
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect about this circular, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitors, professional accountant or other professional advisor.

If you have sold or transferred all your shares in TCL ELECTRONICS HOLDINGS LIMITED (the “Company”), you should at once hand this circular and proxy form enclosed herein to the purchaser or transferee, or to the bank or stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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TCL ELECTRONICS HOLDINGS LIMITED
TCL 電子控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01070)

**(1) RENEWAL OF CONTINUING CONNECTED TRANSACTIONS –
MASTER FINANCE LEASE (2022-2024) AGREEMENT
AND
MASTER PHOTOVOLTAIC POWER CONSTRUCTION SERVICES
(2022-2024) AGREEMENT
AND
(2) PROPOSED AMENDMENTS TO THE MEMORANDUM AND
ARTICLES OF ASSOCIATION**

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



Pelican Financial Limited

A letter from the Board is set out on pages 8 to 46 of this circular.

A letter from the Independent Board Committee containing its recommendation to the Shareholders is set out on page 47 of this circular. A letter from Pelican Financial Limited, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Shareholders is set out on pages 48 to 85 of this circular.

A notice convening the EGM to be held at 8/F., Building 22E, 22 Science Park East Avenue, Hong Kong Science Park, Shatin, New Territories, Hong Kong on 29 September 2022, Thursday at 2:30 p.m. is set out on pages 208 to 211 of this circular.

Whether or not you are able to attend the EGM or any adjournment thereof (as the case may be) in person, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Hong Kong branch share registrar and transfer office of the Company, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the EGM or any adjournment thereof. 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 should you so wish.

8 September 2022

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DEFINITIONS

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

“Aggregate Lease Amount”	the aggregate Lease Amount of all Leased Assets under the Finance Lease Services during the term of the Master Finance Lease (2022-2024) Agreement;
“Agreements”	collectively the Master Finance Lease (2022-2024) Agreement and the Master Photovoltaic Power Construction Services (2022-2024) Agreement;
“Announcement”	the announcement of the Company dated 26 August 2022 in respect of (i) the entering into of the Agreements; and (ii) the Proposed Amendments to the Memorandum and Articles;
“Articles”	the articles of association of the Company as amended from time to time;
“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“Company”	TCL Electronics Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 01070);
“connected person(s)”	has the meanings ascribed to it under the Listing Rules;
“Construction Services”	the photovoltaic power generation facilities construction services which may be provided by members of the Group to members of TCL Holdings Group from time to time pursuant to the Master Photovoltaic Power Construction Services (2022) Agreement and/or Master Photovoltaic Power Construction Services (2022-2024) Agreement (as the case may be), including but not limited to procurement and provision of all equipment and materials required for the construction projects, conducting construction work (including but not limited to construction design, component installation, construction of temporary facilities at the construction site, commissioning and conducting trial-runs), project management and provision of relevant personnel training, etc.;

DEFINITIONS

“COVID-19”	coronavirus disease 2019;
“Director(s)”	the director(s) of the Company;
“EGM”	the extraordinary general meeting of the Company to be convened and held to consider, and if thought fit, approve (i) the Agreements, the transactions contemplated thereunder and the proposed annual caps; and (ii) the amendments to the Memorandum and Articles by way of adoption of the Second Memorandum and Articles;
“Existing Agreements”	collectively the Master Finance Lease (2022) Agreement and the Master Photovoltaic Power Construction Services (2022) Agreement;
“Existing Memorandum and Articles”	the existing amended and restated Memorandum and Articles adopted by a special resolution passed on 8 May 2012;
“Finance Lease Services”	financing services under which the relevant Lessor (as lessor and financier) will directly purchase the relevant Leased Asset as required by the relevant Lessee and lease the same to the relevant Lessee for its use, while the relevant Lessee will perform Lessee Payment Obligation accordingly. During the term of the relevant Lease Period, the legal title of the relevant Leased Asset shall be vested in the relevant Lessor. Upon the expiry of the relevant Lease Period and due performance of Lessee Payment Obligation, the relevant Lessee has the option to purchase the Leased Asset together with the corresponding legal title from the relevant Lessor at a specific nominal price;
“Group”	the Company and its subsidiaries;
“GW”	gigawatt, equivalent to one billion watts, a unit of power;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;

DEFINITIONS

“Independent Board Committee”	an independent committee of the Board established for the purpose of advising the Shareholders in respect of the Agreements, the transactions contemplated thereunder and the proposed annual caps comprising all independent non-executive Directors who do not have a material interest in the transactions;
“Independent Financial Adviser” or “Pelican Financial Limited”	Pelican Financial 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 Board to advise (i) the Independent Board Committee and the Shareholders in respect of the Agreements; and (ii) the Company in respect of the opinion required pursuant to Rule 14A.52 of the Listing Rules;
“Independent Third Party(ies)”	person(s) or company(ies) which is/are independent of and not connected with any directors, chief executives, controlling shareholders and substantial shareholders of the Company or any of its subsidiaries and/or their respective associates;
“IoT”	Internet of things;
“Latest Practicable Date”	2 September 2022, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular;
“Lease Amount”	in respect of each Leased Asset, the principal rent payable by the relevant Lessee to the relevant Lessor under the Finance Lease Services;
“Leased Asset”	the subject of asset to be leased under the Finance Lease Services;
“Lease Period”	the lease period of the relevant Leased Asset under the Finance Lease Services;
“Lessee”	in respect of each Leased Asset, the Independent Third Party entity recommended by the relevant member of the Group to the relevant member of TCL Holdings Group to which the relevant member of TCL Holdings Group will provide Finance Lease Services;

DEFINITIONS

“Lessee Payment Obligation”	the relevant Lessee’s payment obligations owed to the relevant Lessor for leasing the relevant Leased Asset (including but not limited to Lease Amount, interest payable, default penalty (if any) and other reasonable expenses incurred by the relevant Lessor for the realisation of its debts and guarantee rights) under the Finance Lease Services;
“Lessor”	in respect of each Leased Asset, the relevant member of TCL Holdings Group (including TCL Finance Lease (Zhuhai)) providing Finance Lease Services in the capacity of lessor;
“Listing Rules”	the rules governing the listing of securities on the Stock Exchange;
“Master Finance Lease (2022) Agreement”	the master finance lease (2022) agreement dated 16 May 2022 entered into among the Company, TCL Holdings and TCL Finance Lease (Zhuhai);
“Master Finance Lease (2022-2024) Agreement”	the master finance lease (2022-2024) agreement dated 26 August 2022 entered into among the Company, TCL Holdings and TCL Finance Lease (Zhuhai);
“Master Photovoltaic Power Construction Services (2022) Agreement”	the master photovoltaic power construction services (2022) agreement dated 16 May 2022 entered into between the Company and TCL Holdings;
“Master Photovoltaic Power Construction Services (2022-2024) Agreement”	the master photovoltaic power construction services (2022-2024) agreement dated 26 August 2022 entered into between the Company and TCL Holdings;
“May Announcement (Finance Lease)”	the announcement of the Company dated 16 May 2022 in respect of the entering into of the Master Finance Lease (2022) Agreement among the Company, TCL Holdings and TCL Finance Lease (Zhuhai);
“May Announcement (Construction Services)”	the announcement of the Company dated 16 May 2022 in respect of the entering into of the Master Photovoltaic Power Construction Services (2022) Agreement between the Company and TCL Holdings;
“Memorandum”	the memorandum of association of the Company as amended from time to time;

DEFINITIONS

“MW”	megawatt, equivalent to one million watts, a unit of power;
“Operation and Maintenance Services”	the photovoltaic power generation facilities/equipment operation and maintenance services which may be provided by members of the Group to members of TCL Holdings Group from time to time pursuant to the Master Photovoltaic Power Construction Services (2022) Agreement and/or Photovoltaic Power Construction Services (2022-2024) Agreement (as the case may be), including but not limited to the provision of relevant services on management, repair, maintenance, personnel training, component replacement, material procurement, etc.;
“Pilot Scheme”	has the meaning ascribed thereto under the section headed “Background” in the May Announcement (Finance Lease);
“PRC”	the People’s Republic of China excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan for the purposes of this circular;
“Proposed Amendments”	the proposed amendments to the Memorandum and Articles to be incorporated in the Second Memorandum and Articles as set out in Appendix II to this circular;
“RMB”	Renminbi, the lawful currency of the PRC;
“Second Memorandum and Articles”	the second amended and restated Memorandum and Articles incorporating all the Proposed Amendments proposed to be adopted by the Shareholders by way of a special resolution at the EGM (full text of which with the Proposed Amendments marked-up against the Existing Memorandum and Articles are set out in Appendix II to this circular);
“Security Deposits”	has the meaning ascribed thereto under the section headed “(1) Master Finance Lease (2022-2024) Agreement” on page 18 of this circular;
“Seller”	in respect of each Leased Asset, the relevant member of the Group which the relevant member of TCL Holdings Group purchases the Leased Asset from;

DEFINITIONS

“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time;
“Share(s)”	share(s) of the Company;
“Shareholder(s)”	holder(s) of Share(s);
“Shareholders’ Approval Date”	in respect of each of the Agreements, the date on which the Shareholders approve such Agreement;
“smart screen(s)”	mainly refers to smart TV(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary”	any entity within the meaning of the term “subsidiary” as defined in the Listing Rules and the term “subsidiaries” shall be construed accordingly;
“TCL Associates”	the associate(s) of TCL Holdings;
“TCL Finance Lease (Zhuhai)”	TCL Finance Lease (Zhuhai) Co., Ltd.* (TCL融資租賃(珠海)有限公司), a limited company established under the laws of the PRC and a subsidiary of TCL Holdings;
“TCL Holdings”	TCL Industries Holdings Co., Ltd.* (TCL實業控股股份有限公司), formerly known as TCL Industries Holdings (Guangdong) Inc.* (TCL實業控股(廣東)股份有限公司), a joint stock limited company established under the laws of the PRC;
“TCL Holdings Group”	TCL Holdings and its subsidiaries and any entity that may become subsidiary of TCL Holdings from time to time, and for the purpose of this circular, the Agreements and the transactions contemplated thereunder includes TCL Associates but, unless otherwise specified, excludes the Group;
“TCL Zhonghuan”	TCL Zhonghuan Renewable Energy Technology Co., Ltd.* (TCL中環新能源科技股份有限公司), a joint stock limited company established under the laws of the PRC, the shares of which are listed on the Shenzhen Stock Exchange (stock code: 002129.SZ), and an Independent Third Party as at the Latest Practicable Date;

DEFINITIONS

“T.C.L. Industries (H.K.)”	T.C.L. Industries Holdings (H.K.) Limited, a company incorporated in Hong Kong with limited liability, an immediate controlling Shareholder, and a wholly-owned subsidiary of TCL Holdings;
“TV(s)”	television(s); and
“%”	per cent.

The English translation of Chinese names or words in this circular, where indicated by “”, is included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.*

LETTER FROM THE BOARD



TCL ELECTRONICS HOLDINGS LIMITED

TCL 電子控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01070)

Executive Directors:

DU Juan (*Chairperson*)

YAN Xiaolin

HU Dien Chien

Non-executive Directors:

WANG Cheng

SUN Li

LI Yuhao

Independent Non-executive Directors:

TSENG Shieng-chang Carter

WANG Yijiang

LAU Siu Ki

Registered Office:

P.O. Box 309

Ugland House

Grand Cayman

KY1-1104

Cayman Islands

Principal Place of Business

in Hong Kong:

5th Floor, Building 22E

22 Science Park East Avenue

Hong Kong Science Park

Shatin, New Territories

Hong Kong

8 September 2022

To the Shareholders

Dear Sir or Madam,

**(1) RENEWAL OF CONTINUING CONNECTED TRANSACTIONS –
MASTER FINANCE LEASE (2022-2024) AGREEMENT**

AND

**MASTER PHOTOVOLTAIC POWER CONSTRUCTION SERVICES
(2022-2024) AGREEMENT**

AND

**(2) PROPOSED AMENDMENTS TO THE MEMORANDUM AND
ARTICLES OF ASSOCIATION**

1. INTRODUCTION

Reference is made to the Announcement in respect of (i) the entering into of the Agreements; and (ii) the Proposed Amendments to the Memorandum and Articles.

LETTER FROM THE BOARD

As disclosed in the Announcement, on 26 August 2022 (after trading hours), the Company entered into (i) the Master Finance Lease (2022-2024) Agreement with TCL Holdings and TCL Finance Lease (Zhuhai); and (ii) the Master Photovoltaic Power Construction Services (2022-2024) Agreement with TCL Holdings, and the respective transactions contemplated thereunder constitute continuing connected transactions. The Agreements are in substance extension and renewal of the Existing Agreements and the terms of the Agreements are substantially the same as the Existing Agreements, save as otherwise specified below.

The purposes of this circular are:

- (i) to provide the Shareholders with further information regarding the details of the Agreements;
- (ii) to set out the recommendation of the Independent Board Committee to the Shareholders and the advice of the Independent Financial Adviser to the Independent Board Committee and the Shareholders in relation to the Agreements;
- (iii) to provide the Shareholders with information regarding the Proposed Amendments to the Memorandum and Articles; and
- (iv) to give the Shareholders other information in accordance with the requirements of the Listing Rules.

The notice of EGM is enclosed herein as part of this circular.

2. RENEWAL OF CONTINUING CONNECTED TRANSACTIONS – MASTER FINANCE LEASE (2022-2024) AGREEMENT AND MASTER PHOTOVOLTAIC POWER CONSTRUCTION SERVICES (2022-2024) AGREEMENT

(A) BACKGROUND

In recent years, with the increasingly serious global energy shortage and intensifying global warming, major economies in the world have been strengthening support for solar photovoltaic energy. According to *Net Zero by 2050: A Roadmap for the Global Energy Sector* published by the International Energy Agency, the International Energy Agency called for annual additions of 630 GW of solar photovoltaics by 2030, the rate of increase being four-times the record levels set in 2020, and by 2050, solar photovoltaic capacity shall increase 20-fold from now. Driven by the global trend of carbon neutrality, the PRC government has introduced and implemented several policy reforms on photovoltaic power in accordance with the 14th Five-Year Plan. On 20 June 2021, the National Energy Administration of the PRC published the “Notice on the Pilot Scheme of Province-Wide Distributed Rooftop Project” to promote rooftop photovoltaic trial program on a whole-county basis, which mandated selected counties, cities and regions in the PRC to have the rooftops of not less than 50% of their government buildings be equipped with distributed photovoltaic power systems, as well as at least 40% of their non-government public buildings (such as schools, hospitals, and village committees), 30% of their commercial and industrial buildings and factories, and 20% of their rural households. In light of the favourable government policy and government subsidies on the photovoltaic industry, distributed photovoltaic is on course to see rapid growth in the PRC.

LETTER FROM THE BOARD

Against the aforesaid background, in order to seize emerging opportunities arising from the prevailing trend of carbon neutrality and green and clean energy, and considering that the market share of PRC household photovoltaic business is not centralised whilst the participants are rapidly competing for market share, the Group entered into the photovoltaic industry by leveraging on its close relationship in vertical industry chain, extensive sales channels, strong financial resources and technology. In particular:

- (i) TCL Zhonghuan, which is also under TCL ecosystem, is a leader of photovoltaic industrial chain in the PRC, and one of the duopoly of upstream silicon chip suppliers. The business of TCL Zhonghuan also extends to downstream photovoltaic components, hence being capable to provide strong assurance of supply of raw materials to the Group. At the same time, through its rich experience in the operation of different types of photovoltaic power station projects, TCL Zhonghuan can provide quality technical and service support to the Group;
- (ii) the Group has rooted in the home appliances market for more than 40 years, possessing advantages of the world-renowned TCL brand, downstream distribution channels by operating tens of thousands of stores in third to fifth tiers counties and cities in the PRC, as well as comprehensive after-sale system, all of which would facilitate the Group in attracting customers for photovoltaic business and optimising relevant after-sale support services; and
- (iii) the financial business of TCL Holdings Group has rich practical experience in household, commercial and industrial photovoltaic projects, mature operation and management system, as well as talents with expertise in both photovoltaic and finance fields, and can provide customised financial services to the Group with cost advantages and facilitate the Group to speedily venture into photovoltaic field by providing financing to potential clients of the Group.

Under the current business model of the Group in the photovoltaic sector, the Group would provide one-stop services to business clients and individual clients involving design, procurement, construction, assembly, operation and maintenance of photovoltaic power generators and other ancillary services depending on the needs of the clients.

In view of the substantial capital investment required for building and maintenance of photovoltaic power generators, some of the potential clients, especially individual clients, may need financial resources for financing the building of photovoltaic power generators. In order to offer convenient and affordable photovoltaic power generator solutions and increase the Group's competitiveness, the Group will also offer finance matching services where necessary. Therefore, depending on the financial need of clients, the Group's business model will be different.

LETTER FROM THE BOARD

For potential clients that require financial support (which are expected to be usually individual clients), the Group will adopt an “Engineering, Procurement and Construction” (EPC) model, coupled with finance matching services by matching financiers with such potential clients. Under this business model, in order to provide affordable photovoltaic power facilities and attract more clients, the schemes of the Group enable the clients to equip photovoltaic power facilities at nil or nominal cash investment and for such purposes the schemes are usually structured in such a way that the electricity income (and subsidies, if any) generated by the photovoltaic power facilities is expected to cover and off-set the lease payment, hence in general whilst clients need to provide the space for installation of photovoltaic power facilities (usually the rooftop of their properties), they are not required to make any capital contribution over the lease period and will be able to retain the photovoltaic power facilities at nominal cost after the lease period. In a typical transaction, the Group would approach clients who are interested to install photovoltaic power facilities and conduct assessments as to whether the properties of the clients are suitable for installing such facilities and whether sufficient electricity income can be generated. If the Group is satisfied with the assessment result, the Group will match such client with appropriate financier(s) who will provide funding for construction of the photovoltaic power facilities pursuant to finance lease arrangements whereas the Group will construct and sell the photovoltaic power facilities to the financier which in turn will lease the same to the client. The client will be able to use the electricity income to cover his/her lease payment obligation to the financier over the lease period without having to make any capital commitment, whilst the Group can recover the production costs of the photovoltaic power facilities in a relatively short period of time by selling the same to the financier instead of directly leasing to the client. In order to further enhance the attractiveness of the scheme, the Group will provide guarantee to secure the payment obligation of the potential clients such that in case the electricity income is not sufficient to satisfy the lease payment, the Group will settle the balance of lease payment with the financier so that the potential client can obtain the photovoltaic power facilities nearly without cost and is effectively risk-free. From the Group’s perspective, although it is required to provide guarantee, the risk of any financier enforcing such guarantee can be controlled by way of the Group’s proper assessment of amount of energy and hence electricity income that could be generated by the photovoltaic power facilities built by the Group. As TCL Holdings Group has rich experience in finance lease service in the photovoltaic sector, the Group sees the business opportunity of taking advantage of its close connection with TCL Holdings Group and matching potential clients with members of TCL Holdings Group for obtaining timely and flexible financing from the latter. The Group is of the view that covering finance matching in the one-stop services would further enhance the attractiveness and competitiveness of the Group’s photovoltaic business; hence the Group has commenced the Pilot Scheme in the first quarter of 2022 and entered into the Master Finance Lease (2022) Agreement with TCL Holdings and TCL Finance Lease (Zhuhai) in May 2022 to facilitate such arrangement. For details of the aforesaid arrangement, please refer to the May Announcement (Finance Lease).

LETTER FROM THE BOARD

For potential clients which have adequate financial resources to purchase the photovoltaic generators (which are expected to be mainly business clients), the Group will enter into transactions with them directly and provide them with one-stop photovoltaic services. Such clients may include members of TCL Holdings Group and other Independent Third Party business clients. The Group has entered into the Master Photovoltaic Power Construction Services (2022) Agreement with TCL Holdings in May 2022 to facilitate the provision of such one-stop photovoltaic services to members of TCL Holdings Group. For details, please refer to the May Announcement (Construction Services).

Following the launch of the Pilot Scheme, the Group has been consistently improving its sales channels and business capability for photovoltaic business, and has started providing photovoltaic services in several provinces of the PRC such as Shandong, Hebei and Henan, whilst further expansion to other provinces will follow. The market reaction for photovoltaic business of the Group is encouraging since the Group conducted the Pilot Scheme and such market response is even more enthusiastic following the Group's commencement of transactions under the Existing Agreements in May 2022. In particular, based on (i) the preliminary orders received under the Master Finance Lease (2022) Agreement during the seven months ended 31 July 2022 (for details, please refer to the section headed "(E) Historical Figures and Proposed Annual Caps" below); (ii) the expected explosive growth in the demand for the Group's photovoltaic-related services and equipment during its launching phase in the second half of 2022 with reference to the experience of the industry; and (iii) the continuous upward trend in overall demand of the photovoltaic industry, the Company anticipates that the amount of relevant existing annual caps under the Master Finance Lease (2022) Agreement will not be sufficient to meet the potential demand. Further, TCL Holdings Group has provided strong support for the photovoltaic business of the Group at the early stage of its commencement by providing customised financial service solutions and sharing its rich experience in photovoltaic business operation. Therefore, the Company intends to extend its co-operation with TCL Holdings Group for a longer period to facilitate the further growth of the photovoltaic business and in order to grasp further business opportunities accompanied by the demand. Accordingly, the Company entered into the Agreements, which are in substance extension and renewal of the Existing Agreements and the terms of the Agreements are substantially the same as the Existing Agreements except that (i) the Agreements are with a longer duration; and (ii) the pricing policies in respect of the Master Photovoltaic Power Construction Services (2022-2024) Agreement have been refined to cater for situation where the Group does not provide identical, similar or comparable services to Independent Third Parties.

LETTER FROM THE BOARD

Leveraging the synergistic advantages of TCL ecosystem, the Group speedily breaks through from household photovoltaic business to commercial and industrial photovoltaic business, achieving exponential growth in scale of photovoltaic business. Meanwhile, the Group has also started exploring overseas photovoltaic business, striving to become a significant participant of photovoltaic market. In the future, the Group will accelerate the development of its photovoltaic business and strive to become an innovator and leader in providing integrated solutions for achieving zero carbon living and zero carbon industrial parks.

(B) THE AGREEMENTS

(1) Master Finance Lease (2022-2024) Agreement

On 16 May 2022, the Company entered into the Master Finance Lease (2022) Agreement with TCL Holdings and TCL Finance Lease (Zhuhai). For details, please refer to the May Announcement (Finance Lease).

The Master Finance Lease (2022-2024) Agreement is on substantially similar terms as the Master Finance Lease (2022) Agreement except that the duration will be longer to cover three years until the end of 2024 instead of the end of 2022.

Pursuant to the Master Finance Lease (2022-2024) Agreement, the Master Finance Lease (2022) Agreement shall be automatically terminated upon the coming into effect of the Master Finance Lease (2022-2024) Agreement.

The material terms of the Master Finance Lease (2022-2024) Agreement are summarised below:

- | | |
|----------|---|
| Date: | 26 August 2022 (after trading hours) |
| Parties: | (i) The Company (for itself and on behalf of the Group); |
| | (ii) TCL Holdings (for itself and on behalf of TCL Holdings Group); and |
| | (iii) TCL Finance Lease (Zhuhai). |

LETTER FROM THE BOARD

Duration: From the Shareholders' Approval Date to 31 December 2024 (both days inclusive).

The term of any individual agreement to be entered into under the Master Finance Lease (2022-2024) Agreement may vary on a case by case basis depending on commercial consideration for each case but in any event shall be no longer than 25 years. For the avoidance of doubt, no further individual agreements pursuant to the Master Finance Lease (2022-2024) Agreement shall be entered into after the expiry or termination of the Master Finance Lease (2022-2024) Agreement, provided that notwithstanding the termination or expiry of the Master Finance Lease (2022-2024) Agreement, (i) any individual agreements entered into during the term of the Master Finance Lease (2022-2024) Agreement shall remain in full force and effect; and (ii) the terms and conditions of the Master Finance Lease (2022-2024) Agreement shall continue to apply to such individual agreements and for and only for such purpose and to such extent continue to be effective and binding.

Condition precedent: The Master Finance Lease (2022-2024) Agreement is conditional on and subject to the compliance by the Company with relevant Listing Rules requirements in respect of the Master Finance Lease (2022-2024) Agreement, including but not limited to obtaining the Shareholders' approval at the EGM.

Major terms: **Sale and Lease Arrangement**

Each Seller (each being a member of the Group) may, after taking into account applicable pricing policies, at its absolute discretion, recommend suitable Lessees to the Lessors for leasing of Leased Assets. Upon receiving recommendation from the relevant Seller, the relevant Lessor (each being a member of TCL Holdings Group) may, at its absolute discretion, decide whether to provide Finance Lease Services to the relevant Lessee.

LETTER FROM THE BOARD

If the relevant Lessor decides to provide Finance Lease Services to the relevant Lessee, the relevant Lessor shall purchase the relevant Leased Asset from the relevant Seller and lease the relevant Leased Asset to the relevant Lessee, and the relevant Lessee shall authorise the transfer and deposit of all electricity income and subsidies (if any) generated by the relevant Leased Asset (“**Leased Asset Income**”) to the account designated by the relevant Lessor (“**Designated Account**”) for payment and discharge of relevant Lessee Payment Obligation. The relevant Lessor may also request the relevant Seller to purchase and maintain an insurance policy with appropriate coverage on the relevant Leased Asset with the relevant Lessor as the beneficiary. The relevant Lessor, the relevant Seller and the relevant Lessee shall enter into individual agreement(s) for such finance lease arrangement, and the relevant Seller shall also enter into individual agreement(s) with the relevant Lessee for providing services in relation to the relevant Leased Asset (*Note 1*).

The terms and conditions (including but not limited to the purchase price of the relevant Leased Asset, the relevant Lessee Payment Obligation, other terms of the Finance Lease Services and (where applicable) terms of provision of other services in relation to the Leased Asset) of any sale of Leased Asset and provision of Finance Lease Services shall be agreed among the relevant Seller, Lessor and Lessee in writing as set out in the individual agreements from time to time, provided that the terms of such individual agreements shall be consistent with the terms of the Master Finance Lease (2022-2024) Agreement save and except for the clauses regarding applicable law and dispute resolution.

LETTER FROM THE BOARD

Guarantee Arrangements

The relevant Seller shall provide guarantee in favour of the relevant Lessor to secure the due performance of the relevant Lessee Payment Obligation by the Lessee. The form, terms and conditions of the guarantee shall be agreed among the relevant Seller, Lessor and Lessee in writing as set out in the individual agreements from time to time, provided that:

- (i) if the Leased Asset Income received in the Designated Account is insufficient to pay (and if the relevant Lessee is also unable to pay) the relevant Lessee Payment Obligation due and payable in any period (“**Payment Due**”), the relevant Lessor shall have the right to transfer and apply all or part of the relevant Security Deposits (if any) for payment of the remaining balance of relevant Payment Due (“**Payment Due Balance**”) (the relevant Lessor may request the relevant Seller to replenish Security Deposits pursuant to the terms of the individual agreement); if the relevant balance of Security Deposits is insufficient to settle the Payment Due Balance, the relevant Lessor may request the relevant Seller as guarantor to pay the remaining balance of Payment Due Balance and/or pay and/or replenish Security Deposits;
- (ii) if any of the following types of event occurs (details of such events shall be agreed among the relevant Seller, Lessor and Lessee and set out in the individual agreement):
 - (a) any event which, in the reasonable opinion of the relevant Lessor, the relevant Lessee and/or the relevant Seller, adversely affects in the long term the relevant Leased Asset Income (including, without limitation, the failure of the Leased Asset to generate electricity continuously or normally for a reasonable period of time as agreed between the parties, the destruction or loss of the Leased Asset, the demolition or relocation of the premises where the Leased Asset is situated, or other force majeure events);

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- (b) any event which shall adversely affect the ability of the relevant Lessee to repay or operate the Leased Asset;
- (c) the failure of the relevant Seller to pay or replenish the Security Deposits pursuant to the relevant written demand from the relevant Lessor in accordance with the individual agreement; or
- (d) any other event of fundamental breach as agreed between the relevant Lessor, the relevant Lessee and the relevant Seller in the individual agreement,

then the relevant Lessor shall be entitled to require the relevant Lessee to pay forthwith all outstanding Lessee Payment Obligation (whether due and payable or not) (“**Aggregate Arrears**”) within the period agreed in the individual agreement, and if the relevant Lessee fails to repay the Aggregate Arrears in full and on time as required by the relevant Lessor, the relevant Seller shall be liable to make up the balance of Aggregate Arrears, and upon the full settlement of the Aggregate Arrears, the relevant Lessor shall transfer the relevant Leased Asset together with all rights, interests and title thereunder to the relevant Seller and/or Lessee and/or designated person pursuant to the applicable provisions of the individual agreement; for the avoidance of doubt, the aforesaid arrangement does not prejudice the rights and entitlements of the relevant Seller against the relevant Lessee in respect of the provision of guarantee; and

- (iii) the terms of such individual agreements shall be consistent with the terms of the Master Finance Lease (2022-2024) Agreement save and except for the clauses regarding applicable law and dispute resolution.

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Security Deposits

As part of the abovementioned guarantee arrangement, the relevant Lessor has the right to request the relevant Seller to pay security deposits (“**Security Deposits**”) and to maintain the level of Security Deposits at a certain amount (initially at 5% of the relevant Lease Amount but subject to regular review and adjustment by written consent between the relevant Lessor and the relevant Seller), which may be utilised for satisfying the relevant Lessee Payment Obligation due if the relevant Lessee failed to perform such obligations. The remaining Security Deposits (without interest) shall be refunded to the relevant Seller upon the end of the Lease Period and full performance of the Lessee Payment Obligation.

The maximum outstanding balance of Security Deposits paid by all Sellers from time to time under the Master Finance Lease (2022-2024) Agreement shall be no more than 5% of the Aggregate Lease Amount.

Note 1:

As part of the business arrangement, the relevant Seller, Lessor and Lessee will typically enter into an agreement pursuant to which, among others, the relevant Seller will provide services (including but not limited to operation and maintenance services) relating to the relevant Leased Asset (“**Leased Asset Operation Services**”) to the relevant Lessee, and in return, the relevant Lessee will pay service fees (which will usually be covered by the relevant Leased Asset Income) to the relevant Seller during the term of the lease under the relevant Finance Lease Services. As the Leased Asset Operation Services are expected to be of a revenue nature, conducted in the ordinary and usual course of business of the Group, and provided to Lessees which are Independent Third Parties, the transactions contemplated thereunder are not subject to the disclosure requirements under Chapter 14 of the Listing Rules. In the event the relevant Seller decides to provide Leased Asset Operation Services to a Lessee which subsequently becomes a connected person of the Company, the relevant transaction may become connected transactions of the Company under Chapter 14A of the Listing Rules, and in such circumstances, the Company will comply with applicable requirements under the Listing Rules, including but not limited to publishing further announcements and/or obtaining Shareholders’ approval where necessary.

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(2) Master Photovoltaic Power Construction Services (2022-2024) Agreement

On 16 May 2022, the Company entered into the Master Photovoltaic Power Construction Services (2022) Agreement with TCL Holdings. For details, please refer to the May Announcement (Construction Services).

The Master Photovoltaic Power Construction Services (2022-2024) Agreement is on substantially similar terms as the Master Photovoltaic Power Construction Services (2022) Agreement except (i) the duration will be longer to cover three years until the end of 2024 instead of the end of 2022; and (ii) the pricing policies in respect of the Master Photovoltaic Power Construction Services (2022-2024) Agreement have been refined to cater for situation where the Group does not provide identical, similar or comparable services to Independent Third Parties.

Pursuant to the Master Photovoltaic Power Construction Services (2022-2024) Agreement, the Master Photovoltaic Power Construction Services (2022) Agreement shall be automatically terminated upon the coming into effect of the Master Photovoltaic Power Construction Services (2022-2024) Agreement.

The material terms of the Master Photovoltaic Power Construction Services (2022-2024) Agreement are summarised below:

Date:	26 August 2022 (after trading hours)
Parties:	(i) the Company (for itself and on behalf of the Group); and (ii) TCL Holdings (for itself and on behalf of TCL Holdings Group).
Duration:	From the Shareholders' Approval Date to 31 December 2024 (both days inclusive).
Condition precedent:	The Master Photovoltaic Power Construction Services (2022-2024) Agreement is conditional on and subject to the compliance by the Company with relevant Listing Rules requirements in respect of the Master Photovoltaic Power Construction Services (2022-2024) Agreement, including but not limited to obtaining the Shareholders' approval at the EGM.

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Major terms:

Construction Services

Each member of TCL Holdings Group may from time to time at its absolute discretion request members of the Group to provide Construction Services in its ordinary and usual course of business, and the relevant member of the Group may at its absolute discretion decide whether to provide Construction Services to the relevant member of TCL Holdings Group.

Subject to the consent of the relevant member of TCL Holdings Group, the relevant member of the Group may sub-contract work under the Construction Services in accordance with the relevant terms of the individual agreements under the Master Photovoltaic Power Construction Services (2022-2024) Agreement, provided that the Company shall ensure that all applicable requirements under the Listing Rules (if any) have been complied with before subcontracting any work.

The terms and conditions (including service fees, payment terms, scope of work, materials required, insurance, quality warranty, standard of completion inspection, etc.) of any Construction Services conducted pursuant to the Master Photovoltaic Power Construction Services (2022-2024) Agreement shall be agreed between relevant member(s) of the Group and TCL Holdings Group in writing by individual agreement(s) from time to time. The terms of such individual agreements shall be consistent with the Master Photovoltaic Power Construction Services (2022-2024) Agreement save and except for the clauses regarding applicable law and dispute resolution.

The service fees for Construction Services shall be payable in accordance with the payment terms and time as specified in the individual agreements.

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Operation and Maintenance Services

Each member of TCL Holdings Group may from time to time at its absolute discretion request members of the Group to provide Operation and Maintenance Services in its ordinary and usual course of business, and the relevant member of the Group may at its absolute discretion decide whether to provide Operation and Maintenance Services to the relevant member of TCL Holdings Group.

The terms and conditions (including service fees, payment terms and scope of work, etc.) of any Operation and Maintenance Services conducted pursuant to the Master Photovoltaic Power Construction Services (2022-2024) Agreement shall be agreed between relevant member(s) of the Group and TCL Holdings Group in writing by individual agreement(s) from time to time. The terms of such individual agreements shall be consistent with the Master Photovoltaic Power Construction Services (2022-2024) Agreement save and except for the clauses regarding applicable law and dispute resolution.

The service fees for Operation and Maintenance Services shall be payable in accordance with the payment terms and time as specified in the individual agreements.

Pricing policy and basis of price determination:

The overall terms and conditions (including but not limited to service fees) as a whole of the Construction Services and Operation and Maintenance Services offered to the relevant member of TCL Holdings Group by the relevant member of the Group shall be no more favourable than those offered to Independent Third Parties by the relevant member of the Group and shall be on normal commercial terms. Each individual agreement shall be negotiated on an arm's length basis.

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In determining whether the overall terms and conditions offered to the relevant member of TCL Holdings Group by the relevant member of the Group are no more favourable than those offered to Independent Third Parties by the relevant member of the Group, the Group will take into account all relevant factors including the service fees, prices of raw materials and equipment for the relevant projects, labour cost, business development plans of the Group and the fair market price ranges and pricing terms of service of identical, or (if that is not available) of comparable or similar type, scale, quality, specifications, required time, etc. offered to Independent Third Parties in the market by the relevant members of the Group as at the time when the individual agreement is entered into.

If the Group does not offer identical, comparable or similar services to Independent Third Parties, the Group will consider the impact of the transactions on the profitability of the Group, and in any event the Group shall only offer the Construction Services and Operation and Maintenance Services to TCL Holdings Group if it is in the interest of the Group and the Shareholders as a whole to do so.

(C) PRICING POLICIES AND BASIS OF PRICE DETERMINATION

Master Finance Lease (2022-2024) Agreement

The price of each Leased Asset shall be agreed between the Group (as Seller) and the Lessees (which are Independent Third Parties) on arm's length basis, and TCL Holdings Group (as Lessor and financier) will purchase the Leased Asset from members of the Group at the said agreed price as part of the finance lease arrangement.

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The Group will match the Lessees with members of TCL Holdings Group if the overall terms and conditions of the Finance Lease Services offered by the relevant member of TCL Holdings Group to the relevant Lessee and the terms and conditions of the guarantee arrangement to be borne by the relevant member of the Group as proposed by the relevant member of TCL Holdings Group to the relevant member of the Group as a whole are no less favourable to the Group than those offered by Independent Third Parties financiers (if any). The Group will take into account all relevant factors such as lease interest rates, repayment terms, guarantee amount and other commercial terms. In particular, where the lease interest rate offered by TCL Holdings Group is higher than the then prevailing range of lease interest rate in the market, the Group will consider whether to proceed with the transactions contemplated under the Master Finance Lease (2022-2024) Agreement based on a basket of factors, including but not limited to (i) whether the Group is able to obtain better offer from Independent Third Parties financiers; (ii) the business strategy of the Group such as business diversification and market competition; and (iii) the impact on the profitability of the Group, and in any event the Group shall only conduct transactions contemplated under the Master Finance Lease (2022-2024) Agreement if it is in the interest of the Shareholders and the Group as a whole to do so. Each individual agreement under the Master Finance Lease (2022-2024) Agreement shall be negotiated on an arm's length basis.

Master Photovoltaic Power Construction Services (2022-2024) Agreement

In addition to the pricing policy disclosed under the section headed “(2) Master Photovoltaic Power Construction Services (2022-2024) Agreement” above, in order to maintain a fair assessment of Construction Services and/or Operation and Maintenance Services requested to be provided by the Group to TCL Holdings Group, the Group will compare its offer to TCL Holdings Group with those terms offered by the Group to Independent Third Parties for identical (or, if not available, comparable or similar) services.

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(D) INTERNAL CONTROL PROCEDURES

The Company has adopted the following internal control procedures to supervise the continuing connected transactions contemplated under the Agreements:

General internal control procedures

- (i) The Group will periodically collect market information from connected persons and Independent Third Parties and maintain such information under its internal database. Before each continuing connected transaction is to be carried out, the Group will compare the terms offered by the relevant connected person with the market data in its internal database to ensure the overall terms offered by such connected person are on normal commercial terms and no less favourable to the Group than those offered by Independent Third Parties.
- (ii) The finance department of the Group will maintain a database to record and monitor the aggregate transaction amounts under the continuing connected transactions from time to time and prepare a monthly report on the status of the aggregate transaction amounts which will be submitted to the finance director of the Group for review.
- (iii) Before conducting any transactions with connected persons, the finance department would confirm the utilisation status of the annual caps to ensure that the Group still has sufficient room under the annual caps for carrying out the relevant continuing connected transactions. The finance department would on a regular basis review the continuing connected transactions carried out during the period under review to assess (i) whether the continuing connected transactions of the Group have been carried out in accordance with the terms of the relevant agreement and the Company's pricing policy; and (ii) the transaction amount during the month under review, the aggregate amount of transactions conducted during the relevant financial year and whether the relevant annual caps have been exceeded. If it is anticipated that the annual caps may be exceeded if the Company is to carry out the proposed transactions, the Company would take all appropriate steps in advance to comply with the relevant requirements under the Listing Rules including but not limited to revising the relevant annual caps before entering into the proposed transactions.

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- (iv) Every time before conducting any continuing connected transactions, the relevant department of the Group would first prepare the relevant individual agreement for the continuing connected transactions and submit it to the internal control unit and legal department of the Group for review and approval. The internal control unit and the legal department of the Group would review the terms of the proposed transaction and the draft individual agreement to be entered into to make sure that the terms are in compliance with the master agreement and the pricing policy of the Group and that the overall terms and conditions (including prices and payment terms) are no less favourable to the Group than those offered by Independent Third Parties. The transactions could only be carried out after the internal control unit and the legal department have separately given their approval therefor.

Specific internal control procedures

Regarding Master Finance Lease (2022-2024) Agreement

- (i) Upon receiving proposed offer from the potential client (i.e. Lessee) and TCL Holdings Group, the sales and marketing team of the Group will review the pricing terms and check with the relevant units for production capacity, production cost, service cost, pricing and negotiate or confirm the terms with the potential clients and TCL Holdings Group. The proposed offer will be submitted to management for approval. The Group will only accept proposed offers from the potential clients and TCL Holdings Group when, in accordance with the results of the overall assessment, the proposed offer complies with the pricing policies as stated in the section headed “(C) Pricing Policies and Basis of Price Determination” herein.
- (ii) The Group is required to provide guarantee in favour of the relevant Lessor to secure the due performance of the relevant Lessee Payment Obligation by the Lessee. The guarantee obligation will usually only arise if the relevant Leased Asset Income is insufficient to pay the relevant Lessee Payment Obligation. Accordingly, in order to minimise the Group’s exposure to the potential risk associated with the guarantee provided by the Group, the Group will conduct a series of assessments before the Group enters into individual agreements with potential client to ensure that sufficient Leased Asset Income (usually electricity income from the photovoltaic power facilities) can be generated. In general, the assessments will include:

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- (a) Obtaining supporting documents from the potential clients to confirm and verify their identity and the title and ownership of properties on which the photovoltaic power facilities are expected to be installed, so as to ensure that the properties are free from encumbrances and there is minimal risk that the properties and/or the photovoltaic power facilities will be forced to be demolished or otherwise adversely affected during the lease period.
- (b) Conducting on-site survey of the properties on which the photovoltaic power facilities are expected to be installed. The Group will take photos of the properties to form a preliminary view of the suitability of the properties for installing photovoltaic power facilities, followed by a formal field visit to inspect and evaluate factors which may affect the electricity income from the photovoltaic power facilities, including but not limited to the geographical location, the latitude of the site, the duration of daylight hours, the area available for instalment of photovoltaic array, the solar irradiance, the interrelationship of the change of seasons with the daylight duration and solar irradiance, etc..

The Group will only enter into individual agreements with the potential clients after the potential clients have duly and properly provided all requisite documents and information and the Group has been satisfied about the title to, ownership of and suitability of the properties for installing photovoltaic power facilities.

Regarding Master Photovoltaic Power Construction Services (2022-2024) Agreement

- (i) To the extent where there are no similar or comparable services from Independent Third Parties, the Group will obtain quotation information from TCL Holdings Group to ensure that the prices payable by TCL Holdings Group to the Group shall be no less favourable than those payable by TCL Holdings Group to Independent Third Parties. The Group may also make reference to the open bidding information of similar services or projects to ensure that the pricing of the Construction Services and/or Operation and Maintenance Services is within market range.
- (ii) The Group would also from time to time identify further Independent Third Parties whom it considers capable of providing the required services of satisfactory quality and at satisfactory standard, and obtain quotations for the required Construction Services and/or Operation and Maintenance Services from them upon identification.

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Annual review of the continuing connected transactions

- (i) The independent non-executive Directors shall review annually the Agreements and the transactions thereunder and confirm in the Company's corresponding annual report that the Agreements and the transactions thereunder have been entered into:
 - (a) in the ordinary and usual course of business of the Group;
 - (b) on normal commercial terms or better; and
 - (c) according to the respective agreements governing them and on terms that are fair and reasonable and in the interests of the Shareholders as a whole.
- (ii) The auditor of the Company shall review annually the Agreements and the transactions thereunder and confirm in a letter to the Board (a copy of which shall be provided to the Stock Exchange at least 10 business days prior to the bulk printing of the Company's annual report) that the Agreements and the transactions thereunder:
 - (a) have received the approval of the Board;
 - (b) have been, in all material respects, in accordance with the pricing policies of the Group (for those agreements involving the provision of goods and/or services by the Group);
 - (c) have been entered into, in all material respects, in accordance with the relevant agreements governing the transactions; and
 - (d) have not exceeded the caps.
- (iii) The Directors shall state in the Company's annual report whether its auditor has confirmed the matters stated in Rule 14A.56 of the Listing Rules.
- (iv) The Company shall promptly notify the Stock Exchange and publish an announcement if it knows or has reason to believe that the independent non-executive Directors and/or auditor of the Company will not be able to confirm the matters under Rules 14A.55 and 14A.56 of the Listing Rules.
- (v) The Company shall allow, and shall ensure that the counterparties to the continuing connected transactions shall allow the Company's auditor sufficient access to the relevant records for the purpose of the auditor's review of the continuing connected transactions in accordance with the Listing Rules.

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(E) HISTORICAL FIGURES AND PROPOSED ANNUAL CAPS

The following table sets out the respective historical figures of the continuing connected transactions under the Existing Agreements and the Pilot Scheme, and the respective proposed annual caps of the Agreements for the three years ending 31 December 2024.

As mentioned in the section headed “(A) Background” above, the photovoltaic business of the Group is still at the early stage and TCL Holdings Group is the current main business partner of the Group in the sector. Meanwhile, the Group is also actively seeking co-operation with other Independent Third Party partners so as to foster the development of the Group’s photovoltaic business. For the avoidance of doubt, the potential transactions with such Independent Third Party partners do not constitute connected transactions under Chapter 14A of the Listing Rules and hence the relevant transaction amounts are excluded from the proposed annual caps of the Agreements as set out in the table below.

	For the seven months ended 31 July 2022 (unaudited) (for actual amount only)/For the year ending 31 December 2022 (for historical annual cap only) HK\$'000	For the year ending 31 December 2022 HK\$'000	For the year ending 31 December 2023 HK\$'000	For the year ending 31 December 2024 HK\$'000
	Master Finance Lease (2022) Agreement	Master Finance Lease (2022-2024) Agreement		
Continuing Connected Transactions				
Sale of Leased Assets				
– Historical annual cap	436,000			
– Actual (Note 1)	271,000			
– Proposed annual cap		811,000	1,139,000	1,898,000
Aggregate actual amount paid under the guarantee arrangement (Note 2)				
– Historical annual cap	21,800			
– Actual (Note 1)	Nil			
– Proposed annual cap		40,550	56,950	94,900
Maximum outstanding balance of Security Deposits (Note 2)				
– Historical annual cap	21,800			
– Actual (Note 1)	1,560			
– Proposed annual cap		40,550	56,950	94,900

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	For the seven months ended 31 July 2022 (unaudited) (for actual amount only)/ For the year ending 31 December 2022 (for historical annual cap only) HK\$'000	For the year ending 31 December 2022 HK\$'000	For the year ending 31 December 2023 HK\$'000	For the year ending 31 December 2024 HK\$'000
Continuing Connected Transactions				
Construction Services – Services fees to be received by the Group				
– Historical annual cap	426,000			
– Actual (<i>Note 3</i>)	7,880			
– Proposed annual cap		426,000	1,256,000	1,883,000
Operation and Maintenance Services – Services fees to be received by the Group				
– Historical annual cap	10,000			
– Actual	Nil			
– Proposed annual cap		10,000	25,000	38,000

Notes:

- As at 31 July 2022, based on the preliminary orders received, it is estimated that under the Master Finance Lease (2022) Agreement, the transaction amount of the sale of leased assets for the nine months ending 30 September 2022 would exceed approximately HK\$436 million, and the aggregate actual amount paid under the guarantee arrangement and maximum outstanding balance of Security Deposits would also increase accordingly.

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2. As mentioned in the section headed “(1) Master Finance Lease (2022-2024) Agreement”, the term of any individual agreement entered into under the Master Finance Lease (2022-2024) Agreement shall be no longer than 25 years, provided that no further individual agreements pursuant to the Master Finance Lease (2022-2024) Agreement shall be entered into after the expiry or termination of the Master Finance Lease (2022-2024) Agreement. Yet, notwithstanding such termination or expiry, (i) any individual agreements entered into during the term of the Master Finance Lease (2022-2024) Agreement shall remain in full force and effect; and (ii) the terms and conditions of the Master Finance Lease (2022-2024) Agreement shall continue to apply to such individual agreements and for and only for such purpose and to such extent continue to be effective and binding. Accordingly, the annual caps of (i) the aggregate actual amount paid under the guarantee arrangement; and (ii) the maximum outstanding balance of Security Deposits will continue to apply to the individual agreements entered into during the corresponding year notwithstanding the termination or expiry of the Master Finance Lease (2022-2024) Agreement.

For illustration, in respect of individual agreements under the Master Finance Lease (2022-2024) Agreement entered into during the year ending 31 December 2023, during the period from 1 January 2023 until the expiry or termination of all individual agreements under the Master Finance Lease (2022-2024) Agreement entered into during the year ending 31 December 2023 (which shall be no later than 31 December 2048, being 25 years after 31 December 2023) (collectively “**2023 Individual Agreements**”), (i) the aggregate actual amount paid under the guarantee arrangement arising from all transactions under such 2023 Individual Agreements shall not exceed the annual cap for the year ending 31 December 2023 stated above (i.e. HK\$56.95 million); and (ii) the maximum outstanding balance of Security Deposits at any point of time arising from all transactions under such 2023 Individual Agreements shall not exceed the annual cap for the year ending 31 December 2023 stated above (i.e. HK\$56.95 million), and for the avoidance of doubt, where members of the Group are required to make payment under the guarantee arrangement pursuant to the 2023 Individual Agreements (whether by paying/replenishing Security Deposits or otherwise) to TCL Holdings Group after 31 December 2023, such transaction amount shall still be regarded as utilising the respective annual cap (i.e. “aggregate actual amount paid under the guarantee arrangement” or “maximum outstanding balance of Security Deposits”, as the case may be) for the year ending 31 December 2023 notwithstanding such event takes place after 31 December 2023.

3. As at 31 July 2022, the Group has entered into individual agreements with certain members of TCL Holdings Group under the Master Photovoltaic Power Construction Services (2022) Agreement, pursuant to which the Group has commenced providing Construction Services to TCL Holdings Group. It is estimated that upon completion of such individual agreements, service fees of more than HK\$200 million will be receivable by the Group for the Construction Services provided under these individual agreements.

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(F) BASIS FOR DETERMINATION OF THE PROPOSED ANNUAL CAPS

The major factors for determining the proposed annual caps for the Agreements are set out below:

Master Finance Lease (2022-2024) Agreement

Sale of Leased Assets:

- (i) the historical amounts of the relevant transactions and the preliminary orders received under the Master Finance Lease (2022) Agreement;
- (ii) the projected annual average growth of approximately 50% in respect of the demand for Leased Assets from 2022 to 2024 estimated based on the expected annual and historical growth of newly installed household photovoltaic capacity in the PRC, the penetration rate of the targeted business areas, the relevant industry experience, the increasing demand for photovoltaic services and equipment in view of the green energy policy target set by the PRC government, as well as the potential growth of the photovoltaic business of the Group involving co-operation with TCL Holdings Group and the targeted market share of the Group, in particular, according to the statistics released by the National Energy Administration of the PRC, the total newly installed photovoltaic capacity in the PRC increased from 13,010 MW in the first half of 2021 to 30,880 MW in the first half of 2022, representing a year-on-year growth of approximately 137%, whilst the newly installed household photovoltaic capacity in the PRC increased from 2,550 MW in the first quarter of 2022 to 6,370 MW in the second quarter of 2022, representing a quarter-on-quarter growth of approximately 150%, and the Group expects that such growing trend would continue from 2022 to at least 2024;
- (iii) the anticipated increase in price of raw material and wages in relation to the design, construction and assembly of the Leased Assets of approximately 10% per year during the term of the Master Finance Lease (2022-2024) Agreement due to fluctuation in prices of raw materials resulting from growing demand mainly attributable to worldwide decarbonisation efforts, complex geopolitical environment and inflation; and
- (iv) the estimated fluctuation in exchange rate between RMB and HK\$ during the term of the Master Finance Lease (2022-2024) Agreement.

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Aggregate actual amount paid under the guarantee arrangement:

- (i) the historical amounts of the relevant transactions under the Master Finance Lease (2022) Agreement; and
- (ii) the probability of members of the Group being required to fulfil their guarantee obligations under the Master Finance Lease (2022-2024) Agreement estimated based on industry and market data, multiplied by the annual cap of “Sale of Leased Assets”.

Maximum outstanding balance of Security Deposits:

- (i) the historical amounts of the relevant transactions under the Master Finance Lease (2022) Agreement; and
- (ii) the upper limit of the maximum outstanding balance of Security Deposits payable by all members of the Group (as Sellers) from time to time as stipulated in the Master Finance Lease (2022-2024) Agreement, which shall at all times be no more than 5% of the Aggregate Lease Amount (i.e. the aggregate amount of sale of Leased Assets).

Master Photovoltaic Power Construction Services (2022-2024) Agreement

Construction Services:

- (i) the historical amounts of the relevant transactions under the Master Photovoltaic Power Construction Services (2022) Agreement;
- (ii) the photovoltaic capacity of potential projects in the PRC identified by the Group of approximately 350 MW as at 30 June 2022 to which the Group may provide Construction Services during the term of the Master Photovoltaic Power Construction Services (2022-2024) Agreement, the transaction amount of which is estimated to be able to reach approximately RMB15 billion;

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- (iii) the projected demand for Construction Services for the three years ending 31 December 2024, which is arrived at with reference to the year-on-year growth of approximately 137% in 2021 of newly installed photovoltaic capacity in the PRC according to information published by the National Energy Administration of the PRC, the conversion rate of the potential projects mentioned in the item (ii) above and the business scale target of the Group, in particular, the demand for Construction Services is expected to substantially increase over the term of the Master Photovoltaic Power Construction Services (2022-2024) Agreement due to the policies of central government of the PRC of reducing carbon emission and achieving carbon neutrality, as well as the policies of encouraging building of photovoltaic power stations by providing subsidies, taking into account of which the proposed annual caps for service fees receivable by the Group for providing Construction Services are set with an annual increase of approximately 200% from 2022 to 2023 and approximately 50% from 2023 to 2024;
- (iv) the anticipated increase in price of raw materials, machinery and labour costs of approximately 10% per year during the term of the Master Photovoltaic Power Construction Services (2022-2024) Agreement due to inflation; and
- (v) the estimated fluctuation in exchange rate between RMB and HK\$ during the term of the Master Photovoltaic Power Construction Services (2022-2024) Agreement.

Operation and Maintenance Services:

- (i) the historical amounts of the relevant transactions under the Master Photovoltaic Power Construction Services (2022) Agreement; and
- (ii) the projected demand for Operation and Maintenance Services is largely proportional to the demand for Construction Services for the three years ending 31 December 2024 as the Group expects that TCL Holdings Group would engage the Group for providing Operation and Maintenance Services for the photovoltaic power facilities built under the Construction Services, hence the proposed annual caps for service fees receivable by the Group for providing Operation and Maintenance Services are set with an annual increase of approximately 150% from 2022 to 2023 and approximately 50% from 2023 to 2024, which is in line with the trend of annual increase in proposed annual caps for service fees receivable by the Group for providing Construction Services of approximately 200% from 2022 to 2023 and approximately 50% from 2023 to 2024.

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(G) REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS

As mentioned in the section headed “(A) Background” above, the Group expanded into the field of photovoltaic business to further diversify its business scope and to leverage its close relationships in vertical business chain, extensive sales channels, strong financial resources and technology. In particular, on the one hand, in view of the policy of promoting renewable energy in the PRC, the market space of photovoltaic sector in the PRC is vast and the layout of competition is dispersed, the extensive sales network of the Group allows it to reach numerous customers who have the potential demand for building photovoltaic power generators, and to further improve the competitiveness of the Group by providing financial support to its clients with the assistance of the financial services of TCL Holdings Group. On the other hand, the Group maintains good relationship with different suppliers (such as TCL Zhonghuan, a leader in photovoltaic industrial chain) which are able to provide necessary components for photovoltaic power generators at relatively competitive terms and conditions. Further, by entering into the photovoltaic industry, the Group can achieve green and sustainable development through providing clean energy products, and strive to become a significant participant of photovoltaic market. Accordingly, the Group is of the view that the development of photovoltaic business can be a potential new growth driver for the business of the Group, and is in the interests of the Company and the Shareholders as a whole.

Depending on the financial need of clients, the Group’s business model will be different. The transactions contemplated under the Master Finance Lease (2022-2024) Agreement target potential clients that require financial support (which are expected to be usually individual clients), whilst the transactions contemplated under the Master Photovoltaic Power Construction Services (2022-2024) Agreement target potential clients which have adequate financial resources (which are expected to be mainly business clients).

Master Finance Lease (2022-2024) Agreement

Given the close relationship between the Group and TCL Holdings Group, the Group is able to co-operate with TCL Holdings Group in providing financial support for potential clients which require finance lease services to vastly extend its client base. The Master Finance Lease (2022-2024) Agreement serves as an essential business arrangement for the aforesaid photovoltaic business as it enables the Group to match potential clients with members of TCL Holdings Group for obtaining financing from the latter. In many scenarios, initial external funding is necessary for potential individual clients to consider building photovoltaic power generators. Accordingly, the co-operation with TCL Holdings Group with a view to attracting more potential clients is important for the initial development stage of the photovoltaic business of the Group.

LETTER FROM THE BOARD

As disclosed in the section headed “(A) Background” above, the Group may provide guarantee to secure the Lessee Payment Obligations of Lessees in favour of TCL Holdings Group under the Master Finance Lease (2022-2024) Agreement, which is expected to enhance the attractiveness and competitiveness of the Group’s photovoltaic business by providing incentive to clients to install photovoltaic power facilities with nil or nominal capital investment. Although the Group is required to provide guarantee in favour of the relevant members of TCL Holdings Group (as Lessors and financiers) to secure the payment obligations of the relevant Lessees under the Master Finance Lease (2022-2024) Agreement, such payment obligations will generally be satisfied from the Leased Asset Income and it is expected that the Lessee will not be required to fulfil the payment obligations with their own financial resources. Before entering into any agreements with potential clients for construction of photovoltaic systems, the Group will make an overall assessment of the suitability of the site and the expected efficiency and performance of the photovoltaic systems to be constructed, taking into account all relevant factors including but not limited to the geographical location, the latitude of the site, the duration of daylight hours, the area available for instalment of photovoltaic array, the solar irradiance, the interrelationship of the change of seasons with the daylight duration and solar irradiance, etc.. The aforesaid assessment will in turn form the basis for the Group to assess the Leased Asset Income and whether it could satisfy the payment obligations of the relevant Lessee under the finance lease arrangement. In addition, the insurance policy (if purchased and maintained by the relevant Seller upon request of the relevant Lessor), which can provide appropriate coverage on the relevant Leased Asset with the relevant Lessor as the beneficiary, may relieve the burden of the Group from the guarantee arrangement. Accordingly, the Group is of the view that the risk that it will be required to meet its guarantee obligations is under reasonable control of the Group.

Master Photovoltaic Power Construction Services (2022-2024) Agreement

For potential clients which have adequate financial resources to purchase the photovoltaic generators (which are expected to be mainly business clients), the Group will enter into transactions with them directly and provide them with one-stop photovoltaic services similar to Construction Services and Operation and Maintenance Services. While the Group may provide such services directly to Independent Third Party business clients, as the photovoltaic business of the Group is still at a relatively early stage, the Group considers that it is more prudent and beneficial for the Group to also co-operate with TCL Holdings Group to share risk and extend the reach to a wider clientele network. On the one hand, the Group has the necessary know-how, expertise and human resources in providing Construction Services and Operation and Maintenance Services. On the other hand, TCL Holdings Group, which has solid financial resources, is interested in promoting the use of photovoltaic power in the community in support of the national policy of emission reduction and carbon neutrality in the PRC, by participating in the construction of photovoltaic power

LETTER FROM THE BOARD

generators for various facilities such as hospitals, schools, factories and warehouses, hence is expected to provide a steady demand for Construction Services and/or Operation and Maintenance Services.

Further, in view of the surging demand for green energy attributable to the environmental policies of the PRC government, the photovoltaic market is at a booming stage as more and more enterprises are interested in installing photovoltaic power generators at their own premises to secure stable electricity supply and reduce energy costs and carbon emission. In particular, according to market report, the industrial/commercial photovoltaic power capacity in the PRC substantially increased in the third and fourth quarter of 2021. Accordingly, the Group is of the view that the photovoltaic business will give new impetus to the growth of the Group.

Via the Master Photovoltaic Power Construction Services (2022-2024) Agreement, the Group and TCL Holdings Group could together operate under the “Build-Transfer” (BT) and “Build-Operate-Transfer” (BOT) models on project basis whereas the Group will provide Construction Services and Operation and Maintenance Services to TCL Holdings Group which could in turn transfer the projects to relevant ultimate business clients after operation for a period of time (if required), and the Group will be able to receive service fees from TCL Holdings Group like under EPC model directly without having to bear the financing of construction expenditures of the entire project on its own. Such business model is in line with the Group’s asset-light strategy, which can effectively minimise the capital investment burden of the Group and enable the Group to respond quickly to fast-changing market environment and to grasp potential business opportunities. Accordingly, the co-operation with TCL Holdings Group under the Master Photovoltaic Power Construction Services (2022-2024) Agreement is expected to help consolidating the foundation of the Group’s photovoltaic business and facilitating its future development.

In light of the above, the Directors (including the independent non-executive Directors whose view after taking into consideration of the advice from the Independent Financial Adviser (including the factors and reasons in arriving at such advice) are more particularly set out in the Letter from the Independent Board Committee of this circular) are of the view that the terms of the Agreements, the transactions contemplated thereunder and the proposed annual caps are fair and reasonable, on normal commercial terms or better, entered into in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

(H) OPINION FROM THE INDEPENDENT FINANCIAL ADVISER PURSUANT TO RULE 14A.52 OF THE LISTING RULES

As the term of the individual agreements under the Master Finance Lease (2022-2024) Agreement may exceed three years, pursuant to Rule 14A.52 of the Listing Rules, the Company has appointed Pelican Financial Limited as the Independent Financial Adviser to issue an independent opinion which is stated below.

The Independent Financial Adviser has taken into account the following factors when formulating its independent opinion pursuant to Rule 14A.52 of the Listing Rules:

- (i) Given the long-term and capital-intensive nature of the photovoltaic project, the Group would usually negotiate with potential clients for a financing term of 15 years for their purchase of the Leased Assets, with such financing to be offered by TCL Holdings Group. By providing leasing solutions to these potential clients through a long-term leasing arrangement under the Master Finance Lease (2022-2024) Agreement, the Group is able to reach out to more potential clients and secure more businesses;
- (ii) The term of the individual agreements under the Master Financial Lease (2022-2024) Agreement was determined by the parties thereto upon arm's length negotiations with reference to, among other things, the estimated useful life of photovoltaic power equipment of approximately 25 years, which in the view of the Independent Financial Adviser is a reasonable ground for the longer duration of the individual agreements; and
- (iii) It will be unduly burdensome and unnecessarily costly on the part of the Group if the Group is to strictly comply with the three-year requirement pursuant to Rule 14A.52 of the Listing Rules with respect to the Master Finance Lease (2022-2024) Agreement, as the Group will need to re-negotiate the terms of the individual agreements under the Master Finance Lease (2022-2024) Agreement with not only TCL Holdings Group but also the then individual clients during the agreement renewal process.

The Independent Financial Adviser made reference to a press release published by the Hong Kong government regarding renewable energy, which stated that the usable lifetime of a solar photovoltaic panel is usually more than 25 years. Further, in its research, the Independent Financial Adviser has identified two similar transactions involving the finance lease of photovoltaic power facilities and system announced by companies listed on the Stock Exchange over the past twelve months immediately preceding and up to the date of the Announcement, and on reviewing the terms of such transactions, noted that the durations of such agreements were both 12 years.

LETTER FROM THE BOARD

Having considered the principal factors discussed above and similar transactions from the market, the Independent Financial Adviser is of the view that (i) a term of longer than three years is required for the individual agreements under the Master Finance Lease (2022-2024) Agreement; and (ii) it is a normal business practice for agreements with natures similar to the individual agreements under the Master Finance Lease (2022-2024) Agreement to have a duration of more than three years.

(I) LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, 1,334,547,288 Shares, representing approximately 53.39% of the total number of issued Shares, are held by T.C.L. Industries (H.K.), which in turn is held as to 100% by TCL Holdings. TCL Finance Lease (Zhuhai) is an indirect wholly-owned subsidiary of TCL Holdings. As such, T.C.L. Industries (H.K.) is a substantial shareholder of the Company and a connected person of the Company under Chapter 14A of the Listing Rules. As TCL Holdings is the holding company of T.C.L. Industries (H.K.), whereas TCL Finance Lease (Zhuhai) is a fellow subsidiary thereof, each of them is an associate of T.C.L. Industries (H.K.) and therefore also a connected person of the Company under Chapter 14A of the Listing Rules. The transactions contemplated under each of the Master Finance Lease (2022-2024) Agreement and the Master Photovoltaic Power Construction Services (2022-2024) Agreement therefore constitute continuing connected transactions of the Company.

As the Master Finance Lease (2022-2024) Agreement and the transactions under the Master Finance Lease (2022) Agreement and the Pilot Scheme took place within a 12-month period and all of them are entered into with the same parties and of the same nature, the transactions under the Master Finance Lease (2022-2024) Agreement, the Master Finance Lease (2022) Agreement and the Pilot Scheme shall be aggregated as a series of transactions pursuant to Rule 14.22 of the Listing Rules.

As the Master Photovoltaic Power Construction Services (2022-2024) Agreement and the transactions under the Master Photovoltaic Power Construction Services (2022) Agreement took place within a 12-month period and both are entered into with the same parties and of the same nature, the transactions under the Master Photovoltaic Power Construction Services (2022-2024) Agreement and the Master Photovoltaic Power Construction Services (2022) Agreement shall be aggregated as a series of transactions pursuant to Rule 14.22 of the Listing Rules.

LETTER FROM THE BOARD

As one or more of the applicable percentage ratios (other than the profits ratio) under Rule 14.07 of the Listing Rules (i) with reference to the annual caps of Master Finance Lease (2022-2024) Agreement together with the annual caps of Master Finance Lease (2022) Agreement (which already included the transaction amounts under the Pilot Scheme); and (ii) with reference to the annual caps of Master Photovoltaic Power Construction Services (2022-2024) Agreement together with the annual caps of Master Photovoltaic Power Construction Services (2022) Agreement both exceed 5%, the continuing connected transactions contemplated under the Agreements are subject to the reporting, announcement, circular (including independent financial advice), Shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

As the term of the individual agreements under the Master Finance Lease (2022-2024) Agreement may exceed 3 years, pursuant to Rule 14A.52 of the Listing Rules, the Company has appointed Pelican Financial Limited as the Independent Financial Adviser to explain why the individual agreements under the Master Finance Lease (2022-2024) Agreement require a longer period and to confirm that it is a normal business practice for agreements of this type to be of such duration.

An Independent Board Committee has been established by the Company to advise the Shareholders on the terms and the proposed caps of the Agreements. The Company has appointed the Independent Financial Adviser to advise the Independent Board Committee and the Shareholders in this regard.

In accordance with the Listing Rules, any connected person of the Company and any Shareholder with a material interest in the Agreements and its close associate(s) must abstain from voting on the relevant resolution(s) at the EGM. Accordingly, TCL Holdings and TCL Associates will abstain from voting on the resolution in respect of the Agreements to be put forward at the EGM. Save as aforesaid, the Directors are not aware of any other Shareholders who are required to abstain from voting on the resolution(s) in respect of the Agreements to be put forward at the EGM.

As at the Latest Practicable Date: 1,334,547,288 Shares are held by T.C.L. Industries (H.K.), which in turn is held as to 100% by TCL Holdings. Hence, as at the Latest Practicable Date, holders of a total number of 1,334,547,288 Shares, representing approximately 53.39% of the total number of issued Shares, will abstain from voting in respect of the Agreements to be put forward at the EGM.

LETTER FROM THE BOARD

Notwithstanding the respective interest and/or roles of certain Directors in TCL Holdings Group, in particular, as at the Latest Practicable Date, (i) Ms. DU Juan is also a director and the chief executive officer of TCL Holdings; (ii) Mr. WANG Cheng is also a director of TCL Holdings; (iii) Mr. HU Dien Chien is also the chief financial officer of TCL Holdings; and (iv) Mr. SUN Li is also the chief technology officer of TCL Holdings, as their respective direct or indirect interests in TCL Holdings Group are insignificant and that none of the TCL Associates are associates of any of the Directors, none of them is considered as having a material interest in the transactions contemplated under the Agreements, therefore all Directors are entitled to vote on the Board resolutions for considering and approving the Agreements pursuant to the Articles.

(J) GENERAL INFORMATION ON THE PARTIES

The Group is principally engaged in the research and development, manufacturing and sale of consumer electronic products such as smart screens and mobile communication devices and independently develops home Internet services. The Group actively transforms and innovates under the strategy of “Value Led by Brand with Relative Cost Advantage”. Focusing on the mid-to-high-end markets around the world, the Group strives to consolidate the “intelligent IoT ecosystem” strategy with all-category layout and is committed to providing users with an all scenario smart and healthy life while developing into a world-leading smart technology company. For more information on the Group, please visit its official website at <http://electronics.tcl.com> (the information that appears in this website does not form part of this circular).

TCL Holdings is an investment holding company with a diverse investment portfolio. Its investments are principally in the business of development, manufacturing and distribution of audio/video products, electronic products, communication equipment, home appliances, provision of cloud video conferencing services, intelligent manufacturing solutions, solid waste dismantling and disposal, development and leasing of building and industrial park, supply chain finance, etc.. As at the Latest Practicable Date, TCL Holdings, through its wholly-owned subsidiary T.C.L. Industries (H.K.), held approximately 53.39% of the issued Shares and is the ultimate controlling shareholder of the Company. As at the Latest Practicable Date, the shareholding structure of TCL Holdings is as follows:

LETTER FROM THE BOARD

Shareholders	Approximate Shareholding
Ningbo Lida Zhihui Enterprise Management Partnership (Limited Partnership)* (寧波礪達致輝企業管理合夥企業(有限合夥))	33.33%
Ningbo Lida Zhiyu Enterprise Management Limited* (寧波礪達致宇企業管理有限公司)	23.26%
Pan Mao (Shanghai) Investment Center (L.P.)* (磐茂(上海)投資中心(有限合夥))	18.60%
Huizhou State-owned Asset Management Co., Ltd.* (惠州市國有資產管理有限公司)	9.30%
Xiaomi Technology Co., Ltd.* (小米科技有限責任公司)	9.30%
Beijing Xinrunheng Equity Investment Partnership (L.P.)* (北京信潤恒股權投資合夥企業(有限合夥))	4.65%
Shenzhen Qifu Guolong Small and Medium Micro-Enterprise Equity Investment Fund Partnership (L.P.)* (深圳市啟賦國隆中小微企業股權投資基金合夥企業(有限合夥))	<u>1.55%</u>
Total (Note)	<u><u>100.00%</u></u>

Note:

The figures shown in the above table were subject to rounding adjustment, accordingly the total figure may not be an arithmetic aggregation of the figures preceding it.

As at the Latest Practicable Date, TCL Finance Lease (Zhuhai) is an indirect wholly-owned subsidiary of TCL Holdings and is principally engaged in the business of lease, finance lease, acquisition of leased assets, green finance and provision of financing solutions.

3. PROPOSED AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION

Pursuant to the Consultation Conclusions on Listing Regime for Overseas Issuers published by the Stock Exchange in November 2021, the Stock Exchange has revised the core shareholder protection standards under Appendix 3 to the Listing Rules with effect from 1 January 2022. Listed issuers are required to make necessary amendments to their constitutional documents by the second annual general meeting following 1 January 2022 to bring the constitutional documents to conformity with the revised Appendix 3 to the Listing Rules.

LETTER FROM THE BOARD

The Memorandum and Articles have not been amended since 2012. Accordingly, the Board proposed to amend the Memorandum and Articles by adopting the Second Memorandum and Articles in order to (i) bring the Memorandum and Articles in line with the relevant requirements of the Listing Rules as well as the applicable laws of Cayman Islands; (ii) allow general meetings of the Company to be held in the form of a hybrid meeting or electronic meeting where Shareholders may attend by electronic means in addition to a physical meeting where Shareholders attend in person; and (iii) provide flexibility to the Company in relation to the conduct of general meetings. Other housekeeping and consequential amendments to the Memorandum and Articles are also proposed, including making consequential amendments in connection with the above amendments to the Memorandum and Articles and for clarity and consistency with the other provisions of the Memorandum and Articles where it is considered desirable and to better align the wording with those of the Listing Rules and the applicable laws of the Cayman Islands.

The full text of the Second Memorandum and Articles (with the Proposed Amendments marked-up against the Existing Memorandum and Articles), which incorporated the Proposed Amendments, are set out in Appendix II to this circular. The Second Memorandum and Articles is written in English. The Chinese translation of the Second Memorandum and Articles is for reference only and in case there are any inconsistencies between the English version and the Chinese version, the English version shall prevail.

The legal adviser to the Company as to Hong Kong laws has confirmed that the Proposed Amendments conform with the requirements of the Listing Rules. The legal adviser to the Company as to the Cayman Islands laws has confirmed that the Proposed Amendments are not inconsistent with the applicable laws of the Cayman Islands. The Company also confirms that there is nothing unusual about the Proposed Amendments for a company listed on the Stock Exchange.

The Proposed Amendments and the proposed adoption of the Second Memorandum and Articles are subject to, and will become effective upon, the approval of the Shareholders by way of passing a special resolution at the EGM.

4. EGM

The Company will convene the EGM at 8th Floor, Building 22E, 22 Science Park East Avenue, Hong Kong Science Park, Shatin, New Territories, Hong Kong on 29 September 2022, Thursday at 2:30 p.m., at which resolutions will be proposed for the purposes of considering and, if thought fit, approving (i) the Agreements and their respective proposed annual caps; and (ii) the Proposed Amendments by way of adoption of the Second Memorandum and Articles. The notice of the EGM is set out on pages 208 and 211 of this circular.

LETTER FROM THE BOARD

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, TCL Holdings and TCL Associates are required to abstain from voting on the resolution(s) to be put forward at the EGM in respect of the Agreements; whereas no Shareholders are required to abstain from voting on the resolution(s) to be put forward at the EGM in respect of approving the Proposed Amendments by way of adoption of the Second Memorandum and Articles.

A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the EGM or any adjournment thereof (as the case may be) in person, please complete the form of proxy in accordance with the instructions printed thereon and return the same to the Hong Kong branch share registrar and transfer office of the Company, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible and in any event not later than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting at the EGM or any adjourned meeting should you so wish.

5. RECORD DATE

The record date (being the last date of registration of any transfer of Shares given there will be no closure of register of members) for the purpose of determining the entitlements of the Shareholders to attend and vote at the EGM will be on 23 September 2022, Friday. In order to qualify for the aforesaid entitlements, all transfers must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, by no later than 4:30 p.m. on 23 September 2022, Friday.

6. VOTING BY POLL

In accordance with Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Accordingly, the voting on all resolution(s) at the EGM will be conducted by way of poll.

LETTER FROM THE BOARD

7. RECOMMENDATION

Renewal of Continuing Connected Transactions – Master Finance Lease (2022-2024) Agreement and Master Photovoltaic Power Construction Services (2022-2024) Agreement

Your attention is drawn to (i) the letter from the Independent Board Committee set out on page 47 of this circular which contains the recommendation of the Independent Board Committee to the Shareholders regarding the resolutions to approve the Agreements and their respective proposed annual caps; (ii) the letter from Pelican Financial Limited, the Independent Financial Adviser, set out on pages 48 to 85 of this circular which contains (a) its advice (together with the principal factors and reasons considered in arriving at such advice) to the Independent Board Committee and the Shareholders in respect of the fairness and reasonableness of the terms of the Agreements and their respective proposed annual caps; and (b) its advice in respect of the opinion required pursuant to Rule 14A.52 of the Listing Rules; and (iii) additional information set out in the appendix to this circular.

The Independent Board Committee, having taken into account the advice (together with the principal factors and reasons considered in arriving at such advice) of Pelican Financial Limited, the Independent Financial Adviser, considers that the Agreements are fair and reasonable, on normal commercial terms or better and are entered in the ordinary and usual course of business of the Group, and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM in respect of the Agreements.

The Board considers that the terms of the Agreements are fair and reasonable, on normal commercial terms or better and in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole.

The Board also considers that the resolutions proposed in the notice of EGM in respect of the Agreements are in the best interests of the Company and the Shareholders as a whole and therefore recommend you to vote in favour of all the relevant resolutions to be proposed at the EGM in respect of the Agreements.

LETTER FROM THE BOARD

Proposed Amendments to the Memorandum and Articles

The Board considers that the Proposed Amendments and the adoption of the Second Memorandum and Articles are in the interests of the Company and the Shareholders as a whole.

The Board also considers that the resolution(s) in respect of the Proposed Amendments by way of adoption of the Second Memorandum and Articles proposed in the notice of EGM are in the interests of the Company and the Shareholders as a whole and therefore recommend you to vote in favour of all the relevant resolution(s) to be proposed at the EGM in respect of the Proposed Amendments by way of adoption of the Second Memorandum and Articles.

8. PRECAUTIONARY MEASURES FOR THE EGM IN VIEW OF COVID-19 PANDEMIC

In view of the recent development of the pandemic caused by COVID-19, and in order to better protect the safety and health of the Shareholders, a series of pandemic precautionary measures will be implemented at the venue of the EGM:-

- (i) compulsory body temperature check will be conducted for every person at the entrance of the venue of EGM. Any person with a body temperature of over 37.5 degree Celsius will not be admitted to the venue;
- (ii) every person is required to wear facial mask at the venue of the EGM;
- (iii) seating in the EGM venue will be arranged so as to allow for appropriate social distancing; and
- (iv) no refreshments will be served at the EGM.

Subject to the development of the COVID-19 pandemic and in compliance with applicable laws and regulations, the Company may implement further precautionary measures at the EGM.

The Company wishes to remind the Shareholders that physical attendance in person at the EGM is not necessary for the purpose of exercising their voting rights and strongly advises the Shareholders to appoint the chairperson of the EGM as a proxy to vote on relevant resolution(s) as instructed in accordance with the relevant proxy form as an alternative to attending the EGM in person in light of the continuing risks posed by the COVID-19 pandemic. For more details, please refer to the proxy form for the EGM.

LETTER FROM THE BOARD

Shareholders and other participants who will attend the EGM in person are advised to (a) consider carefully the risk of attending the EGM, which will be held in an enclosed environment; (b) follow and comply with any laws, regulations, guidelines or requirements implemented by the Hong Kong Government relating to COVID-19 pandemic; 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.

Yours faithfully,
On behalf of the Board
DU Juan
Chairperson

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



TCL ELECTRONICS HOLDINGS LIMITED

TCL 電子控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01070)

8 September 2022

To: the Shareholders

Dear Sir or Madam,

**RENEWAL OF CONTINUING CONNECTED TRANSACTIONS –
MASTER FINANCE LEASE (2022-2024) AGREEMENT
AND
MASTER PHOTOVOLTAIC POWER CONSTRUCTION SERVICES
(2022-2024) AGREEMENT**

We refer to the circular of the Company dated 8 September 2022 (the “Circular”) to the Shareholders, of which this letter forms part. Terms defined in the Circular bear the same meanings in this letter unless the context otherwise requires.

We have been appointed as the members of the Independent Board Committee to consider and advise the Shareholders in respect of the terms of the Agreements, details of which are set out in the Circular.

We wish to draw your attention to the letter from the Board and the letter of advice from the Independent Financial Adviser set out on pages 8 to 46 and pages 48 to 85 of the Circular respectively.

Having taken into account the advice (together with the principal factors and reasons considered in arriving at such advice) of Pelican Financial Limited, the Independent Financial Adviser, we consider that the terms of the Agreements are fair and reasonable, on normal commercial terms or better and are entered into in the ordinary and usual course of business of the Group, and are in the interests of the Company and its Shareholders as a whole. Accordingly, we recommend the Shareholders to vote in favour of the resolutions to be proposed at the EGM in respect of the Agreements.

Yours faithfully,

**TSENG Shieng-chang Carter, WANG Yijiang
and LAU Siu Ki**

Independent Board Committee

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter of advice from Pelican Financial Limited to the Independent Board Committee and the Shareholders for incorporation in this circular.

PELICAN FINANCIAL LIMITED



21/F, Lee Garden Three, 1 Sunning Road, Causeway Bay, Hong Kong

8 September 2022

*To the Independent Board Committee and the Independent Shareholders of
TCL Electronics Holdings Limited*

Dear Sirs,

**RENEWAL OF CONTINUING CONNECTED TRANSACTIONS –
MASTER FINANCE LEASE (2022-2024) AGREEMENT
AND
MASTER PHOTOVOLTAIC POWER CONSTRUCTION SERVICES
(2022-2024) AGREEMENT**

INTRODUCTION

We refer to our appointment as the independent financial adviser to (i) the Independent Board Committee and the Independent Shareholders in respect of the Agreements and their respective proposed annual caps; and (ii) the Company in respect of the opinion required pursuant to Rule 14A.52 of the Listing Rules, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular of the Company dated 8 September 2022 (the “**Circular**”), of which this letter forms a part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

As disclosed in the Board Letter, on 26 August 2022 (after trading hours), the Company entered into (i) the Master Finance Lease (2022-2024) Agreement with TCL Holdings and TCL Finance Lease (Zhuhai); and (ii) the Master Photovoltaic Power Construction Services (2022-2024) Agreement with TCL Holdings, and the respective transactions contemplated thereunder (collectively, the “**Transactions**”) constitute continuing connected transactions.

The Agreements are in substance extension and renewal of the Existing Agreements and the terms of the Agreements are substantially the same as the Existing Agreements, save as otherwise specified below.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As at the Latest Practicable Date, 1,334,547,288 Shares, representing approximately 53.39% of the total number of issued Shares, were held by T.C.L. Industries (H.K.), which in turn was held as to 100% by TCL Holdings. TCL Finance Lease (Zhuhai) is an indirect wholly-owned subsidiary of TCL Holdings. As such, T.C.L. Industries (H.K.) is a substantial shareholder of the Company and a connected person of the Company under Chapter 14A of the Listing Rules. As TCL Holdings is the holding company of T.C.L. Industries (H.K.), whereas TCL Finance Lease (Zhuhai) is a fellow subsidiary thereof, each of them is an associate of T.C.L. Industries (H.K.) and therefore also a connected person of the Company under Chapter 14A of the Listing Rules. The respective transactions contemplated under each of the Master Finance Lease (2022-2024) Agreement and the Master Photovoltaic Power Construction Services (2022-2024) Agreement, therefore, constitute continuing connected transactions of the Company.

As one or more of the applicable percentage ratios (other than the profits ratio) under Rule 14.07 of the Listing Rules (i) with reference to the annual caps of Master Finance Lease (2022-2024) Agreement together with the annual caps of Master Finance Lease (2022) Agreement (which already included the transaction amounts under the Pilot Scheme); and (ii) with reference to the annual caps of Master Photovoltaic Power Construction Services (2022-2024) Agreement together with the annual caps of Master Photovoltaic Power Construction Services (2022) Agreement both exceed 5%, the respective continuing connected transactions contemplated under the Agreements are subject to the reporting, announcement, circular (including independent financial advice), Shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

The Board currently comprises three executive Directors, three non-executive Directors and three independent non-executive Directors. The Independent Board Committee, which currently comprises all the independent non-executive Directors, namely Dr. TSENG Shieng-chang Carter, Professor WANG Yijiang and Mr. LAU Siu Ki, has been established to advise the Independent Shareholders regarding the terms and the proposed annual caps of the Agreements. We have been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect and such appointment has been approved by the Independent Board Committee.

Pelican Financial Limited is not connected with the Directors, chief executive or substantial shareholders of the Company or any of their respective associates and therefore is considered suitable to give independent advice to the Independent Board Committee and the Independent Shareholders. In the last two years, other than our engagement by the Company to act as its independent financial advisor in respect of its continuing connected transactions as disclosed in the May Announcement (Finance Lease) and the circular dated 22 November 2021, there was no other engagement between the Company and us. Apart from normal professional fees payable to us in connection with this appointment of us as the Independent Financial Adviser, no arrangement exists whereby Pelican Financial Limited will receive any fees or benefits from the Company or the Directors, chief executive or substantial shareholders of the Company or any of their respective associates.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Our role is to provide you with our independent opinion and recommendation as to (i) whether the Transactions are in the ordinary and usual course of business of the Group and on normal commercial terms; (ii) whether the terms of the Agreements and the proposed annual caps of the Transactions are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the relevant resolution(s) to approve the Agreements and the Transactions and their proposed annual caps at the EGM.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have performed relevant procedures and those steps which we deemed necessary in forming our opinions which include, among other things, review of relevant agreements, documents as well as information provided by the Company and validated them, to an extent, to the relevant public information, statistics and market data, the relevant industry guidelines and rules and regulations as well as information, facts and representations provided, and the opinions expressed, by the Company and/or the Directors and/or the management of the Group. The documents reviewed include, but are not limited to, the Agreements, the Existing Agreements, the May Announcement (Finance Lease), the May Announcement (Construction Services), the annual report of the Company for the financial year ended 31 December 2021 (the “**2021 Annual Report**”) and the Circular. We have 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 management and/or the Directors, which have been provided to us.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading.

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 verification of the information included in the Circular and provided to us by the Directors and the management of the Group nor have we conducted any form of an in-depth investigation into the business and affairs or the prospects of the Group.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS TAKEN INTO CONSIDERATION

In formulating our opinion in respect of the Agreements and the Transactions and their respective proposed annual caps, we have considered the following principal factors and reasons.

1. Background of the Agreements

As stated in the Board Letter, the Group has been developing and expanding into diversified new businesses to explore new growth opportunities. The Group has entered into the photovoltaic (“PV”) business to seize emerging opportunities arising from the prevailing trend of carbon neutrality and green and clean energy and leverage the Group’s close relationship in the vertical industry chain, extensive sales channels, strong financial resources and technology. Under the current business model of the Group in the PV sector, the Group would provide one-stop services to business clients and individual clients involving design, procurement, construction, assembly, operation and maintenance of PV power generators and other ancillary services depending on the needs of the clients.

In view of the substantial capital investment required for the building and maintenance of PV power generators, some of the potential clients, especially individual clients, may need financial resources for financing the building of PV power generators. In order to offer convenient and affordable PV power generator solutions and increase the Group’s competitiveness, the Group will also offer finance matching services where necessary.

For potential clients that require financial support (which are expected to be usually individual clients), the Group will adopt an “Engineering, Procurement and Construction” (EPC) model, coupled with finance matching services by matching financiers with such potential clients. Under this business model, in order to provide affordable PV power facilities and attract more clients, the schemes of the Group enable the clients to equip with PV power facilities at nil or nominal cash investment and for such purposes, the schemes are usually structured in such a way that the electricity income (and subsidies, if any) generated by the PV power facilities is expected to cover and off-set the lease payment, hence in general whilst clients need to provide the space for installation of PV power facilities (usually the rooftop of their properties), they are not required to make any capital contribution over the lease period and will be able to retain the PV power facilities at a nominal cost after the lease period. In a typical transaction, the Group would approach clients who are interested to install PV power facilities and conduct assessments as to whether the properties of the clients are suitable for installing such facilities and whether sufficient electricity income can be generated. If the Group is satisfied with the assessment result, the Group will match such client with an appropriate financier(s) who will provide funding for the construction of the PV power facilities pursuant to finance lease arrangements whereas the Group will construct and sell the PV power facilities to the financier which in turn will lease the same to the client. The client will be able to use the electricity income to cover his/her lease payment obligation to the financier over the lease period without having to make any capital commitment, whilst the Group can recover the production costs of the PV power facilities in a relatively short

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period of time by selling the same to the financier instead of directly leasing to the client. In order to further enhance the attractiveness of the scheme, the Group will provide guarantee to secure the payment obligation of the potential clients such that in case the electricity income is not sufficient to satisfy the lease payment, the Group will settle the balance of the lease payment with the financier so that the potential client can obtain the PV power facilities nearly without cost and is effectively risk-free. From the Group's perspective, although it is required to provide guarantee, the risk of any financier enforcing such guarantee can be controlled by way of the Group's proper assessment of the amount of energy and hence electricity income that could be generated by the PV power facilities built by the Group. In other words, the possibility of the Group paying such guarantee is minimal.

As TCL Holdings Group has rich experience in finance lease service in the PV sector, the Group sees the business opportunity of taking advantage of its close connection with TCL Holdings Group and matching potential clients with members of TCL Holdings Group for obtaining timely and flexible financing from the latter. The Group is of the view that covering finance matching in the one-stop services would further enhance the attractiveness and competitiveness of the Group's PV business; hence the Group has commenced the Pilot Scheme in the first quarter of 2022 and entered into the Master Finance Lease (2022) Agreement with TCL Holdings and TCL Finance Lease (Zhuhai) in May 2022 to facilitate such arrangement. For details of the aforesaid arrangement, please refer to the May Announcement (Finance Lease).

For potential clients who have adequate financial resources to purchase the PV generators (which are expected to be mainly business clients), the Group will enter into transactions with them directly and provide them with one-stop PV services. Such clients may include members of TCL Holdings Group and other Independent Third Party business clients. The Group has entered into the Master Photovoltaic Power Construction Services (2022) Agreement with TCL Holdings in May 2022 to facilitate the provision of such one-stop PV services to members of TCL Holdings Group. For details, please refer to the May Announcement (Construction Services).

Following the launch of the Pilot Scheme, the Group has been consistently improving its sales channels and business capability for the PV business and has started providing PV services in several provinces of the PRC such as Shandong, Hebei and Henan, whilst further expansion to other provinces will follow. The Group has also started exploring the development of overseas photovoltaic business.

2. Background information on the Company and the Group

The Company was incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange, while the Group is principally engaged in the research and development, manufacturing and sale of consumer electronic products such as smart screens and mobile communication devices and independently develops home Internet services.

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Set out below is a summary of the financial information of the Group for the two years ended 31 December 2021 as extracted from the 2021 Annual Report.

Table 1: Summarised financial performance of the Group

	For the financial year ended 31	
	December	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Audited)</i>	<i>(Audited)</i>
<i>Revenue by product</i>		
(i) Smart screen* and other products	72,997,723	49,719,563
(ii) Internet business	1,849,165	1,233,364
Total revenue	74,846,888	50,952,927
Gross profit	12,534,309	9,662,208
Profit for the year from continuing operations	1,279,290	1,893,403
Profit for the year from discontinued operations	–	1,752,216
Profit for the year from continuing and discontinued operations	1,279,290	3,645,619

* *Smart screen refers to smart television and related products*

According to the 2021 Annual Report, for the year ended 31 December 2021, the Group recorded an annual growth of approximately 46.9% in its annual revenue from its continuing operations, from approximately HK\$51.0 billion to approximately HK\$74.8 billion, which was mainly attributable to, among other things, the increase in the sales driven by (i) TCL Communication Technology Holdings Limited and its subsidiaries (the “**TCL Communication Group**”), whose full-financial year results were consolidated into the Group’s accounts in 2021 for the first time after the Group acquired 100% equity interest in TCL Communication Group during the second half of 2020; and (ii) the increase of overall average selling price of TCL smart screens by approximately 26.1% from the previous year. As a result of the increase in its revenue, the Group’s gross profit increased by approximately 29.7%, from approximately HK\$9.7 billion to approximately HK\$12.5 billion between the two years ended 31 December 2020 and 2021. However, the Group’s gross profit margin decreased from approximately 19.0% to approximately 16.7% year-on-year due to the increased prices of panels and chips. Hence, the Group’s profit for the year from continuing operations decreased by approximately 32.4%, from approximately HK\$1.9 billion to approximately HK\$1.3 billion between the two years ended 31 December 2021.

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Table 2: Summarised financial position of the Group

	As at 31 December 2021 <i>HK\$'000</i> <i>(Audited)</i>	As at 31 December 2020 <i>HK\$'000</i> <i>(Audited)</i>
Total assets		
– Non-current assets	11,682,651	10,740,271
– Current assets	47,851,686	41,595,988
Total liabilities		
– Non-current liabilities	1,220,649	1,636,846
– Current liabilities	39,941,024	33,964,536
Net current assets	7,910,662	7,631,452
Net assets	18,372,664	16,734,877

As shown in the above table, the net assets of the Group increased from approximately HK\$16.7 billion as at 31 December 2020 to approximately HK\$18.4 billion as at 31 December 2021, representing an increase of approximately 9.8%, which was mainly due to the increase in inventories of approximately HK\$3.5 billion and the decrease in non-current interest-bearing bank and other borrowings of approximately HK\$365 million. In addition, the Group's cash and cash equivalents amounted to approximately HK\$11.5 billion as at 31 December 2021.

As at 31 December 2021, the Group's gearing ratio (calculated by net borrowings divided by equity attributable to owners of the parent) was 0% given that the Group's cash and cash equivalents and restricted cash and pledged deposits of approximately HK\$12.1 billion were higher than the total interest-bearing bank and other borrowings and lease liabilities of approximately HK\$7.3 billion.

3. Background information on the connected persons

TCL Holdings is an investment holding company with a diverse investment portfolio. Its investments are principally in the business of development, manufacturing, and distribution of audio/video products, electronic products, communication equipment, home appliances, provision of cloud video conferencing services, intelligent manufacturing solutions, solid waste dismantling and disposal, development and leasing of building and industrial park, supply chain finance, etc.

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As at the Latest Practicable Date, TCL Holdings, through its wholly-owned subsidiary T.C.L. Industries (H.K.), held approximately 53.39% of the issued Shares and was the ultimate controlling shareholder of the Company.

As at the Latest Practicable Date, TCL Finance Lease (Zhuhai) was an indirect wholly-owned subsidiary of TCL Holdings and was principally engaged in the business of lease, finance lease, and acquisition of leased assets, green finance, and provision of financing solutions.

4. Outlook of the PV business

According to “Net Zero by 2050: A Roadmap for the Global Energy Sector” published by International Energy Agency (“IEA”)¹, an intergovernmental organisation that provides policy recommendations, analysis and data on the entire global energy sector, it suggested that the pathway to net-zero emissions globally by 2050 represents annual additions of 630 GW of solar PV by 2030, of which the rate of increase being four-times the record levels set in 2020, and by 2050, solar PV capacity shall increase 20-fold from now.

Further, according to the “China PV industry development roadmap (2021-2022)” report published by China Photovoltaic Industry Association (“CPIA”)², an official organisation of the PV industry in China, the cumulative PV grid-connected installed capacity reached 308 GW in 2021, representing an increase of approximately 13.9%, or 54.9 GW, in installed PV capacity than that in 2020. It is estimated that the newly installed PV capacity in 2022 will be over 75 GW, leading the expected cumulative installed PV capacity to reach approximately 383 GW. The expected increase of over 75 GW in 2022 amounts to approximately 43.3% of the expected global newly installed PV capacity of approximately 173.3 GW³ in 2022. Meanwhile, the cumulative installed PV capacity is expected to reach approximately 890.31 GW in 2030⁴.

¹ Please refer to the “Net Zero by 2050: A Roadmap for the Global Energy Sector” report published by International Energy Agency, an intergovernmental organisation that provides policy recommendations, analysis and data on the entire global energy sector, at: https://iea.blob.core.windows.net/assets/7ebafc81-74ed-412b-9c60-5cc32c8396e4/NetZeroBy2050-ARoadmapfortheGlobalEnergySector-SummaryforPolicyMakers_CORR.pdf

² Please refer to the “China PV industry development roadmap” report published by China Photovoltaic Industry Association, an official organization of PV industry in China, which is available to download at: http://chinapv.org.cn/road_map/1016.html

³ Please refer to the website of IEA at: <https://www.iea.org/reports/renewables-2021/renewable-electricity?mode=market®ion=World&publication=2021&product=PV>

⁴ Please refer to the website of Power and Energy Solutions, a leading trade publication of PV market, at: <https://pes.eu.com/exclusive-articles/%e5%88%b02030%e5%b9%b4%ef%bc%8c%e4%b8%ad%e5%9b%bd%e7%9a%84%e5%a4%aa%e9%98%b3%e8%83%bd%e5%85%89%e4%bc%8f%e5%92%8c%e9%99%86%e4%b8%8a%e9%a3%8e%e5%8a%9b%e5%8f%91%e7%94%b5%e8%83%bd%e5%8a%9b%e5%b0%86/>

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Driven by the global trend of carbon neutrality, the PRC government has introduced and implemented several policy reforms on PV in accordance with the 14th Five-Year Plan. On 20 June 2021, the National Energy Administration (“NEA”) of the PRC, a state administration responsible for drafting China’s national energy strategy and implementing energy policy, published the “Notice on the Pilot Scheme of Province-Wide Distributed Rooftop Project” to promote a rooftop PV trial program on a whole-county basis. According to the notice, selected counties, cities and regions in China are required to install distributed PV systems on the rooftops of not less than 50% of their government buildings, 40% of their non-government public buildings (such as schools, hospitals, and village committees), 30% of their commercial and industrial buildings and factories, and 20% of their rural households⁵. Due to favourable government policy and government subsidies on the PV industry, distributed PV is on course to see rapid growth.

According to the data from NEA, the newly installed household PV capacity had reached a record high of 21.6 GW in 2021, indicating an increase of approximately 113.3% from 10.1 GW in 2020⁶. The newly installed household PV capacity accounted for about 39.4% of the total newly installed PV capacity of 54.9 GW in the PRC in 2021, up approximately 20 percentage points year-on-year, indicating that household demand was resilient despite rising prices for solar modules. The data also suggests that household PV has become an important driver in China’s attempts to achieve peak carbon emissions and carbon neutrality, as well as in revitalizing its rural areas. It is expected that newly installed household PV capacity will increase by around 50% and surpass 30 GW in 2022, growing at a compound annual growth rate (“CAGR”) of about 30% until 2025⁷.

As for industrial and commercial PV, the newly installed power capacity in the PRC was approximately 7.7 GW in 2021, amounting to about 26.3% of the total newly installed PV capacity in the PRC in 2021⁸. Having experienced a disruption in business due to PRC’s electricity rationing in 2021, it is expected that enterprises will seek alternative and more cost-effective electricity supplies like PV, and that is expected to lead to an increasing demand for industrial and commercial PV in the PRC.

In light of the favourable government policy and market environment in the PV industry, we are of the view that it is commercially reasonable for the Group to invest in this field during this time. There is still a large opportunity to tap into the market given the increasing demand for PV systems in the PRC, and the Transactions are expected to help the Group to capture such an opportunity.

⁵ Please refer to the website of Guangdong Solar Energy Association, an association of solar energy in Guangdong, at: http://gdsolar.org/dongtaiinfo_1879.html

⁶ Please refer to data from NEA at http://www.nea.gov.cn/2022-01/19/c_1310431338.htm; and http://www.nea.gov.cn/2021-05/21/c_139960902.htm

⁷ Please refer to an article dated 13 May 2022 published by China Times, a Chinese newspaper, at <https://finance.sina.com.cn/roll/2022-05-13/doc-imcwiwst7246261.shtml>

⁸ Please refer to an article dated 30 May 2022 published by Qianzhan, a Chinese research company, <https://solar.ofweek.com/2022-05/ART-260009-8420-30562808.html>

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Principal terms of the Agreements and our assessment thereof

(i) *Master Finance Lease (2022-2024) Agreement*

On 16 May 2022, the Company entered into the Master Finance Lease (2022) Agreement with TCL Holdings and TCL Finance Lease (Zhuhai). For details, please refer to the May Announcement (Finance Lease).

The Master Finance Lease (2022-2024) Agreement is on substantially similar terms as the Master Finance Lease (2022) Agreement except that the duration will be longer to cover three years until the end of 2024 instead of the end of 2022. Pursuant to the Master Finance Lease (2022-2024) Agreement, the Master Finance Lease (2022) Agreement shall be automatically terminated upon the coming into effect of the Master Finance Lease (2022-2024) Agreement.

The material terms of the Master Finance Lease (2022-2024) Agreement are summarised below:

Date:	26 August 2022 (after trading hours)
Parties:	(i) The Company (for itself and on behalf of the Group); (ii) TCL Holdings (for itself and on behalf of TCL Holdings Group); and (iii) TCL Finance Lease (Zhuhai).
Duration:	From the Shareholders' Approval Date to 31 December 2024 (both days inclusive).

The term of any individual agreement to be entered into under the Master Finance Lease (2022-2024) Agreement may vary on a case by case basis depending on commercial consideration for each case but in any event shall be no longer than 25 years. For the avoidance of doubt, no further individual agreements pursuant to the Master Finance Lease (2022-2024) Agreement shall be entered into after the expiry or termination of the Master Finance Lease (2022-2024) Agreement, provided that notwithstanding the termination or expiry of the Master Finance Lease (2022-2024) Agreement, (i) any individual agreements entered into during the term of the Master Finance Lease (2022-2024) Agreement shall remain in full force and effect; and (ii) the terms and conditions of the Master Finance Lease (2022-2024) Agreement shall continue to apply to such individual agreements and for and only for such purpose and to such extent continue to be effective and binding.

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Condition precedent: The Master Finance Lease (2022-2024) Agreement is conditional on and subject to the compliance by the Company with relevant Listing Rules requirements in respect of the Master Finance Lease (2022-2024) Agreement, including but not limited to obtaining the Shareholders' approval at the EGM.

Major terms: **Sale and Lease Arrangement**

Each Seller (each being a subsidiary of the Group) may, after taking into account applicable pricing policies, at its absolute discretion, recommend suitable Lessees to the Lessors for leasing of Leased Assets. Upon receiving recommendation from the relevant Seller, the relevant Lessor (each being a member of TCL Holdings Group) may, at its absolute discretion, decide whether to provide Finance Lease Services to the relevant Lessee.

If the relevant Lessor decides to provide Finance Lease Services to the relevant Lessee, the relevant Lessor shall purchase the relevant Leased Asset from the relevant Seller and lease the relevant Leased Asset to the relevant Lessee, and the relevant Lessee shall authorise the transfer and deposit of all electricity income and subsidies (if any) generated by the relevant Leased Asset ("**Leased Asset Income**") to the account designated by the relevant Lessor ("**Designated Account**") for payment and discharge of relevant Lessee Payment Obligation. The relevant Lessor may also request the relevant Seller to purchase and maintain an insurance policy with appropriate coverage on the relevant Leased Asset with the relevant Lessor as the beneficiary. The relevant Lessor, the relevant Seller and the relevant Lessee shall enter into an individual agreement(s) for such finance lease arrangement, and the relevant Seller shall also enter into an individual agreement(s) with the relevant Lessee for providing services in relation to the relevant Leased Asset (*Note 1*).

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The terms and conditions (including but not limited to the purchase price of the relevant Leased Asset, the relevant Lessee Payment Obligation, other terms of the Finance Lease Services, and (where applicable) terms of provision of other services in relation to the Leased Asset) of any sale of Leased Asset and provision of Finance Lease Services shall be agreed among the relevant Seller, Lessor and Lessee in writing as set out in the individual agreements from time to time, provided that the terms of such individual agreements shall be consistent with the terms of the Master Finance Lease (2022-2024) Agreement save and except for the clauses regarding applicable law and dispute resolution.

Guarantee Arrangements

The relevant Seller shall provide a guarantee in favour of the relevant Lessor to secure the due performance of the relevant Lessee Payment Obligation by the Lessee. The form, terms and conditions of the guarantee shall be agreed upon among the relevant Seller, Lessor, and Lessee in writing as set out in the individual agreements from time to time, provided that:

- (i) if the Leased Asset Income received in the Designated Account is insufficient to pay (and if the relevant Lessee is also unable to pay) the relevant Lessee Payment Obligation due and payable in any period (“**Payment Due**”), the relevant Lessor shall have the right to transfer and apply all or part of the relevant security deposits (“**Security Deposits**”) (if any) for payment of the remaining balance of relevant Payment Due (“**Payment Due Balance**”) (the relevant Lessor may request the relevant Seller to replenish Security Deposits pursuant to the terms of the individual agreement); if the relevant balance of Security Deposits is insufficient to settle the Payment Due Balance, the relevant Lessor may request the relevant Seller as guarantor to pay the remaining balance of Payment Due Balance and/or pay and/or replenish Security Deposits;

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- (ii) if any of the following types of event occurs (details of such events shall be agreed upon among the relevant Seller, Lessor, and Lessee and set out in the individual agreement):
 - (a) any event which, in the reasonable opinion of the relevant Lessor, the relevant Lessee and/or the relevant Seller, adversely affects in the long-term the relevant Leased Asset Income (including, without limitation, the failure of the Leased Asset to generate electricity continuously or normally for a reasonable period of time as agreed between the parties, the destruction or loss of the Leased Asset, the demolition or relocation of the premises where the Leased Asset situated, or other force majeure events);
 - (b) any event which shall adversely affect the ability of the relevant Lessee to repay or operate the Leased Asset;
 - (c) the failure of the relevant Seller to pay or replenish the Security Deposits pursuant to the relevant written demand from the relevant Lessor in accordance with the individual agreement; or
 - (d) any other event of fundamental breach as agreed between the relevant Lessor, the relevant Lessee and the relevant Seller in the individual agreement,

then the relevant Lessor shall be entitled to require the relevant Lessee to pay forthwith all outstanding Lessee Payment Obligation (whether due and payable or not) (“**Aggregate Arrears**”) within the period agreed in the individual agreement, and if the relevant Lessee fails to repay the Aggregate Arrears in full and on time as required by the relevant Lessor, the relevant Seller shall be liable to make up the balance of Aggregate Arrears, and upon the full settlement of the Aggregate Arrears, the relevant Lessor shall transfer the relevant Leased Asset together with all rights, interests and title thereunder to the relevant Seller and/or Lessee and/or designated person pursuant to the applicable provisions of the individual agreement; for the avoidance of doubt, the aforesaid arrangement does not prejudice the rights and entitlements of the relevant Seller against the relevant Lessee in respect of the provision of guarantee; and

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- (iii) the terms of such individual agreements shall be consistent with the terms of the Master Finance Lease (2022-2024) Agreement save and except for the clauses regarding applicable law and dispute resolution.

Security Deposits

As part of the abovementioned guarantee arrangement, the relevant Lessor has the right to request the relevant Seller to pay Security Deposits and to maintain the level of Security Deposits at a certain amount (initially at 5% of the relevant Lease Amount but subject to regular review and adjustment by written consent between the relevant Lessor and the relevant Seller), which may be utilised for satisfying the relevant Lessee Payment Obligation due if the relevant Lessee failed to perform such obligations. The remaining Security Deposits (without interest) shall be refunded to the relevant Seller upon the end of the Lease Period and full performance of the Lessee Payment Obligation.

The maximum outstanding balance of Security Deposits paid by all Sellers from time to time under the Master Finance Lease (2022-2024) Agreement shall be no more than 5% of the Aggregate Lease Amount.

Note 1:

As part of the business arrangement, the relevant Seller, Lessor and Lessee will typically enter into an agreement pursuant to which, among others, the relevant Seller will provide services (including but not limited to operation and maintenance services) relating to the relevant Leased Asset (“**Leased Asset Operation Services**”) to the relevant Lessee, and in return, the relevant Lessee will pay service fees (which will usually be covered by the relevant Leased Asset Income) to the relevant Seller during the term of the lease under the relevant Finance Lease Services. As the Leased Asset Operation Services are expected to be of a revenue nature, conducted in the ordinary and usual course of business of the Group, and provided to Lessees which are Independent Third Parties, the transactions contemplated thereunder are not subject to the disclosure requirements under Chapter 14 of the Listing Rules. In the event the relevant Seller decides to provide Leased Asset Operation Services to a Lessee which subsequently becomes a connected person of the Company, the relevant transaction may become connected transactions of the Company under Chapter 14A of the Listing Rules, and in such circumstances, the Company will comply with applicable requirements under the Listing Rules, including but not limited to publishing further announcements and/or obtaining Shareholders’ approval where necessary.

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Pricing policy and major terms

Sale and Lease Arrangement

Pursuant to the Board Letter, the price of each Leased Asset shall be agreed between the Group (as Seller) and the Lessees (which are Independent Third Parties) on an arm's length basis, and TCL Holdings Group (as Lessor and financier) will purchase the Leased Asset from members of the Group at the said agreed price as part of the finance lease arrangement. We consider such arrangements fair and reasonable so far as the Independent Shareholders are concerned, given that the prices agreed upon between the Group and the Lessees, which are Independent Third Parties, shall be market prices.

Guarantee Arrangements

Pursuant to the Board Letter, the Group will match the Lessees with members of TCL Holdings Group if the overall terms and conditions of the Finance Lease Services offered by the relevant member of TCL Holdings Group to the relevant Lessee and the terms and conditions of the guarantee arrangement to be borne by the relevant member of the Group as proposed by the relevant member of TCL Holdings Group to the relevant member of the Group as a whole are no less favourable to the Group than those offered by Independent Third-Party financiers (if any). The Group will take into account all relevant factors such as lease interest rates, repayment terms, guarantee amount and other commercial terms.

In particular, where the lease interest rate offered by TCL Holdings Group is higher than the then prevailing range of lease interest rate in the market, the Group will consider whether to proceed with the transactions contemplated under the Master Finance Lease (2022-2024) Agreement based on a basket of factors, including but not limited to, (i) whether the Group could obtain a better offer from Independent Third Party financiers; (ii) the business strategy of the Group such as business diversification and market competition; and (iii) the impact on the profitability of the Group. In any event, the Group shall only conduct transactions contemplated under the Master Finance Lease (2022-2024) Agreement if it is in the interests of the Company and the Shareholders as a whole. Each individual agreement under the Master Finance Lease (2022-2024) Agreement shall also be negotiated on an arm's length basis, which we consider fair and reasonable so far as the Independent Shareholders are concerned.

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Our assessment

In determining whether the principal terms of the Master Finance Lease (2022-2024) Agreement are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole, we have reviewed the Master Finance Lease (2022-2024) Agreement and discussed with the management of the Group the major terms thereof.

Through our discussion and review, we noted that the terms thereof are incorporated substantially from the Master Finance Lease (2022) Agreement. We also note that the Group is not restricted from matching up the Lessees with members of TCL Holdings Group if the Group could obtain a better offer(s) from Independent Third Party financiers. If the Group, Lessor and Lessee decide to enter into an agreement, it shall be conducted on normal commercial terms that are similar to, or more favourable to the Group than, the terms offered by other Independent Third Party financiers regarding the same service of the same quality and standard, to ensure that the terms are no less favourable than the terms offered by others and are in the interests of the Company and the Shareholders as a whole.

Furthermore, we have obtained, reviewed and examined four randomly-selected samples of contracts made between the Group, TCL Holdings Group and individuals since 16 May 2022 and up to the Latest Practicable Date. It is noted that the terms of the contracts were all 15 years and the interest rate of the finance leases ranged between 6.0% and 7.1%. Based on our independent research of PV finance leases in the market, the range of interest rate is between 5% and 9%⁸, indicating that the interest rate charged by TCL Holdings Group is within the market range.

As part of the guarantee arrangement, the relevant Lessor has the right to request the Group to pay Security Deposits at a certain level. The maximum outstanding balance of Security Deposits shall be no more than 5% of the Aggregate Lease Amount (i.e. approximately HK\$40.6 million, HK\$57.0 million, and HK\$94.9 million for the financial years ending 31 December 2022, 2023 and 2024 respectively), which is only approximately 0.2%, 0.3% and 0.5% of the Group's net assets as at 31 December 2021 and not a substantial amount to the Group.

⁸ Please refer to website of East Money Information Company, a Chinese financial and stock information provider, at <https://caifuhao.eastmoney.com/news/20191223100917219028930>

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As disclosed in the Board Letter and the section headed “Background of the Agreements” of this letter, the Group expects to attract more clients by providing affordable items to them, it can also recover the production costs of the PV power facilities in a relatively short period of time by selling the same to the financier instead of directly leasing to the client. In order to further enhance the attractiveness of the scheme, the Group will provide guarantee to secure the payment obligation of the potential clients such that in case the electricity income is not sufficient to satisfy the lease payment, the Group will settle the balance of the lease payment with the financier. Hence, the potential client can obtain the PV power facilities nearly without any cost and is effectively risk-free. As discussed in the section headed “The reasons for and benefits of the Transactions”, the Group considers its guarantee obligation is under reasonable control by way of the Group’s proper assessment of the amount of energy to be generated by the PV power facilities of its potential clients and hence the chance of the Group paying the guarantee is minimal. From the Group’s perspective, the arrangement is a win-win situation which would enable it to generate more revenue by attracting more clients and getting additional income from the electricity income generated from the grid-connected PV system, while the clients would be benefited by reducing their monthly electricity cost by using their own generated solar power.

In reviewing the fairness and reasonableness of the arrangement, we have conducted independent research and reviewed the terms of similar transactions involving finance leases by companies listed on the Stock Exchange as lessors/lessees, announced during the period from 1 May 2022 to 31 July 2022, being a period of approximately three months. On a best effort basis and to the best of our knowledge, we have identified 39 transactions (the “**Market Comparables**”) which meet the aforementioned criteria. We consider the Market Comparables as fair and representative samples for the subject transaction under the Master Finance Lease (2022-2024) Agreement given that (i) they all involved a finance lease entered into by a listed issuer on the Stock Exchange or its subsidiaries; and (ii) their principal terms, including but not limited to, the arrangement regarding security deposit/guarantee and the term of the lease, are very similar to, and in fact directly comparable to, the Master Finance Lease (2022-2024) Agreement. We also consider the three-month review period as fair and reasonable as there had been a sufficient number of Market Comparables conducted during such period for our analysis.

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Table 3: Summarised terms of the Market Comparables

Date of Announcement	Stock Code	Company Name	Leasing assets	Security Deposit (%)	Guarantee (Y/N)
28 July 2022	1606	China Development Bank Financial Leasing Company Limited	Production equipment for automobile plates and home electrical appliance plates	Nil	Y
28 July 2022	1129	China Water Industry Group Limited	Equipment for sewage treatment	5.2	Y
28 July 2022	1738	Feishang Anthracite Resources Limited	Machinery and equipment for coal mining	2.0	Y
26 July 2022	2002	China Sunshine Paper Holdings Company Limited	Production equipment for corrugated paper	5.0	Y
22 July 2022	3300	China Glass Holdings Limited	Production equipment for glass	Nil	N
21 July 2022	1606	China Development Bank Financial Leasing Company Limited	Wind power generation facilities	Nil	Y
12 July 2022	1601	Zhongguancun Science-Tech Leasing Company Limited	Products and services related to unmanned aerial vehicle	10.0	Y
6 July 2022	132	China Investments Holdings Limited	Facilities and equipment for heat and power cogeneration	7.0	Y
5 July 2022	132	China Investments Holdings Limited	Facilities and equipment for heat supply systems	5.0	Y
4 July 2022	1606	China Development Bank Financial Leasing Company Limited	Auxiliary facilities	Nil	Y
30 June 2022	1601	Zhongguancun Science-Tech Leasing Company Limited	Production equipment of photovoltaic module	3.0 & 10.0	Y
30 June 2022	2858	Yixin Group Limited	Automobiles	5.0	Y
30 June 2022	1606	China Development Bank Financial Leasing Company Limited	Park equipment	Nil	Y
29 June 2022	1606	China Development Bank Financial Leasing Company Limited	Wind power generation facilities	Nil	N
29 June 2022	1601	Zhongguancun Science-Tech Leasing Company Limited	VR driving simulators	Nil	Y
29 June 2022	1606	China Development Bank Financial Leasing Company Limited	Production equipment of automobile	Nil	Y
29 June 2022	1606	China Development Bank Financial Leasing Company Limited	Vehicle equipment	Nil	Y
28 June 2022	1601	Zhongguancun Science-Tech Leasing Company Limited	Production equipment of agricultural fertilizer and heating equipment	8.0	Y
27 June 2022	1606	China Development Bank Financial Leasing Company Limited	Vehicles	Nil	N
27 June 2022	1601	Zhongguancun Science-Tech Leasing Company Limited	Production equipment of auto-parts	5.0	Y
24 June 2022	1606	China Development Bank Financial Leasing Company Limited	Auxiliary facilities	Nil	Y
22 June 2022	1601	Zhongguancun Science-Tech Leasing Company Limited	Computers	10.00	Y
20 June 2022	182	Concord New Energy Group Limited	Auxiliary facilities	4.0	Y
20 June 2022	855	China Water Affairs Group Limited	Production facilities for storage and transportation	5.0	Y
20 June 2022	1601	Zhongguancun Science-Tech Leasing Company Limited	Production equipment of solar cells	5.0	Y
20 June 2022	1601	Zhongguancun Science-Tech Leasing Company Limited	Auxiliary facilities	5.0	Y
14 June 2022	1601	Zhongguancun Science-Tech Leasing Company Limited	Auxiliary facilities	6.0 & 10.0	Y
8 June 2022	1606	China Development Bank Financial Leasing Company Limited	Equipment	Nil	Y

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Date of Announcement	Stock Code	Company Name	Leasing assets	Security Deposit (%)	Guarantee (Y/N)
7 June 2022	1598	China 21st Century Education Group Limited	Auxiliary facilities	2.0	Y
2 June 2022	132	China Investments Holdings Limited	Auxiliary facilities	3.0	Y
1 June 2022	132	China Investments Holdings Limited	Facilities	Nil	N
31 May 2022	1601	Zhongguancun Science-Tech Leasing Company Limited	Genetic sequencing machines and relative equipment	7.0	Y
27 May 2022	6828	Beijing Gas Blue Sky Holdings Limited	Pier infrastructure and related facilities; crane; waterborne oil and gas fueling station; and landborne oil and gas fueling station	6.7	Y
27 May 2022	1606	China Development Bank Financial Leasing Company Limited	Auxiliary facilities	Nil	N
25 May 2022	260	AVIC Joy Holdings (HK) Limited	Machinery and equipment	9.4	Y
23 May 2022	132	China Investments Holdings Limited	Equipment for drill waste treatment	5.0	Y
17 May 2022	1601	Zhongguancun Science-Tech Leasing Company Limited	Genetic sequencing machines and relative equipment	10.0	Y
11 May 2022	132	China Investments Holdings Limited	Facilities and equipment for steam supply	5.0	Y
6 May 2022	1606	China Development Bank Financial Leasing Company Limited	Equipment	Nil	N
			Minimum	2.0	
			Average	5.8	
			Maximum	10.0	
		The Company		5.0	Y

Source: the website of the Stock Exchange

As illustrated by the above table, we found that 24 out of 39 Market Comparables required security deposit, and that the security deposit rates of the Market Comparables ranged from 2.0% to 10.0%, with an average of approximately 5.8%. The comparison shows that more than half of the Market Comparables required a security deposit and that the Security Deposit rate of 5.0% under the Master Finance Lease (2022-2024) Agreement falls within the range of the security deposit rates of the Market Comparables and is at a similar level to the average security deposit rate thereof. Accordingly, we consider such the arrangement to pay a security deposit is a normal practice and the rate of the Security Deposit is fair and reasonable.

Further, among the 24 transactions of the Market Comparables with security deposits, all of them were further secured by a guarantee. As such, it is not uncommon in the market that a finance lease is secured by a security deposit as well as a guarantee.

Based on the above, we consider the arrangement of the Security Deposit and the guarantee under the Master Finance Lease (2022-2024) Agreement are in line with market practices, on normal commercial terms, and fair and reasonable so far as Independent Shareholders are concerned.

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Furthermore, in formulating our opinion on the Master Finance Lease (2022-2024) Agreement pursuant to Rule 14A.52 of the Listing Rules and whether it is a normal business practice for individual agreements under the Master Finance Lease (2022-2024) Agreement to have a duration of 15 years, we have considered the following principal factors and reasons:

- (i) Given the long-term and capital-intensive nature of the PV project, the Group would usually negotiate with potential clients for a financing term of 15 years for their purchase of the Leased Assets, with such financing to be offered by TCL Holdings Group. By providing leasing solutions to these potential clients through a long-term leasing arrangement under the Master Finance Lease (2022-2024) Agreement, the Group is able to reach out to more potential clients and secure more businesses;
- (ii) The term of the individual agreements under the Master Finance Lease (2022-2024) Agreement was determined by the parties thereto upon arm's length negotiations with reference to, among other things, the estimated useful life of PV power equipment of approximately 25 years, which in our view give grounds for the longer duration of the subject agreements; and
- (iii) Strict compliance with the three-year requirement pursuant to Rule 14A.52 of the Listing Rules with respect to the Master Finance Lease (2022-2024) Agreement will be unduly burdensome and unnecessarily costly to the Group, as the Group will need to renegotiate the terms of the individual agreements under the Master Finance Lease (2022-2024) Agreement with not only TCL Holdings Group but also the then individual clients during the agreement renewal process.

According to a press release regarding renewable energy published by the Hong Kong government⁹, the useable lifetime of a solar PV panel is usually more than 25 years. We have further identified two similar transactions involving the finance lease of PV facilities and systems announced by companies listed on the Stock Exchange over the past twelve months immediately preceding and up to the date of the Announcement and noticed that the duration of such agreements was both 12 years. Hence, it is fair and reasonable for this kind of leasing transaction to have a duration of more than three years.

⁹ Please refer to the press release dated 23 October 2019 published by the Hong Kong government at <https://www.info.gov.hk/gia/general/201910/23/P2019102300390.htm>

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In light of the above and our review of the internal control measures adopted by the Group as discussed in the below section headed “Internal control measures” of this letter, we are of the view that (i) a term of longer than three years is required for the individual agreements under the Master Finance Lease (2022-2024) Agreement; (ii) it is a normal business practice for agreements with natures similar to the individual agreements under the Master Finance Lease (2022-2024) Agreement to have a duration of more than three years; and (iii) the terms of and the price determination in the Master Finance Lease (2022-2024) Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

(ii) Master Photovoltaic Power Construction Services (2022-2024) Agreement

On 16 May 2022, the Company entered into the Master Photovoltaic Power Construction Services (2022) Agreement with TCL Holdings. For details, please refer to the May Announcement (Construction Services).

The Master Photovoltaic Power Construction Services (2022-2024) Agreement is on substantially similar terms as the Master Photovoltaic Power Construction Services (2022) Agreement except (i) the duration will be longer to cover the three years until the end of 2024 instead of the end of 2022; and (ii) the pricing policies in respect of the Master Photovoltaic Power Construction Services (2022-2024) Agreement have been refined to cater for situations where the Group does not provide identical, similar or comparable services to Independent Third Parties.

Pursuant to the Master Photovoltaic Power Construction Services (2022-2024) Agreement, the Master Photovoltaic Power Construction Services (2022) Agreement shall be automatically terminated upon the coming into effect of the Master Photovoltaic Power Construction Services (2022-2024) Agreement.

The material terms of the Master Photovoltaic Power Construction Services (2022-2024) Agreement are summarised below:

Date:	26 August 2022 (after trading hours)
Parties:	(i) the Company (for itself and on behalf of the Group); and (ii) TCL Holdings (for itself and on behalf of TCL Holdings Group).
Duration:	From the Shareholders’ Approval Date to 31 December 2024 (both days inclusive).

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Condition precedent: The Master Photovoltaic Power Construction Services (2022-2024) Agreement is conditional on and subject to the compliance by the Company with relevant Listing Rules requirements in respect of the Master Photovoltaic Power Construction Services (2022-2024) Agreement, including but not limited to obtaining the Shareholders' approval at the EGM.

Major terms: **Construction Services**

Each member of TCL Holdings Group may from time to time at its absolute discretion request members of the Group to provide Construction Services in its ordinary and usual course of business, and the relevant member of the Group may at its absolute discretion decide whether to provide Construction Services to the relevant member of TCL Holdings Group.

Subject to the consent of the relevant member of TCL Holdings Group, the relevant member of the Group may sub-contract work under the Construction Services in accordance with the relevant terms of the individual agreements under the Master Photovoltaic Power Construction Services (2022-2024) Agreement, provided that the Company shall ensure that all applicable requirements under the Listing Rules (if any) have been complied with before sub-contracting any work.

The terms and conditions (including service fees, payment terms, scope of work, materials required, insurance, quality warranty, standard of completion inspection, etc.) of any Construction Services conducted pursuant to the Master Photovoltaic Power Construction Services (2022-2024) Agreement shall be agreed between relevant member(s) of the Group and TCL Holdings Group in writing by individual agreement(s) from time to time. The terms of such individual agreements shall be consistent with the Master Photovoltaic Power Construction Services (2022-2024) Agreement save and except for the clauses regarding applicable law and dispute resolution.

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The service fees for Construction Services shall be payable in accordance with the payment terms and time as specified in the individual agreements.

Operation and Maintenance Services

Each member of TCL Holdings Group may from time to time at its absolute discretion request members of the Group to provide Operation and Maintenance Services in its ordinary and usual course of business, and the relevant member of the Group may at its absolute discretion decide whether to provide Operation and Maintenance Services to the relevant member of TCL Holdings Group.

The terms and conditions (including service fees, payment terms and scope of work, etc.) of any Operation and Maintenance Services conducted pursuant to the Master Photovoltaic Power Construction Services (2022-2024) Agreement shall be agreed upon between relevant member(s) of the Group and TCL Holdings Group in writing by individual agreement(s) from time to time. The terms of such individual agreements shall be consistent with the Master Photovoltaic Power Construction Services (2022-2024) Agreement save and except for the clauses regarding applicable law and dispute resolution.

The service fees for Operation and Maintenance Services shall be payable in accordance with the payment terms and time as specified in the individual agreements.

Pricing policy and basis of price determination:

The overall terms and conditions (including but not limited to service fees) as a whole of the Construction Services and Operation and Maintenance Services offered to the relevant member of TCL Holdings Group by the relevant member of the Group shall be no more favourable than those offered to Independent Third Parties by the relevant member of the Group and shall be on normal commercial terms. Each individual agreement shall be negotiated on an arm's length basis.

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In determining whether the overall terms and conditions offered to the relevant member of TCL Holdings Group by the relevant member of the Group are no more favourable than those offered to Independent Third Parties by the relevant member of the Group, the Group will take into account all relevant factors including the service fees, prices of raw materials and equipment for the relevant projects, labour cost, business development plans of the Group and the fair market price ranges and pricing terms of service of identical, or (if that is not available) of comparable or similar type, scale, quality, specifications, required time, etc. offered to Independent Third Parties in the market by the relevant members of the Group as at the time when the individual agreement is entered into.

If the Group does not offer identical, comparable or similar services to Independent Third Parties, the Group will consider the impact of the transactions on the profitability of the Group, and in any event the Group shall only offer the Construction Services and Operation and Maintenance Services to TCL Holdings Group if it is in the interest of the Group and the Shareholders as a whole.

Pricing policy and major terms

As stated in the Board Letter, each individual agreement under the Master Photovoltaic Power Construction Services (2022-2024) Agreement shall be negotiated on an arm's length basis. The overall terms and conditions (including but not limited to service fees) as a whole of the Construction Services and Operation and Maintenance Services offered to the relevant member of TCL Holdings Group by the relevant member of the Group shall be no more favourable than those offered to Independent Third Parties by the relevant member of the Group and shall be on normal commercial terms. To ensure a fair pricing policy, the Group will also compare its offer to TCL Holdings Group with those terms offered by the Group to Independent Third Parties for identical (or, if not available, comparable or similar) services.

Our assessment

In determining whether the pricing basis adopted in the Master Photovoltaic Power Construction Services (2022-2024) Agreement is fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole, we have obtained, reviewed and examined three contracts made

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between the Group and TCL Holdings Group since 16 May 2022 and up to 31 July 2022. From our understanding, these are the only three transactions which involved the construction of PV generators and were entered into by the Group and TCL Holdings Group since 16 May 2022 and up to 31 July 2022 because the Group has only entered into the PV business recently. In our review of these contracts, we noted that the price per watt offered by the Group was within the range of RMB3.2-4.1, with an average of RMB3.7.

We have also compared them with other three contracts for similar services provided to Independent Third Parties, and the comparison shows that the price per watt offered to Independent Third Parties by the Group was also within the same range as mentioned before. Further, we noted from the “China PV industry development roadmap (2021-2022)” report published by CPIA, an official organization of the PV industry in China that, the average cost of building an industrial and commercial PV system is around RMB3.5-3.6 per watt in 2021. Considering that the average price per watt charged by the Group is higher than the market cost, we are of the view that the price is fair and reasonable.

In light of the above and our review of the internal control measures adopted by the Group as discussed in the below section headed “Internal control measures” of this letter, we are of the view that the terms of and the price determination in the Master Photovoltaic Power Construction Services (2022-2024) Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

5. Internal control measures

To ensure that the terms of the Agreements are on normal commercial terms and terms no less favourable to the Group than those offered by Independent Third Parties or no more favourable to TCL Holdings Group than those offered by the Group to Independent Third Parties (as the case may be), the Group has adopted a set of comprehensive internal control measures (the “**Internal Control Measures**”). Please refer to the section headed “Internal control procedures” in the Board Letter for details. The following is a summary of these internal control procedures.

(i) *General internal control procedures*

- a) The Group will periodically collect market information from connected persons and Independent Third Parties and maintain such information under its internal database. Before each continuing connected transaction is to be carried out, the Group will compare the terms offered by the relevant connected person with the market data in its internal database to ensure the overall terms offered by such connected person are on normal commercial terms and no less favourable to the Group than those offered by Independent Third Parties.

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- b) The finance department of the Group will maintain a database to record and monitor the aggregate transaction amounts under the continuing connected transactions from time to time and prepare a monthly report on the status of the aggregate transaction amounts which will be submitted to the finance director of the Group for review.
- c) Before conducting any transactions with connected persons, the finance department would confirm the utilisation status of the annual caps to ensure that the Group still has sufficient room under the annual caps for carrying out the relevant continuing connected transactions. The finance department would on a regular basis review the continuing connected transactions carried out during the period under review to assess (i) whether the continuing connected transactions of the Group have been carried out in accordance with the terms of the relevant agreement and the Company's pricing policy; and (ii) the transaction amount during the month under review, the aggregate amount of transactions conducted during the relevant financial year and whether the relevant annual caps have been exceeded. If it is anticipated that the annual caps may be exceeded if the Company is to carry out the proposed transactions, the Company would take all appropriate steps in advance to comply with the relevant requirements under the Listing Rules including but not limited to revising the relevant annual caps before entering into the proposed transactions.
- d) Every time before conducting any continuing connected transactions, the relevant department of the Group would first prepare the relevant individual agreement for the continuing connected transactions and submit it to the internal control unit and legal department of the Group for review and approval. The internal control unit and the legal department of the Group would review the terms of the proposed transaction and the draft individual agreement to be entered into to make sure that the terms are in compliance with the master agreement and the pricing policy of the Group and that the overall terms and conditions (including prices and payment terms) are no less favourable to the Group than those offered by Independent Third Parties. The transactions could only be carried out after the internal control unit and the legal department have separately given their approval therefor.

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(ii) *Specific internal control procedures*

Master Finance Lease (2022-2024) Agreement

- e) Upon receiving proposed offer from the potential client (i.e. Lessee) and TCL Holdings Group, the sales and marketing team of the Group will review the pricing terms and check with the relevant units for production capacity, production cost, service cost, pricing and negotiate or confirm the terms with the potential clients and TCL Holdings Group. The proposed offer will be submitted to management for approval. The Group will only accept proposed offers from the potential clients and TCL Holdings Group when, in accordance with the results of the overall assessment, the proposed offer complies with the pricing policies as stated in the Board Letter headed “(C) Pricing Policies and Basis of Price Determination” herein.
- f) The Group is required to provide guarantee in favour of the relevant Lessor to secure the due performance of the relevant Lessee Payment Obligation by the Lessee. The guarantee obligation will usually only arise if the relevant Leased Asset Income is insufficient to pay the relevant Lessee Payment Obligation. Accordingly, in order to minimise the Group’s exposure to the potential risk associated with the guarantee provided by the Group, the Group will conduct a series of assessments before the Group enters into individual agreements with potential client to ensure that sufficient Leased Asset Income (usually electricity income from the PV power facilities) can be generated. In general, the assessments will include:
 - i. Obtaining supporting documents from the potential clients to confirm and verify their identity and the title and ownership of properties on which the photovoltaic power facilities are expected to be installed, so as to ensure that the properties are free from encumbrances and there is minimal risk that the properties and/or the PV power facilities will be forced to be demolished or otherwise adversely affected during the lease period.
 - ii. Conducting on-site survey of the properties on which the photovoltaic power facilities are expected to be installed. The Group will take photos of the properties to form a preliminary view of the suitability of the properties for installing PV power facilities, followed by a formal field visit to inspect and evaluate factors which may affect the electricity income from the photovoltaic power facilities, including but not limited to the geographical location, the latitude of the site, the duration of daylight hours, the area available for instalment of photovoltaic array, the solar irradiance, the interrelationship of the change of seasons with the daylight duration and solar irradiance, etc.

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The Group will only enter into individual agreements with the potential clients after the potential clients have duly and properly provided all requisite documents and information and the Group has been satisfied about the title to, ownership of and suitability of the properties for installing PV power facilities.

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- g) To the extent where there are no similar or comparable services from Independent Third Parties, the Group will obtain quotation information from TCL Holdings Group to ensure that the prices payable by TCL Holdings Group to the Group shall be no less favourable than those payable by TCL Holdings Group to Independent Third Parties. The Group may also make reference to the open bidding information of similar services or projects to ensure that the pricing of the Construction Services and/or Operation and Maintenance Services is within market range.
- h) The Group would also from time to time identify further Independent Third Parties whom it considers capable of providing the required services of satisfactory quality and a satisfactory standard, and obtain quotations for the required Construction Services and/or Operation and Maintenance Services from them upon identification.

In considering whether the Internal Control Measures are adequate and effective, we have performed a walkthrough of the Group's internal control system on the transactions contemplated under the Existing Agreements and obtained relevant supporting documents including, amongst others, (i) the individual agreements under the Master Finance Lease (2022) Agreement entered into between the Group and the Lessee; (ii) the individual agreements under the Master Photovoltaic Power Construction Services (2022) Agreement entered into between the Group and TCL Holdings Group; (iii) the records of overall assessments; and (iv) the approvals from the Group's relevant business unit(s), technical department(s), risk control unit(s) and/or management of the Group. Based on our review of this information and examination of the internal control system, we are satisfied that the Internal Control Measures have been properly maintained by the Group and that the transactions contemplated under the Existing Agreements have been conducted on normal commercial terms with terms comparable to, or no less favourable than, the terms offered by Independent Third Parties.

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Since the transactions under both Master Finance Lease (2022) Agreement and Master Photovoltaic Power Construction Services (2022) Agreement have only started on 16 May 2022, annual reviews of the continuing connected transactions contemplated thereunder are yet to be done. However, we noted that Internal Control Measures of conducting annual reviews of the continuing connected transactions contemplated under the Agreements by the independent non-executive Directors and the auditor are in place to comply with Chapter 14A of the Listing Rules.

Given that (i) the continuing connected transactions under the Existing Agreements have been conducted in accordance with their terms; (ii) the Transactions will continue to be compared with the terms of similar services or transactions of similar quality and standard offered by/to Independent Third Parties (as the case may be) to ensure that the relevant engagements will be conducted on normal commercial terms; (iii) there is an appropriate segregation of duties in the approval process in each of the transactions and engagements; (iv) a monitoring system is in place with the finance department of the Group to ensure that annual caps of the Group's continuing connected transactions will not be exceeded; and (v) the pricing and proposed annual caps of the Transactions will be reviewed annually by the Group's auditor and internal audit department as well as the independent non-executive Directors, we are satisfied that the Internal Control Measures are adequate and effective in ensuring that the Transactions will be entered into on normal commercial terms and are comparable to, or no less favorable than, the market rates and that there is an effective operating system in place to monitor the proposed annual caps of the Transactions.

6. Historical transaction amounts and proposed annual caps of the Transactions

The following table sets out the respective historical figures of the continuing connected transactions conducted under the Existing Agreements and the Pilot Scheme and the respective proposed annual caps of the Transactions for the three years ending 31 December 2024.

As mentioned in the Board Letter, the PV business of the Group is still at the early stage and TCL Holdings Group is the current main business partner of the Group in the sector. Meanwhile, the Group is also actively seeking co-operation with other Independent Third Party partners so as to foster the development of the Group's PV business.

For the avoidance of doubt, potential transactions with such Independent Third Party partners do not constitute connected transactions of the Group under Chapter 14A of the Listing Rules and hence the relevant transaction amounts are excluded from the proposed annual caps of the Transactions as set out in the table below.

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Table 3: Historical transaction amounts and proposed annual caps of the Transactions

	For the seven months ended 31 July 2022 (unaudited) (for actual amount only)/ For the year ending 31 December 2022 (for historical annual cap only) HK\$'000	For the year ending 31 December 2022 HK\$'000	For the year ending 31 December 2023 HK\$'000	For the year ending 31 December 2024 HK\$'000
Continuing Connected Transactions				
	Master Finance Lease (2022) Agreement	Master Finance Lease (2022-2024) Agreement		
Sale of Leased Assets				
- Historical annual cap	436,000			
- Actual (Note 1)	271,000			
- Utilisation rate	62.2%			
- Proposed annual cap		811,000	1,139,000	1,898,000
Aggregate actual amount paid under the guarantee arrangement (Note 2)				
- Historical annual cap	21,800			
- Actual (Note 1)	Nil			
- Utilisation rate	0%			
- Proposed annual cap		40,550	56,950	94,900
Maximum outstanding balance of Security Deposits (Note 2)				
- Historical annual cap	21,800			
- Actual (Note 1)	1,560			
- Utilisation rate	7.2%			
- Proposed annual cap		40,550	56,950	94,900
Continuing Connected Transactions				
	Master Photovoltaic Power Construction Services (2022) Agreement	Master Photovoltaic Power Construction Services (2022-2024) Agreement		
Construction Services – Services fees to be received by the Group				
- Historical annual cap	426,000			
- Actual (Note 3)	7,880			
- Utilisation rate	1.8%			
- Proposed annual cap		426,000	1,256,000	1,883,000
Operation and Maintenance Services – Services fees to be received by the Group				
- Historical annual cap	10,000			
- Actual	Nil			
- Utilisation rate	0%			
- Proposed annual cap		10,000	25,000	38,000

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Notes:

1. As at 31 July 2022, based on the preliminary orders received, it is estimated that under the Master Finance Lease (2022) Agreement, the transaction amount of the sale of leased assets for the nine months ending 30 September 2022 would exceed approximately HK\$436 million; and the aggregate actual amount paid under the guarantee arrangement and the maximum outstanding balance of Security Deposits would also increase accordingly.
2. As mentioned in the section headed “(1) Master Finance Lease (2022-2024) Agreement” in the Board Letter, the term of any individual agreement entered into under the Master Finance Lease (2022-2024) Agreement shall be no longer than 25 years, provided that no further individual agreements pursuant to the Master Finance Lease (2022-2024) Agreement shall be entered into after the expiry or termination of the Master Finance Lease (2022-2024) Agreement. Yet, notwithstanding such termination or expiry, (i) any individual agreements entered into during the term of the Master Finance Lease (2022-2024) Agreement shall remain in full force and effect; and (ii) the terms and conditions of the Master Finance Lease (2022-2024) Agreement shall continue to apply to such individual agreements and for and only for such purpose and to such extent continue to be effective and binding. Accordingly, the annual caps of (i) the aggregate actual amount paid under the guarantee arrangement; and (ii) the maximum outstanding balance of Security Deposits will continue to apply to the individual agreements entered into during the corresponding year notwithstanding the termination or expiry of the Master Finance Lease (2022-2024) Agreement.

For illustration, in respect of individual agreements under the Master Finance Lease (2022-2024) Agreement entered into during the year ending 31 December 2023, during the period from 1 January 2023 until the expiry or termination of all individual agreements under the Master Finance Lease (2022-2024) Agreement entered into during the year ending 31 December 2023 (which shall be no later than 31 December 2048, being 25 years after 31 December 2023) (collectively “**2023 Individual Agreements**”), (i) the aggregate actual amount paid under the guarantee arrangement arising from all transactions under such 2023 Individual Agreements shall not exceed the annual cap for the year ending 31 December 2023 stated above (i.e. HK\$56.95 million); and (ii) the maximum outstanding balance of Security Deposits at any point of time arising from all transactions under such 2023 Individual Agreements shall not exceed the annual cap for the year ending 31 December 2023 stated above (i.e. HK\$56.95 million), and for the avoidance of doubt, where members of the Group are required to make payment under the guarantee arrangement pursuant to the 2023 Individual Agreements (whether by paying/replenishing Security Deposits or otherwise) to TCL Holdings Group after 31 December 2023, such transaction amount shall still be regarded as utilising the respective annual cap (i.e. “aggregate actual amount paid under the guarantee arrangement” or “maximum outstanding balance of Security Deposits”, as the case may be) for the year ending 31 December 2023 notwithstanding such event takes place after 31 December 2023.

3. As at 31 July 2022, the Group has entered into individual agreements with certain members of TCL Holdings Group under the Master Photovoltaic Power Construction Services (2022) Agreement, pursuant to which the Group has commenced providing Construction Services to TCL Holdings Group. It is estimated that upon completion of such individual agreements, service fees of more than HK\$200 million will be receivable by the Group for the Construction Services provided under these individual agreements.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

7. Basis for determining the proposed annual caps and our analysis

(i) *Master Finance Lease (2022-2024) Agreement*

As disclosed in the Board Letter, in determining the proposed annual caps for the Master Finance Lease (2022-2024) Agreement, the Group has taken into account, among others, (i) the historical amounts of the relevant transactions under the Master Finance Lease (2022) Agreement; (ii) the projected annual average growth of approximately 50% in respect of the demand for Leased Assets from 2022 to 2024 estimated based on the expected and historical annual growth of newly installed household PV capacity in the PRC, the penetration rate of the targeted business areas, the relevant industry experience, the increasing demand for the Group's PV services and equipment in view of the green energy policy target set by the PRC government, as well as the potential growth of the Group's PV business which will involve the co-operation with TCL Holdings Group and the target clients of the Group; (iii) the anticipated increase in prices of raw materials and wages in relation to the design, construction and assembly of the Leased Assets of approximately 10% per year from 2022 to 2024; (iv) estimated fluctuation in exchange rate between RMB and HK\$ during the term of the Master Finance Lease (2022-2024) Agreement; (v) the expected percentage of 5% of the transactions that may require the Group to fulfil its guarantee obligations for the years 2022 to 2024; (vi) the upper limit of the maximum outstanding balance of Security Deposits, being no more than 5% of the Aggregate Lease Amount payable by all members of the Group.

We noted that as at 31 July 2022, based on the preliminary orders received, (i) the sale of Leased Assets is expected to reach approximately HK\$436 million for the nine months ending 30 September 2022, which would be the whole of the existing annual cap of the sale of Leased Assets. Meanwhile, the aggregate actual amount paid under the guarantee arrangement and the maximum outstanding balance of Security Deposits is expected to increase accordingly.

Sale of Leased Assets:

- (a) As advised by the management of the Group, the estimated annual average growth rate in respect of the demand for Leased Assets is approximately 50%. The estimation is based on a number of considerations, including the expected annual growth of newly installed household PV capacity in the PRC, the penetration rate of the target business areas, the relevant industry experience, the increasing demand for photovoltaic services and equipment in view of the green energy policy target set by the PRC government, as well as the potential growth of the photovoltaic business of the Group involving co-operation with TCL Holdings Group and the targeted market share of the Group. According to our independent research as stated in the previous section headed "Outlook of the PV business" of this letter, the newly installed PV capacity in the PRC reached 54.9 GW in 2021 and is expected to increase further to over 75 GW in 2022, leading the expected cumulative installed PV capacity to reach approximately 383 GW, and approximately 890.31 GW in 2030. In particular, the newly installed household PV capacity was approximately 21.6 GW in 2021, indicating an increase of 113.3% from 10.1 GW in the previous year. The newly installed household PV capacity is also expected to increase by around 50% and surpass 30 GW in 2022, and then further grow at a CAGR of about 30% until 2025.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (b) We noted from the 2021 Annual Report that the Group had forayed into the innovative business segment in 2021, which includes smart connection, smart home, all-category marketing and PV business, and the Group had achieved a gradual breakthrough in the year. As advised by the management of the Group, it aims to continue to expand into the field of PV business by hiring more staff and putting more effort into marketing.

Considering that (i) the Company's expected growth in the sales of Leased Assets aligns with the market growth; (ii) the utilisation rate of the existing sale of Leased Assets annual cap of approximately HK\$436 million is expected to reach 100% by 30 September 2022; and (iii) the Group will put in more effort in the PV business, we are of the view that the proposed annual caps for the sales of Leased Assets under the Master Finance Lease (2022-2024) Agreement are determined based on reasonable estimations and after due and careful consideration.

Aggregate actual amount payable under the guarantee arrangement:

- (c) Based on our discussion with the management of the Group, the estimated probability of members of the Group being required to fulfil their guarantee obligations under the Master Finance Lease (2022-2024) Agreement is referenced to the market average of the rates of non-performing loans of financing companies in the PRC, which was approximately 2.34% in 2020⁹. Given that the Group is still at an early stage of its PV business and that the financing term under the Master Finance Lease (2022-2024) Agreement is long, the Group has taken a more conservative approach and estimated such probability rate to be around 5%, which we consider fair and reasonable.

Maximum outstanding balance of Security Deposits:

- (d) As advised by the management of the Group, since Security Deposits are part of the abovementioned guarantee arrangement, the maximum amount of Security Deposits is determined with the same logic as the aforementioned probability for guarantee obligation fulfillment. Similarly, using a more conservative approach, the Group has set 5% of the Aggregate Lease Amount as the rate, which we consider fair and reasonable given that the PV business of the Group is at a relatively early stage.

With the above considerations and our review of the relevant schedules and/or supporting documents, we are of the view that the proposed annual caps for the Master Finance Lease (2022-2024) Agreement are determined based on reasonable estimations and after due and careful consideration, and that they are fair and reasonable so far as the Independent Shareholders are concerned.

⁹ Please refer to the report published by KPMG China, the Chinese office of a global accounting firm, in August 2021 at https://pdf.dfcfw.com/pdf/H3_AP202108111509398955_1.pdf?1628690765000.pdf

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(ii) Master Photovoltaic Power Construction Services (2022-2024) Agreement

As disclosed in the Board Letter, in determining the proposed annual caps for the Master Photovoltaic Power Construction Services (2022-2024) Agreement, the Group has taken into account, among others, (i) the historical amounts of the relevant transactions under the Master Photovoltaic Power Construction Services (2022) Agreement; (ii) the PV capacity to be generated by potential clients in the PRC, to which the Group may provide Construction Services during the term of the Master Photovoltaic Power Construction Services (2022-2024) Agreement, of approximately 350 MW as identified by the Group and in the transaction amount of approximately RMB15 billion as at 30 June 2022; (iii) the projected demand for Construction Services for the three years ending 31 December 2024 with reference to the year-on-year growth of approximately 137% in 2021 of newly installed PV capacity in the PRC published by the NEA of the PRC, the conversion rate of the potential projects mentioned in item (ii) above and the business scale target of the Group; (iv) the anticipated increase in price of raw materials, machinery and labour costs of approximately 10% per year from 2022 to 2024; (v) the estimated fluctuation in exchange rate between RMB and HK\$ during the term of the Master Photovoltaic Power Construction Services (2022-2024) Agreement; and (vi) the projected demand for Operation and Maintenance Services for the three years ending 31 December 2024, which is mainly proportional to the demand for Construction Services for the same period.

As disclosed in the Board Letter, the Group expected that the proposed annual caps for service fees receivable by the Group for providing Construction Services will increase by approximately 200% from 2022 to 2023 and approximately 50% from 2023 to 2024; while those of Operation and Maintenance Services will increase by approximately 150% from 2022 to 2023 and approximately 50% from 2023 to 2024.

Based on our discussion with the management of the Group, we understood that (i) the Construction Services fees are referenced to the size and complexity of the subject project, the number of panels and amount of materials needed, the labour cost and the resources to be allocated; and (ii) the Operation and Maintenance Services fees are referenced to the market norm and the demand for Construction Services.

We noted that as at 31 July 2022, the Group has entered into individual agreements with certain members of TCL Holdings Group, pursuant to which the Group has commenced providing Construction Services to TCL Holdings Group. The estimated services fees to be received by the Group under Construction Services upon completion of such individual agreements are expected to be more than HK\$200 million.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As discussed in the previous section of this letter, we have reviewed samples of contracts made between the Group and TCL Holdings Group since 16 May 2022 and up to 31 July 2022 and noted that the average price offered by the Group is approximately RMB3.7 per watt. From our review, the price charged by the Group is higher than the market cost of building an industrial and commercial PV system of RMB3.5-3.6 per watt in 2021. On the other hand, the Group expected its Operation and Maintenance Services fees to be RMB0.02-0.05 per watt depending on the size and complexity of the PV system. According to the “China PV industry development roadmap (2021-2022)” report published by China Photovoltaic Industry Association, the operation and maintenance cost of the distributed PV system was about RMB0.051 per watt in 2021. We therefore consider the expected service fees to be charged by the Group align with the market norm.

We have also reviewed the schedules provided by the Company and noticed that the Group has projected to install PV capacity of approximately 90-360 MW each year during the term of the Master Photovoltaic Power Construction Services (2022-2024) Agreement, we are of the view that the proposed annual caps for the Master Photovoltaic Power Construction Services (2022-2024) Agreement are determined based on reasonable estimations and after due and careful consideration, and that they are fair and reasonable so far as the Independent Shareholders are concerned.

8. The reasons for and benefits of the Transactions

As stated in the Board Letter, the Group is of the view that its PV business would be a potential new growth driver for its business. The Group has expanded into the PV business this year in response to the PRC government’s favourable initiative and as a way to diversify its business scope and strive to become a significant participant of PV market by leveraging its close relationships with other companies under the “TCL” brand. In particular, (i) TCL Zhonghuan, a leader in photovoltaic industrial chain in the PRC, who can provide necessary components for the PV power facilities at relatively competitive terms and conditions and quality technical and service support if needed; and (ii) the financial business of TCL Holdings Group, with rich experience in PV projects, can provide customised financial services to the Group with cost advantages and facilitate the Group to speedily venture into PV field by providing financing to potential clients of the Group. The Group believes that it has an advantage of breaking into the PV industry because of the foundation built by its home appliances business, which is a well-known household brand in the PRC. Based on our research as stated in the previous section “Outlook of the PV business” of this letter, it is expected that there will be a high demand for the construction and operation of PV facilities in the PRC. We are of the view that the Transactions would allow the Group could make use of its extensive sales network to reach numerous potential clients and generate more revenue.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(i) Master Finance Lease (2022-2024) Agreement

As discussed with the management of the Group, the Master Finance Lease (2022-2024) Agreement targets clients with initial funding needs, in particular individual rural and urban residents. According to the data from the Company and National Bureau of Statistics¹⁰, the average initial investment for a household PV system is about RMB70,000 – RMB80,000, which is capital-intensive if one were to consider the annual per capita disposable income of rural and urban residents of approximately RMB19,000 and RMB47,000 in 2021 respectively. Hence, providing a finance lease for the installation of PV systems would help the Group attract more clients who are interested but lack financial resources.

Pursuant to the Master Finance Lease (2022-2024) Agreement, the Group would cooperate with TCL Holdings Group in providing financial supporting so as to attract more potential clients. The Group is required to provide Security Deposits and/or guarantee to ensure the Lessees are able to meet their payment obligations.

As disclosed in Board Letter, the Group may provide guarantee to secure the Lessee Payment Obligations of Lessees in favour of TCL Holdings Group under the Master Finance Lease (2022-2024) Agreement, which is expected to enhance the attractiveness and competitiveness of the Group's PV business by providing an incentive to potential clients to install PV power facilities with nil or nominal capital investment. Although the Group is required to provide guarantee in favour of the relevant members of TCL Holdings Group (as Lessors and financiers), the Group considers that its guarantee obligation is under reasonable control and that its payment obligations will generally be satisfied by the Leased Asset Income, which is the electricity income generated from the grid-connected PV power generation system. In other words, it is expected that the Lessee will not be required to fulfil the payment obligations with their own financial resources. The Group will make an overall assessment of the site for the PV systems construction (including the location, latitude, duration of daylight hours, the area available for instalment of PV array, the solar irradiance, the interrelationship of the change of seasons with the daylight duration and solar irradiance, etc.) before entering into any agreements with potential Lessees. The overall assessment would be used to mitigate the default risk of potential Lessees.

¹⁰ Please refer to the website of National Bureau of Statistics at <https://data.stats.gov.cn/easyquery.htm?cn=C01>

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In addition, the insurance policy (if purchased and maintained by the relevant Seller upon request of the relevant Lessor), which can provide appropriate coverage on the relevant Leased Asset with the relevant Lessor as the beneficiary, may relieve the burden of the Group from the guarantee obligation. Hence, the Group considers that the chance of being required to fulfil its guarantee obligations is relatively low. On the other hand, if the Leased Asset Income is more than the relevant Lessee Payment Obligation, the difference will be regarded as an operational services fee receivable by the Group. This arrangement would generate an additional income stream to the Group and hence, beneficial to the Group and in the interests of the Company and the Shareholders as a whole.

(ii) Master Photovoltaic Power Construction Services (2022-2024) Agreement

Alternatively, the Master Photovoltaic Power Construction Services (2022-2024) Agreement targets clients with adequate financial resources, in particular corporates, with an aim to provide them one-stop PV services.

As discussed in the previous section of “Outlook of the PV business” of this letter, the newly installed industrial and commercial PV capacity in the PRC was 7.7GW in 2021, amounting to about 26.3% of the total newly installed PV capacity in the PRC in 2021. In order to avoid a disruption in electricity production and a rise in industrial and commercial electricity prices like that happened during PRC’s electricity rationing in 2021, the Group considers that an increasing number of enterprises will be interested in installing PV power generators at their own premises to secure stable electricity supply and reduce energy costs and carbon emission, and hence, it is expected that the PV business will be a growth driver for the Group.

From our understanding, the Group would provide Construction Services and Operation and Management Services to the relevant member of TCL Holdings Group, while TCL Holdings Group would source potential clients. The Group would also receive service fees from TCL Holdings Group, meaning that it would not need to finance the entire construction project itself. Such business model is in line with the Group’s asset-light strategy, which can effectively minimise the capital investment burden of the Group and enable the Group to respond quickly to a fast-changing market environment and grasp potential business opportunities. Since the Group is at a relatively early stage of its PV business, the Group believes that by co-operating with TCL Holdings Group, it can reach more clients and reduce its operating and financial risk, thus facilitating its future development.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In light of the above, we are of the view that the Transactions are beneficial to the Group as they would allow the Group to effectively expand its business scope, increase its sources of revenue and enhance its competitiveness and profitability. Therefore, we consider the entering into of the Agreements as fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

RECOMMENDATION

Having considered the principal factors and reasons referred to above, we are of the opinion that (i) the Transactions are in the ordinary and usual course of business of the Group and on normal commercial terms; (ii) the terms of the Agreements and the proposed annual caps of the Transactions are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the resolution(s) approving the Agreements and the Transactions and their respective proposed annual caps at the EGM. We also recommend the Independent Shareholders to vote in favour of the resolution(s) in relation to the Agreements and the Transactions and their respective proposed annual caps at the EGM.

Yours faithfully,
For and on behalf of
Pelican Financial Limited
Charles LI*
Managing Director

* *Charles LI is a responsible person registered under the SFO to carry out Type 6 (advising on corporate finance) regulated activity for Pelican Financial Limited and has over 30 years of experience in the accounting and financial services industry.*

1. RESPONSIBILITY OF THE DIRECTORS

This document, 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 document 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 document misleading.

2. DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares or debentures of the Company or any of 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 or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules (“**Model Code**”), to be notified to the Company and the Stock Exchange, were as follows:

(a) Interest in the Company – Long Positions

Name of Directors and chief executive	Capacity	Number of ordinary Shares held		Number of underlying shares interested or deemed to be interested under equity derivatives (Note 1) Personal interests	Total (Note 3)	Approximate percentage of issued share capital of the Company
		Personal interests (Note 2)	Other interests			
DU Juan (Note 4)	Beneficial owner	1,364,075	–	–	1,364,075	0.05%
YAN Xiaolin	Beneficial owner	687,923	2,032,904	654,834	3,375,661	0.14%
WANG Cheng (Note 5)	Beneficial owner	5,231,652	4,409,768	4,693,924	14,335,344	0.57%
SUN Li (Note 6)	Beneficial owner	497,498	1,457,137	–	1,954,635	0.08%
LI Yuhao	Beneficial owner	24,000	–	–	24,000	0.001%
WANG Yijiang	Beneficial owner	44,312	–	116,442	160,754	0.01%
LAU Siu Ki	Beneficial owner	44,778	–	236,301	281,079	0.01%
ZHANG Shaoyong	Beneficial owner	1,182,991	2,939,845	381,747	4,504,583	0.18%

Notes:

1. These equity derivatives were outstanding share options granted to the relevant Directors and/or chief executive of the Company under the share option scheme of the Company as at the Latest Practicable Date.
2. These interests are restricted shares that have been granted to the relevant Directors under the restricted share award scheme of the Company and were not vested as at the Latest Practicable Date.
3. The percentages are calculated based on the number of issued shares of the Company as at the Latest Practicable Date, i.e. 2,499,780,203 Shares.
4. Ms. DU Juan is also the chief executive officer and a director of TCL Holdings.
5. Mr. WANG Cheng is also a director of TCL Holdings.
6. Mr. SUN Li is also the chief technology officer of TCL Holdings.
7. Mr. HU Dien Chien is also the chief financial officer of TCL Holdings.

Save as disclosed in this paragraph 2, as at the Latest Practicable Date, none of the Directors and chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning 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 or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code to be notified to the Company and the Stock Exchange.

3. MATERIAL ADVERSE CHANGES

The Directors confirm that, 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 the date to which the latest published audited accounts for the financial year ended 31 December 2021 of the Group were made up.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with the Company or any of its subsidiaries which will not expire or is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

5. DIRECTORS' INTEREST IN THE GROUP'S ASSETS

As at the Latest Practicable Date, none of the Directors had any interest in any assets which have been, since 31 December 2021 (being the date to which the latest published audited accounts of the Company were made up), acquired or disposed of by or leased to member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group as referred to in Paragraph 40 of the Appendix 1B of the Listing Rules.

As at the Latest Practicable Date, none of the Directors had any material interest in any contract or arrangement which was subsisting and significant in relation to the business of the Group.

6. COMPETING INTERESTS

As at the Latest Practicable Date, the Directors were not aware that any of them (or his/her respective close associates) had interests in any business which competes or was likely to compete, either directly or indirectly, with the business of the Group which would fall to be discloseable under the Listing Rules.

7. LITIGATION

SEMP TCL Mobilidade Ltda. ("**SEMP Mobilidade**", a subsidiary of the Company) is currently a respondent in a tax assessment dispute in Brazil with Brazil tax authority for alleged improper application of tax credits for the financial years of 2012 and 2013. As at the Latest Practical Date, the tax assessment dispute was still ongoing. Based on the response from the independent attorney in charge, it is expected that the dispute will last for 3 to 5 years. The Group has not made any provision as the Group, based on the advice from its legal counsel, believes that SEMP Mobilidade has a valid defence against the allegation.

Save as disclosed above, as at the Latest Practicable Date, no member of the Group was engaged in any litigation, arbitration or claim of material importance and, so far as the Directors are aware, no litigation, arbitration or claim of material importance was pending or threatened against any member of the Group.

8. EXPERT AND CONSENT

The following is the qualifications of the expert who has given opinion or advice, which are contained or referred to in this circular:

Name	Qualification
Pelican Financial Limited	A licensed corporation under the SFO to carry out Type 6 (advising on corporate finance) regulated activity for the purpose of the SFO

Pelican Financial Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter dated 8 September 2022 and references to its name, in the form and context in which it is included.

As at the Latest Practicable Date, Pelican Financial Limited did not have (i) any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group and (ii) any direct or indirect interest in any assets which have, since 31 December 2021 (being the date to which the latest published audited consolidated financial statements of the Company were made up), been acquired or disposed of by, or leased to any member of the Group, or are proposed to be acquired or disposed of by, or leased to any member of the Group.

9. MISCELLANEOUS

- (a) The registered office of the Company is situated at P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands and the principal place of business of the Company in Hong Kong is at 5th Floor, Building 22E, 22 Science Park East Avenue, Hong Kong Science Park, Shatin, New Territories, Hong Kong.
- (b) The Hong Kong branch share registrar and transfer office of the Company is Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (c) The joint company secretaries of the Company are Mr. HU Dien Chien, an executive Director and the chief financial officer of the Company, and Ms. CHOY Fung Yee, a practising solicitor of Hong Kong.
- (d) This circular is prepared in both English and Chinese. In the event of inconsistency, the English text shall prevail.

10. DOCUMENTS ON DISPLAY

Electronic copies of the following documents are published on the website of the Stock Exchange (<http://www.hkexnews.hk>) and the website of the Company (<http://electronics.tcl.com>) for a period of 14 days from the date of this circular (both days inclusive):

- (a) the Master Finance Lease (2022-2024) Agreement; and
- (b) the Master Photovoltaic Power Construction Services (2022-2024) Agreement.

The following is the full text of the Second Memorandum and Articles with the Proposed Amendments marked-up against the Existing Memorandum and Articles.

Note: The Second Memorandum and Articles is written in English. The Chinese translation of the Second Memorandum and Articles is for reference only and in case there are any inconsistencies between the English version and the Chinese version, the English version shall prevail.

CAYMAN ISLANDS

~~The Companies Law (Chapter 22, Law 3 of 1961, as consolidated and revised)~~

The Companies Act (As Revised)

Company Limited by Shares

SECOND AMENDED AND RESTATED MEMORANDUM OF ASSOCIATION

OF

~~TCL MULTIMEDIA TECHNOLOGY~~ELECTRONICS HOLDINGS LIMITED

TCL電子控股有限公司

(adopted by special resolution passed on ~~8 May 2012~~[•] 2022)

1. The name of the Company is ~~TCL Multimedia Technology~~Electronics Holdings Limited, the Chinese translation of the name of the Company is ~~TCL多媒體科技~~電子控股有限公司.
2. The Registered Office of the Company shall be at the offices of Maples Corporate Services Limited, PO Box 309, Umland House, 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:
 - (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.

(ii) 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 constitute, form or 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.

(iii) 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.

(iv) To stand 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.

(v) (a) 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.

(b) 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.

(vi) 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.

(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 (Chapter 22, Law 3 of 1961, as consolidated and revised)~~ 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 (Chapter 22, Law 3 of 1961)~~ Act (As Revised), ~~as consolidated and 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 conducive 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\$~~2,23,000,000,000~~ divided into ~~2,23,000,000,000~~ shares of a nominal or par value of HK\$1.00 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 (Chapter 22, Law 3 of 1961, as consolidated and revised~~ 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 ~~193174~~ of the Companies ~~Law (Chapter 22, Law 3 of 1961, as consolidated and revised~~ Act (As Revised) and, subject to the provisions of the Companies ~~Law (Chapter 22, Law 3 of 1961, as consolidated and revised~~ 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.

CAYMAN ISLANDS

~~The Companies Law (Chapter 22, Law 3 of 1961, as consolidated and revised)~~

The Companies Act (As Revised)

Company Limited by Shares

SECOND AMENDED AND RESTATED ARTICLES OF ASSOCIATION

OF

~~TCL MULTIMEDIA TECHNOLOGY~~ELECTRONICS HOLDINGS LIMITED

TCL電子控股有限公司

(adopted by special resolution passed on ~~8 May 2012~~[•] 2022)

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.

Interpretation

Interpretation 2. (a) The marginal notes to these Articles shall not affect the interpretation hereof. In these Articles, unless there be something in the subject or context inconsistent therewith:

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

Associate “Associate” shall mean, in relation to any Director:

(i) ~~his spouse and any of his or his spouse’s children or step-children, natural or adopted, under the age of 18 (together, the “family interests”);~~

(ii) ~~the trustees, acting in their capacity as such trustees, of any trust of which he or any of his family interests is a beneficiary or, in the case of a discretionary trust, is (to his knowledge) a discretionary object;~~

~~(iii) any company in the equity capital of which he, his family interests, and/or any of the trustees referred to in (ii) above, acting in their capacity as such trustees, taken together are directly or indirectly interested (other than through their respective interests in the capital of the Company) so as to exercise or control the exercise of 30% (or such other amount as may from time to time be specified in the HK Code on Takeovers and Mergers as being the level for triggering a mandatory general offer) or more of the voting power at general meetings, or to control the composition of a majority of the Board and any other company which is its subsidiary or holding company or a fellow subsidiary; and~~

~~(iv) any other persons who would be deemed to be an “Associate” of the Director~~ shall have the meaning given to it in the Listing Rules;

Auditors~~Auditor(s)~~

~~“Auditor(s)” shall mean the persons~~ person(s) appointed by the Company from time to time to perform the duties of auditors of the Company;

black rainstorm warning

~~“black rainstorm warning” shall have the meaning given to it in the Interpretation and General Clauses Ordinance (Cap.1 of the Laws of Hong Kong);~~

Board

~~“Board” shall mean the board of Directors of the Company as constituted from time to time or as the context may require the majority of the Directors present and voting at a meeting of Directors at which a quorum is present;~~

business day(s)

~~“business day(s)” shall mean any day on which the Exchange is generally open for the business of dealing in securities. For the avoidance of doubt, where the Exchange is closed for the business of dealing in securities in Hong Kong on a business day by reason of a Number 8 or higher typhoon signal, gale warning, a black rainstorm warning, extreme conditions or other similar event, such day shall for the purposes of any notice sent under these Articles be counted as a business day;~~

capital	“capital” shall mean the share capital <u>of the Company</u> from time to time of the Company ;
clear day(s)	“clear day(s)” shall mean in relation to the period of a notice, that period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect;
<u>Close Associates</u>	“Close Associates” shall have the meaning given to it in the <u>Listing Rules</u> , except that for the purposes of Article 107 where the transaction or arrangement to be approved by the Board is a <u>connected transaction referred to in the Listing Rules</u> , it shall have the same meaning as that ascribed to “associate” in the <u>Listing Rules</u> ;
the Chairman	“ the Chairman ” shall mean the Chairman presiding at any meeting of members or of the Board;
the Companies Act/ Act/Law/the Law	“ the Companies Law Act ” or “ the Law Act ” shall mean the <u>Companies Law (2011 Revision), Cap. 22 Act (As Revised)</u> 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;
the Companies Ordinance	“ the Companies Ordinance ” shall mean the <u>Companies Ordinance (Cap. 326:22 of the Laws of Hong Kong) as in force from time to time and any amendments thereto or re-enactments thereof for the time being in force and includes every other law or subsidiary legislation incorporated therewith or substituted therefor</u> ;
the Company	“ the Company ” or “ this Company ” shall mean TCL Multimedia Technology Electronics Holdings Limited , the Chinese translation of which is TCL 電子多媒體科技控股有限公司 ;
the Company’s Website	“ the Company’s Website ” shall mean the website of the Company, the address or domain name of which has been notified to <u>its</u> members;

Director(s)	“Director(s)” shall mean any director(s) from time to time of the Company;
dividend	“dividend” shall include bonus dividends and distributions permitted by the Law <u>Act</u> to be categorised as dividends;
dollars/HK\$	“dollars” and “HK\$” shall mean dollars legally current in the <u>lawful currency of Hong Kong</u> ;
electronic	“electronic” shall have the meaning given to it in the Electronic Transactions Law <u>Act</u> ;
<u>electronic communication</u>	<u>“electronic communication” shall mean a communication sent, transmitted, conveyed and received by wire, by radio, by optical means, by electronic means or by other electron magnetic or virtual means in any form through any medium;</u>
electronic means	“electronic means” includes <u>shall include</u> sending or otherwise making available to the intended recipients <u>recipient(s)</u> of the communication in an electronic format <u>communication</u> ;
<u>electronic meeting</u>	<u>“electronic meeting” shall mean a general meeting held and conducted wholly and exclusively by virtual attendance and participation by members and/or proxies by means of electronic facilities;</u>
Electronic Signature <u>electronic signature</u>	“Electronic Signature” <u>“electronic signature”</u> means <u>shall mean</u> 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;
Electronic Transactions <u>Law</u><u>Act</u>	“Electronic Transactions Law <u>Act</u> ” shall mean the Electronic Transactions Law (2003 Revision <u>Act (As Revised)</u>) 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;
Exchange	“Exchange” shall mean The Stock Exchange of Hong Kong Limited;

<u>extreme conditions</u>	<u>“extreme conditions” shall have the meaning given to it in the Rules of the Exchange as from time to time in effect;</u>
<u>gale warning</u>	<u>“gale warning” shall have the meaning given to it in the Interpretation and General Clauses Ordinance (Cap.1 of the Laws of Hong Kong);</u>
holding company	“holding company” shall have the meaning attributed to such term in the Companies Ordinance;
Hong Kong	“Hong Kong” shall mean the Hong Kong Special Administrative Region of the People’s Republic of China;
HK Code on Takeovers and Mergers	“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>“hybrid meeting” shall mean a general meeting convened for the (i) physical attendance by members and/or proxies at the Principal Meeting Location and, where applicable, one or more Meeting Locations ; and (ii) virtual attendance and participation by members and/or proxies by means of electronic facilities;</u>
Listing Rules	“Listing Rules” shall mean the Rules Governing the Listing of Securities on the Exchange as amended from time to time;
<u>Meeting Location</u>	<u>“Meeting Location” shall have the meaning given to it in Article 79A, and for the avoidance of doubt shall include the Principal Meeting Location unless otherwise specified;</u>
<u>Memorandum of Association</u>	<u>“Memorandum of Association” shall mean the Memorandum of Association of the Company in its present form or as supplemented or amended or substituted from time to time;</u>
month	“month” shall mean a calendar month;

ordinary resolution	“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 an ordinary resolution passed pursuant to Article 84;
<u>physical meeting</u>	<u>“physical meeting” shall mean a general meeting held and conducted by physical attendance and participation by members and/or proxies at the Principal Meeting Location and/or where applicable, one or more Meeting Locations;</u>
<u>Principal Meeting Location</u>	<u>“Principal Meeting Location” shall have the meaning given to it in Article 73(a);</u>
principal register	“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;
printing	“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;
published in the newspapers	“published in the newspapers” means <u>shall mean</u> published as an 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	“published on the Exchange’s website” shall mean published in English and Chinese on the Exchange’s website in accordance with the Listing Rules;

recognised clearing house	“recognised clearing house” shall have the meaning ascribed thereto in Part I of schedule 1 of the Securities and Futures Ordinance of Hong Kong (Cap. 571 of the Laws of Hong Kong) and any amendments thereto or re-enactments <u>re-enactments</u> thereof for the time being in force and includes every other law <u>and subsidiary legislation</u> incorporated therewith or substituted therefor;
right issue	“right issue” 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;
the register	“the register” shall mean the principal register and any branch registers <u>of members of the Company to be kept pursuant to the provisions of the Companies Act;</u>
seal	“seal” shall include the common seal of the Company, the securities seal or any duplicate seal adopted by the Company pursuant to Article 137;
Secretary	“Secretary” shall mean the person appointed as the company secretary by the Board from time to time;
share	“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/members	“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	“special resolution” shall have the same meaning as ascribed thereto in the Law <u>Act</u> 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 a special resolution passed pursuant to Article 84;

subsidiary	<p>“subsidiary” shall have the meaning attributed to such term in the Companies Ordinance Listing Rules <u>but interpreting the term “subsidiary” in accordance with the definition of “subsidiary” under the Listing Rules;</u></p>
substantial shareholder	<p>“substantial shareholder” <u>shall mean</u> a person who is entitled to exercise, or to control the exercise of, 10% or more (or such other percentage as may be prescribed by the Listing Rules from time to time) of the voting power at any general meeting of the Company; <u>and</u></p>
transfer office	<p>“transfer office” shall mean the place where the principal register is situate for the time being;</p> <p>(b) <u>In these Articles, unless there be something within the subject or context inconsistent with such construction:</u></p>
<u>certain provisions under Electronic Transactions Act shall not apply</u>	<p><u>sections 8 and 19(3) of the Electronic Transactions Act shall not apply;</u></p>
<u>expressions referring to writing</u>	<p><u>expressions referring to writing shall, unless the contrary intention appears, be construed as including printing, lithography, photography and other modes of representing or reproducing words or figures in a legible and non-transitory form or, to the extent permitted by and in accordance with the Act and other applicable laws, rules and regulations, any visible substitute for writing (including an electronic communication), or modes of representing or reproducing words partly in one visible form and partly in another visible form, and including where the representation takes the form of electronic display, provided that both the mode of service of the relevant document or notice and the member’s election comply with all applicable laws, rules and regulations;</u></p>
words in Law the Act to bear same meaning in Articles	<p>subject as aforesaid, any words defined in the Law Act shall, if not inconsistent with the subject and/or context, bear the same meanings when used in these Articles;</p>
gender	<p>words importing either <u>any</u> gender shall include the other <u>every</u> gender and the neuter;</p>

<u>persons/companies</u>	<u>words importing persons and the neuter shall include companies and corporations, partnerships, firms, associations and bodies of persons whether corporate or not, and vice versa;</u>
<u>references to “may” and “shall/will”</u>	<u>the words “may” shall be construed as permissive whereas “shall” and “will” shall be construed as imperative;</u>
<u>references to any law, ordinance, statute or statutory provision</u>	<u>references to any law, ordinance, statute or statutory provision shall be interpreted as relating to any statutory modification or re-enactment thereof for the time being in force;</u>
<u>references to a document or notice</u>	<u>references to a document (including, without limitation, a resolution in writing) being signed or executed shall include references to it being signed or executed under hand or under seal or by electronic signature or by electronic communication or by any other method and references to a notice or document include a notice or document recorded or stored in any digital, electronic, electrical, magnetic or other retrievable form or medium and information in visible form whether having physical substance or not;</u>
<u>references to a meeting</u>	<u>references to a meeting shall mean a meeting convened and held in any manner permitted by these Articles and any member or Director attending and participating at a meeting by means of electronic facilities shall be deemed to be present at that meeting for all purposes of the Act and these Articles, and the terms “attend”, “participate”, “attending”, “participating”, “attendance” and “participation” (and their grammatical deviations) shall be construed accordingly;</u>

references to a person's participation in the business of a general meeting

references to a person's participation in the business of a general meeting shall include, without limitation and as relevant, the right (including, in the case of a corporation, through a duly authorised representative) to speak or communicate, vote, be represented by a proxy and have access in hard copy or electronic form to all documents which are required by the Act or these Articles to be made available at the meeting, and participate and participating in the business of a general meeting shall be construed accordingly;

references to a member which is a corporation

where a member is a corporation, any reference in these Articles to a member shall, where the context requires, refer to a duly authorised representative of such member;

references to electronic facilities

references to electronic facilities shall include, without limitation, website addresses, webinars, webcast, video or any form of conference call systems (telephone, video, web or otherwise) or virtual medium by means of which all persons participating at a meeting are capable of hearing and being heard by each other;

singular and plural

words denoting the singular shall include the plural and words denoting the plural shall include the singular; and

words in the Act to bear same meaning in Articles

subject as aforesaid, any words defined in the Act shall, if not inconsistent with the subject and/or context, bear the same meanings when used in these Articles.

~~Section 8 and 19 of the Electronic Transactions Law shall not apply.~~

Share Capital and Modification of Rights**Capital**

3. The capital of the Company at the date of the adoption of ~~these Articles~~ ^{App 3 r.9} is HK\$~~2,23,000,000,000~~ divided into ~~2,23,000,000,000~~ shares of HK\$1.00 each.

Issue of shares

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 in one or more classes may be issued and allotted upon such terms and conditions and 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 and to any special rights conferred on any shareholders 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.~~ App 3 r.6(1)

Issue of warrants

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. App 3 r.2(2)

**How class rights may be
modified**

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~~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 or postponement 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~~one-third in nominal value of the issued shares of that class.
- (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.

App 3
r.6(2)
App 13
Part B r.2(1)
App 3 r.6(2)
App 3 para 15

**Company may purchase
and finance the
purchase of own shares
and warrants**

7. (a) Subject to the ~~Law~~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 any of its own shares (which expression as used in this Article includes redeemable shares) provided that the manner of purchase has first been authorised by a resolution of the shareholders, 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.
- (b) The Board may accept the surrender for no consideration of any fully paid share.

Power to increase capital 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.

Redemption 9. (a) Subject to the provisions of the ~~Law~~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, ~~determined by a special resolution~~ as the Board may deem fit.

(b) Where the Company purchases or redeems any of its shares, purchases or redemption 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 members alike. App 3
r.8(1) & (2)

Purchase or redemption not to give rise to other purchases or redemptions 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.

Certificates to be surrendered for cancellation (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 for cancellation and thereupon the Company shall pay to him the purchase or redemption monies in respect thereof.

- Shares at the disposal of the Board**
11. Subject to the provisions of the ~~Law~~Act, of 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.
- Company may pay commissions**
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 ~~Law~~Act shall be observed and complied with, and in each case the commission shall not exceed 10% of the price at which the shares are issued.
- Company not to recognise trusts in respect of shares**
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 any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.

Register of Members and Share Certificates

- Share register**
14. (a) 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~~Act. App 3 r.1(1)

- (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..
- (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. In the event of any such transfer, the member requesting such transfer shall bear the cost of effecting the transfer unless the Board determines otherwise.
- (d) 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 ~~Law~~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.

15. (a) Except when a register is closed ~~and, if applicable,~~ subject to the additional provisions of as specified in paragraph ~~(d)~~ of this Article, the principal register and any branch register, as the case may be, shall during business hours be ~~kept~~ open to the inspection ~~of~~ by any member without charge: and by any other person on payment of such fee not exceeding HK\$2.50 (or such amount as may from time to time be permitted under the Listing Rules) as the Board may determine for each inspection, at such place at which the register is kept. 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.
- (b) The reference to business hours in paragraph (a) of this Article is subject to such reasonable restrictions as the Board or 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.

App 13-3
Part B r. 3(2)
App 3 para 20

- (c) The register may, ~~on 14 days' notice (or on 6 business days' notice in the case of a rights issue) being given by advertisement published on the Exchange's website, or, subject to~~after notice has been given in accordance with 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, or by any other means (whether electronic means or otherwise) in such manner as may be accepted by the Exchange to that effect,~~ 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 may be extended in respect of any year as the members may by ordinary resolution determine provided that, subject to the Listing Rules, such period shall not be extended beyond 60~~for a further period or periods exceeding 30 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 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.

- (d) ~~Intentionally Deleted~~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. App 13-
Part B r.3(2)
- (e) 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 or postponement 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.

Share certificates

16. Every person whose name is entered as a member in the register shall be entitled without payment to receive, within the relevant time limit as prescribed in the ~~Law~~Act or as the Exchange may from time to time determine, whichever is shorter, after allotment or 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. App 3 r.1(1)

Share certificates to be sealed

17. Every certificate for shares or debentures or representing any other form of ~~security~~securities of the Company shall be issued under the seal of the Company, which shall only be affixed with the authority of the Board. App 3 r.2(1)

Every certificate to specify number and class of shares

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. Each share certificate shall relate to only one class of shares.

Joint holders

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. App 3 r.1(3)

**Replacement of share
certificates**

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. In the case of destruction or loss, the person to whom such replacement certificate is given shall also bear and pay to the Company any exceptional costs and the reasonable out-of-pocket expenses incidental to the investigation by the Company of the evidence of such destruction or loss and of such indemnity. App 3 r.1(1)

Lien**Company's lien**

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. App 3 r.1(2)

**Lien extends to dividends
and bonuses**

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.

**Sale of shares subject to
lien**

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 or winding-up.

**Application of proceeds
of such sale**

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.

Calls on Shares

- Calls, how made** 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.
- Notice of call** 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.
- Copy of notice to be sent** 26. A copy of the notice referred to in Article 25 shall be sent in the manner in which notices may be sent to members by the Company as herein provided.
- Every member liable to pay call at appointed time and place** 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 and in such manner 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.
- Notice of call may be published in newspapers or given by electronic means** 28. In addition to the giving of notice in accordance with Article 26, notice of the person appointed to receive payment of every call and of the times and places and manner appointed for payment may be given to the members affected by notice published on the 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.
- When call deemed to have been made** 29. A call shall be deemed to have been made at the time when the resolution of the Board authorising such call was passed.

- Liability of joint holders** 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.
- Board may extend time fixed for call** 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.
- Interest on calls** 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 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.
- Suspension of privileges while call in arrears** 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.
- Evidence in action for call** 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.

**Sums payable on
allotment/in future
deemed a call**

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. The Directors may on the issue of shares differentiate between the allottees or holders as to the amount of calls to be paid and the time of payment.

**Payment of calls in
advance**

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. App 3 r.3(1)

Transfer of Shares**Form of transfer**

37. Transfers of shares may be effected by an instrument of transfer in the usual common form or in 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.

Execution

38. (a) 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.

(b) Notwithstanding Articles 37 and 38(a), 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.

**Board may refuse to
register a transfer**

39. The Board may, in its absolute discretion, and without ~~App 3 r.1(2)~~ 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.

Notice of refusal

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~~was lodged with the Company, send to each of the transferor and the transferee notice of such refusal.

**Requirements as to
transfer**

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 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 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. App 3 r.1(1)

**No transfer to
an infant etc**

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.

**Certificate to be given up
on transfer**

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 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. The Company shall also retain the instrument(s) of transfer.

**When transfer books and
register may close**

44. The registration of transfers may, ~~on 14 days' notice (or on 6 business days' notice in the case of a rights issue) being given by advertisement published on 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 Number 8 or higher typhoon signal and black rainstorm warning) that render the giving of such publication of advertisement impossible, the Company shall comply with these requirements as soon as practicable. be suspended when the register is closed in accordance with Article 15(c).~~

App 13-
Part B r.3(2)

Transmission of Shares

- | | |
|---|--|
| Death of registered holder or of joint holder of shares | 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. |
| Registration of personal representatives and trustee in bankruptcy | 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. |
| Notice of election to be registered/Registration of nominee | 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. |

**Retention of dividends,
etc., until transfer or
transmission of shares
of a deceased or
bankrupt member**

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 86 being met, such a person may vote at meetings.

Forfeiture of Shares**If call or instalment
not paid notice may
be given**

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 33, 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.

Form of notice

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, and the manner in which, 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 and in the manner 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.

**If notice not complied
with shares may be
forfeited**

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.

**Forfeited shares to be
deemed property of
Company**

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.

**Arrears to be paid
notwithstanding
forfeiture**

53. A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall; ~~notwithstanding,~~ nevertheless remain liable to pay to the Company all moneys which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the Board shall in its discretion so require) interest thereon from the date of forfeiture until payment at such rate not exceeding 15% 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.

- Evidence of forfeiture** 54. A statutory declaration in writing that the declarant is a Director or Secretary, 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.
- Notice after forfeiture** 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.
- Power to redeem forfeited shares** 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.
- Forfeiture not to prejudice Company's right to call or instalment** 57. The forfeiture of a share shall not prejudice the right of the Company to any call already made or instalment payable thereon.

**Forfeiture for
non-payment of any
sum due on shares**

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.

Stock**Power to convert into
stock**

59. Intentionally Deleted

Transfer of stock

60. Intentionally Deleted

Rights of stockholders

61. Intentionally Deleted

Interpretation

62. Intentionally Deleted

Alteration of Capital**Consolidation and
division of capital and
sub-division and
cancellation of shares**

63. (a) The Company may from time to time by ordinary resolution:
- (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;

- (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 Act; and
- (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 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.

Reduction of capital

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

Borrowing Powers**Power to borrow**

- 64. 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.

- Conditions on which money may be borrowed** 65. 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.
- Assignment** 66. 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.
- Special privileges** 67. 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.
- Register of charges to be kept** 68. (a) The Board shall cause a proper register to be kept, in accordance with the provisions of the Law Act, of all mortgages and charges specifically affecting the property of the Company and shall duly comply with the requirements of the Law Act in regard to the registration of mortgages and charges therein specified and otherwise.
- Register of debentures or debenture stock** (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.
- Mortgage of uncalled capital** 69. 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.

General Meetings**When annual general meeting to be held**

70. The Company shall ~~in each year~~ hold a general meeting as its annual general meeting ~~in addition to any other~~ for each financial year. The annual general meeting in that year and shall specify the meeting ~~be specified~~ as such in the notices calling it; and shall be held at such time and place or in such mode as the Board shall appoint ~~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.~~

~~App 13-
Part B r.3 (3)
r.4(2)
App 3
para 14(1)~~

Extraordinary general meeting

71. All general meetings other than annual general meetings shall be called extraordinary general meetings.

Place and mode of general meeting

71A. Subject to the requirement for convening physical meeting under Article 72, all general meetings (including any annual general meeting, any extraordinary general meeting, any adjourned meeting or postponed meeting) may be held as a physical meeting in any part of the world or at one or more locations as provided in Article 79A, as a hybrid meeting or as an electronic meeting, as may be determined by the Board in its absolute discretion.

**Convening of
extraordinary
general meeting**

72. 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 holding together, as at the date of deposit of the requisition, shares representing not less than one-tenth of the voting rights, on a one vote per share basis, in the issued share capital of the Company. ~~The written requisition shall be 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 of the Company, specifying the objects of the meeting and signed by the requisitionists, 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 resolutions to be added to the meeting agenda, 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(s).~~ 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~~2 months after the deposit of such requisition, 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 must be a physical meeting at only one location which will be the Principal Meeting Location and 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~~ the requisitionist(s) by the Company.

App 3
para T4(5)

Notice of meetings

73. (a) An annual general meeting ~~and any extraordinary general meeting called for the passing of a special resolution~~ shall be called by a notice in writing of not less than twenty-one (21) days² and ~~not less than twenty (20) clear business days and any other~~ any extraordinary general meeting shall be called by notice in writing of not less than fourteen (14) days² and ~~not less than ten (10) clear business days~~. The notice shall specify ~~the time, place, and agenda of the meeting;~~ :

~~App 13-
Part B r.3(3)-
r.4(1)
App 3
para 14(2)~~

- (i) the time and date of the meeting;
- (ii) save for an electronic meeting, the place of the meeting and if there is more than one Meeting Location as determined by the Board pursuant to Article 79A, the principal place of the meeting (the “Principal Meeting Location”);
- (iii) if the general meeting is to be held as a hybrid meeting or an electronic meeting, that the meeting is to be held in such manner and the details of the electronic facilities to be utilised for attendance and participation by electronic means at the meeting (which electronic facilities may vary from time to time and from meeting to meeting as the Board may, in its absolute discretion, deem fit) or where such details will be made available by the Company prior to the meeting; and
- (iv) particulars of the resolutions to be considered at the meeting and in the case of special business (as defined in Article ~~74~~75) 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. Notice of every general meeting shall be given to the Auditors and to all members other than ~~such as~~ the members who, under the provisions hereof or the terms of issue of the shares they hold, are not entitled to receive such notice from the Company.

- (b) Notwithstanding that a meeting of the Company is called by shorter notice than that referred to in paragraph (a) hereof, it shall be deemed to have been duly called if it is permitted by the Listing Rules and is so agreed:
- (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
- (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% in nominal value of the shares giving that right.
- (c) 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, vote instead of him and that a proxy need not be a member of the Company.

**Omission to give notice/
instrument of proxy**

74. (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.

- (b) In cases where instruments of proxy are 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.

**Power to postpone or
change general meeting**

74A. If, after the notice of a general meeting is sent but before the meeting is held, or after the adjournment or postponement of a meeting but before the adjourned or postponed meeting is held (whether or not notice of the adjourned or postponed meeting is required), the Board, in its absolute discretion, considers that it is inappropriate, impracticable, unreasonable or undesirable for any reason to hold the general meeting or adjourned or postponed meeting on the date or at the time or place or by the mode specified in the notice calling the meeting, it may change or postpone the meeting to another date, time and/or place and/or mode of the meeting (whether a physical meeting, an electronic meeting or a hybrid meeting) without approval from the members. Without prejudice to the generality of the foregoing, the Board shall have the power to provide in every notice calling a general meeting the circumstances in which a postponement of the relevant general meeting may occur automatically without further notice, including without limitation where a gale warning, black rainstorm warning or other similar event is in force or is announced to be issued at any time on the day of the 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). This Article shall be subject to the following:

- (a) when the date, time, place or mode of a meeting is so changed or postponed, the Company shall endeavour to publish a notice of such change or postponement on the Company's Website and the Exchange's website (if applicable) as soon as practicable, provided that failure to publish such a notice shall not affect the automatic change or postponement of a meeting;

- (b) when only the mode of the meeting or electronic facilities specified in the notice are changed, the Board shall notify the members of the details of such change in such manner as the Board may determine;
- (c) when a meeting is postponed or changed in accordance with this Article, subject to Article 79, unless already specified in the original notice of the meeting, the Board shall fix the date, time, place and/or mode and/or electronic facilities (where applicable) for the postponed or changed meeting and shall notify the members of such details in such manner as the Board may determine, and specify the date and time by which proxies shall be submitted in order to be valid for such postponed or changed meeting (provided that all proxy forms submitted for the original meeting shall continue to be valid for the postponed or changed meeting unless revoked or replaced by a new proxy if they are received as required by these Articles not less than 48 hours before the time of the postponed or changed meeting), and shall give the members reasonable notice (in light of the circumstances) of such details in such manner as the Board shall determine; and
- (d) notice of the business to be transacted at the postponed or changed meeting shall not be required, nor shall any accompanying documents be required to be recirculated, provided that the business to be transacted at the postponed or changed meeting is the same as that set out in the original notice of general meeting circulated to the members.

Proceedings at General Meetings**Special business**

75. 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 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 of any mandate or authority to the Directors to offer, allot, grant options over, or otherwise dispose of the unissued shares in the capital of the Company representing not more than 20% (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; and
 - (g) the granting of any mandate or authority to the Directors to repurchase securities of the Company.

Quorum

76. 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 provided always that if the Company has only one member of record the quorum shall be that one member present in person or by proxy. For quorum purposes only, two persons appointed by a recognised clearing house as authorised representative or proxy shall form a quorum for all purposes. No business (except the appointment of a Chairman) shall be transacted at any general meeting unless the requisite quorum shall be present at the commencement of the business. Subject to Articles 79A and 79B, any member or proxy attending and participating in a physical meeting, or an electronic meeting or a hybrid meeting by means of electronic facilities in accordance with the meeting notice is deemed to be present in person at the meeting and shall be counted in the quorum of the meeting.

When if quorum not present meeting to be dissolved and when to be adjourned

77. ~~If~~Subject to Article 79(b), if within ~~15~~30 minutes (or such longer time not exceeding 1 hour as the Chairman may in his absolute discretion determine) from the time appointed for the meeting a quorum is not 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 (or if it is not a business day, to the next business day) and at such time and (where applicable) such place(s) and/or in such form and manner as shall be decided by the Board, and if at such adjourned meeting a quorum is not present within ~~15~~30 minutes from the time appointed for holding the meeting, the member or members present in person (or in the case of a member being a corporation, by its duly authorised representative) or by proxy shall be a quorum and may transact the business for which the meeting was called.

**Chairman of general
meeting**

78. 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 within 15 minutes after the time appointed for holding such meeting or is unwilling to act, the Directors present shall choose another Director as Chairman, and if no Director be present, or if all the Directors present decline to take the chair, or if the Chairman chosen shall retire from the chair, then the members present in person or ~~(in the case of a Member being a corporation) by its duly authorised representative or by proxy~~ and entitled to vote shall choose one of their own number to be Chairman.

**Power to adjourn or
interrupt general
meeting/and business of
adjourned meeting**

79. (a) Without prejudice to the provisions of Article 79(b), ~~the~~The Chairman may, with the consent of any general meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn any meeting from time to time and/or from place(s) to place(s) and/or from one form (a physical meeting, an electronic meeting or a hybrid meeting) to another as the meeting shall determine. Whenever a meeting is adjourned for 14 days or more, at least ~~seven~~7 clear days' notice, specifying ~~the place, the day and the hour~~details of the adjourned meeting as set out in Article 73(a) 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.

- (b) If it appears to the Chairman of the general meeting that
(i) the electronic facilities at the Principal Meeting
Location or such other Meeting Location(s) at which the
meeting may be attended are not sufficient to allow the
meeting to be conducted substantially in accordance
with the provisions set out in the notice of the meeting;
or (ii) in the case of an electronic meeting or a hybrid
meeting, electronic facilities being made available by the
Company have become inadequate; or (iii) it is not
possible to ascertain the view of those present or to give
all persons entitled to do so a reasonable opportunity to
communicate and/or vote at the meeting; or (iv) there is
violence or the threat of violence, unruly behaviour or
other disruption occurring at the meeting; or (v) it is not
possible to secure the proper and orderly conduct of the
meeting, then in each case, without prejudice to any
other power which the Chairman of the meeting may
have under these Articles or at common law, the
Chairman may, at his absolute discretion without the
consent of the meeting, and before or after the meeting
has started and irrespective of whether a quorum is
present, interrupt or adjourn the meeting. All business
conducted at the meeting up to the time of such
interruption or adjournment shall be valid.

Holding general meeting
at one or more Meeting
Location(s) as hybrid
meeting or as electronic
meeting

- 79A. (a) The Board may, at its absolute discretion, arrange for
persons entitled to attend a general meeting to do so by
specific means in addition to or in lieu of (as the case
may be) physical attendance at the Principal Meeting
Location, whether by simultaneous attendance and
participation by means of electronic facilities and/or at
such location or locations (“**Meeting Location(s)**”) or
otherwise as determined by the Board at its absolute
discretion. Any member or proxy attending and
participating in such way (whether by attending and
participating in an electronic meeting or a hybrid
meeting by means of electronic facilities) is deemed to
be present at and shall be counted in the quorum of the
meeting.

- (b) All general meetings shall be subject to the following:
- (i) Where a member is attending a Meeting Location and/or in the case of a hybrid meeting, the meeting shall be treated as having commenced if it has commenced at the Principal Meeting Location.

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

- (iii) Where members or proxies attend a meeting by being present at one of the Meeting Locations and/or where members or proxies participating in an electronic meeting or a hybrid meeting by means of electronic facilities, a failure (for any reason) of the electronic facilities or communication equipment, or any other failure in the arrangements for enabling those in a Meeting Location other than the Principal Meeting Location to participate in the business for which the meeting has been convened or, in the case of an electronic meeting or a hybrid meeting, the inability of one or more members or proxies to access, or continue to access, the electronic facilities despite adequate electronic facilities having been made available by the Company, shall not affect the validity of the meeting or the resolutions passed thereat, or any business conducted thereat or any action taken pursuant to such business, provided that there is a quorum present throughout the meeting.
- (iv) If any of the Meeting Locations is not in the same jurisdiction as the Principal Meeting Location and/or in the case of a hybrid meeting, the provisions of these Articles concerning the service and giving of notice for the meeting, and the time for lodging proxies, shall apply by reference to the Principal Meeting Location; and in the case of an electronic meeting, the time for lodging proxies shall be as stated in the notice for the meeting.
- (v) All persons seeking to attend and participate in an electronic meeting or a hybrid meeting shall be responsible for maintaining adequate facilities to enable them to do so. Subject to Article 79(b), any inability of a person or persons to attend or participate in a general meeting by way of electronic facilities shall not invalidate the proceedings of and/or resolutions passed at that meeting.

**Arrangement on
attendance,
participation, voting
and proceedings of
general meeting**

79B. (a) The Board and, at any general meeting, the Chairman may from time to time make arrangements for managing attendance and/or participation and/or voting at a physical meeting and/or at any Meeting Location(s) and/or participation in an electronic meeting or a hybrid meeting by means of electronic facilities (whether involving the issue of tickets or some other means of identification, passcode, seat reservation, electronic voting or otherwise) as it shall in its absolute discretion consider appropriate, and may from time to time change any such arrangements, provided that a member who, pursuant to such arrangements, is not entitled to attend, in person or by proxy, at any Meeting Location shall be entitled so to attend at one of the other Meeting Locations or an electronic meeting or a hybrid meeting by means of electronic facilities; and the entitlement of any member so to attend the meeting or adjourned meeting or postponed meeting at such place or in such mode shall be subject to any such arrangement as may be for the time being in force and by the notice of meeting or adjourned meeting or postponed meeting stated to apply to the meeting. Any member or proxy attending and participating in such way (whether by attending and participating in a physical meeting, or an electronic meeting or a hybrid meeting by means of electronic facilities) is deemed to be present at and shall be counted in the quorum of the meeting.

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

**Proposed amendments on
resolutions at meetings**

- 79C. If an amendment is proposed to any resolution under consideration but is in good faith ruled out of order by the Chairman, the proceedings on the substantive resolution shall not be invalidated by any error in such ruling. In the case of a resolution duly proposed as a special resolution, no amendment thereto (other than a mere clerical amendment to correct a patent error) may in any event be considered or voted upon.

**Right to demand a poll
and what is to be
evidence of the passing
of a resolution where
poll not demanded**

80. (a) A resolution put to the vote of a meeting shall be decided by way of a poll save that the Chairman may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person ~~(or being a corporation, is present by a duly authorised representative)~~, or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a recognised clearing house (or its nominees), each such proxy shall have one vote on a show of hands. For purposes of this Article, procedural and administrative matters are those that (i) are not on the agenda of the general meeting or in any supplementary circular that may be issued by the Company to the members; and (ii) relate to the Chairman's duties to maintain the orderly conduct of the meeting and/or allow the business of the meeting to be properly and effectively dealt with, whilst allowing all members a reasonable opportunity to express their views, or such other matters as may be set out in the Listing Rules from time to time. Votes (whether on a show of hands or by way of poll) may be cast by such means, electronic or otherwise, as the Directors or the Chairman of the meeting may determine.

(b) Where a show of hands is allowed, before or on the declaration of the result of the show of hands, a poll may be demanded by:

- (i) at least five members present in person or by proxy and entitled to vote; or App 13
Part B r.2(3)
- (ii) 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

- (iii) 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
- (iv) the Chairman of such meeting if he deems fit.
- (c) The demand for a poll shall not prevent the continuance of a meeting or the transaction of any business other than the question on which the poll has been demanded, and, with the consent of the Chairman, it may be withdrawn at any time before the close of the meeting or the taking of the poll, whichever is earlier.
- (d) Where a resolution is voted on by a show of hands, a declaration by the Chairman that a resolution has been carried, or carried unanimously, or by a particular majority, or not carried by a particular majority, or lost, and an entry to that effect made in the minute book of the Company, shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded for or against the resolution.

**Manner and timing,
etc. of poll**

81. (a) A poll shall (subject as provided in Article 82) be taken in such manner (including the use of ballot or voting papers or tickets) and by such means (electronic or otherwise) and at such time and place, not being more than 30 days from the date of the meeting or adjourned meeting or postponed meeting at which the poll was demanded as the Chairman directs. No notice need be given of a poll not taken immediately unless the Chairman determines otherwise. The result of the poll, whether or not declared by the Chairman of the meeting or any adjourned meeting or postponed meeting thereof, shall be deemed to be the resolution of the meeting at which the poll was taken. The poll results, as recorded in the scrutineer's certificate and signed by the scrutineer, shall be the conclusive evidence of such resolution of the meeting without proof.

**In what case poll taken
without adjournment**

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

**Chairman to have casting
vote and to determine
admission or rejection
of vote**

83. In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded, shall be entitled to a second or casting vote. In the case of any dispute as to the admission or rejection of any vote the Chairman shall determine the same, and such determination shall be final and conclusive.

Written resolutions

84. 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 may consist of several documents each signed by or on behalf of one or more members and shall be deemed to have been passed at a meeting held on the date on which it was signed by the last member to sign, and where the resolution states a date as being the date of his signature thereof by or on behalf of any member such statement shall be prima facie evidence that it was signed by him on that date.

Right to Speak and Vote of Members**Right to speak
and vote of members**

85. (a) Subject to any special rights, privileges or restrictions as to voting for the time being attached to any ~~class or classes of shares~~, at any general meeting every member present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall (A) have the right to speak; and (B) have the right to vote, except where such member is required by the Listing Rules to abstain from voting to approve the matter under consideration and subject to Article 89(a), under which (i) on a show of hands, every member present in such manner shall have one vote; and (ii) on a poll, every member present in such manner shall have one vote for each share registered in his name in the register. 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 be under no obligation to cast all his votes in the same way. App 3 para 14(3)

Restriction on voting
Counting of votes

(b) 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.

App 3
para T4(4)

Votes in respect of
deceased and bankrupt
members

86. Any person entitled under Article 46 to be registered as a shareholder 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 or postponed meeting (as the case may be) at which he proposed to vote, or, in the case of a poll taken subsequent 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, 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.

Votes of joint holders
(including joint
executors and
administrators)

87. 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 at any meeting personally or by proxy, that the vote of one of the said persons so 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 be accepted to the exclusion of the votes of the other joint holder(s) 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.

**Votes of member of
unsound mind**

88. 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 (including his receiver, committee, *curator bonis*, or other person in the nature of a receiver, committee or *curator bonis* appointed by such court), and such person may vote by proxy- and may otherwise act and be treated as if he were the registered holder of such shares for the purposes of general meetings, provided that at least 48 hours before the time of the holding of the meeting or adjourned or postponed meeting (as the case may be) at which such person proposed to vote or, 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, he shall provide such evidence as the Board may request and satisfy the Board of the authority of such person or the Board shall have previously admitted his right to vote at such meeting in respect thereof.

Qualification for voting

89. (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 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.

Objections to voting

- (b) ~~No~~ Subject to Article 85(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 or postponed 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.

Proxies

90. 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. 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). Where a member appoints more than one proxy, the instrument of proxy shall state which proxy is entitled to vote on a show of hands and shall specify the number of shares in respect of which each proxy is entitled to exercise the related votes.

~~App 13~~
~~Part B r.2(2)~~
App 3 para 18

**Instrument appointing
proxy to be in writing**

91. 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. 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 authorised to sign such instrument of proxy on behalf of the corporation without further evidence of the facts.

~~App 3 r.11(2)~~
App 3 para 18

**Delivery of authority for
appointment of proxy**

92. (a) The Company may, at its absolute discretion, provide or designate from time to time an electronic address for the receipt of any document or information relating to proxies for a general meeting (including but not limited to any instrument of proxy or invitation to appoint a proxy, any document necessary to show the validity of, or otherwise relating to, an appointment of proxy (whether or not required under these Articles) and notice of termination of the authority of a proxy). If such an electronic address is provided, the Company shall be deemed to have agreed that any such document or information relating to proxies as aforementioned 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 to the foregoing, 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 condition on the transmission of and its receipt of such electronic communications including but not limited to imposing any security or encryption arrangement as may be specified by the Company. If any document or information required to be sent to the Company under this Article is sent to the Company by electronic means, such document or information is not treated as validly delivered to or deposited with the Company if the same is not received by the Company at its designated electronic address provided in accordance with this Article or if no electronic address is so designated by the Company for the receipt of such document or information.

(b) 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 be delivered at the registered office of the Company (or at such other place as may be specified in or by way of a note to or in any document accompanying the notice convening the meeting or in any notice of any adjournment or postponement or, in either case, in any document sent therewith), or if the Company has provided an electronic address in accordance with Article 92(a), shall be received at the electronic address so specified, 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, or, 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 default the instrument of proxy shall not be treated as valid and the appointee under such instrument of proxy shall not be entitled to vote in respect of the shares in question, provided always that (i) 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~~ written confirmation from the appointor that the instrument of proxy duly signed is in the course of transmission to the Company; and (ii) the Board may decide, either generally or in any particular case, to treat a proxy appointment as valid notwithstanding that the appointment or any of the information required under these Articles has not been received in accordance with the requirements of these Articles. 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.

- Form of proxy** 93. 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 form of proxy relates. App 3 r.11(+)
- Authority under instrument appointing proxy** 94. 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 vote on any resolution (including 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 or postponement of the meeting as for the meeting to which it relates, provided that the meeting was originally held within 12 months from such date.
- When vote by proxy/ representative valid though authority revoked** 95. A vote given or a poll demanded by a proxy 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 92, at least two hours before the commencement of the meeting or adjourned meeting or postponed meeting or (in the case of a poll taken subsequent to the date of a meeting of adjourned meeting or postponed meeting) at least two hours before the time appointed for the taking of the poll at which the proxy is used.

**Corporations/recognised
clearing houses acting
by representatives at
meetings**

96. (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 at any meeting in person.

~~App-13-
Part B r.2(2)
App 3 para 18~~

(b) If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its proxy(ies) or representative(s) at any ~~general~~ meeting of the Company or at any ~~general~~ meeting of any class of ~~members~~shares of the Company or at any creditors' meeting provided that, if more than one person is so authorised, the proxy form or 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 the 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 proxy form or authorisation, including the right to speak and the right to vote individually on a show of hands, notwithstanding any contrary provision contained in these Articles.

~~App-13-
Part B r.6
App 3 para 19~~

Registered Office

- Registered office** 97. The registered office of the Company shall be at such place in the Cayman Islands as the Board shall from time to time appoint.

Board of Directors

- Constitution** 98. The number of Directors shall not be less than two and there shall be no maximum number of Directors, in each case unless otherwise determined from time to time by members in general meeting.

- Board may fill vacancies/
appoint additional
Directors** 99. (a) 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. App 3 r.4(2)
App 3 para 4(2)

- Power of general meeting
to increase or reduce
the number of
Directors** (b) 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~~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. ~~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.~~

**Notice to be given when
person proposed for
election**

- (c) No person 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 (or such other period as determined by the Directors from time to time and notified to the members), 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~~ (or such other period as determined by the Directors from time to time and notified to the members), ~~there has been lodged with and received by the Company at the registered office of the Company (or at such other place as may be notified by the Company to the members from time to time)~~ 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.

**Register of Directors and
notification of changes
to Registrar**

- (d) The Company shall keep at its registered office a register of directors and officers containing their names and addresses and ~~occupations and~~ any other particulars required by the ~~Law~~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 to the Registrar of Companies of the Cayman Islands any change that takes place in relation to such Directors as required by the ~~Law~~Act.

**Power to remove Director
by ordinary resolution**

- (e) 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~~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.

App 3 para 4(3)**Alternate Directors**

100. (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.
- (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, but for the avoidance of doubt, such alternate Director or any other person may be re-appointed or appointed by the said Director to serve as an alternate Director, and provided always that, if at any meeting any Director retires but is re-elected at the same meeting, any appointment of alternate Director by such Director pursuant to this Article 100 which was in force immediately before his retirement shall remain in force as if he had not retired.

- (c) 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 (or meetings of a committee of the Board to whom his appointor is a member) 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. Every person acting as an alternate Director shall have one vote for each Director for whom he acts as an alternate (in addition to his own vote if he is also 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 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 of these Articles, save as aforesaid and insofar as they relate to the duties and obligations of a Director when performing the functions of the Director for whom he is appointed as the alternate, in which case he shall be responsible to the Company for his acts and defaults.

- (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.
- (e) In addition to the foregoing provisions of 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 90 to 95 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).

Qualification of Directors 101. A Director (and an alternate 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.

Directors' remuneration 102. (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.

(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.

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r.5(4)

Directors' expenses 103. The Directors shall be entitled to be paid all expenses, including travel, accommodation and other 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.

Special remuneration 104. 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.

**Remuneration of
Managing Directors,
etc.**

105. The remuneration of an Executive Director (as appointed according to Article 108) 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.

**When office of Director
to be vacated**

106. The office of a Director shall be vacated:

- (i) if he resigns his office by notice in writing to the Company at its registered office or its principal office in Hong Kong;
- (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;
- (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;
- (iv) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;
- (v) if he ceases to be or is prohibited from being a Director by law or by virtue of any provisions in these Articles;

(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

(vii) if he shall be removed from office by an ordinary resolution of the members of the Company under Article 99(e). ~~App 13~~
~~Part B~~
~~r.5(1)~~

**Directors may contract
with Company**

107. (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 remuneration, profit or other benefits 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. ~~App 13~~
~~Part B~~
~~r.5(3)~~

- (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, profit 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 as directors, managing directors, joint managing directors, deputy managing directors, executive directors, managers or other officers of such company or providing for payment of remuneration or other benefits for such office) 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.

(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. A Director may also act by himself or his firm in a professional capacity for the Company (other than as Auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a Director.

**Director may not vote
where he has a material
interest**

(c) A Director shall not be entitled to vote on (nor shall be counted in the quorum in relation to) any resolution of the Board 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 to be counted in the quorum for the resolution), but this prohibition shall not apply to any of the following matters, namely:

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**Director may vote in
respect of certain
matters**

(i) any proposal, contract or arrangement for the giving of any security or indemnity either:-

(aa) to the Director or any of his 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

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- (bb) to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his 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 security;
- (ii) any proposal, contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director or any of his Associates is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (iii) Intentionally Deleted
- (iv) any proposal, contract or arrangement concerning the benefit of employees of the Company or any of its subsidiaries including:–
 - (aa) the adoption, modification or operation of any employees' share scheme or any share incentive scheme or share option scheme under which the Director or any of his Associates may benefit; or
 - (bb) the adoption, modification or operation of a pension or provident fund or retirement, death or disability benefits scheme which relates both to Directors, their Associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or any of his Associates, as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

(v) any contract or arrangement in which the Director or any of his 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.

Director may vote on proposals not concerning own appointment

(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 paragraph (c)) shall be entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment.

Who to decide whether a Director may vote

(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.

Managing Directors

- Power to appoint
Managing Directors,
etc.** 108. 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 105.
- Removal of Managing
Director, etc.** 109. Every Director appointed to an office under Article 108 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.
- Cessation of appointment** 110. A Director appointed to an office under Article 108 shall be subject to the same provisions as to removal as the other Directors, 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.
- Powers may be delegated** 111. 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.

Management**General powers of
Company vested in
Board**

112. (a) Subject to any exercise by the Board of the powers conferred by Articles 113 to 115, 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 ~~LawAct~~ expressly directed or required to be exercised or done by the Company in general meeting, but subject nevertheless to the provisions of the ~~LawAct~~ 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. For the avoidance of doubt, the general powers conferred by this Article shall not be limited or restricted by any special authority or power conferred to the Board by any other Article.
- (b) Without prejudice to the general powers conferred by these Articles, it is hereby expressly declared that the Board shall have the following powers:
- (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
 - (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.

- (c) ~~Except as would,~~ For so long as the shares of the Company are listed on the Exchange, 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:
- (i) make a loan to a Director or ~~his Associates or a~~ director of any holding company of the Company or to any of their respective Close Associates;
 - (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 of any holding company of the Company or to any of their respective Close Associates; or
 - (iii) if any one or more of the Directors hold (jointly or severally or directly or indirectly) a controlling interest in another company, make a loan to that other company or enter into any guarantee or provide any security in connection with a loan made by any person to that other company.

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Managers

Appointment and remuneration of managers

113. 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.

Tenure of office and powers 114. 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.

Terms and conditions of appointment 115. 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

Rotation and retirement of Directors 116. At each annual general meeting, one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. Any Director ~~appointed~~ required to retire (and eligible to stand for re-election) pursuant to Article 99 shall not be taken into account in determining which Directors are to retire by rotation. 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.

Meeting to fill up vacancies 117. 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.

118. Intentionally Deleted

119. Intentionally Deleted

120. Intentionally Deleted

121. Intentionally Deleted

122. Intentionally Deleted

Proceedings of Directors

**Meetings of Directors/
Quorum etc.**

123. The Board may meet (by any means as the Board may deem fit) together for the despatch of business, adjourn or postpone 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 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 teleconferencing or electronic facilities or any other telecommunication facility communication equipment or electronic means provided that all participants are thereby able to communicate contemporaneously by voice with all other participants and participation in a meeting pursuant to this provision shall constitute presence in person at such meeting. For the avoidance of doubt, all business transacted at a meeting of the Board or a committee of the Board is for the purposes of these Articles deemed to be validly and effectively transacted at a meeting of the Board or a committee of the Board although fewer than two Directors or alternate Directors are physically present at the same place. The meeting is deemed to take place where the largest group of those participating is assembled or, if there is no such group, where the Chairman of the meeting is located.

- Convening of board meeting** 124. A Director may, and on request of a Director the Secretary shall, at any time summon a meeting of the Board. Failing any determination by the Board, not less than 48 hours notice thereof shall be given to each Director either in writing or orally (whether in person or by telephone) or by facsimile; ~~telex or telegram~~ or other electronic means at the address or telephone number, facsimile ~~or telex~~ number or electronic address 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.
- How questions to be decided** 125. Subject to Article 107, 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.
- Chairman** 126. The Board may elect a Chairman of its meetings and determine the period for which he is to hold office; but if no such Chairman is elected, or if at any meeting the Chairman 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.
- Power of meeting** 127. 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.
- Power to appoint committee and to delegate** 128. 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) and such other person or persons 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.

**Acts of committee to be
of same effect as act of
Directors**

129. 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.

Proceedings of committee

130. (a) The meetings and proceedings of any such committee consisting of two or more members of ~~the Board~~such committee shall be governed by the provisions herein contained for regulating the 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 128.

**Minutes of proceedings of
meetings and Directors**

- (b) The Board shall cause minutes to be made of:-
- (i) all appointments of officers made by the Board;
 - (ii) the names of the Directors present at each meeting of the Board and of committees appointed pursuant to Article 128;
 - (iii) all declarations made or notices given by any Director of his interest in any contract, transaction or arrangement or proposed contract, transaction or arrangement or of his holding of any office or property whereby any conflict of duty or interest may arise; and
 - (iv) all resolutions and proceedings at all meetings of the Company and of the Board and of such committees.

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

- When acts of Directors or committee to be valid notwithstanding defects**
131. All acts *bona fide* done by any meeting of the Board or by a committee ~~of Directors~~ appointed pursuant to these Articles 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, such member 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.
- Directors' powers when vacancies exist**
132. 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.
- Directors' resolutions**
133. ~~A~~Unless otherwise required by the Listing Rules, a resolution in writing signed by each and every one of the Directors (or their respective alternates pursuant to Article 100(c)), except such Director(s) as are absent from Hong Kong or are temporarily unable to act through ill-health or disability, and except all the alternate Directors (if applicable) whose appointors are temporarily unable to act as aforesaid (provided that such number is sufficient to constitute a quorum necessary for a meeting of the Board and further provided that a copy of such resolution has been given or the contents thereof communicated to all the Directors for the time being entitled to receive notice of Board meetings in the same manner as notices of meetings are required to be given by these Articles) 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 or alternate Directors. A notification of consent or signification or indication of agreement to such resolution given by a Director (or his alternate Director) in writing to the Board by any means (including by means of electronic communication) shall be deemed to be his signature to such resolution in writing for the purpose of this Article, which shall be as valid and effective as if it were bearing the handwritten signature of the relevant Director (or alternate Director). Notwithstanding the foregoing, a resolution in writing shall not be passed in lieu of a meeting of the Board for the purposes of considering any matter or business in which a substantial shareholder of the Company or a Director has an interest conflicting with that of the Company and the Board has determined that such conflict of interest to be material.

Secretary

- Appointment of Secretary** 134. 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~~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.
- Same person not to act in two capacities at once** 135. A provision of the ~~Law~~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.

General Management and Use of the Seal

- Custody and use of seal** 136. 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~~appointed pursuant to these Articles 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 or such committee for the purpose. The securities seal which shall be a facsimile of the common seal with the word “Securities” engraved thereon (or in such other form as the Board may approve) 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 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 as aforesaid shall, as regards all persons dealing in good faith with the Company, be deemed to have been affixed to that instrument with the authority of the Directors previously given.

Duplicate seal

137. 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.

**Cheques and banking
arrangements**

138. 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.

Power to appoint attorney

139. (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 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.

**Execution of deeds by
attorney**

(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.

Regional or local boards

140. 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.

**Power to establish
pension funds and
employee share option
schemes**

141. 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 aforesaid, 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.

Capitalisation of Reserves

Power to capitalise

142. 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~~Act.

**Effect of resolution to
capitalise**

143. (a) Wherever such a resolution as referred to in Article 142 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:

- (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 fit in cases where shares, debentures or other securities become distributable in fractions;
- (ii) to exclude the right of participation or entitlement of any member with a registered address outside any territory where in the absence of a registration statement or other special or onerous formalities the circulation of an offer of such right or entitlement would or might be unlawful or where the Board consider the costs, expense 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 out of proportion to the benefits of the Company; and
- (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.

- (b) The Board may, in relation to any capitalisation sanctioned under this Article 143 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 or other securities in the Company pursuant to such capitalisation, 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.

Dividends and Reserves

Power to declare dividends

144. (a) Subject to the ~~Law~~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.
- (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.

**Board's power to pay
interim dividends**

145. (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.
- (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.

**Powers of Directors to
declare and pay special
dividends**

- (c) 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) 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.

**Dividends not to be paid
out of capital**

146. 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.

Scrip dividends

147. (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

As to cash election

(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:

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

(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;

(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;

(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 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

As to scrip election

(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:

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

- (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;
- (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;
- (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.

- (b) The shares allotted pursuant to the provisions of paragraph (a) of this Article 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:
- (i) in the relevant dividend (or share or cash election in lieu thereof as aforesaid); or
 - (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~~sub-paragraph (i) or (ii) of paragraph (a) of this Article 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~~ this paragraph (a) of this Article shall rank for participation in such distributions, bonuses or rights.
- (c) The Board may do all acts and things considered necessary or expedient to give effect to any capitalisation pursuant to the provisions of paragraph (a) of this Article 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.

- (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) of this Article 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.
- (e) The Board may on any occasion determine that rights of election and the allotment of shares under paragraph (a) of this Article 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 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 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 out of proportion to the benefit of the Company, and in any such case the provisions aforesaid shall be read and construed subject to such determination.

**Share Premium and
Reserves**

148. (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.

- (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.

**Dividends to be paid in
proportion to paid up
capital**

149. 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.

**Retention of dividends,
etc.**

150. (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.

(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.

Deduction of debts

(c) 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.

**Dividend and call
together**

151. 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.

Dividend in specie

152. 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 (but without limitation) of paid up shares, debentures or warrants to subscribe securities of the Company or any other company, or in any one or more of such ways, with or without offering any rights to members to elect to receive such dividend in cash, 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; rather than to the members concerned, 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 and binding on the members. Where required, a contract shall be filed in accordance with the provisions of the ~~Law~~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: and binding on the members. The Board may resolve that no such assets shall be made available to members with registered addresses in any particular territory or territories where, in the absence of a registration statement or other special formalities, such distribution of assets would or might, in the opinion of the Board, be unlawful or impracticable and in such event the only entitlement of the members aforesaid shall be to receive cash payments as aforesaid. Members affected as a result of the foregoing sentence shall not be or be deemed to be a separate class of members for any purpose whatsoever.

Effect of transfer

153. (a) A transfer of shares shall not pass therewith the right to any dividend or bonus declared thereon before the registration of the transfer.

- (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 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.

**Receipt for dividends by
joint holders of share**

154. 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.

Payment by post

155. (a) Unless otherwise directed by the Board, any dividend, interest or other sum payable in cash 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.

- (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. App 3 r.13(1)

Unclaimed dividend

156. 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. App 3 r.3(2)

Untraceable Shareholders**Sale of shares of
untraceable
shareholders**

157. (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:
- (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;
 - (ii) the Company has not during that time or before the expiry of the three month period referred to in paragraph (iv) 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;

- (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 ~~App 3 r.13(2)(a)~~
- (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. ~~App 3 r.13(2)(b)~~

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.

- (b) To give effect to any sale contemplated by paragraph (a) of this Article 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.

Document Destruction**Destruction of registrable documents, etc.**

158. 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~~ Document(s)”) 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.

Annual Returns and Filings

Annual returns and filings

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

Accounts

Accounts to be kept

160. 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 ~~Law~~Act.

App-13
Part-B
r.4(1)

Where accounts are to be kept

161. 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 ~~Law~~Act, at such other place or places as the Board thinks fit and shall always be open to the inspection of the Directors.

Inspection by members

162. 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 the members (other than officers of the Company) and no member (other than a Director) shall have any right of inspecting any accounts or books or documents of the Company except as conferred by the ~~Law~~Act or any other relevant law or regulation or as authorised by the Board or by the Company in general meeting.

**Annual profit and loss
account and balance
sheet**

163. (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 164 and such other reports and accounts as may be required by law.

App 13
Part B
r.4(2)

**Annual report of
Directors and balance
sheet to be sent to
members etc.**

(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 printed 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.

App 13
Part B
r.3(3)
App 3
r.5

- (c) To the extent permitted by and subject to due compliance with these Articles, the ~~Law~~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 163(b) 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 ~~Law~~Act, a summary financial statement derived from the Company's annual accounts, together with the Directors' report and the Auditors' report on such accounts, which shall be in the form and containing the information required by these Articles, the ~~Law~~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~~Auditors' 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~~Auditors' report thereon.
- (d) The requirement to send to a person referred to in Article 163(b) the documents referred to in that Article or a summary financial report in accordance with Article 163(c) shall be deemed satisfied where, in accordance with all applicable laws, rules and regulations, including, without limitation, the rules of the Exchange, the Company publishes copies of the documents referred to in Article 163(b) and, if applicable, a summary financial report complying with Article 163(c), on the Company's computer network or in any other permitted manner (including by sending any form of electronic communication), and that person has agreed or is deemed to have agreed to treat the publication or receipt of such documents in such manner as discharging the Company's obligation to send to him a copy of such documents.

Audit**Auditors**

164. 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.

App 13
Part B
r.4(2)

**Appointment, removal
and remuneration of
Auditors**

165. The Company shall at ~~any~~every annual general meeting by ordinary resolution appoint an ~~auditor~~Auditor or ~~auditors~~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 and the members shall by ordinary resolution at that meeting appoint another Auditor in his stead for the remainder of his term. The remuneration of the Auditors shall be fixed by the Company at the annual general meeting at which they are appointed by ordinary resolution or in the manner specified in such a 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~~Auditor or ~~auditors~~Auditors of the Company who shall hold office until the first annual general meeting unless previously removed 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, and any Auditor(s) appointed by the Board in such manner shall hold office until the next annual general meeting of the Company and shall then be subject to appointment by members under this Article at such remuneration to be determined by the members under this Article. The remuneration of any Auditor appointed by the Board under this Article may be fixed by the Board.

App 3
para 17

**When accounts to be
deemed settled**

166. 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.

Notices**Service of notices**

167. (a) 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 (i) by serving it 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 other entitled person, to such address as that other person may provide for such purpose); (ii) 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~~; (iii) 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~~; (iv) by sending or otherwise making it available to such person through such other means to the extent permitted by and in accordance with the Act, the Listing Rules and other applicable laws, rules and regulations; or (v) (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. Every member or a person who is entitled to receive notice from the Company under the provisions of the Act or these Articles may register with the Company an electronic address to which notices can be served upon him.

App 3
r.7(1)

- (b) Notice of every general meeting shall be given in any manner hereinbefore authorised to:
- (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;
 - (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;
 - (iii) the Auditors;
 - (iv) each Director and alternate Director;
 - (v) the Exchange; and
 - (vi) such other person to whom such notice is required to be given in accordance with the Listing Rules.

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

Language of notices

168. Intentionally Deleted

**Members out of Hong
Kong**

169. 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 169 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.

App-3
r.7(2)
App-3
r.7(3)**When notice deemed to
be served**

170. (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.
- (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.

- (c) Any notice served by announcement or advertisement shall be deemed to have been served on the day of issue of the official publication and/or newspaper(s) in which the announcement or 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 given by electronic means as provided herein shall be deemed to have been served and delivered on the day following the day 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, provided that any failure in transmission beyond the sender's control shall not invalidate the effectiveness of the notice or document being served.
- (e) Any notice or other document published on the Company's Website and/or the Exchange's website shall be deemed to have been served on the day on which the notice, document or publication first so appears on the Company's Website and/or the Exchange's website (or such later time as may be prescribed by the Listing Rules).

**Service of notice to
persons entitled on
death, mental disorder
or bankruptcy of a
member**

171. 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, mental disorder or bankruptcy had not occurred.

**Transferee bound by
prior notices**

172. 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 (including electronic address) being entered on the register shall have been duly given to the person from whom he derives his title to such share.

**Notice valid though
member deceased**

173. Any notice or document delivered or sent to any member in pursuance of these Articles, shall notwithstanding that such member be then deceased or bankrupt or that any other event has occurred and whether or not the Company has notice of his death or bankruptcy or such other event 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 or such persons entitled to such shares and all persons (if any) jointly interested with him in any such shares.

How notice to be signed

174. 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~~ electronic signature.

Information**Member not entitled to
information**

175. 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.

**Directors entitled to
disclose information**

176. 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.

Winding UpVoluntary winding up

176A. Subject to the Companies Act, the Company may by special resolution resolve that the Company be wound up voluntarily.

App 3
para 21

**Power to distribute assets
in specie following
liquidation**

177. 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~~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~~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.

**Distribution of assets in
liquidation**

178. 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.

Service of process

179. 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.

Indemnities and Insurance**Indemnities of Directors
and officers**

180. (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.

- (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.
- (c) Subject to the Companies Act and as authorised by the Memorandum of Association, the Company may purchase and maintain for any officer of the Company (i) insurance against any liability to the Company, an associated company or any other party in respect of any negligence, default, breach of duty or breach of trust (save for fraud) of which he may be guilty in relation to the Company or an associated company; and (ii) insurance against any liability incurred by him in defending any proceedings, whether civil or criminal, taken against him for any negligence, default, breach of duty or breach of trust (including fraud) of which he may be guilty in relation to the Company or an associated company. In this Article 180(c), “associated company” in relation to the Company means any company that is the Company’s subsidiary or holding company or a subsidiary of the Company’s holding company.

Financial Year**Financial year**

181. ~~The~~ Unless the Directors otherwise prescribe, the financial year of the Company shall be prescribed by the Board and may, from time to time, be changed by it end on 31 December in each year and, following the year of incorporation, shall begin on 1 January in each year.

Amendment of Memorandum and Articles**Amendment of
Memorandum and
Articles**

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

~~App 13 Part B r.1~~
App 3 para 16

**Transfer by Way of
Continuation**

183. The Company shall, subject to the provisions of the Companies ~~Law~~ 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.

**Mergers and
Consolidations**

184. 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 Statute), upon such terms as the Directors may determine.

NOTICE OF EGM

The TCL logo consists of the letters "TCL" in white, bold, sans-serif font, centered within a red square.

TCL ELECTRONICS HOLDINGS LIMITED

TCL 電子控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01070)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**EGM**”) of TCL Electronics Holdings Limited (the “**Company**”) will be held at 8/F., Building 22E, 22 Science Park East Avenue, Hong Kong Science Park, Shatin, New Territories, Hong Kong, on 29 September 2022, Thursday, at 2:30 p.m., for the following purposes:

ORDINARY RESOLUTION(S)

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

1. “**THAT**

- (a) the Master Finance Lease (2022-2024) Agreement (as defined in the circular of the Company dated 8 September 2022 (the “**Circular**”), the terms and the transactions contemplated thereunder (a copy of the agreement has been produced to the meeting and marked “A” and initialed by the chairperson of the meeting for the purposes of identification), together with the relevant proposed annual caps in relation to such transactions for the three years ending 31 December 2024 as set out in the Circular be and are hereby approved, confirmed and ratified; and
- (b) any director of the Company be and is hereby authorised to take any step and execute such other documents as they consider necessary, desirable or expedient to carry out or give effect to or otherwise in connection with the Master Finance Lease (2022-2024) Agreement or the transactions contemplated thereunder.”

2. “**THAT**

- (a) the Master Photovoltaic Power Construction Services (2022-2024) Agreement (as defined in the Circular), the terms and the transactions contemplated thereunder (a copy of the agreement has been produced to the meeting and marked “B” and initialed by the chairperson of the meeting for the purposes of identification), together with the relevant proposed annual caps in relation to such transactions for the three years ending 31 December 2024 as set out in the Circular be and are hereby approved, confirmed and ratified; and

NOTICE OF EGM

- (b) any director of the Company be and is hereby authorised to take any step and execute such other documents as they consider necessary, desirable or expedient to carry out or give effect to or otherwise in connection with the Master Photovoltaic Power Construction Services (2022-2024) Agreement or the transactions contemplated thereunder.”

SPECIAL RESOLUTION(S)

To consider and, if thought fit, pass the following resolutions(s) as special resolution(s) of the Company:

3. **“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 II to the Circular, be and are hereby approved;
- (b) the second amended and restated memorandum and articles of association of the Company (the **“Second Memorandum and Articles”**), which incorporates all the Proposed Amendments and a copy of which has been produced to the meeting and marked “C” and initialed by the chairperson of the meeting for the purpose of identification, be and is hereby approved and adopted in substitution for, and to the exclusion of, the existing amended and restated memorandum and articles of association of the Company with immediate effect; and
- (c) any director of the Company be and is hereby authorised to sign, execute and deliver all such documents, instruments and agreements (including the affixation of the common seal of the Company when required), and to do all such acts or things and make all such arrangements that he or she may, in his or her absolute discretion, consider necessary, appropriate, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the Proposed Amendments and the adoption of the Second Memorandum and Articles, including without limitation, attending to the necessary registration and/or filings for and on behalf of the Company.”

On behalf of the Board

DU Juan

Chairperson

Hong Kong, 8 September 2022

NOTICE OF EGM

Notes:

1. A member of the Company who is holder of two or more shares, and who is entitled to attend and vote at the meeting, is entitled to appoint more than one proxy to attend and vote on his/her/its behalf. A proxy need not be a member of the Company. Completion and return of the form of proxy will not preclude a member from attending the meeting and voting in person. In such event, his/her/its form of proxy will be deemed to have been revoked.
2. A form of proxy for the EGM is enclosed to the notice of the EGM. In order to be valid, the form of proxy together with the power of attorney, if any, under which it is signed, or a notarially certified copy of such power or authority must be lodged at the Hong Kong branch share registrar and transfer office of the Company, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time for holding the meeting or any adjournment thereof.
3. The record date for determining the entitlements of the shareholders to attend and vote at the EGM is 23 September 2022, Friday. In order to qualify to attend and vote at the EGM, all transfers accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, by no later than 4:30 p.m. on 23 September 2022, Friday.
4. Where there are joint registered holders of any share, any one of such persons may vote at any meeting, either personally 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 any meeting personally or by proxy, that one of the said persons so 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.
6. Shareholders of the Company should note that the EGM will be held as scheduled when tropical cyclone signal no. 8 (or above) or black rainstorm warning signal or “extreme conditions” as defined under Chapter 1 of the Rules of the Exchange of The Stock Exchange of Hong Kong Limited is in force. In such event, shareholders of the Company should make their own decision as to whether they would attend the meeting under bad weather conditions bearing in mind their own situations and if they should choose to do so, they are advised to exercise care and caution.
7. In view of the recent development of the pandemic caused by coronavirus disease 2019 (COVID-19), and in order to better protect the safety and health of the shareholders of the Company, a series of pandemic precautionary measures will be implemented at the venue of the EGM:-
 - (i) compulsory body temperature check will be conducted for every person at the entrance of the venue of EGM. Any person with a body temperature of over 37.5 degree Celsius will not be admitted to the venue;
 - (ii) every person is required to wear facial mask at the venue of the EGM;
 - (iii) seating in the EGM venue will be arranged so as to allow for appropriate social distancing; and
 - (iv) no refreshments will be served at the EGM.

Subject to the development of the COVID-19 pandemic and in compliance with applicable laws and regulations, the Company may implement further precautionary measures at the EGM.

NOTICE OF EGM

The Company wishes to remind its shareholders that physical attendance in person at the EGM is not necessary for the purpose of exercising their voting rights and strongly advises the shareholders to appoint the chairperson of the EGM as a proxy to vote on relevant resolution(s) as instructed in accordance with the relevant proxy form as an alternative to attending the EGM in person in light of the continuing risks posed by the COVID-19 pandemic. For more details, please refer to the proxy form for the EGM.

Shareholders of the Company and other participants who will attend the EGM in person are advised to (a) consider carefully the risk of attending the EGM, which will be held in an enclosed environment; (b) follow and comply with any laws, regulations, guidelines or requirements implemented by the Hong Kong Government relating to COVID-19 pandemic; 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.

As at the date of this notice, the Board comprises Ms. DU Juan, Mr. YAN Xiaolin and Mr. HU Dien Chien as executive directors of the Company, Mr. WANG Cheng, Mr. SUN Li and Mr. LI Yuhao as non-executive directors of the Company and Dr. TSENG Shieng-chang Carter, Professor WANG Yijiang and Mr. LAU Siu Ki as independent non-executive directors of the Company.