of continuing connected transactions and ensure the effectiveness of the relevant internal control measures. The Board confirmed that (i) the aggregate maximum daily balance maintained by the Group with Wanxiang Finance during FY2021 did not exceed the annual cap amount of RMB170 million; and (ii) the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

(iii) The review by the auditor of the Company (the “Auditor”)

We noted from the annual report for FY2021 of the Company that the Auditor has performed a review on the continuing connected transactions. The Auditor has issued its unqualified letter containing its findings with respect to the continuing connected transactions.

(iv) Our sampling on the deposit services between the Group and Wanxiang Finance

We have reviewed recent 4 transaction samples which the Group entered into with Wanxiang Finance in each quarter of FY2021 and the corresponding terms offered by independent third-party services providers. Based on the review of the terms of the comparable transactions, we noted that the principal terms entered into with Wanxiang Finance were no less favourable than those offered by independent third-party financial services providers. The deposit services provided is also in compliance with the requirements under CBIRC.

Considering the above, we consider that:

- (i) the continuing connected transactions pursuant to the New Financial Services Agreement will be conducted on normal commercial terms or better, and there are adequate internal control policies and procedures in place to ensure that the interest rates, discount rates, security deposits and services fees for the continuing connected transactions shall be comparable to those offered by independent third parties; and
- (ii) there are adequate internal control policies and procedures in place to ensure that the New Caps will not be exceeded and the relevant Listing Rules will be complied with from time to time.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RECOMMENDATION

Having considered the abovementioned principal factors and reasons, we are of the view that the provision of deposit services, bills acceptance services and bills discounting services by Wanxiang Finance to the Group contemplated under the New Financial Services Agreement and the relevant proposed New Caps are in the ordinary and usual course of business, on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders, and we also recommend the Independent Shareholders, to vote in favor of the ordinary resolution(s) to be proposed at the AGM to approve the New Financial Services Agreement, the transactions contemplated thereunder and the New Caps.

Yours faithfully,
For and on behalf of
Donvex Capital Limited
Doris Sy
Director

Ms. Doris Sy is a person licensed to carry out type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance and is a responsible officer of Donvex Capital Limited who has around 20 years of experience in corporate finance advisory.

* *For identification purpose only*

This Appendix serves as an explanatory statement, as required by the Listing Rules, to provide requisite information to the Shareholders for their consideration in connection with the Repurchase Mandate.

SHARE CAPITAL

As at the Latest Practicable Date, the authorised share capital of the Company was HK\$100,000,000 divided into 1,000,000,000 Shares, among which an aggregate of 458,600,000 Shares were issued and fully paid-up.

Subject to the passing of the relevant ordinary resolution at the AGM approving the Repurchase Mandate and on the basis that no further Shares will be allotted and issued or repurchased by the Company prior to the AGM, the Company will be allowed under the Repurchase Mandate to repurchase up to a maximum of 45,860,000 Shares until the earliest of: (i) the conclusion of the next annual general meeting of the Company following the AGM; or (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or any other applicable laws of the Cayman Islands to be held; or (iii) the revocation and variation of the authority given under such resolution by an ordinary resolution of the Shareholders in a general meeting prior to the next annual general meeting of the Company following the AGM.

REASONS FOR REPURCHASES

The Directors believe that the proposed grant of the Repurchase Mandate is in the interests of the Company and its Shareholders as a whole. The Repurchase Mandate will give the Company the flexibility to repurchase Shares as and when appropriate. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or its earnings per Share and will only be made when the Directors believe that such repurchase will benefit the Company and its Shareholders as a whole.

The Directors have no present intention to repurchase any Shares and they would only exercise the power to repurchase Shares in circumstances where they consider that the repurchase would be in the best interest of the Company and its Shareholders as a whole.

FUNDING OF REPURCHASES

In repurchasing Shares, the Company may only apply funds legally available for such repurchase in accordance with the Memorandum and Articles of Association, the Listing Rules, the laws of the Cayman Islands and other applicable laws. Repurchases pursuant to the Repurchase Mandate will be made out of funds of the Company legally permitted to be utilised in this connection, including the funds of the Company otherwise available for dividend or distribution or the proceeds of a fresh issue of Shares made for such purpose.

IMPACT ON WORKING CAPITAL OR GEARING POSITION

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in its most recent published audited financial statements contained in the annual report of the Company for the year ended 31 December 2021) in the event that the Repurchase Mandate is exercised in full. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, to the best knowledge of the Directors having made all reasonable enquiries, none of the Directors nor, any of their close associates have a present intention to sell Shares to the Company if the Repurchase Mandate is approved by the Shareholders.

No core connected persons of the Company have notified the Company that they have a present intention to sell Shares to the Company, or have undertaken not to do so, in the event that the Company is authorised to make repurchases of Shares.

UNDERTAKING OF THE DIRECTORS

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the power of the Company to make repurchases of Shares pursuant to the Repurchase Mandate in accordance with the Listing Rules, the Memorandum and Articles of Association and the applicable laws of the Cayman Islands.

EFFECT OF THE TAKEOVERS CODE

If as a result of a repurchase of Shares by the Company, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Takeovers Code. Accordingly, a Shareholder, or a group of Shareholders acting in concert (with the meaning of the Takeovers Code), depending on the level of increase of the Shareholders' shareholding, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. A waiver of this provision would not normally be given except in extraordinary circumstances.

As at the Latest Practicable Date, according to the registers required to be kept by the Company under section 336 of the SFO, and to the best knowledge and belief of the Directors, the following Shareholders were directly or indirectly, interested in 5% or more of the Company's issued share capital:

Name	Number of Shares held as at the Latest Practical Date	Percentage of shareholding as at the Latest Practical Date	Percentage of shareholding if the Repurchase Mandate is exercised in full
Puxing International Limited ("Puxing International")	300,000,000	65.42%	72.68%
Anergy International Limited ("Anergy International") ^(note 1)	300,000,000	65.42%	72.68%
Wanxiang Group ^(note 1)	300,000,000	65.42%	72.68%
Mr. Lu ^(note 1)	300,000,000	65.42%	72.68%
Ms. Li Li ^(note 2)	300,000,000	65.42%	72.68%
BC Greater China Opportunities Fund SPC – BC New Energy Fund SP ("BC Fund SPC")	35,122,000	7.66%	8.51%
BC Capital Group Limited ^(note 3)	35,122,000	7.66%	8.51%

Notes:

- (1) These Shares are held by Puxing International, which is owned as to 100% by Anergy International, which is owned as to 100% by Wanxiang Group which in turn is ultimately controlled by Mr. Lu. Therefore, Anergy International, Wanxiang Group and Mr. Lu are deemed to be interested in the Shares held by Puxing International.
- (2) Ms. Li Li is the spouse of Mr. Lu and is therefore deemed to be interested in the said Shares in which Mr. Lu is deemed to be interested.
- (3) These Shares are held by BC Fund SPC. BC Fund SPC is owned as to 100% by BC Asset Management Limited, which in turn is owned as to 100% by BC Capital Group Limited. BC Capital Group Limited is owned as to 68% by Fullsun International Capital Limited.

In the event that the Repurchase Mandate is exercised in full and assuming that there is no change in the number of Shares held by Puxing International and there is no other change to the issued share capital of the Company, the shareholding of Puxing International in the Company will be increased to approximately 72.68% of the reduced issued share capital of the Company immediately after the exercise in full of the Repurchase Mandate. The Directors are not aware of any consequences which may arise under the Takeovers Code as a consequence of any repurchases made under the Repurchase Mandate. In addition, in exercising the Repurchase Mandate (whether in full or otherwise), the Directors will ensure that the Company shall comply with the requirements of the Listing Rules, including the minimum percentage of Shares being held in public hands.

SHARE REPURCHASES MADE BY THE COMPANY

No repurchases of Shares (whether on the Stock Exchange or otherwise) have been made by the Company during the last six months immediately preceding the Latest Practicable Date.

SHARE PRICES

The highest and lowest prices at which the Shares were traded on the Stock Exchange during each of the previous twelve months before the Latest Practicable Date were as follows:

Month	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2021		
May	1.09	0.92
June	1.11	0.85
July	1.03	0.85
August	0.99	0.87
September	1.00	0.87
October	1.01	0.72
November	0.82	0.70
December	0.88	0.74
2022		
January	0.81	0.76
February	0.83	0.78
March	0.85	0.68
April	0.72	0.62
May (up to Latest Practicable Date)	0.65	0.60

Pursuant to the Listing Rules, stated below are the biographical details of the Directors who will retire and be eligible offer themselves for re-election at the AGM:

INDEPENDENT NON-EXECUTIVE DIRECTORS**Mr. YAO Xianguo**

Mr. YAO Xianguo (“**Mr. Yao**”), aged 69, was appointed as an independent non-executive Director in May 2009. Mr. Yao holds a master’s degree in economics from Fudan University. He is currently a professor at the School of Public Affairs, Zhejiang University, a member of The Expect Evaluation Committee of National Social Science Foundation of China, an executive vice-chairman of the China Industrial Economic Association and a member of the Zhejiang Government Advisory Council. Mr. Yao is currently an independent non-executive director of UniTTEC Co., Ltd., a company listed on the Shenzhen Stock Exchange, and was also an independent non-executive director of Hithink RoyalFlush Information Network Co., Ltd., a company listed on the Shenzhen Stock Exchange, from December 2013 to March 2020. Mr. Yao has ample experience in teaching and research in areas including political economics and labour economics.

Save as disclosed above, Mr. Yao is not related to any Directors, senior management, or substantial or controlling Shareholders, and has not held any directorship in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years, and is not holding any position with the Company or any other members of the Group.

As at the Latest Practicable Date, Mr. Yao does not have any interest in Shares and/or underlying shares of the Company or its associated corporations (within the meaning of Part XV of the SFO).

Mr. Yao was first appointed to the Board in May 2009 and will, therefore, have served for more than nine years at the forthcoming AGM. Mr. Yao has met the independence guidelines set out in Rule 3.13 of the Listing Rules and has submitted to the Stock Exchange a written confirmation concerning his independence to the Company. Mr. Yao has also given to the Company an annual confirmation of his independence. In assessing the independence of Mr. Yao, the Board and the Nomination Committee considered his character, integrity and judgement as demonstrated by his commitment and contribution to the Board during his years of service and his willingness to continuously exercise his independent judgement and to provide the Company with his objective views. The Board and the Nomination Committee are of the view that there is no

indication or evidence that the length of his services has any adverse impact on his independence and the Company has benefited greatly from his contribution and valuable insights derived from his in-depth knowledge of the Company, and believe that the experience and skills of Mr. Yao can bring valuable contribution to the diversity of the Board. The Board, therefore, considered him to be independent and believes that he should be re-elected, in particular, because of his experience and contribution to the Board.

Mr. Yao has entered into a service agreement with the Company. Mr. Yao, if re-elected, will be appointed as an independent non-executive Director for a term of three years with effective from the conclusion of the AGM expiring at the conclusion of the third annual general meeting thereafter, subject to the earlier termination in accordance with the Articles of Association, Listing Rules or applicable laws and regulations. Either party may also terminate the service agreement by giving the other not less than one month's prior notice in writing. According to the service agreement, Mr. Yao is entitled to an annual remuneration of HK\$200,000 in his capacity as an independent non-executive Director, the chairman of the Remuneration Committee and a member of the audit committee of the Company and the Nomination Committee which is determined by reference to his experience, duties and responsibilities, the prevailing market conditions of the industry and the Group's remuneration policy, operating performance and profitability.

Save as disclosed above, in relation to the re-election of Mr. Yao as an independent non-executive Director, there is no information which is discloseable nor is/was he involved in any of the matters required to be disclosed pursuant to any of the requirements of the provisions under Rule 13.51(2)(h) to 13.51(2)(v) of the Listing Rules, and there is no other matter which needs to be brought to the attention of the Shareholders.

Mr. YU Wayne W.

Mr. YU Wayne W. ("**Mr. Yu**"), aged 59, was appointed as an independent non-executive Director in August 2012. Mr. Yu holds a Bachelor of Business Administration degree, a Master of Arts (Economics) degree and a Ph.D. (Finance) degree. Mr. Yu is a Chartered Financial Analyst and is currently a professor of City University of Hong Kong. Before joining City University of Hong Kong, Mr. Yu was a professor of Hong Kong Polytechnic University and an assistant professor of the School of Business at Queen's University in Canada. Mr. Yu is currently an independent non-executive director of Zhejiang Haers Vacuum Containers Co., Ltd. and Richinfo Technology Co., Ltd., companies listed on the Shenzhen Stock Exchange, and a member of the Oversight, Policy and Governance Committee of the Financial Reporting Council. Mr. Yu has ample experience in teaching and research in areas including corporate governance, corporate finance, and capital markets.

Save as disclosed above, Mr. Yu is not related to any Directors, senior management, or substantial or controlling Shareholders, and has not held any directorship in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years, and is not holding any position with the Company or any other members of the Group.

As at the Latest Practicable Date, Mr. Yu does not have any interest in Shares and/or underlying shares of the Company or its associated corporations (within the meaning of Part XV of the SFO).

Mr. Yu was first appointed to the Board in August 2012 and will, therefore, have served for more than nine years at the forthcoming AGM. Mr. Yu has met the independence guidelines set out in Rule 3.13 of the Listing Rules and has submitted to the Stock Exchange a written confirmation concerning his independence to the Company. Mr. Yu has also given to the Company an annual confirmation of his independence. In assessing the independence of Mr. Yu, the Board and the Nomination Committee considered his character, integrity and judgement as demonstrated by his commitment and contribution to the Board during his years of service and his willingness to continuously exercise his independent judgement and to provide the Company with his objective views. The Board and the Nomination Committee are of the view that there is no indication or evidence that the length of his services has any adverse impact on his independence and the Company has benefited greatly from his contribution and valuable insights derived from his in-depth knowledge of the Company, and believe that the experience and skills of Mr. Yu can bring valuable contribution to the diversity of the Board. The Board, therefore, considered him to be independent and believes that he should be re-elected, in particular, because of his experience and contribution to the Board.

Mr. Yu has entered into a service agreement with the Company. Mr. Yu, if re-elected, will be appointed as an independent non-executive Director for a term of three years with effective from the conclusion of the AGM expiring at the conclusion of the third annual general meeting thereafter, subject to the earlier termination in accordance with the Articles of Association, Listing Rules or applicable laws and regulations. Either party may also terminate the service agreement by giving the other not less than one month's prior notice in writing. According to the service agreement, Mr. Yu is entitled to an annual remuneration of HK\$200,000 in his capacity as an independent non-executive Director and a member of the audit committee of the Company and the Nomination Committee which is determined by reference to his experience, duties and responsibilities, the prevailing market conditions of the industry and the Group's remuneration policy, operating performance and profitability.

Save as disclosed above, in relation to the re-election of Mr. Yu as an independent non-executive Director, there is no information which is discloseable nor is/was he involved in any of the matters required to be disclosed pursuant to any of the requirements of the provisions under Rule 13.51(2)(h) to 13.51(2)(v) of the Listing Rules, and there is no other matter which needs to be brought to the attention of the Shareholders.

The following are the proposed amendments to the existing Memorandum and Articles of Association brought about by the adoption of the new Memorandum and Articles of Association. Unless otherwise specified, clauses, paragraphs and article numbers referred to herein are clauses, paragraphs and article numbers of the existing Memorandum and Articles of Association.

Article No. Proposed amendments (showing changes to the existing Memorandum of Association)

**THE COMPANIES ~~LAW~~ ACT (AS REVISED)
EXEMPTED COMPANY LIMITED BY SHARES
AMENDED AND RESTATED MEMORANDUM OF ASSOCIATION**

OF

**~~Amber~~Puxing Energy Limited
琥珀能源普星能量有限公司**

(Adopted at an Annual General Meeting held on 17 June 2022)

1. The name of the Company is ~~Amber~~Puxing Energy Limited 琥珀能源普星能量有限公司.
2. The Registered Office of the Company shall be at the offices of ~~Conyers~~Codan Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
3. Subject to the following provisions of this Memorandum, the objects for which the Company is established are unrestricted: and shall include, but without limitation:
 - (a) to act and to perform all the functions of a holding company in all its branches and to coordinate the policy and administration of any subsidiary company or companies wherever incorporated or carrying on business or of any group of companies of which the Company or any subsidiary company is a member or which are in any manner controlled directly or indirectly by the Company;
 - (b) to act as an investment company and for that purpose to subscribe, acquire, hold, dispose, sell, deal in or trade upon any terms, whether conditionally or absolutely, shares, stock, debentures, debenture stock, annuities, notes, mortgages, bonds, obligations and securities, foreign exchange, foreign currency deposits and commodities, issued or guaranteed by any company wherever incorporated, or by any government, sovereign, ruler, commissioners, public body or authority, supreme, municipal, local or otherwise, by original subscription, tender, purchase, exchange, underwriting, participation in syndicates or in any other manner and whether or not fully paid up, and to meet calls thereon.

4. Subject to the following provisions of this Memorandum, the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided by Section 27(2) of the Companies Law Act (As Revised).

8. The share capital of the Company is ~~HK\$380,000~~ 100,000,000 divided into ~~3,800,000~~ 1,000,000,000 shares of a nominal or par value of HK\$0.10 each, with the power for the Company, insofar as is permitted by law, to redeem or purchase any of its shares and to increase or reduce the said share capital subject to the provisions of the Companies Act (As Revised) and the Articles of Association of the Company and to issue any part of its capital, whether original, redeemed or increased, with or without any preference, priority or special privilege or subject to any postponement of rights or to any conditions or restrictions; and so that, unless the conditions of issue shall otherwise expressly declare, every issue of shares, whether declared to be preference or otherwise, shall be subject to the power hereinbefore contained.

9. The Company may exercise the power contained in the Companies Law Act (As Revised) to deregister in the Cayman Islands and be registered by way of continuation in another jurisdiction.

~~We, the undersigned, are desirous of being formed into a company pursuant to this Memorandum of Association and the Companies Law, and we hereby agree to take the numbers of shares set opposite our respective names below.~~

~~Dated this 8th day of September, 2008~~

~~SIGNATURE, NAME, OCCUPATION AND
ADDRESS OF SUBSCRIBER~~

~~NUMBER OF
SHARES TAKEN
BY SUBSCRIBER~~

~~CODAN TRUST COMPANY (CAYMAN) LIMITED,
a Cayman Islands Company of:~~

~~One (1)~~

~~Cricket Square, Hutchins Drive,
P.O. Box 2681
Grand Cayman KY1 1111
Cayman Islands~~

~~by:~~

~~Sharon Pierson~~

~~Wilma Wood~~

Witness to the above signature

Address: Cricket Square, George Town,
Grand Cayman

Occupation: Corporate Administrator

I, ~~Flossiebell M. Maragh, Asst. Registrar of Companies in and for the Cayman Islands DO~~
HEREBY CERTIFY that this is a true copy of the Memorandum of Association of this Company
duly registered on the 8th day of September, 2008

~~Asst. REGISTRAR OF COMPANIES~~

Article No. Proposed amendments (showing changes to the existing Articles of
Association)

The Companies Law Act (As Revised)
Company Limited by Shares

AMENDED AND RESTATED ARTICLES OF ASSOCIATION

OF

Amber Puxing Energy Limited
琥珀能源普星能量有限公司

(Adopted pursuant to written resolutions passed on 18 June, 2009
at an Annual General Meeting held on 17 June 2022)

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THE COMPANIES ACT (AS REVISED)
COMPANY LIMITED BY SHARES

AMENDED AND RESTATED ARTICLES OF ASSOCIATION

OF

Puxing Energy Limited

普星能量有限公司

(Adopted at an Annual General Meeting held on 17 June 2022)

- The regulations in Table A in the Schedule to the Companies ~~Act~~^{Law} (As Revised) do not apply to the Company.
- (1) In these Articles, unless the context otherwise requires, the words standing in the first column of the following table shall bear the meaning set opposite them respectively in the second column.

<u>WORD</u>	<u>MEANING</u>
<u>“Act”</u>	<u>the Companies Act, Cap. 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands.</u>
<u>“announcement”</u>	<u>an official publication of a Notice or document of the Company, including a publication, subject to and to such extent permitted by the Listing Rules, by electronic communication or by advertisement published in the newspapers or in such manner or means ascribed and permitted by the Listing Rules and applicable laws.</u>

<u>“associate”</u>	has the meaning attributed to it in the rules of the Designated Stock Exchange.
<u>“business day”</u>	shall mean a day on which the Designated Stock Exchange generally is open for the business of dealing in securities in Hong Kong. For the avoidance of doubt, where the Designated Stock Exchange is closed for the business of dealing in securities in Hong Kong on a business day for the reason of a Number 8 or higher Typhoon Signal, Black Rainstorm Warning or other similar event, such day shall for the purposes of these Articles be counted as a business day.
<u>“close associate”</u>	<u>in relation to any Director, shall have the same meaning as defined in the Listing Rules as modified from time to time, except that for purposes of Article 100 where the transaction or arrangement to be approved by the Board is a connected transaction referred to in the Listing Rules, it shall have the same meaning as that ascribed to “associate” in the Listing Rules.</u>
<u>“Company”</u>	Amber Puxing Energy Limited 琥珀能源普星能量有限公司。
<u>“electronic communication”</u>	<u>a communication sent, transmitted, conveyed and received by wire, by radio, by optical means or by other electron magnetic means in any form through any medium.</u>
<u>“electronic meeting”</u>	<u>a general meeting held and conducted wholly and exclusively by virtual attendance and participation by Members and/or proxies by means of electronic facilities.</u>
<u>“Hong Kong”</u>	<u>the Hong Kong Special Administrative Region of the People’s Republic of China.</u>

<u>“hybrid meeting”</u>	<u>a general meeting convened for the (i) physical attendance by Members and/or proxies at the Principal Meeting Place and where applicable, one or more Meeting Locations and (ii) virtual attendance and participation by Members and/or proxies by means of electronic facilities.</u>
<u>“Law”</u>	<u>The Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.</u>
<u>“Listing Rules”</u>	<u>rules of the Designated Stock Exchange.</u>
<u>“Meeting Location”</u>	<u>has the meaning given to it in Article 64A.</u>
<u>“ordinary resolution”</u>	<u>a resolution shall be an ordinary resolution when it has been passed by a simple majority of votes cast by such Members as, being entitled so to do, vote in person or, in the case of any Member being a corporation, by its duly authorised representative or, where proxies are allowed, by proxy at a general meeting of which Notice of not less than fourteen (14) clear days and not less than ten (10) clear business days has been duly given in accordance with Article 59.</u>
<u>“physical meeting”</u>	<u>a general meeting held and conducted by physical attendance and participation by Members and/or proxies at the Principal Meeting Place and/or where applicable, one or more Meeting Locations.</u>
<u>“Principal Meeting Place”</u>	<u>shall have the meaning given to it in Article 59(2).</u>

“special
resolution”

a resolution shall be a special resolution when it has been passed by a majority of not less than three-fourths of votes cast by such Members as, being entitled so to do, vote in person or, 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 Notice ~~of not less than twenty one (21) clear days and not less than ten (10) clear business days 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 if permitted by the Designated Stock Exchange, 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 ninety five per cent. (95%) 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 proposed and passed as a special resolution at a meeting of which Notice of less than twenty one (21) clear days and less than ten (10) clear business days has been given;~~has been duly given in accordance with Article 59.

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.

“Statutes”

the ~~Law~~Act and every other law of the Legislature of the Cayman Islands for the time being in force applying to or affecting the Company, its memorandum of association and/or these Articles.

~~“Subsidiary and Holding Company”~~ has the meanings attributed to them in the rules of the Designated Stock Exchange.

“substantial shareholder” a person who is entitled to exercise, or to control the exercise of, ten per cent. (10%) or more (or such other percentage as may be prescribed by the Listing Rules from time to time) of the voting power at any general meeting of the Company.

(2) In these Articles, unless there be something within the subject or context inconsistent with such construction:

- (e) expressions referring to writing shall, unless the contrary intention appears, be construed as including printing, lithography, photography and other modes of representing or reproducing words or figures in a legible and non-transitory form or, to the extent permitted by and in accordance with the Statutes and other applicable laws, rules and regulations, any visible substitute for writing (including an electronic communication), or modes of representing or reproducing words partly in one visible form and partly in another visible form, and including where the representation takes the form of electronic display, provided that both the mode of service of the relevant document or Notice and the Member’s election comply with all applicable Statutes, rules and regulations;
- (h) references to a document (including, but without limitation, a resolution in writing) being signed or executed include references to it being signed or executed under hand or under seal or by electronic signature or by electronic communication or by any other method and references to a Notice or document include a Notice or document recorded or stored in any digital, electronic, electrical, magnetic or other retrievable form or medium and information in visible form whether having physical substance or not;

- (i) Section 8 and Section 19 of the Electronic Transactions Act (2003) of the Cayman Islands, as amended from time to time, shall not apply to these Articles to the extent it imposes obligations or requirements in addition to those set out in these Articles;
- (j) references to the right of a Member to speak at an electronic meeting or a hybrid meeting shall include the right to raise questions or make statements to the chairman of the meeting, verbally or in written form, by means of electronic facilities. Such a right shall be deemed to have been duly exercised if the questions or statements may be heard or seen by all or only some of the persons present at the meeting (or only by the chairman of the meeting) in which event the chairman of the meeting shall relay the questions raised or the statements made verbatim to all persons present at the meeting, either orally or in writing using electronic facilities;
- (k) references to a meeting shall mean a meeting convened and held in any manner permitted by these Articles and any Member or Director attending and participating at a meeting by means of electronic facilities shall be deemed to be present at that meeting for all purposes of the Statutes and these Articles, and attend, participate, attending, participating, attendance and participation shall be construed accordingly;
- (l) references to a person's participation in the business of a general meeting include without limitation and as relevant the right (including, in the case of a corporation, through a duly authorised representative) to speak or communicate, vote, be represented by a proxy and have access in hard copy or electronic form to all documents which are required by the Statutes or these Articles to be made available at the meeting, and participate and participating in the business of a general meeting shall be construed accordingly;
- (m) references to electronic facilities include, without limitation, website addresses, webinars, webcast, video or any form of conference call systems (telephone, video, web or otherwise); and

- (n) where a Member is a corporation, any reference in these Articles to a Member shall, where the context requires, refer to a duly authorised representative of such Member.
3. (2) Subject to the ~~Law~~Act, the Company's Memorandum and Articles of Association and, where applicable, the Listing Rules and/or the rules of any Designated Stock Exchange and/or any competent regulatory authority, the Company shall have the power to purchase or otherwise acquire its own shares and such power shall be exercisable by the Board in such manner, upon such terms and subject to such conditions as it in its absolute discretion thinks fit and any determination by the Board of the manner of purchase shall be deemed authorised by these Articles for purposes of the ~~Law~~Act. The Company is hereby authorised to make payments in respect of the purchase of its shares out of capital or out of any other account or fund which can be authorised for this purpose in accordance with the ~~Law~~Act.
- (3) ~~Except as allowed by the Law and s~~Subject to compliance with the Listing Rules and the rules and regulations of the Designated Stock Exchange and any other relevant competent regulatory authority, the Company ~~shall not~~may give financial assistance for the purpose of or in connection with a purchase made or to be made by any person of any shares in the Company.
- (4) The Board may accept the surrender for no consideration of any fully paid share.
- (5~~4~~) No share shall be issued to bearer.
4. The Company may from time to time by ordinary resolution in accordance with the ~~Law~~Act alter the conditions of its Memorandum of Association to:
- (d) sub-divide its shares, or any of them, into shares of smaller amount than is fixed by the Company's Memorandum of Association (subject, nevertheless, to the ~~Law~~Act), and may by such resolution determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred, deferred or other rights or be subject to any such restrictions as compared with the other or others as the Company has power to attach to unissued or new shares;

6. The Company may from time to time by special resolution, subject to any confirmation or consent required by the LawAct, reduce its share capital or any capital redemption reserve or other undistributable reserve in any manner permitted by law.
8. ~~(1)~~ Subject to the provisions of the LawAct and the Company's Memorandum and Articles of Association and to any special rights conferred on the holders of any shares or class of shares, any share in the Company (whether forming part of the present capital or not) may be issued with or have attached thereto such rights or restrictions whether in regard to dividend, voting, return of capital or otherwise as the ~~Company may by ordinary resolution determine or, if there has not been any such determination or so far as the same shall not make specific provision, as the~~Board may determine.
9. ~~(2)~~ Subject to the provisions of the LawAct, the ~~rules of any Designated Stock Exchange Listing Rules~~ and the Memorandum and Articles of Association of the Company, and to any special rights conferred on the holders of any shares or attaching to any class of shares, shares may be issued on the terms that they may be, or at the option of the Company or the holder are, liable to be redeemed on such terms and in such manner, including out of capital, as the Board may deem fit.
9. ~~Subject to the Law, any preference shares may be issued or converted into shares that, at a determinable date or at the option of the Company or the holder, are liable to be redeemed on such terms and in such manner as the Company before the issue or conversion may by ordinary resolution of the Members determine. Where the Company purchases for redemption a redeemable share, purchases not made through the market or by tender shall be limited to a maximum price as may from time to time be determined by the Company in general meeting, either generally or with regard to specific purchases. If purchases are by tender, tenders shall be available to all Members alike.~~

10. Subject to the ~~Law~~Act and without prejudice to Article 8, all or any of the special rights for the time being attached to the shares or any class of shares may, unless otherwise provided by the terms of issue of the shares of that class, from time to time (whether or not the Company is being wound up) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting all the provisions of these Articles relating to general meetings of the Company shall, *mutatis mutandis*, apply, but so that:
- (a) the necessary quorum (other than at an adjourned meeting) shall be two persons (or in the case of a Member being a corporation, its duly authorized representative) holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting of such holders, two holders present in person or (in the case of a Member being a corporation) its duly authorized representative or by proxy (whatever the number of shares held by them) shall be a quorum; and
12. (1) Subject to the ~~Law~~Act, these Articles, any direction that may be given by the Company in general meeting and, where applicable, the ~~rules of any Designated Stock Exchange Listing Rules~~ and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, the unissued shares of the Company (whether forming part of the original or any increased capital) shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times and for such consideration and upon such terms and conditions as the Board may in its absolute discretion determine but so that no shares shall be issued at a discount to their nominal value. Neither the Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to Members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the Board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of ~~m~~Members for any purpose whatsoever.

13. The Company may in connection with the issue of any shares exercise all powers of paying commission and brokerage conferred or permitted by the ~~Law Act~~. Subject to the ~~Law Act~~, the commission may be satisfied by the payment of cash or by the allotment of fully or partly paid shares or partly in one and partly in the other.
15. Subject to the ~~Law Act~~ and these Articles, the Board may at any time after the allotment of shares but before any person has been entered in the Register as the holder, recognise a renunciation thereof by the allottee in favour of some other person and may accord to any allottee of a share a right to effect such renunciation upon and subject to such terms and conditions as the Board considers fit to impose.
16. Every share certificate shall be issued under the Seal or a facsimile thereof or with the Seal printed thereon and shall specify the number and class and distinguishing numbers (if any) of the shares to which it relates, and the amount paid up thereon and may otherwise be in such form as the Directors may from time to time determine. The seal of the Company may only be affixed or imprinted to a share certificate with the authority of the Directors, or be executed under the signature of appropriate officials with statutory authority, unless otherwise determined by the Directors. No certificate shall be issued representing shares of more than one class. The Board may by resolution determine, either generally or in any particular case or cases, that any signatures on any such certificates (or certificates in respect of other securities) need not be autographic but may be affixed to such certificates by some mechanical means or may be printed thereon.
17. (2) Where a share stands in the names of two or more persons, the person first named in the Register shall as regards service of ~~n~~Notices and, subject to the provisions of these Articles, all or any other matters connected with the Company, except the transfer of the shares, be deemed the sole holder thereof.
19. Share certificates shall be issued within the relevant time limit as prescribed by the ~~Law Act~~ or as the Designated Stock Exchange may from time to time determine, whichever is the shorter, after allotment or, except in the case of a transfer which the Company is for the time being entitled to refuse to register and does not register, after lodgment of a transfer with the Company.

22. The Company shall have a first and paramount lien on every share (not being a fully paid share) for all moneys (whether presently payable or not) called or payable at a fixed time in respect of that share. The Company shall also have a first and paramount lien on every share (not being a fully paid share) registered in the name of a Member (whether or not jointly with other Members) for all amounts of money presently payable by such Member or his estate to the Company whether the same shall have been incurred before or after notice to the Company of any equitable or other interest of any person other than such ~~an~~Member, and whether the period for the payment or discharge of the same shall have actually arrived or not, and notwithstanding that the same are joint debts or liabilities of such Member or his estate and any other person, whether a Member or not. The Company's lien on a share shall extend to all dividends or other moneys payable thereon or in respect thereof. The Board may at any time, generally or in any particular case, waive any lien that has arisen or declare any share exempt in whole or in part, from the provisions of this Article.
23. Subject to these Articles, the Company may sell in such manner as the Board determines any share on which the Company has a lien, but no sale shall be made unless some sum in respect of which the lien exists is presently payable, or the liability or engagement in respect of which such lien exists is liable to be presently fulfilled or discharged nor until the expiration of fourteen (14) clear days after a ~~an~~Notice in writing, stating and demanding payment of the sum presently payable, or specifying the liability or engagement and demanding fulfilment or discharge thereof and giving ~~an~~Notice of the intention to sell in default, has been served on the registered holder for the time being of the share or the person entitled thereto by reason of his death or bankruptcy.
35. When any share has been forfeited, ~~an~~Notice of the forfeiture shall be served upon the person who was before forfeiture the holder of the share. No forfeiture shall be invalidated by any omission or neglect to give such Notice.

44. The Register and branch register of Members, as the case may be, shall be open to inspection for at least two (2) hours ~~on every~~ during business ~~day~~ hours by Members without charge or by any other person, upon a maximum payment of \$2.50 or such lesser sum specified by the Board, at the Office or such other place at which the Register is kept in accordance with the ~~Law~~ Act or, if appropriate, upon a maximum payment of \$1.00 or such lesser sum specified by the Board at the Registration Office. The Register including any overseas or local or other branch register of Members may, after notice has been given by advertisement in an appointed newspaper or any other newspapers in accordance with the requirements of any Designated Stock Exchange or by any electronic means in such manner as may be accepted by the Designated Stock Exchange to that effect, be closed at such times or for such period(s) not exceeding in the whole thirty (30) days in each year as the Board may determine and either generally or in respect of any class of shares. The said period of thirty (30) days may be extended in respect of any year if approved by the Members by ordinary resolution in that year but must not be extended for further period(s) exceeding thirty (30) days in the whole in any year. The Company shall, if so demanded, provide any person seeking to inspect the Register and branch register of Members (as the case may be) that is closed under this Article with a certificate signed by the Secretary of the Company stating the period for which, and by whose authority, it is closed.
45. ~~N~~ Subject to the Listing Rules, notwithstanding any other provision of these Articles the Company or the Directors may fix any date as the record date for:
- (a) determining the Members entitled to receive any dividend, distribution, allotment or issue ~~and such record date may be on, or at any time not more than thirty (30) days before or after, any date on which such dividend, distribution, allotment or issue is declared, paid or made;~~
 - (b) determining the Members entitled to receive ~~n~~ Notice of and to vote at any general meeting of the Company.

46. (1) Subject to these Articles, any Member may transfer all or any of his shares by an instrument of transfer in the usual or common form or in a form prescribed by the Designated Stock Exchange or in any other form approved by the Board and may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the Board may approve from time to time.
- (2) Notwithstanding the provisions of subparagraph (1) above, for so long as any shares are listed on the Designated Stock Exchange, titles to such listed shares may be evidenced and transferred in accordance with the laws applicable to and the Listing Rules that are or shall be applicable to such listed shares. The register of members of the Company in respect of its listed shares (whether the Register or a branch register) may be kept by recording the particulars required by Section 40 of the Act in a form otherwise than legible if such recording otherwise complies with the laws applicable to and the Listing Rules that are or shall be applicable to such listed shares.
48. (4) Unless the Board otherwise agrees (which agreement may be on such terms and subject to such conditions as the Board in its absolute discretion may from time to time determine, and which agreement the Board shall, without giving any reason therefor, be entitled in its absolute discretion to give or withhold), no shares upon the Register shall be transferred to any branch register nor shall shares on any branch register be transferred to the Register or any other branch register and all transfers and other documents of title shall be lodged for registration, and registered, in the case of any shares on a branch register, at the relevant Registration Office, and, in the case of any shares on the Register, at the Office or such other place at which the Register is kept in accordance with the ~~Law~~Act.
49. Without limiting the generality of the last preceding Article, the Board may decline to recognise any instrument of transfer unless:
- (c) the instrument of transfer is lodged at the Office or such other place at which the Register is kept in accordance with the ~~Law~~Act or the Registration Office (as the case may be) accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer (and, if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do); and

51. The registration of transfers of shares or of any class of shares may, after notice has been given by announcement or by electronic communication or by advertisement in any newspapers or by any other means in accordance with the requirements of any Designated Stock Exchange to that effect be suspended at such times and for such periods (not exceeding in the whole thirty (30) days in any year) as the Board may determine. The period of thirty (30) days may be extended in respect of any year if approved by the Members by ordinary resolution in that year but must not be extended for further period(s) exceeding thirty (30) days in the whole in any year.
56. An annual general meeting of the Company shall be held in each financial year other than the financial year of the Company's adoption of these Articles (within a period of not more than fifteen (15) and such annual general meeting must be held within six (6) months after the holding end of the last preceding annual general meeting or not more than eighteen (18) months after the date of adoption of these Articles. Company's financial year (unless a longer period would not infringe the rules of the Designated Stock Exchange Listing Rules, if any) at such time and place as may be determined by the Board.
57. Each general meeting, other than an annual general meeting, shall be called an extraordinary general meeting. All Ggeneral meetings (including an annual general meeting, any adjourned meeting or postponed meeting) may be held as a physical meeting in any part of the world and at one or more locations as provided in Article 64A, as a hybrid meeting or as an electronic meeting, as may be determined by the Board in its absolute discretion.

58. The Board may whenever it thinks fit call extraordinary general meetings. Any one or more Member(s) holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business or resolution specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may ~~do so in the same manner~~ convene a physical meeting at only one location which will be the Principal Meeting Place, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.
59. (1) An annual general meeting shall be called by Notice of not less than twenty-one (21) clear days ~~and not less than twenty (20) clear business days and any extraordinary general meeting at which the passing of a special resolution is to be considered shall be called by Notice of not less than twenty one (21) clear days and not less than ten (10) clear business days.~~ All other ~~extraordinary~~ general meetings ~~may~~ (including an extraordinary general meeting) must be called by Notice of not less than fourteen (14) clear days and not less than ten (10) clear business days but if permitted by the ~~rules of the Designated Stock Exchange~~ Listing Rules, a general meeting may be called by shorter notice, subject to the ~~Law~~ Act, if it is so agreed:
- (b) in the case of any other meeting, by a majority in number of the Members having the right to attend and vote at the meeting, being a majority together ~~holding~~ representing not less than ninety-five per cent. (95%) ~~in nominal value~~ of the total voting rights at the meeting of the issued shares giving that right all the Members.

(2) The ~~Notice~~ shall specify (a) the time and date of the meeting, (b) save for an electronic meeting, the place of the meeting and, in case of special business, the general nature of the business if there is more than one meeting location as determined by the Board pursuant to Article 64A, the principal place of the meeting (the “Principal Meeting Place”), (c) if the general meeting is to be a hybrid meeting or an electronic meeting, the Notice shall include a statement to that effect and with details of the electronic facilities for attendance and participation by electronic means at the meeting or where such details will be made available by the Company prior to the meeting, and (d) particulars of resolutions to be considered at the meeting. The ~~Notice~~ convening an annual general meeting shall specify the meeting as such. Notice of every general meeting shall be given to all Members other than to such Members as, under the provisions of these Articles or the terms of issue of the shares they hold, are not entitled to receive such ~~Notices~~ from the Company, to all persons entitled to a share in consequence of the death or bankruptcy or winding-up of a Member and to each of the Directors and the Auditors.

61. (1) All business shall be deemed special that is transacted at an extraordinary general meeting, and also all business that is transacted at an annual general meeting, with the exception of:

(d) appointment of Auditors (where special notice of the intention for such appointment is not required by the ~~Law~~Act) and other officers;

(2) No business other than the appointment of a chairman of a meeting shall be transacted at any general meeting unless a quorum is present at the commencement of the business. Two (2) Members entitled to vote and present in person or by proxy or ~~(in the case of a Member being a corporation) by its duly~~, for quorum purposes only, two persons appointed by the clearing house as authorised representative or proxy shall form a quorum for all purposes.

62. If within thirty (30) minutes (or such longer time not exceeding one hour as the chairman of the meeting may determine to wait) after the time appointed for the meeting a quorum is not present, the meeting, if convened on the requisition of Members, shall be dissolved. In any other case it shall stand adjourned to the same day in the next week at the same time and (where applicable) same place(s) or to such time and (where applicable) such place(s) and in such form and manner referred to in Article 57 as the chairman of the meeting (or in default, as the Board) may absolutely determine. If at such adjourned meeting a quorum is not present within half an hour from the time appointed for holding the meeting, the meeting shall be dissolved.
63. The chairman of the Company shall preside as chairman at every general meeting. If at any meeting the chairman, is not present within fifteen (15) minutes after the time appointed for holding the meeting, or is not willing to act as chairman, the Directors present shall choose one of their number to act, or if one Director only is present he shall preside as chairman if willing to act. If no Director is present, or if each of the Directors present declines to take the chair, or if the chairman chosen shall retire from the chair, the Members present in person or ~~(in the case of a Member being a corporation) by its duly authorised representative or by proxy~~ and entitled to vote shall elect one of their number to be chairman.
64. Subject to Article 64C, The chairman may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time (or indefinitely) and/or from place to place(s) and/or from one form to another (a physical meeting, a hybrid meeting or an electronic meeting) as the meeting shall determine, but no business shall be transacted at any adjourned meeting other than the business which might lawfully have been transacted at the meeting had the adjournment not taken place. When a meeting is adjourned for fourteen (14) days or more, at least seven (7) clear days' ~~Notice~~ Notice of the adjourned meeting shall be given specifying the ~~time and place of the adjourned meeting~~ details set out in Article 59(2) but it shall not be necessary to specify in such ~~Notice~~ Notice the nature of the business to be transacted at the adjourned meeting and the general nature of the business to be transacted. Save as aforesaid, it shall be unnecessary to give ~~Notice~~ Notice of an adjournment.

64A.

(1) The Board may, at its absolute discretion, arrange for persons entitled to attend a general meeting to do so by simultaneous attendance and participation by means of electronic facilities at such location or locations (“**Meeting Location(s)**”) determined by the Board at its absolute discretion. Any Member or any proxy attending and participating in such way or any Member or proxy attending and participating in an electronic meeting or a hybrid meeting by means of electronic facilities is deemed to be present at and shall be counted in the quorum of the meeting.

(2) All general meetings are subject to the following and, where appropriate, all references to a “Member” or “Members” in this subparagraph (2) shall include a proxy or proxies respectively:

(a) where a Member is attending a Meeting Location and/or in the case of a hybrid meeting, the meeting shall be treated as having commenced if it has commenced at the Principal Meeting Place;

(b) Members present in person or by proxy at a Meeting Location and/or Members attending and participating in an electronic meeting or a hybrid meeting by means of electronic facilities shall be counted in the quorum for and entitled to vote at the meeting in question, and that meeting shall be duly constituted and its proceedings valid provided that the chairman of the meeting is satisfied that adequate electronic facilities are available throughout the meeting to ensure that Members at all Meeting Locations and Members participating in an electronic meeting or a hybrid meeting by means of electronic facilities are able to participate in the business for which the meeting has been convened;

- (c) where Members attend a meeting by being present at one of the Meeting Locations and/or where Members participating in an electronic meeting or a hybrid meeting by means of electronic facilities, a failure (for any reason) of the electronic facilities or communication equipment, or any other failure in the arrangements for enabling those in a Meeting Location other than the Principal Meeting Place to participate in the business for which the meeting has been convened or in the case of an electronic meeting or a hybrid meeting, the inability of one or more Members or proxies to access, or continue to access, the electronic facilities despite adequate electronic facilities having been made available by the Company, shall not affect the validity of the meeting or the resolutions passed, or any business conducted there or any action taken pursuant to such business provided that there is a quorum present throughout the meeting.
- (d) if any of the Meeting Locations is not in the same jurisdiction as the Principal Meeting Place and/or in the case of a hybrid meeting, the provisions of these Articles concerning the service and giving of Notice for the meeting, and the time for lodging proxies, shall apply by reference to the Principal Meeting Place; and in the case of an electronic meeting, the time for lodging proxies shall be as stated in the Notice for the meeting.

64B.

The Board and, at any general meeting, the chairman of the meeting may from time to time make arrangements for managing attendance and/or participation and/or voting at the Principal Meeting Place, any Meeting Location(s) and/or participation in an electronic meeting or a hybrid meeting by means of electronic facilities (whether involving the issue of tickets or some other means of identification, passcode, seat reservation, electronic voting or otherwise) as it shall in its absolute discretion consider appropriate, and may from time to time change any such arrangements, provided that a Member who, pursuant to such arrangements, is not entitled to attend, in person or by proxy, at any Meeting Location shall be entitled so to attend at one of the other Meeting Locations; and the entitlement of any Member so to attend the meeting or adjourned meeting or postponed meeting at such Meeting Location or Meeting Locations shall be subject to any such arrangement as may be for the time being in force and by the Notice of meeting or adjourned meeting or postponed meeting stated to apply to the meeting.

64C.

If it appears to the chairman of the general meeting that:

- (a) the electronic facilities at the Principal Meeting Place or at such other Meeting Location(s) at which the meeting may be attended have become inadequate for the purposes referred to in Article 64A(1) or are otherwise not sufficient to allow the meeting to be conducted substantially in accordance with the provisions set out in the Notice of the meeting; or
- (b) in the case of an electronic meeting or a hybrid meeting, electronic facilities being made available by the Company have become inadequate; or
- (c) it is not possible to ascertain the view of those present or to give all persons entitled to do so a reasonable opportunity to communicate and/or vote at the meeting; or
- (d) there is violence or the threat of violence, unruly behaviour or other disruption occurring at the meeting or it is not possible to secure the proper and orderly conduct of the meeting;

then, without prejudice to any other power which the chairman of the meeting may have under these Articles or at common law, the chairman may, at his/her absolute discretion, without the consent of the meeting, and before or after the meeting has started and irrespective of whether a quorum is present, interrupt or adjourn the meeting (including adjournment for indefinite period). All business conducted at the meeting up to the time of such adjournment shall be valid.

64D.

The Board and, at any general meeting, the chairman of the meeting may make any arrangement and impose any requirement or restriction the Board or the chairman of the meeting, as the case may be, considers appropriate to ensure the security and orderly conduct of a meeting (including, without limitation, requirements for evidence of identity to be produced by those attending the meeting, the searching of their personal property and the restriction of items that may be taken into the meeting place, determining the number and frequency of and the time allowed for questions that may be raised at a meeting). Members shall also comply with all requirements or restrictions imposed by the owner of the premises at which the meeting is held. Any decision made under this Article shall be final and conclusive and a person who refuses to comply with any such arrangements, requirements or restrictions may be refused entry to the meeting or ejected (physically or electronically) from the meeting.

64E.

If, after the sending of Notice of a general meeting but before the meeting is held, or after the adjournment of a meeting but before the adjourned meeting is held (whether or not Notice of the adjourned meeting is required), the Directors, in their absolute discretion, consider that it is inappropriate, impracticable, unreasonable or undesirable for any reason to hold the general meeting on the date or at the time or place or by means of electronic facilities specified in the Notice calling the meeting, they may change or postpone the meeting to another date, time and/or place and/or change the electronic facilities and/or change the form of the meeting (a physical meeting, an electronic meeting or a hybrid meeting) without approval from the Members. Without prejudice to the generality of the foregoing, the Directors shall have the power to provide in every Notice calling a general meeting the circumstances in which a postponement of the relevant general meeting may occur automatically without further notice, including without limitation where a number 8 or higher typhoon signal, black rainstorm warning or other similar event is in force at any time on the day of the meeting. This Article shall be subject to the following:

- (a) when a meeting is so postponed, the Company shall endeavour to post a Notice of such postponement on the Company's website as soon as practicable (provided that failure to post such a Notice shall not affect the automatic postponement of a meeting);
- (b) when only the form of the meeting or electronic facilities specified in the Notice are changed, the Board shall notify the Members of details of such change in such manner as the Board may determine;
- (c) when a meeting is postponed or changed in accordance with this Article, subject to and without prejudice to Article 64, unless already specified in the original Notice of the meeting, the Board shall fix the date, time, place (if applicable) and electronic facilities (if applicable) for the postponed or changed meeting and shall notify the Members of such details in such manner as the Board may determine; further all proxy forms shall be valid (unless revoked or replaced by a new proxy) if they are received as required by these Articles not less than 48 hours before the time of the postponed meeting; and

(d) Notice of the business to be transacted at the postponed or changed meeting shall not be required, nor shall any accompanying documents be required to be recirculated, provided that the business to be transacted at the postponed or changed meeting is the same as that set out in the original Notice of general meeting circulated to the Members.

64F. All persons seeking to attend and participate in an electronic meeting or a hybrid meeting shall be responsible for maintaining adequate facilities to enable them to do so. Subject to Article 64C, any inability of a person or persons to attend or participate in a general meeting by way of electronic facilities shall not invalidate the proceedings of and/or resolutions passed at that meeting.

64G. Without prejudice to other provisions in Article 64, a physical meeting may also be held by means of such telephone, electronic or other communication facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and participation in such a meeting shall constitute presence in person at such meeting.

66. (1) Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with these Articles, at any general meeting on a poll every Member present in person or by proxy ~~or, in the case of a Member being a corporation, by its duly authorised representative~~ shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purposes as paid up on the share. A resolution put to the vote of a meeting shall be decided by way of a poll save that in the case of a physical meeting, the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every Member present in or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a Member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands. For purposes of this Article, procedural and administrative matters are those that (i) are not on the agenda of the general meeting or in any supplementary circular that may be issued by the Company to its Members; and (ii) relate to the chairman's duties to maintain the orderly conduct of the meeting and/or allow the business of the meeting to be properly and effectively dealt with, whilst allowing all Members a reasonable opportunity to express their views. Votes (whether on a show of hands or by way of poll) may be cast by such means, electronic or otherwise, as the Directors or the chairman of the meeting may determine.
- (2) In the case of a physical meeting where a show of hands is allowed, before or on the declaration of the result of the show of hands, a poll may be demanded:
- (a) by at least three Members present in person or by proxy for the time being entitled to vote at the meeting; or
 - (b) by a Member or Members present in person or by proxy and representing not less than one-tenth of the total voting rights of all Members having the right to vote at the meeting; or
 - (c) by a Member or Members present in person or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

- A demand by a person as proxy for a Member shall be deemed to be the same as a demand by the Member.
67. Where a resolution is voted on by a show of hands, a declaration by the chairman that a resolution has been carried, or carried unanimously, or by a particular majority, or not carried by a particular majority, or lost, and an entry to that effect made in the minute book of the Company, shall be conclusive evidence of the facts without proof of the number or proportion of the votes recorded for or against the resolution. The result of the poll shall be deemed to be the resolution of the meeting. The Company shall only be required to disclose the voting figures on a poll if such disclosure is required by the ~~rules of the Designated Stock Exchange~~ Listing Rules.
68. On a poll, votes may be given either personally or by proxy.
70. All questions submitted to a meeting shall be decided by a simple majority of votes except where a greater majority is required by these Articles or by the ~~Law Act~~. In the case of an equality of votes, the chairman of such meeting shall be entitled to a second or casting vote in addition to any other vote he may have.
72. (1) A Member who is a patient for any purpose relating to mental health or in respect of whom an order has been made by any court having jurisdiction for the protection or management of the affairs of persons incapable of managing their own affairs may vote, by his receiver, committee, *curator bonis* or other person in the nature of a receiver, committee or *curator bonis* appointed by such court, and such receiver, committee, *curator bonis* or other person may vote ~~on a poll~~ by proxy, and may otherwise act and be treated as if he were the registered holder of such shares for the purposes of general meetings, provided that such evidence as the Board may require of the authority of the person claiming to vote shall have been deposited at the Office, head office or Registration Office, as appropriate, not less than forty-eight (48) hours before the time appointed for holding the meeting, or adjourned meeting, or postponed meeting, as the case may be.

(2) Any person entitled under Article 53 to be registered as the holder of any shares may vote at any general meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that forty-eight (48) hours at least before the time of the holding of the meeting or adjourned meeting or postponed meeting, as the case may be, at which he proposes to vote, he shall satisfy the Board of his entitlement to such shares, or the Board shall have previously admitted his right to vote at such meeting in respect thereof.

73. (2) All members have the right to (a) speak at a general meeting; and (b) vote at a general meeting except where a Member is required, by the Listing Rules, to abstain from voting to approve the matter under consideration.

~~(32)~~ Where the Company has knowledge that any Member is, under the ~~rules of the Designated Stock Exchange~~ Listing Rules, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such Member in contravention of such requirement or restriction shall not be counted.

74.

If:

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

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

75. Any Member (including a clearing house (or its nominee(s)) entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. A Member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a Member. In addition, a proxy or proxies representing either a Member who is an individual or a Member which is a corporation shall be entitled to exercise the same powers on behalf of the Member which he or they represent as such Member could exercise.
77. (1) The Company may, at its absolute discretion, provide an electronic address for the receipt of any document or information relating to proxies for a general meeting (including any instrument of proxy or invitation to appoint a proxy, any document necessary to show the validity of, or otherwise relating to, an appointment of proxy (whether or not required under these Articles) and notice of termination of the authority of a proxy). If such an electronic address is provided, the Company shall be deemed to have agreed that any such document or information (relating to proxies as aforesaid) may be sent by electronic means to that address, subject as hereafter provided and subject to any other limitations or conditions specified by the Company when providing the address. Without limitation, the Company may from time to time determine that any such electronic address may be used generally for such matters or specifically for particular meetings or purposes and, if so, the Company may provide different electronic addresses for different purposes. The Company may also impose any conditions on the transmission of and its receipt of such electronic communications including, for the avoidance of doubt, imposing any security or encryption arrangements as may be specified by the Company. If any document or information required to be sent to the Company under this Article is sent to the Company by electronic means, such document or information is not treated as validly delivered to or deposited with the Company if the same is not received by the Company at its designated electronic address provided in accordance with this Article or if no electronic address is so designated by the Company for the receipt of such document or information.

(2) The instrument appointing a proxy and (if required by the Board) the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, shall be delivered to such place or one of such places (if any) as may be specified for that purpose in or by way of note to or in any document accompanying the ~~the~~ Notice convening the meeting (or, if no place is so specified at the Registration Office or the Office, as may be appropriate), or if the Company has provided an electronic address in accordance with the preceding paragraph, shall be received at the electronic address specified, not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting or postponed meeting at which the person named in the instrument proposes to vote ~~or, in the case of a poll taken subsequently to the date of a meeting or adjourned meeting, not less than twenty four (24) hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid.~~ No instrument appointing a proxy shall be valid after the expiration of twelve (12) months from the date named in it as the date of its execution, except at an adjourned meeting or ~~on a poll demanded at a meeting or an adjourned~~ postponed meeting in cases where the meeting was originally held within twelve (12) months from such date. Delivery of an instrument appointing a proxy shall not preclude a Member from attending and voting ~~in person~~ at the meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.

78.

Instruments of proxy shall be in any common form or in such other form as the Board may approve (provided that this shall not preclude the use of the two-way form) and the Board may, if it thinks fit, send out with the ~~the~~ Notice of any meeting forms of instrument of proxy for use at the meeting. The instrument of proxy shall be deemed to confer authority ~~to demand or join in demanding a poll and~~ to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit. The instrument of proxy shall, unless the contrary is stated therein, be valid as well for any adjournment or postponement of the meeting as for the meeting to which it relates. The Board may, either generally or in any particular case, and at any general meeting, the chairman of the meeting may at the beginning of the meeting, decide to treat a proxy appointment as valid notwithstanding that the appointment or any of the information required under these Articles has not been received in accordance with the requirements of these Articles. Subject to aforesaid, if the proxy appointment and any of the information required under these Articles is not received in the manner set out in these Articles, the appointee shall not be entitled to vote in respect of the shares in question.

79. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the instrument of proxy or of the authority under which it was executed, provided that no intimation in writing of such death, insanity or revocation shall have been received by the Company at the Office or the Registration Office (or such other place as may be specified for the delivery of instruments of proxy in the ~~n~~Notice convening the meeting or other document sent therewith) two (2) hours at least before the commencement of the meeting or adjourned meeting; ~~or the taking of the poll~~ postponed meeting, at which the instrument of proxy is used.
81. (2) If a clearing house (or its nominee(s)), being a corporation, is a Member, it may authorise such persons as it thinks fit to act as its representatives at any meeting of the Company or at any meeting of any class of Members provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such representative is so authorised. Each person so authorised under the provisions of this Article shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by the clearing house (or its nominee(s)) including, where a show of hands is allowed, the right to vote individually on a show of hands.
82. A resolution in writing signed (in such manner as to indicate, expressly or impliedly, unconditional approval) by or on behalf of all persons for the time being entitled to receive ~~n~~Notice of and to attend and vote at general meetings of the Company shall, for the purposes of these Articles, be treated as a resolution duly passed at a general meeting of the Company and, where relevant, as a special resolution so passed. Any such resolution shall be deemed to have been passed at a meeting held on the date on which it was signed by the last Member to sign, and where the resolution states a date as being the date of his signature thereof by any Member the statement shall be prima facie evidence that it was signed by him on that date. Such a resolution may consist of several documents in the like form, each signed by one or more relevant Members.
83. (2) Subject to the Articles and the ~~Law~~ Act, the Company may by ordinary resolution elect any person to be a Director either to fill a casual vacancy on the Board, or as an addition to the existing Board.

(3) The Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director so appointed ~~by the Board to fill a casual vacancy~~ shall hold office until the ~~first general meeting of Members after his appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.~~

(4) Neither a Director nor an alternate Director shall be required to hold any shares of the Company by way of qualification and a Director or alternate Director (as the case may be) who is not a Member shall be entitled to receive ~~n~~Notice of and to attend and speak at any general meeting of the Company and of all classes of shares of the Company.

(6) A vacancy on the Board created by the removal of a Director under the provisions of subparagraph (5) above may be filled by the election or appointment by ordinary resolution of the Members at the meeting at which such Director is removed.

90.

An alternate Director shall only be a Director for the purposes of the ~~Law~~Act and shall only be subject to the provisions of the ~~Law~~Act insofar as they relate to the duties and obligations of a Director when performing the functions of the Director for whom he is appointed in the alternative and shall alone be responsible to the Company for his acts and defaults and shall not be deemed to be the agent of or for the Director appointing him. An alternate Director shall be entitled to contract and be interested in and benefit from contracts or arrangements or transactions and to be repaid expenses and to be indemnified by the Company to the same extent *mutatis mutandis* as if he were a Director but he shall not be entitled to receive from the Company any fee in his capacity as an alternate Director except only such part, if any, of the remuneration otherwise payable to his appointor as such appointor may by Notice to the Company from time to time direct.

98. Subject to the ~~Law~~Act and to these Articles, no Director or proposed or intending Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the Members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established provided that such Director shall disclose the nature of his interest in any contract or arrangement in which he is interested in accordance with Article 99 herein.
100. (1) A Director shall not vote (nor be counted in the quorum) on any resolution of the Board approving any contract or arrangement or any other proposal in which he or any of his close associates is materially interested, but this prohibition shall not apply to any of the following matters namely:
- (i) the giving of any security or indemnity either:-
- (a) ~~any contract or arrangement for the giving to such~~ the Director or his close associate(s) ~~any security or indemnity~~ in respect of money lent ~~by him or any of his associate(s)~~ or obligations incurred or undertaken by him or any of ~~his associate(s)~~ them at the request of or for the benefit of the Company or any of its subsidiaries; or
- (b) ~~any contract or arrangement for the giving of any security or indemnity~~ to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (ii) ~~any contract or arrangement~~ proposal concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

- (iii) any proposal or arrangement concerning the benefit of employees of the Company or its subsidiaries including:
- (a) the adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme under which the Director or his close associate(s) may benefit; or
 - (b) the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates to the Director, his close associate(s) and employee(s) of the Company or any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates;
- (iv) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company;
- ~~(v) any contract or arrangement concerning any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or a shareholder or in which the Director and any of his associates are not in aggregate beneficially interested in five per cent. (5%) or more of the issued shares or of the voting rights of any class of shares of such company (or of any third company through which his interest or that of any of his associate is derived); or~~
- ~~(vi) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death or disability benefits scheme or other arrangement which relates both to Directors or his associate(s) and to employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.~~

~~(2) A company shall be deemed to be a company in which a Director and/or his associate(s) owns five per cent. (5%) or more if and so long as (but only if and so long as) he and/or his associates, (either directly or indirectly) are the holders of or beneficially interested in five per cent. (5%) or more of any class of the equity share capital of such company or of the voting rights available to members of such company (or of any third company through which his interest or that of any of his associates is derived). For the purpose of this paragraph there shall be disregarded any shares held by a Director or his associate(s) as bare or custodian trustee and in which he or any of them has no beneficial interest, any shares comprised in a trust in which the interest of the Director or his associate(s) is/are in reversion or remainder if and so long as some other person is entitled to receive the income thereof, and any shares comprised in an authorised unit trust scheme in which the Director or his associate(s) is/are interested only as a unit holder.~~

~~(3) Where a company in which a Director and/or his associate(s) holds five per cent. (5%) or more is materially interested in a transaction, then that Director and/or his associate(s) shall also be deemed materially interested in such transaction.~~

~~(4) If any question shall arise at any meeting of the Board as to the materiality of the interest of a Director (other than the chairman of the meeting) or as to the entitlement of any Director (other than such chairman) to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, such question shall be referred to the chairman of the meeting and his ruling in relation to such other Director shall be final and conclusive except in a case where the nature or extent of the interest of the Director concerned as known to such Director has not been fairly disclosed to the Board. If any question as aforesaid shall arise in respect of the chairman of the meeting such question shall be decided by a resolution of the Board (for which purpose such chairman shall not vote thereon) and such resolution shall be final and conclusive except in a case where the nature or extent of the interest of such chairman as known to such chairman has not been fairly disclosed to the Board.~~

101.

(3) Without prejudice to the general powers conferred by these Articles it is hereby expressly declared that the Board shall have the following powers:

(c) to resolve that the Company be deregistered in the Cayman Islands and continued in a named jurisdiction outside the Cayman Islands subject to the provisions of the ~~Law~~Act.

~~(4) Except as would, if the Company were a company incorporated in Hong Kong, The Company shall not make any loan, directly or indirectly, to a Director or his close associate(s) if and to the extent it would be permitted prohibited by Section 157H of the Companies Ordinance (Chapter 32622 of the Laws of Hong Kong) as in force at the date of adoption of these Articles, and except as permitted under the Law, the Company shall not directly or indirectly if the Company were a company incorporated in Hong Kong:~~

- ~~(i) make a loan to a Director or a director of any holding company of the Company or to any of their respective associates (as defined by the rules, where applicable, of the Designated Stock Exchange);~~
- ~~(ii) enter into any guarantee or provide any security in connection with a loan made by any person to a Director or such a director; or~~
- ~~(iii) if any one or more of the Directors hold (jointly or severally or directly or indirectly) a controlling interest in another company, make a loan to that other company or enter into any guarantee or provide any security in connection with a loan made by any person to that other company.~~

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

110. (2) The Board shall cause a proper register to be kept, in accordance with the provisions of the Law Act, of all charges specifically affecting the property of the Company and of any series of debentures issued by the Company and shall duly comply with the requirements of the Law Act in regard to the registration of charges and debentures therein specified and otherwise.

111. The Board may meet for the despatch of business, adjourn or postpone and otherwise regulate its meetings as it considers appropriate. Questions arising at any meeting shall be determined by a majority of votes. In the case of any equality of votes the chairman of the meeting shall have an additional or casting vote.

112. A meeting of the Board may be convened by the Secretary on request of a Director or by any Director. The Secretary shall convene a meeting of the Board whenever he shall be required so to do by any Director. Notice of a meeting of the Board shall be deemed to be duly given to a Director if it is given to such Director in writing or verbally (including in person or by telephone) or ~~via~~by electronic mail means to an electronic address from time to time notified to the Company by such Director or (if the recipient consents to it being made available on a website) by making it available on a website or by telephone or in such other manner as the Board may from time to time determine ~~whenever he shall be required so to do by any Director.~~
113. (2) Directors may participate in any meeting of the Board by means of a conference telephone, electronic or other communications equipment through which all persons participating in the meeting can communicate with each other simultaneously and instantaneously and, for the purpose of counting a quorum, such participation shall constitute presence at a meeting as if those participating were present in person.
119. A resolution in writing signed by all the Directors except such as are temporarily unable to act through ill-health or disability, and all the alternate Directors, if appropriate, whose appointors are temporarily unable to act as aforesaid shall (provided that such number is sufficient to constitute a quorum and further provided that a copy of such resolution has been given or the contents thereof communicated to all the Directors for the time being entitled to receive notices of Board meetings in the same manner as notices of meetings are required to be given by these Articles) be as valid and effectual as if a resolution had been passed at a meeting of the Board duly convened and held. A notification of consent to such resolution given by a Director in writing to the Board by any means (including by means of electronic communication) shall be deemed to be his/her signature to such resolution in writing for the purpose of this Article. Such resolution may be contained in one document or in several documents in like form each signed by one or more of the Directors or alternate Directors and for this purpose a facsimile or electronic signature of a Director or an alternate Director shall be treated as valid. Notwithstanding the foregoing, a resolution in writing shall not be passed in lieu of a meeting of the Board for the purposes of considering any matter or business in which a substantial shareholder of the Company or a Director has a conflict of interest and the Board has determined that such conflict of interest to be material.

124. (1) The officers of the Company shall consist of a chairman, the Directors and Secretary and such additional officers (who may or may not be Directors) as the Board may from time to time determine, all of whom shall be deemed to be officers for the purposes of the LawAct and these Articles.
125. (2) The Secretary shall attend all meetings of the Members and shall keep correct minutes of such meetings and enter the same in the proper books provided for the purpose. He shall perform such other duties as are prescribed by the LawAct or these Articles or as may be prescribed by the Board.
127. A provision of the LawAct or of these Articles requiring or authorising a thing to be done by or to a Director and the Secretary shall not be satisfied by its being done by or to the same person acting both as Director and as or in place of the Secretary.
128. The Company shall cause to be kept in one or more books at its Office a Register of Directors and Officers in which there shall be entered the full names and addresses of the Directors and Officers and such other particulars as required by the LawAct or as the Directors may determine. The Company shall send to the Registrar of Companies in the Cayman Islands a copy of such register, and shall from time to time notify to the said Registrar of any change that takes place in relation to such Directors and Officers as required by the LawAct.
132. (1) The Company shall be entitled to destroy the following documents at the following times:
- (b) any dividend mandate or any variation or cancellation thereof or any notification of change of name or address at any time after the expiry of two (2) years from the date such mandate, variation, cancellation or notification was recorded by the Company;
133. Subject to the LawAct, the Company in general meeting may from time to time declare dividends in any currency to be paid to the Members but no dividend shall be declared in excess of the amount recommended by the Board.

134. Dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the Directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the ~~Law~~Act.
143. (1) The Board shall establish an account to be called the share premium account and shall carry to the credit of such account from time to time a sum equal to the amount or value of the premium paid on the issue of any share in the Company. Unless otherwise provided by the provisions of these Articles, the Board may apply the share premium account in any manner permitted by the ~~Law~~Act. The Company shall at all times comply with the provisions of the ~~Law~~Act in relation to the share premium account.
144. (1) The Company may, upon the recommendation of the Board, at any time and from time to time pass an ordinary resolution to the effect that it is desirable to capitalise all or any part of any amount for the time being standing to the credit of any reserve or fund (including a share premium account and capital redemption reserve and the profit and loss account) whether or not the same is available for distribution and accordingly that such amount be set free for distribution among the Members or any class of Members who would be entitled thereto if it were distributed by way of dividend and in the same proportions, on the footing that the same is not paid in cash but is applied either in or towards paying up the amounts for the time being unpaid on any shares in the Company held by such Members respectively or in paying up in full unissued shares, debentures or other obligations of the Company, to be allotted and distributed credited as fully paid up among such Members, or partly in one way and partly in the other, and the Board shall give effect to such resolution provided that, for the purposes of this Article, a share premium account and any capital redemption reserve or fund representing unrealised profits, may be applied only in paying up in full unissued shares of the Company to be allotted to such Members credited as fully paid.

(2) Notwithstanding any provisions in these Articles, the Board may resolve to capitalise all or any part of any amount for the time being standing to the credit of any reserve or fund (including a share premium account and the profit and loss account) whether or not the same is available for distribution by applying such sum in paying up unissued shares to be allotted to (i) employees (including directors) of the Company and/or its affiliates (meaning any individual, corporation, partnership, association, joint-stock company, trust, unincorporated association or other entity (other than the Company) that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with, the Company) upon exercise or vesting of any options or awards granted under any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the Members at a general meeting, or (ii) any trustee of any trust to whom shares are to be allotted and issued by the Company in connection with the operation of any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the Members at a general meeting.

146. The following provisions shall have effect to the extent that they are not prohibited by and are in compliance with the ~~Law~~Act:
147. The Board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the ~~Law~~Act or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

150. Subject to due compliance with all applicable Statutes, rules and regulations, including, without limitation, the without limitation, the ~~rules of the Designated Stock Exchange~~Listing Rules, 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, summarised financial statements 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 summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.
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~~Listing Rules, 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.
152. (2) The Members may, at any general meeting convened and held in accordance with these Articles, by ~~special~~ordinary resolution remove the Auditor at any time before the expiration of his term of office and shall by ordinary resolution at that meeting appoint another Auditor in his stead for the remainder of his term.
153. Subject to the ~~Law~~Act the accounts of the Company shall be audited at least once in every year.

155. ~~If the office of auditor becomes vacant by the resignation or death of the Auditor, or by his becoming incapable of acting by reason of illness or other disability at a time when his services are required, the Directors shall fill the vacancy and fix the remuneration of the Auditor so appointed.~~The Directors may fill any casual vacancy in the office of Auditor but while any such vacancy continues the surviving or continuing Auditor or Auditors, if any, may act. The remuneration of any Auditor appointed by the Directors under this Article may be fixed by the Board. Subject to Article 152(2), an Auditor appointed under this Article shall hold office until the next following annual general meeting of the Company and shall then be subject to appointment by the Members under Article 152(1) at such remuneration to be determined by the Members under Article 154.
158. (1) Any Notice or document (including any “corporate communication” within the meaning ascribed thereto under the ~~rules of the Designated Stock Exchange Listing Rules~~), 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 electronic communication and any such Notice and document may be ~~served~~given or ~~delivered~~issued by the ~~Company on or to any Member either~~following means:
- (a) by serving it personally on the relevant person;~~or~~
 - (b) 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~~
 - (c) by delivering or leaving it to any such address as aforesaid;~~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~~
 - (d) by placing an advertisement in appropriate newspapers or other publication and where applicable, in accordance with the requirements of the Designated Stock Exchange;~~or, to the extent permitted by the applicable laws, by placing~~

- (e) by sending or transmitting it as an electronic communication to the relevant person at such electronic address as he may provide under Article 158(5), subject to the Company complying with the Statutes and any other applicable laws, rules and regulations from time to time in force with regard to any requirements for the obtaining of consent (or deemed consent) from such person;
- (f) by publishing it on the Company's website ~~or~~ to which the relevant person may have access, subject to the Company complying with the Statutes and any other applicable laws, rules and regulations from time to time in force with regard to any requirements for the obtaining of consent (or deemed consent) from such person ~~website of the Designated Stock Exchange, and/or for giving notification to the member a notice~~ any such person stating that the notice, ~~or other~~ document or publication is available ~~there~~ on the Company's website (a "notice of availability"); or:
- (g) by sending or otherwise making it available to such person through such other means to the extent permitted by and in accordance with the Statutes and other applicable laws, rules and regulations.

(2) The notice of availability may be given ~~to the Member~~ by any of the means set out above other than by posting it on a website.

(3) 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.

(4) Every person who, by operation of law, transfer, transmission, or other means whatsoever, shall become entitled to any share, shall be bound by every notice in respect of such share, which, previously to his name and address (including electronic address) being entered in the Register as the registered holder of such share, shall have been duly given to the person from whom he derives title to such share.

(5) Every Member or a person who is entitled to receive notice from the Company under the provisions of the Statutes or these Articles may register with the Company an electronic address to which notices can be served upon him.

(6) Subject to any applicable laws, rules and regulations and the terms of these Articles, any notice, document or publication, including but not limited to the documents referred to in Articles, 149, 150 and 158 may be given in the English language only or in both the English language and the Chinese language.

159.

Any Notice or other document:

(c) if published on the Company's website, shall be deemed to have been served on the day on which the notice, document or publication first so appears on the Company's website to which the relevant person may have access or the day on which the notice of availability is deemed to have been served or delivered to such person under these Articles, whichever is later;

(de) if served or delivered in any other manner contemplated by these Articles, shall be deemed to have been served or delivered at the time of personal service or delivery or, as the case may be, at the time of the relevant despatch or transmission; and in proving such service or delivery a certificate in writing signed by the Secretary or other officer of the Company or other person appointed by the Board as to the act and time of such service, delivery, despatch or transmission shall be conclusive evidence thereof; and

~~(ed) may be given to a Member either in the English language or the Chinese language, subject to due compliance with all applicable Statutes, rules and regulations~~ if published as an advertisement in a newspaper or other publication permitted under these Articles, shall be deemed to have been served on the day on which the advertisement first so appears.

162.

(1) Subject to Article 162(2), ~~T~~he Board shall have power in the name and on behalf of the Company to present a petition to the court for the Company to be wound up.

163.

(1) Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares (i) if the Company shall be wound up and the assets available for distribution amongst the Members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively and (ii) if the Company shall be wound up and the assets available for distribution amongst the Members as such shall be insufficient to repay the whole of the paid-up capital such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the Members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

(2) If the Company shall be wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the ~~Law~~Act, divide among the Members in specie or kind the whole or any part of the assets of the Company and whether or not the assets shall consist of properties of one kind or shall consist of properties to be divided as aforesaid of different kinds, and may for such purpose set such value as he deems fair upon any one or more class or classes of property and may determine how such division shall be carried out as between the Members or different classes of Members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of the Members as the liquidator with the like authority shall think fit, and the liquidation of the Company may be closed and the Company dissolved, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

~~(3) In the event of winding up of the Company in Hong Kong, every Member who is not for the time being in Hong Kong shall be bound, within fourteen (14) days after the passing of an effective resolution to wind up the Company voluntarily, or the making of an order for the winding up of the Company, to serve notice in writing on the Company appointing some person resident in Hong Kong and stating that person's full name, address and occupation upon whom all summonses, notices, process, orders and judgements in relation to or under the winding up of the Company may be served, and in default of such nomination the liquidator of the Company shall be at liberty on behalf of such Member to appoint some such person; and service upon any such appointee, whether appointed by the Member or the liquidator, shall be deemed to be good personal service on such Member for all purposes, and, where the liquidator makes any such appointment, he shall with all convenient speed give notice thereof to such Member by advertisement as he shall deem appropriate or by a registered letter sent through the post and addressed to such Member at his address as appearing in the register, and such notice shall be deemed to be service on the day following that on which the advertisement first appears or the letter is posted.~~

164. (1) The Directors, Secretary and other officers and every Auditor ~~for the time being~~ of the Company at any time, whether at person or in the past, and the liquidator or trustees (if any) ~~for the time being acting or who have acted~~ in relation to any of the affairs of the Company and everyone of them, and everyone of their heirs, executors and administrators, shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their or any of their heirs, executors or administrators, shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices or trusts; and none of them shall be answerable for the acts, receipts, neglects or defaults of the other or others of them or for joining in any receipts for the sake of conformity, or for any bankers or other persons with whom any moneys or effects belonging to the Company shall or may be lodged or deposited for safe custody, or for insufficiency or deficiency of any security upon which any moneys of or belonging to the Company shall be placed out on or invested, or for any other loss, misfortune or damage which may happen in the execution of their respective offices or trusts, or in relation thereto; PROVIDED THAT this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of said persons.

FINANCIAL YEAR

165. Unless otherwise determined by the Directors, the financial year end of the Company shall be 31 of December in each year.

Note: Articles 166 and 167 have been re-numbering.

1. FINANCIAL INFORMATION OF THE GROUP

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

- the Company's annual report for the year ended 31 December 2019 published on 21 April 2020 (pages 73 to 219), which can be accessed by the direct hyperlink below:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0421/2020042100450.pdf>;

- the Company's annual report for the year ended 31 December 2020 published on 29 April 2021 (pages 97 to 234), which can be accessed by the direct hyperlink below:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0429/2021042902249.pdf>;
and

- the Company's annual report for the year ended 31 December 2021 published on 26 April 2022 (pages 85 to 215), which can be accessed by the direct hyperlink below:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0426/2022042600675.pdf>.

2. INDEBTEDNESS

As at the close of business on 31 March 2022, the Group had outstanding borrowings of approximately RMB988,081,000 and lease liabilities of approximately RMB266,000, details of which are as follows:

	<i>RMB'000</i>
Unsecured and unguaranteed	
Loans from related parties	573,044
Consideration payable	210,494
Bank loans	70,093
Unsecured and guaranteed	
Loan from a related party	32,048
Bank loans	<u>102,402</u>
Sub-total	988,081
Lease liabilities	<u>266</u>
Total	<u><u>988,347</u></u>

Save as disclosed herein, the Group did not have any material outstanding loan capital or debt securities or non-convertible notes issued or authorised or otherwise created but unissued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchases or finance lease commitments, guarantees or other material contingent liabilities.

3. WORKING CAPITAL

The Directors are of the opinion that, after taking into account (i) financial resources (including but not limited to the internally generated cash flows and existing cash and bank balances); and (ii) the credit facilities from Wanxiang Finance, the Group has sufficient working capital for its present requirements for at least 12 months from the date of this circular in the absence of unforeseen circumstance, including but not limited to, unforeseen changes in existing government policies or political, legal, fiscal, market or economic conditions in the PRC.

4. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group is principally engaged in the development, operation and management of natural gas-fired power plants. The Group has an installed capacity of approximately 688MW (including 731kW photovoltaic power generating units) and a maximum heating capacity of approximately 360 tons/hour.

For the year ended 31 December 2021, the profit attributable to equity Shareholders was approximately RMB103,825,000, representing a decrease of 16.4% as compared with that of year 2020.

As disclosed in the announcement of the Company dated 7 October 2021, Zhejiang Provincial Development and Reform Commission published the “Notice from the Zhejiang Provincial Development and Reform Commission Regarding the Optimising the Province’s On-grid Tariff of Natural Gas Power Generation” (Zhe Fe Gai Jia Ge [2021] No.357) (《省發展改革委關於優化我省天然氣發電上網電價的通知》(浙發改價格[2021]357號)), the capacity tariff of Zhejiang Puxing Deneng Natural Gas Power Co., Ltd.* (浙江普星德能天然氣發電有限公司), Zhejiang Puxing Jingxing Natural Gas Power Co., Ltd.* (浙江普星京興天然氣發電有限公司) and Zhejiang Puxing Bluesky Natural Gas Power Co., Ltd.* (浙江普星藍天然氣發電有限公司) under the Group was adjusted from RMB470/kW (value-add tax (“VAT”) inclusive) per year to RMB394.8/kW (VAT inclusive) per year since 1 January 2022, and the capacity tariff of Puxing (Anji) Gas Turbine Thermal Power Co., Ltd.* (普星(安吉)燃機熱電有限公司) and Quzhou Puxing Gas Turbine Thermal Power Co., Ltd.* (衢州普星燃機熱電有限公司) under the Group was adjusted from RMB680/kW (VAT inclusive) per year to RMB571.2/kW (VAT inclusive) per year since 1 January 2022. The above reduction in capacity tariff will result in a decrease of the Group’s revenue from capacity tariff by approximately RMB57 million for the year ending 31 December 2022 and onwards.

Look forward, the full implementation of trading in the electricity spot market in Zhejiang Province and the cut in capacity tariff will bring a severe test to the profitability of the Group. The Group will closely follow the development of the electricity sales market, study the profit model of electricity sales, strengthen the development of heating business, and cooperate with the continuous promotion of refined management and strict cost control, so as to minimise the impact of the said policy changes.

In view of the PRC government's firm commitment to the "double carbon" goal of peaking carbon emission and achieving carbon neutrality, firm acceleration in the development of new energy, optimisation of its energy structure, and embarkation on a green, low-carbon and circular development path, the Group believes that it will bring huge opportunities to the Group for transforming into an integrated energy supplier. The Group will continue taking the development of diversified energy business as its goal, strive for different types of energy projects, and make unremitting efforts to enhance the Group's long-term growth potential and shareholder value.

5. MATERIAL ADVERSE CHANGE

Save as disclosed in the announcement of the Company dated 7 October 2021 and the section headed "4. FINANCIAL AND TRADING PROSPECTS OF THE GROUP" in this appendix above, the Directors confirm that, as at the Latest Practicable Date, they were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2021, being the date to which the latest published audited consolidated financial statements of the Company were made up.

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, none of the Directors nor the chief executive had an interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations that was recorded in the register required to be kept pursuant to Section 352 of the SFO, or as otherwise notified to the Company pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers.

The register of substantial Shareholders maintained by the Company pursuant to Section 336 of the SFO (including interests filed with the Stock Exchange) shows that as at the Latest Practicable Date, the following persons (other than the Directors and the chief executive) had the following interests and short positions (if any) in the Shares and underlying Shares:

Name of Shareholder	Capacity/ Nature of interests	Number of Shares/ underlying Shares held ^(note 1)	Percentage of issued share capital
Puxing International	Beneficial interest	300,000,000 (L)	65.42%
Anergy International ^(note 2)	Interests in a controlled corporation	300,000,000 (L)	65.42%
Wanxiang Group ^(note 2)	Interests in a controlled corporation	300,000,000 (L)	65.42%
Mr. Lu ^(note 2)	Interests in a controlled corporation	300,000,000 (L)	65.42%
Ms. Li Li ^(note 3)	Interest of spouse	300,000,000 (L)	65.42%
BC Fund SPC	Beneficial interest	35,122,000 (L)	7.66%
BC Capital Group Limited ^(note 4)	Interests in a controlled corporation	35,122,000 (L)	7.66%

Notes:

- (1) The letter "L" denotes the entity/person's long position in the Shares.
- (2) These Shares are held by Puxing International, which is owned as to 100% by Anergy International, which is owned as to 100% by Wanxiang Group which in turn is ultimately controlled by Mr. Lu. Therefore, Anergy International, Wanxiang Group and Mr. Lu are deemed to be interested in the Shares held by Puxing International.
- (3) Ms. Li Li is the spouse of Mr. Lu and is therefore deemed to be interested in the said Shares in which Mr. Lu is deemed to be interested.

- (4) These Shares are held by BC Fund SPC. BC Fund SPC is owned as to 100% by BC Asset Management Limited, which in turn is owned as to 100% by BC Capital Group Limited. BC Capital Group Limited is owned as to 68% by Fullsun International Capital Limited.

Save as disclosed above, the Company had not been notified of any other relevant interests or short positions in the issued share capital of the Company as at the Latest Practicable Date.

As at the Latest Practicable Date, so far as is known to the Directors, Mr. Xu Anliang (the chairman of the Board and an executive Director) is the senior executive vice president of Wanxiang Group and a director of Anergy International, and Mr. Wei Junyong (an executive Director and general manager of the Company) is a director of Puxing International.

3. ARRANGEMENTS AND MATTERS CONCERNING DIRECTORS

- (a) None of the Directors has entered or proposed to enter into any service contract with the Group, which is not expiring or determinable by the Group within one year without payment of compensation (other than the payment of statutory compensation).
- (b) As at the Latest Practicable Date, none of the Directors was interested, directly or indirectly, in any assets which, since 31 December 2021, being the date to which the latest published audited consolidated financial statements of the Group were made up, had been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.
- (c) As at the Latest Practicable Date, save the interest of Mr. Xu Anliang in the New Financial Services Agreement by reason of his position as a director of Wanxiang Finance, none of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date and entered into by the Group since 31 December 2021, being the date to which the latest published audited consolidated financial statements of the Group were made up, and which was significant in relation to the business of the Group.
- (d) As at the Latest Practicable Date, none of the Directors or their respective close associates had any interest in a business which competed or might compete with the business of the Company.

4. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or claims of material importance nor was any litigation or claims of material importance known to the Directors to be pending or threatened against any member of the Group.

5. QUALIFICATION AND CONSENT OF THE EXPERT

- (a) The following is the qualification of the expert which has given opinion or advice which is contained in this circular:

Name	Qualification
Donvex Capital Limited	A corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

- (b) As at the Latest Practicable Date, the Independent Financial Adviser did not have any shareholding in the Company or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor did it have any interest, direct or indirect, in any assets which had, since the date to which the latest published audited consolidated financial statements of the Group were made up, been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.
- (c) The Independent Financial Adviser has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and references to its name in the forms and contexts in which they appear. The letter of the Independent Financial Adviser contained herein was issued on 18 May 2022 and was made by the Independent Financial Adviser for incorporation in this circular.

6. MATERIAL CONTRACT

Save the share purchase agreement dated 6 May 2020 entered into between the Zhejiang Puxing Deneng Natural Gas Power Co., Ltd.* (浙江普星德能然氣發電有限公司) (an indirect wholly-owned subsidiary of the Company) as vendor and Shanghai Pu-Xing Energy Limited* (普星聚能股份公司) (a then intermediate controlling Shareholder) as purchaser in relation to the acquisition of 100% of the equity interests in Quzhou Puxing Gas Turbine Thermal Power Co., Ltd.* (衢州普星燃機熱電有限公司) for the consideration of RMB333,398,965.29 (subject to adjustment), no contract (not being a contract entered into in the ordinary course of business) has been entered into by member(s) of the Group within the two years immediately preceding the date of this circular and is or may be material.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.puxing-energy.com) for a period of 14 days from the date of this circular:

- (a) the New Financial Services Agreement;
- (b) the letter from the Independent Financial Adviser as set out in this circular;
- (c) the written consent of the Independent Financial Adviser as referred to in the paragraph headed “5. Qualification and consent of the expert” in this appendix; and
- (d) this circular.

8. MISCELLANEOUS

- (a) The company secretary of the Company is Mr. Lai Chi Fung, who is a fellow member of Hong Kong Institute of Certified Public Accountants.
- (b) The registered office of the Company is at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The head office of the Company is at No.181-1 Hejiatang, Chongxian Subdistrict, Lingping District, Hangzhou 311108, Zhejiang Province, PRC and its principal place of business in Hong Kong is at Room 706, 7/F., Albion Plaza, 2-6 Granville Road, Tsim Sha Tsui, Kowloon, Hong Kong. The share registrar of the Company is at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong.
- (c) In the event of any inconsistency, the English text of this circular shall prevail over the Chinese text.

NOTICE OF AGM

PUXING ENERGY LIMITED 普星能量有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 90)

NOTICE OF AGM

NOTICE IS HEREBY GIVEN that the annual general meeting (the “**AGM**”) of Puxing Energy Limited (the “**Company**”) will be held at Kowloon Room I, Mezzanine Floor, Kowloon Shangri-La, 64 Mody Road, Kowloon, Hong Kong, on Friday, 17 June 2022 at 10:30 a.m. (or an adjournment thereof) to consider and, if thought fit, pass with or without modification the following resolutions as ordinary resolutions:

ORDINARY BUSINESSES

1. To consider and adopt the audited consolidated financial statements for the year ended 31 December 2021 together with the reports of the directors (the “**Directors**”) and the independent auditor (the “**Auditor**”) of the Company thereon.
2. To declare a final dividend of HK\$0.056 per share for the year ended 31 December 2021.
3. (a) To re-elect the following retiring Directors:
 - (i) To re-elect Mr. Yao Xianguo as an independent non-executive Director; and
 - (ii) To re-elect Mr. Yu Wayne W. as an independent non-executive Director.
- (b) To authorise the Company’s board of Directors (the “**Board**”) to fix their remuneration.
4. To re-appoint KPMG as the Auditor and to authorise the Board to fix their remuneration.

NOTICE OF AGM

5. “**THAT:**

- (a) subject to paragraph (c) of this resolution, pursuant to the Rules Governing the Listing Securities (the “**Listing Rules**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with ordinary shares of HK\$0.10 each in the capital of the Company (the “**Shares**”) or to make and/or grant offers, agreements and options (including warrants, bonds, notes and debentures convertible into Shares) which would or might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) of this resolution shall be in addition to any other authorisation given to the Directors and shall authorise the Directors during the Relevant Period (as hereinafter defined) to make and/or grant offers, agreements and options (including warrants, bonds, notes and debentures convertible into Shares) which would or might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate number of the Shares allotted, issued or dealt with, or agreed conditionally or unconditionally to be allotted, issued or dealt with (whether pursuant to an option or otherwise) by the Directors pursuant to the approval given under paragraph (a) of this resolution, otherwise than pursuant to:
 - (i) a Rights Issue (as hereinafter defined);
 - (ii) the exercise of the subscription or conversion rights attaching to any warrants, bonds, notes or any other securities issued by the Company which are convertible into Shares;
 - (iii) the exercise of options granted by the Company under any share option scheme or similar arrangement for the time being adopted for the grant or issue to the Directors, officers and/or employees of the Company and/or any of its subsidiaries and/or other eligible person (if any) of Shares or rights to acquire Shares; or
 - (iv) any scrip dividend or similar arrangements providing for the allotment of Shares in lieu of the whole or part of a dividend on the Shares in accordance with the articles of association of the Company (the “**Articles of Association**”);

shall not exceed 20 per cent of the aggregate number of Shares in issue at the date of passing of this resolution, and the said approval shall be limited accordingly;

NOTICE OF AGM

(d) subject to the passing of each of the paragraphs (a), (b) and (c) of this resolution, any prior approvals of the kind referred to in paragraphs (a), (b) and (c) of this resolution which had been granted to the Directors and which are still in effect be and are hereby revoked; and

(e) for the purpose of this resolution:

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

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or any applicable laws of the Cayman Islands to be held; or
- (iii) the revocation or variation of the authority given under this resolution by ordinary resolution of the shareholders of the Company (the “**Shareholders**”) in a general meeting;

and

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

6. “**THAT:**

- (a) subject to paragraph (b) of this resolution, the exercise by the Directors during the Relevant Period (as defined in paragraph (d) of this resolution) of all the powers of the Company to repurchase issued Shares on the Stock Exchange or on any other stock exchange on which the securities of the Company may be listed and recognised for this purpose by the Securities and Futures Commission and the Stock Exchange, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or any other stock exchange (as amended from time to time), be and is hereby generally and unconditionally approved;

NOTICE OF AGM

- (b) the aggregate number of Shares which the Company is authorised to repurchase pursuant to the approval in paragraph (a) of this resolution shall not exceed 10 per cent of the aggregate number of Shares in issue at the date of passing of this resolution;
- (c) subject to the passing of each of the paragraphs (a) and (b) of this resolution, any prior approvals of the kind referred to in paragraphs (a) and (b) of this resolution which had been granted to the Directors and which are still in effect be and are hereby revoked; and
- (d) for the purpose of this resolution:

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

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or any applicable laws of the Cayman Islands to be held; or
- (iii) the revocation or variation of the authority given under this resolution by ordinary resolution of the Shareholders in a general meeting.”

SPECIAL BUSINESSES

As special businesses, to consider and, if thought fit, to pass with or without modifications the following resolutions as ordinary resolutions:

- 7. “**THAT** conditional upon the passing of resolutions no. 5 and no. 6 set out in the notice convening the AGM, the aggregate number of Shares which are repurchased by the Company under the authority granted to the Directors as mentioned in the said resolution no. 6 shall be added to the aggregate number of Shares that may be allotted, issued or dealt with or agreed conditionally or unconditionally to be allotted, issued or dealt with by the Directors pursuant to the approval in the said resolution no. 5.”

NOTICE OF AGM

8. “**THAT** the New Financial Services Agreement dated 30 March 2022 referred to in the section headed “Major and Continuing Connected Transactions” in the “Letter from the Board” contained in the circular (the “**Circular**”) of the Company of which this notice forms part, the provision of deposit services, bills acceptance services and bills discounting services contemplated thereunder and the proposed New Caps (as defined in the Circular) be and are hereby approved.”

As special business, to consider and, if thought fit, to pass with or without modifications the following resolution as a special resolution:

9. “**THAT** the amended and restated memorandum of association and amended and restated articles of association of the Company (together, the “**New Memorandum and Articles of Association**”) (a copy of each of which has been produced to this meeting and marked “A” and initialled by the chairman of this meeting for the purpose of identification) be and are hereby approved and adopted as the new memorandum of association and new articles of association of the Company in substitution for and to the exclusion of the existing memorandum of association and existing articles of association of the Company respectively with immediate effect and that any one director or company secretary of the Company be and are hereby authorised to do all things necessary to implement the adoption of the New Memorandum and Articles of Association.”

By order of the Board
Puxing Energy Limited
XU Anliang
Chairman

Hong Kong, 18 May 2022

Principal place of business in Hong Kong
Room 706, 7/F., Albion Plaza
2-6 Granville Road
Tsim Sha Tsui, Kowloon
Hong Kong

Registered office
Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

NOTICE OF AGM

Notes:

- (1) Any Shareholder entitled to attend and vote at the AGM shall be entitled to appoint another person as his proxy to attend and vote instead of him. A proxy need not be a Shareholder.
- (2) The form of proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.
- (3) Delivery of the form of proxy shall not preclude a Shareholder from attending and voting in person at the AGM and in such event, the form of proxy shall be deemed to be revoked.
- (4) Where there are joint Shareholders, any one of such joint Shareholders may vote, either in person or by proxy, in respect of such Shares as if he were solely entitled thereto, but if more than one of such joint Shareholders be present at the above meeting the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint Shareholders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
- (5) The form of proxy and (if required by the Board) the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, shall be delivered to the Company's share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not less than forty-eight (48) hours before the time appointed for the holding of the AGM or any adjournment thereof.
- (6) The register of members of the Company will be closed from Tuesday, 14 June 2022 to Friday, 17 June 2022 (both days inclusive), for the purpose of determining Shareholders' entitlement to attend and vote at the AGM, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong no later than 4:30 p.m. on Monday, 13 June 2022.
- (7) If a Typhoon Signal No. 8 or above is hoisted or a Black Rainstorm Warning Signal is in force within a period of two (2) hours before the commencement of the AGM, the AGM will be postponed or adjourned. The Company will post an announcement on the Company's website (www.puxing-energy.com) and the Stock Exchange's website (www.hkexnews.hk) to notify Shareholders about the date, time and place of the rescheduled meeting. The AGM will be held as scheduled when an Amber or a Red Rainstorm Warning Signal is in force. Shareholders should decide on their own whether they would attend the AGM under bad weather condition bearing in mind their own situations.
- (8) In order to prevent and control the spread of the COVID-19, the Company has adopted certain precautionary measures for the AGM, for details please refer to the precautionary measures for the AGM set out in the Circular. The Board strongly encourages the Shareholders not to physically attend the AGM, and the Board respectfully requests that, for the same reason, the Shareholders to appoint the chairman of the AGM as their proxy rather than a third party to attend and vote on their behalf at the AGM (or any adjournment thereof). Shareholders are reminded that no corporate gifts or refreshment will be distributed at the AGM.
- (9) The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.