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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 CNNC International Limited, you should at once hand this circular and the form of proxy to the purchaser(s) or transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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CNNC INTERNATIONAL LIMITED

中核國際有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2302)

**(1) CONTINUING CONNECTED TRANSACTIONS;
(2) PROPOSED ADOPTION OF NEW MEMORANDUM
AND ARTICLES OF ASSOCIATION;
AND
(3) NOTICE OF EGM**

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



Capitalised terms used on this cover shall have the same meanings as those defined in this circular, unless the context requires otherwise. A letter from the Board is set out on pages 6 to 31 of this circular. A letter from the Independent Board Committee is set out on pages 32 to 33 of this circular. A letter from Gram Capital containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 34 to 55 of this circular.

A notice convening the EGM to be held at SOHO 1, 6/F, Ibis Hong Kong Central & Sheung Wan, No. 28 Des Voeux Road West, Sheung Wan, Hong Kong on Thursday, 23rd June, 2022 at 3:30 p.m. is set out on pages EGM-1 to EGM-5 of this circular. A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, 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 Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof (as the case may be) should you so wish, and in such event, the instrument appointing the proxy shall be deemed to be revoked.

31st May, 2022

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SPECIAL ARRANGEMENTS FOR THE EGM

LIMITING ATTENDANCE IN PERSON AT THE EGM VENUE

The Company will limit attendance in person at the EGM venue in accordance with prevailing requirements or guidelines published by the Government and/or regulatory authorities at the time of the EGM. Given the limited capacity of the EGM venue and the requirements for social distancing to ensure attendee safety, only Shareholders and/or their representatives and relevant EGM staff will be admitted to the EGM. Admission to the EGM venue will not be granted in excess of the capacity of the EGM venue.

HEALTH AND SAFETY MEASURES AT THE EGM VENUE

The following measures will also be implemented at the EGM:

1. compulsory body temperature screening/checks will be conducted on every attendee at the main entrance of the EGM venue. Any person with a body temperature of over 37.3 degrees Celsius will not be admitted to the EGM venue;
2. seating at the EGM venue will be arranged so as to allow for appropriate social distancing;
3. every attendee is required to wear a face mask at any time within the EGM venue;
4. no gifts, food or beverages will be provided at the EGM; and
5. any other additional precautionary measures in accordance with the prevailing requirements or guidelines of the Government and/or regulatory authorities, or as considered appropriate in light of the development of the COVID-19 pandemic.

Any attendee, who (a) refuses to comply with the precautionary measures; (b) is subject to the Government's quarantine requirements or has close contact with any person under quarantine; (c) is subject to the Government's prescribed testing requirement or direction and has not tested negative; or (d) feels unwell or has any symptoms of COVID-19, will be denied entry into or be required to leave the EGM venue at the absolute discretion of the Company as permitted by law.

Shareholders are requested (a) to consider carefully the risk of attending the EGM, which will be held in an enclosed environment; (b) to follow any prevailing requirements or guidelines of the Government relating to COVID-19 in deciding whether or not to attend the EGM; and (c) not to attend the EGM if they have contracted or are suspected to have contracted COVID-19 or have been in close contact with anybody who has contracted or is suspected to have contracted COVID-19.

It is possible that Shareholders and/or their representatives may not be able to attend in person at the EGM venue depending on prevailing Government regulations. Subject to the development of the COVID-19 pandemic and the requirements or guidelines of the Government and/or regulatory authorities, the Company may announce further updates on the EGM arrangement on the websites of the Company (www.cnnintl.com) and the Stock Exchange (www.hkexnews.hk) as and when appropriate.

DEFINITIONS

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

“Articles of Association”	the articles of association of the Company as amended and restated, supplemented or modified from time to time
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“CAGR”	compound annual growth rate
“CNNC”	China National Nuclear Corporation (中國核工業集團有限公司), which was directly wholly owned by the SASAC as at the Latest Practicable Date
“CNNC Group”	CNNC and its subsidiaries
“CNNC Overseas”	CNNC Overseas Uranium Holding Limited (中核海外鈾業控股有限公司), a company incorporated in Hong Kong with limited liability, being the immediate holding company of the Company holding approximately 66.72% Shares as at the Latest Practicable Date. CNNC Overseas was wholly owned by CNUC as at the Latest Practicable Date
“CNUC”	China National Uranium Corporation, Limited (中國鈾業有限公司), a company established in the PRC with limited liability and was directly owned by CNNC as to approximately 65.77% as at the Latest Practicable Date
“CNUC Existing Agreements”	has the meaning as defined in the section headed “Letter from the Board — II. The Framework Agreement — Transactions — (a) The Uranium Supply Transaction — (i) Subject matter” in this circular
“CNUC Group”	CNUC and its subsidiaries (other than the Group)
“Company”	CNNC International Limited (中核國際有限公司), an exempted company incorporated in the Cayman Islands whose issued Shares are listed on the Main Board of the Stock Exchange (Stock Code: 2302)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“COVID-19”	the novel coronavirus disease 19

DEFINITIONS

“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held on Thursday, 23rd June, 2022 at 3:30 p.m. at SOHO 1, 6/F, Ibis Hong Kong Central & Sheung Wan, No. 28 Des Voeux Road West, Sheung Wan, Hong Kong, to consider and, if thought fit, approve (i) the Framework Agreement (together with the Proposed Annual Caps) and the transactions contemplated thereunder; and (ii) the proposed adoption of the New Memorandum and Articles of Association
“Existing Memorandum and Articles of Association”	the existing amended and restated memorandum of association and articles of association of the Company as adopted by special resolution passed on 11th December, 2002, and as further amended by special resolution on 25th May, 2007
“Framework Agreement”	the framework agreement dated 23rd February, 2022 and entered into between the Company and CNUC in respect of the Uranium Supply Transaction and the Uranium Purchase Transaction, as amended and supplemented by the Supplemental Agreement
“F&S Report”	The “Global and PRC Natural Uranium Trading Market” report prepared by Frost & Sullivan, the industry consultant of the Company
“Government”	the government of Hong Kong Special Administrative Region
“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
“Independent Board Committee”	the independent committee of the Board, comprising Mr. Cui Ligu, Mr. Zhang Lei and Mr. Chan Yee Hoi, all being independent non-executive Directors, established to give recommendations to the Independent Shareholders in respect of the Framework Agreement (together with the Proposed Annual Caps) and the transactions contemplated thereunder
“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Framework Agreement (together with the Proposed Annual Caps) and the transactions contemplated thereunder

DEFINITIONS

“Independent Shareholder(s)”	the Shareholder(s) other than CNNC Overseas and its associates
“Independent Third Party(ies)”	individual(s) or company(ies) who or which is/are not the connected person(s) of the Company
“Latest Practicable Date”	26th May, 2022, being the latest practicable date prior to the publication of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Memorandum of Association”	the memorandum of association of the Company, as amended from time to time
“New Memorandum and Articles of Association”	the proposed second amended and restated memorandum and articles of association to be considered and approved for adoption by the Shareholders at the EGM
“PRC”	The People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Price Ceiling”	has the meaning as defined in the section headed “Letter from the Board — II. The Framework Agreement — Transactions — (a) The Uranium Supply Transaction — (ii) Selling price of the natural uranium products” in this circular
“Price Floor”	has the meaning as defined in the section headed “Letter from the Board — II. The Framework Agreement — Transactions — (a) The Uranium Supply Transaction — (ii) Selling price of the natural uranium products” in this circular
“Prior Contractual Commitments”	has the meaning as defined in the section headed “Letter from the Board — VIII. Reasons for the Benefits of the Framework Agreement — The Uranium Purchase Transaction” in this circular
“Proposed Amendments”	the proposed amendments to the Existing Memorandum and Articles of Association as set out in Appendix I to this circular
“Proposed Annual Caps”	the proposed annual caps for each of the Uranium Supply Transaction and the Uranium Purchase Transaction as set out in the section headed “Letter from the Board — III. Historical Transaction Amounts and Proposed Annual Caps” in this circular

DEFINITIONS

“Rössing Uranium Mine”	a uranium mine in Namibia which was indirectly owned by CNUC as to approximately 68.62% as at the Latest Practicable Date and is operated by Rössing Uranium Limited
“Rössing Uranium Products”	has the meaning as defined in the section headed “Letter from the Board — II. The Framework Agreement — Transactions — (b) The Uranium Purchase Transaction — (i) Subject matter” in this circular
“RT Subsidiary”	has the meaning as defined in the section headed “Letter from the Board — VIII. Reasons for and Benefits of the Framework Agreement — The Uranium Purchase Transaction” in this circular
“SASAC”	the State-owned Assets Supervision and Administration Commission of the State Council of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement”	the supplemental agreement dated 26th May, 2022 and entered into between the Company and CNUC to amend and supplement the terms of the Framework Agreement dated 23rd February, 2022
“TradeTech”	TradeTech of Denver Tech Centre, an independent provider of uranium prices and nuclear fuel market information
“Uranium Purchase Transaction”	the proposed purchase of Rössing Uranium Products by the Group pursuant to the Framework Agreement, details of which are as set out in the section headed “Letter from the Board — II. The Framework Agreement — Transactions — (b) The Uranium Purchase Transaction” in this circular
“Uranium Supply Transaction”	the proposed supply of uranium products by the Group to CNUC Group pursuant to the Framework Agreement, details of which are as set out in the section headed “Letter from the Board — II. The Framework Agreement — Transactions — (a) The Uranium Supply Transaction” in this circular
“UxC”	UxC, LLC, a market research and analysis company in the nuclear industry
“%”	per cent.



CNNC INTERNATIONAL LIMITED

中核國際有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2302)

Chairman and Non-executive Director:

Mr. Zhong Jie

Chief Executive Officer and Executive Director:

Mr. Zhang Yi

Non-executive Director:

Mr. Wu Ge

Independent Non-executive Directors:

Mr. Cui Liguo

Mr. Zhang Lei

Mr. Chan Yee Hoi

Registered Office:

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Ugland House

Grand Cayman, KY1-1104

Cayman Islands

*Head Office and Principal Place of
Business:*

Unit 3009

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No. 118 Connaught Road West

Hong Kong

31st May, 2022

To the Shareholders

Dear Sir or Madam,

**(1) CONTINUING CONNECTED TRANSACTIONS;
(2) PROPOSED ADOPTION OF NEW MEMORANDUM AND
ARTICLES OF ASSOCIATION;
AND
(3) NOTICE OF EGM**

I. INTRODUCTION

Reference is made to the announcements of the Company dated 23rd February, 2022 and 26th May, 2022. The purpose of this circular is to provide you with, among other things, further details of (i) the Framework Agreement and the transactions contemplated

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thereunder; and (ii) the Proposed Amendments to the Existing Memorandum and Articles of Association and the proposed adoption of the New Memorandum and Articles of Association.

II. THE FRAMEWORK AGREEMENT

Date

23rd February, 2022 (as supplemented by the Supplemental Agreement dated 26th May, 2022)

Parties

- (a) The Company (for itself and on behalf of each of its subsidiaries); and
- (b) CNUC (for itself and on behalf of each of its subsidiaries (other than the Group))

As at the Latest Practicable Date, the Company was directly owned as to approximately 66.72% by CNNC Overseas, which in turn, was directly wholly owned by CNUC. CNUC was directly owned as to approximately 65.77% by CNNC, which in turn, was directly wholly owned by the SASAC.

Term

The Framework Agreement is conditional on obtaining the approval of the Independent Shareholders at the EGM, and shall take effect from the date of the EGM until 31st December, 2024 (both days inclusive).

Transactions

The Framework Agreement contemplates the Uranium Supply Transaction and the Uranium Purchase Transaction, details of which are set out below:

(a) The Uranium Supply Transaction

(i) Subject matter

The Group agreed to sell, and CNUC Group agreed to purchase, natural uranium products during the term of the Framework Agreement.

The parties further agreed that other than (a) CNUC Group's own natural uranium mined from its own mines; and (b) CNUC Group's purchases of natural uranium products conducted in accordance with such procurement agreements which are still effective as at the date of the Framework Agreement (the "**CNUC Existing Agreements**"), (i) the Group shall act as the prioritised supplier of CNUC Group for its short term demand for natural uranium products, and CNUC Group shall purchase natural uranium products to be delivered in the then current year from the

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Group on a priority basis; and (ii) the Group shall act as the regional sole supplier of CNUC Group for its medium-to-long-term demand for natural uranium products, and CNUC Group shall purchase from the Group natural uranium products for delivery beyond the then current year that are sourced from suppliers based outside Asia and Africa. Towards this end, from an operational perspective, the Group may enter into spot and forward contracts for delivery up to 2024. As an illustration, in 2022, the Group may enter into spot contracts with CNUC Group for delivery in 2022 and/or forward contracts for delivery in 2023 and 2024; in 2023, the Group may enter into spot contracts with CNUC Group for delivery in 2023 and/or forward contracts for delivery in 2024; and in 2024, the Group may only enter into spot contracts with CNUC Group for delivery in 2024. In the event where the parties intend to enter into forward contracts for delivery beyond 2024, the Company will comply with the applicable requirements under the Listing Rules, including making an announcement and/or obtaining prior approvals from independent Shareholders, where appropriate. Among the aforesaid circumstances, the entering into of forward contracts for delivery beyond the current year is to satisfy the “medium to long term demand” of natural uranium products of CNUC Group.

The Uranium Supply Transaction contemplated under the Framework Agreement may take the form of physical delivery or book transfer at designated converter facilities. Depending on the form of each transaction, services to be provided by the Group may include, (i) contract negotiation; (ii) assistance to CNUC Group in obtaining approval from the relevant regulatory authorities in respect of the entering of the agreement; (iii) assistance to CNUC Group in applying for natural uranium import permits; (iv) preparation and verification of natural uranium delivery documents; (v) logistics tracking of the natural uranium products; (vi) receipt and exchange of the natural uranium products and related documents; (vii) settlement of payment for natural uranium products; and (viii) after-sales service such as handling of quality issues.

The Uranium Supply Transaction may be conducted on a back-to-back basis whereby upon receipt of an order from CNUC Group, the Group will source the required quantities of natural uranium products from suppliers to satisfy CNUC Group’s demand. Alternatively, being a natural uranium products trader, the Group will take into consideration the overall expected demand from its customers (including but not limited to CNUC Group), the price trend for natural uranium products and procurement opportunities available in the international market from time to time, and source natural uranium products from suppliers to build up its inventory as and when appropriate, to fulfil any future orders placed by its customers (including but not limited to CNUC Group). Accordingly, the Group is subject to inventory risks, credit risks and pricing risks arising from its trading activities.

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(ii) Selling price of the natural uranium products

The selling price charged by the Group under the Uranium Supply Transaction shall be determined on normal commercial terms and with reference to international price indicators published by UxC and TradeTech from time to time. In particular, subject to the Price Floor and the Price Ceiling (as particularised further below), the selling price shall be the sum of (a) 50% of the average price of natural uranium calculated by the arithmetic average of no less than one month of the long-term price indicators published monthly by UxC and TradeTech at month ends, with a commencing reference month lying within two months before the month of delivery; and (b) 50% of the average price of natural uranium calculated by the arithmetic average of no less than one month of the spot price indicators published monthly by UxC and TradeTech at month ends, with a commencing reference month lying within two months before the month of delivery. The specific commencing reference month and the number of reference month(s) used for determining the selling price for each transaction shall be determined by both parties through fair and reasonable negotiation and based on the then prevailing market conditions.

The parties agreed that in any event, the selling price charged by the Group shall not be (a) less than the average price of natural uranium calculated by the arithmetic average of no less than one month of the spot price indicators published monthly by UxC and TradeTech at month ends, with a commencing reference month lying within two months before the month of delivery. The specific commencing reference month and the number of reference month(s) adopted shall be those adopted for relevant price term under the corresponding contract (the “**Price Floor**”); and (b) more than the highest daily spot price indicator of natural uranium as published by UxC and TradeTech over a period of no less than one month, with the commencing reference day lying within two months before the month of delivery. The month in which the specific commencing and ending reference day shall fall into the reference month(s) adopted for relevant price term under the corresponding contract (the “**Price Ceiling**”). Please refer to the paragraph headed “IX. Internal Control Measures Adopted by the Group” below for the internal control procedures adopted by the Group to ensure that the selling price offered by the Group to CNUC Group under the Uranium Supply Transaction are no less favourable to the Group than those offered to independent customers.

Having considered that the inclusion of a price floor and price ceiling in uranium supply contracts is a common market practice and the internal control procedures adopted by the Group to ensure that the selling price offered by the Group to CNUC Group under the Uranium Supply Transaction are no less favourable to the Group than those offered to

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independent customers, the Directors are of the view that the setting of the Price Ceiling for the Uranium Supply Transaction is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Given the Group's sales transactions with Independent Third Party customers in recent years have primarily been in the form of spot contracts, the Group makes references to the spot prices for these transactions only. In view of the volatility of natural uranium prices and given the Uranium Supply Transaction contemplated under the Framework Agreement cover both spot and forward contracts for delivery up to 2024, it is considered more appropriate for the Uranium Supply Transaction to adopt a pricing mechanism which encompasses references to both spot prices and mid long-term price indicators. The Directors consider that the pricing mechanism adopted in the Framework Agreement for the Uranium Supply Transaction is fair and reasonable and in line with market practice.

The prices payable to the Group shall be settled by CNUC Group within 30 days from the delivery of natural uranium products or such other time as otherwise agreed by the parties. According to UxC, the market payment terms for uranium trading transactions are generally between 30 and 60 days. Having considered the time required for inspecting, testing and weighing natural uranium upon delivery, the credit risk, reputation and financial stability of CNUC Group, the Directors consider it appropriate to provide CNUC Group a payment term of 30 days which is in line with the market practice.

The Group will enter into separate implementation contract(s) with CNUC Group in respect of each sale transaction which will set out the specific terms for the relevant sale transaction.

(b) The Uranium Purchase Transaction

(i) Subject matter

As at the Latest Practicable Date, Rössing Uranium Mine is a uranium mine in Namibia which was indirectly owned by CNUC as to approximately 68.62%.

Pursuant to the Framework Agreement, CNUC Group agreed to procure Rössing Uranium Limited (the operator of Rössing Uranium Mine) to appoint the Group as its exclusive authorised distributor for the sale and distribution of uranium products mined at Rössing Uranium Mine (the "**Rössing Uranium Products**") in all countries and regions around the world except the PRC. Under the arrangement, the Group shall purchase Rössing Uranium Products from Rössing Uranium Mine for on-sale to its third party customers which are based outside the PRC and identified by the Group.

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Under the arrangement, the Group shall be responsible for, among others, (i) sourcing and negotiating the terms of the on-sale contracts with third party on-sale customers to secure the most favourable selling prices and contract terms for the Rössing Uranium Products; (ii) assisting Rössing Uranium Limited to obtain the export permit for the Rössing Uranium Products to be exported from Namibia, the country where Rössing Uranium Limited is based; (iii) monitoring closely the logistics and delivery of the Rössing Uranium Products until they reach the western converters; (iv) providing updates to both Rössing Uranium Limited and the third party on-sale customers on the status of delivery of the Rössing Uranium Products; and (v) providing market intelligence to Rössing Uranium Limited regarding the outlook of the uranium market as well as the short and long term demand. While the arrangement for the Uranium Purchase Transaction is operated under a back-to-back basis, the Group is subject to (a) credit risk as the Group will be contracting with third party on-sale customers as a principal rather than an agent; (b) in-transit inventory risk as the Uranium Purchase Transaction will be conducted in the form of physical delivery to western converters and the Group will be exposed to associated risks during the delivery process; and (c) acceptance risks if there is any delay in delivery.

(ii) Purchase price of Rössing Uranium Products

The purchase price of Rössing Uranium Products payable by the Group to Rössing Uranium Limited (the operator of Rössing Uranium Mine) shall be at a discount of 2% of the resale price of such Rössing Uranium Products charged by the Group to third party on-sale customers. The aforementioned pricing arrangement was arrived at between the parties after arm's-length discussions and taking into consideration (a) the value-added services provided by and the risks to be borne by the Group as mentioned above; and (b) the historical gross profit margin for the Group's natural uranium trading business with Independent Third Parties (which ranged between 1.57% and 1.96%).

Under the Uranium Purchase Transaction, the Group is required to arrange the physical delivery of the Rössing Uranium Products to be transported out of Namibia before such Rössing Uranium Products could be on-sale to third party customers. In this connection, the Group is also required to assist Rössing Uranium Limited to obtain the export permit for the Rössing Uranium Products to be exported from Namibia. On the other hand, for trading transactions conducted by the Group with Independent Third Parties, they are usually conducted via book transfer directly at the western converters and the Group is not involved in the transportation of the natural uranium products and is not subject to in-transit inventory risks. In view of the additional services to be provided by the Group and the additional risk exposure under the Uranium Purchase Transaction, the Directors consider it is commercially reasonable for the Uranium Purchase Transaction to carry a slightly higher gross profit margin than the natural

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uranium trading transactions conducted by the Group with Independent Third Parties and the Directors are of the view that the pricing arrangement is comparable to other similar transactions of the Group with suppliers who are Independent Third Parties. Please refer to the paragraph headed “IX. Internal Control Measures Adopted by the Group” below for the internal control procedures adopted by the Group to ensure that the terms of the Uranium Purchase Transaction are no less favourable to the Group than the terms of similar transactions conducted with Independent Third Parties.

The total amount of Rössing Uranium Products purchased by the Group during the term of the Framework Agreement shall not be more than 3 million pounds per year with the actual amount of purchase to be determined by the Group and Rössing Uranium Limited after further negotiations. There is no minimum purchase amount which the Group is obliged to purchase under the Framework Agreement. In setting the maximum purchase amount of 3 million pounds per year, the parties have taken into consideration (a) the expected annual production volume of Rössing Uranium Mine based on its past production records, being approximately 5.5 million pounds, 5.4 million pounds and 5.5 million pounds for the years ended 31st December, 2018, 2019 and 2020, respectively; and (b) its Prior Contractual Commitments.

The prices payable to Rössing Uranium Limited shall be settled by the Group within 30 days from the delivery of Rössing Uranium Products or such other time as otherwise agreed by the parties. According to UxC, the market payment terms for uranium trading transactions are generally between 30 and 60 days. Hence, the Directors consider the payment terms of 30 days under the Uranium Purchase Transaction are fair and reasonable which are in line with the market practice and are comparable to those purchase transactions with suppliers who are Independent Third Parties.

CNUC Group agreed to procure Rössing Uranium Limited to enter into separate implementation contract(s) with the Group in respect of each purchase transaction which will set out the specific terms for the relevant purchase transaction.

LETTER FROM THE BOARD

III. HISTORICAL TRANSACTION AMOUNTS AND PROPOSED ANNUAL CAPS

The Group has not supplied any uranium products to CNUC Group and has not purchased any Rössing Uranium Products during the three financial years ended 31st December, 2021.

The Proposed Annual Caps for the transactions contemplated under the Framework Agreement for the three financial years ending 31st December, 2024 are set out as follows:

Transaction	Proposed Annual Caps for the year ending 31st December		
	2022	2023	2024
	HK\$'000	HK\$'000	HK\$'000
Uranium Supply Transaction	1,000,000	1,300,000	1,700,000
Uranium Purchase Transaction	1,300,000	1,300,000	1,400,000

In determining the Proposed Annual Caps of the transactions under the Framework Agreement for the three financial years ending 31st December, 2024, the management has taken into account the following factors:

- (a) In respect of the Uranium Supply Transaction, the management has made references to:
 - (i) *Estimated growth in CNUC Group's demand for natural uranium products*

According to the World Nuclear Association, the demand for uranium products in the PRC with reference to market publication of PRC uranium products amounted to approximately 9,563 tU (tonnes of uranium) (equivalent to approximately 24.9 million pounds of uranium products) for the year 2021. According to the F&S Report, the external dependence rate of uranium resources in the PRC remained high at around 86% from year 2019 to year 2021. Hence, it is important to import natural uranium products from international suppliers to satisfy the huge demand in the PRC. In this connection, CNUC Group considers it essential and beneficial to strategically rationalize its organisational and corporate resources to facilitate a sufficiently diversified uranium supplier base on the international front, and to maintain and safeguard its long-term, sustainable and effective external uranium sourcing capability. The annual cap of 2.6 million pounds, 3.7 million pounds and 4.7 million pounds of natural uranium products for the year ending 31st December, 2022, 2023 and 2024, respectively, under the Uranium Supply Transaction was accordingly arrived at after taking into account of, among other things, its current and targeted inventory level, its expected supply from its own uranium mines, the outstanding supply commitments under the CNUC Existing Agreements and the expected procurement shortfall (over and above the foregoing expected supplies). The increase in demand for the years ending 31st December, 2023 and 2024 is expected to be supported by the emerging contribution of sales of natural uranium products sourced from suppliers based outside Asia and

LETTER FROM THE BOARD

Africa for CNUC Group's medium to long term demand, with delivery beyond the current year of 2022 pursuant to the regional sole supplier arrangement under the Framework Agreement.

(ii) *The Group's capability of sourcing and supplying natural uranium to its customers in the past*

Through the Group's connections, the Group has built a proven track record in sourcing natural uranium products from major international suppliers. For instance, in 2019, 2020 and 2021, the Group sourced approximately 3.7 million pounds, 2.0 million pounds and 0.9 million pounds of natural uranium products, respectively, of which approximately 2.5 million pounds, 2.0 million pounds and 0.9 million pounds were sourced from suppliers based outside Asia and Africa in the respective periods. With the cessation of the Group's supply chain business and repositioning of its focus to uranium products trading business, the Group saw a growth in its uranium products trading business whereby the Group has already purchased approximately 1.1 million pounds of natural uranium products from major international suppliers in the first quarter of 2022, of which approximately 0.6 million pounds were sourced from suppliers based outside Asia and Africa. In addition, up to the Latest Practicable Date, the Group has secured a further supply of approximately 0.6 million pounds of natural uranium products from international suppliers for delivery in 2022, of which approximately 0.3 million pounds were sourced from suppliers based outside Asia and Africa. It is expected that with the Group's continuous efforts in further developing its uranium trading business (details of which are set out in the paragraph headed "V. Information on the Group" below), the Group would be able to source sufficient natural uranium products to satisfy CNUC Group's demand.

(iii) *Prevailing market price of natural uranium products*

The estimated selling price for natural uranium products to be charged by the Group is calculated based on the average of the projected/quoted spot prices and mid long-term prices for the three years ending 31st December, 2024 published by UxC and TradeTech (where available).

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According to the spot price indicators and mid long-term price indicators published by UxC and TradeTech (where available), it is predicted that both spot price indicators and mid long-term price indicators will be on an increasing trend between 2022 and 2024, details of which are as follows:

	2022	2023	2024
	<i>US\$ per pound</i>	<i>US\$ per pound</i>	<i>US\$ per pound</i>
Spot-price indicators			
UxC (Mid Price)	43.18	44.14	46.71
TradeTech	45.85	N/A	N/A
Mid long-term price indicators			
UxC	45.57	47.92	50.30
TradeTech	N/A	N/A	N/A

Notes:

- (1) The UxC annual spot price projections as shown in the above table represented the mid price scenario.
 - (2) N/A denotes such data is not currently published by TradeTech.
- (b) In respect of the Uranium Purchase Transaction, the management has made references to (i) the estimated annual production volume of Rössing Uranium Mine based on its past production records, being approximately 5.5 million pounds, 5.4 million pounds and 5.5 million pounds for the years ended 31st December, 2018, 2019 and 2020, respectively; (ii) the annual volume of Rössing Uranium Products available for on-sale to third party customers identified by the Group, having also taken into account the Group's purchase limit of 3 million pounds per annum under the Framework Agreement; (iii) the prevailing market price of uranium products where the highest projected spot price (high 90% band) published by UxC for 2022, 2023 and 2024 is US\$56.93/lb, US\$57.08/lb and US\$60.24/lb, respectively; and (iv) the Group's historical sales volume of natural uranium products to Independent Third Party customers of approximately 2.9 million pounds, 2.9 million pounds and 0.9 million pounds in 2019, 2020 and 2021, respectively.

IV. THE URANIUM TRADING BUSINESS

The global nuclear fuel industry is highly regulated and has high barriers for new entrants given that (a) uranium materials are often conceived as strategic resources that are intrinsically tied to national security; and (b) the operation of uranium-related business is capital and skill intensive in nature. Accordingly, the current nuclear power industry is dominated by a few oligopolies and the nuclear fuel marketplace is somewhat opaque. The existence of uranium traders could bring notable benefits to the overall uranium market by, among others, increasing market liquidity, enhancing price discovery and mitigating market disparities and risks.

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According to UxC, the industry consultant of the Company, nuclear fuel trading is constrained because it takes significant capital resources to properly build trading books. Much of the activity that is performed by traders in nuclear fuel is providing structured deals to counterparties. Counterparties can include not only other traders, but also utilities, primary producers, and financials (e.g., banks, hedge funds, investment funds). In particular, nuclear utilities worldwide generally do not have the resources, capital, or corporate allowance to stockpile inventory supplies in any form. They also tend to buy for delivery dates based on pipeline needs for reactor reload requirements. On the other hand, uranium producers and suppliers need a steady stream of cash flow based on consistent production levels that optimise their operation costs. Given the delivery needs of most utilities (as many reactors may only require fuel assembly deliveries every 18 months) and suppliers' desire to optimise production costs, traders are a primary option that utilities and suppliers can count on to help smooth out the delivery timing for both sides, and thus reducing carrying costs. Therefore, uranium traders can help bridge the gap in the market and narrow misalignment between uranium production and consumption, which in turn help to maintain steady operation and management of the global uranium industry. Other benefits that traders like the Group can provide cover location or origin swaps, mitigating credit risks, and facing counterparties that are unable to do business with each other (e.g., sleeve deals), among other unique situations.

Recently, different countries have been introducing policies which advocate the use of clean energy and promote achievement of carbon neutrality. Hence, the demand for natural uranium, as the fuel of generating nuclear power at nuclear plants, has been rising year after year and is expected to grow in the foreseeable future, in particular in the PRC market. For example, in 2020, the Chinese government put forward the goal that "China's carbon dioxide emissions strive to peak by 2030 and strive to achieve carbon neutrality by 2060" and proactively proposed to "active and orderly develop China's nuclear power industry under the premise of ensuring safety".

The favourable domestic policies implemented towards clean energy in the PRC has made China to become the world's largest growth market in the nuclear fuel industry, as confirmed by the UxC. According to the F&S Report, in parallel with the spectacular growth of China's economy, the total demand for nuclear power increased from approximately 213.3 billion kWh in 2016 to 366.3 billion kWh in 2020 at a CAGR of 14.6%. Going forward, it is expected that the total demand for China's nuclear power will reach 789.8 billion kWh at a stunning CAGR of 16.6%, accounting for 8.2% of total power demand in 2025.

Despite the robust demand in uranium products, China is heavily dependent on imported uranium resources. According to the F&S Report, the external dependence rate of uranium resources in the PRC remained high at around 86% from year 2019 to year 2021. Hence, the volume of uranium trading activities is expected to increase going forward to satisfy the huge demand in the PRC.

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V. INFORMATION ON THE GROUP

As at the Latest Practicable Date, the Group was principally engaged in the trading of natural uranium products and holds overseas uranium resources investment. Depending on factors including but not limited to the location of delivery, sales quantities, delivery schedule, duration and mode of transportation, selling price and customer's preference, the Company traded natural uranium products, under different transaction format, namely (i) back-to-back trading; and (ii) direct inventory sales to customers whereby the Group will take into consideration the overall expected demand from its customers (including but not limited to CNUC Group), the price trend for natural uranium products and procurement opportunities available in the international market from time to time, and source natural uranium products from suppliers to build up its inventory as and when appropriate, to fulfil any future orders placed by its customers (including but not limited to CNUC Group). Approximately 73%, nil and 33% of the Group's natural uranium traded were conducted under the direct inventory sales model in 2018, 2019 and 2020, respectively, while approximately 27%, 100% and 67% of the Group's natural uranium traded were conducted on back-to-back basis during the respective periods.

It is the strategic positioning of the Group to become CNUC Group's major platform in overseas uranium resources exploration, development and trading through leveraging the Group's competitive advantages as follows:

(a) A reliable and trustworthy trader preferred by international suppliers and customers

Being a Hong Kong listed company, the Group's operations and financial condition are more transparent than other private uranium traders. As such, international suppliers and customers of natural uranium products have greater confidence and trust to trade with the Company.

(b) An established professional uranium trading team

According to UxC, the industry consultant of the Company, the global nuclear fuel market remains relatively opaque. Entry into the nuclear fuel market is challenging and established business relations in the value chain is critical asset.

The Group's uranium trading team comprises personnel who are proficient in both English and Chinese, have international uranium trading exposure and years of personal relationships with natural uranium products suppliers and customers, which in turn, enable the Group to communicate efficiently and effectively with international suppliers and customers of uranium products.

(c) Historical track record

The Group commenced its uranium product trading business in 2012 and has built amicable trading relationships with natural uranium products suppliers and customers, in particular western suppliers who are based outside Asia and Africa. Since 2012, the Group has built up a comprehensive international approved trading partner list comprising 19 companies based on their shareholders' background, market reputation

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and financial strength. The Group's broad customer base encompasses listed companies, uranium mine producers, traders, financial institution and intermediate brokers, and spreads across various jurisdictions, including companies incorporated and operate in Australia, Canada, Germany, Japan, Kazakhstan, Hong Kong, Namibia, Singapore, Switzerland, the Cayman Islands, the United Kingdom and the United States of America.

Through the Group's connections, the Group has built a proven track record in sourcing natural uranium products from major international suppliers. For instance, in 2019, 2020 and 2021, the Group sourced approximately 3.7 million pounds, 2.0 million pounds and 0.9 million pounds of natural uranium products, respectively, of which approximately 2.5 million pounds, 2.0 million pounds and 0.9 million pounds were sourced from suppliers based outside Asia and Africa in the respective periods. With the cessation of the Group's supply chain business and repositioning of its focus to uranium products trading business, the Group saw a growth in its uranium products trading business whereby the Group has already purchased approximately 1.1 million pounds of natural uranium products from major international suppliers in the first quarter of 2022, of which approximately 0.6 million pounds were sourced from suppliers based outside Asia and Africa. In addition, up to the Latest Practicable Date, the Group has secured a further supply of approximately 0.6 million pounds of natural uranium products from international suppliers for delivery in 2022, of which approximately 0.3 million pounds were sourced from suppliers based outside Asia and Africa.

Likewise, through the Group's connections with worldwide natural uranium products customers, the Group has sold approximately 2.9 million pounds, 2.9 million pounds and 0.9 million pounds of natural uranium products to Independent Third Party customers which are based outside the PRC in 2019, 2020 and 2021, respectively. The decrease in the volume of natural uranium products sold in 2021 was due to market fluctuations whereby worldwide supplies of natural uranium products was affected by, among others, delays in exploration and wellfield development stemming from the COVID-19 pandemic in certain mines and temporary closure of certain mines for operational maintenance. Nevertheless, UxC forecasts that the total worldwide natural uranium production and secondary supplies will continue to increase in 2022 and beyond. With the growth in the Group's uranium products trading business, the Group has already sold approximately 1.1 million pounds of natural uranium products to Independent Third Party customers which are based outside the PRC in the first quarter of 2022. In addition, up to the Latest Practicable Date, the Group has secured additional sales order for approximately 0.5 million pounds of natural uranium products for delivery in 2022.

(d) Gateway to the PRC or Asian Markets

Asia remains the largest growth region in the nuclear power and nuclear fuel industries and according to UxC, China has become the world's largest growth market in the nuclear fuel industry. However, there has only been limited access to Chinese companies in nuclear fuel trading so far. The uranium trading business has been mostly

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dominated until recently by companies based in Europe, the U.S., and Japan. Being strategically located in Asia, the Group acts as a gateway for western natural uranium producers to tap into the vast PRC or Asian markets via the Group's connections with natural uranium customers in the vicinity.

(e) Strategically based in Hong Kong, an international finance centre

Hong Kong is an international finance centre with sound legal system, low and simple tax regime, free flow of capital, advanced payment and settlement systems and timely access to various international communication systems and financing resources. Being strategically based and headquartered in Hong Kong, the Group benefits from the foregoing attributes which in turn, facilitate the smooth conduct of uranium trading.

To strengthen the Group's uranium trading business, in January 2022, the Group has expanded its uranium trading team by recruiting experienced uranium traders in anticipation of the increased uranium trading volume. The Group is also in the process of compiling a data room, which is currently expected to be completed by the second half of 2022, to centralize all historical transaction quantities and prices, profiles of all uranium producing mines, market activities of all major traders, development of major converters and market intelligence (including references to energy indexes such as oil and gas) with a view to develop reliable uranium prices projection model to assist the trading team in making uranium sales and purchases decisions.

VI. INFORMATION ON CNUC

CNUC is a company established in the PRC with limited liability. As at the Latest Practicable Date, CNUC was directly held as to approximately 65.77% by CNNC, which in turn, was directly wholly owned by the SASAC. CNUC Group is principally engaged in, among other things, uranium resources exploration, development, mining operations and management, and is the supplier of natural uranium products to the downstream nuclear power plants of CNNC Group.

VII. INFORMATION ON UxC AND TRADETECH

The Board considers the price indicators published by UxC and TradeTech to be reliable independent price references for international market price of natural uranium products and believes that it is common for natural uranium products purchasers to make reference to price indicators published by UxC and TradeTech.

UxC is one of the nuclear industry's leading consulting companies. It offers a wide range of services spanning the full fuel cycle with special focus on market-related issues. UxC was founded in March 1994 as an affiliate of The Uranium Exchange Company (Ux), in order to extend and provide greater focus to Ux's consulting and information services capabilities. UxC has taken over these functions and now publishes the Ux Weekly and Market Outlook reports on the enrichment, conversion and fabrication of uranium, nuclear power as well as publishing the industry standard Ux Prices, which are used as references in many fuel contracts. In addition, UxC also provides custom consulting services and

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prepares special reports on various topics, as well as provides data services, such as nuclear fuel price indicator reporting, including support for the New York Mercantile Exchange (NYMEX) uranium futures contract.

TradeTech, along with its predecessor companies — NUEXCO Information Services, CONCORD Information Services and CONCORD Trading Company — has supported the uranium and nuclear fuel cycle industry for nearly 50 years. It is widely recognized for its expertise in trading activities and its comprehensive knowledge of the technical, economic and political factors affecting this industry. TradeTech provides independent market consulting services and maintains an extensive information database on the international nuclear fuel market, and publishes daily, weekly and monthly uranium market prices and analysis.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, each of UxC and TradeTech and their respective subsidiaries are third parties independent of the Group, CNUC Group and CNNC Group.

VIII. REASONS FOR AND BENEFITS OF THE FRAMEWORK AGREEMENT

The Group has continued its business of trading of uranium products in its normal and usual course of business. Leveraged on the years of accumulated experience and its already established operational infrastructure in the international trading of uranium products, the Group will continue to devote to the development of the uranium trading business.

CNUC Group is principally engaged in, among other things, uranium resources exploration, development, mining operations and management. It is CNUC Group's strategy to position the Group as its major platform in overseas uranium resources exploration, development and trading, pursuant to which the Group aims to become an active player in the global uranium trading market, connecting worldwide customers and suppliers and alongside assisting CNUC Group's procurement of natural uranium products from the international market.

The global nuclear fuel marketplace is opaque and natural uranium prices are always volatile. The Group, being a natural uranium trader, possesses the necessary market intelligence (such as intelligence on global natural uranium demand and supply, price trend, supply and demand schedule, etc.) and international network with customers and suppliers, etc., which facilitates the price discovery process in the natural uranium market. In view of the Group's strengths and capabilities in natural uranium trading, CNUC regards the Group as its international natural uranium trading platform. Leveraging on the Group's competitive strengths and in light of the volatility in natural uranium prices, the Group could take advantage of the price fluctuations and conduct arbitrage trades by building up its natural uranium inventory when prices are comparatively low and sell them at higher prices. Accordingly, through the Group's natural uranium trading activities, in particular where the Uranium Supply Transaction encompasses both spot and forward contracts, CNUC Group would be able to procure, via the Group, natural uranium products at reasonable prices and on the other hand, the Group could assist CNUC Group/Rössing Uranium Limited to sell the Rössing Uranium Products at higher prices via the Uranium Purchase Transaction, which in turn could maximize the overall return of CNUC Group.

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The Uranium Supply Transaction

CNNC Group is one of the predominant nuclear power groups in the PRC, under which CNUC Group is the designated functional group responsible for the development and sourcing of uranium resources for all downstream nuclear power plants of CNNC Group. According to the F&S Report, the external dependence rate of uranium resources in the PRC remained high at around 86% from year 2019 to year 2021. Hence, it is important to import natural uranium products from international suppliers to satisfy the huge demand in the PRC. CNUC Group has traditionally been importing natural uranium products mainly from suppliers in Asia and Africa. In this connection, CNUC Group consider it essential and beneficial to strategically rationalize its organisational and corporate resources to facilitate a sufficiently diversified uranium supplier base on the international front, and to maintain and safeguard its long-term, sustainable and effective external uranium sourcing capability.

Being a member of CNUC Group and having considered the competitive edges of the Group as more particularly set out in the paragraph headed “V. Information on the Group” above, the Group is considered to be in a better strategic position to be designated as the procurement arm of CNUC Group in the international uranium market (other than Asia and Africa). Given the time sensitive nature in capturing favourable procurement opportunities for short-term uranium supply in the international market as and when they arise, CNUC Group resolved to designate the Group as its prioritised supplier such that the Group shall source natural uranium products worldwide and supply to CNUC Group to meet CNUC Group’s short-term demand. Leveraging on the Group’s competitive strengths, in particular its amicable trading relationships with natural uranium products suppliers based outside Asia and Africa, CNUC Group considers it is beneficial and in line with its overall strategy to designate the Group as its sole regional supplier for medium-to-long-term demand for natural uranium products with a view to gradually centralize its overseas procurement capability into one platform, i.e. the Group, to enhance its overall bargaining power in the international uranium market.

The Uranium Purchase Transaction

CNUC acquired its controlling interests in Rössing Uranium Limited from Rio Tinto Group in 2019. Rössing Uranium Limited has historically been positioned as an international supplier in the global uranium market and since there is no nuclear power plant in Namibia, all Rössing Uranium Products were exported overseas in the past. Prior to CNUC’s acquisition, since Rössing Uranium Limited does not have its own sales team, external sales of the Rössing Uranium Products were arranged by one of Rio Tinto Group’s subsidiaries (the “**RT Subsidiary**”). Following CNUC’s acquisition of Rössing Uranium Limited, while Rössing Uranium Limited remains obliged to sell certain quantities of Rössing Uranium Products to the RT Subsidiary based on prior contractual commitments (the “**Prior Contractual Commitments**”), no further sales of the certain quantities of Rössing Uranium Products have been solicited by the RT Subsidiary since 2019. In the initial years CNUC acquired Rössing Uranium Limited, the global uranium market was in a trough where uranium prices were significantly

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depressed for a sustained period. As such, at the relevant time, it was commercially more reasonable for CNUC Group to ship such Rössing Uranium Products which were not sold under the Prior Contractual Commitments back to the PRC for CNNC Group's own consumption as an interim measure, pending the re-establishment of Rössing Uranium Limited's external sales capability.

Having considered the Group's long track record in international trading of uranium products and its competitive advantages as more particularly set out in the paragraph headed "V. Information on the Group" above, CNUC Group is of the view that the Group possesses the necessary capability and resources to act as Rössing Uranium Limited's distributor. In view of the gradual recovery of the global uranium market since mid-2020s, it is in the interests of the Group, Rössing Uranium Limited and CNUC Group to capture market opportunities arising from the rising natural uranium prices by resuming Rössing Uranium Limited's external sales in the international market as soon as practicable via the Uranium Purchase Transaction. Also, the resumption of Rössing Uranium Limited's external sales would enable Rössing Uranium Limited to solidify its position as an international supplier, diversify and expand the customer base for Rössing Uranium Products, which is in the interests of the shareholders of Rössing Uranium Limited (including CNUC).

The Group believes that the Uranium Supply Transaction and the Uranium Purchase Transaction not only are in line with the Group's strategy to become CNUC Group's major platform in overseas uranium resources exploration, development and trading, but also further strengthen the Group's uranium trading business which in turn will enhance the Group's profitability in the long run.

The continuing connected transactions contemplated under the Framework Agreement are expected to occur on a regular and continuing basis and in the ordinary and usual course of business of the Group.

The Directors (excluding the independent non-executive Directors who shall form their view after receiving the advice from Gram Capital) consider that (a) the terms of the Framework Agreement (including the Proposed Annual Caps) have been negotiated on an arm's length basis between the parties and are fair and reasonable; (b) the transactions contemplated under the Framework Agreement are on normal commercial terms and in the ordinary and usual course of business of the Group; and (c) the transactions contemplated under the Framework Agreement are in the interests of the Group and the Shareholders as a whole.

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IX. INTERNAL CONTROL MEASURES ADOPTED BY THE GROUP

To safeguard the interest of the Group and the Shareholders as a whole, and to ensure the Group will conduct the Uranium Supply Transaction and the Uranium Purchase Transaction in accordance with the terms of the Framework Agreement, the Group will adhere to the following internal control measures in respect of the transactions contemplated under the Framework Agreement:

- (a) each transaction under the Framework Agreement shall be initiated by the trading department, and reviewed by finance department, legal department, the financial controller and the vice general manager in charge of the trading department of the Group. Upon approval by all the above parties, the transaction is recommended for approval by the chief executive officer. The approving parties shall observe that the terms of each transaction under consideration are comparable to the terms of comparable transactions with Independent Third Parties before approving a transaction;
- (b) prior to entering into any transaction under the Framework Agreement, the designated staff member from the trading department of the Group shall check to ensure (i) the pricing formula adopted is in accordance with the terms of the Framework Agreement, (ii) the transaction price is fixed adopting the relevant reference prices quoted from UxC and TradeTech in accordance with the relevant transaction agreement, and (iii) the transaction price is falling within the Price Floor and the Price Ceiling. The designated staff member shall also observe the transaction prices of market transactions and transactions conducted by the Group with Independent Third Parties for the purpose of evaluating whether the transaction price is comparable to transaction prices of other comparable transactions. In general, the Company will make references to the prices charged by the Group in all comparable transactions conducted with Independent Third Parties and the market price for natural uranium products on a daily basis to ensure that the terms for the transactions under the Framework Agreement are no less favourable than the terms available to Independent Third Parties;
- (c) the designated staff member from the finance department of the Group will closely monitor the total transaction amount to ensure that the pricing terms as stipulated in the Framework Agreement have been adhered to and the Proposed Annual Caps will not be exceeded. In particular, for the Uranium Purchase Transaction, upon receiving an order from a third party on-sale customer, the designated staff member from the finance department of the Group will first confirm with Rössing Uranium Limited on the proposed selling price and the quantity to be supplied prior to the finalization of the terms for the on-sale transaction with third party on-sale customers to ensure that the pricing policy for the Uranium Purchase Transaction stipulated in the Framework Agreement is adhered to;

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- (d) the Group will closely monitor the Uranium Purchase Transaction to ensure that the terms of the Uranium Purchase Transaction are no less favourable to the Group than the terms of similar transactions conducted with Independent Third Parties. In the event where the gross profit margin from the Group's trading transactions with Independent Third Parties exceed 2%, the Company may either (1) cease to conduct the Uranium Purchase Transaction; or (2) negotiate with CNUC to revise the pricing term for the Uranium Purchase Transaction and comply with the applicable requirements under the Listing Rules, including making an announcement and/or obtaining prior approvals from independent Shareholders, where appropriate;
- (e) the chief executive officer will approve each and every transaction under the Framework Agreement before it is executed; and
- (f) the independent non-executive Directors and the auditors of the Company will conduct annual review of the Uranium Supply Transaction and the Uranium Purchase Transaction and confirm whether such transactions are conducted in the ordinary and usual course of business of the Group, on normal commercial terms, in accordance with the Framework Agreement on terms that are fair and reasonable and in the interests of the Shareholders as a whole, and whether the internal control procedures put in place by the Company are adequate and effective to ensure that such transactions were conducted in accordance with the pricing policies set out in the Framework Agreement.

X. LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, CNNC Overseas was a controlling shareholder of the Company holding approximately 66.72% Shares and hence a connected person of the Company. Since CNNC Overseas is directly wholly owned by CNUC, CNUC is regarded as an associate of CNNC Overseas and hence a connected person of the Company. As such, the transactions contemplated under the Framework Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules for each of the Uranium Supply Transaction and the Uranium Purchase Transaction are, on an annual basis, over 5%, and the respective highest Proposed Annual Caps exceed HK\$10,000,000, the transactions contemplated under the Framework Agreement are subject to the reporting, announcement, Independent Shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

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XI. GENERAL

Pursuant to Rule 14A.36 of the Listing Rules, any Shareholder with a material interest in the continuing connected transactions contemplated under the Framework Agreement is required to abstain from voting on the relevant resolution(s) at the EGM. Given CNNC Overseas is a wholly-owned subsidiary of CNUC, CNNC Overseas is regarded as having material interests in the Framework Agreement and the transactions contemplated thereunder. Accordingly, CNNC Overseas and its associates will be required to abstain from voting on the relevant resolutions in relation to the Framework Agreement (together with the Proposed Annual Caps) and the transactions contemplated thereunder to be proposed at the EGM. Mr. Zhong Jie, Mr. Zhang Yi and Mr. Wu Ge, all being Directors, also held positions in CNUC Group or its associates and are regarded as having material interests in the Framework Agreement and the transactions contemplated thereunder. Accordingly, each of them had abstained from voting at the Board meeting on the relevant resolutions. To the best of the Directors' knowledge and information, no other Shareholder is required to abstain from voting on the relevant resolutions in relation to (i) the Framework Agreement (together with the Proposed Annual Caps) and the transactions contemplated thereunder; and (ii) the proposed adoption of the New Memorandum and Articles of Association.

The Independent Board Committee which comprises Mr. Cui Liguu, Mr. Zhang Lei and Mr. Chan Yee Hoi, all being independent non-executive Directors, has been established to advise the Independent Shareholders in respect of the Framework Agreement (together with the Proposed Annual Caps) and the transactions contemplated thereunder. The Independent Financial Adviser, Gram Capital, has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

XII. PROPOSED ADOPTION OF THE NEW MEMORANDUM AND ARTICLES OF ASSOCIATION

The Board proposes to adopt the New Memorandum and Articles of Association to, amongst others, (i) adopt a uniform set of 14 "Core Standards" (the "**Core Standard(s)**") for shareholder protections for issuers set out in the Listing Rules with effect from 1st January, 2022, as amended pursuant to the Consultation Conclusions on Listing Regime for Overseas Issuers published by the Stock Exchange in November 2021; (ii) replace all references to "Companies Law (2002 Revision)" in the Existing Memorandum and Articles of Association with "Companies Act (As Revised)"; (iii) bring the New Memorandum and Articles of Association in line with other amendments to the Listing Rules and applicable laws of the Cayman Islands; and (iv) make certain housekeeping amendments for the purpose of clarifying existing practice and making consequential amendments in line with the Proposed Amendments.

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The major details of the Proposed Amendments are as follows:

Clause no. of the memorandum of association of the New Memorandum and Articles of Association

Details of/reasons for the Proposed Amendments

2 To update the current address of the registered office provider.

Article no. of the articles of association of the New Memorandum and Articles of Association

Details of/reasons for the Proposed Amendments

3.4 To conform with Core Standard 8 pursuant to paragraph 15 of Appendix 3 to the Listing Rules.

3.6 To clarify that manner of purchase is to be approved by ordinary resolution, and to clarify such repurchase must adhere with the applicable rules.

3.7 Added to provide rights for Company to accept surrender of shares.

3.10 To clarify situation where a purchases or redemption will require to be limited to a maximum price.

4.5 Added to clarify the evidence of entitlement of shares in accordance with the Listing Rules and the Companies Act of the Cayman Islands.

4.6 To conform with Core Standard 13 pursuant to paragraph 20 of Appendix 3 to the Listing Rules.

4.8, 4.10 and 7.9 Updated to align with rule 13.66 of the Listing Rules.

4.11 To clarify the issuance of share certificate requires payment by such shareholder.

6.5 To expand the notice call be issued via the Stock Exchange's website, via newspaper or other electronic means.

7.1 To clarify share transfer form can be in any standard form prescribed by the Stock Exchange.

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Article no. of the articles of association of the New Memorandum and Articles of Association	Details of/reasons for the Proposed Amendments
7.3	Updated such that issuance of share certificate will require fee and align with rule 13.60 of the Listing Rules, and to align with market practice where share transfer can be effected by any other means permitted by Listing Rules and approved by the Board.
10.3	Clarifying that the resolutions approving reduction of share capital does not include share premium account.
12.1	To conform with Core Standard 3 pursuant to paragraph 14(1) of Appendix 3 to the Listing Rules.
12.3	To conform with Core Standard 7 pursuant to paragraph 14(5) of Appendix 3 to the Listing Rules.
12.4, 12.5, 13.3, 13.6, 14.1, 14.4, 14.6 and 14.14	To allow general meetings of the Company to be held as a physical meeting, hybrid meeting or an electronic meeting.
12.5	To conform with Core Standard 4 pursuant to paragraph 14(2) of Appendix 3 to the Listing Rules.
12.10, 12.11 and 12.12	To align with market practice for situations where a general meeting has been adjourned or postponed.
13.1	To conform with Core Standard 10 pursuant to paragraph 17 of Appendix 3 to the Listing Rules.
13.8, 13.11, 14.5 and 14.12	Updated to align with rule 13.39 of the Listing Rules and to align with market practice.
14.1	To conform with Core Standard 5 pursuant to paragraph 14(3) of Appendix 3 to the Listing Rules.
14.2	To conform with Core Standard 6 pursuant to paragraph 14(4) of Appendix 3 to the Listing Rules.
14.11	To clarify the proxy form must be in a form that complies with Listing Rules.

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Article no. of the articles of association of the New Memorandum and Articles of Association	Details of/reasons for the Proposed Amendments
14.15	To conform with Core Standard 12 pursuant to paragraph 19 of Appendix 3 to the Listing Rules, and to update the article to align with current market practice that authorised representative of the Hong Kong Securities Clearing Company Limited (“HKSCC”) is not required to provide evidence to show his/her authority to act on behalf of HKSCC, and to clarify the right to speak per paragraph 19 of Appendix 3 to the Listing Rules.
16.2	To conform with Core Standard 1 pursuant to paragraph 4(2) of Appendix 3 to the Listing Rules.
16.3, 16.4 and 16.5	Moved from articles 115, 116, 117 and 118 of the articles of association of the Existing Memorandum and Articles of Association.
16.6	To conform with Core Standard 2 pursuant to paragraph 4(3) of Appendix 3 to the Listing Rules.
16.7 and 16.9	To ease the requirement of delivering notice of appointment of alternate director and entitlement of receiving notice of board meeting by an alternate director even if absent from Hong Kong.
16.18 and 16.19	Moved from the articles 112 and 114 of the articles of association of the Existing Memorandum and Articles of Association.
16.23, 16.24, 16.25 and 18.3	To align with the Listing Rules and Hong Kong legal position on connected transactions and director’s loan.
20	To align with current market practice on board meeting procedures generally.
20.13	To align with the Listing Rules position on material transactions.
22.1	Permitting the seal can be imprinted on as well as affixed.
23.2, 24.11 and 24.21	To align with market practice.
29.2	To conform with Core Standard 10 pursuant to paragraph 17 of Appendix 3 to the Listing Rules.

LETTER FROM THE BOARD

**Article no. of the articles
of association of the
New Memorandum and
Articles of Association**

Details of/reasons for the Proposed Amendments

30	To align with market practice on delivery of notice via electronic means.
32.1	To conform with Core Standard 14 pursuant to paragraph 20 of Appendix 3 to the Listing Rules.
35	To conform with Core Standard 9 pursuant to paragraph 16 of Appendix 3 to the Listing Rules.
36 and 37	To align with market practice where transfer by way of continuation or mergers and consolidation requiring special resolutions under laws of the Cayman Islands.

The full text of the New Memorandum and Articles of Association (marked-up against the conformed version of the Existing Memorandum and Articles of Association posted on the website of the Stock Exchange) is set out in Appendix I to this circular. The Chinese translation of the New Memorandum and Articles of Association is for reference only. In case of any discrepancy or inconsistency between the English version and its Chinese translation, the English version shall prevail.

The Company has been advised by its legal advisers that the Proposed Amendments conform with the requirements of the Listing Rules and are not inconsistent with the applicable laws of the Cayman Islands, respectively. The Company also confirms that there is nothing unusual about the New Memorandum and Articles of Association for a company listed in Hong Kong. The Board proposes to put forward to the Shareholders for approval at the EGM a special resolution to adopt the New Memorandum and Articles of Association. The proposed adoption of the New Memorandum and Articles of Association is subject to the passing of such special resolution. Prior to the passing of the special resolution at the EGM, the Existing Memorandum and Articles of Association shall remain valid.

XIII. VOTING BY POLL

Pursuant to the Listing Rules (except for administrative matters) and the articles of association of the Company currently in force, any vote of shareholders at a general meeting must be taken by poll. An announcement on the poll vote results will be published by the Company after the EGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

LETTER FROM THE BOARD

XIV. CLOSURE OF REGISTER OF MEMBERS AND THE EGM

The register of members of the Company will be closed from Saturday, 18th June, 2022 to Thursday, 23rd June, 2022 (both dates inclusive) for determining the identity of the Shareholders who are entitled to attend and vote at the EGM. No transfer of Shares will be registered during this period. Shareholders whose name appear on the register of members of the Company on Thursday, 23rd June, 2022 shall be entitled to attend and vote at the EGM. In order to be eligible to attend and vote at the EGM, unregistered holders of the Shares should ensure that all transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration no later than 4:30 p.m. on Friday, 17th June, 2022.

The notice convening the EGM to be held at SOHO 1, 6/F, Ibis Hong Kong Central & Sheung Wan, No. 28 Des Voeux Road West, Sheung Wan, Hong Kong on Thursday, 23rd June, 2022 at 3:30 p.m. is set out on pages EGM-1 to EGM-5 of this circular. A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, 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 Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof (as the case may be) should you so wish, and in such event, the instrument appointing the proxy shall be deemed to be revoked.

XV. RECOMMENDATION

The Directors (including the independent non-executive Directors whose views have been set out in this circular after taking into consideration the advice of Gram Capital) consider that (a) the terms of the Framework Agreement (including the Proposed Annual Caps) have been negotiated on an arm’s length basis between the parties and are fair and reasonable; (b) the transactions contemplated under the Framework Agreement are on normal commercial terms and in the ordinary and usual course of business of the Group; and (c) the transactions contemplated under the Framework Agreement are in the interests of the Group and the Shareholders as a whole. Accordingly, the Directors (other than Mr. Zhong Jie, Mr. Zhang Yi and Mr. Wu Ge who had abstained from voting at the Board meeting on the relevant resolutions) recommend the Shareholders to vote in favour of the resolution in relation to the Framework Agreement (together with the Proposed Annual Caps) and the transactions contemplated thereunder to be proposed at the EGM.

The Directors also consider that the proposed adoption of the New Memorandum and Articles of Association is in the interests of the Group and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolution in relation to the adoption of the New Memorandum and Articles of Association to be proposed at the EGM.

LETTER FROM THE BOARD

XVI. ADDITIONAL INFORMATION

Your attention is also drawn to the letter from the Independent Board Committee, the letter advice from Gram Capital to the Independent Board Committee and the Independent Shareholders and the additional information set out in the appendices to this circular.

Warning: As disclosed in the Company's announcement dated 28th May, 2021, one of the resumption guidance is that the Company is required to demonstrate its compliance with Rule 13.24 of the Listing Rules regarding sufficient operations and assets to warrant the continued listing of the Shares. While the entering into of the Framework Agreement and the transactions contemplated thereunder are in the ordinary and usual course of business of the Group, Shareholders and potential investors of the Company are reminded that the publication of this circular should not be viewed as the Stock Exchange being satisfied that the Company has fulfilled the aforementioned resumption guidance. Pursuant to Rule 6.01A (1) of the Listing Rules, the Stock Exchange may cancel the listing of any securities that have been suspended from trading for a continuous period of 18 months. In the case of the Company, the 18-month period will expire on 29th October, 2022. If the Company fails to fulfill all the resumption guidance issued by the Stock Exchange, fully comply with the Listing Rules to the Stock Exchange's satisfaction and resume trading in its shares by 29th October, 2022, the Listing Division will recommend the Listing Committee to proceed with the cancellation of the Company's listing. Pursuant to Rules 6.01 and 6.10 of the Listing Rules, the Stock Exchange also has the right to impose a shorter specific remedial period, where appropriate.

By order of the Board
CNNC International Limited
Li Philip Sau Yan
Company Secretary



CNNC INTERNATIONAL LIMITED

中核國際有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2302)

31st May, 2022

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

We refer to the circular of CNNC International Limited dated 31st May, 2022 (the “**Circular**”), of which this letter forms part. Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as those defined in the Circular.

We have been appointed as members of the Independent Board Committee to advise you (i) as to whether, in our opinion, the terms of the Framework Agreement (including the Proposed Annual Caps) and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned. Details of the Framework Agreement (together with the Proposed Annual Caps) and the transactions contemplated thereunder are set out in the letter from the Board contained in the Circular. Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Framework Agreement (together with the Proposed Annual Caps) and the transactions contemplated thereunder. Details of its advice and the principal factors taken into consideration in arriving at its recommendations are set out in the letter from Gram Capital contained in the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the advice of Gram Capital, we are of the opinion that (i) the terms of the Framework Agreement (together with the Proposed Annual Caps) and the transactions contemplated thereunder are in the ordinary and usual course of business of the Group; and (ii) the Framework Agreement (together with the Proposed Annual Caps) and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Framework Agreement (together with the Proposed Annual Caps) and the transactions contemplated thereunder.

Yours faithfully,
Independent Board Committee

Mr. Cui Ligu
Independent
non-executive Director

Mr. Zhang Lei
Independent
non-executive Director

Mr. Chan Yee Hoi
Independent
non-executive Director

LETTER FROM GRAM CAPITAL

Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Transactions for the purpose of inclusion in this circular.



Room 1209, 12/F.
Nan Fung Tower
88 Connaught Road Central/
173 Des Voeux Road Central
Hong Kong

31 May 2022

*To: The independent board committee and the independent shareholders
of CNNC International Limited*

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Framework Agreement and the transactions contemplated thereunder, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 31 May 2022 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

With reference to the Board Letter, on 23 February 2022, the Company and CNUC entered into the Framework Agreement (as amended and supplemented by the Supplemental Agreement) in relation to the Uranium Supply Transaction and the Uranium Purchase Transaction (together, the “**Transactions**”). Pursuant to and during the term of the Framework Agreement (as supplemented by the Supplemental Agreement), (a) the Group has agreed to sell, and CNUC Group has agreed to purchase, natural uranium products; and (b) CNUC Group shall appoint the Group as its exclusive authorised distributor for the sale and distribution of Rössing Uranium Products whereby the Group shall purchase such Rössing Uranium Products from CNUC Group for on-sale to third party customers in all countries and regions around the world except the PRC.

With reference to the Board Letter, the Transactions constitute continuing connected transactions of the Company, and are subject to the reporting, announcement, Independent Shareholders’ approval and annual review requirements under Chapter 14A of the Listing Rules.

LETTER FROM GRAM CAPITAL

The Independent Board Committee comprising Mr. Cui Liguu, Mr. Zhang Lei and Mr. Chan Yee Hoi (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of the Transactions are on normal commercial terms and are fair and reasonable; (ii) whether the Transactions are in the interests of the Company and the Shareholders as a whole and are conducted in the ordinary and usual course of business of the Group; and (iii) how the Independent Shareholders should vote in respect of the resolution to approve the Framework Agreement and the transactions contemplated thereunder at the EGM. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

INDEPENDENCE

We are not aware of (i) any relationship or interest between Gram Capital and the Company; or (ii) any services provided by Gram Capital to the Company, during the past two years immediately preceding the Latest Practicable Date, or any other parties that could be reasonably regarded as hindrance to Gram Capital's independence to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders.

Having considered the above and that none of the circumstances as set out under Rule 13.84 of the Listing Rules existed as at the Latest Practicable Date, we are of the view that we are independent to act as the Independent Financial Adviser.

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 or referred to in the Circular and the information and representations as provided to us by the Company's management (the "**Management**"). We have assumed that all information and representations that have been provided by the Management, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Management, which have been provided to us. Our opinion is based on the Management's representation and confirmation that there is no undisclosed private agreement/arrangement or implied understanding with anyone concerning the Transactions. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

LETTER FROM GRAM CAPITAL

The 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 the 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 therein or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, CNUC or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Transactions. Our opinion is necessarily 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.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Transactions, we have taken into consideration the following principal factors and reasons:

Information on the Group

With reference to the Board Letter, the Group was principally engaged in the trading of natural uranium products and holds overseas uranium resources investment. It is the strategic positioning of the Group to become CNUC Group's major platform in overseas uranium resources exploration, development and trading.

LETTER FROM GRAM CAPITAL

Set out below are the unaudited consolidated financial information of the Company for the two years ended 31 December 2021, as extracted from the Company's unaudited annual results announcement for the year ended 31 December 2021 (the "2021 AR Announcement"):

	For the year ended 31 December 2021 ("FY2021") HK\$'000	For the year ended 31 December 2020 ("FY2020") HK\$'000	Year-on-year change %
Revenue	280,639	1,648,233	(82.97)
— <i>Trading of mineral property</i>	280,639	662,994	(57.67)
— <i>Supply chain</i>	<i>Nil</i>	985,239	(100)
Gross Profit	20,610	24,450	(15.71)
Profit/(loss) for the year	1,163	(88,324)	N/A

As illustrated in the above table, the Group's revenue and gross profit for FY2021 decreased by approximately 82.97% and 57.67% respectively as compared to that for FY2020. With reference to the 2021 AR Announcement, such decreases were mainly due to (i) that the Group did not conclude any supply chain business for FY2021; and (ii) significant reduction in revenue for the uranium product trading business due to market fluctuation (worldwide supplies of natural uranium products was affected by delays in exploration and wellfield development stemming from COVID-19 pandemic in certain mines and temporary closure of certain mines for operational maintenance during FY2021).

Despite the moderate decrease in gross profit, the Group's gross profit margin improved from approximately 1.48% for FY2020 to approximately 7.34% for FY2021, representing an increase of approximately 5.86 percentage points. As advised by the Management, such increase in gross profit margin was mainly attributed to short-term fluctuation in uranium spot price during the second half of FY2021, where the Group was able to capture such opportunities and concluded a sizeable uranium trading transaction in terms of sales volume as compared to the total sales volume concluded during FY2021.

The Group recorded profit of approximately HK\$1.2 million for FY2021 as compared to the loss of approximately HK\$88.3 million for FY2020. With reference to the 2021 AR Announcement, such turnaround from loss-making position to profit-making position was mainly due to (i) absence of impairment loss on inventories for FY2021 (impairment loss on inventories was approximately HK\$52.41 million for FY2020); (ii) turnaround from share of losses of an associate for FY2020 to share of profits of an associate for FY2021; and (iii) decrease in selling and distribution expenses, finance costs and income tax expense, which were partially offset by increase in administrative expenses.

LETTER FROM GRAM CAPITAL

With reference to the 2021 AR Announcement, the Group intends to focus more on the uranium products trading business, and to actively seek high-quality uranium resources projects to complement the development of its parent group, as well as to leverage on the strengths of the parent group in the field of nuclear energy. In long run, the Group also aims to expand and diversify its business by leveraging on the strengths of its ultimately holding company, CNNC, in the field of nuclear energy, to develop projects with reasonable returns and continues to explore possible investment opportunities in uranium resources considering the financial health of the Company, the overall global uranium market supply and demand dynamics.

Information on CNUC and Rössing Uranium Mine

With reference to the Board Letter, CNUC is a controlling Shareholder and is a company established in the PRC with limited liability. Approximately 65.77% of CNUC's shareholding is directly owned by CNNC which in turn is directly wholly owned by the SASAC. CNUC Group is principally engaged in, among other things, uranium resources exploration, development, mining operations and management, and is the supplier of natural uranium products to the downstream nuclear power plants of CNNC Group.

As at the Latest Practicable Date, Rössing Uranium Mine is a uranium mine in Namibia, which is operated by Rössing Uranium Limited and is indirectly owned by CNUC as to approximately 68.62%.

Reasons for and benefits of the Framework Agreement

With reference to the Board Letter, the Group has continued its business of trading of uranium products in its normal and usual course of business. Leveraged on the years of accumulated experience and its already established operational infrastructure in the international trading of uranium products, the Group will continue to devote to the development of the uranium trading business as it is the Group's strategic pursuit of becoming CNUC Group's major platform in overseas uranium resources exploration, development and trading.

With reference to the Board Letter and as advised by the Management:

- The global nuclear fuel market place is opaque and natural uranium prices are always volatile. The Group, being a natural uranium trader with around 10 years of uranium trading experience and its natural uranium trading activities represented around 4.5% of the world's entire uranium trading activity for the period from 2016 to early 2022 according to a report prepared by UxC for the Company (the "**UxC Report**"), possesses the necessary market intelligence and international network with customers and suppliers, etc., which facilitates the price discovery process in the natural uranium market. In view of the Group's strengths and capabilities in natural uranium trading, CNUC regards the Group as its international natural uranium trading platform. Leveraging on the Group's competitive strengths and in light of the volatility in natural uranium prices, the Uranium Supply

LETTER FROM GRAM CAPITAL

Transaction could enable CNUC Group to procure, via the Group, natural uranium products at reasonable prices and on the other hand, the Group could assist CNUC Group to sell the Rössing Uranium Products at higher prices via the Uranium Purchase Transaction, which in turn could maximize the overall return of CNUC Group.

- CNNC Group is one of the predominant nuclear power groups in the PRC (As noted from the F&S Report, there are 16 nuclear power plants in the PRC with total installed capacity of 53,293 megawatts electric, out of which approximately 95% are owned by either CNNC Group (approximately 42%) or China General Nuclear Power Corporation Group (“**CGNPC Group**”) (approximately 53%)), under which CNUC Group is the designated functional group responsible for the development and sourcing of uranium resources for downstream nuclear powers plants of CNNC Group. According to the F&S Report, the external dependence rate of uranium resources in the PRC remained at around 86% from year 2019 to year 2021. Hence, it is important to import natural uranium products from international suppliers to satisfy the huge demand in the PRC.
- Despite that CNUC Group had been traditionally importing natural uranium products mainly from suppliers in Asia and Africa, it is considered essential and beneficial by the CNUC Group to strategically rationalize its organisational and corporate resources to facilitate a sufficiently diversified uranium supplier base on the international front.
- The competitive edge of the Group, including (a) the international suppliers and customers of natural uranium products have greater confidence and trust to trade with the Group as the Company is a Hong Kong listed company; (b) the Group possesses an experienced professional uranium trading team with international uranium trading exposures; (c) being strategically located in Asia, the Group can act as a gateway for western natural uranium producers to tap into the vast PRC or Asian markets via the Group’s connection with natural uranium customers in the vicinity; (d) the historical track record of the Group in sourcing natural uranium products from suppliers around the globe; (e) the Group is strategically based in Hong Kong and benefits from the efficient and timely access to various international communication systems and financing resources; and (f) being strategically based in Hong Kong, the Group benefits from (1) sound legal system; (2) low and simple tax regime; (3) free flow of capital; (4) advanced payment and settlement system; and (5) timely access to various international communication systems and financing resources, can facilitate smooth conduct of uranium trading.

LETTER FROM GRAM CAPITAL

- Since 2012, the Group has built up a comprehensive approved list of international trading partners comprising 19 companies based on their shareholders' background, market reputation and financial strength. We obtained the Group's comprehensive approved list of international trading partners from the Management and noted that most of the Group's international trading partners are major uranium suppliers, traders, brokers and publicly-traded uranium funds in the uranium trading market according to the UxC Report. The Group's broad customer base encompasses listed companies, uranium mine producers, traders, financial institution and intermediate brokers, and spreads across various jurisdictions, including companies incorporated and operate in Australia, Canada, Germany, Japan, Kazakhstan, Hong Kong, Namibia, Singapore, Switzerland, the Cayman Islands, the United Kingdom and the United States of America.
- Rössing Uranium Limited has been historically positioned as an international supplier in the global uranium market. As there is no nuclear power plant in Namibia (where the Rössing Uranium Mine is located) and Rössing Uranium Limited does not have its own sales team, all Rössing Uranium Products have to be exported overseas. Prior to the acquisition of controlling interests in Rössing Uranium Limited by CNUC in 2019, external sales of Rössing Uranium Products were arranged by the RT Subsidiary and, no further sales of Rössing Uranium Products have been solicited by the RT Subsidiary other than those previously committed under the Prior Contractual Commitments. In the initial years CNUC acquired Rössing Uranium Limited, the global uranium market was in a trough where uranium prices were significantly depressed for a sustained period, as such, it was commercially more reasonable for CNUC Group to ship such unsold Rössing Uranium Product under the Prior Contractual Commitments back to the PRC for CNNC Group's own consumption as an interim measure.

Under the Uranium Purchase Transaction, the Group is required to arrange physical delivery of the Rössing Uranium Products to be transported out of Namibia before such Rössing Uranium Products could be on-sale to third party customers. In this connection, the Group is also required to assist Rössing Uranium Limited to obtain the export permit for the Rössing Uranium Products to be exported from Namibia. With the Group's long track record in international trading of natural uranium products and its competitive advantages as aforementioned, CNUC Group is of the view that the Group possesses the necessary capability and resources to act as Rössing Uranium Limited's distributor and assist Rössing Uranium Limited to resume its external sales in the international market as soon as practicable to (i) capture the anticipated market opportunities as natural uranium prices have been recovering and UxC estimates that the natural uranium prices will continue to be on an upward trend between 2022 and 2024; and (ii) diversify and expand the customer base for Rössing Uranium Products, which is in the interests of the shareholders of Rössing Uranium Limited.

LETTER FROM GRAM CAPITAL

In light of the above, it is commercially viable for CNUC Group to designate the Group as its sole or prioritised regional supplier for natural uranium products and the exclusive authorised distributor for the Rössing Uranium Products. The Uranium Supply Transaction and Uranium Purchase Transaction not only will strengthen the Group's uranium trading business, but will also benefit the CNUC Group from gradually centralizing its overseas procurement capability into one platform (i.e. the Group) and enhance its overall bargaining power in the international uranium market.

Furthermore, the Management advised us that the Group commenced its uranium trading business in 2012 and had been supplying and purchasing natural uranium products from/to independent third parties. Based on the information provided by the Management, the Group had been (i) supplying an average of 2.3 million pounds of natural uranium products per annum to independent third parties, with maximum annual sales volume of approximately 3.9 million pound of natural uranium products (the "**Historical Natural Uranium Product Sales**"); and (ii) purchasing an average of 2.2 million pounds of natural uranium products per annum from independent third parties, with maximum annual purchase volume of approximately 3.5 million pounds of natural uranium products, from 2017 to 2021.

Based on the information provided by the Management, the Group conducted natural uranium product sales of 1.1 million pounds for approximately US\$45 million (equivalent to approximately HK\$351 million, assuming exchange rate of US\$1: HK\$7.8) to independent third parties in first quarter of 2022 and secured natural uranium product sales of 0.5 million pounds for approximately US\$29 million (equivalent to approximately HK\$226 million) to independent third parties, which are expected to be conducted in June 2022 (the "**2022 Conducted & Secured Natural Uranium Product Sales**"). As advised by the Management, the Group planned to purchase 3 million pounds of Rössing Uranium Products and re-selling the same to independent third parties for each of the three years ending 31 December 2024 (the "**Planned Rössing Uranium Products Purchase & Re-sale**"). The Group intends to continue recovering and expanding its natural uranium product sales to independent third parties and has no intention to rely on CNUC Group for the Group's revenue generation.

The proposed annual caps for the Uranium Supply Transaction are HK\$1 billion for the year ending 31 December 2022 ("**FY2022**"), HK\$1.3 billion for the year ending 31 December 2023 ("**FY2023**") and HK\$1.7 billion for the year ending 31 December 2024 ("**FY2024**"), with underlying planned supply of 2.6 million pounds, 3.7 million pounds and 4.7 million pounds of natural uranium products by the Group to CNUC Group for the FY2022, FY2023 and FY2024 respectively.

Based on (i) the aforementioned Historical Natural Uranium Product Sales, 2022 Conducted & Secured Natural Uranium Product Sales and Planned Rössing Uranium Products Purchase & Re-sale; and (ii) the Group's intention to continue recovering and expanding its natural uranium product sales to independent third parties; and (iii) the proposed annual caps for the Uranium Supply Transaction (with underlying planned

LETTER FROM GRAM CAPITAL

supply of natural uranium products by the Group to CNUC Group for the three years ending 31 December 2024), we do not doubt the Group's intention not to rely on CNUC Group for the Group's revenue generation.

With reference to the 2021 AR Announcement, the Group did not conclude any supply chain business and all of the Group's revenue for FY2021 were derived from the trading of mineral property (namely, uranium). In addition, as advised by the Management, the Transactions will be entered into in the ordinary and usual course of business of the Group on a recurrent and regular basis. Accordingly, we concur with the Management that it would be (i) impracticable to negotiate for numerous agreements/transactions with the CNUC Group; and (ii) costly and impractical to make regular disclosure of each of the relevant transactions and obtain the prior approval from the Independent Shareholders, as required by the Listing Rules (when necessary).

Having considered the above reasons and that the Transactions will provide a stable source of revenue to the Group, we concur with the Directors that the Transactions are in the interests of the Company and the Shareholders as a whole and are conducted in the ordinary and usual course of business of the Group.

Principle terms of the Framework Agreement

Summarised below are the principal terms of the Framework Agreement, details of which are set out under the section headed "II. THE FRAMEWORK AGREEMENT" of the Board Letter.

Date

23 February 2022 (as supplemented by the Supplemental Agreement dated 26 May 2022)

Parties

The Company (for itself and on behalf of each of its subsidiaries); and

CNUC (for itself and on behalf of each of its subsidiaries (other than the Group))

Duration

The Framework Agreement is conditional on obtaining the approval of the Independent Shareholders at the EGM, and shall take effect from the date of the EGM until 31 December 2024 (both days inclusive).

Transactions

The Framework Agreement contemplates the Uranium Supply Transaction and the Uranium Purchase Transaction, details of which are set out in the section headed "II. THE FRAMEWORK AGREEMENT" of the Board Letter.

LETTER FROM GRAM CAPITAL

Pricing policies

For Uranium Supply Transaction

With reference to the Board Letter, for the Uranium Supply Transaction, the selling price of the natural uranium products charged by the Group shall be determined on normal commercial terms and with reference to international price indicators published by UxC and TradeTech from time to time. In particular, subject to the Price Floor and the Price Ceiling, the selling price shall be the sum of (a) 50% of the average price of natural uranium calculated by the arithmetic average of no less than one month of the long-term price indicators published monthly by UxC and TradeTech at month ends, with a commencing reference month lying within two months before the month of delivery; and (b) 50% of the average price of natural uranium calculated by the arithmetic average of no less than one month of the spot price indicators published monthly by UxC and TradeTech at month ends, with a commencing reference month lying within two months before the month of delivery. The specific commencing reference month and the number of reference month(s) used for determining the selling price for each transaction shall be determined by both parties through fair and reasonable negotiation and based on the then prevailing market conditions.

The parties agreed that in any event, the selling price charged by the Group shall not be (a) less than the average price of natural uranium calculated by the arithmetic average of no less than one month of the spot price indicators published monthly by UxC and TradeTech at month ends, with a commencing reference month lying within two months before the month of delivery. The specific commencing reference month and the number of reference month(s) adopted shall be those adopted for relevant price term under the corresponding contract (i.e. the Price Floor); and (b) more than the highest daily spot price of natural uranium during the period of no less than one month before the month of delivery as published by UxC and TradeTech. The specific commencing reference month and the number of reference month(s) adopted shall be those adopted for relevant price term under the corresponding contract (i.e. the Price Ceiling).

For the Uranium Purchase Transaction

For the Uranium Purchase Transaction, the purchase price of Rössing Uranium Products payable by the Group to Rössing Uranium Limited (the operator of Rössing Uranium Mine) shall be at a discount of 2% of the resale price of such Rössing Uranium Products charged by the Group to third party on-sale customers. The aforementioned pricing arrangement was arrived at between the parties after arm's-length discussions and taking into consideration the services provided by and the risks to be borne by the Group.

LETTER FROM GRAM CAPITAL

We noted that the Group adopted certain internal control measures to govern the transactions contemplated under the Framework Agreement, details of which is set out under the section headed “IX. INTERNAL CONTROL MEASURES ADOPTED BY THE GROUP” of the Board Letter. We consider that the effective implementation of the internal control measure would help to ensure fair pricing of the transactions contemplated under the Framework Agreement.

Our assessment

We enquired into the Management and were advised by them that using prices index published by UxC and TradeTech to determine prices of natural uranium are market practices commonly used by companies sourcing for natural uranium and the pricing mechanism for natural uranium under the Framework Agreement are in line with market practices. According to UxC website, UxC is one of the nuclear industry’s leading market research and analysis companies that offers a wide range of services spanning the entire nuclear fuel cycle with a special focus on market-related issues. UxC publishes certain publications and reports such as the “Ux Weekly” and the “Market Outlook” reports, as well as publishing the industry standard “Ux Prices” that are referenced in many fuel contracts. According to TradeTech website, TradeTech is the leading independent provider of uranium prices and nuclear fuel market information and is widely recognised for its expertise in trading activities and its comprehensive knowledge in factors affecting the nuclear fuel cycle globally. TradeTech publishes daily, weekly and monthly uranium market prices and analysis.

Having considered the background of UxC and TradeTech, we do not doubt the use of UxC and TradeTech for determining the prices for natural uranium trading.

In addition, we noted from the circulars published by CGN Mining Company Limited (stock code: 1164) (“CGN”, together with its subsidiaries, the “CGN Group”) on 9 September 2019 and 25 May 2021 (the “CGN Circulars”) that the pricing for the natural uranium products traded between the CGN Group to its connected persons would take into account the arithmetic average prices of the spot price indicators as of the date of delivery or the long-term price indicators published by UxC and TradeTech. As aforementioned, approximately 95% of nuclear power plants installed capacity in the PRC are owned by either CNNC Group (approximately 42%) or CGNPC Group (approximately 53%). As CGN Group is under another predominant nuclear power group in the PRC, namely CGNPC Group, we consider that CGN Group’s pricing policies represent other market practices in the PRC and comparing CGN Group’s pricing policies with the pricing policies of the Transactions to be justifiable.

Despite the difference in pricing mechanism between the Uranium Supply Transaction and those adopted by CGN Group as set out in the CGN Circulars, the pricing mechanism under the Uranium Supply Transaction took into account various price indicators (i.e. the spot price indicators and the long-term price indicators by both UxC and TradeTech) and the fluctuation in such price indicators for at least one

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month prior to the delivery of the natural uranium products. We consider that the pricing rationale behind the Uranium Supply Transaction is comparable with those adopted by CGN Group as set out in the CGN Circulars.

Notwithstanding the fact that the prices for Uranium Supply Transaction are subject to Price Floor and Price Ceiling, having considered the Group will only enter into Uranium Supply Transaction when the transaction price is comparable to the market transactions and transactions conducted by the Group with Independent Third Parties, we consider the incorporation of the Price Floor and Price Ceiling is acceptable.

For our due diligence purpose, we (i) obtained from the Company a list of contracts entered into between the Group and independent third parties in relation to the sales, together with the corresponding purchase of uranium by the Group for each of year 2020 and year 2021 (the “**List**”); and (ii) randomly selected from the aforesaid lists and obtained from the Company copies of three contracts (representing substantial amount of total contracts) relating to the sales of uranium for each of year 2020 and year 2021 (the “**Independent Sales Contracts**”) and the corresponding pricing records. We consider the number and scope of Independent Sales Contracts to be sufficient and appropriate for us to form our view on the pricing policies. Based on the Independent Sales Contracts and the corresponding pricing records, we noted that the contract prices were determined with reference to (i) the quantity of uranium underlying the Independent Sales Contracts; and (ii) the unit price of uranium quoted on UxC or TradeTech.

The pricing basis under the Independent Sales Contracts is not exactly the same with those for the Uranium Supply Transaction. Nevertheless, given that (i) the Independent Sales Contracts are one-off transactions whereas the pricing policies for the Uranium Supply Transaction govern the pricing of all Uranium Supply Transaction contemplated under the Framework Agreement for the three years ending 31 December 2024; and (ii) the Uranium Supply Transaction cover both spot and forward contracts for delivery up to 2024, the use of arithmetic average of the spot price and mid long-term price indicators, together with the Price Floor and Price Ceiling are able to ensure the transaction prices would not be influence by any sudden drop or raise in the uranium spot price, we are of the view that the difference in pricing basis between the Independent Sales Contracts and the Uranium Supply Transactions is justifiable.

Furthermore, we noted that the discount of 2% of the resale price for the Rössing Uranium Products implied a gross profit margin from such products of 2%. Based on the details contained in the lists of historical transactions for the two years ended 31 December 2019 and 2020 provided by the Company (including sales amount and corresponding cost of sales), we noted that the implied gross profit margin is higher than the gross profit margins of approximately 1.57% and 1.96% derived from the trading of natural uranium with independent third parties for the two years ended 31 December 2019 and 2020 respectively, but lower than the gross profit margin of approximately 7.34% derived from the trading of natural uranium with independent

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third parties for FY2021. As mentioned in the section headed “Information on the Group” above, the Group’s improvement in gross profit margin for FY2021 was primarily due to the short-term fluctuation in uranium spot price during the second half of 2021 where the Group was able to capture such opportunities and concluded transactions with better margins.

We noted from Trading Economics (Trading Economics provides its users with accurate information for 196 countries including historical data and forecasts for more than 20 million economic indicators, exchange rates, stock market indexes, government bond yields and commodity prices) that from mid-August 2021 to mid-September 2021, uranium spot price increase significantly from US\$30.30 per pound to US\$50.80 per pound, representing an increase of approximately 67.66% during such period and uranium spot price continues to fluctuate thereafter. In particular, during November 2021 (which the Group concluded a sizeable back-to-back uranium trading transaction resulted in a better gross profit margin as compared to other uranium trading transactions concluded by the Group during FY2021 (the uranium spot price remained depressed during the period from early-January 2021 to mid-August 2021)), uranium spot price fluctuated between US\$42.70 per pound recorded on 3 November 2021 and US\$48.15 per pound recorded on 15 November 2021.

With reference to the Board Letter, under the arrangement for the Uranium Purchase Transaction, the Group shall be responsible for (i) sourcing and negotiating the terms of the on-sale contracts with third party on-sale customers to secure the most favourable selling prices and contract terms for the Rössing Uranium Products; (ii) assisting Rössing Uranium Limited to obtain the export permit of the Rössing Uranium Products to be exported from Namibia, the country where Rössing Uranium Limited is based; (iii) monitoring closely the logistics and delivery of the Rössing Uranium Products until they reach the western converters; (iv) providing updates to both Rössing Uranium Limited and the third party on-sale customers on the status of delivery of the Rössing Uranium Products; and (v) providing market intelligence to Rössing Uranium Limited regarding the outlook of the uranium market and the short and long term demand. While the arrangement for the Uranium Purchase Transaction is operated under a back-to-back basis, the Group is subject to (a) credit risk as the Group will be contracting with third party on-sale customers as a principal rather than an agent; (b) in-transit inventory risk as the Uranium Purchase Transaction will be conducted in the form of physical delivery to western converters and the Group will be exposed to associated risks during the delivery process; and (c) acceptance risks if there is any delay in delivery.

As advised by the Management, the Group’s historical uranium sales transactions with independent third parties for the three years ended 31 December 2021 were conducted on a book transfer basis, whereas the on-sale transactions of Rössing Uranium Products will be conducted in the form of physical delivery and the Group shall be responsible for certain services as aforementioned. Certain services (i.e. sourcing and negotiating the terms of the sale transactions and provide market intelligence regarding the outlook of uranium market) are similar to those for transactions conducted on book transfer basis. When the Group assist Rössing

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Uranium Limited to obtain the relevant export permit of Rössing Uranium Products, monitor the logistics and delivery of Rössing Uranium Products and provide updates on the delivery status, the Group will not incur substantial additional cost. Accordingly, we do not doubt the comparability of the on-sale transactions of Rössing Uranium Products and the Group's historical uranium sales transactions with independent third parties.

Notwithstanding the Group's improvement in gross profit margin from uranium trading business during FY2021, having considered (i) the reasons for the improvement in gross profit margin for FY2021; and (ii) the aforesaid services provided by the Group, we are of the view that the implied gross profit margin of 2% from the Uranium Purchase Transaction, being higher than the Group's gross profit margins from the trading of natural uranium with independent third parties for the two years ended 31 December 2020, is fair and reasonable.

Having also considered that:

- (i) based on our observation the Independent Sales Contracts and corresponding pricing records, the Group obtained unit prices of natural uranium products quoted from UxC or TradeTech when it conducted uranium trading transactions; and
- (ii) the Group adopted certain internal control measures for the Transactions as set out under the section headed "IX. INTERNAL CONTROL MEASURES ADOPTED BY THE GROUP" of the Board Letter, in particular:
 - (a) each transaction under the Framework Agreement shall be reviewed and approved by various departments and senior management of the Group before it is recommended for approval by the chief executive officer; and
 - (b) the Group will closely monitor the Uranium Purchase Transaction to ensure that the terms of the Uranium Purchase Transaction are no less favourable to the Group than the terms of similar transactions conducted with Independent Third Parties, in the event where the gross profit margin from the Group's uranium trading transactions with Independent Third Parties exceed 2%, the Company may either (1) cease to conduct the Uranium Purchase Transaction; or (2) negotiate with CNUC to revise the pricing term for the Uranium Purchase Transaction,

we are of the view that the Group's interest will not be jeopardized by the pricing of the Uranium Purchase Transaction (i.e. at a discount of 2% of the resale price of such Rössing Uranium Products charged by the Group to third party on-sale customers).

In light of the above, we are of the view that the pricing policies for the Transactions are fair and reasonable.

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Payment terms

With reference to the Board Letter, (i) the prices payable to the Group shall be settled by CNUC Group within 30 days from the delivery of natural uranium products or such other time as otherwise agreed by the parties; and (ii) the prices payable to Rössing Uranium Limited shall be settled by the Group within 30 days from the delivery of Rössing Uranium Products or such other time as otherwise agreed by the parties. According to UxC, the market payment terms for uranium trading transactions are generally between 30 and 60 days.

We noted from the Independent Sales Contracts that the Group provided shorter credit period (6 to 20 days based on the Independent Sales Contracts) to independent third parties. In addition, we also randomly obtained from the Company copies of three contracts (representing substantial amount of total contracts) relating to the purchase of uranium by the Group from independent third parties for each of year 2020 and year 2021 (the “**Independent Purchase Contracts**”) and noted that shorter credit period (7 to 21 days based on the Independent Purchase Contracts) was also given to the Group by independent third parties. As advised by the Management, the Independent Sales Contracts and the Independent Purchase Contracts were conducted on a book transfer basis whereas (i) Uranium Supply Transaction may take the form of physical delivery or book transfer at designated converter facilities; and (ii) Uranium Purchase Transaction will be conducted in the form of physical delivery and the Rössing Uranium Products will be transported out of Namibia.

As further explained by the Management, longer credit period offered by the Group to CNUC Group in relation to the Uranium Supply Transaction is acceptable given (i) such payment terms do not deviate from market practices according to UxC; and (ii) such payment terms allow sufficient time for inspecting, testing and weighing the natural uranium product upon delivery.

Having considered that (i) the payment terms of the Uranium Supply Transaction and the Uranium Purchase Transaction are reciprocal; and (ii) such payment terms allow sufficient time for inspecting, testing and weighing the natural uranium product upon delivery and are in line with market practice; and (iii) longer credit periods are normally provided by CGN Group to its natural uranium segment’s customers, we are of the view that the payment terms of the Transactions are fair and reasonable.

Internal control

With reference to the Board Letter, to safeguard the interest of the Group and the Shareholders as a whole, and to ensure the Group will conduct the Uranium Supply Transaction and the Uranium Purchase Transaction in accordance with the terms of the Framework Agreement and adhere to the internal control measures as set out under the section headed “IX. INTERNAL CONTROL MEASURES ADOPTED BY THE GROUP” of the Board Letter.

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Having considered the internal control procedures, in particular, (i) each transaction under the Framework Agreement shall be reviewed and approved by finance department, legal department, the financial controller and the vice general manager in charge of the trading department of the Group before it is recommended for approval by the chief executive officer; (ii) the designated staff member from the Group's trading department shall check to ensure the pricing formula and the reference prices from UxC and TradeTech are adopted is in accordance with the terms of the Framework Agreement, and that the transaction price falls within the Price Floor and Price Ceiling; (iii) the designated staff member from the Group's finance department will closely monitor the total transaction amount to ensure that the pricing terms as stipulated in the Framework Agreement have been adhered to and the Proposed Annual Caps will not be exceeded; and (iv) the Group will closely monitor the Uranium Purchase Transaction to ensure that the terms of the Uranium Purchase Transaction are no less favourable to the Group than the terms of similar transactions conducted with Independent Third Parties. In the event where the gross profit margin from the Group's trading transactions with Independent Third Parties exceed 2%, the Company may either (1) cease to conduct the Uranium Purchase Transaction; or (2) negotiate with CNUC to revise the pricing term for the Uranium Purchase Transaction and comply with the applicable requirements under the Listing Rules, including making an announcement and/or obtaining prior approvals from independent Shareholders, where appropriate, we are of the view that the effective implementation of the internal control measures would help to ensure fair pricing of the Uranium Supply Transaction and the Uranium Purchase Transaction according to their pricing policies.

Proposed annual caps

The table below set out the proposed annual caps for the three years ending 31 December 2024 under the Framework Agreement:

	For the year ending 31 December 2022 ("FY2022") <i>HK\$'000</i>	For the year ending 31 December 2023 ("FY2023") <i>HK\$'000</i>	For the year ending 31 December 2024 ("FY2024") <i>HK\$'000</i>
Proposed annual caps for the Uranium Supply Transaction	1,000,000	1,300,000	1,700,000
Proposed annual caps for the Uranium Purchase Transaction	1,300,000	1,300,000	1,400,000

With reference to the Board Letter, there was no historical transactions between the Group and CNUC and its subsidiaries for the supply or purchase of uranium.

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The proposed annual caps for the Uranium Supply Transaction and the Uranium Purchase Transaction were estimated based on various factors, details of which are set out under the section headed “III. HISTORICAL TRANSACTION AMOUNTS AND PROPOSED ANNUAL CAPS” of the Board Letter.

For our due diligence purpose, we obtained a calculation of the proposed annual caps from the Company. We noted from the calculation that (a) in respect of the Uranium Supply Transaction, the proposed annual caps were formulated based on (i) the estimated quantity of natural uranium products (in terms of pounds); and (ii) the estimated selling prices of natural uranium products; and (b) in respect of the Uranium Purchase Transaction, the proposed annual caps were formulated based on (i) the maximum quantity of Rössing Uranium Products (in terms of pounds); and (ii) the estimated purchase price of natural uranium products.

Uranium Supply Transaction

We noted from the calculation that the Group planned to supply 2.6 million pounds, 3.7 million pounds and 4.7 million pounds of natural uranium products to CNUC Group for FY2022, FY2023 and FY2024, respectively (the “**Planned Uranium Supply**”).

According to the World Nuclear Association, uranium demand in the PRC was approximately 9,563 tU (tonnes of uranium) for the year 2021 (equivalent to approximately 24.9 million pounds of uranium products). As detailed in the section headed “Reasons for and benefits of the Framework Agreement” above, approximately 42% of the total nuclear power installed capacity in the PRC are owned by CNNC Group, which may indicate CNNC Group’s demand for uranium.

The Management also provided us copy of a report on the “Global and PRC Natural Uranium Trading Market” prepared by Frost & Sullivan (Frost & Sullivan is an American business consulting firm which offers market research and analysis, growth strategy consulting, and corporate training.) in March 2022 (i.e. the F&S Report). According to the F&S Report, the total demand for nuclear power in the PRC increased from approximately 213.3 billion kilowatt-hour (kWh) in year 2016 to approximately 366.3 billion kWh in year 2020, representing a compound annual growth rate of 14.5%. Such demand is expected to further increase to approximately 789.8 billion kWh in year 2025, representing an expected compound annual growth rate of approximately 16.6% from year 2020. Furthermore, as noted from the F&S Report, most of the proven uranium reserves in the PRC are unconventional uranium resources which are in constitute large size but deposited with low uranium concentrations, leading to a low production of uranium mined, the external dependence rate of uranium resources in the PRC remained at around 86% from year 2019 to year 2021.

As detailed in the section headed “Reasons for and benefits of the Framework Agreement” above, despite that CNUC Group had traditionally been importing natural uranium products mainly from suppliers in Asia and Africa, it is considered essential and beneficial by the CNUC Group to diversify uranium supplier base on the

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international front. We obtained from the Company a breakdown of historical amounts of the Group's purchase of natural uranium products and noted that, from 2017 to 31 March 2022, majority of the Group's natural uranium products were sourced from suppliers outside Asia and Africa with purchase quantity ranged from approximately 0.5 million pounds to 3.2 million pounds of natural uranium products per annum. Accordingly, the Management considers that it is possible for the CNUC Group to purchase natural uranium products at the quantities set out in the annual caps calculation for satisfying part of its annual demand for FY2022, FY2023 and FY2024.

Pursuant to the Framework Agreement, the Group and CNUC Group agreed that other than (a) CNUC Group's own natural uranium mined from its own mines; and (b) CNUC Group's purchases of natural uranium products conducted under the CNUC Existing Agreements, (i) the Group shall act as the prioritised supplier of CNUC Group for its short term demand for natural uranium products, and CNUC Group shall purchase natural uranium products to be delivered in the then current year from the Group on a priority basis; and (ii) the Group shall act as the regional sole supplier of CNUC Group for its medium-to-long-term demand for natural uranium products, and CNUC Group shall purchase from the Group natural uranium products for delivery beyond the then current year that are sourced from suppliers based outside Asia and Africa. The Management advised us that based on their discussion with CNUC Group and the CNUC Group's expected substantial demand for uranium, the Planned Uranium Supply is necessary for CNUC Group after taking into account the quantity specified under the CNUC Existing Agreements.

Despite that the quantity of natural uranium products to be supplied by the Group may be affected by the CNUC Existing Agreements, having considered the above, the F&S Report, and that the estimated quantity of natural uranium products was arrived at based on the discussions between the Group and the CNUC Group on, among other things, CNUC Group's available inventory, expected procurement shortfall from the CNUC Existing Agreements and the procurement quantities from the Group, the Group's planned natural uranium products supply to CNUC Group will gradually increase over FY2022, FY2023 and FY2024.

In addition, we noted from the calculation that the estimated selling price of natural uranium products were formulated based on the average of the projected/quoted spot prices and mid long-term prices for the three years ending 31 December 2024 as published by UxC and TradeTech. We obtained the relevant publications and articles regarding the projected/quoted spot prices and mid long-term prices by UxC and TradeTech and noted that the projected/quoted prices used by the Management in formulating the estimated selling price of natural uranium products conformed with such publications and articles. In light of the aforesaid and the credentials of UxC and TradeTech as detailed in the sub-section headed "Pricing policies" above, we do not doubt the reasonableness of the estimated selling price of natural uranium products for the three years ending 31 December 2024.

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In light of the above, we are of the view that the proposed annual caps for the Uranium Supply Transaction for the three years ending 31 December 2024 to be fair and reasonable.

Uranium Purchase Transaction

We noted from the annual caps calculation that the Group planned to purchase 3 million pounds of Rössing Uranium Products for each of the three years ending 31 December 2024 at the estimated highest possible purchase price of natural uranium for FY2022, FY2023 and FY2024, respectively. As noted from the Board Letter, there is no minimum purchase amount which the Group is obliged to purchase under the Framework Agreement and the planned purchase quantity of 3 million pounds of Rössing Uranium Products were determined with reference to the maximum purchase quantity as stipulated in the Framework Agreement.

In respect of the estimated purchase quantity of Rössing Uranium Products, we noted from the website of Rössing Uranium Limited (the company that owns and operates the Rössing Uranium Mine) that the Rössing Uranium Mine produced 2,479 tonnes, 2,449 tonnes and 2,489 tonnes (equivalent to approximately 5.5 million pounds, 5.4 million pounds and 5.5 million pounds) of uranium oxide (being the same as the Rössing Uranium Products) for years 2018, 2019 and 2020, respectively. We also noted from stakeholder report of Rössing Uranium Limited for the year ended 31 December 2020 (the “**2020 Rössing Report**”) that the Rössing Uranium Mine is currently operating on an approved life of mine plan to the year 2026. Furthermore, according to the 2020 Rössing Report, Rössing Uranium Mine conducted a pre-feasibility study during the year 2015 to 2016, which indicated the potential to extend the life of mine by six years to recover an additional 18,000 tonnes of natural uranium products. As advised by the Management, the life of uranium mines is projected based on the mineable reserve of the mine and the estimated annual production of such mine according with the feasibility study of such mine.

With reference to the Board Letter, pursuant to the Framework Agreement, CNUC Group agreed to procure Rössing Uranium Limited to appoint the Group as its exclusive authorized distributor for the sale and distribution of the Rössing Uranium Products in all countries and regions around the world except the PRC. We noted from the List that the Group’s sale of natural uranium products for the two years ended 31 December 2021 were to countries and regions other than the PRC, as such, we do not doubt the Group’s ability to distribute the Rössing Uranium Products worldwide.

Having considered the annual output of the Rössing Uranium Mine for each of the three years ended 31 December 2020 and that the production of Rössing Uranium Mine is not expected to end until the year 2026, we do not doubt the Group’s planned purchase quantity of Rössing Uranium Product for each of the three years ending 31 December 2024.

We noted from the calculation that the estimated highest prices of Rössing Uranium Products were determined with reference to the highest projected spot price of natural uranium products for each of the three years ending 31 December 2024 as

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published by the UxC and TradeTech. We understood from the Management that, assuming the Group is able to sell the Rössing Uranium Products at the highest price for each of the three years ending 31 December 2024, the purchase price of Rössing Uranium Products would be 98% of the highest price.

Furthermore, we noted from the calculation that the estimated highest prices used to formulate the proposed annual caps for Uranium Purchase Transaction is consistent with (i) the pricing policy for Uranium Purchase Transaction under the Framework Agreement (i.e. at a discount 2% of the resale price of such Rössing Uranium Products charged by the Group to third party on-sale customers); and (ii) the projected highest spot price of natural uranium products for each of the three years ending 31 December 2024 according to the Uranium Market Outlook published by the UxC.

In light of the above, we are of the view that the proposed annual caps for Uranium Purchase Transaction for the three years ending 31 December 2024 to be fair and reasonable.

Having considered the principal terms of the Transactions above, we are of the view that the terms of the Transactions (including the proposed annual caps) are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

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Shareholders should note that as the proposed annual caps are relating to future events and were estimated based on assumptions which may or may not remain valid for the entire period up to 31 December 2024, and they do not represent forecasts of revenue/income to be generated or costs to be incurred from the Transactions. Consequently, we express no opinion as to how closely the actual revenue/income to be generated or costs to be incurred from the Transactions will correspond with the proposed annual caps.

Listing Rules implication

The Directors confirmed that the Company shall comply with the requirements of Rules 14A.53 to 14A.59 of the Listing Rules pursuant to which (i) the value of the Transactions must be restricted by the proposed annual caps for the three years ending 31 December 2024; (ii) the terms of the Framework Agreement (including the proposed annual caps) must be reviewed by the independent non-executive Directors annually; and (iii) details of the independent non-executive Directors' annual review on the terms of the Framework Agreement must be included in the Company's subsequent published annual reports and financial accounts. Furthermore, it is also required by the Listing Rules that the auditors of the Company must provide a letter to the Board confirming, among other things, whether anything has come to their attention that causes them to believe that the Transactions (i) have not been approved by the Board; (ii) were not, in all material aspects, in accordance with the pricing policies of the Group; (iii) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and (iv) have exceeded the proposed annual caps. In the event that the total amount of the Transactions is anticipated to exceed the proposed annual caps, or that there is any proposed material amendment to the terms of the Framework Agreement, as confirmed by the Directors, the Company shall comply with the applicable provisions of the Listing Rules governing continuing connected transactions.

Given the above stipulated requirements for the continuing connected transactions pursuant to the Listing Rules by the Company, we are of the view that there are adequate measures in place to monitor the Transactions (together with the proposed annual caps) and hence the interest of the Independent Shareholders would be safeguarded.

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RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Transactions are on normal commercial terms and fair and reasonable; and (ii) the Transactions are conducted under the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Framework Agreement and the transactions contemplated thereunder, and we recommend the Independent Shareholders to vote in favour of the resolution in this regard.

Yours faithfully,
For and on behalf of
Gram Capital Limited
Graham Lam
Managing Director

Note: Mr. Graham Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Gram Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 25 years of experience in investment banking industry.

~~THIS IS A CONSOLIDATED VERSION OF
MEMORANDUM
AND ARTICLES OF ASSOCIATION OF
CNNC INTERNATIONAL LIMITED~~

~~NOTE: IN CASE OF DISCREPANCIES OR INCONSISTENCIES BETWEEN THE
ENGLISH VERSION AND THE CHINESE VERSION OF THE MEMORANDUM
AND ARTICLES OF ASSOCIATION OF CNNC INTERNATIONAL LIMITED, THE
ENGLISH VERSION SHALL PREVAIL.~~

THE COMPANIES ACT (AS REVISED)
OF THE CAYMAN ISLANDS
COMPANY LIMITED BY SHARES

SECOND AMENDED AND RESTATED
MEMORANDUM AND ARTICLES OF ASSOCIATION

OF

CNNC International Limited
中核國際有限公司

(adopted by special resolution passed on 23rd June, 2022)

CAYMAN ISLANDS
~~The Companies Law (2002 Revision) (Cap. 22)~~
~~Company Limited by Shares~~

~~AMENDED AND RESTATED
MEMORANDUM OF ASSOCIATION
OF
CNNC INTERNATIONAL LIMITED~~

~~(adopted by special resolution passed on 11 December, 2002, 25th May, 2007 and
7th August, 2008)~~

THE COMPANIES ACT (AS REVISED)
OF THE CAYMAN ISLANDS
COMPANY LIMITED BY SHARES

SECOND AMENDED AND RESTATED
MEMORANDUM OF ASSOCIATION

OF

CNNC International Limited
中核國際有限公司

(adopted by special resolution passed on 23rd June, 2022)

THE COMPANIES ACT (AS REVISED)
OF THE CAYMAN ISLANDS
COMPANY LIMITED BY SHARES

SECOND AMENDED AND RESTATED
MEMORANDUM OF ASSOCIATION

OF

CNNC International Limited
中核國際有限公司

(adopted by special resolution passed on 23rd June, 2022)

- 1 The name of the Company is CNNC International Limited 中核國際有限公司.
- 2 The Registered Office of the Company shall be at the offices of ~~M&C~~ Maples Corporate Services Limited, PO Box ~~309GT309~~, Umland House, ~~South Church Street~~, Grand Cayman, KY1-1104, Cayman Islands or at such other place in the Cayman Islands as the Board may from time to time decide.
- 3 The objects for which the Company is established are unrestricted and shall include, but without limitation, the following:
 - (a) ~~(i)~~ ~~To~~ carry on business as an investment company and as an investment holding company and to acquire and hold shares, stocks, debenture stock, bonds, mortgages, obligations and securities of any kind issued or guaranteed by any company, corporation or undertaking of whatever nature and wherever constituted or carrying on business, and shares, stock, debenture stock, bonds, obligations and other securities issued or guaranteed by any government, sovereign ruler, commissioners, trust, local authority or

other public body, and to vary, transpose, dispose of or otherwise deal with from time to time as may be considered expedient any of the Company's investments for the time being;

- (b)** ~~(ii)~~ ~~To~~to subscribe for, conditionally or unconditionally, to underwrite, issue on commission or otherwise, take, hold, deal in and convert stocks, shares and securities of all kinds and to enter into partnership or into any arrangement for sharing profits, reciprocal concessions or cooperation with any person or company and to promote and aid in promoting, to ~~constitution~~constitute, form; or ~~organize~~organise any company, joint venture, syndicate or partnership of any kind, for the purpose of acquiring and undertaking any property and liabilities of the Company or of advancing, directly or indirectly, the objects of the Company or for any other purpose which the Company may think expedient;
- (c)** ~~(iii)~~ ~~To~~to exercise and enforce all rights and powers conferred by or incidental to the ownership of any shares, stock, obligations or other securities including without prejudice to the generality of the foregoing all such powers of veto or control as may be conferred by virtue of the holding by the Company of some special proportion of the issued or nominal amount thereof, to provide managerial and other executive, supervisory and consultant services for or in relation to any company in which the Company is interested upon such terms as may be thought fit;
- (d)** ~~(iv)~~ ~~To~~to stand ~~surely~~surety for or to guarantee, indemnify, support or secure the performance of all or any of the obligations of any person, firm or company whether or not related or affiliated to the Company in any manner and whether by personal covenant or by mortgage, charge or lien upon the whole or any part of the undertaking, property and assets of the Company, both present and future, including its uncalled capital or by any such method and whether or not the Company shall receive valuable consideration therefor;
- (e)** ~~(v)~~ ~~(a)~~ ~~To~~to carry on the business of promoters and entrepreneurs and to carry on business as financiers, capitalists, concessionaires, merchants, brokers, traders, dealers, agents, importers and exporters and to undertake and carry on and execute all kinds of investment, financial, commercial, mercantile, trading and other operations;
- (f)** ~~(b)~~ ~~To~~to carry on whether as principals, agents ~~or~~ otherwise howsoever the business of realtors, developers, consultants, estate agents or managers, builders, contractors, engineers, manufacturers, dealers in or vendors of all types of property including the provision of any services;
- (g)** ~~(vi)~~ ~~To~~to purchase or otherwise acquire, to sell, exchange, surrender, lease, mortgage, charge, convert, turn to account, dispose of and deal with real and personal property and rights of all kinds and, in particular, mortgages,

debentures, produce, concessions, options, contracts, patents, annuities, licences, stocks, shares, bonds, policies, book debts, business concerns, undertakings, claims, privileges and choses in action of all kinds; and

- (h)** ~~(vii) To~~ engage in or carry on any other lawful trade, business or enterprise which may at any time appear to the Directors ~~of the Company~~ capable of being conveniently carried on in conjunction with any of the aforementioned businesses or activities or which may appear to the Directors ~~of the Company~~ likely to be profitable to the Company.

In the interpretation of this Memorandum of Association in general and of this Clause 3 in particular no object, business or power specified or mentioned shall be limited or restricted by reference to or inference from any other object, business or power, or the name of the Company, or by the juxtaposition of two or more objects, businesses or powers and that, in the event of any ambiguity in this Clause or elsewhere in this Memorandum of Association, the same shall be resolved by such interpretation and construction as will widen and enlarge and not restrict the objects, businesses and powers of and exercisable by the Company.

- 4 Except as prohibited or limited by the Companies ~~Law (2002 Revision Act (As Revised))~~, the Company shall have full power and authority to carry out any object not prohibited by any law as provided by Section 7(4) of the Companies ~~Law (2002 Revision Act (As Revised))~~ and shall have and be capable of from time to time and at all times exercising any and all of the powers at any time or from time to time exercisable by a natural person or body corporate, irrespective of any question of corporate benefit, in doing in any part of the world whether as principal, agent, contractor or otherwise whatever may be considered by it necessary for the attainment of its objects and whatever else may be considered by it as incidental or ~~conductive~~ conductive thereto or consequential thereon, including, but without in any way restricting the generality of the foregoing, the power to make any alterations or amendments to this Memorandum of Association and the Articles of Association of the Company considered necessary or convenient in the manner set out in the Articles of Association of the Company, and the power to do any of the following acts or things, viz: to pay all expenses of and incidental to the promotion, formation and incorporation of the Company; to register the Company to do business in any other jurisdiction; to sell, lease or dispose of any property of the Company; to draw, make, accept, endorse, discount, execute and issue promissory notes, debentures, debenture stock, loans, loan stock, loan notes, bonds, convertible bonds, bills of exchange, bills of lading, warrants and other negotiable or transferable instruments; to lend money or other assets and to act as guarantors; to borrow or raise money on the security of the undertaking or on all or any of the assets of the Company including uncalled capital or without security; to invest monies of the Company in such manner as the Directors determine; to promote other companies; to sell the undertaking of the Company for cash or any other consideration; to distribute assets in specie to members of the Company; to contract with persons for the provision of advice, the management and custody of the Company's assets, the listing of the Company's shares and its administration; to make

charitable or benevolent donations; to pay pensions or gratuities or provide other benefits in cash or kind to Directors, officers, employees, past or present and their families; to purchase Directors and officers liability insurance; to carry on any trade or business and generally to do all acts and things which, in the opinion of the Company or the Directors, may be conveniently or profitably or usefully acquired and dealt with, carried on, executed or done by the Company in connection with the business aforesaid PROVIDED THAT the Company shall only carry on the businesses for which a licence is required under the laws of the Cayman Islands when so licensed under the terms of such laws.

- 5 The liability of each member is limited to the amount from time to time unpaid on such member's shares.
- 6 The share capital of the Company is HK\$10,000,000 divided into 1,000,000,000 shares of a nominal or par value of HK\$0.01 each with 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 capital subject to the provisions of the Companies ~~Law (2002 Revision Act (As Revised))~~ and the Articles of Association 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 powers hereinbefore contained.
- 7 If the Company is registered as exempted, its operations will be carried on subject to the provisions of Section ~~193~~**174** of the Companies ~~Law (2002 Revision Act (As Revised))~~ and, subject to the provisions of the Companies ~~Law (2002 Revision Act (As Revised))~~ and the Articles of Association, it shall have the power to register by way of continuation as a body corporate limited by shares under the laws of any jurisdiction outside the Cayman Islands and to be deregistered in the Cayman Islands.

THE COMPANIES ACT (AS REVISED)
OF THE CAYMAN ISLANDS
COMPANY LIMITED BY SHARES

SECOND AMENDED AND RESTATED
ARTICLES OF ASSOCIATION

OF

CNNC International Limited
中核國際有限公司

(adopted by special resolution passed on 23rd June, 2022)

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~~CAYMAN ISLANDS~~
~~The Companies Law (2002 Revision) (Cap. 22)~~
~~Company Limited by Shares~~

~~AMENDED AND RESTATED~~
~~ARTICLES OF ASSOCIATION~~
~~OF~~
~~CNNC INTERNATIONAL LIMITED~~
(~~adopted by special resolutions passed on 25th May, 2007 and 7th August, 2008~~)

THE COMPANIES ACT (AS REVISED)
OF THE CAYMAN ISLANDS
COMPANY LIMITED BY SHARES

SECOND AMENDED AND RESTATED
ARTICLES OF ASSOCIATION
OF
CNNC International Limited
中核國際有限公司

(adopted by special resolution passed on 23rd June, 2022)

1 ~~Table A~~ Exclusion of Table A

~~1.~~ The regulations contained in Table A in the First Schedule to the Companies Law Act shall not apply to the Company.

2 **Interpretation**

2.1 ~~2.~~ The marginal notes to these Articles shall not affect the interpretation hereof.

2.2 In these Articles, unless there be something in the subject or context inconsistent therewith:

“~~these Articles~~” shall mean ~~the present~~ these Articles of Association and all supplementary, amended or substituted Articles for the time being in force;

“~~associates~~ associate” shall have the meaning ~~ascribed~~ given to such ~~term~~ it in the ~~Companies Ordinance and the Listing Rules~~;

“**Auditors**” shall mean the persons appointed by the Company from time to time to perform the duties of auditors of the Company;

<u>“black rainstorm warning”</u>	<u>shall have the meaning given to it in the Interpretation and General Clauses Ordinance (Cap. 1 of the Laws of Hong Kong).</u>
“Board”	shall mean the majority of the Directors present and voting at a meeting of Directors at which a quorum is present;
<u>“business day”</u>	<u>shall mean a day on which the Exchange generally is open for the business of dealing in securities in Hong Kong. Notwithstanding the foregoing, where the Exchange is closed for business of dealing in securities in Hong Kong on a day by reason of a gale warning, black rainstorm warning or other similar event, such day shall for the purpose of any notice sent under these Articles be counted as a business day.</u>
“capital”	shall mean the share capital from time to time of the Company;
“ the Chairman”	shall mean the Chairman presiding at any meeting of members or of the Board;
<u>“close associate”</u>	<u>shall have the meaning given to it in the Listing Rules.</u>
“ the Companies Law ” or “ the Law Act ”	shall mean the Companies Law (2002 Revision Act (As Revised), Cap. 22 of the Cayman Islands and any amendments thereto or re-enactments thereof for the time being in force and includes every other law incorporated therewith or substituted therefor;
<u>“Communication Facilities”</u>	<u>shall mean video, video-conferencing, internet or online conferencing applications, telephone or tele-conferencing and/or any other video-communication, internet or online conferencing application or telecommunications facilities by means of which all Persons participating in a meeting are capable of hearing and being heard by each other.</u>
“ the Companies Ordinance ”	shall mean the Companies Ordinance (Cap. 32622 of the Laws of Hong Kong) as in force from time to time;
“ the Company ” or “ this Company ”	shall mean CNNC International Limited; <u>中核國際有限公司</u> .
“ the Company’s Website ”	shall mean the website of the Company, the address or domain name of which has been notified to members;
“ Directors <u>Director</u> ”	shall mean the directors <u>any director</u> from time to time of the Company;

“dividend”	shall include bonus dividends and distributions permitted by the Law <u>Companies Act</u> to be categorised as dividends;
“dollars” and/ “HK\$”	shall mean dollars legally current in Hong Kong;
“electronic”	shall have the meaning given to it in the Electronic Transactions Law 2000 of the Cayman Islands and any amendment thereto or re-enactments thereof for the time being in force and includes every other law incorporated therewith or substituted therefore; <u>Act.</u>
“ <u>electronic means</u> ”	<u>shall include sending or otherwise making available to the intended recipients of the communication in electronic format.</u>
“Electronic Signature”	means <u>shall mean</u> an electronic symbol or process attached to or logically associated with an electronic communication and executed or adopted by a person with the intent to sign the electronic communication;
“ <u>Electronic Transactions Act</u> ”	<u>shall mean the Electronic Transactions Act (As Revised) of the Cayman Islands and any amendment thereto or re-enactments thereof for the time being in force and includes every other law incorporated therewith or substituted therefor.</u>
“Exchange”	shall mean The Stock Exchange of Hong Kong Limited;
“ <u>gale warning</u> ”	<u>shall have the meaning given to it in the Interpretation and General Clauses Ordinance (Cap. 1 of the Laws of Hong Kong).</u>
“ <u>holding company</u> ”	<u>shall have the meaning attributed to such term in the Companies Ordinance.</u>
“Hong Kong”	shall mean the Hong Kong Special Administrative Region of the People’s Republic of China and its dependencies;
“ HK Code on Takeovers and Mergers ”	shall mean the Code on Takeovers and Mergers issued by the Securities and Futures Commission of Hong Kong as amended from time to time;

<u>“Hybrid Meeting”</u>	<u>shall have mean a general meeting held and conducted by (i) physical attendance by members (and any other permitted participants of such meeting, including, without limitation, the Chairman of such meeting and any Directors) at the Principal Meeting Place and where applicable, one or more Meeting Locations and (ii) virtual attendance and participation by members (and any other permitted participants of such meeting, including, without limitation, the Chairman of such meeting and any Directors) by means of Communication Facilities.</u>
“Listing Rules”	shall mean the Rules Governing the Listing of Securities on The Stock <u>the</u> Exchange of Hong Kong Limited as amended from time to time ; .
<u>“members”</u>	<u>shall mean the persons who are duly registered as the holders from time to time of shares in the register including persons who are jointly so registered.</u>
<u>“Memorandum”</u>	<u>shall mean the memorandum of association of the Company.</u>
“month”	shall mean a calendar month ; .
“ordinary resolution”	shall mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, where proxies are allowed, by proxy or, in the case of corporations, by their duly authorised representatives, at a general meeting held in accordance with these Articles, and includes <u>shall include</u> an ordinary resolution passed pursuant to Article 80 <u>13.13</u> ; .
<u>“Person”</u>	<u>shall mean any natural person, firm, company, joint venture, partnership, corporation, association or other entity (whether or not having a separate legal personality) or any of them as the context so requires.</u>
<u>“Present”</u>	<u>shall mean, in respect of any Person, such Person’s presence at a general meeting of members, which may be satisfied by means of such Person or, if a corporation or other non-natural Person, its duly authorised representative (or, in the case of any member, a proxy which has been validly appointed by such member in accordance with these Articles), being:</u> <u>(i) physically present at the meeting; or</u>

(ii) in the case of any meeting at which Communication Facilities are permitted in accordance with these Articles, including any Virtual Meeting and Hybrid Meeting, connected by means of the use of such Communication Facilities.

“principal register”	shall mean the register of members of the Company maintained at such place within or outside the Cayman Islands as the Board shall determine from time to time;
“published in the newspapers”	means <u>shall mean</u> published as a paid advertisement in English in at least one English language newspaper and in Chinese in at least one Chinese language newspaper, being in each case a newspaper published daily and circulating generally in Hong Kong in accordance with the Listing Rules;
“published on the Exchange’s website”	<u>shall mean published in English and Chinese on the Exchange’s website in accordance with the Listing Rules.</u>
“recognised clearing house”	shall have the meaning ascribed thereto in Part H of Schedule 1 of the Securities and Futures Ordinance <u>(Cap. 571 of the Laws of Hong Kong)</u> and any amendments thereto or re-enactments thereof for the time being in force and includes every other law incorporated therewith or substituted therefor or a clearing house recognized by the laws of the jurisdiction in which the shares of the Company are listed or quoted on a stock exchange in such jurisdiction;
“the register”	shall mean the principal register and any branch registers;
<u>“rights issue”</u>	<u>shall mean an offer by way of rights to existing holders of securities of the Company which enables those holders to subscribe for securities in proportion to their existing holdings.</u>
“seal”	shall include the common seal of the Company, the securities seal or any duplicate seal adopted by the Company pursuant to Article 133 <u>22.2</u> ;
“Secretary”	shall mean the person <u>or persons</u> appointed as company secretary by the Board from time to time;
“share”	shall mean a share in the capital of the Company and includes stock except where a distinction between stock and shares is expressed or implied;

- ~~“shareholders” or
“members”~~ shall ~~mean the persons who are duly registered as the holders from time to time of shares in the register including persons who are jointly so registered;~~
- “special resolution”** shall have the same meaning as ascribed thereto in the Law Companies Act and ~~shall include a unanimous written resolution of all members;~~ for this purpose, the requisite majority shall be not less than three-fourths of the votes of such members of the Company as, being entitled to do so, vote in person or, where proxies are allowed, by proxy or, in the case of corporations, by their duly authorised representatives, at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given, and ~~includes~~ **shall include** a special resolution passed pursuant to Article ~~8~~13.13;
- ~~“subsidiary” and
“holding company”~~ shall have the ~~meanings ascribed~~ **meaning attributed** to such ~~term~~ **term** in the Companies Ordinance ~~and,~~ **but interpreting the term “subsidiary” in accordance with the definition of “subsidiary” under** the Listing Rules;
- “transfer office”** shall mean the place where the principal register is situate for the time being;
- “Virtual Meeting”** **shall mean any general meeting of the members at which the members (and any other permitted participants of such meeting, including, without limitation, the Chairman of such meeting and any Directors) are permitted to attend, participate and vote solely by means of Communication Facilities.**
- 2.3** ~~subject~~ **Subject** as aforesaid, any words defined in the Law Companies Act shall, if not inconsistent with the subject and/or context, bear the same meanings in these Articles;
- 2.4** **Words importing either gender shall include the other gender and the neuter; words importing persons and the neuter shall include companies and corporations and vice versa; and words denoting the singular shall include the plural and words denoting the plural shall include the singular.**
- 2.5** ~~“writing”~~ **“Writing”** or **“printing”** shall include writing, printing, lithograph, photograph, type-writing and every other mode of representing words or figures in a legible and non-transitory form and, only where used in connection with a notice served by the Company on members or other persons entitled to receive notices hereunder, shall also include a record maintained in an electronic medium which is accessible in visible form so as to be useable for subsequent reference;

~~words importing either gender shall include the other gender and the neuter;~~

~~words importing persons and the neuter shall include companies and corporations and vice versa;~~

~~words denoting the singular shall include the plural and words denoting the plural shall include the singular.~~

2.6 Sections 8 and 19(3) of the Electronic Transactions Act shall not apply.

3 Share Capital and Modification of Rights

3.1 ~~3.~~ The capital of the Company at the date of the adoption of these Articles is HK\$10,000,000 divided into 1,000,000,000 shares of HK\$0.01 each.

3.2 ~~4.~~ Subject to the provisions of these Articles and to any direction that may be given by the Company in general meeting and without prejudice to any special rights conferred on the holders of any existing shares or attaching to any class of shares, any share may be issued with or have attached thereto such preferred, deferred, qualified or other special rights or restrictions, whether in regard to dividend, voting, return of capital or otherwise, and to such persons at such times and for such consideration as the Board may determine. Subject to the Law Companies Act and to any special rights conferred on any ~~shareholders~~members or attaching to any class of shares, any share may, with the sanction of a special resolution, be issued on terms that it is, or at the option of the Company or the holder thereof, is, liable to be redeemed. No shares shall be issued to bearer.

3.3 ~~5.~~ Subject to the Listing Rules, the Board may issue warrants to subscribe for any class of shares or other securities of the Company on such terms as it may from time to time determine. No warrants shall be issued to bearer for so long as a recognised clearing house (in its capacity as such) is a member of the Company. Where warrants are issued to bearer, no new warrant shall be issued to replace one that has been lost unless the Board is satisfied beyond reasonable doubt that the original has been destroyed and the Company has received an indemnity in such form as the Board shall think fit with regard to the issue of any such new warrant.

3.4 ~~6.~~ (a) If at any time the share capital of the Company is divided into different classes of shares, all or any of the rights attached to any class of shares for the time being issued (unless otherwise provided for in the terms of issue of the shares of that class) may, subject to the provisions of the Law Companies Act, be varied or abrogated 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 meeting of the holders of shares of that class. To every such separate meeting all the provisions of these Articles relating to general meetings shall mutatis mutandis apply, but so that the quorum for the purposes of any such separate meeting and of any adjournment thereof shall be a person or

persons together holding (or representing by proxy or duly authorised representative) at the date of the relevant meeting not less than one-third in nominal value of the issued shares of that class, ~~and that any holder of shares of the class present in person or by proxy may demand a poll.~~

3.5 ~~(b)~~ The special rights conferred upon the holders of shares of any class shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.

3.6 ~~7.~~ Subject to the ~~Law~~Companies Act, or any other law or so far as not prohibited by any law or the Listing Rules and subject to any rights conferred on the holders of any class of shares, the Company shall have the power to purchase or otherwise acquire ~~all or~~ any of its own shares (which expression as used in this Article includes redeemable shares) provided that (a) the manner of purchase has first been authorised by ~~an ordinary~~ resolution, and (b) any such purchase shall only be made in accordance with any relevant code, rules or regulations issued by the Exchange or the Securities and Futures Commission of the shareholders Hong Kong from time to time in force, and to purchase or otherwise acquire warrants for the subscription or purchase of its own shares, and shares and warrants for the subscription or purchase of any shares in any company which is its holding company and may make payment therefor in any manner authorised or not prohibited by law, including out of capital, or to give, directly or indirectly, by means of a loan, a guarantee, a gift, an indemnity, the provision of security or otherwise howsoever, financial assistance for the purpose of or in connection with a purchase or other acquisition made or to be made by any person of any shares or warrants in the Company or any company which is a holding company of the Company and should the Company purchase or otherwise acquire its own shares or warrants neither the Company nor the Board shall be required to select the shares or warrants to be purchased or otherwise acquired rateably or in any other manner as between the holders of shares or warrants of the same class or as between them and the holders of shares or warrants of any other class or in accordance with the rights as to dividends or capital conferred by any class of shares provided always that any such purchase or other acquisition or financial assistance shall only be made in accordance with any relevant code, rules or regulations issued by the Exchange or the Securities and Futures Commission of Hong Kong from time to time in force.

3.7 ~~8.~~ The Board may accept the surrender for no consideration of any fully paid share.

3.8 The Company in general meeting may, from time to time, whether or not all the shares for the time being authorised shall have been issued and whether or not all the shares for the time being issued shall have been fully paid up, by ordinary resolution, increase its share capital by the creation of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts as the resolution shall prescribe.

- 3.9** ~~9.~~ ~~(a)~~ Subject to the provisions of the ~~Law~~**Companies Act** and the Memorandum 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 holders are, liable to be redeemed on such terms and in such manner, including out of capital, as the Board may deem fit.
- 3.10** ~~(b)~~ Where the Company purchases ~~for~~**redeems any of its shares, purchases or redemption a redeemable share, purchases** not made through the market or by tender shall be limited to a maximum price, and if purchases are by tender, tenders shall be available to all ~~shareholders~~**members** alike.
- 3.11** ~~10.~~ ~~(a)~~ The purchase or redemption of any share shall not be deemed to give rise to the purchase or redemption of any other share.
- 3.12** ~~(b)~~ The holder of the shares being purchased, surrendered or redeemed shall be bound to deliver up to the Company at its principal place of business in Hong Kong or such other place as the Board shall specify the certificate(s) thereof, **if any**, for cancellation and thereupon the Company shall pay to him the purchase or redemption monies in respect thereof.
- 3.13** ~~11.~~ Subject to the provisions of the ~~Law~~**Companies Act**, the Memorandum of Association of the Company, and of these Articles relating to new shares, the unissued shares in the Company (whether forming part of its 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, as the Board shall determine.
- 3.14** ~~12.~~ The Company may, unless prohibited by law, at any time pay a commission to any person for subscribing or agreeing to subscribe (whether absolutely or conditionally) for any shares in the Company or procuring or agreeing to procure subscriptions (whether absolute or conditional) for any shares in the Company, but so that the conditions and requirements of the **LawCompanies Act** shall be observed and complied with, and in each case the commission shall not exceed ~~10 per cent.~~**%** of the price at which the shares are issued.
- 3.15** ~~13.~~ Except as otherwise expressly provided by these Articles or as required by law or as ordered by a court of competent jurisdiction, no person shall be recognised by the Company as holding any share upon any trust and the Company shall not be bound by or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any shares or any interest in any fractional part of a share ~~or~~**for** any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.

4 14. (a) —Register of Members and Share Certificates

- 4.1** The Board shall cause to be kept at such place within or outside the Cayman Islands as it deems fit a principal register of the members and there shall be entered therein the particulars of the members and the shares issued to each of them and other particulars required under the Law Companies Act.
- 4.2** (b) If the Board considers it necessary or appropriate, the Company may establish and maintain a branch register or registers of members at such location or locations within or outside the Cayman Islands as the Board thinks fit. The principal register and the branch register(s) shall together be treated as the register for the purposes of these Articles.
- 4.3** (c) The Board may, in its absolute discretion, at any time transfer any share ~~upon~~ the principal register to any branch register or any share on any branch register to the principal register or any other branch register.
- 4.4** (d) Notwithstanding anything contained in this Article, the Company shall as soon as practicable and on a regular basis record in the principal register all transfers of shares effected on any branch register and shall at all times maintain the principal register in such manner as to show at all times the members for the time being and the shares respectively held by them, in all respects in accordance with the Companies Law Act.
- 4.5** For so long as any shares are listed on the Exchange, title to such listed shares may be evidenced and transferred in accordance with the Listing Rules that are or shall be applicable to such listed shares. The register of members maintained by the Company in respect of such listed shares (whether the principal register or a branch register) may be kept by recording the particulars required by Section 40 of the Companies Act in a form otherwise than legible (provided it is capable of being reproduced in a legible form) if such recording otherwise complies with the Listing Rules that are or shall be applicable to such listed shares.
- 4.6** 15. (a) Except when a register is closed and, if applicable, subject to the additional provisions of ~~paragraph (d) of this Article 4.8~~, the principal register and any branch register shall during business hours be kept open to ~~the~~ inspection ~~of~~by any member without charge and provide such member with copies or extracts thereof in all respects upon request as if the Company were incorporated under and were subject to the Companies Ordinance.

- 4.7 ~~(b)~~ The reference to business hours in ~~paragraph (a) of this Article 4.6~~ is subject to such reasonable restrictions as the Company in general meeting may impose, but so that not less than two hours in each business day is to be allowed for inspections.
- 4.8 ~~(e)~~ The register may, on ~~14~~**10 business** days' notice **(or on 6 business days' notice in the case of a rights issue)** being given by advertisement published ~~in~~on the ~~newspapers~~Exchange's website, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as herein provided or by advertisement published in the newspapers, be closed at such times and for such periods as the Board may from time to time determine, either generally or in respect of any class of shares, provided that the register shall not be closed for more than 30 days in any year (or such longer period as the members may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year). The Company shall, on demand, furnish any person seeking to inspect the register or part thereof which is closed by virtue of ~~this Article~~these Articles with a certificate under the hand of the Secretary stating the period for which, and by whose authority, it is closed. **In the event that there is an alteration of book closure dates, the Company shall give at least 5 business days' notice in accordance with the procedures set out in this Article.**
- 4.9 ~~(d)~~ Any register held in Hong Kong shall during normal business hours (subject to such reasonable restrictions as the Board may impose) be open to inspection by a member without charge and any other person on payment of such fee not exceeding HK\$2.50 (or such higher amount as may from time to time be permitted under the Listing Rules) as the Board may determine for each inspection. Any member may require a copy of the register, or any part thereof, on payment of HK\$0.25, or such lesser sum as the Company may prescribe, for every 100 words or fractional part thereof required to be copied. The Company shall cause any copy so required by any person to be sent to that person within a period of 10 days commencing on the date next after the day on which the request is received by the Company.
- 4.10 In lieu of, or apart from, closing the register pursuant to other provisions in these Articles, the Board may fix in advance a date as the record date for any such determination of members entitled to receive notice of, or to vote at any general meeting of the members or any adjournment thereof, or for the purpose of determining the members entitled to receive payment of any dividend or distribution, or in order to make a determination of members for any other purpose.**
- 4.11 ~~16-~~ Every person whose name is entered as a member in the register shall be entitled ~~without payment~~ to receive, within ~~the~~any relevant time limit as prescribed in the ~~Law~~Companies Act or as the Exchange may from time to time determine, whichever is shorter, **and subject to payment of any fees which may be payable pursuant to Article 7.8,** after allotment or ~~lodgment~~lodgement of transfer~~(, or~~

within such other period as the conditions of issue shall provide), one certificate for all his shares of each class or, if he shall so request, in a case where the allotment or transfer is of a number of shares in excess of the number for the time being forming an Exchange board lot, upon payment, in the case of a transfer, of a sum equal to the relevant maximum amount as the Exchange may from time to time determine for every certificate after the first or such lesser sum as the Board shall from time to time determine, such numbers of certificates for shares in Exchange board lots or multiples thereof as he shall request and one for the balance (if any) of the shares in question, provided that, in respect of a share or shares held jointly by several persons, the Company shall not be bound to issue a certificate or certificates to each such person, and the issue and delivery of a certificate or certificates to one of several joint holders shall be sufficient delivery to all such holders. All certificates for shares shall be delivered personally or sent through the post addressed to the member entitled thereto at his registered address as appearing in the register.

4.12 ~~17.~~ Every certificate for shares or debentures or representing any other form of security of the Company shall be issued under the seal of the Company, which shall only be affixed with the authority of the Board.

4.13 ~~18.~~ Every share certificate shall specify the number and class of shares in respect of which it is issued and the amount paid thereon or the fact that they are fully paid, as the case may be, and may otherwise be in such form as the Board may from time to time prescribe.

4.14 ~~19.~~ The Company shall not be bound to register more than four persons as joint holders of any share. If any share shall stand in the names of two or more persons, the person first named in the register shall be deemed the sole holder thereof as regards service of notices and, subject to the provisions of these Articles, all or any other matters connected with the Company, except the transfer of the share.

4.15 ~~20.~~ If a share certificate is defaced, lost or destroyed, it may be replaced on payment of such fee, if any, not exceeding such amount as may from time to time be permitted under the Listing Rules (or such lesser sum as the Board may from time to time require) and on such terms and conditions, if any, as to publication of notices, evidence and indemnity, as the Board thinks fit and where it is defaced or worn out, after delivery up of the old certificate to the Company for cancellation.

5 Lien

5.1 ~~21.~~ The Company shall have a first and paramount lien on every share (not being a fully paid up share) for all moneys, whether presently payable or not, called or payable at a fixed time in respect of such share; and the Company shall also have a first and paramount lien and charge on all shares (other than fully paid up shares) standing registered in the name of a member (whether solely or jointly with others) for all the debts and liabilities of such member or his estate to the Company and whether the same shall have been incurred before or after notice to

the Company of any equitable or other interest of any person other than such member, and whether the period for the payment or discharge of the same shall have actually arrived or not, and notwithstanding that the same are joint debts or liabilities of such member or his estate and any other person, whether such person is a member of the Company or not.

5.2 The Company's lien (if any) on a share shall extend to all dividends and bonuses declared in respect thereof. The Board may resolve that any share shall for some specified period be exempt wholly or partially from the provisions of this Article.

5.3 ~~22.~~ The Company may sell in such manner as the Board thinks fit any shares 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 14 days after a notice in writing, stating and demanding payment of the sum presently payable or specifying the liability or engagement and demanding fulfilment or discharge thereof and giving notice of intention to sell in default, shall have been given to the registered holder for the time being of the shares or the person, of which the Company has notice, entitled to the shares by reason of such holder's death, mental disorder or bankruptcy.

5.4 ~~23.~~ The net proceeds of such sale by the Company after the payment of the costs of such sale shall be applied in or towards payment or satisfaction of the debt or liability or engagement in respect whereof the lien exists, so far as the same is presently payable, and any residue shall (subject to a like, lien for debts or liabilities not presently payable as existed upon the shares prior to the sale and upon surrender, if required by the Company, for cancellation of the certificate for the share sold) be paid to the holder immediately before such sale of the share. For giving effect to any such sale, the Board may authorise any person to transfer the shares sold to the purchaser thereof and may enter the purchaser's name in the register as holder of the shares, and the purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

6 Calls on Shares

6.1 ~~24.~~ The Board may from time to time make such calls as it may think fit upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal amount of the shares or by way of premium or otherwise) and not by the conditions of allotment thereof made payable at fixed times. A call may be made payable either in one sum or by instalments. A call may be revoked or postponed as the Board may determine.

6.2 ~~25.~~ At least 14 days' notice of any call shall be given to each member specifying the time and place of payment and to whom such payment shall be made.

- 6.3** ~~26.~~ A copy of the notice referred to in Article ~~256.2~~ shall be sent in the manner in which notices may be sent to members by the Company as herein provided.
- 6.4** ~~27.~~ Every member upon whom a call is made shall pay the amount of every call so made on him to the person and at the time or times and place or places as the Board shall specify. A person upon whom a call is made shall remain liable on such call notwithstanding the subsequent transfer of the shares in respect of which the call was made.
- 6.5** ~~28.~~ In addition to the giving of notice in accordance with Article ~~266.3~~, notice of the person appointed to receive payment of every call and of the times and places appointed for payment may be given to the members affected by notice published ~~in~~ on the ~~newspapers~~ Exchange's website, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as herein provided or by advertisement published in the newspapers.
- 6.6** ~~29.~~ A call shall be deemed to have been made at the time when the resolution of the Board authorising such call was passed.
- 6.7** ~~30.~~ The joint holders of a share shall be severally as well as jointly liable for the payment of all calls and instalments due in respect of such share or other moneys due in respect thereof.
- 6.8** ~~31.~~ The Board may from time to time at its discretion extend the time fixed for any call, and may extend such time as to all or any of the members, whom by reason of residence outside Hong Kong or other cause the Board considers it reasonable to grant an extension to, but no member shall be entitled to any such extension as a matter of grace and favour.
- 6.9** ~~32.~~ If the sum or any instalment payable in respect of any call is unpaid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding ~~15 per cent.~~ % per annum as the Board shall determine from the day appointed for the payment thereof to the time of actual payment, but the Board may waive payment of such interest wholly or in part.
- 6.10** ~~33.~~ No member shall be entitled to receive any dividend or bonus or to be present and vote (save as proxy for another member) at any general meeting, either personally or by proxy, or be reckoned in a quorum, or to exercise any other privilege as a member until all sums or instalments due from him to the Company in respect of any call, whether alone or jointly with any other person, together with interest and expenses (if any) shall have been paid.
- 6.11** ~~34.~~ At the trial or hearing of any action or other proceedings for the recovery of any money due for any call, it shall be sufficient to prove that the name of the member sued is entered in the register as the holder, or one of the holders, of the shares in

respect of which such debt accrued; that the resolution making the call is duly recorded in the minute book; and that notice of such call was duly given to the member sued, in pursuance of these Articles; and it shall not be necessary to prove the appointment of the Directors who made such call, nor any other matters whatsoever, and the proof of the matters aforesaid shall be conclusive evidence of the debt.

6.12 ~~35.~~ Any sum which by the terms of allotment of a share is made payable upon allotment or at any fixed date, whether on account of the nominal value of the share and/or by way of premium or otherwise, shall for all purposes of these Articles be deemed to be a call duly made and payable on the date fixed for payment, and in case of non-payment, all the relevant provisions of these Articles as to payment of interest and expenses, liabilities of joint holders, forfeiture and the like, shall apply as if such sum had become payable by virtue of a call duly made and notified.

6.13 ~~36.~~ The Board may, if it thinks fit, receive from any member willing to advance the same, and either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and upon all or any of the moneys so advanced the Company may pay interest at such rate (if any) as the Board may decide. The Board may at any time repay the amount so advanced upon giving to such member not less than one month's notice in writing of its intention in that behalf, unless before the expiration of such notice the amount so advanced shall have been called up on the shares in respect of which it was advanced. No such sum paid in advance of calls shall entitle the member paying such sum to any portion of a dividend declared in respect of any period prior to the date upon which such sum would, but for such payment, become presently payable.

7 Transfer of Shares

7.1 ~~37.~~ Transfers of shares may be effected by an instrument of transfer in the usual common form or in **any standard form of transfer as prescribed by the Exchange or** such other form as the Board may approve, which is consistent with the standard form of transfer as prescribed by the Exchange and approved by the Board. All instruments of transfer must be left at the registered office of the Company or at such other place as the Board may appoint and all such instruments of transfer shall be retained by the Company.

7.2 ~~38.~~ The instrument of transfer shall be executed by or on behalf of the transferor and by or on behalf of the transferee **PROVIDED** that the Board may dispense with the execution of the instrument of transfer by the transferee in any case which it thinks fit in its discretion to do so. The instrument of transfer of any share shall be in writing and shall be executed with a manual signature or facsimile signature (which may be machine imprinted or otherwise) by or on behalf of the transferor and transferee **PROVIDED** that in the case of execution by facsimile signature by

or on behalf of a transferor or transferee, the Board shall have previously been provided with a list of specimen signatures of the authorised signatories of such transferor or transferee and the Board shall be reasonably satisfied that such facsimile signature corresponds to one of those specimen signatures. The transferor shall be deemed to remain the holder of a share until the name of the transferee is entered in the register in respect thereof.

7.3 Notwithstanding Articles 7.1 and 7.2, transfers of shares which are listed on the Exchange may be effected by any method of transferring or dealing in securities permitted by the Listing Rules and which has been approved by the Board for such purpose.

7.4 ~~39.~~ The Board may, in its absolute discretion, and without assigning any reason, refuse to register a transfer of any share which is not fully paid up or on which the Company has a lien.

7.5 ~~40.~~ If the Board shall refuse to register a transfer of any share, it shall, within two months after the date on which the transfer was lodged with the Company, send to each of the transferor and the transferee notice of such refusal.

7.6 ~~41.~~ The Board may also decline to register any transfer of any shares unless:

- (a) the instrument of transfer is lodged with the Company accompanied by the certificate for the shares to which it relates (which shall upon registration of the transfer be cancelled) and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; ~~and~~
- (b) the instrument of transfer is in respect of only one class of shares; ~~and~~
- (c) the instrument of transfer is properly stamped (in circumstances where stamping is required); ~~and~~
- (d) in the case of a transfer to joint holders, the number of joint holders to ~~which~~ whom the share is to be transferred does not exceed four; ~~and~~
- (e) the shares concerned are free of any lien in favour of the Company; and
- (f) a fee of such maximum ~~amount~~ as the Exchange may from time to time determine to be payable (or such lesser sum as the Board may from time to time require) is paid to the Company in respect thereof.

7.7 ~~42.~~ No transfer shall be made to an infant or to a person in respect of whom an order has been made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs or under other legal disability.

- 7.8 43. Upon every transfer of shares, the certificate held by the transferor shall be given up to be cancelled, and shall forthwith be cancelled accordingly, and a new certificate shall be issued ~~without charge, on payment by the transferee of such fee not exceeding the maximum amount as the Exchange may from time to time determine to be payable or such lesser sum as the Board may from time to time require,~~ to the transferee in respect of the shares transferred to him; and, if any of the shares included in the certificate so given up shall be retained by the transferor, a new certificate in respect thereof shall be issued to him ~~without charge, on payment by the transferor of such fee not exceeding the maximum amount as the Exchange may from time to time determine to be payable or such lesser sum as the Board may from time to time require.~~ The Company shall also retain the instrument(s) of transfer.
- 7.9 44. The registration of transfers may, on ~~4~~10 business days' notice **(or on 6 business days' notice in the case of a rights issue)** being given by advertisement published ~~in~~on the ~~newspapers~~Exchange's website, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as herein provided **or by advertisement published in the newspapers**, be suspended and the register closed at such times for such periods as the Board may from time to time determine, provided always that such registration shall not be suspended or the register closed for more than 30 days in any year (or such longer period as the members may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year). **In the event that there is an alteration of book closure dates, the Company shall give at least 5 business days' notice before the announced closure, or the new closure, whichever is earlier. If, however, there are exceptional circumstances (e.g. during a gale warning or black rainstorm warning) that render the giving of such publication of advertisement impossible, the Company shall comply with these requirements as soon as practicable.**

8 Transmission of Shares

- 8.1 45. In the case of the death of a member, the survivor or survivors where the deceased was a joint holder, and the legal personal representatives of the deceased where he was a sole holder, shall be the only persons recognised by the Company as having any title to his interest in the shares; but nothing herein contained shall release the estate of a deceased holder (whether sole or joint) from any liability in respect of any share solely or jointly held by him.
- 8.2 46. Any person becoming entitled to a share in consequence of the death or bankruptcy or winding-up of a member may, upon such evidence as to his title being produced as may from time to time be required by the Board and subject as hereinafter provided, either be registered himself as holder of the share or elect to have some other person nominated by him registered as the transferee thereof.

- 8.3** ~~47.~~ If the person so becoming entitled shall elect to be registered himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects. If he shall elect to have his nominee registered he shall testify his election by executing in favour of his nominee a transfer of such share. All the limitations, restrictions and provisions of these Articles relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy or winding-up of the member had not occurred and the notice or transfer were a transfer executed by such member.
- 8.4** ~~48.~~ A person becoming entitled to a share by reason of the death or bankruptcy or winding-up of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share. However, the Board may, if it thinks fit, withhold the payment of any dividend payable or other advantages in respect of such share until such person shall become the registered holder of the share or shall have effectually transferred such share, but, subject to the requirements of Article ~~82~~**14.3** being met, such a person may vote at meetings.

9 Forfeiture of Shares

- 9.1** ~~49.~~ If a member fails to pay any call or instalment of a call on the day appointed for payment thereof, the Board may, at any time during such time as any part thereof remains unpaid, without prejudice to the provisions of Article ~~336~~**.10**, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment.
- 9.2** ~~50.~~ The notice shall name a further day (not earlier than the expiration of 14 days from the date of service of the notice) on or before which, and the place where, the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time and at the place appointed, the shares in respect of which the call was made or instalment is unpaid will be liable to be forfeited. The Board may accept a surrender of any share liable to be forfeited hereunder and in such case, references in these Articles to forfeiture shall include surrender.
- 9.3** ~~51.~~ If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends and bonuses declared in respect of the forfeited share, and not actually paid before the forfeiture.

- 9.4 ~~52.~~ Any share so forfeited shall be deemed to be the property of the Company, and may be re-allotted sold or otherwise disposed of on such terms and in such manner as the Board thinks fit and at any time before a re-allotment, sale or disposition the forfeiture may be cancelled by the Board on such terms as it thinks fit.
- 9.5 ~~53.~~ A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding this, remain liable to pay to the Company all moneys which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the Board shall in its discretion so require) interest thereon from the date of forfeiture until payment at such rate not exceeding ~~15-per-cent.~~ % per annum as the Board may prescribe, and the Board may enforce the payment thereof if it thinks fit, and without any deduction or allowance for the value of the shares forfeited, at the date of forfeiture. For the purposes of this Article any sum which, by the terms of issue of a share, is payable thereon at a fixed time which is subsequent to the date of forfeiture, whether on account of the nominal value of the share or by way of premium, shall notwithstanding that time has not yet arrived, be deemed to be payable at the date of forfeiture, and the same shall become due and payable immediately upon the forfeiture, but interest thereon shall only be payable in respect of any period between the said fixed time and the date of actual payment.
- 9.6 ~~54.~~ A statutory declaration in writing that the declarant is a Director or Secretary ~~of the Company~~, and that a share in the Company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share. The Company may receive the consideration, if any, given for the share on any re-allotment, sale or disposition thereof and the Board may authorise any person to execute a letter of re-allotment or transfer the share in favour of the person to whom the share is re-allotted, sold or disposed of and he shall thereupon be registered as the holder of the share, and shall not be bound to see to the application of the subscription or purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, re-allotment, sale or other disposal of the share.
- 9.7 ~~55.~~ When any share shall have been forfeited, notice of the forfeiture shall be given to the member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof, shall forthwith be made in the register. Notwithstanding the above, no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice as aforesaid.
- 9.8 ~~56.~~ Notwithstanding any such forfeiture as aforesaid, the Board may at any time, before any share so forfeited shall have been re-allotted, sold, or otherwise disposed of, permit the share forfeited to be redeemed upon the terms of payment of all calls and interest due upon and expenses incurred in respect of the share, and upon such further terms (if any) as it thinks fit.

9.9 ~~57.~~ The forfeiture of a share shall not prejudice the right of the Company to any call already made or instalment payable thereon.

9.10 ~~58.~~ The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

10 Alteration of Capital

10.1~~59.~~ ~~(a)~~ The Company may from time to time by ordinary resolution:

- (a) ~~(i)~~ consolidate and divide all or any of its share capital into shares of larger amount than its existing shares. On any consolidation of fully paid shares and division into shares of larger amount, the Board may settle any difficulty which may arise as it thinks expedient and in particular (but without prejudice to the generality of the foregoing) may as between the holders of shares to be consolidated determine which particular shares are to be consolidated into each consolidated share, and if it shall happen that any person shall become entitled to fractions of a consolidated share or shares, such fractions may be sold by some person appointed by the Board for that purpose and the person so appointed may transfer the shares so sold to the purchaser thereof and the validity of such transfer shall not be questioned, and so that the net proceeds of such sale (after deduction of the expenses of such sale) may either be distributed among the persons who would otherwise be entitled to a fraction or fractions of a consolidated share or shares rateably in accordance with their rights and interests or may be paid to the Company for the Company's benefit;
- (b) ~~(ii)~~ cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled subject to the provisions of the Law Companies Act; and
- (c) ~~(iii)~~ sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association of the Company, subject nevertheless ~~to~~ the provisions of the Law Companies Act, and so that the resolution whereby any share is sub-divided may 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 or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares.

10.2 ~~(b)~~ The Company may by special resolution reduce its share capital, or any capital redemption reserve ~~or any share premium account~~ in any manner authorised and subject to any conditions prescribed by the LawCompanies Act.

11 Borrowing Powers

11.1 ~~60.~~ The Board may from time to time at its discretion exercise all the powers of the Company to raise or borrow or to secure the payment of any sum or sums of money for the purposes of the Company and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital or any part thereof.

11.2 ~~61.~~ The Board may raise or secure the payment or repayment of such sum or sums in such manner and upon such terms and conditions in all respects as it thinks fit and, in particular, by the issue of debentures, debenture stock, bonds or other securities of the Company, whether outright or as collateral security for any debts, liability or obligations of the Company or of any third party.

11.3 ~~62.~~ Debentures, debenture stock, bonds and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.

11.4 ~~63.~~ Any debentures, debenture stock, bonds or other securities may be issued at a discount, premium or otherwise and with any special privileges as to redemption, surrender, drawings, allotment of shares, attending and voting at general meetings of the Company, appointment of Directors and otherwise.

11.5 ~~64.~~ ~~(a)~~ The Board shall cause a proper register to be kept, in accordance with the provisions of the LawCompanies Act, of all mortgages and charges specifically affecting the property of the Company and shall duly comply with the requirements of the LawCompanies Act in regard to the registration of mortgages and charges therein specified and otherwise.

11.6 ~~(b)~~ If the Company issues debentures or debenture stock (whether as part of a series or as individual instruments) not transferable by delivery, the Board shall cause a proper register to be kept of the holders of such debentures.

11.7 ~~65.~~ Where any uncalled capital of the Company is charged, all persons taking any subsequent charge thereon shall take the same subject to such prior charge, and shall not be entitled, by notice to the members or otherwise, to obtain priority over such prior charge.

12 General Meetings

12.1 ~~66.~~ ~~The Company shall in each year hold a general meeting as its annual general meeting in addition to any other meeting in that year and shall specify the meeting as such in the notices calling it; and not more than 15 months shall elapse (or such~~

~~longer period as the Exchange may authorise) between the date of one annual general meeting of the Company and that of the next. So long as the first annual general meeting of the Company is held within 18 months of its incorporation, it need not be held in the year of its incorporation or in the following years. The annual general meeting shall be held at such time and place as the Board shall appoint.~~
The Company shall hold a general meeting as its annual general meeting in each financial year and such annual general meeting shall be held within six (6) months after the end of the financial year. The annual general meeting shall be specified as such in the notices calling it and shall be held at such time and place as the Board shall appoint.

12.2 ~~67.~~ All general meetings other than annual general meetings shall be called extraordinary general meetings.

12.3 ~~68.~~ The Board may, whenever it thinks fit, convene an extraordinary general meeting. General meetings shall also be convened on the written requisition of any ~~two~~**one** or more members of the Company deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and **the resolutions to be added to the meeting agenda, and** signed by the ~~requisitionists,~~
requisitionist(s), provided that such requisitionists held as at the date of deposit of the requisition not less than one-tenth of the ~~paid up capital of the Company~~
~~which carries the right of voting at general meetings of the Company.~~ General meetings may also be convened on the written requisition of any one member of the Company which is a recognised clearing house (or its nominee(s)) deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionist, provided that such requisitionist held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company.
voting rights, on a one vote per share basis, of the issued shares of the Company which as at that date carries the right to vote at general meetings of the Company. If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting **to be held within a further 21 days,** the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

12.4 **The Directors may make Communication Facilities available for a specific general meeting or all general meetings of the Company so that members and other participants may attend and participate at such general meetings by means of such Communication Facilities. Without limiting the generality of the foregoing, the Directors may determine that any general meeting may be held as a physical meeting in any part of the world and at one or more locations, Virtual Meeting or Hybrid Meeting.**

12.5 ~~69.~~ (a) An annual general meeting and ~~any extraordinary general meeting called for the passing of a special resolution~~ shall be called by not less than 21 days' notice in writing and any ~~other~~ extraordinary general meeting shall be called by not less than 14 days' notice in writing. ~~The~~ **Subject to the requirement under the Listing Rules, the** notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the time, place, and agenda of the meeting, particulars of the resolutions to be considered at the meeting and in the case of special business (as defined in Article ~~7~~**13.1**) the general nature of that business. The notice convening an annual general meeting shall specify the meeting as such, and the notice convening a meeting to pass a special resolution shall specify the intention to propose the resolution as a special resolution. **If the general meeting is to be a Hybrid Meeting or a Virtual Meeting, The notice of any general meeting (including a postponed or reconvened meeting held pursuant to Article 12.12) at which Communication Facilities will be utilised (including any Hybrid Meeting or Virtual Meeting) must disclose the Communication Facilities that will be utilised, including the procedures to be followed by any member or other participant of the general meeting who wishes to utilise such Communication Facilities for the purpose of attending, participating and voting at such general meeting.** Notice of every general meeting shall be given to the Auditors and to all members other than such as, under the provisions hereof or the terms of issue of the shares they hold, are not entitled to receive such notice from the Company. **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 Communication Facilities at such location or locations determined by the Board at its absolute discretion. Any member or any proxy attending and participating in such way or any member participating in a Hybrid Meeting or a Virtual Meetings by means of Communication Facilities is deemed to be Present at and shall be counted in the quorum of the meeting.**

12.6 ~~(b)~~ Notwithstanding that a meeting of the Company is called by shorter notice than that referred to in ~~Article 12.5~~ ~~paragraph (a) hereof~~, it shall be deemed to have been duly called if it is so agreed:

(a) ~~(i)~~ in the case of a meeting called as an annual general meeting, by all the members of the Company entitled to attend and vote thereat or their proxies; and

- (b) (ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95 ~~per cent.~~ % in nominal value of the shares giving that right.
- 12.7 (e) There shall appear with reasonable prominence in every notice of general meetings of the Company a statement that a member entitled to attend and vote is entitled to appoint a proxy to attend and, ~~on a poll,~~ vote instead of him and that a proxy need not be a member of the Company.
- 12.8 ~~70.~~ (a) The accidental omission to give any such notice to, or the non-receipt of any such notice by, any person entitled to receive notice shall not invalidate any resolution passed or any proceeding at any such meeting.
- 12.9 (b) In cases where instruments of proxy are ~~sent~~ sent out with notices, the accidental omission to send such instrument of proxy to, or the non-receipt of such instrument of proxy by, any person entitled to receive notice shall not invalidate any resolution passed or any proceeding at any such meeting.
- 12.10 **If, after the notice of a general meeting has been sent but before the meeting is held, or after the adjournment of a general meeting but before the adjourned meeting is held (whether or not notice of the adjourned meeting is required), the Board, in its absolute discretion, considers that it is impractical or unreasonable for any reason to hold a general meeting on the date or at the time and place specified in the notice calling such meeting, it may change or postpone the meeting to another date, time and place in accordance with Article 12.12.**
- 12.11 **The Board shall also have the power to provide in every notice calling a general meeting that in the event of a gale warning or a black rainstorm warning (or the equivalent in the location of the relevant meeting) is in force at any time on the day of the general meeting (unless such warning has been cancelled at least a minimum period of time prior to the general meeting as the Board may specify in the relevant notice), the meeting shall be postponed without further notice to be reconvened on a later date in accordance with Article 12.12.**
- 12.12 **Where a general meeting is postponed in accordance with Article 12.10 or Article 12.11:**
- (a) **the Company shall endeavour to cause a notice of such postponement, which shall set out the reason for the postponement in accordance with the Listing Rules, to be placed on the Company's Website and published on the Exchange's website as soon as practicable, provided that failure to place or publish such notice shall not affect the automatic postponement of a general meeting pursuant to Article 12.11;**

- (b) the Board shall fix the date, time and place for the reconvened meeting and at least seven clear days' notice shall be given for the reconvened meeting by one of the means specified in Article 30.1; and such notice shall specify the date, time and place at which the postponed meeting will be reconvened, and the date and time by which proxies shall be submitted in order to be valid at such reconvened meeting (provided that any proxy submitted for the original meeting shall continue to be valid for the reconvened meeting unless revoked or replaced by a new proxy); and**
- (c) only the business set out in the notice of the original meeting shall be transacted at the reconvened meeting, and notice given for the reconvened meeting does not need to specify the business to be transacted at the reconvened meeting, nor shall any accompanying documents be required to be recirculated. Where any new business is to be transacted at such reconvened meeting, the Company shall give a fresh notice for such reconvened meeting in accordance with Article 12.5.**

13 Proceedings at General Meetings

13.1 ~~74.~~ All business shall be deemed special that is transacted at an extraordinary general meeting and also all business shall be deemed special that is transacted at an annual general meeting with the exception of the following, which shall be deemed ordinary business:

- (a) the declaration and sanctioning of dividends;
- (b) the consideration and adoption of the accounts and balance sheets and the reports of the Directors and Auditors and other documents required to be annexed to the balance sheet;
- (c) the election of Directors in place of those retiring;
- (d) the appointment, **removal and remuneration** of Auditors;
- (e) the fixing of, or the determining of the method of fixing of, the remuneration of the Directors and of the Auditors;
- (f) the granting ~~or of~~ any mandate or authority to the Directors to offer, allot, grant options over, or otherwise dispose of the unissued shares of the Company representing not more than 20 ~~per cent.~~ % (or such other percentage as may from time to time be specified in the Listing Rules) in nominal value of its then existing issued share capital and the number of any securities repurchased pursuant to ~~paragraph (g) of this Article~~ **13.1(g)**; and
- (g) the granting of any mandate or authority to the Directors to repurchase securities of the Company.

13.2 72. For all purposes the quorum for a general meeting shall be two members ~~present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy~~**Present** provided always that if the Company has only one member of record the quorum shall be that one member ~~present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy~~**Present**. No business (except the appointment of a Chairman) shall be transacted at any general meeting unless the requisite quorum shall be ~~present~~**Present** at the commencement of the business.

13.3 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 Communication 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 participating in a Hybrid Meeting or a Virtual Meeting by means of Communication Facilities is deemed to be Present at and shall be counted in the quorum of the meeting.

13.4 73. If within 15 minutes from the time appointed for the meeting a quorum is not ~~present~~**Present**, the meeting, if convened upon the requisition of members, shall be dissolved, but in any other case it shall stand adjourned to the same day in the next week and at such time and place as shall be decided by the Board, and if at such adjourned meeting a quorum is not ~~present~~**Present** within 15 minutes from the time appointed for holding the meeting, the member or members ~~present in person or by proxy~~**Present** shall be a quorum and may transact the business for which the meeting was called.

13.5 74. The Chairman shall take the chair at every general meeting, or, if there be no such Chairman or, if at any general meeting such Chairman shall not be ~~present~~**Present** within 15 minutes after the time appointed for holding such meeting or is unwilling to act, the Directors ~~present~~**Present** shall choose another Director as Chairman, and if no Director be ~~present~~**Present**, or if all the Directors ~~present~~**Present** decline to take the chair, or if the Chairman chosen shall retire from the chair, then the members ~~present~~**Present** shall choose one of their own number to be Chairman.

13.6 The Chairman of any general meeting shall be entitled to attend and participate at such general meeting by means of Communication Facilities, and to act as the Chairman, in which event:

(a) the Chairman shall be deemed to be Present at the meeting; and

- (b) if the Communication Facilities are interrupted or fail for any reason to enable the Chairman to hear and be heard by all other Persons attending and participating at the meeting, then the other Directors Present at the meeting shall choose another Director Present to act as Chairman of the meeting for the remainder of the meeting; provided that (i) if no other Director is Present at the meeting, or (ii) if all the Directors Present decline to take the chair, then the meeting shall be automatically adjourned to the same day in the next week and at such time and place as shall be decided by the Board.**

13.7 75. The Chairman may, with the consent of any general meeting at which a quorum is ~~present~~**Present**, and shall, if so directed by the meeting, adjourn any meeting from time to time and from place to place as the meeting shall determine. Whenever a meeting is adjourned for 14 days or more, at least seven clear days' notice, specifying the place, the day and the hour of the adjourned meeting shall be given in the same manner as in the case of an original meeting but it shall not be necessary to specify in such notice the nature of the business to be transacted at the adjourned meeting. Save as aforesaid, no member shall be entitled to any notice of an adjournment or of the business to be transacted at any adjourned meeting. No business shall be transacted at any adjourned meeting other than the business which might have been transacted at the meeting from which the adjournment took place.

13.8 76. At any general meeting a resolution put to the vote of the meeting shall be decided on a **poll save that the Chairman may, in good faith, allow a resolution which relates purely to a procedural or administrative matter as prescribed under the Listing Rules to be voted on by a** show of hands, ~~unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is duly demanded or unless a poll is required under the Listing Rules as amended from time to time. A poll may be demanded:~~

- ~~(a) by the Chairman of the meeting; or~~
- ~~(b) by at least five 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; or~~
- ~~(c) by any member or members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and representing in the aggregate not less than one-tenth of the total voting rights of all members having the right to attend and vote at the meeting; or~~
- ~~(d) by any member or members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and holding shares conferring a right to attend and vote at the meeting on which there have been paid up sums in the aggregate equal to not less than one-tenth of the total sum paid up on all shares conferring that right; or~~

- (e) ~~if required by the Listing Rules, by the Chairman of such meeting or any Director or Directors who, individually or collectively, hold proxies in respect of shares representing five per cent. (5%) or more of the total voting rights at such meeting~~

~~Unless a poll is so demanded and not withdrawn, a declaration by the Chairman that a resolution has on a show of hands been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the Company's book containing the minutes of proceedings of meetings of the Company shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded in favour of or against such resolution~~

13.9 A poll shall (subject as provided in Article 13.10) be taken in such manner (including the use of ballot or voting papers or tickets) and at such time and place, not being more than 30 days from the date of the meeting or adjourned meeting at which the poll was taken as the Chairman directs. No notice need be given of a poll not taken immediately. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was taken.

13.10 Any poll on the election of a Chairman of a meeting or any question of adjournment shall be taken at the meeting and without adjournment.

13.11 Where a resolution is voted on by a show of hands as permitted under the Listing Rules, a declaration by the Chairman that a resolution has been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the minute book of the Company shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

~~77. (a) If a poll is demanded as aforesaid, it shall (subject as provided in Article 78) be taken in such manner (including the use of ballot or voting papers or tickets) and at such time and place, not being more than 30 days from the date of the meeting or adjourned meeting at which the poll was demanded as the Chairman directs. No notice need be given of a poll not taken immediately. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The demand for a poll may be withdrawn, with the consent of the Chairman, at any time before the close of the meeting at which the poll was demanded or the taking of the poll, whichever is earlier.~~

~~(b) The demand of poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded.~~

~~78. Any poll duly demanded on the election of a Chairman of a meeting or on any question of adjournment shall be taken at the meeting and without adjournment.~~

13.12 79. In the case of an equality of votes, whether on a **poll or on a** show of hands ~~or on a poll~~, the Chairman of the meeting at which the **poll or** show of hands ~~takes place or at which the poll is demanded~~, **is taken** shall be entitled to a second or casting vote.

13.13 ~~80.~~ A resolution in writing (in one or more counterparts), including a special resolution, signed by all members for the time being entitled to receive notice of and to attend and vote at general meetings (or being corporations by their duly appointed representatives) shall be as valid and effective as if the same had been passed at a general meeting of the Company duly convened and held. 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.

14 Votes of Members

14.1 ~~81.~~ Subject to any special rights, privileges or restrictions as to voting for the time being attached to any class or classes of shares, **and except where a member is required, by the Listing Rules, to abstain from voting to approve the matter under consideration,** at any general meeting ~~on a show of hands~~ **(a) every member who is present in person (or, in the case of a member being a corporation by its duly authorised representative) Present shall have the right to speak, (b) on a show of hands, every member Present in such manner shall have one vote, and (c) on a poll every member present Present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have such manner shall have** one vote for each share registered in his name in the register. ~~Notwithstanding anything contained in the Articles, where more than one proxy is appointed by a member which is a recognized clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.~~ On a poll a member entitled to more than one vote is under no obligation to cast all his votes in the same way. **For the avoidance of doubt, where more than one proxy is appointed by a recognised clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands and is under no obligation to cast all his votes in the same way on a poll.**

14.2 ~~Where any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.~~

14.3 ~~82.~~ Any person entitled under Article ~~46~~**8.2** to be registered as a ~~shareholder~~**member** 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 at least 48 hours before the time of the holding of the meeting or adjourned meeting (as the case may be) at which he proposed to vote, he shall satisfy the Board of his right to be registered as the holder of such shares or the Board shall have previously admitted his right to vote at such meeting in respect thereof.

- 14.4 ~~83.~~ Where there are joint registered holders of any share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be ~~present~~**Present** at any meeting ~~personally or by proxy~~, that one of the said persons so ~~present~~**Present** being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the register in respect of the relevant joint holding. Several executors or administrators of a deceased member in whose name any share stands shall for the purposes of this Article be deemed joint holders thereof.
- 14.5 ~~84.~~ A member in respect of whom an order has been made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs may vote, ~~whether on a show of hands or on a poll~~, by any person authorised in such circumstances to do so, and such person may vote ~~on a poll~~ by proxy.
- 14.6 ~~85.~~ (a) Save as expressly provided in these Articles or as otherwise determined by the Board, no person other than a member duly registered and who shall have paid all sums for the time being due from him payable to the Company in respect of his shares shall be entitled to be ~~present~~**Present** or to vote (save as proxy for another member), or to be reckoned in a quorum, either personally or by proxy at any general meeting.
- 14.7 (b) No objection shall be raised as to the qualification of any person exercising or purporting to exercise any vote or to the admissibility of any vote except at the meeting or adjourned meeting at which the person exercising or purporting to exercise his vote or the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes. In the case of any dispute as to the admission or rejection of any vote, the Chairman of the meeting shall determine the same and such determination shall be final and conclusive.
- (c) ~~That, where any shareholder is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.~~
- 14.8 ~~86.~~ Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person (who must be an individual) as his proxy to attend and vote instead of him and a proxy so appointed shall have the same right as the member to speak at the meeting. ~~On a poll votes~~ **Votes** may be given either personally or by proxy. A proxy need not be a member of the Company. A member may appoint any number of proxies to attend in his stead at any one general meeting (or at any one class meeting).

14.9 87. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney authorised in writing, or if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person duly authorised to sign the same.

14.10 **The Company may, at its absolute discretion, designate from time to time an electronic address for the receipt of any document or information relating to proxies for a 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 and notice of termination of the authority of a proxy). 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 in accordance with this Article or if no electronic address is so designated by the Company for the receipt of such document or information. 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.**

14.11 88. 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 notarially certified copy of such power or authority, shall:

- (a) in the case of an appointment of proxy in hard copy form**, be delivered at the registered office of the Company (or at such other place as may be specified in the notice convening the meeting or in any notice of any adjournment or **postponement or**, in either case, in any document sent therewith) not less than 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;
- (b) in the case of an appointment of proxy in electronic form**, be received at the **electronic address specified in the notice convening the meeting or in any appointment of proxy or any invitation to appoint a proxy sent out or made available by the Company in relation to the meeting, not less than 48 hours before the time appointed for holding the meeting or adjourned or postponed meeting at which the person named in the instrument proposes to vote; or**;

(c) in the case of a poll taken subsequently to the date of a meeting or adjourned meeting or postponed meeting, not less than 48 hours before the time appointed for the taking of the poll, ~~and in.~~

A default of delivering or receiving the instrument of proxy in accordance with this Article shall not be treated as valid provided always that the Chairman of the meeting may at his discretion direct that an instrument of proxy shall be deemed to have been duly deposited upon receipt of telex or cable or facsimile confirmation from the appointor that the instrument of proxy duly signed is in the course of transmission to the Company. No instrument appointing a proxy shall be valid after the expiration of 12 months from the date named in it as the date of its execution. Delivery of any instrument appointing a proxy shall not preclude a member from attending and voting in person at the meeting or poll concerned and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

14.12 ~~89.~~ Every instrument of proxy, whether for a specified meeting or otherwise, shall be in common form or such other form that complies with the Listing Rules as the Board may from time to time approve, provided that it shall enable a member, according to his intention, to instruct his proxy to vote in favour of or against (or in default of instructions or in the event of conflicting instructions, to exercise his discretion in respect of) each resolution to be proposed at the meeting to which the ~~from~~form of proxy relates.

14.13 ~~90.~~ The instrument appointing a proxy to vote at a general meeting shall: (a) 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; and (b) unless the contrary is stated therein, be valid as well for any adjournment of the meeting as for the meeting to which it relates, provided that the meeting was originally held within 12 months from such date.

14.14 ~~91.~~ A vote given in accordance with the terms of an instrument of proxy or resolution of a member shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or power of attorney or other authority under which the proxy or resolution of a member was executed or revocation of the relevant resolution or the transfer of the share in respect of which the proxy was given, provided that no intimation in writing of such death, insanity, revocation or transfer as aforesaid shall have been received by the Company at its registered office, or at such other place as is referred to in Article ~~88~~14.11, at least two hours before the commencement of the meeting or adjourned meeting at which the proxy is used.

- 14.15 ~~92.~~ (a) Any corporation which is a member of the Company may, by resolution of its directors or other governing body or by power of attorney, authorise such person as it thinks fit to act as its representative at any meeting of the Company or of members of any class of shares of the Company and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual member of the Company and where a corporation is so represented, it shall be treated as being ~~present~~ **Present** at any meeting in person.
- 14.16 (b) If a recognised clearing house (or its nominee(s)) is a member of the Company it may, ~~by resolution of its directors or other governing body or by power of attorney,~~ authorise such person or persons as it thinks fit to act as its representative(s) at any general meeting of the Company or at any general meeting of any class of members of the Company 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 person is so authorised. **The person so authorised will be deemed to have been duly authorised without the need of producing any documents of title, notarised authorisation and/or further evidence to substantiate that it is so authorised.** A person so authorised pursuant to this provision shall be entitled to exercise the same rights and powers on behalf of the recognised clearing house (or its nominee(s)) which he represents as that recognised clearing house (or its nominee(s)) could exercise as if such person were an individual member of the Company holding the number and class of shares specified in such authorisation, including, **the right to speak and, where a show of hands is allowed,** the right to vote individually on a show of hands, notwithstanding any contrary provision contained in these Articles.

15 Registered Office

93. The registered office of the Company shall be at such place in the Cayman Islands as the Board shall from time to time appoint.

16 Board of Directors

- 16.1 94. The number of Directors shall not be less than two.

- 16.2 95. The Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. Any Director so appointed shall hold office only until the ~~next following~~ **first** annual general meeting of the Company **after his appointment** and shall then be eligible for re-election at that meeting ~~provided that any Director who so retires shall not be taken into account in determining the number of Directors who are to retire at such meeting by rotation pursuant to Article 112.~~

- 16.3 The Company may from time to time in general meeting by ordinary resolution increase or reduce the number of Directors but so that the number of Directors shall not be less than two. Subject to the provisions of these Articles and the Companies Act, the Company may by ordinary resolution elect any person to be a Director either to fill a casual vacancy or as an addition to the existing Directors.
- 16.4 No person other than a Director retiring at the meeting shall, unless recommended by the Board, be eligible for election to the office of Director at any general meeting unless during the period, which shall be at least seven days, commencing no earlier than the day after the despatch of the notice of the meeting appointed for such election and ending no later than seven days prior to the date of such meeting, there has been given to the Secretary notice in writing by a member of the Company (not being the person to be proposed), entitled to attend and vote at the meeting for which such notice is given, of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected.
- 16.5 The Company shall keep at its registered office a register of directors and officers containing their names and addresses and any other particulars required by the Companies Act and shall send to the Registrar of Companies of the Cayman Islands a copy of such register and shall from time to time notify the Registrar of Companies of the Cayman Islands of any change that takes place in relation to such Directors as required by the Companies Act.
- 16.6 The members of the Company may by ordinary resolution at any time remove any Director (including a Managing Director or other executive Director) before the expiration of his term of office notwithstanding anything in these Articles or in any agreement between the Company and such Director and may by ordinary resolution elect another person in his stead. Any person so elected shall hold office during such time only as the Director in whose place he is elected would have held the same if he had not been removed. Nothing in this Article should be taken as depriving a Director removed under any provisions of this Article of compensation or damages payable to him in respect of the termination of his appointment as Director or of any other appointment or office as a result of the termination of his appointment as Director or as derogatory from any power to remove a Director which may exist apart from the provision of this Article.
- 16.7 96: (a) A Director may at any time by notice in writing delivered to the registered office of the Company, **the principal office of the Company in Hong Kong** or at a meeting of the Board, appoint any person (including another Director) to be his alternate Director in his place during his absence and may in like manner at any time determine such appointment. Such appointment, unless previously approved by the Board, shall have effect only upon and subject to being so approved, provided that the Board may not withhold approval of any such appointment where the proposed appointee is a Director.

- 16.8 ~~(b)~~ The appointment of an alternate Director shall determine on the happening of any event which, were he a Director, would cause him to vacate such office or if his appointor ceases to be a Director.
- 16.9 ~~(e)~~ An alternate Director shall ~~(except when absent from Hong Kong)~~, be entitled to receive and waive (in lieu of his appointor) notices of meetings of the Directors and shall be entitled to attend and vote as a Director and be counted in the quorum at any such meeting at which the Director appointing him is not personally present and generally at such meeting to perform all the functions of his appointor as a Director and for the purposes of the proceedings at such meeting the provisions of these Articles shall apply as if he (instead of his appointor) were a Director. If he shall be himself a Director or shall attend any such meeting as an alternate for more than one Director his voting rights shall be cumulative and he need not use all his votes or cast all the votes he uses in the same way. If his appointor is for the time being ~~absent from Hong Kong or otherwise~~ not available or unable to act (as to which a certificate by the alternate shall in the absence of actual notice to the contrary to other Directors be conclusive), his signature to any resolution in writing of the Directors shall be as effective as the signature of his appointor. To such extent as the Board may from time to time determine in relation to any committee of the Board, the ~~foregoing~~ provisions of this ~~paragraph~~ Article shall also apply mutatis mutandis to any meeting of any such committee of which his appointor is a member. An alternate Director shall not, save as aforesaid, have power to act as a Director nor shall he be deemed to be a Director for the purposes ~~to~~ of these Articles.
- 16.10 ~~(d)~~ 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 to the same extent mutatis mutandis as if he were a Director, but he shall not be entitled to receive from the Company in respect of his appointment as alternate Director any remuneration except only such part (if any) of the remuneration otherwise payable to his appointor as such appointor may by notice in writing to the Company from time to time direct.
- 16.11 ~~(e)~~ In addition to the ~~foregoing~~ provisions of Articles 16.7 to 16.10 ~~this Article~~, a Director may be represented at any meeting of the Board (or of any committee of the Board) by a proxy appointed by him, in which event the presence or vote of the proxy shall for all purposes be deemed to be that of the Director. A proxy need not himself be a Director and the provisions of Articles ~~86~~14.8 to ~~94~~14.14 shall apply mutatis mutandis to the appointment of proxies by Directors save that an instrument appointing a proxy shall not become invalid after the expiration of twelve months from its date of execution but shall remain valid for such period as the instrument shall provide or, if no such provision is made in the instrument, until revoked in writing and save also that a Director may appoint any number of proxies although only one such proxy may attend in his stead at meetings of the Board (or of any committee of the Board).

- 16.12 ~~97.~~ A Director need not hold any qualification shares. No Director shall be required to vacate office or be ineligible for re-election or re-appointment as a Director and no person shall be ineligible for appointment as a Director by reason only of his having attained any particular age.
- 16.13 ~~98.~~ (a) The Directors shall be entitled to receive by way of remuneration for their services such sum as shall from time to time be determined by the Company in general meeting or by the Board, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided amongst the Directors in such proportions and in such manner as they may agree, or failing agreement, equally, except that in such event any Director holding office for less than the whole of the relevant period in respect of which the remuneration is paid shall only rank in such division in proportion to the time during such period for which he has held office. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.
- 16.14 ~~(b)~~ Payment to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must first be approved by the Company in general meeting.
- 16.15 ~~99.~~ The Directors shall be entitled to be paid all expenses, including travel expenses, reasonably incurred by them in or in connection with the performance of their duties as Directors including their expenses of travelling to and from Board meetings, committee meetings or general meetings or otherwise incurred whilst engaged on the business of the Company or in the discharge of their duties as Directors.
- 16.16 ~~100.~~ The Board may grant special remuneration to any Director, who shall perform any special or extra services at the request of the Company. Such special remuneration may be made payable to such Director in addition to or in substitution for his ordinary remuneration as a Director, and may be made payable by way of salary, commission or participation in profits or otherwise as may be agreed.
- 16.17 ~~101.~~ The remuneration of an Executive Director (as appointed according to Article ~~104~~17.1) or a Director appointed to any other office in the management of the Company shall from time to time be fixed by the Board and may be by way of salary, commission, or participation in profits or otherwise or by all or any of those modes and with such other benefits (including share option and/or pension and/or gratuity and/or other benefits on retirement) and allowances as the Board may from time to time decide. Such remuneration shall be in addition to such remuneration as the recipient may be entitled to receive as a Director.

16.18 ~~402-~~ The office of a Director shall be vacated:

- (a) ~~(i)~~ if he resigns his office by notice in writing to the Company at its registered office or its principal office in Hong Kong;
- (b) ~~(ii)~~ if an order is made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs and the Board resolves that his office be vacated;
- (c) ~~(iii)~~ if, without leave, he is absent from meetings of the Board (unless an alternate Director appointed by him attends in his place) for a continuous period of 12 months, and the Board resolves that his office be vacated;
- (d) ~~(iv)~~ if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;
- (e) ~~(v)~~ if he ceases to be or is prohibited from being a Director by law or by virtue of any provisions in these Articles;
- (f) ~~(vi)~~ if he shall be removed from office by notice in writing served upon him signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors (including himself) then in office; or
- (g) ~~(vii)~~ if he shall be removed from office by an ordinary resolution under Article 16.6 of the members of the Company under Article 118(a).

At every annual general meeting of the Company one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. The Directors to retire in every year shall be those who have been longest in office since their last election but as between persons who became Directors on the same day those to retire shall (unless they otherwise agree between themselves) be determined by lot. Any Director required to stand for re-election pursuant to Article 16.2 shall not be taken into account in determining the number of Directors and which Directors are to retire by rotation. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election thereat. The Company at any annual general meeting at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors.

16.19 If at any general meeting at which an election of Directors ought to take place, the place of the retiring Directors are not filled the retiring Directors or such of them as have not had their places filled shall be deemed to have been re-elected and shall, if willing, continue in office until the next annual general meeting and so on from year to year until their places are filled, unless:

- (a) it shall be determined at such meeting to reduce the number of Directors; or
- (b) it is expressly resolved at such meeting not to fill up such vacated offices; or
- (c) a resolution for the re-election of such Directors is put to the meeting and lost.

16.20 ~~103.~~ ~~(a)~~ ~~(i)~~ No Director or proposed Director shall be disqualified by his office from contracting with the Company either as vendor, purchaser or otherwise nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company with any person, company or partnership of or in which any Director shall be a member or otherwise interested be capable on that account of being avoided, nor shall any Director so contracting or being any member or so interested be liable to account to the Company for any profit so realised by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship thereby established, provided that such Director shall, if his interest in such contract or arrangement is material, declare the nature of his interest at the earliest meeting of the Board at which it is practicable for him to do so, either specifically or by way of a general notice stating that, by reason of the facts specified in the notice, he is to be regarded as interested in any contracts of a specified description which may subsequently be made by the Company.

16.21 ~~(ii)~~ Any Director may continue to be or become a director, managing director, joint managing director, deputy managing director, executive director, manager or other officer or member of any other company in which the Company may be interested and (unless otherwise agreed between the Company and the Director) no such Director shall be liable to account to the Company or the members for any remuneration or other benefits received by him as a director, managing director, joint managing director, deputy managing director, executive director, manager or other officer or member of any such other company. The Directors may exercise the voting powers conferred by the shares in any other company held or owned by the Company, or exercisable by them as directors of such other company in such manner in all respects as they think fit (including the exercise thereof in favour of any resolution appointing themselves or any of them directors, managing directors, joint managing directors, deputy managing directors, executive directors, managers or other officers of such company) and any Director may vote in favour of the exercise of such voting rights in manner aforesaid notwithstanding that he may be, or is about to be, appointed a director, managing director, joint managing director, deputy managing director, executive

director, manager or other officer of such a company, and that as such he is or may become interested in the exercise of such voting rights in the manner aforesaid.

16.22 (b) A Director may hold any other office or place of profit with the Company (except that of Auditor) in conjunction with his office of Director for such period and upon such terms as the Board may determine, and may be paid such extra remuneration therefor (whether by way of salary, commission, participation in profit or otherwise) as the Board may determine, and such extra remuneration shall be in addition to any remuneration provided for by or pursuant to any other Article.

16.23 (e) A ~~director~~**Director** shall not be entitled to vote on (nor shall be counted in the quorum) ~~on~~in relation to any resolution of the Board ~~approving~~in respect of any contract or arrangement or any other proposal whatsoever in which he or any of his close associates (or, if required by the Listing Rules, his other associates) has any material interest, and if he shall do so his vote shall not be counted (nor is he materially interested) he to be counted in the quorum for the resolution, but this prohibition shall not apply to any of the following matters, namely:

(a) ~~(i)~~ the giving of any security or indemnity either:

(i) ~~(aa)~~ to the ~~director~~**Director** or any of his associate(s)~~close associates~~ in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries; or

(ii) ~~(bb)~~ to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the ~~director~~**Director** or any of his associate(s)~~close associates~~ 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 ~~securities~~security;

(b) ~~(ii)~~ any 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~~**Director** or any of his associate(s)~~close associates~~ is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

~~(iii) any proposal 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 shareholder or in which the director or his associate(s) is/are beneficially interested in shares of that company, provided that the director and any of his associates are not in aggregate beneficially interested in 5 per~~

~~cent or more of the issued shares of any class of such company (or of any third company through which his interest or that of his associate(s) is derived) or of the voting rights;~~

- (c) ~~(iv)~~ any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries including:-;
- (i) ~~(aa)~~ the adoption, modification or operation of any employees' share scheme or any share incentive scheme or share option scheme under which the ~~director~~Director or any of his associate(s)close associates may benefit; or
- (ii) ~~(bb)~~ the adoption, modification or operation of a pension or provident fund or retirement, death or disability benefits scheme which relates both to ~~directors, his associate(s)~~Directors, their close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any ~~director~~Director or any of his associate(s)close associates as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and
- (d) ~~(v)~~ any contract or arrangement in which the ~~director~~Director or any of his associate(s)close associates 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.

16.24 ~~(d)~~ Where proposals are under consideration concerning the appointment (including fixing or varying the terms of or terminating the appointment) of two or more Directors to offices or employments with the Company or any company in which the Company is interested, such proposals shall be divided and considered in relation to each Director separately and in such case each of the Directors concerned (if not prohibited from voting under Article 16.23~~paragraph(e)~~) shall be entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment.

16.25 ~~(e)~~ If any question shall arise at any meeting of the Board as to the materiality of a Director's interest or the significance of a contract, arrangement or transaction or proposed contract, arrangement or transaction or as to the entitlement of any Director to vote or form part of a quorum and such question is not resolved by his voluntarily agreeing to abstain from voting or not to be counted in the quorum, such question shall be referred to the Chairman of the meeting (or, where question relates to the interest of the Chairman, to the other Directors at the meeting) and his ruling (or, as appropriate, the ruling of the other Directors) in relation to any other Director (or, as appropriate, the Chairman) shall be final and conclusive except in a case where the nature or extent of the interests of the Director concerned (or, as appropriate, the Chairman) as known to such Director (or, as appropriate, the Chairman) has not been fairly disclosed to the Board.

17 Managing Directors

17.1 ~~404.~~ The Board may from time to time appoint any one or more of its body to the office of Managing Director, Joint Managing Director, Deputy Managing Director, or other Executive Director and/or such other employment or executive office in the management of the business of the Company as it may decide for such period and upon such terms as it thinks fit and upon such terms as to remuneration as it may decide in accordance with Article ~~40~~16.17.

17.2 ~~405.~~ Every Director appointed to an office under Article ~~40~~17.1 hereof shall, without prejudice to any claim for damages that such Director may have against the Company or the Company may have against such Director for any breach of any contract of service between him and the Company, be liable to be dismissed or removed therefrom by the Board.

17.3 ~~406.~~ A Director appointed to an office under Article ~~40~~17.1 shall be subject to the same provisions as to removal as the other Directors ~~of the Company~~, and he shall, without prejudice to any claim for damages that such Director may have against the Company or the Company may have against such Director for any breach of any contract of service between him and the Company, ipso facto and immediately cease to hold such office if he shall cease to hold the office of Director for any cause.

17.4 ~~407.~~ The Board may from time to time entrust to and confer upon a Managing Director, Joint Managing Director, Deputy Managing Director or Executive Director all or any of the powers of the Board that it may think fit. But the exercise of all powers by such Director shall be subject to such regulations and restrictions as the Board may from time to time make and impose, and the said powers may at any time be withdrawn, revoked or varied but no person dealing in good faith and without notice of such withdrawal, revocation or variation shall be affected thereby.

18 Management

18.1~~408.~~(a) Subject to any exercise by the Board of the powers conferred by Articles ~~40~~19.1 to ~~44~~19.3, the management of the business of the Company shall be vested in the Board which, in addition to the powers and authorities by these Articles expressly conferred upon it, may exercise all such powers and do all such acts and things as may be exercised or done or approved by the Company and are not hereby or by the ~~Law~~Companies Act expressly directed or required to be exercised or done by the Company in general meeting, but subject nevertheless to the provisions of the ~~Law~~Companies Act and of these Articles and to any regulation from time to time made by the Company in general meeting not being inconsistent with such provisions or these Articles, provided that no regulation so made shall invalidate any prior act of the Board which would have been valid if such regulation had not been made.

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

- (a) ~~(i)~~ to give to any person the right or option of requiring at a future date that an allotment shall be made to him of any share at par or at such premium as may be agreed; and
- (b) ~~(ii)~~ to give to any Directors, officers or employees of the Company an interest in any particular business or transaction or participation in the profits thereof or in the general profits of the Company either in addition to or in substitution for a salary or other remuneration.

18.3 ~~(e)~~ Except as would ~~be permitted by the Companies Ordinance~~ if the Company were a company incorporated in Hong Kong, ~~be permitted by Section 157H of the Companies Ordinance as in force at the date of adoption of these Articles,~~ and except as permitted under the Companies ~~Law~~Act, the Company shall not directly or indirectly:

- (a) ~~(i)~~ make a loan to a Director or his ~~Associates (as defined in Article 103(f) above)~~close associates or a director of any holding company of the Company or a body corporate controlled by such a director or Director;
- (b) ~~(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 a body corporate controlled by such a director or Director; or
- (c) ~~(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.

19 Managers

19.1~~109~~. The Board may from time to time appoint a general manager, manager or managers of the Company and may fix his or their remuneration either by way of salary or commission or by conferring the right to participation in the profits of the Company or by a combination of two or more of these modes and pay the working expenses of any of the staff of the general manager, manager or managers who may be employed by him or them in connection with the conduct of the business of the Company.

19.2~~110~~. The appointment of such general manager, manager or managers may be for such period as the Board may decide and the Board may confer upon him or them all or any of the powers of the Board as it may think fit.

~~19.3111.~~ The Board may enter into such agreement or agreements with any such general manager, manager or managers upon such terms and conditions in all respects as the Board may in its absolute discretion think fit, including a power for such general manager, manager or managers to appoint an assistant manager or managers or other employees whatsoever under them for the purpose of carrying on the business of the Company.

Rotation of Directors

~~112.~~ At each annual general meeting, one third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. The Directors to retire in every year shall be those who have been longest in office since their last election but as between persons who became Directors on the same day those to retire shall (unless they otherwise agree between themselves) be determined by lot. A retiring Director shall retain office until the close of the meeting at which he retires, and shall be eligible for re-election thereat.

~~113.~~ The Company at any general meeting at which any Directors retire in manner aforesaid may fill the vacated office by electing a like number of persons to be Directors.

~~114.~~ If at any general meeting at which an election of Directors ought to take place, the place of the retiring Directors are not filled the retiring Directors or such of them as have not had their places filled shall be deemed to have been re-elected and shall, if willing, continue in office until the next annual general meeting and so on from year to year until their places are filled, unless:

- ~~(i) it shall be determined at such meeting to reduce the number of Directors; or~~
- ~~(ii) it is expressly resolved at such meeting not to fill up such vacated offices; or~~
- ~~(iii) a resolution for the re-election of such Directors is put to the meeting and lost.~~

~~115.~~ The Company may from time to time in general meeting by ordinary resolution increase or reduce the number of Directors but so that the number of Directors shall not be less than two. Subject to the provisions of these Articles and the Law, the Company may by ordinary resolution elect any person to be a Director either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election, but shall not be taken into account in determining the Directors who are to retire by rotation at such meeting.

- ~~116. No person other than a Director retiring at the meeting shall, unless recommended by the Board, be eligible for election as Director at any general meeting unless a notice signed by a member of the Company (not being the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given the person to be proposed of his intention to propose such person for election and also a notice signed by of his willingness to be elected shall be lodged at the head office or at the registered office, provided that the minimum length of period, during which such notice(s) are given, shall be at least 7 days and that the period for lodgment of such notice(s) shall commence no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such meeting.~~
- ~~117. The Company shall keep at its office a register of directors and officers containing their names and addresses and occupations and any other particulars required by the Law and shall send to the Registrar of Companies of the Cayman Islands a copy of such register and shall from time to time notify to the Registrar of Companies of the Cayman Islands any change that takes place in relation so such Directors as required by the Law.~~
- ~~118. (a) The Company may by ordinary resolution at any time remove any Director (including a Managing Director or other executive Director) before the expiration of his period of office notwithstanding anything in these Articles or in any agreement between the Company and such Director and may by ordinary resolution elect another person in his stead. Any person so elected shall hold office during such time only as the Director in whose place he is elected would have held the same if he had not been removed.~~
- ~~(b) Nothing in this Article should be taken as depriving a Director removed under any provisions of this Article of compensation or damages payable to him in respect of the termination of his appointment as Director or of any other appointment or office as a result of the termination of his appointment as Director or as derogatory from any power to remove a Director which may exist apart from the provision of this Article.~~

20 Proceedings of Directors

- 20.1 ~~119.~~ The Board may meet together for the despatch of business, adjourn and otherwise regulate its meetings and proceedings as it thinks fit in any part of the world and may determine the quorum necessary for the transaction of business. Unless otherwise determined two Directors shall be a quorum. For the purposes of this Article an alternate Director shall be counted in a quorum in place of the Director who appointed him and an alternate Director who is an alternate for more than one Director shall for quorum purposes be counted separately in respect of himself (if he is a Director) and in respect of each Director for whom he is an alternate (but so that nothing in this provision shall be construed as ~~authorizing~~authorising a meeting to be constituted when only one person is

physically present). A meeting of the Board or any committee of the Board may be held by means of a telephone or tele-conferencing, or any other ~~electronic means~~ telecommunications facility provided that all participants are thereby able to communicate ~~each~~ contemporaneously by voice with all other ~~simultaneously and instantaneously~~ participants and participation in a meeting pursuant to this provision shall constitute presence in person at such meeting.

20.2 ~~120.~~ A Director may, ~~any~~ and on request of a Director the Secretary shall, at any time summon a meeting of the Board. ~~Notice~~ Failing any determination by the Board, not less than 48 hours' notice thereof shall be given to each Director either in writing or by telephone or by facsimile, telex telegram or other electronic means at the address or telephone, facsimile or telex number from time to time notified to the Company by such Director or in such other manner as the Board may from time to time determine ~~provided that notice need not be given to any Director or alternate Director for the time being absent from Hong Kong.~~

20.3 ~~121.~~ Subject to Articles 16.20 to 16.25 ~~Article 103~~, questions arising at any meeting of the Board shall be decided by a majority of votes, and in case of an equality of votes the Chairman shall have a second or casting vote.

20.4 ~~122.~~ The Board may elect a ~~Chairman~~ chairperson of ~~its meetings~~ the Board and determine the period (not being a period extending beyond the date of the annual general meeting at which such ~~Chairman~~ chairperson is due to retire by rotation under Article ~~11~~ 16.18) for which he is to hold office; The chairperson of the Board shall take the chair at every meeting of the Board, but if no such ~~Chairman~~ chairperson is elected, or if at any meeting ~~the Chairman~~ such chairperson is not present within 15 minutes after the time appointed for holding the same, the Directors present may choose one of their number to be Chairman of the meeting.

20.5 ~~123.~~ A meeting of the Board for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions by or under these Articles for the time being vested in or exercisable by the Board generally.

20.6 ~~124.~~ The Board may delegate any of its powers to committees consisting of such member or members of the Board (including alternate Directors in the absence of their appointers) as the Board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall in the exercise of the powers so delegated conform to any regulations that may from time to time be imposed upon it by the Board.

20.7 ~~425.~~ All acts done by any such committee in conformity with such regulations and in fulfilment of the purposes for which it is appointed, but not otherwise, shall have the like force and effect as if done by the Board, and the Board shall have power, with the consent of the Company in general meeting, to remunerate the members of any such committee, and charge such remuneration to the current expenses of the Company.

20.8 ~~426.~~ (a) The meetings and proceedings of any such committee consisting of two or more members of the Board shall be governed by the provisions herein contained for regulating the ~~meeting~~meetings and proceedings of the Board so far as the same are applicable thereto and are not replaced by any regulations imposed by the Board pursuant to Article ~~424~~20.6.

20.9 ~~(b)~~ The Board shall cause minutes to be made of:-

(a) ~~(i)~~ all appointments of officers made by the Board;

(b) ~~(ii)~~ the names of the Directors present at each meeting of the Board and of committees appointed pursuant to Article ~~424~~20.6;

(c) ~~(iii)~~ all declarations made or notices given by ~~and any~~any Director of his interest in any contract or, proposed contract or of his holding of any office or property whereby ~~and any~~any conflict of duty or interest may arise; and

(d) ~~(iv)~~ all resolutions and proceedings at all meetings of the Company and of the Board and of such committees.

20.10 Any such minutes shall be conclusive evidence of any such proceedings if they purport to be signed by the ~~chairman~~Chairman of the meeting or by the ~~chairman~~Chairman of the succeeding meeting.

20.11 ~~427.~~ All acts bona fide done by any meeting of the Board or by a committee of Directors or by any person acting as Director shall, notwithstanding that it shall be afterwards discovered that there was some defect in the appointment of such Director or persons acting as aforesaid or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and was qualified to be a Director or member of such committee as the case may be.

20.12 ~~428.~~ The continuing Directors may act notwithstanding any vacancy in their body, but, if and so long as their number is reduced below the number fixed by or pursuant to these Articles as the necessary quorum of Directors, the continuing Director or Directors may act for the purpose of increasing the number of Directors to that number or of summoning a general meeting of the Company but for no other purpose.

~~20.13~~ ~~429.~~ **Unless required otherwise by the Listing Rules, a** resolution in writing signed by each and every one of the Directors by facsimile or other electronic means (or their respective alternates pursuant to Article ~~96(e)~~**16.9**) shall be as valid and effectual as if it had been passed at a meeting of the Board duly convened and held and may consist of several documents in like form each signed by one or more of the Directors ~~by facsimile or other electronic means or alternate Directors by facsimile or other electronic means~~**or alternate Directors. Notwithstanding the foregoing, a resolution which relates to any matter or business in which a substantial shareholder of the Company (as defined in the Listing Rules from time to time), or a Director, has an interest conflicting with that of the Company which the Board determines, prior to the passing of such resolution, to be material, shall not be passed by a resolution in writing and shall only be passed at a meeting of the Directors held in accordance with these Articles.**

21 Secretary

~~21.1~~ ~~430.~~ The Secretary shall be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit, and any Secretary so appointed may be removed by the Board. Anything by the ~~Law~~**Companies Act** or these Articles required or authorised to be done by or to the Secretary, if the office is vacant or there is for any other reason no Secretary capable of acting, may be done by or to any assistant or deputy Secretary appointed by the Board, or if there is no assistant or deputy Secretary capable of acting, by or to any officer of the Company authorised generally or specifically in that behalf by the Board.

~~21.2~~ ~~431.~~ A provision of the ~~Law~~**Companies Act** 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.

22 General Management and Use of the Seal

~~22.1~~ ~~432.~~ The Board shall provide for the safe custody of the seal which shall only be used by the authority of the Board or of a committee of the Board authorised by the Board in that behalf, and every instrument to which such seal shall be affixed shall be signed by a Director and shall be countersigned by the Secretary or by a second Director or by some other person appointed by the Board for the purpose. The securities seal which shall be a facsimile of the common seal with the word "Securities" engraved thereon shall be used exclusively for sealing securities issued by the Company and for sealing documents creating or evidencing securities so issued. The Board may either generally or in any particular case resolve that the securities seal or any signatures or any of them may be affixed to **or imprinted on** certificates for shares, warrants, debentures or any other form of security by facsimile or other mechanical means specified in such authority or that any such certificates sealed with the securities seal need not be signed by any person. Every instrument to which the seal is affixed **or on which the seal is imprinted** as aforesaid

shall, as regards all persons dealing in good faith with the Company, be deemed to have been affixed to or imprinted on that instrument with the authority of the Directors previously given.

22.2 ~~133.~~ The Company may have a duplicate seal for use outside of the Cayman Islands as and where the Board shall determine, and the Company may by writing under the seal appoint any agents or agent, committees or committee abroad to be the agents of the Company for the purpose of affixing, and using such duplicate seal and they may impose such restrictions on the use thereof as may be thought fit. Wherever in these Articles reference is made to the seal, the reference shall, when and so far as may be applicable, be deemed to include any such duplicate seal as aforesaid.

22.3 ~~134.~~ All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments, and all receipts for moneys paid to the Company shall be signed, drawn, accepted, indorsed or otherwise executed, as the case may be, in such manner as the Board shall from time to time by resolution determine. The Company's banking accounts shall be kept with such banker or bankers as the Board shall from time to time determine.

22.4 ~~135.~~ (a) The Board may from time to time and at any time, by power of attorney under the seal, appoint any company, firm or person or any fluctuating body of ~~person~~**persons**, whether nominated directly or indirectly by the Board, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these Articles) and for such period and subject to such conditions as it may think fit, and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Board may think fit, and may also authorise any such attorney to sub-delegate all or any of the powers, authorities and discretions vested in him.

22.5 (b) The Company may, by writing under its seal, empower any person, either generally or in respect of any specified matter, as its attorney to execute deeds and instruments on its behalf in any part of the world and to enter into contracts and sign the same on its behalf and every deed signed by such attorney on behalf of the Company and under his seal shall bind the Company and have the same effect as if it were under the seal of the Company.

22.6 ~~136.~~ The Board may establish any committees, regional or local boards or agencies for managing any of the affairs of the Company, either in the Cayman Islands, Hong Kong, the People's Republic of China or elsewhere, and may appoint any persons to be members of such committees, regional or local boards or agencies and may fix their remuneration, and may delegate to any committee, regional or local board or agent any of the powers, authorities and discretions vested in the Board (other than its powers to make calls and forfeit shares), with power to sub-delegate, and may authorise the members of any local board or any of them to fill any vacancies therein and to act notwithstanding vacancies, and any such appointment or delegation may be upon such terms and subject to such conditions as the Board may think fit, and the Board may remove any person so appointed and may annul or vary any such delegation, but no person dealing in good faith and without notice of any such annulment or variation shall be affected thereby.

22.7 ~~137.~~ The Board may establish and maintain or procure the establishment and maintenance of any contributory or non-contributory pension or provident or superannuation funds or (with the sanction of an ordinary resolution) employee or executive share option schemes for the benefit of, or give or procure the giving of donations, gratuities, pensions, allowances or emoluments to any persons who are or were at any time in the employment or service of the Company, or of any company which is a subsidiary of the Company, or is allied or associated with the Company or with any such subsidiary company, or who are or were at any time directors or officers of the Company or of any such other company as ~~foresaid~~**foresaid**, and holding or who have held any salaried employment or office in the Company or such other company, and the wives, widows, families and dependents of any such persons. The Board may also establish and subsidise or subscribe to any institutions, associations, clubs or funds calculated to be for the benefit of or to advance the interests and well-being of the Company or of any such other company as aforesaid, and may make payments for or towards the insurance of any such persons as aforesaid, and subscribe or guarantee money for charitable or benevolent objects or for any exhibition or for any public, general or useful object. The Board may do any of the matters aforesaid, either alone or in conjunction with any such other company as aforesaid. Any Director holding any such employment or office shall be entitled to participate in and retain for his own benefit any such donation, gratuity, pension, allowance or emolument.

23 Capitalisation of Reserves

23.1 ~~138.~~ The Company in general meeting may upon the recommendation of the Board by ordinary resolution resolve that it is desirable to capitalise all or any part of the amount for the time being standing to the credit of any of the Company's reserve accounts or funds or to the credit of the profit and loss account or otherwise available for distribution (and not required for the payment or provision of dividend on any shares with a preferential right to dividend) and accordingly that such sums be set free for distribution amongst the members who would have been entitled thereto if distributed by way of dividend and in the same proportion on condition that the same be not paid in cash but be applied either in or towards paying up any amounts for the time being unpaid on any shares held by such members respectively or paying up in full unissued shares, debentures or other securities of the Company to be allotted and distributed credited as fully paid up to and amongst such members in proportion aforesaid or partly in one way and partly in the other, and the Board shall give effect to such resolution, provided that a share premium account and a capital redemption reserve and any reserve or fund representing unrealised profits may, for the purposes of this Article, only be applied in paying up unissued shares to be issued to members of the Company as fully paid up shares or paying up calls or instalments due or payable on partly paid securities of the Company subject always to the provisions of the Law Companies Act.

23.2 ~~139.~~ (a) Wherever such a resolution as referred to in Article ~~138~~**23.1** shall have been passed the Board shall make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid up shares, debentures or other securities, if any, and generally shall do all acts and things required to give effect thereto, with full power to the Board:

- (a) (i) to make such provision by the issue of fractional certificates or by payment in cash or otherwise (including provisions whereby, in whole or in part, fractional entitlements are aggregated and sold and the net proceeds distributed to those entitled, or are disregarded or rounded up or down or whereby the benefit of fractional entitlements accrues to the Company rather than to the members concerned) as ~~they think~~ **it thinks** fit in cases where shares, debentures or other securities become distributable in fractions;
- (b) (ii) to exclude the right of participation or entitlement of any member with a registered address ~~outside~~ **in** any territory where ~~in the absence of a registration statement or other special or onerous formalities~~ **;**
- (i) the circulation of an offer of such right or entitlement would or might be unlawful ~~or where the Board consider~~ **in the absence of a registration statement or other special formalities; or**

- (ii) the costs, ~~expense~~**expenses** or possible delays in ascertaining the existence or extent of the legal and other requirements applicable to such offer or the acceptance of such offer **are, in the Board's opinion,** out of proportion to the benefits of the Company; and
- (c) ~~(iii)~~ to authorise any person to enter on behalf of all members entitled thereto into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further shares, debentures or other securities to which they may be entitled upon such capitalisation, or, as the case may require, for the payment up by the Company on their behalf, by the application thereto of their respective proportions of the profits resolved to be capitalised, of the amounts or any part of the amounts remaining unpaid on their existing shares, and any agreement made under such authority shall be effective and binding on all such members.
- 23.3 ~~(b)~~ The Board may, in relation to any capitalisation sanctioned under ~~this~~ Article 23.2 in its absolute discretion specify that, and in such circumstances and if directed so to do by a member or members entitled to an allotment and distribution credited as fully paid up of unissued shares or debentures in the Company pursuant to such capitalisation, ~~shall allot and distribute credited as fully paid up~~ the unissued shares, debentures or other securities to which that member is entitled **shall be allotted and distributed credited as fully paid up** to such person or persons ~~as that member may nominate by notice in writing to the Company, such notice to be received not later than the day for which the general meeting of the Company to sanction the capitalisation is convened.~~
- 24 Dividends and Reserves**
- 24.1 ~~140.~~ (a) Subject to the ~~Law~~**Companies Act** and these Articles, the Company in general meeting may declare dividends in any currency but no dividends shall exceed the amount recommended by the Board.
- 24.2 ~~(b)~~ The dividends, interest and bonuses and any other benefits and advantages in the nature of income receivable in respect of the Company's investments, and any commissions, trusteeship, agency, transfer and other fees and current receipts of the Company shall, subject to the payment thereof of the expenses of management, interest upon borrowed money and other expenses which in the opinion of the Board are of a revenue nature, constitute the profits of the Company available for distribution.
- 24.3 ~~141.~~ (a) The Board may from time to time pay to the members such interim dividends as appear to the Board to be justified by the profits of the Company and, in particular (but without prejudice to the generality of the foregoing), if at any time the share capital of the Company is divided into different classes, the Board may pay such interim dividends in respect of those shares in the capital of the Company which confer on the holders thereof deferred or non-preferential rights as well as in respect of those shares which confer on

the holders thereof preferential rights with regard to dividend and provided that the Board acts bona fide, the Board shall not incur any responsibility to the holders of shares conferring any preferential rights.

24.4 ~~(b)~~ The Board may also pay half-yearly or at other intervals to be selected by it any dividend which may be payable at a fixed rate if the Board is of the opinion that the profits available for distribution justify the payment.

24.5 ~~(e)~~ The Board may in addition from time to time declare and pay special dividends on shares of any class of such amounts and on such dates as they think fit, and the provisions of ~~paragraph (a)~~ Article 24.3 as regards the powers and the exemption from liability of the Board as relate to declaration and payment of interim dividends shall apply, mutatis mutandis, to the declaration and payment of any such special dividends.

24.6 ~~142.~~ No dividend shall be declared or payable except out of the profits and reserves of the Company lawfully available for distribution including share premium. No dividend shall carry interest against the Company.

24.7 ~~143.~~ ~~(a)~~ Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the Board may further resolve:

either

EITHER

(a) ~~(i)~~ that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the ~~shareholders~~ members entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment. In such case, the following provisions shall apply:—

(i) ~~(aa)~~ the basis of any such allotment shall be determined by the Board;

(ii) ~~(bb)~~ the Board, after determining the basis of allotment, shall give not less than two weeks' notice in writing to the ~~shareholders~~ members of the right of election accorded to them and shall send with such notice forms of election and specify the procedure to be followed and the place at which and the latest date and time by which duly completed forms of election must be lodged in order to be effective;

(iii) ~~(ee)~~ the right of election may be exercised in respect of the whole or part of that portion of the dividend in respect of which the right of election has been accorded;

(iv) ~~(dd)~~ the dividend (or that part of the dividend to be satisfied by the allotment of shares as aforesaid) shall not be payable in cash on shares in respect whereof the cash election has not been duly exercised (~~“(the “non-elected shares”)~~) and in satisfaction thereof shares shall be allotted credited as fully paid to the holders of the non-elected shares on the basis of allotment determined as aforesaid and for such purpose the Board shall capitalise and apply out of any part of the undivided profits of the Company or any part of any of the Company’s reserve accounts (including any special account, share premium account and capital redemption reserve (if there be any such reserve)) or profit ~~or~~ **and** loss account or amounts otherwise available for distribution as the Board may determine, a sum equal to the aggregate nominal amount of the shares to be allotted on such basis and apply the same in paying up in full the appropriate number of shares for allotment and distribution to and amongst the holders of the non-elected shares on such basis;

~~or~~

OR

(b) ~~(ii)~~ that ~~shareholders~~ **members** entitled to such dividend shall be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit. In such case, the following provisions shall apply:

(i) ~~(aa)~~ the basis of any such allotment shall be determined by the Board;

(ii) ~~(bb)~~ the Board, after determining the basis of allotment, shall give not less than two weeks’ notice in writing to ~~shareholders~~ **members** of the right of election accorded to them and shall send with such notice forms of election and specify the procedure to be followed and the place at which and the latest date and time by which duly completed forms of election must be lodged in order to be effective;

(iii) ~~(cc)~~ the right of election may be exercised in respect of the whole or part of that portion of the dividend in respect of which the right of election has been accorded;

(iv) ~~(dd)~~ the dividend (or that part of the dividend in respect of which a right of election has been accorded) shall not be payable on shares in respect whereof the share election has been duly exercised (~~“(the “elected shares”)~~) and in lieu thereof shares shall be allotted credited as fully paid to the holders of the elected shares on the basis of allotment determined as aforesaid and for such purpose the Board shall capitalise and apply out of any part of the undivided profits of the Company’s reserve accounts (including any special account, share premium account and

capital redemption reserve (if there be any such reserve)) or profit and loss account or amounts otherwise available for distribution as the Board may determine, a sum equal to the aggregate nominal amount of the shares to be allotted on such basis and apply the same in paying up in full the appropriate number of shares for allotment and distribution to and amongst the holders of the elected shares on such basis.

24.8 ~~(b)~~ The shares allotted pursuant to the provisions of ~~paragraph (a) of this Article 24.7~~ shall be of the same class as the class of, and shall rank pari passu in all respects with, the shares then held by the respective allottees save only as regards participation:

- (a)** ~~(i)~~ in the relevant dividend (or share or cash election in lieu thereof as aforesaid); or
- (b)** ~~(ii)~~ in any other distributions, bonuses or rights paid, made, declared or announced prior to or contemporaneously with the payment or declaration of the relevant dividend, unless contemporaneously with the announcement by the Board of its proposal to apply the provisions of ~~paragraph (i) or (ii) of paragraph (a) Article 24.7(a) or 24.7(b)~~ in relation to the relevant dividend or contemporaneously with its announcement of the distribution, bonus or rights in question, the Board shall specify that the shares to be allotted pursuant to the provisions of ~~this paragraph (a) Article 24.7~~ shall rank for participation in such distributions, bonuses or rights.

24.9 ~~(c)~~ The Board may do all acts and things considered necessary or expedient to give effect to any capitalisation pursuant to the ~~provision~~**provisions** of ~~paragraph (a) Article 24.8~~ with full power to the Board to make such provisions as it thinks fit in the case of shares becoming distributable in fractions (including provisions whereby, in whole or in part, fractional entitlements are aggregated and sold and the net proceeds distributed to those entitled, or are disregarded or rounded up or down or whereby the benefit of fractional entitlements accrues to the Company rather than to the members concerned). The Board may authorise any person to enter into on behalf of all members interested, an agreement with the Company providing for such capitalisation and matters incidental thereto and any agreement made pursuant to such authority shall be effective and binding on all concerned.

24.10 ~~(d)~~ The Company may upon the recommendation of the Board by ordinary resolution resolve in respect of any one particular dividend of the Company that notwithstanding the provisions of ~~paragraph (a) Article 24.7~~ a dividend may be satisfied wholly in the form of an allotment of shares credited as fully paid without offering any right to ~~shareholders~~**members** to elect to receive such dividend in cash in lieu of such allotment.

24.11 ~~(e)~~ The Board may on any occasion determine that rights of election and the allotment of shares under ~~paragraph (a)~~ Article 24.7 shall not be made available or made to any ~~shareholders~~ members with registered addresses in any territory where ~~in the absence of a registration statement or other special formalities:~~

(a) the circulation of an offer of such rights of election or the allotment of shares would or might be unlawful, ~~or where the Board considers~~ in the absence of a registration statement or other special formalities; or

(b) the costs, expenses or possible delays in ascertaining the existence or extent of the legal and other requirements applicable to such offer or the acceptance of such offer are, in the Board's opinion, out of proportion to the ~~benefit~~ benefits of the Company, and in ~~and any~~ such case the provisions aforesaid shall be read and construed subject to such determination.

24.12 ~~144.~~ (a) 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. The Company may apply the share premium account in any manner permitted by the Companies ~~Law Act.~~ The Company shall at all times comply with the provisions of the Companies ~~Law Act~~ in relation to the share premium account.

24.13 ~~(b)~~ The Board may, before recommending any dividend, set aside out of the profits of the Company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for meeting claims on or liabilities of the Company or contingencies or for paying off any loan capital or for equalising dividends or for any other purpose to which the profits of the Company may be properly applied, and pending such application may, at the like discretion, either be employed in the business of the Company or be invested in such investments (including shares, warrants and other securities of the Company) as the Board may from time to time think fit, and so that it shall not be necessary to keep any reserves separate or distinct from any other investments of the Company. The Board may also without placing the same to reserve carry forward any profits which it may think prudent not to distribute by way of dividend.

24.14 ~~145.~~ Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. For the purpose of this Article no amount paid up on a share in advance of calls shall be treated as paid up on the share.

- 24.15 ~~146.~~ (a) The Board may retain any dividends or other moneys payable on or in respect of a share upon which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.
- 24.16 (b) The Board may retain any dividends or other monies payable upon shares in respect of which any person is, under the provisions as to the transmission of shares hereinbefore contained, entitled to become a member, or in respect of which any person is under those provisions entitled to transfer, until such person shall become a member in respect of such shares or shall transfer the same.
- 24.17 (e) The Board may deduct from any dividend or other monies payable to any member all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.
- 24.18 ~~147.~~ Any general meeting sanctioning a dividend may make a call on the members of such amount as the meeting resolves, but so that the call on each member shall not exceed the dividend payable to him, and so that the call be made payable at the same time as the dividend, and the dividend may, if so arranged between the Company and the member, be set off against the call.
- 24.19 ~~148.~~ The Board, with the sanction of the members in general meeting, may direct that any dividend be satisfied wholly or in part by the distribution of specific assets of any kind and in particular of paid up shares, debentures or warrants to subscribe securities of any other company, or in any one or more of such ways, and where any difficulty arises in regard to the distribution the Board may settle the same as it thinks expedient, and in particular may disregard fractional entitlements, round the same up or down or provide that the same shall accrue to the benefit of the Company, and may fix the value for distribution of such specific assets, or any part thereof, and may determine that cash payments shall be made to any members upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the Board and may appoint any person to sign any requisite instruments of transfer and other documents on behalf of the persons entitled to the dividend and such appointment shall be effective. Where required, a contract shall be filed in accordance with the provisions of the Law Companies Act and the Board may appoint any person to sign such contract on behalf of the persons entitled to the dividend and such appointment shall be effective.
- 24.20 ~~149.~~ (a) A transfer of shares shall not pass therewith the right to any dividend or bonus declared thereon before the registration of the transfer.
- 24.21 (b) Any resolution declaring or resolving upon the payment of a dividend or other distribution on shares of any class, whether a resolution of the Company in general meeting or a resolution of the Board, may, **subject to the provisions of the Listing Rules**, specify that the same shall be payable or made to the persons registered as the holders of such shares at the close of business on a particular

date, notwithstanding that it may be a date prior to that on which the resolution is passed, and thereupon the dividend or other distribution shall be payable or made to them in accordance with their respective holdings so registered, but without prejudice to the rights inter se in respect of such dividend of transferors and transferees of any such shares.

24.22 ~~150.~~ If two or more persons are registered as joint holders of any shares, any one of such persons may give effectual receipts for any dividends, interim and special dividends or bonuses and other moneys payable or rights or property distributable in respect of such shares.

24.23 ~~151.~~ (a) Unless otherwise directed by the Board, any dividend, interest or other sum payable in cash ~~or to~~ a holder of shares may be paid by cheque or warrant sent through the post to the registered address of the member entitled, or, in case of joint holders, to the registered address of the person whose name stands first in the register in respect of the joint holding or to such person and to such address as the holder or joint holders may in writing direct. Every cheque or warrant so sent shall be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares and shall be sent at his or their risk, and the payment of any such cheque or warrant by the bank on which it is drawn shall operate as a good discharge to the Company in respect of the dividend and/or bonus represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that any endorsement thereon has been forged.

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

24.25 ~~152.~~ All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the Board for the exclusive benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof or be required to account for any money earned thereon. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the Board and shall revert to the Company and after such forfeiture no member or other person shall have any right to or claim in respect of such dividends or bonuses.

25 Untraceable ~~Shareholders~~Members

- 25.1** ~~153.~~ ~~(a)~~ The Company shall be entitled to sell any shares of a member or the shares to which a person is entitled by virtue of transmission on death or bankruptcy or operation of law if and provided that:
- (a)** ~~(i)~~ all cheques or warrants, not being less than three in number, for any sums payable in cash to the holder of such shares have remained uncashed for a period of 12 years;
 - (b)** ~~(ii)~~ the Company has not during that time or before the expiry of the three month period referred to in ~~paragraph (iv)~~ **Article 25.1(d)** below received any indication of the whereabouts or existence of the member or person entitled to such shares by death, bankruptcy or operation of law;
 - (c)** ~~(iii)~~ during the 12-year period, at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed by the member; and
 - (d)** ~~(iv)~~ upon expiry of the 12-year period, the Company has caused an advertisement to be published in the newspapers, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as herein provided, giving notice of its intention to sell such shares, and a period of three months has elapsed since such advertisement and the Exchange has been notified of such intention.

The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds it shall become indebted to the former member for an amount equal to such net proceeds.

- 25.2** ~~(b)~~ To give effect to any sale contemplated by ~~paragraph (a)~~ **Article 25.1** the Company may appoint any person to execute as transferor an instrument of transfer of the said shares and such other documents as are necessary to effect the transfer, and such documents shall be as effective as if it had been executed by the registered holder of or person entitled by transmission to such shares and the title of the transferee shall not be affected by any irregularity or invalidity in the proceedings relating thereto. The net proceeds of sale shall belong to the Company which shall be obliged to account to the former member or other person previously entitled as aforesaid for an amount equal to such proceeds and shall enter the name of such former member or other person in the books of the Company as a creditor for such amount. No trust shall be created in respect of the debt, no interest shall be payable in respect of the same and the Company shall not be required to account for any money earned on the net proceeds, which may be employed in the business of the Company or invested in such investments (other than shares or other securities in or of the Company or its holding company if any) or as the Board may from time to time think fit.

26 Document Destruction

~~154.~~ The Company shall be entitled to destroy all instruments of transfer, probate, letters of administration, stop notices, powers of attorney, certificates of marriage or death and other documents relating to or affecting title to securities in or of the Company (“**Registrable Documents**”) which have been registered at any time after the expiration of six years from the date of registration thereof and all dividend mandates and notifications of change of address at any time after the expiration of two years from the date of recording thereof and all share certificates which have been cancelled at any time after the expiration of one year from the date of the cancellation thereof and it shall conclusively be presumed in favour of the Company that every entry in the register if purporting to have been made on the basis of an instrument of transfer or Registrable Document so destroyed was duly and properly made and every instrument of transfer or Registrable Document so destroyed was a valid and effective instrument or document duly and properly registered and every share certificate so destroyed was a valid and effective certificate duly and properly cancelled and every other document hereinbefore mentioned so destroyed was a valid and effective document in accordance with the recorded particulars thereof in the books or records of the Company, provided always that:

- (a) the provisions aforesaid shall apply only to the destruction of a document in good faith and without express notice of the Company of any claim (regardless of the parties thereto) to which the document might be relevant;
- (b) nothing herein contained shall be construed as imposing upon the Company any liability in respect of the destruction of any such document earlier than as aforesaid or in any other circumstances which would not attach to the Company in the absence of this Article; and
- (c) references herein to the destruction of any document include references to the disposal thereof in any manner.

Notwithstanding any provision contained in these Articles, the Directors may, if permitted by applicable law, authorise the destruction of any documents referred to in this Article or any other documents in relation to share registration which have been microfilmed or electronically stored by the Company or by the share registrar on its behalf provided always that this Article shall apply only to the destruction of a document in good faith and without express notice to the Company that the preservation of such document might be relevant to a claim.

27 Annual Returns and Filings

~~155.~~ The Board shall make the requisite annual returns and any other requisite filings in accordance with the ~~Law~~Companies Act.

28 Accounts

28.1 ~~156.~~ The Board shall cause to be kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions and otherwise in accordance with the LawCompanies Act.

28.2 ~~157.~~ The books of account shall be kept at the Company's principal place of business in Hong Kong or, subject to the provisions of the LawCompanies Act, at such other place or places as the Board thinks fit and shall always be open to ~~the~~ inspection ~~of~~by the Directors.

28.3 ~~158.~~ The Board shall from time to time determine whether, to what extent, at what times and places and under what conditions or regulations, the accounts and books of the Company, or any of them, shall be open to ~~the~~ inspection ~~of~~by the members (other than officers of the Company) and no member shall have any right of inspecting any accounts or books or documents of the Company except as conferred by the LawCompanies Act or any other relevant law or regulation or as ~~authorized~~authorised by the Board or by the Company in general meeting.

28.4 ~~159.~~ (a) The Board shall, ~~commencing with the first annual general meeting~~ cause to be prepared and to be laid before the members of the Company at every annual general meeting a profit and loss account for the period, in the case of the first account, since the incorporation of the Company and, in any other case, since the preceding account, together with a balance sheet as at the date to which the profit and loss account is made up and a Directors' report with respect to the profit or loss of the Company for the period covered by the profit and loss account and the state of the Company's affairs as at the end of such period, an Auditors' report on such accounts prepared pursuant to Article ~~160~~29.1 and such other reports and accounts as may be required by law.

28.5 ~~(b)~~ Copies of those documents to be laid before the members of the Company at an annual general meeting shall not less than 21 days before the date of the meeting be sent in the manner in which notices may be served by the Company as provided herein to every member of the Company and every holder of debentures of the Company, provided that the Company shall not be required to send copies of those documents to any person of whose address the Company is not aware or to more than one of the joint holders of any shares or debentures.

28.6 ~~(c)~~ To the extent permitted by and subject to due compliance with these Articles, the LawCompanies Act and all applicable rules and regulations, including, without limitation, the rules of the Exchange, and to obtaining all necessary consents, if any, required thereunder, the requirements of Article ~~159(b)~~28.5 shall be deemed satisfied in relation to any member or any holder of debentures of the Company by sending to such person instead of such copies, not less than 21 days before the date of the annual general meeting, in any manner not prohibited by these Articles and the LawCompanies Act, a summary financial statement derived from the

Company's annual accounts, together with the Directors' report and the ~~Auditor's~~Auditors' report on such accounts, which shall be in the form and containing the information required by these Articles, the ~~Law~~Companies Act and all applicable laws and regulations, provided that any person who is otherwise entitled to the annual accounts of the Company, together with the Director's report and the Auditor's 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 the summary financial statement, a complete printed copy of the Company's annual accounts, together with the Directors' report and the Auditor's report thereon.

29 Audit

29.1 ~~460.~~ The Auditors shall audit the profit and loss account and balance sheet of the Company in each year and shall prepare a report thereon to be annexed thereto. Such report shall be laid before the Company at its annual general meeting in each year and shall be open to inspection by any member. The Auditors shall at the next annual general meeting following their appointment and at any other time during their term of office, upon request of the Board or any general meeting of the members, make a report on the accounts of the Company ~~in general meeting~~ during their tenure of office.

29.2 ~~461.~~ The Company shall at ~~any~~every annual general meeting by ordinary resolution appoint an auditor or auditors of the Company who shall hold office until the next annual general meeting. The removal of an Auditor before the expiration of his period of office shall require the approval of an ordinary resolution of the members in general meeting. The remuneration of the Auditors shall be fixed by the Company at the annual general meeting at which they are appointed by ordinary resolution provided that in respect of any particular year the Company in general meeting may delegate the fixing of such remuneration to the Board. No person may be appointed as the, or an, Auditor, unless he is independent of the Company. ~~The Board may before the first annual general meeting appoint an auditor or auditors of the~~ The Company ~~who shall hold office until the first annual general meeting unless previously removed~~ may by an ordinary resolution of the members ~~in general meeting in which case the members at that meeting may appoint Auditors.~~ ~~The Board may~~ fill any casual vacancy in the office of Auditor but while any such vacancy continues the surviving or continuing Auditor or Auditors, if any, may act. The remuneration of any Auditor appointed ~~by the Board~~ under this Article ~~may~~shall be fixed by the ~~Board~~Company at the general meeting at which they are appointed by ordinary resolution.

29.3 ~~462.~~ Every statement of accounts audited by the Auditors and presented by the Board at an annual general meeting shall after approval at such meeting be conclusive except as regards any error discovered therein within three months of the approval thereof. Whenever any such error is discovered within that period, it shall forthwith be corrected, and the statement of account amended in respect of the error shall be conclusive.

30 Notices

30.1 ~~463.~~ (a) ~~Any notice or document (including a share certificate) may be served by the Company or by the Board on any member either personally or by sending it through the post in a prepaid letter addressed to such member at his registered address as appearing in the register or, in the case of notice by advertisement published in the newspapers or by sending it using electronic means, including but not limited to electronic mail or by making it available for the examination by the member using electronic means, including the posting of such notice or document on websites or web pages provided that if any such notice or document is to be sent or made available to any member by using electronic means, the Company and the Board must first have received from the relevant member a written confirmation that the member wants to receive or to have made available to him such notice or document using the electronic means that the Company and the Board have suggested. In the case of joint holders whose name stands first in the register and notice so given shall be sufficient notice to all the joint holders.~~ Except as otherwise provided in these Articles, any notice or document may be served by the Company and any notices may be served by the Board on any member either personally or by sending it through the post in a prepaid letter addressed to such member at his registered address as appearing in the register or, to the extent permitted by the Listing Rules and all applicable laws and regulations, by electronic means by transmitting it to any electronic number or address or website supplied by the member to the Company or by placing it on the Company's Website provided that the Company has obtained either (a) the member's prior express positive confirmation in writing or (b) the member's deemed consent, in the manner specified in the Listing Rules to receive or otherwise have made available to him notices and documents to be given or issued to him by the Company by such electronic means, or (in the case of notice) by advertisement published in the manner prescribed under the Listing Rules. In the case of joint holders of a share, all notices shall be given to that holder for the time being whose name stands first in the register and notice so given shall be sufficient notice to all the joint holders.

30.2 ~~(b)~~ Notice of every general meeting shall be given in any manner hereinbefore ~~authorized~~ **authorised** to:

- (a)** ~~(i)~~ every person shown as a member in the register of members as of the record date for such meeting except that in the case of joint holders the notice shall be sufficient if given to the joint holder first named in the register of members;
- (b)** ~~(ii)~~ every person upon whom the ownership of a share devolves by reason of his being a legal personal representative or a trustee in bankruptcy of a member of record where the member of record but for his death or bankruptcy would be entitled to receive notice of the meeting;
- (c)** ~~(iii)~~ the Auditors;
- (d)** ~~(iv)~~ each Director and alternate Director;
- (e)** ~~(v)~~ the Exchange; and
- (f)** ~~(vi)~~ such other person to whom such notice is required to be given in accordance with the Listing Rules.

30.3 No other person shall be entitled to receive notices of general meetings.

30.4 ~~164.~~ A member shall be entitled to have notice served on him at any address within Hong Kong. Any member who has not given an express positive confirmation in writing to the Company **in the manner specified in the Listing Rules** to receive or otherwise have made available to him notices and documents to be given or issued to him by the Company by electronic means and whose registered address is outside Hong Kong may notify the Company in writing of an address in Hong Kong which for the purpose of service of notice shall be deemed to be his registered address. A member who has no registered address in Hong Kong shall be deemed to have received any notice which shall have been displayed at the transfer office and shall have remained there for a period of 24 hours and such notice shall be deemed to have been received by such member on the day following that on which it shall have been first so displayed, provided that, without prejudice to the other provisions of these Articles, nothing in this Article ~~164~~ shall be construed as prohibiting the Company from sending, or entitling the Company not to send, notices or other documents of the Company to any member whose registered address is outside Hong Kong.

- 30.5** ~~165.~~ (a) Any notice or document sent by post shall be deemed to have been served on the day following that on which it is put into a post office situated within Hong Kong and in proving such service it shall be sufficient to prove that the envelope or wrapper containing the notice or document was properly prepaid, addressed and put into such post office and a certificate in writing signed by the Secretary or other person appointed by the Board that the envelope or wrapper containing the notice or document was so addressed and put into such post office shall be conclusive evidence thereof.
- 30.6** (b) Any notice or other document delivered or left at a registered address otherwise than by post shall be deemed to have been served or delivered on the day it was so delivered or left.
- 30.7** (c) Any notice served by advertisement shall be deemed to have been served on the day of issue of the official publication and/or newspaper(s) in which the advertisement is published (or on the last day of issue if the publication and/or newspaper(s) are published on different dates).
- (d) ~~Any notice or document sent or made available by using electronic means to members who have in writing confirmed their agreement to receive such notice or document through such means shall be deemed to have been served on such members when the notice or document has been sent or made available to them in accordance with the arrangement specified in their written confirmation to the Company. A certificate in writing signed by the Secretary or other person appointed by the Board that the notice or document has been sent or made available in accordance with such arrangement shall be conclusive evidence thereof.~~
- 30.8** Any notice given by electronic means as provided herein shall be deemed to have been served and delivered on the day following that on which it is successfully transmitted or at such later time as may be prescribed by the Listing Rules or any applicable laws or regulations.
- 30.9** ~~166.~~ A notice may be given by the Company to the person or persons entitled to a share in consequence of the death, mental disorder or bankruptcy of a member by sending it through the post in a prepaid letter addressed to him or them by name, or by the title of representative of the deceased, or trustee of the bankrupt, or by any like description, at the address, if any, within Hong Kong supplied for the purpose by the person claiming to be so entitled, or (until such an address has been so supplied) by giving the notice in any manner in which the same might have been given if the ~~death~~death, mental disorder or bankruptcy had not occurred.
- 30.10** ~~167.~~ Any person who by operation of law, transfer or other means whatsoever shall become entitled to any share shall be bound by every notice in respect of such share which prior to his name and address being entered on the register shall have been duly given to the person from whom he derives his title to such share.

30.11 ~~468.~~ Any notice or document delivered or sent to any member in pursuance of these Articles, shall notwithstanding that such member be then deceased and whether or not the Company has notice of his death be deemed to have been duly served in respect of any registered shares whether held solely or jointly with other persons by such member until some other person be registered in his stead as the holder or joint holder thereof, and such service shall for all purposes of these Articles be deemed a sufficient service of such notice or document on his personal representatives and all persons (if any) jointly interested with him in any such shares.

30.12 ~~469.~~ The signature to any notice to be given by the Company may be written or printed by means of facsimile or, where relevant, by Electronic Signature.

31 Information

31.1 ~~470.~~ No member shall be entitled to require discovery of or any information in respect of any detail of the Company's trading or any matter which is or may be in the nature of a trade secret or secret process which may relate to the conduct of the business of the Company and which in the opinion of the Board would not be in the interests of the members or the Company to communicate to the public.

31.2 ~~471.~~ The Board shall be entitled to release or disclose any information in its possession, custody or control regarding the Company or its affairs to any of its members including, without limitation, information contained in the register of members and transfer books of the Company.

32 Winding Up

32.1 **Subject to the Companies Act, the Company may by special resolution resolve that the Company be wound up voluntarily.**

32.2 ~~472.~~ If the Company shall be wound up (whether the liquidation is voluntary, under supervision or by the court) the liquidator may, with the authority of a special resolution of the Company and any other sanction required by the ~~Law~~**Companies Act** divide among the members *in specie* or kind the whole or any part of the assets of the Company (whether the assets shall consist of property of one kind or shall consist of properties of different kinds) and may for such purpose set such value as he deems fair upon any property to be divided 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 or sanction vest the whole or any part of such assets in trustees upon such trusts for the benefit of the members as the liquidator, with the like authority or sanction and subject to the ~~Law~~**Companies Act**, shall think fit, and the liquidation of the Company may be closed and the Company dissolved, but so that no member shall be compelled to accept any assets, shares or other securities in respect of which there is a liability.

32.3 ~~173.~~ 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. ~~And if~~ in a winding up 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 amongst the members in proportion to the capital paid up at the commencement of the winding up on the shares held by them respectively. This Article is to be without prejudice to the rights of the holders of shares issued upon special terms and conditions.

32.4 ~~174.~~ In the event of a winding-up of the Company in Hong Kong, every member of the Company who is not for the time being in Hong Kong shall be bound, within 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 judgments 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.

33 Indemnities

33.1 ~~175.~~ (a) Every Director, Auditor or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him as a Director, Auditor or other officer of the Company in defending any proceedings, whether civil or criminal, in which judgment is given in his favour, or in which he is acquitted.

33.2 (b) Subject to the Companies ~~Law~~Act, if any Director or other person shall become personally liable for the payment of any sum primarily due from the Company, the Board may execute or cause to be executed any mortgage, charge, or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Director or person so becoming liable as aforesaid from any loss in respect of such liability.

34 Financial Year

~~176.~~ The financial year of the Company shall be prescribed by the Board and may, from time to time, be changed by it.

35 Amendment of Memorandum and Articles

~~177.~~ Subject to the ~~Law~~**Companies Act**, the Company may at any time and from time to time by special resolution alter or amend ~~its~~**the** Memorandum of Association and **these** Articles of Association in whole or in part.

36 Transfer by Way of Continuation

The Company shall, subject to the provisions of the Companies Act and with the approval of a special resolution, have the power to register by way of continuation as a body corporate under the laws of any jurisdiction outside the Cayman Islands and to be deregistered in the Cayman Islands.

37 Mergers and Consolidations

The Company shall, with the approval of a special resolution, have the power to merge or consolidate with one or more constituent companies (as defined in the Companies Act), upon such terms as the Directors may determine.

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

(i) Directors' and chief executives' interests and short positions in shares, underlying shares and debentures of the Company or any associated corporations

As at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interest or short position in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO); (ii) pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange.

(ii) Interests of substantial Shareholders

Name	Capacity/ Nature of Interest	Number of Shares	Approximate percentage of the issued share capital of the Company (Note 2)
CNNC Overseas (Note 1)	Beneficial owner	326,372,273	66.72%
CNUC (Note 1)	Interest of a controlled corporation	326,372,273	66.72%
CNNC (Note 1)	Interest of a controlled corporation	326,372,273	66.72%

Notes:

- (1) CNNC Overseas is the immediate holding company of the Company, which is directly wholly owned by CNUC, whereas approximately 65.77% of CNUC's shareholding is directly owned by CNNC.
- (2) Based on 489,168,308 Shares in issue as at the Latest Practicable Date.

So far as is known to the Directors and the chief executive of the Company, as at the Latest Practicable Date, no other persons (other than the Directors, the chief executive and substantial Shareholders disclosed above) had any interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of the Part XV of the SFO or was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any member of the Group.

3. DIRECTORS' INTEREST IN ASSETS, CONTRACTS OR ARRANGEMENTS

So far as is known to the Directors, as at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any assets which have been, since 31st December, 2019, being the date to which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by or leased to or were proposed to be acquired or disposed of or leased to any member of the Group.

None of the Directors was materially interested in any contract or arrangement subsisting as at the date of this circular which was significant in relation to the business of the Group.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered, or proposed to enter into a service contract with any member of the Group which would not determinable by the Group within one year without payment of compensation, other than statutory compensation.

5. COMPETING INTERESTS

As at the Latest Practicable Date, Mr. Zhong Jie, Mr. Zhang Yi, and Mr. Wu Ge, all being Directors, also held positions in CNUC Group or its associates. CNUC Group is principally engaged in, among other things, uranium resources exploration, development, mining operations and management, and is the supplier of natural uranium products to the downstream nuclear power plants of CNNC Group.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and their respective close associates (as defined under the Listing Rules) had any interests in any business which competed or might compete with the business of the Group.

6. MATERIAL ADVERSE CHANGE

Save as disclosed in (i) the Company's announcement dated 31st March, 2021 in relation to the unaudited final results of the Group for the year ended 31st December, 2020 and the Company's announcements dated 29th April, 2021 and 13th May, 2021 in relation to the impairment loss of inventory of approximately HK\$52 million for the year ended 31st December, 2020; (ii) the Company's announcements dated 29th July, 2021 and 31st August, 2021 and the Company's interim report for the six months ended 30th June, 2021 published on 27th September, 2021 in relation to the significant reduction in revenue and gross profit for the six months ended 30th June, 2021 as compared to the revenue and gross profit for the corresponding period in 2020; and (iii) the Company's announcement dated 31st March, 2022 in relation to the unaudited final results of the Group for the year ended 31st December, 2021 which disclosed a significant decrease in revenue and gross profit for the year ended 31st December, 2021 as compared to the revenue and gross profit for the corresponding period for the year ended 31st December, 2020, as at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31st December, 2019, being the date to which the latest published audited consolidated financial statements of the Group were made up.

7. EXPERTS AND CONSENTS

The following is the qualification of the experts who have given opinion or advice which are contained or referred to in this circular:

Name	Qualification
Gram Capital	A licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO
Frost & Sullivan	Industry consultant
UxC	Industry consultant

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with inclusion herein of its letter or report and/or reference to its name, in the form and context in which they respectively appear.

As at the Latest Practicable Date, none of the above experts has any interest in the share capital of any member of the Group or any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, none of the above experts has any interest, direct or indirect, in any assets which have been, since 31st December, 2019, being the date to which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by or leased to or were proposed to be acquired or disposed of or leased to any member of the Group.

8. MISCELLANEOUS

- (i) The secretary of the Company is Mr. Li Philip Sau Yan. Mr. Li is a fellow member of the Institute of Chartered Accountants in England and Wales and a fellow member of the Hong Kong Institute of Certified Public Accountants.
- (ii) The registered office of the Company is situated at P.O. Box 309, Uglan House, Grand Cayman, KY1-1104, Cayman Islands.
- (iii) The head office and principal place of business of the Company is situated at Unit 3009, 30th Floor, No. 118 Connaught Road West, Hong Kong.
- (iv) The Hong Kong branch share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong.
- (v) In the event of inconsistency, the English text of this circular and the accompanying form of proxy shall prevail over their respective Chinese texts.

9. DOCUMENTS ON DISPLAY

A copy of the Framework Agreement will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (www.cnnintl.com) from the date of this circular up to and including the date of the EGM.

NOTICE OF EGM

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CNNC INTERNATIONAL LIMITED

中核國際有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2302)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of CNNC International Limited (the “**Company**”) will be held at SOHO 1, 6/F, Ibis Hong Kong Central & Sheung Wan, No. 28 Des Voeux Road West, Sheung Wan, Hong Kong on Thursday, 23rd June, 2022 at 3:30 p.m., or any adjournment thereof, for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolutions.

ORDINARY RESOLUTION

To consider and, if thought fit, pass with or without modifications, the following resolution as an ordinary resolution of the Company:

1. **“THAT:**

- (a) the framework agreement dated 23rd February, 2022 and entered into by the Company and China National Uranium Corporation, Limited (中國鈾業有限公司) as amended and supplemented by the supplemental agreement dated 26th May, 2022 and entered into between the Company and CNUC (collectively, the “**Framework Agreement**”), a copy of which are tabled at the EGM and marked “**A**” and initialed by the chairman of the EGM for identification purpose, and the transactions contemplated thereunder (including the Proposed Annual Caps (as defined in the Circular)) be and is hereby approved, confirmed and ratified; and

NOTICE OF EGM

- (b) any one of the Directors be and is hereby authorised to do such acts and things, to sign and execute all such further documents (under seal, where appropriate) and to take such steps as he/she may consider necessary, appropriate, desirable or expedient to give effect to or in connection with the Framework Agreement or any transactions contemplated thereunder and all other matters incidental thereto or in connection therewith, and to agree to and make such variations, amendments or waivers of any of the matters relating thereto or in connection therewith.”

SPECIAL RESOLUTION

To consider and, if thought fit, pass with or without modifications, the following resolution as a special resolution of the Company:

2. **“THAT:**

- (a) the proposed amendments to the existing amended and restated memorandum and articles of association of the Company (the “**Proposed Amendments**”), the details of which are set out in Appendix I to the circular of the Company dated 31st May 2022, be and are hereby approved;
- (b) the second amended and restated memorandum and articles of association of the Company (incorporating the Proposed Amendments) (the “**Amended and Restated Memorandum and Articles of Association**”), a copy of which has been produced to this meeting and marked “**B**” and initialled by the chairman of the meeting for the purpose of identification, be and is hereby approved and adopted as the memorandum and articles of association of the Company respectively in substitution for, and to the exclusion of, the existing amended and restated memorandum and articles of association of the Company (including any subsequent amendment thereof) with immediate effect; and

NOTICE OF EGM

- (c) any Director or company secretary of the Company be and is hereby authorised to do all such acts and things and execute all such documents, deeds and make all such arrangements that he/she shall, in his/her absolute discretion, deem necessary or expedient to give effect to the Proposed Amendments and the adoption of the Amended and Restated Memorandum and Articles of Association, including without limitation, attending to the necessary filings with the Registrar of Companies in the Cayman Islands and Hong Kong.”

By order of the Board
CNNC International Limited
中核國際有限公司
Li Philip Sau Yan
Company Secretary

Hong Kong, 31st May, 2022

Notes:

1. Any member entitled to attend and vote at the meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member may appoint a proxy in respect of part only of his holding of shares in the Company. A proxy need not be a member of the Company.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorized to sign the same. In the case of an instrument of proxy purporting to be signed on behalf of a corporation by an officer thereof it shall be assumed, unless the contrary appears, that such officer was duly authorized to sign such instrument of proxy on behalf of the corporation without further evidence of the facts.
3. The instrument appointing a proxy and (if required by the board of directors of the Company) 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 Unit 3009, 30th Floor, No. 118 Connaught Road West, Hong Kong not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll taken subsequently to the date of the meeting or adjourned meeting, not less than forty-eight (48) hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid.
4. 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.
5. Where there are joint holders of any share any one of such joint holder may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at the meeting the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

NOTICE OF EGM

6. The register of members of the Company will be closed from Saturday, 18th June, 2022 to Thursday, 23rd June, 2022 (both dates inclusive) during which period no transfer of shares will be registered. In order to qualify for attending and voting at the extraordinary general meeting to be held on Thursday, 23rd June, 2022, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Share Registrar and Transfer Office, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 17th June, 2022.
7. A form of proxy for the use at the EGM is enclosed herewith. Whether or not you intend to attend the EGM in person, all members are urged to complete and return the form of proxy in accordance with the instructions printed thereon. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the EGM or any adjourned meeting if they so wish, and in such event, the instrument appointing the proxy shall be deemed to be revoked.
8. Pursuant to Rule 13.39(4) of the Listing Rules, all resolutions set out in this notice will be decided by poll at the EGM.
9. If Typhoon Signal No.8 or above is hoisted, or a "black" rainstorm warning is in force at or any time after 1:30 p.m. on the date of the EGM, the EGM will be postponed or adjourned. Members may visit the website of the Company for details of the postponement and alternative meeting arrangement.
10. Due to the recent development of the COVID-19 pandemic, the following measures will also be implemented at the EGM:
 - (a) compulsory body temperature screening/checks will be conducted on every attendee at the main entrance of the EGM venue. Any person with a body temperature of over 37.3 degrees Celsius will not be admitted to the EGM venue;
 - (b) seating at the EGM venue will be arranged so as to allow for appropriate social distancing;
 - (c) every attendee is required to wear a face mask at any time within the EGM venue;
 - (d) no gifts, food or beverages will be provided at the EGM; and
 - (e) any other additional precautionary measures in accordance with the prevailing requirements or guidelines of the Government and/or regulatory authorities, or as considered appropriate in light of the development of the COVID-19 pandemic.

Any attendee, who (a) refuses to comply with the precautionary measures; (b) is subject to the Government's quarantine requirements or has close contact with any person under quarantine; (c) is subject to the Government's prescribed testing requirement or direction and has not tested negative; or (d) feels unwell or has any symptoms of COVID-19, will be denied entry into or be required to leave the EGM venue at the absolute discretion of the Company as permitted by law.

Shareholders are requested (a) to consider carefully the risk of attending the EGM, which will be held in an enclosed environment; (b) to follow any prevailing requirements or guidelines of the Government relating to COVID-19 in deciding whether or not to attend the EGM; and (c) not to attend the EGM if they have contracted or are suspected to have contracted COVID-19 or have been in close contact with anybody who has contracted or is suspected to have contracted COVID-19.

It is possible that Shareholders and/or their representatives may not be able to attend in person at the EGM venue depending on prevailing Government regulations. Subject to the development of the COVID-19 pandemic and the requirements or guidelines of the Government and/or regulatory authorities, the Company may announce further updates on the EGM arrangement on the websites of the Company (www.cnnintl.com) and the Stock Exchange (www.hkexnews.hk) as and when appropriate.

NOTICE OF EGM

11. The Chinese translation of this notice is for reference only, and in case of any inconsistency, the English Version shall prevail.
12. As at the date hereof, the Board of Directors comprises chairman and non-executive director, namely, Mr. Zhong Jie, chief executive officer and executive director, namely, Mr. Zhang Yi, one non-executive director, namely, Mr. Wu Ge and three independent non-executive directors, namely, Mr. Cui Ligu, Mr. Zhang Lei and Mr. Chan Yee Hoi.