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北京迪信通商貿股份有限公司

Beijing Digital Telecom Co., Ltd.

(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 6188)

- (1) **DISCLOSEABLE TRANSACTION AND CONTINUING CONNECTED TRANSACTION: REVISION OF THE EXISTING ANNUAL CAPS UNDER THE 2024-2026 FINANCIAL SERVICES FRAMEWORK AGREEMENT**
- (2) **CONTINUING CONNECTED TRANSACTION: PHOTOVOLTAIC EQUIPMENT AND COMPONENTS PURCHASE AND SALES FRAMEWORK AGREEMENT NO. 2**
- (3) **PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**
- (4) **PROPOSED AMENDMENTS TO THE PROCEDURAL RULES**
- (5) **ANNUAL REPORT FOR THE YEAR 2023**
- (6) **REPORT OF THE BOARD FOR THE YEAR 2023**
- (7) **REPORT OF THE BOARD OF SUPERVISORS FOR THE YEAR 2023**
- (8) **ANNUAL FINANCIAL REPORT FOR THE YEAR 2023**
- (9) **PROFIT DISTRIBUTION PLAN FOR THE YEAR 2023**
- (10) **RE-APPOINTMENT OF EXTERNAL AUDITOR FOR THE YEAR 2024**
- (11) **GENERAL MANDATE TO ISSUE SHARES**
- (12) **PROPOSED CHANGE OF REGISTERED OFFICE ADDRESS AND PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**
- (13) **NOTICES OF ANNUAL GENERAL MEETING AND CLASS MEETINGS**

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



Capitalised terms used herein shall have the meanings set out in the section headed "Definitions" of this circular.

Notices convening the AGM and the H Share Class Meeting and the Domestic Share Class Meeting of the Company to be held at 46th Floor, South Tower, Lize SOHO, Building 1, No. 20, Lize Road, Lize Financial Business District, Fengtai District, Beijing, the PRC on Wednesday, 22 May 2024 at 10:30 a.m., 10:50 a.m. on the same date or immediately after the conclusion of AGM, and 11:00 a.m. on the same date or immediately after the conclusion of the H Share Class Meeting, respectively, are set out on pages 234 to 245 of this circular.

A proxy form for use at each of the AGM and the Class Meetings is enclosed herewith and also published on both the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.dixintong.com>). If you intend to attend the AGM and/or the Class Meetings by proxy, you are requested to complete the enclosed proxy form(s) in accordance with the instructions printed thereon and return the same to the registered office of the Company (for holders of Domestic Shares) or the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H Shares) as soon as possible and in any event not later than 24 hours before the time appointed for holding of the AGM and the Class Meetings or any adjournment thereof. Completion and return of the proxy form(s) will not preclude you from attending and voting in person at the AGM and the Class Meetings or any adjournment thereof should you so wish.

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

30 April 2024

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DEFINITIONS

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

“2022-2023 Financial Services Framework Agreement”	the framework agreement dated 18 November 2022 and entered into between the Company and Huafa Finance Company in relation to the provision of the Deposit Services and the credit services for the term from 18 November 2022 to 31 December 2023;
“2024-2026 Financial Services Framework Agreement”	the framework agreement dated 25 September 2023 and entered into between the Company and Huafa Finance Company in relation to the provision of the Deposit Services and the credit services for the term from 1 January 2024 to 31 December 2026;
“30%-controlled company”	has the meaning ascribed to it under Chapter 14A of the Listing Rules;
“AGM”	the annual general meeting of the Company for the year 2023 to be held at 46th Floor, South Tower, Lize SOHO, Building 1, No. 20, Lize Road, Lize Financial Business District, Fengtai District, Beijing, the PRC on Wednesday, 22 May 2024 at 10:30 a.m. or any adjournment thereof (as the case may be);
“Amended and Restated Articles of Association”	the amended and restated Articles of Association incorporating and consolidating all the Articles Amendments, proposed to be adopted by the Company at the AGM;
“Articles Amendments”	the proposed amendments to the Articles of Association as set out in Appendix I to this circular;
“Articles of Association”	the articles of association of the Company, as amended, modified or otherwise supplemented from time to time;
“associate”	has the meaning ascribed to it under the Listing Rules;
“Beijing Shangfang”	Beijing Shangfang Intelligent Clean Energy Company Limited* (北京尚方智慧清潔能源有限公司), a limited liability company established in the PRC and a wholly-owned subsidiary of Zhuhai Shangfang;
“Board”	the board of Directors of the Company;

DEFINITIONS

“Business Day(s)”	a day (excluding Saturday, Sunday, public holiday and any day on which a tropical cyclone warning no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 5:00 p.m.) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours;
“Class Meetings”	collectively, the H Share Class Meeting and the Domestic Share Class Meeting;
“Company”	Beijing Digital Telecom Co., Ltd. (北京迪信通商貿股份有限公司), a joint stock company incorporated in the PRC with limited liability and whose H Shares are listed on the Stock Exchange, stock code: 6188;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules;
“CSRC”	China Securities Regulatory Commission;
“Deposit Services”	the deposit services provided by Huafa Finance Company to the Group under the 2024-2026 Financial Services Framework Agreement (as supplemented by the Supplemental Agreement) or the 2022-2023 Financial Services Framework Agreement (as the case may be) whereby the Group maintains deposits with Huafa Finance Company;
“Digital Science & Technology”	Digital Science & Technology Group Limited (迪信通科技集團有限公司*), a limited liability company established in the PRC, which directly holds 168,362,098 Domestic Shares;
“Director(s)”	the directors of the Company;
“Di Er Tong”	Beijing Di Er Tong Consulting Company Limited (北京迪爾通諮詢有限公司*), a limited liability company established in the PRC;

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“Domestic Share Class Meeting”	the class meeting of the holders of Domestic Shares to be convened and held at 11:00 a.m. on Wednesday, 22 May 2024 or immediately after the conclusion of the AGM and the H Share Class Meeting or any adjournment thereof, for the purposes of considering and approving the Articles Amendments and Procedural Rules Amendments;
“Domestic Share(s)”	ordinary share(s) in the capital of the Company, with a nominal value of RMB1.0 each, which are subscribed for and paid up in RMB;
“Effective Date”	the date of the approval from the independent Shareholders at the AGM in relation to the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2 and the transaction contemplated thereunder (including the proposed cap);
“General Mandate”	the general mandate to issue, allot and/or otherwise deal with additional Shares representing up to the limit of 20% of the total number of issued Shares as at the date of passing such resolution to grant the general mandate;
“Group”	the Company and its subsidiaries from time to time;
“H Share Class Meeting”	the class meeting of the holders of H Shares to be convened and held at 10:50 a.m. on Wednesday, 22 May 2024 or immediately after the conclusion of the AGM or any adjournment thereof, for the purposes of considering and approving the Articles Amendments and Procedural Rules Amendments;
“H Share(s)”	the ordinary share(s) of the Company, with a par value of RMB1.00 each, which are listed on the Stock Exchange and traded in Hong Kong dollars;
“H Shareholder(s)”	holders of H Shares;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;
“Hong Kong Huafa”	Hong Kong Huafa Investment Holdings Limited (香港華發投資控股有限公司), a company incorporated in Hong Kong with limited liability, and a subsidiary of Zhuhai Huafa and a controlling shareholder of the Company, which directly holds 327,057,912 H Shares;

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“Huafa Finance Company”	Zhuhai Huafa Group Finance Co., Ltd.* (珠海華發集團財務有限公司), a limited liability company established in the PRC and a subsidiary of Zhuhai Huafa;
“Huafa Technology Industry Group”	Zhuhai Huafa Technology Industry Group Co., Ltd.* (珠海華發科技產業集團有限公司)(formerly known as Zhuhai Huafa Industrial Investment Holding Co., Ltd.* (珠海華發實體產業投資控股有限公司)), a limited liability company established in the PRC, and a subsidiary of Zhuhai Huafa and controlling shareholder of the Company, which directly holds 169,337,902 Domestic Shares;
“Independent Board Committee”	the independent board committee of the Board, comprising all of the independent non-executive Directors, formed to advise the independent Shareholders in respect of (i) the Supplemental Agreement and the transaction for the Deposit Services contemplated thereunder (including the Revised Deposit Caps) and (ii) the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2 and the transaction contemplated thereunder (including the proposed cap);
“Innovax”	Innovax Capital Limited, a corporation licensed under the SFO permitted to engage in Type 1 and Type 6 regulated activities (as defined under the SFO), being the independent financial adviser to advise the Independent Board Committee and the independent Shareholders in respect of (i) the Supplemental Agreement and the transaction for the Deposit Services contemplated thereunder (including the Revised Deposit Caps) and (ii) the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2 and the transaction contemplated thereunder (including the proposed cap);
“Latest Practicable Date”	23 April 2024, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;

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“Liu Family”	collectively, Mr. Liu Donghai, Mr. Liu Songshan, Ms. Liu Wencui, Ms. Liu Hua, Ms. Liu Yongmei and Ms. Liu Wenli, all of whom are siblings to each other;
“NFRA”	National Financial Regulatory Administration (國家金融監督管理總局);
“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of the PRC;
“Photovoltaic Equipment”	the photovoltaic equipment and components, including but not limited to photovoltaic modules, inverters, racking, distribution boxes, cables and auxiliary materials, to be sold by the Group to Beijing Shangfang pursuant to the Photovoltaic Equipment and Components Purchase and Sales Framework Agreements;
“Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 1”	the framework agreement dated 6 February 2024 and entered into between the Company and Beijing Shangfang in relation to the sale of the Photovoltaic Equipment for the term from 6 February 2024 to 31 May 2024;
“Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2”	the framework agreement dated 11 March 2024 and entered into between the Company and Beijing Shangfang in relation to the sale of the Photovoltaic Equipment for the term from the Effective Date to 31 December 2024, and conditional on the approval by the independent Shareholders at the AGM;
“Photovoltaic Equipment and Components Purchase and Sales Framework Agreements”	collectively, the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 1 and the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2;
“PRC”	The People’s Republic of China, for the purpose of this circular, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan;
“Procedural Rules”	collectively, the Rules of Procedures for General Meetings, the Rules of Procedures for the Board of Directors and the Rules of Procedures for the Board of Supervisors;
“Procedural Rules Amendments”	the proposed amendments to the Procedural Rules as set out in Appendix II to Appendix IV to this circular;

DEFINITIONS

“Revised Deposit Caps”	the revised deposit caps in respect of the Deposit Services contemplated under the 2024-2026 Financial Services Framework Agreement (as supplemented by the Supplemental Agreement);
“RMB”	Renminbi, the lawful currency of the PRC;
“Rules of Procedures for General Meetings”	the existing rules of procedures for Shareholders’ general meeting of the Company;
“Rules of Procedures for the Board of Directors”	the existing rules of procedures for the Board of Directors;
“Rules of Procedures for the Board of Supervisors”	the existing rules of procedures for the board of supervisors of the Company;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time;
“Share(s)”	Domestic Share(s) and H Share(s);
“Shareholder(s)”	holder(s) of the Shares;
“State Council”	the State Council of the PRC;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Supplemental Agreement”	the supplemental agreement to the 2024-2026 Financial Services Framework Agreement entered into between the Company and Huafa Finance Company on 11 March 2024 and conditional on the approval by the independent Shareholders at the AGM;
“Zhuhai Huafa”	Zhuhai Huafa Group Company Limited* (珠海華發集團有限公司), a state-owned enterprise owned by the Zhuhai SASAC and Department of Finance of Guangdong Province (廣東省財政廳) as to 93.51% and 6.49%, respectively, and a controlling shareholder of the Company;

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“Zhuhai SASAC”	State-owned Assets Supervision and Administration Commission of Zhuhai Municipal People’s Government* (珠海市人民政府國有資產監督管理委員會);
“Zhuhai Shangfang”	Zhuhai Shangfang Intelligent Clean Energy Company Limited* (珠海尚方清潔能源科技有限公司), a limited liability company established in the PRC; and
“%”	per cent.

* *For identification purposes only*

LETTER FROM THE BOARD



北京迪信通商貿股份有限公司
Beijing Digital Telecom Co., Ltd.

(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 6188)

Executive Directors:

Ms. Xu Jili (*Chairwoman*)
Ms. Xu Liping
Mr. Liu Donghai

Non-executive Directors:

Mr. Xie Hui
Mr. Jia Zhaojie
Ms. Pan Anran

Independent Non-executive Directors:

Mr. Lv Tingjie
Mr. Lv Pingbo
Mr. Cai Chun Fai

Registered Office:

No. 101, 4/F, C Yi'an Business Building
18 Building Yi'an Jiayuan, Beiwa West
Haidian District, Beijing
the PRC

Principal Place of Business in Hong Kong:

31/F., Tower Two
Times Square
1 Matheson Street
Causeway Bay
Hong Kong

30 April 2024

To the Shareholders

Dear Sir or Madam,

- (1) DISCLOSEABLE TRANSACTION AND CONTINUING CONNECTED TRANSACTION: REVISION OF THE EXISTING ANNUAL CAPS UNDER THE 2024-2026 FINANCIAL SERVICES FRAMEWORK AGREEMENT**
- (2) CONTINUING CONNECTED TRANSACTION: PHOTOVOLTAIC EQUIPMENT AND COMPONENTS PURCHASE AND SALES FRAMEWORK AGREEMENT NO. 2**
- (3) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**
- (4) PROPOSED AMENDMENTS TO THE PROCEDURAL RULES**
- (5) ANNUAL REPORT FOR THE YEAR 2023**
- (6) REPORT OF THE BOARD FOR THE YEAR 2023**
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- (12) PROPOSED CHANGE OF REGISTERED OFFICE ADDRESS AND PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**
- (13) NOTICES OF ANNUAL GENERAL MEETING AND CLASS MEETINGS**

LETTER FROM THE BOARD

I. INTRODUCTION

The purpose of this circular is to provide you with the notices of the AGM and the Class Meetings, and further information reasonably necessary to enable you to vote for or against certain of the resolutions to be proposed at the AGM and the Class Meetings as described below.

At the AGM, ordinary resolutions will be proposed to (*inter alia*) (i) consider and approve the Supplemental Agreement and the transaction for the Deposit Services contemplated thereunder (including the Revised Deposit Caps); (ii) consider and approve the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2 and the transaction contemplated thereunder (including its proposed cap); (iii) consider and approve the annual report of the Company for the year 2023; (iv) consider and approve the report of the Board for the year 2023; (v) consider and approve the report of the Board of Supervisors for the year 2023; (vi) consider and approve the annual financial report of the Company for the year 2023; (vii) consider and approve the profit distribution plan of the Company for the year 2023; and (viii) consider and approve the re-appointment of the external auditor for the year 2024. Special resolutions will be proposed to (*inter alia*) (i) consider and approve the grant of a General Mandate to the Board to issue, allot and/or otherwise deal with additional Shares not exceeding 20% of the total number of issued Shares; and (ii) consider and approve the proposed change of registered office address of the Company and proposed amendments to the Articles of Association. At both the AGM and the Class Meetings, special resolutions will be proposed to consider and approve the Articles Amendments and the Procedural Rules Amendments.

II. DISCLOSEABLE TRANSACTION AND CONTINUING CONNECTED TRANSACTIONS

1. DISCLOSEABLE TRANSACTION AND CONTINUING CONNECTED TRANSACTION: REVISION OF EXISTING ANNUAL CAPS UNDER THE 2024-2026 FINANCIAL SERVICES FRAMEWORK AGREEMENT

Reference is made to the announcement of the Company dated 11 March 2024 in relation to, among others, the Supplemental Agreement entered into by the Company and Huafa Finance Company. You should read the following information carefully when considering the resolution on the Supplemental Agreement and the transaction for the Deposit Services contemplated thereunder (including the Revised Deposit Caps).

(i) Background

Reference is made to the announcement of the Company dated 25 September 2023 in relation to, among others, the continuing connected transaction of the Deposit Services under the 2024-2026 Financial Services Framework Agreement entered into between the Company and Huafa Finance Company.

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The Board has reviewed the existing continuing connected transaction of the Deposit Services (including the existing annual caps) contemplated under the 2024-2026 Financial Services Framework Agreement, and in view of the continuous growth of the Group's business and operational scale, the Board anticipates that the demand of the Group for the Deposit Services will exceed the previous projection to the effect that the existing annual caps for the Deposit Services under the 2024-2026 Financial Services Framework Agreement will not be sufficient to meet the demand of the Group.

Accordingly, on 11 March 2024, the Company and Huafa Finance Company entered into the Supplemental Agreement to increase the existing annual caps for the Deposit Services for the years ending 31 December 2024, 2025 and 2026 to the Revised Deposit Caps in order to cater for the Group's demand in such services, facilitate the Group in the overall capital management and support the Group's potential business growth.

(ii) Principal terms of the Supplemental Agreement

The principal terms of the 2024-2026 Financial Services Framework Agreement (as supplemented by the Supplemental Agreement) are as follows:

- Date:** 11 March 2024
- Parties:** (a) the Company; and
(b) Huafa Finance Company
- Duration:** From 1 January 2024 to 31 December 2026
- Subject matter:** The financial services to be provided by Huafa Finance Company to the Group:
- (i) the Deposit Services: provision of deposit services to the Group according to the requirements of the Group and formulation of optimal deposit portfolio for the Group, which include current deposit, time deposit, call deposit and agreement deposit.

The Revised Deposit Caps for the Group's daily maximum outstanding balance of the Deposit Services (including accrued interests) in Huafa Finance Company shall be RMB300 million.
 - (ii) the credit services: provision of credit services to the Group according to the operation and development needs of the Group, which include but not limited to working capital loans, bill acceptance and trade financing, etc.

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The credit services shall be provided by Huafa Finance Company to the Group in accordance with normal commercial terms or better. No security over the assets, security over the rights or other guarantees of the Group shall be provided for the loans. None of the Group's deposit to be placed with Huafa Finance Company shall be used as the pledge to the credit services provided by Huafa Finance Company.

The highest comprehensive credit limit of the Group that may be applied on a revolving basis shall be RMB3 billion.

The financial services received by the Group from Huafa Finance Company pursuant to the 2024-2026 Financial Services Framework Agreement (as supplemented by the Supplemental Agreement) is on a non-exclusive basis, and the Group is entitled to select other financial institutions to provide the financial services at its sole discretion.

Pricing policy:

In respect of the Deposit Services, the deposit interest rate provided by Huafa Finance Company to the Group shall be determined by the parties after arm's length negotiations with reference to the interest rate provided by general commercial banks within the PRC for the deposits of the same type and term, but not lower than the benchmark interest rate in the same period promulgated by the PBOC for deposits of the same type and term.

In respect of the credit services, the loan interest rate granted by Huafa Finance Company to the Group is determined by the parties after arm's length negotiations, but shall not be higher than the interest rate provided by general commercial banks within PRC for the loan with the same type and term.

Condition precedent:

The Supplemental Agreement and the transaction contemplated thereunder (including the Revised Deposit Caps) are conditional upon the approval by the independent Shareholders at the AGM.

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In any event, prior to obtaining the approval from the independent Shareholders at the AGM, the Company shall continue to comply with the terms of, and the continuing connected transaction (together with the existing annual caps for the Deposit Services) under the 2024-2026 Financial Services Framework Agreement.

(iii) Revision of annual caps

Pursuant to the Supplemental Agreement, conditional upon the approval by the independent Shareholders at the AGM, the existing annual caps for the Deposit Services under the 2024-2026 Financial Services Framework Agreement for the years ending 31 December 2024, 2025 and 2026 will be revised to the Revised Deposit Caps as follows:

	For the year ending 31 December 2024 <i>(RMB millions)</i>	For the year ending 31 December 2025 <i>(RMB millions)</i>	For the year ending 31 December 2026 <i>(RMB millions)</i>
Deposit Services – daily maximum outstanding balance of the deposits (including any accrued interests)			
Existing annual caps	120	120	120
Revised Deposit Caps	300	300	300

LETTER FROM THE BOARD

(iv) Historical transaction amounts

The table below sets out the historical transaction amount of the Deposit Services for the years ended 31 December 2022 and 2023 and the period from 1 January 2024 to the Latest Practicable Date, as well as the comparisons with the historical annual caps for the Deposit Services under the 2022-2023 Financial Services Framework Agreement for the term from 18 November 2022 to 31 December 2023 and the existing annual caps for the Deposit Services under the 2024-2026 Financial Services Framework Agreement for the year ending 31 December 2024, respectively.

	Historical/Existing Annual Caps			Historical Transaction Amounts		
	For the period from 18 November 2022 to 31 December 2022 (RMB millions)	For the year ended 31 December 2023 (RMB millions)	For the year ending 31 December 2024 (RMB millions)	For the period from 18 November 2022 to 31 December 2022 (RMB millions)	For the year ended 31 December 2023 (RMB millions)	For the period from 1 January 2024 to the Latest Practicable Date (RMB millions)
Deposit Services						
Daily maximum outstanding balance of the deposits (including any accrued interest)	120	120	120	101.95	119.93	119.92

The actual transaction amounts for the Deposit Services under the 2022-2023 Financial Services Framework Agreement for the years ended 31 December 2022 and 2023 and that under the 2024-2026 Financial Services Framework Agreement for the period from 1 January 2024 to the Latest Practicable Date did not exceed their respective annual caps thereunder.

Prior to the obtaining of the approval of the independent Shareholders at the AGM in relation to the Supplemental Agreement and the transactions contemplated thereunder (including the Revised Deposit Caps), the Company will conduct the Deposit Services in accordance with the existing terms of the 2024-2026 Financial Services Framework Agreement. The actual transaction amounts for the Deposit Services from 1 January 2024 and up to the date of the AGM will not exceed their existing annual caps under the 2024-2026 Financial Services Framework Agreement for the year ending 31 December 2024.

(v) Basis for determining the Revised Deposit Caps

In arriving at the Revised Deposit Caps of the Deposit Services, the Directors have taken into account the following factors:

- (1) the historical daily maximum outstanding deposit balance (including any accrued interest) that were maintained by the Group with Huafa Finance Company and each of its principal banks;

LETTER FROM THE BOARD

- (2) the utilisation rates of the daily maximum balance of the deposits placed by the Group with Huafa Finance Company (including any accrued interest) for the years ended 31 December 2022 and 2023 and the period from 1 January 2024 to the Latest Practicable Date reached approximately 84.96%, 99.94% and 99.94% of the respective annual cap, which were at a relatively high level;
- (3) the Revised Deposit Caps of the Deposit Services provided by Huafa Finance Company account for approximately 10.17% of the balance of the cash and cash equivalents and the pledged deposits of the Group as at 31 December 2023, which is within a safe and reasonable range, after taking into consideration the following factors:
- (a) as a non-bank financial institution regulated by the NFRA, Huafa Finance Company is subject to stringent rules and regulations imposed by the NFRA, in particular Huafa Finance Company is required to submit audited financial statements and report its operation status to the NFRA annually, as well as comply with the financial ratio requirements set by the NFRA from time to time. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, in particular based on the regular review of the financial statements of Huafa Finance Company and reports filed with the NFRA by Huafa Finance Company, the Directors are not aware that Huafa Finance Company has any incident of non-compliance with relevant laws, rules and regulations of the PRC as well as the financial ratio requirements imposed by the NFRA from time to time, and thus the Directors consider that Huafa Finance Company is financially reliable and safe to provide Deposit Services to the Group; and
- (b) for comparison purposes, the Company has, on a best effort basis, identified seven companies whose shares are listed on the Stock Exchange (the “**Sample Listed Companies**”), each of which have entered into a framework agreement for the continuing connected transaction (the “**Sample CCT**”) in relation to the provision of the deposit services by their respective connected person(s), which are in general financial service companies regulated by the NFRA (the “**Connected Financial Companies**”), as disclosed on the website of the Stock Exchange during the review period from 1 October 2023 to 31 December 2023 (the “**Review Period**”). It is noted that the Sample Listed Companies may not represent an exhaustive list of samples that took place during the Review Period. Based on the research conducted by the Company in relation to the maximum daily deposit balance (including accrued interest) of the deposits which could be placed by Sample Listed Companies with each of their

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respective Connected Financial Companies, it is noted that the ratio of each of the Sample Deposit Caps (as disclosed in the announcement of the respective Sample CCT) to the cash and cash equivalents and the pledged/time deposits (which would be due within one year) as at the date of the latest financial statement of each of the Sample Listed Companies as disclosed on the website of the Stock Exchange prior to the date of the announcement of the respective Sample CCT in relation to the Sample Listed Companies was no less than 20% (the “**Sample Ratios**”), indicating that the Sample Ratios are higher than the ratio of the Revised Deposit Caps to the cash and cash equivalents and the pledged deposits of the Group as at 31 December 2023. In light of the above, the Directors consider that depositing approximately 10.17% of the balance of the cash and cash equivalents and the pledged deposits of the Group as at 31 December 2023 (i.e. RMB300 million) into Huafa Finance Company is within a reasonable range.

- (4) by adopting the Revised Deposit Caps, the Group will gain increased flexibility to implement better capital management strategies in engaging Huafa Finance Company to provide the Deposit Services. Considering that the Company demonstrated an increasing trend of the revenue and the balance of cash and cash equivalents and pledged deposits in aggregate during the three years ended 31 December 2023, and coupled with the continuous business expansion of the Group, it is expected that the Group will have to handle an even higher volume of cash inflow and outflow from its operations. Therefore, the existing annual caps for the Deposit Services under the 2024-2026 Financial Services Framework Agreement will be insufficient to fulfil the demand of the Group in the Deposit Services. Under these circumstances, if the Revised Deposit Caps were not adopted, the Group will have to transfer the cash in excess of the aforesaid existing annual caps to the other commercial banks for the provision of the Deposit Services, which would significantly reduce the overall liquidity and efficiency of the fund management and increase the management cost of operating the funds, and hence the interests of the Shareholders cannot be fully enhanced.

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In addition, the Deposit Services provided by Huafa Finance Company to the Group pursuant to the 2024-2026 Financial Services Framework Agreement (as supplemented by the Supplement Agreement) will provide an alternative to the Group to manage its funds with more favourable terms as compared to those from other commercial banks in the PRC. For instance, the Deposit Services provided by Huafa Finance Company do not necessitate a pre-determined notice period for withdrawals. This means that the Group can freely withdraw funds from the account maintained in Huafa Finance Company whenever required, providing greater flexibility and convenience compared to other commercial banks in the PRC that typically require a pre-determined notice period for withdrawals. This enhanced flexibility enables the Group to deploy its capital more efficiently, allowing for the maintenance of an optimal capital structure; and

- (5) the operating cash flow, financial and capital management requirements for the Group's working capital and operation needs and potential business expansion in the future.

Save for the above revision of the existing annual caps to the Revised Deposit Caps and the basis for determining the Revised Deposit Caps, the other principal terms of the 2024-2026 Financial Services Framework Agreement, including but not limited to the service scope of the financial services, the existing annual caps and pricing policy for the credit services to be provided by Huafa Finance Company to the Group under the 2024-2026 Financial Services Framework Agreement, as well as the relevant internal control procedures and the corporate governance measures in respect of the credit services, remain unchanged.

(vi) Reasons for and Benefits of Entering into the Supplemental Agreement

Huafa Finance Company is a non-bank financial institution regulated by the NFRA and is authorized to provide various financial services. The principal reasons for and the benefits of entering into the 2024-2026 Financial Services Framework Agreement (as supplemented by the Supplemental Agreement) are as follows:

- (1) In view of the continuous growth of the Group's business and operational scale, the Directors are of the view that the Group will continue and deploy more Deposit Services provided by Huafa Finance Company. The Directors anticipate that the demand of the Group for the Deposit Services will exceed the previous projection to the effect that the existing annual caps for the Deposit Services under the 2024-2026 Financial Services Framework Agreement will not be sufficient to meet the demand of the Group. Accordingly, the Company entered into the Supplemental Agreement with Huafa Finance Company in order to cater for the Group's increasing demand in such services, facilitate the Group in the overall capital management and support its potential business growth;

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- (2) the Group can use Huafa Finance Company as a medium to facilitate more efficient deployment of funds among the Company's subsidiaries;
- (3) the financial services promote capital liquidity within the Group, enhance the overall capital management and control of the Group, help monitor financial risks and allow for quick and accurate monitoring and regulation of the use of the Group's funds;
- (4) the Deposit Services form part of the Group's treasury activities to further support its operational and treasury needs, which helps improve the Group's efficiency of its cash management and working capital position;
- (5) the interest rates of the Deposit Services offered by Huafa Finance Company to the Group will be equal to or more favourable, on a case by case basis, than those offered to the Group by independent third parties;
- (6) the Group is expected to benefit from Huafa Finance Company's better understanding of the Group's operations which should render more expedient and efficient financial services than other commercial banks and financial institutions in the PRC;
- (7) the 2024-2026 Financial Services Framework Agreement (as supplemented by the Supplemental Agreement) will not preclude the Group from using the financial services offered by other financial institutions which the Group has discretion in choosing as it thinks fit and appropriate in the interests of the Company and its Shareholders as a whole. When required, the Group will solicit for quotations from commercial banks and/or other financial institutions in respect of similar transactions for comparison and consideration; and
- (8) Huafa Finance Company is regulated by the NFRA, and it provides financial services in accordance with and in compliance with the rules and operational requirements of the NFRA. In addition, capital risk can be prevented through the implementation of the risk control measures as stipulated in the 2024-2026 Financial Services Framework Agreement (as supplemented by the Supplemental Agreement).

The Directors (including the independent non-executive Directors) are of the view that the 2024-2026 Financial Services Framework Agreement (as supplemented by the Supplemental Agreement) (including the Revised Deposit Caps) are entered into in the ordinary and usual course of business of the Group on normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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(vii) Internal Control Procedures and Corporate Governance Measures for the 2024-2026 Financial Services Framework Agreement (as supplemented by the Supplemental Agreement)

In respect of the Deposit Services, the Company has adopted the following internal control and monitoring procedures:

- (1) before entering into any deposit arrangements with Huafa Finance Company, the Company will negotiate with Huafa Finance Company on an arm's length basis in respect of the deposit interest rate of the Deposit Services, and ensure that such interest rate is determined: (1) by reference to and is not lower than the benchmark interest rate then published by the PBOC for deposits of same term and same type and, in case of any change in the benchmark deposit interest rate, the deposit interest rate to be payable by Huafa Finance Company shall be determined by reference to and not lower than such benchmark deposit interest rate; and (2) by reference to the average deposit interest rate offered by at least three other independent domestic commercial banks in the PRC for deposit services of the same term and same type on normal commercial terms. The personnel responsible for cashier in the fund management department of the Company will be responsible for conducting market research, consulting with independent commercial banks and compiling statistics on interest rates for different types of deposits, and the fund operation unit of the fund management department of the Company will then be responsible for reviewing and determining the interest rate, which will be considered and approved by the head of the fund management department of the Company. As such, the Company will be able to ensure the deposit interest rate of the Deposit Services will not be less favourable than that published by the PBOC and the average deposit interest rate offered by three other independent domestic commercial banks in the PRC;
- (2) the fund management department of the Company will monitor the Deposit Services on a daily basis to ensure the proposed annual caps will not be exceeded;
- (3) the fund management department of the Company will report to the senior management of the Company, giving an update of the deposit arrangements entered into with Huafa Finance Company on a monthly basis;
- (4) Huafa Finance Company has agreed to provide data to assist the Company to monitor the daily deposit balance cap when necessary;

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- (5) in terms of the credit assessment on Huafa Finance Company, the Group would regularly request Huafa Finance Company to provide their financial statements and compliance risk management reports filed by Huafa Finance Company to the NFRA, as well as conduct on-site inspections and interviews with the senior management of Huafa Finance Company, in order to ensure that Huafa Finance Company is financially reliable and safe to provide the Deposit Services to the Group and the capital risk control measures can be effectively carried out by Huafa Finance Company;
 - (6) the Directors (including the independent non-executive Directors) will review the transactions contemplated under the 2024-2026 Financial Services Framework Agreement (as supplemented by the Supplemental Agreement) and its annual caps each year, to ensure that the transactions contemplated under the 2024-2026 Financial Services Framework Agreement (as supplemented by the Supplemental Agreement) are conducted within the terms of the 2024-2026 Financial Services Framework Agreement (as supplemented by the Supplemental Agreement), on normal commercial terms or better, fair and reasonable and in the interests of the Company and the Shareholders as a whole; and
 - (7) the independent non-executive Directors and the auditor of the Company will perform annual reviews on the pricing and annual caps of such transactions contemplated under the 2024-2026 Financial Services Framework Agreement (as supplemented by the Supplemental Agreement).
- (viii) Capital risk control measures for the 2024-2026 Financial Services Framework Agreement (as supplemented by the Supplemental Agreement)**
- (1) Huafa Finance Company will ensure the safe operation of the funds management information system, all of which has passed the security test in respect of the interface of online banking of commercial banks, so as to ensure the security of the funds of the Group;
 - (2) Huafa Finance Company will ensure that it operates in strict compliance with the risk monitoring indicators for financial institutions promulgated by the NFRA and that its major regulatory indicators, such as capital adequacy ratio, interbank borrowing ratio and liquidity ratio, will also comply with the requirements of the NFRA;
 - (3) Zhuhai Huafa has undertaken to the NFRA that, in the event that Huafa Finance Company is in urgent difficulty in making payment, Zhuhai Huafa will increase capital funding accordingly based on the actual need to solve such problem; and

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- (4) the capital balance of the Group exceeding the daily maximum deposit at Huafa Finance Company will be deposited into one or more commercial banks in the PRC as deposits.

By implementing the above measures, the Directors (including the independent non-executive Directors) consider that the Company has sufficient internal control and procedures to ensure that Deposit Services will be conducted on normal commercial terms, fair and reasonable and no less favourable to the Group than those available from independent third parties.

2. CONTINUING CONNECTED TRANSACTION: PHOTOVOLTAIC EQUIPMENT AND COMPONENTS PURCHASE AND SALES FRAMEWORK AGREEMENT NO. 2

Reference is made to the announcement of the Company dated 11 March 2024 in relation to, among others, the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2 entered into by the Company and Beijing Shangfang. You should read the following information carefully when considering the resolution on the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2 and the transaction contemplated thereunder (including the proposed cap).

(i) Background

Reference is made to the announcement of the Company dated 6 February 2024 in relation the continuing connected transaction under the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 1 entered into between the Company and Beijing Shangfang.

As the term of the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 1 and the cap for the continuing connected transaction thereunder will expire in May 2024, the Company and Beijing Shangfang entered into the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2 on 11 March 2024, pursuant to which, the Group agreed to supply the Photovoltaic Equipment to Beijing Shangfang for the period from the Effective Date to 31 December 2024. Save for the difference of the effective period and the proposed cap in respect of the fees receivable from the sale of the Photovoltaic Equipment to be provided by the Group to Beijing Shangfang under the Photovoltaic Equipment and Components Purchase and Sales Framework Agreements, the material terms of the Photovoltaic Equipment and Components Purchase and Sales Framework Agreements are substantially the same.

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(ii) Principal terms of the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2

The principal terms of the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2 are set out as follows:

Date: 11 March 2024

Parties: (a) the Company (as supplier); and
(b) Beijing Shangfang (as purchaser)

Effective Date: The Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2 shall be effective from the date of the approval from the independent Shareholders at the AGM in relation to the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2 and the transaction contemplated thereunder (including the proposed cap).

If the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2 and the transaction contemplated thereunder (including the proposed cap) are approved at the AGM, the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 1 will terminate on the earlier of (i) the Effective Date of the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2 or (ii) the expiry date of the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 1.

Term: For the period commencing from the Effective Date and ending on 31 December 2024.

Subject matter: Pursuant to the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2, the Group agreed to purchase the Photovoltaic Equipment from independent third-party suppliers and supply such Photovoltaic Equipment to Beijing Shangfang.

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**Individual sale of
Photovoltaic
Equipment
agreements:**

As the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2 only sets out the framework of the sale of Photovoltaic Equipment generally, in respect of the specific products to be sold by the Group, the relevant members of the Group shall enter into further specific sales contract (or the orders thereunder) in respect of specific sale transaction with Beijing Shangfang to determine the type and quantity of the Photovoltaic Equipment and detailed terms and conditions on the sale of such products.

In the event of conflicts between the terms of the specific sales contracts (or the orders thereunder) and the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2, the terms of the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2 shall prevail.

**Pricing and payment
terms:**

As a general principle, the prices for the sale of the Photovoltaic Equipment shall be determined on normal commercial terms, negotiated on arm's length basis by both parties under the principle of justice, fairness and openness, and with reference to the prevailing market prices of the relevant Photovoltaic Equipment.

The prices for the sale of the Photovoltaic Equipment will also be determined in accordance with the following principles, including:

- (1) the prices offered by the Group to Beijing Shangfang shall not be less than those comparable transactions that offered by the Group to no less than three independent third parties for provision of the same or similar Photovoltaic Equipment during the same period (if any); and
- (2) both parties agree that the Group has the right to freely choose its customer. If the Group does not agree with the actual transaction price and/or related terms proposed by Beijing Shangfang, the Group shall not be responsible for the sale of products or services to Beijing Shangfang.

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In general, both parties will sign the specific sales contracts and agree on the payment period with the principles of fairness and reasonableness. The payment of the specific Photovoltaic Equipment shall be settled by Beijing Shangfang within 120 days from the date of signing the specific sales contracts (or the orders thereunder) under the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2. The amount of payment shall be based on the settlement amount set out under the specific sales contracts (or the orders thereunder).

Unless otherwise agreed by both parties, Beijing Shangfang will pay for the delivery or other arrangement already agreed pursuant to the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2.

As at the Latest Practicable Date, the Company has not sold any Photovoltaic Equipment to any independent third-party, therefore the Company cannot compare whether the credit term offered by the Group to Beijing Shangfang is comparable to those which have been offered to independent third parties in similar transactions.

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However, the credit term offered by the Group to Beijing Shangfang pursuant to the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2 was determined after arm's length negotiation by both parties, with reference to the prevailing market practice of the sale of photovoltaic equipment and component in the PRC. Based on the research conducted by the Company and the experience of the management team of the new energy business center of the Company in the photovoltaic industry, the industry norm of the credit period offered by the upstream suppliers to the downstream customers for the sale of photovoltaic equipment and component in the PRC is within the range of 3 to 9 months. Given that the credit term offered by the Group to Beijing Shangfang pursuant to the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2 (i.e. within 120 days from the date of signing the specific sales contracts (or the orders thereunder)) falls within the range of the industry norm of the aforesaid credit term, therefore the Directors are of the view that the payment terms of the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2 are on normal commercial terms or better, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Pricing policy:

The price for the sale of the Photovoltaic Equipment under the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2 shall be determined with reference to the factors such as the cost of purchasing the Photovoltaic Equipment from the upstream suppliers and the target gross profit margin which can be represented by the formula: $\text{cost} \times (1 + \text{target gross profit margin})$, and shall be no less favourable to the Group than the prices of the comparable transactions (if any) conducted by the Group with no less than three independent third parties during the same period. The price for the sale of the Photovoltaic Equipment to Beijing Shangfang shall not be lower than the floor prices for the relevant type of the Photovoltaic Equipment which apply unified pricing set by the Company.

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The target gross profit margin ranging from 1% to 5% (subject to adjustment depending on market conditions) shall be determined based on arm's length negotiation between the Group and Beijing Shangfang and having regard to the factors including, among others, (i) the gross profit margin for the trading business of the Group which is primarily with reference to the sale of mobile telecommunication device and accessories by the Group to independent customers; and (ii) gross profit margin of the comparable transactions (if any) conducted by the Group with no less than three independent third parties during the same period.

The floor prices for the relevant type of the Photovoltaic Equipment set by the Company shall be determined with reference to the prevailing market prices of the relevant Photovoltaic Equipment in the PRC market based on the market research and the quotation in the open market obtained from the authoritative third-party public source in the photovoltaic industry, and shall not be lower than the cost of purchasing the Photovoltaic Equipment from the upstream suppliers.

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The Board is of the view that it is fair and reasonable for the Company to take into account the gross profit margin for the trading business of the Group with independent customers which is primarily with reference to the sale of mobile telecommunication device and accessories by the Group to independent customers when determining the gross profit margin for the sale of Photovoltaic Equipment to Beijing Shangfang, after having regard to the factors including (i) the sale of both the Photovoltaic Equipment and the mobile telecommunication device and accessories by the Group are of a similar trading business nature, wherein the Group does not manufacture the relevant products for the sale to the customers, and it primarily leverages on its robust network and expertise in sourcing high-quality products from the reputable upstream suppliers and facilitate its sale and distribution to downstream customers; and (ii) given that the Group does not engage in the manufacturing or provision of value-added services for the Photovoltaic Equipment pursuant to the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2, coupled with the fact that the prevailing market prices of the Photovoltaic Equipment are readily available and transparent through the third-party public source, it follows that the Group's ability to set a substantial gross profit margin for the sale of the Photovoltaic Equipment that far exceeds the prevailing market prices will be limited, which is comparable to the historical gross profit margin set for the sale of mobile telecommunication device and accessories to independent customers.

Condition precedent: The Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2 is conditional upon the approval by the independent Shareholders in relation to the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2 and the transaction contemplated thereunder (including the proposed cap) at the AGM.

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(iii) Historical transaction amount

As at the Latest Practicable Date, Beijing Shangfang has placed the orders to the Group in purchasing the relevant Photovoltaic Equipment with a transaction amount of RMB68 million in total, and the transaction amount of RMB35 million has been recognised for the sale of Photovoltaic Equipment under the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 1. Since it would normally take time for the upstream suppliers to manufacture the relevant Photovoltaic Equipment and deliver them to the Company after receiving the Company's order, the Company has not completed the delivery of all relevant Photovoltaic Equipment to Beijing Shangfang pursuant to the aforesaid orders, and hence the Company has not been able to recognise all the fees receivable for the aforesaid sale of the relevant Photovoltaic Equipment to Beijing Shangfang in its financial accounts as at the Latest Practicable Date.

(iv) Proposed cap

The proposed cap in respect of the fees receivable from the sale of the Photovoltaic Equipment to be provided by the Group to Beijing Shangfang for the period from the Effective Date to 31 December 2024 shall not exceed RMB3,000 million.

In considering the proposed cap under the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2, the Directors have considered a number of factors including:

- (1) the historical transaction amount for the sale of the Photovoltaic Equipment by the Group to Beijing Shangfang under the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 1;
- (2) based on the information currently available to the Company's management and the discussions between the Company and Beijing Shangfang in relation to the procurement plan of Beijing Shangfang, the estimated transaction amount for the sale of Photovoltaic Equipment under the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 1 will reach RMB70 million on or before 30 April 2024, which is expected to account for 100% of the existing cap under the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 1. As such, the existing cap of the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 1 will be insufficient to meet the continuous demand of Beijing Shangfang for the relevant Photovoltaic Equipment from the Group;
- (3) based on the discussions between the Company and Beijing Shangfang, Beijing Shangfang will continue to further expand its business and operation scale of the construction of photovoltaic power plants in various places in the PRC in the following months of 2024, and it is expected that the demand of Beijing

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Shangfang for the relevant Photovoltaic Equipment from the Group will substantially increase during the term of the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2;

- (4) based on the discussions between the Company and its upstream suppliers, the expected production capacity and channel of the potential upstream suppliers of the Group in relation to the supply of the relevant Photovoltaic Equipment to the Group will be sufficient to cater for the increasing demand of Beijing Shangfang for the relevant Photovoltaic Equipment from the Group during the term of the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2. Since 2023, the Company has expanded the presence of household photovoltaic business and established a cooperative relationship with various major photovoltaic manufacturers and suppliers. In order to consolidate the business relationship with the major photovoltaic manufacturers and suppliers, the Company has entered into a number of framework purchase agreements in relation to the purchase of the Photovoltaic Equipment for a term no less of one (1) year with several leading photovoltaic manufacturers and suppliers in the PRC, which include but not limited to the listed companies in the PRC with extensive capabilities in the production of photovoltaic equipment and components. As such, the Company has the capacity to secure a stable source of supply for the large volume of the Photovoltaic Equipment from the major photovoltaic manufacturers and suppliers, in order to fulfil the increasing demand of Beijing Shangfang for the Photovoltaic Equipment from the Group as contemplated under the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2; and
- (5) the respective estimated average unit prices of the Photovoltaic Equipment, the prevailing market prices and market trend of such products.

Based on the communication between the Company and Beijing Shangfang in relation to the development plan of Beijing Shangfang for 2024, Beijing Shangfang will further expand its residential photovoltaic businesses in relation to the construction of the distributed photovoltaic power plants for rural households in several provinces of the PRC, such as Jiangsu, Anhui, Hunan, Hubei, Guangdong and Guangxi, etc. In order to facilitate the business expansion of Beijing Shangfang as contemplated under its development plan for 2024, as at the Latest Practicable Date, Beijing Shangfang has established a team of more than 900 staff who are experienced in the photovoltaic industry to actively conduct business promotion and pursue business opportunities in the photovoltaic industry. Against the backdrop of robust government support and evolving landscape of the photovoltaic industry in the PRC, coupled with the guidance of a seasoned management team of Beijing Shangfang in the photovoltaic industry, Beijing Shangfang anticipates that it will expand its business and operation scale of constructing distributed photovoltaic power plants for

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rural households exponentially and achieve a significant cumulative capacity in 2024. Such significant increase in the cumulative capacity will necessitate a substantial quantity of photovoltaic equipment and components to be procured by Beijing Shangfang from the upstream suppliers for the construction of distributed photovoltaic power plants.

Beijing Shangfang's projected purchase cost of the Photovoltaic Equipment in 2024 is based on the expected annual cumulative capacity of Beijing Shangfang pursuant to the development plan of Beijing Shangfang for 2024, and the prevailing building cost per watt in respect of the construction of distributed photovoltaic power plants. According to the communication between the Group and Beijing Shangfang, and the research conducted by the Company on the information related to prevailing building cost and cost component of constructing photovoltaic power plants in the PRC from the authoritative public sources such as the China Photovoltaic Industry Association and Infolink Consulting, which is a world-leading renewables and technology research and consulting firm, it is noted that the prevailing building cost would be around RMB3 per watt, while the prevailing cost of Photovoltaic Equipment (e.g. photovoltaic modules, inverters, supports, cables and box transformers, etc.) would be around RMB2 per watt, which was multiplied by the total expected annual cumulative capacity of Beijing Shangfang for 2024 to derive the total Photovoltaic Equipment cost of Beijing Shangfang for 2024. As such, the aggregated proposed caps for the sale of Photovoltaic Equipment by the Group to Beijing Shangfang under the Photovoltaic Equipment and Components Purchase and Sales Framework Agreements (i.e. RMB3,070 million) represent only a portion of the total expected cost of Beijing Shangfang in purchasing the photovoltaic equipment from the photovoltaic manufacturers and suppliers as contemplated in its development plan of 2024.

Based on the above, the Group and Beijing Shangfang have reached a final agreement on the proposed cap of RMB3,000 million under the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2, which was determined based on the alignment of both the demand of Beijing Shangfang in purchasing, and the capacity of the Group to deliver, the Photovoltaic Equipment.

(v) Reasons for and Benefits of Entering into the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2

Coupled with the significant strategic direction of the Group in expanding the new energy business, the Company has been accelerating its development and presence of the new energy and photovoltaic businesses in order to capture the potential business growth and opportunities since 2023.

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With strong support from the Chinese government in the new energy and photovoltaic sectors, it is expected that the photovoltaic industry in the PRC will continue to maintain a favorable development trend in the foreseeable future. As a rising player in the photovoltaic power plant industry with a promising business outlook and development potential and against the background of the growth of such industries, Beijing Shangfang will continue to expand the business and operation scale of the construction of photovoltaic power plants in various places in the PRC in the coming months of 2024, which is expected to lead to a substantial increase in Beijing Shangfang's procurement demand of the Photovoltaic Equipment from the Group.

On the other hand, in order to facilitate the Group in the strategic expansion into the new energy and photovoltaic businesses, the Company has formed the new energy business center in the fourth quarter of 2022, which comprises four separate departments including business development, battery recycling, new energy vehicles, and residential photovoltaic. Under the guidance of the seasoned management team of the new energy business center in the photovoltaic business, the Company has successfully launched the household photovoltaic business in Dai County, Shanxi Province of the PRC in collaboration with a leading household photovoltaic enterprise in 2023. Since then, the Company has gradually rolled out its photovoltaic business and expanded the presence of its household photovoltaic business in various provinces of the PRC such as Sichuan and Anhui. In order to consolidate the business relationship with major photovoltaic manufacturers and suppliers, the Company has also entered into a number of framework purchase agreements in relation to the purchase of the Photovoltaic Equipment for a term no less than one (1) year with several leading photovoltaic manufacturers and suppliers in the PRC. In light of the above and leveraging on the Group's robust sales capabilities and experience in the retail industry, as well as with the Group's nationwide offline retail network in the PRC, the Company has established a solid business relationship with major photovoltaic manufacturers and suppliers.

Given that the Company is a PRC state-owned company listed on the Stock Exchange and is controlled by Zhuhai Huafa, which is a large state-owned conglomerate in the PRC under the direct supervision of Zhuhai SASAC, the photovoltaic manufacturers and suppliers generally have greater confidence in the financial stability and creditworthiness of the Company, and thus the Company will have the advantage of sourcing the products at a more competitive price and favourable term from the photovoltaic manufacturers and suppliers as compared to Beijing Shangfang. Furthermore, photovoltaic manufacturers and suppliers which have entered into the framework purchase agreements with the Company tend to offer more favourable terms to the Company, given that the Company will have a stable and consistent demand for the Photovoltaic Equipment through such agreements. Although Beijing Shangfang is a rising player in the photovoltaic power plant industry with a promising business outlook and development potential, its business scale and financial capability are still not as mature and established as the Group. In light of the above, the Group can generally provide a relatively more competitive price and favourable term in

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selling the Photovoltaic Equipment to Beijing Shangfang as compared to the sale of the Photovoltaic Equipment directly from the photovoltaic manufacturers and other suppliers to Beijing Shangfang from time to time. As such, the Company will leverage on its capability and competitiveness to source the photovoltaic equipment and related components from the suppliers with a relatively more competitive price and favourable term and resell such products to Beijing Shangfang in order to support the increasing demand of Beijing Shangfang in the relevant Photovoltaic Equipment.

By leveraging on the industry chain layout of Zhuhai Huafa in the new energy industry, the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2 will enable the Group to further expand its business offerings and enhance its revenue stream and operating performance. The cooperation between the Group and Beijing Shangfang will generate synergy potential and create mutual economic benefits and interests of the Group and Beijing Shangfang, thereby accelerating the development layout of the Group in the new energy and photovoltaic industry. As at the Latest Practicable Date, save and except for the sale of the Photovoltaic Equipment pursuant to the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 1, the Group does not provide any value-added services to Beijing Shangfang. However, depending on the circumstances of the cooperation and relationship between the Group and Beijing Shangfang, the Company will not rule out the potential business opportunity of providing any value-added services to Beijing Shangfang in the future, such as the provision of photovoltaic ground promotion and maintenance services.

Under the guidance of the strategy of “Realize New Retail, Strengthen 1+N, Layout New Track”, the Group will not only continue to develop its original business of the sales of mobile telecommunications devices and accessories, but also strive to seize the opportunities to expand the business offering and presence of the new energy and photovoltaic businesses.

Regarding the offline retail, the Group plans to establish more high-quality carrier stores and optimize the structure of existing general stores and brand franchised shops, as well as open brand cooperative stores with guaranteed operational efficiency. In addition, the Group will focus on the quality of outlet operations and strive to maintain a higher percentage of profitable stores. In relation to the new handset business, the Group will prioritise full cooperation with core brands to execute product and marketing strategies in 2024, and will further cooperate with all the mainstream brands on flagship models, sub-flagship models, and other key collaborations to enhance the output and influence of each brand of the Group. Apart from this, the Group will focus on the used handset business and the after-market business such as recycling and insurance to promote and realise the rapid growth of these businesses, as well as roll out its government and enterprise businesses.

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Regarding the new retail, the Group will stabilise its omni-channel partnership with major e-commerce and banking platforms, and further develop new cooperation models such as carrier contract-based performance cooperation. Furthermore, the Group will promote the development of livestreaming e-commerce businesses around the local life and “One-Hour Delivery” business segment of the livestreaming platform.

As at the Latest Practicable Date, the Company has no intention, understanding, negotiation or arrangement (concluded or otherwise) to downsize, cease or dispose of any of the original businesses and assets other than those in its ordinary course of business of the Group.

The Directors (including the independent non-executive Directors) are of the view that the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2 (including the proposed cap) are entered into in the ordinary and usual course of business of the Group on normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

(vi) Internal Control Procedures and Corporate Governance Measures for the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2

The Company will adopt the below internal control procedures and corporate governance measures in relation to the transactions contemplated under the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2:

- (1) the business departments of the Group will be responsible for collecting the market information including the price fluctuation of each of the Photovoltaic Equipment on a monthly basis from the authoritative third party public source in the photovoltaic industry;
- (2) the business departments of the Group will also communicate with the customers, suppliers or trade partners through telephone conversations, emails and site visits to obtain the prices of comparable transactions during the same period and the prevailing market price at the time of a particular transaction for verification of the prevailing sales price implemented by the sales departments of the Group;

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- (3) the business departments of the Group, having obtained internal approval from the Company's management, will set up a floor price for each type of the Photovoltaic Equipment applying unified pricing set by the Company, which shall be determined with reference to the prevailing market price of the relevant Photovoltaic Equipment in the PRC market based on the aforesaid market research and the quotation in the open market obtained from the authoritative third-party public source in the photovoltaic industry, and shall not be lower than the cost of purchasing the Photovoltaic Equipment from the upstream suppliers;
- (4) prior to entering into any specific sales contract (or the orders thereunder) with Beijing Shangfang, the business departments of the Group will review the terms and ascertain the cost of purchasing the Photovoltaic Equipment from the upstream suppliers based on the framework purchase agreements (and the orders thereunder) entered into between the Group and the upstream suppliers. The business departments of the Group will also collect and review the information in relation to (i) gross profit margin for the trading business of the Group which is primarily with reference to the sale of mobile telecommunication device and accessories by the Group to independent customers during the same period; and (ii) the comparable transactions (if any) conducted by the Group with no less than three independent third parties during the same period. Taking into account the above factors, as well as based on the market research of the prevailing market price of the relevant Photovoltaic Equipment in the PRC market and the communication with Beijing Shangfang in relation to its acceptable price range, the business departments of the Group will then consider and determine the gross profit margin for the sale of the relevant Photovoltaic Equipment offered to Beijing Shangfang, which shall be subsequently reviewed and approved by the management of the Group, in order to ensure that (i) the gross profit margin set for the sale of the Photovoltaic Equipment will be comparable to those set for the trading business of the Group involving independent customers; (ii) the selling price and payment terms offered to Beijing Shangfang in respect of the sale of the relevant Photovoltaic Equipment to Beijing Shangfang shall be no less favourable to the Group than those offered to the independent customers; and (iii) the selling price of Photovoltaic Equipment offered to Beijing Shangfang will not be lower than the floor price for each type of the Photovoltaic Equipment set by the Company;
- (5) the business departments of the Group will review the sales of the Photovoltaic Equipment of the Group based on the floor price and report to the management of the Company on a monthly basis;

LETTER FROM THE BOARD

- (6) the finance department of the relevant members of the Group is responsible for monitoring the fees for respective transactions contemplated under each of the specific sales contracts (or the orders thereunder) under the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2 to ensure that they are in accordance with the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2 and the proposed cap thereof is not exceeded. In addition, the finance department of the Company will also conduct overall review on a monthly basis. Where the finance department of the relevant members of the Group is aware of any potential non-compliance with the pricing policies or that the proposed cap will be exceeded, the finance department of the relevant members of the Group will escalate the relevant matter to the senior management of the Company, who will co-ordinate at the Group level to take remedial actions, and ensure that the basis of proposed cap is followed and the proposed cap is not exceeded; and
- (7) the independent non-executive Directors and auditors of the Company will conduct annual review on the transactions contemplated under the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2 and provide their view to the Board.

By implementing the above measures, the Directors (including the independent non-executive Directors) consider that the Company has sufficient internal control and procedures to ensure that any fees to be agreed pursuant to the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2 will be on normal commercial terms, fair and reasonable and no less favourable to the Group than those available from independent third parties.

3. INFORMATION ABOUT THE PARTIES

The Company

The Company is a joint stock limited company established in the PRC on 31 May 2001. The principal business activity of the Group is the sale of mobile telecommunications devices and accessories and the provision of related services.

Huafa Finance Company

Huafa Finance Company is a limited liability company established in the PRC and a subsidiary of Zhuhai Huafa. Huafa Finance Company is a non-bank financial institution regulated by the NFRA, and the scope of its operations mainly includes the handling of deposits, loans, settlements and other related businesses, as well as the provision of consulting and agency business such as financial and financing consulting and credit verification services, etc. The ultimate beneficial owner of Huafa Finance Company is Zhuhai Huafa.

LETTER FROM THE BOARD

Beijing Shangfang

Beijing Shangfang is a limited liability company established in the PRC, which is principally engaged in the development, survey, design, construction and operation of the distributed photovoltaic power plants. As at the Latest Practicable Date, Beijing Shangfang is a wholly-owned subsidiary of Zhuhai Shangfang, and to the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the ultimate beneficial owner of Beijing Shangfang is Mr. Jin Xin (金鑫) (“**Jin Xin**”), who (i) is the legal representative and general manager of Zhuhai Shangfang, responsible for its overall business and management; (ii) indirectly owns 51% equity interest in Zhuhai Shangfang through his majority-controlled companies; and (iii) is the general partner of Hefei Yunshun Technology Partnership (Limited Partnership)* (合肥允舜科技合夥企業(有限合夥)) (“**Hefei Yunshun**”) and holds 1% partnership interest in Hefei Yunshun, which in turn owns 9% equity interest in Zhuhai Shangfang. As at the Latest Practicable Date, Ms. Zhou Yi (周毅), the spouse of Jin Xin, holds approximately 87.89% partnership interest in Hefei Yunshun.

In addition, as at the Latest Practicable Date, Zhuhai Huajin Alpha VI Equity Investment Fund Partnership (Limited Partnership)* (珠海華金阿爾法六號股權投資基金合夥企業(有限合夥)) (“**Huajin Alpha**”) directly holds 30% equity interest in Zhuhai Shangfang, and to the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, Huajin Alpha is entitled to exercise or control the exercise of 51% of the voting power at the general meetings of Zhuhai Shangfang pursuant to the acting-in-concert agreement entered into between Huajin Alpha and one of the other shareholders of Zhuhai Shangfang controlled by Jin Xin.

As at the Latest Practicable Date, Huajin Alpha is owned as to approximately 99.97% partnership interest by Huafa Technology Industry Group and as to approximately 0.03% partnership interest by Zhuhai Huaying Investment Company Limited* (珠海鑄盈投資有限公司) (“**Zhuhai Huaying**”). Zhuhai Huaying is the general partner of Huajin Alpha and is a wholly-owned subsidiary of Zhuhai Huajin Capital Co., Ltd.* (珠海華金資本股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000532.SZ), which is controlled by Huafa Technology Industry Group (being a subsidiary of Zhuhai Huafa), as at the Latest Practicable Date.

Zhuhai Huafa

As at the Latest Practicable Date, Zhuhai Huafa is a state-owned conglomerate based in Zhuhai SASAC and Department of Finance of Guangdong Province (廣東省財政廳) as to 93.51% and 6.49%, respectively. Zhuhai Huafa, through its subsidiaries, is principally engaged in four core business sectors of urban operations, real estate development, financial industry, and industrial investment, as well as two comprehensive supplementary businesses of commerce and trade services and modern services.

LETTER FROM THE BOARD

4. LISTING RULES IMPLICATION

As at the Latest Practicable Date, Huafa Technology Industry Group (and any parties acting in concert with it) and Hong Kong Huafa jointly hold, control or direct approximately 74.99% of the total number of issued shares of the Company, and both Huafa Technology Industry Group and Hong Kong Huafa are subsidiaries of Zhuhai Huafa. Accordingly, Zhuhai Huafa is a controlling shareholder and a connected person of the Company. Beijing Shangfang, being a 30%-controlled company indirectly held by Zhuhai Huafa, is an associate of Zhuhai Huafa and hence a connected person of the Company. Huafa Finance Company, being a subsidiary of Zhuhai Huafa, is also a connected person of the Company. As such, the transaction for the Deposit Services under the 2024-2026 Financial Services Framework Agreement (as supplemented by the Supplemental Agreement) and the transaction contemplated under the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2 constitute the continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Revised Deposit Caps for the Deposit Services under the 2024-2026 Financial Services Framework Agreement (as supplemented by the Supplemental Agreement) exceed 5%, the Deposit Services constitute a non-exempt continuing connected transaction of the Company and are subject to the reporting, announcement, annual review and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios in respect of the Revised Deposit Caps for the Deposit Services under the 2024-2026 Financial Services Framework Agreement (as supplemented by the Supplemental Agreement) exceed 5% but are less than 25%, the Deposit Services are also subject to the requirements applicable to discloseable transaction under Chapter 14 of the Listing Rules.

Pursuant to Rule 14A.81 and Rule 14A.83 of the Listing Rules, since the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 1 and the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2 were entered into between the Company and the same connected person (i.e. Beijing Shangfang) within a 12-month period and are similar in nature, therefore the transactions contemplated under the Photovoltaic Equipment and Components Purchase and Sales Framework Agreements shall be aggregated as if they were one transaction.

As one or more of the applicable percentage ratios in respect of each of (i) the proposed cap (on an individual basis) for the sale of Photovoltaic Equipment under the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2, and (ii) the proposed caps (on an aggregated basis) for the sale of Photovoltaic Equipment under the Photovoltaic Equipment and Components Purchase and Sales Framework Agreements exceed 5%, the transaction contemplated under the Photovoltaic Equipment and Components Purchase and

LETTER FROM THE BOARD

Sales Framework Agreement No. 2 constitutes a non-exempt continuing connected transaction of the Company and is subject to the reporting, announcement, annual review and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

5. DIRECTORS' INTEREST AND THE BOARD'S OPINION IN THE ABOVE TRANSACTIONS

Each of the Directors, namely Ms. Xu Jili, Ms. Xu Liping, Mr. Xie Hui, Mr. Jia Zhaojie and Ms. Pan Anran holds positions in Zhuhai Huafa and/or its subsidiaries, and Mr. Liu Donghai, a Director, shall act in accordance with the will of Huafa Technology Industry Group pursuant to a concert party agreement dated 8 April 2024, and therefore the above Directors are deemed to be materially interested in the Supplemental Agreement and the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2, and they have abstained from voting at the Board meeting for approving the transactions contemplated under the Supplemental Agreement (including the Revised Deposit Caps) and the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2 (including the proposed cap). Save as disclosed above, none of the Directors has any material interest in the Supplemental Agreement and the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2 that would require them to abstain from voting at the Board meeting for approving the transactions contemplated under the Supplemental Agreement (including the Revised Deposit Caps) and the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2 (including the proposed cap).

Taking into account of the relevant pricing policies, the basis for determining the proposed caps, the reasons for and benefits of entering into the 2024-2026 Financial Services Framework Agreement (as supplemented by the Supplemental Agreement) and the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2, the Company's internal control procedures and corporate governance measures as disclosed in this circular, the Directors (including the independent non-executive Directors) are of the view that the 2024-2026 Financial Services Framework Agreement (as supplemented by the Supplemental Agreement) (including the Revised Deposit Caps) and the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2 (including the proposed cap) are entered into in the ordinary and usual course of business of the Group, on normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

6. APPROVAL OF INDEPENDENT SHAREHOLDERS

Given that (i) the Supplemental Agreement and the transaction contemplated thereunder (including the Revised Deposit Caps) and (ii) the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2 and the transaction contemplated thereunder (including the proposed cap) are subject to independent Shareholders' approval, the Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Lv Tingjie, Mr. Lv Pingbo and Mr. Cai Chun Fai, has been established to advise the independent Shareholders in respect of the above transactions. Innovax has been appointed as the independent financial adviser to advise the Independent Board Committee and the independent Shareholders in respect of the aforesaid transactions. Details of its advice and the principal factors and reasons taken into account by it in arriving at its advice and recommendations are set out in the "Letter from Innovax" on pages 48 to 88 of this circular.

Pursuant to the concert party agreement dated 8 April 2024 entered into between Huafa Technology Industry Group, Digital Science & Technology and Mr. Liu Donghai, Digital Science & Technology and Mr. Liu Donghai shall take concerted action with and shall act in accordance with the will of Huafa Technology Industry Group in relation to any Shares that Digital Science & Technology and/or Mr. Liu Donghai hold directly or indirectly, for the matters of, among others, exercising the voting rights in the meetings of the Board and the general meetings of the Shareholders during the term of the concert party agreement. In view of the material interest held by Zhuhai Huafa in the 2024-2026 Financial Services Framework Agreement (as supplemented by the Supplemental Agreement) and the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2, Huafa Technology Industry Group (and any parties acting in concert with it) and Hong Kong Huafa, both being the subsidiaries of Zhuhai Huafa, jointly hold, control or direct approximately 74.99% of the total number of issued shares of the Company in aggregate as at the Latest Practicable Date, and they are required to abstain from voting on the resolutions proposed at the AGM for approving (i) the Supplemental Agreement and the transaction contemplated thereunder (including the Revised Deposit Caps) and (ii) the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2 and the transaction contemplated thereunder (including the proposed cap).

As at the Latest Practicable Date, save for the above, to the best of the Director's knowledge, information and belief, having made all reasonable enquiries, none of the Shareholders has a material interest in the aforesaid resolutions to be proposed at the AGM and will abstain from voting at the AGM.

III. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Reference is made to the announcement of the Company dated 11 March 2024 in relation to, among others, the proposed amendments to the Articles of Association.

LETTER FROM THE BOARD

On 14 February 2023, the State Council issued the Decision of the State Council to Repeal Certain Administrative Regulations and Documents (《國務院關於廢止部分行政法規和文件的決定》) (the “**Decision**”), pursuant to which the Special Regulations on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (《國務院關於股份有限公司境外募集股份及上市的特別規定》) has been repealed. On 17 February 2023, the CSRC issued the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the “**Trial Measures**”) and relevant guidelines, pursuant to which the Mandatory Provisions for Articles of Association of Companies Listing Overseas (《到境外上市公司章程必備條款》) (the “**Mandatory Provisions**”) has been repealed. The PRC issuers shall formulate their articles of association with reference to the Guidelines on Articles of Association of Listed Companies (《上市公司章程指引》) (the “**Guidelines**”) issued by the CSRC instead of the Mandatory Provisions. The Decision and the Trial Measures have come into effect from 31 March 2023 (the “**PRC Regulation Changes**”). Furthermore, holders of domestic shares and H shares of the Company are no longer deemed to be different classes of Shareholders, thus the class meeting requirement applicable to holders of Domestic Shares and H Shares is no longer necessary and has been removed. In light of the aforesaid PRC Regulation Changes, the Stock Exchange also made certain consequential amendments to the Listing Rules to, among others, reflect the above PRC Regulation Changes, which have become effective from 1 August 2023.

In addition, pursuant to the consultation conclusions of the “Proposals to Expand the Paperless Listing Regime and Other Rule Amendments” published by the Stock Exchange in June 2023, the Listing Rules has been amended, among others, any corporate communication (as defined under the Listing Rules) must, to the extent permitted under all applicable laws and regulations, be satisfied by the listed issuer (i) sending or otherwise making available the corporate communication to the relevant holders of its securities using electronic means or (ii) making the corporate communication available on its website and the Stock Exchange’s website, with effect from 31 December 2023.

In light of the above, the Board proposes to amend the existing Articles of Association and to adopt the Amended and Restated Articles of Association in substitution for, and to the exclusion of, the existing Articles of Association, in order to (i) bring the Articles of Association in line with the relevant requirements of the applicable laws and regulations of the PRC and the Listing Rules; and (ii) make some other housekeeping change.

The Board is of the view that the Articles Amendments (including the removal of the class meeting requirement from the Articles of Association following the repeal of the Mandatory Provisions) will not compromise the protection of the H Shareholders and will not have material impact on measures relating to Shareholder protection, given that the Domestic Shares and H Shares are regarded as one class of ordinary shares under the PRC law following the PRC Regulation Changes, and the substantive rights attached to these two kinds of shares (including voting rights, dividends and asset distribution upon liquidation) are the same.

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The Company has been advised by its legal advisers that the Articles Amendments are not inconsistent with the requirements of the Listing Rules and the laws of the PRC respectively. The Company also confirms that there is nothing unusual about the Articles Amendments for a company listed on the Stock Exchange.

The Articles Amendments and the adoption of the Amended and Restated Articles of Association shall take effect subject to the approval of the Shareholders by way of a special resolution at the AGM, the H Share Class Meeting and the Domestic Share Class Meeting.

The Board proposed to put forward to the Shareholders at each of the AGM, the H Share Class Meeting and the Domestic Share Class Meeting a special resolution to approve the Articles Amendments and to adopt the Amended and Restated Articles of Association in substitution for, and to the exclusion of, the existing Articles of Association. For details of the Articles Amendments, please refer to Appendix I to this circular.

IV. PROPOSED AMENDMENTS TO THE PROCEDURAL RULES

Reference is made to the announcement of the Company dated 11 March 2024 in relation to, among others, the proposed amendments to the Procedural Rules.

In view of the Articles Amendments, the Board also proposes to make corresponding amendments to certain provisions of each of the Procedural Rules. The Procedural Rules Amendments shall take effect subject to the approval of the Shareholders by way of a special resolution at each of the AGM, the H Share Class Meeting and the Domestic Share Class Meeting.

The Board proposed to put forward to the Shareholders at each of the AGM, the H Share Class Meeting and the Domestic Share Class Meeting a special resolution to approve the Procedural Rules Amendments. For details of the proposed amendments to the Rules of Procedures for General Meetings, the Rules of Procedures for the Board of Directors and the Rules of Procedures for the Board of Supervisors, please refer to Appendix II, Appendix III and Appendix IV to this circular, respectively.

V. ANNUAL REPORT FOR THE YEAR 2023

An ordinary resolution will be proposed at the AGM to approve the 2023 annual report of the Company. Please refer to the 2023 annual report of the Company which was published on both the websites of the Stock Exchange and the Company on 29 April 2024.

LETTER FROM THE BOARD

VI. REPORT OF THE BOARD FOR THE YEAR 2023

An ordinary resolution will be proposed at the AGM to approve the report of the Board for the year 2023. The full text of the report of the Board for the year 2023 is set out in the 2023 annual report of the Company which was published on both the websites of the Stock Exchange and the Company on 29 April 2024.

VII. REPORT OF THE BOARD OF SUPERVISORS FOR THE YEAR 2023

An ordinary resolution will be proposed at the AGM to approve the report of the Board of Supervisors for the year 2023. The full text of the report of the Board of Supervisors for the year 2023 is set out in the 2023 annual report of the Company which was published on both the websites of the Stock Exchange and the Company on 29 April 2024.

VIII. ANNUAL FINANCIAL REPORT FOR THE YEAR 2023

An ordinary resolution will be proposed at the AGM to approve the annual financial report of the Company for the year 2023. The main content of the annual financial report for the year 2023 is set out in the 2023 annual report of the Company which was published on both the websites of the Stock Exchange and the Company on 29 April 2024.

IX. PROFIT DISTRIBUTION PLAN FOR THE YEAR 2023

An ordinary resolution will be proposed at the AGM to approve the profit distribution plan of the Company for the year 2023.

To guarantee the Company's normal production and operation, enhance its ability to resist risks, achieve a sustained, stable and healthy development and better safeguard the long-term interests of all Shareholders, the Board does not propose profit distribution and capitalisation of capital reserve for the year after taking into consideration the Company's actual situation. The Company's undistributed profit is used to supplement the Company's current capital.

X. RE-APPOINTMENT OF EXTERNAL AUDITOR FOR THE YEAR 2024

An ordinary resolution will be proposed at the AGM to approve the re-appointment of Ernst & Young as the Company's external auditor for the year 2024 and the authorization to the Board to determine the auditor's remuneration.

LETTER FROM THE BOARD

XI. GENERAL MANDATE TO ISSUE SHARES

References are made to the circular of the Company dated 26 April 2023 and poll results announcement of the annual general meeting of the Company dated 19 May 2023 in relation to the general mandate granted to the Directors to issue, allot and/or otherwise deal with additional domestic shares and/or H Shares representing up to the limit of 20% of each of the total number of Domestic shares and/or H Shares respectively in issue on the date of passing such resolution to grant the aforesaid general mandate.

In light of the PRC Regulation Changes, the Stock Exchange has amended the Listing Rules to set the limit on a general mandate for issuance of new shares at 20% of the total number of the issued shares of a PRC issuer, instead of 20% of each of the total number of domestic shares and H shares of a PRC issuer, and such amendment has become effective on 1 August 2023.

To ensure that flexibility and discretion are given to the Directors to issue new shares when they think desirable, the Company proposes to grant a General Mandate to the Directors to issue, allot and/or otherwise deal with additional Shares representing up to the limit of 20% of the total number of issued Shares on the date of passing such resolution to grant the General Mandate. Any exercise of the power by the Directors under the General Mandate shall comply with the relevant requirements of the Listing Rules, the Articles of Association and the applicable laws and regulations of PRC. For details of the General Mandate, please refer to the notice of the AGM, which is included in this circular.

As at the Latest Practicable Date, the Company had in issue 886,460,400 Shares. Subject to the passing of the resolutions for the granting of a General Mandate, the Company would be allowed to allot, issue and deal with up to a maximum of 177,292,080 Shares on the basis that no further Shares will be issued prior to the AGM.

The Directors wish to state that they have no immediate plan to issue any new Shares pursuant to the General Mandate.

LETTER FROM THE BOARD

XII. PROPOSED CHANGE OF REGISTERED OFFICE ADDRESS AND PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Based on the actual operations of the Company, it is proposed that the existing registered office address in PRC of the Company will be changed from “No. 101, 4/F, C Yi’an Business Building, 18 Building Yi’an Jiayuan, Beiwa West, Haidian District, Beijing, PRC” to “Room 2460X, 46th Floor, -4 to 45th Floor 101, Building 1, No. 20 Courtyard, Lize Road, Fengtai District, Beijing”. Due to the proposed change of registered office address of the Company, the Board also proposed the following amendments to Article 4 of the Articles of Association:

Before amendment	After amendment
Article 4 Registered Office of the Company: No. 101, 4/F, C Yi’an Business Building, 18 Building Yi’an Jiayuan, Beiwa West, Haidian District, Beijing PRC Postal code: 100089 Telephone number: +86 10 6847 5960 Facsimile number: +86 10 6873 3816	Article 4 Registered Office of the Company: Room 2460X, 46th Floor, -4 to 45th Floor 101, Building 1, No. 20 Courtyard, Lize Road, Fengtai District, Beijing PRC Postal code: 100073

This proposal is subject to the consideration and approval of the Shareholders by way of special resolution at the AGM, and the approval of and registration or filing with, the relevant competent authorities in the PRC. The proposed amendments to the Articles of Association shall take effect upon the consideration and approval by the Shareholders at the AGM.

XIII. AGM

The notice of the AGM to be held at 10:30 a.m. on Wednesday, 22 May 2024 at 46th Floor, South Tower, Lize SOHO, Building 1, No. 20, Lize Road, Lize Financial Business District, Fengtai District, Beijing, the PRC, is set out on pages 234 to 239 of this circular.

The notices of the H Share Class Meeting and the Domestic Share Class Meeting to be held on Wednesday, 22 May 2024 at 10:50 a.m. (or immediately after the conclusion of AGM) and 11:00 a.m. (or immediately after the conclusion of the H Share Class Meeting) at 46th Floor, South Tower, Lize SOHO, Building 1, No. 20, Lize Road, Lize Financial Business District, Fengtai District, Beijing, the PRC, respectively, are set out on pages 240 to 245 of this circular.

LETTER FROM THE BOARD

In order to determine the eligibility of Shareholders to attend and vote at the AGM and the Class Meetings, the Company's register of H Shareholders will be closed from Friday, 17 May 2024 to Wednesday, 22 May 2024 (both days inclusive). Shareholders who intend to attend and vote at the AGM and/or the Class Meetings shall lodge all the transfer documents together with the relevant share certificates with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H Shares) or the registered office of the Company (for holders of Domestic Shares) no later than 4:30 p.m. on Thursday, 16 May 2024.

A proxy form for use at each of the AGM and the Class Meetings is enclosed herewith and also published on both the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.dixintong.com>). If you intend to attend the AGM and/or the Class Meetings by proxy, you are requested to complete the enclosed proxy form(s) in accordance with the instructions printed thereon and return the same to the registered office of the Company (for holders of Domestic Shares) or the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H Shares) as soon as possible and in any event not later than 24 hours before the time appointed for holding of the AGM and Class Meetings or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the AGM and the Class Meetings or any adjournment thereof should you so wish.

XIV. VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The chairman of the AGM and the Class Meetings will therefore demand a poll for every resolution at the AGM and the Class Meetings pursuant to the Articles of Association. An announcement on the poll vote results will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.dixintong.com>), respectively, by the Company after the AGM and the Class Meetings in the manner prescribed under the Listing Rules.

XV. RESPONSIBILITY STATEMENT

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

LETTER FROM THE BOARD

XVI. RECOMMENDATION

The Board is of the opinion that the resolutions to be proposed at the AGM and/or the Class Meetings are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends that all Shareholders vote in favour of the relevant resolutions to be proposed at the AGM and/or the Class Meetings as set out in the notices of the AGM and the Class Meetings.

XVII. ADDITIONAL INFORMATION

Your attention is also drawn to the information set out in the appendices to this circular.

Yours faithfully,
By order of the Board
Beijing Digital Telecom Co., Ltd.
XU Jili
Chairwoman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



北京迪信通商貿股份有限公司
Beijing Digital Telecom Co., Ltd.

(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 6188)

(1) DISCLOSEABLE TRANSACTION AND CONTINUING CONNECTED TRANSACTION: REVISION OF EXISTING ANNUAL CAPS UNDER THE 2024-2026 FINANCIAL SERVICES FRAMEWORK AGREEMENT AND
(2) CONTINUING CONNECTED TRANSACTION: PHOTOVOLTAIC EQUIPMENT AND COMPONENTS PURCHASE AND SALES FRAMEWORK AGREEMENT NO. 2

30 April 2024

To the independent Shareholders

Dear Sir or Madam,

We refer to the circular dated 30 April 2024 of the Company to all Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

We have been appointed by the Board as members of the Independent Board Committee to advise the independent Shareholders on whether (i) the Supplemental Agreement and the transaction for the Deposit Services contemplated thereunder (including the Revised Deposit Caps) and (ii) the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2 and the transaction contemplated thereunder (including the proposed cap) are conducted in the ordinary and usual course of business of the Company on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Innovax has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the independent Shareholders on the same issues.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the information set out in the Letter from the Board as well as the Letter from Innovax in the Circular, we are of the view that (i) the Supplemental Agreement and the transaction for the Deposit Services contemplated thereunder (including the Revised Deposit Caps) and (ii) the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2 and the transaction contemplated thereunder (including the proposed cap) are conducted in the ordinary and usual course of business of the Company on normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Our view related to fairness and reasonableness is based on information, facts and circumstances currently prevailing.

Accordingly, we advise the independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the AGM to respectively approve (i) the Supplemental Agreement and the transaction for the Deposit Services contemplated thereunder (including the Revised Deposit Caps) and (ii) the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2 and the transaction contemplated thereunder (including the proposed cap).

Yours faithfully,

For and on behalf of

Independent Board Committee

Mr. Lv Tingjie

Independent

Non-executive Director

Mr. Lv Pingbo

Independent

Non-executive Director

Mr. Cai Chun Fai

Independent

Non-executive Director

LETTER FROM INNOVAX

The following is the full text of a letter of advice from Innovax to the Independent Board Committee and the independent Shareholders in respect of the revision of the existing annual caps under the 2024-2026 Financial Services Framework Agreement and the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2 and the transactions contemplated thereunder, which has been prepared for the purpose of inclusion in this circular.



30 April 2024

To: The Independent Board Committee and the independent Shareholders of Beijing Digital Telecom Co., Ltd.

Dear Sir/Madam,

**DISCLOSEABLE TRANSACTION AND
CONTINUING CONNECTED TRANSACTION:
REVISION OF THE EXISTING ANNUAL CAPS UNDER
THE 2024-2026 FINANCIAL SERVICES FRAMEWORK AGREEMENT;
AND CONTINUING CONNECTED TRANSACTION:
PHOTOVOLTAIC EQUIPMENT AND COMPONENTS PURCHASE AND
SALES FRAMEWORK AGREEMENT NO. 2**

INTRODUCTION

We refer to our appointment by the Company to advise the Independent Board Committee and the independent Shareholders in respect of the Supplemental Agreement and the transactions for the Deposit Services contemplated thereunder (including the Revised Deposit Caps) and the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2 and the transactions contemplated thereunder (including the proposed cap) (collectively, the “**Continuing Connected Transactions**”), details of which are set out in the Letter from the Board contained in the circular of the Company to the Shareholders dated 30 April 2024 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter have the same meanings as those defined in the Circular unless the context requires otherwise.

Reference is made to the announcements of the Company dated 11 March 2024 and 25 September 2023 in relation to, among others, the 2024-2026 Financial Services Framework Agreement, the Supplemental Agreement and the continuing connected transactions of the Deposit Services (including the existing annual caps) contemplated thereunder. The Board anticipates that the existing annual caps for the Deposit Services under the 2024-2026 Financial Services Framework Agreement will exceed the previous projection to the effect that the existing

LETTER FROM INNOVAX

annual caps for the Deposit Services under the 2024-2026 Financial Services Framework Agreement will not be sufficient to meet the demand of the Group. Accordingly, on 11 March 2024 (after trading hours), the Company and Huafa Finance Company entered into the Supplemental Agreement to increase the existing annual caps for the Deposit Services for the years ending 31 December 2024, 2025 and 2026 to the Revised Deposit Caps in order to cater for the Group's demand in such services.

Reference is made to the announcement of the Company dated 11 March 2024 and 6 February 2024 in relation the continuing connected transactions under the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 1 and the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2 entered into between the Company and Beijing Shangfang. As the term of the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 1 and the cap for the continuing connected transaction thereunder will expire in May 2024, the Company and Beijing Shangfang entered into the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2 on 11 March 2024 (after trading hours) for the period from the Effective Date to 31 December 2024.

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, Huafa Technology Industry Group (and any parties acting in concert with it) and Hong Kong Huafa jointly hold, control or direct approximately 74.99% of the total number of issued shares of the Company, and both Huafa Technology Industry Group and Hong Kong Huafa are subsidiaries of Zhuhai Huafa. Accordingly, Zhuhai Huafa is a controlling shareholder and a connected person of the Company. Beijing Shangfang, being a 30%-controlled company indirectly held by Zhuhai Huafa, is an associate of Zhuhai Huafa and hence a connected person of the Company. Huafa Finance Company, being a subsidiary of Zhuhai Huafa, is also a connected person of the Company.

As one or more of the applicable percentage ratios in respect of the Revised Deposit Caps for the Deposit Services under the 2024-2026 Financial Services Framework Agreement (as supplemented by the Supplemental Agreement) (collectively, “**Financial Services Agreements**”) exceed 5%, the Deposit Services constitute a non-exempt continuing connected transaction of the Company and are subject to the reporting, announcement, annual review and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.81 and Rule 14A.83 of the Listing Rules, since the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 1 and Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2 were entered into between the Company and the same connected person (i.e. Beijing Shangfang) within a 12-month period and are similar in nature, therefore the transactions contemplated under the Photovoltaic Equipment and Components Purchase and Sales Framework Agreements shall be aggregated as if they were one transaction.

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As one or more of the applicable percentage ratios in respect of each of (i) the proposed cap (on an individual basis) for the sale of Photovoltaic Equipment under the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2, and (ii) the proposed caps (on an aggregated basis) for the sale of Photovoltaic Equipment under the Photovoltaic Equipment and Components Purchase and Sales Framework Agreements exceed 5%, the transactions contemplated under the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2 constitute non-exempt continuing connected transactions of the Company and are subject to the reporting, announcement, annual review and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Each of the Directors, namely Ms. Xu Jili, Ms. Xu Liping, Mr. Xie Hui, Mr. Jia Zhaojie and Ms. Pan Anran holds positions in Zhuhai Huafa and/or its subsidiaries, and Mr. Liu Donghai, a Director, shall act in accordance with the will of Huafa Technology Industry Group pursuant to a concert party agreement dated 8 April 2024, and therefore the above Directors are deemed to be materially interested in the Supplemental Agreement and the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2, and they have abstained from voting at the Board meeting for approving the transactions contemplated under the Supplemental Agreement (including the Revised Deposit Caps) and the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2 (including the proposed cap). Save as disclosed above, none of the Directors has any material interest in the Supplemental Agreement and the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2 that would require them to abstain from voting at the Board meeting for approving the transactions contemplated under the Supplemental Agreement (including the Revised Deposit Caps) and the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2 (including the proposed cap).

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising the independent non-executive Directors (namely Mr. Lv Tingjie, Mr. Lv Pingbo and Mr. Cai Chun Fai) has been established to advise the independent Shareholders on whether the Continuing Connected Transactions are entered into in the ordinary and usual course of business of the Company, and the terms thereof are on normal commercial terms, and the Continuing Connected Transactions, the Revised Deposit Caps and the Proposed Cap are fair and reasonable and in the interests of the Company and the Shareholders as a whole. We, Innovax Capital Limited, have been appointed as the independent financial adviser to advise the Independent Board Committee and the independent Shareholders in this regard.

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OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationships or interests with the Company, Zhuhai Huafa, Huafa Finance Company, Beijing Shangfang or any other parties that could reasonably be regarded as relevant in assessing our independence. In the previous two years from the date of the Circular, we have not acted as an independent financial adviser to the Independent Board Committee and the independent Shareholders of the Company for any transaction. Apart from normal professional fees paid or payable to us in connection with this appointment, no arrangements exist whereby we had received or will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant in assessing our independence. Accordingly, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the independent Shareholders, we have reviewed, amongst other things, (i) the annual report of the Company for the year ended 31 December 2022 (the “**2022 Annual Report**”); (ii) the interim report of the Company for the six months ended 30 June 2023 (the “**2023 Interim Report**”); and (iii) the announcement of the audited annual results of the Company for the year ended 31 December 2023 (the “**2023 Annual Results Announcement**”).

We have relied on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Company, the Directors and the management of the Company (the “**Management**”). We have assumed that all statements, information, opinions and representations contained or referred to in the Circular, which have been provided by the Company, the Directors and the Management (for which they are solely and wholly responsible), were true and accurate at the time they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion and expectation made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. The Directors have confirmed to us that no material facts have been withheld or omitted from the information provided, representations made or opinions expressed. We have no reason to suspect that any material facts or information has 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 Directors and the Management. We believe 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, carried out any independent verification of the information provided by the Directors and the Management, nor have we conducted an independent investigation into the business and affairs of the Group.

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

This letter is issued for the information of the Independent Board Committee and the independent Shareholders solely in connection with their consideration of the Continuing Connected Transactions. Except for its inclusion in the Circular, this letter is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our recommendation to the Independent Board Committee and the independent Shareholders, we have taken the following principal factors and reasons into consideration:

1. Background information of the Group

1.1 Principal activities of the Group

The Company is a joint stock company with limited liability established in the PRC on 31 May 2001. The principal business activity of the Group is the sale of mobile telecommunication devices and the provision of related services. With its extensive offline sales channels and online sales platform, the Company provides a range of integrated services to consumers, ranging from the sale of mobile phone hardware and accessories, provision of value-added services for software, and provision of personalised services for mobile phones and after-sales services. According to the 2022 Annual Report, the Group will expand into the new energy market. The Group will establish a cooperative relationship with leading photovoltaic companies to carry out pilot photovoltaic agency business, while taking advantage of the omni-channels, the Group will cooperate with manufacturers to jointly promote photovoltaic products through exhibitions and promotions in the countryside, so as to achieve rapid business implementation. As advised by the Management, the Group's revenue generated from the photovoltaic segment represented less than 1% of its total revenue during the year ended 31 December 2023.

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1.2 Historical financial performance of the Group

Set out below is the summary of the consolidated financial information of the Company as extracted from the 2022 Annual Report and the 2023 Annual Results Announcement.

	For the year ended 31 December		
	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	10,243,930	13,507,537	17,145,992
Gross profit	575,788	637,432	781,351
(Loss) for the year	(3,596,985)	(279,145)	(666,025)
(Loss) attributable to owners of the parent	(3,567,438)	(275,579)	(630,045)

For the year ended 31 December 2023 (“FY2023”) and 31 December 2022 (“FY2022”)

In 2023, after the easing of COVID-19 pandemic control measures, the Company proactively seized market opportunities and strived to expand its business. Several major business operations of the Company gradually recovered and returned to normal. The Group’s operating revenue for FY2023 therefore increased by approximately 26.9% from RMB13.5 billion for FY2022 to RMB17.1 billion for FY2023. According to the 2023 Interim Report and 2023 Annual Results Announcement, the increase in revenue was mainly due to the significant increase in revenue from the wholesale business which the Group sold mobile telecommunication devices and accessories to mobile carriers and other third-party retailers. The Group’s revenue from provision of online and offline sales and marketing services and other service fee income also recorded substantial growth by 51.3%, which was mainly attributable to the Company’s channel advantages and full utilisation of the synergy of resources within the Group.

The net loss for the Group amounted to approximately RMB666.0 million for FY2023, representing a significant increase of loss by approximately 138.6% from approximately RMB279.1 million for FY2022, which was primarily due to the increase in impairment losses on financial assets (including trade receivables and other receivables). By excluding the impact of the impairment losses on financial assets, the Group has indeed achieved a turnaround with a net profit amounting to RMB43.3 million for FY2023. Such improvement was attributable

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to (i) the increase in revenue as mentioned above; and (ii) the increase in other income and gains due to interest income and the reversal of accrued litigation liabilities in 2023.

For FY2022 and the year ended 31 December 2021 (“FY2021”)

Despite the COVID-19 pandemic and the low consumption willingness, the Group was still able to deliver strong performance and recorded growth in revenue. The Group’s revenue increased by approximately 31.9% from RMB10.2 billion in 2021 to RMB13.5 billion in FY2022. Such growth was primarily driven by the significant increase in revenue from the Group’s wholesale business in this year. Revenue from the wholesale business includes revenue from sales of mobile telecommunications devices and accessories the Group distribute to mobile carriers and other third-party retailers. As discussed with the Management, we understood that despite the impact on consumer markets during the COVID-19 pandemic, there was still existing demand for mobile phones and accessories from the business-to-business sector, as well as government and enterprise clients, likely due to the increased reliance on digital devices for communication needs as a result of the shift towards remote work and online learning during the COVID-19 pandemic. The increase in the proportion of the wholesale business in 2022, however, resulted in the decrease in overall gross profit margin.

The loss attributable to the owners of the parent of the Company for FY2022 was RMB275.6 million, representing a significant decrease by 92.3% from the loss attributable to the owners of the parent of the Company of RMB3.6 billion for FY2021. According to the 2022 Annual Report, such improvement in loss position was primarily attributable to (i) the revenue growth mentioned above; (ii) the decrease in selling and distribution expenses as well as administrative expenses, which was mainly due to management’s efforts to implement cost control measures and enhance efficiency by streamlining sales personnel and reducing the number of stores to improve the organisational structure; and (iii) significant decrease in other expenses, which was primarily due to the management’s efforts to make clear classification of authorisation on matters, standardise the workflow system, and improve the corporate governance system, which greatly reduced the impairment loss of enterprise assets.

2. The Financial Services Agreements

2.1 Information of Huafa Finance Company

Huafa Finance Company is a limited liability company established in the PRC. It is a non-bank financial institution regulated by NFRA, and the scope of its operations mainly includes the handling of deposits, loans, settlements and other related businesses, as well as the provision of consulting and agency business such as financial and financing consulting and credit verification services, etc. The ultimate beneficial owner of Huafa Finance Company is Zhuhai Huafa. The total registered capital of Huafa Finance Company is RMB5.0 billion. We are advised by the management of the Group that the customers of Huafa Finance Company are limited to the group members of Zhuhai Huafa. As such, Huafa Finance Company was incorporated as a non-bank financial institution with a primary focus to serve group members of Zhuhai Huafa.

Zhuhai Huafa is a large state-owned conglomerate in the PRC with its business operations primarily conducted in the PRC. Zhuhai Huafa was established as a wholly state-owned enterprise in 1980 and is under the direct supervision of Zhuhai SASAC. Zhuhai Huafa and its subsidiaries initially focused on property development in Zhuhai, and has since expanded into other cities and diversified to include other businesses. Currently, Zhuhai Huafa and its subsidiaries are primarily engaged in four core business sectors, namely urban operations, real estate development, financial industry, and industrial investment, as well as two comprehensive supplementary businesses of commerce and trade services and modern services.

(i) Regulatory compliance

Huafa Finance Company is a non-bank financial institution regulated by NFRA. The banking industry in the PRC is highly regulated, and the current principal regulatory authorities include the NFRA (the successor of the China Banking and Insurance Regulatory Commission), responsible for supervising and regulating banking institutions, and the PBOC, responsible for formulating and implementing monetary policies and preparing drafts of important laws and regulations in the banking industry and prudently regulating basic systems, as advised by the Management.

Huafa Finance Company is subject to stringent regulations of the NFRA, including but not limited to regular examination of the audited financial statements and other relevant materials required to be filed by Huafa Finance Company. Huafa Finance Company is required to submit audited financial statements and report its operation status to the NFRA annually. The standing of Huafa Finance Company as a non-bank financial institution in the PRC is subject to periodic review by the NFRA. In addition, Huafa Finance Company must

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comply with the financial ratio requirements set by the NFRA from time to time. To ensure compliance with the applicable laws and regulations, NFRA has powers to issue corrective and/or disciplinary orders and to impose penalties and/or fines on Huafa Finance Company. We have been informed by the Management that the Group would regularly obtain the report filed with NFRA by Huafa Finance Company. The reports encompassed a comprehensive review of Huafa Finance Company's regulatory compliance, including aspects such as corporate governance, risk management practices and policies, comprehensive financial ratios assessment. As advised by the Management, up to the Latest Practicable Date, there is no record of non-compliance with relevant laws, rules and regulations of the PRC on Huafa Finance Company.

(ii) Financial stability and assets quality of Huafa Finance Company

As advised by the Management, the Group would obtain from Huafa Finance Company on a regular basis their financial statements, including balance sheet, statement of profit or loss and statement of cashflows, to assess their financial health and stability. We have also obtained the audited financial statements of Huafa Finance Company for the three years ended 31 December 2023. We noted that Huafa Finance Company has managed to achieve resilience despite the negative impact of the COVID-19 pandemic, and has consistently recorded stable profits in recent years. The Management informed us that Huafa Finance Company did not have any actual non-performing assets or loans during the past three years ended 31 December 2023. We also noted that the net assets of Huafa Finance Company demonstrated an increasing trend, indicating a strong financial position of Huafa Finance Company. Based on our review of the 2021, 2022 and 2023 compliance risk management reports (the “**Compliance Risk Management Reports**”) filed with NFRA by Huafa Finance Company, we noted that Huafa Finance Company has met all the financial ratios requirement which include but not limited to capital adequacy ratio, credit risk indicators, return on equity, asset profitability ratios, liquidity ratio, inter-bank borrowing ratio, investment ratio, collateral ratio, indicating that Huafa Finance Company is financially reliable and safe to provide deposit services to the Group.

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(iii) Corporate governance of Huafa Finance Company

Huafa Finance Company has a sound organisational structure and standardised internal control mechanism in accordance with the relevant PRC financial services rules and regulations. It has established different departments and committees, including but not limited to risk management department, audit management department and credit examining committee, for maintaining risk management and internal control functions. Policies and operation manuals for important functions, including but not limited to credit analysis, loan businesses and risk classification of assets, have been in place for maintaining proper internal control functions. We have also noted in the Compliance Risk Management Reports the assessment of Huafa Finance Company's corporate governance structure and risk management practices and policies, which include but not limited to board oversight, clear delineation of authority and accountability and internal control measures.

Having considered the background, regulatory compliance, financial stability and asset quality, corporate governance of Huafa Finance Company, the above credit assessment conducted based on the review of the financial statements and the Compliance Risk Management Reports, we consider that Huafa Finance Company is capable and financially reliable to provide and monitor the provision of Deposit Services to the Group in compliance with the relevant rules and regulations in the PRC.

2.2 Reasons for and benefits of entering into the Financial Services Agreements

With reference to the Letter from the Board, the Board is of the view that there are a number of advantages to the Group for entering into the Financial Services Agreements, which include, among others, that (i) the Financial Services Agreements will facilitate the Group in the overall capital management and support its potential business growth; (ii) the Group can use Huafa Finance Company as a medium to facilitate more efficient deployment of funds among the Company's subsidiaries; (iii) they can promote capital liquidity within the Group, enhance the overall capital management and control of the Group, help monitor financial risks and allow for quick and accurate monitoring and regulation of the use of the Group's funds; (iv) the Deposit Services form part of the Group's treasury activities to further support its operational and treasury needs, which helps improve the Group's efficiency of its cash management and working capital position; (v) the interest rates of the Deposit Services offered by Huafa Finance Company to the Group will be equal to or more favourable, on a case by case basis, than those offered to the Group by independent third parties; and (vi) the Group is expected to benefit from Huafa Finance Company's better understanding of the Group's operations which should render more expedient and efficient financial services than other commercial banks and financial institutions

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in the PRC. Also, as stated in the Letter from the Board, the Financial Services Agreements will not preclude the Group from using the financial services offered by other financial institutions which the Group has discretion in choosing as it thinks fit and appropriate in the interests of the Company and its Shareholders as a whole. When required, the Group will solicit for quotations from commercial banks and/or other financial institutions in respect of similar transactions for comparison and consideration.

Other than the aforementioned factors in the Letter from the Board, we have discussed with the management and considered the following:

(i) Better understanding of the Group's operations and its needs

With its state-owned background, Huafa Finance Company has engaged in the provision of financial services to group members of Zhuhai Huafa for more than 10 years, demonstrating expertise in servicing the Zhuhai Huafa group's financial needs and hence possesses the relevant experiences in providing the financial services under the Financial Services Agreements to the Group. As compared to other commercial banks or financial institutions in the PRC, Huafa Finance Company is expected to have a better business connection with the Group because being part of the same corporate structure under Zhuhai Huafa, Huafa Finance Company and the Group likely share common strategies, operational insights and their objectives are likely to be closely aligned. Given the shared understanding of group operations and aligned objectives, Huafa Finance Company is expected to have a better understanding of the Group's operations, which could render more expedient and efficient services to cater for the needs of the Group. Accordingly, the use of Huafa Finance Company as an alternative vehicle to manage the funds of the Group would allow more efficient deployment of funds and provide flexibility and convenience to the Group's operations.

(ii) Alternative and flexible financial services with better or comparable terms to meet the Group's needs for deposit services

As advised by the Management, the Group handles a high volume of cash inflow and outflow from its operations through different banks. During the three years ended 31 December 2023, the Group's revenue amounted to approximately RMB10.2 billion, RMB13.5 billion and RMB17.1 billion respectively. Meanwhile, the Group's pledged deposits, cash and cash equivalents in aggregate amounted to approximately RMB0.8 billion, RMB1.3 billion and further increased to RMB2.5 billion as at 31 December 2021, 2022 and 2023, respectively. Given the substantial cash flows managed by the Company and the

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continuous business growth and expansion of the Company, there is a continual requirement for reliable and flexible financial services to maximise the efficiency of the Group's capital.

We understood from the Management that the Deposit Services provided by Huafa Finance Company do not require a pre-determined notice period for withdrawals, which can be freely withdrawn at any time on demand of the Group. In addition, the financial services contemplated under the Financial Services Agreements will be conducted on a voluntary and non-exclusive basis. The Group is not obliged to engage Huafa Finance Company for any particular financial services, or at all, under the Financial Services Agreements, which provides full flexibility to the Group to decide in a particular situation as to what is in the Group's best interest.

Pursuant to the Financial Services Agreements, the deposit rates offered by Huafa Finance Company for the Deposit Services will be determined by the parties after arm's length negotiations with reference to the interest rate provided by general commercial banks within the PRC for the deposits of the same type and term, but not lower than the benchmark interest rate in the same period promulgated by the PBOC for deposits of the same type. Therefore, the entering into the Financial Services Agreements provide an alternative to the Group for a stable source of financial services on terms no less favourable than those of major commercial banks or financial institutions in the PRC.

Given the above, we concur with the view of the Board that the entering into the Financial Services Agreements fall within the ordinary and usual course of business of the Group and is in the interests of the Company and Shareholders as a whole.

2.3 Principal terms of the Deposit Services under the Financial Services Agreements

Pursuant to the Financial Services Agreements, Huafa Finance Company agreed to provide the Deposit Services to the Group, which include but not limited to current deposit, time deposit, call deposit and agreement deposit, etc for a term of three years from 1 January 2024 to 31 December 2026. The financial services received by the Group from Huafa Finance Company pursuant to the Financial Services Agreements is on a non-exclusive basis, and the Group is entitled to select other financial institutions to provide the financial services at its sole discretion. Pursuant to the Supplemental Agreement, the Group's daily maximum outstanding balance (including accrued interests) in Huafa Finance Company shall be revised from the existing annual caps of RMB120 million to the Revised Deposits Caps of RMB300 million for the three years ending 31 December 2026.

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In respect of the pricing policy of the Deposit Services, the deposit interest rate provided by Huafa Finance Company to the Group shall be determined by the parties after arm's length negotiations with reference to the interest rate provided by general commercial banks within PRC for the deposits of the same type and term, but not lower than the benchmark interest rate in the same period promulgated by the PBOC for deposits of the same type and term.

In assessing the pricing policy under Financial Services Agreements, we have obtained and reviewed all the quarterly interest income receipts from Huafa Finance Company during the period from November 2022 to December 2023, representing the term of the previous financial services framework agreement entered into between the Group and Huafa Finance Company for the period from November 2022 to December 2023 (the “**2022-2023 Financial Services Framework Agreement**”). As advised by the Management and based on the interest income receipts, the deposits placed by the Group with Huafa Finance Company were current deposits during such period. For comparison purpose, we have conducted desktop search on the benchmark interest rate promulgated by the PBOC and interest rates offered by Industrial Commercial Bank of China (www.icbc.com.cn), Bank of China (www.bankofchina.com), Bank of Communications (www.bankcomm.com) and China Minsheng Bank (www.cmbc.com.cn) (collectively, the “**Independent Commercial Banks**”) for the same type of deposit service in the same period. We noted that the interest rates stated on the interest income receipts from Huafa Finance Company were not less favourable than the deposit benchmark interest rate promulgated by the PBOC and the interest rates of such type of deposit offered by Independent Commercial Banks in the same period.

As advised by the Management, the Company adopted the internal control procedures and corporate governance measures (the “**IC Measures**”) for the 2022-2023 Financial Services Framework Agreement and the Financial Services Agreements. Details of the IC Measures are set out in the section headed “Internal Control Procedures and Corporate Governance Measures for the 2024-2026 Financial Services Framework Agreement (as supplemented by the Supplemental Agreement)” of the Letter from the Board. We have reviewed the IC Measures, noting that there are procedures set out for collection of information on deposits interest rates from at least three other independent domestic commercial banks in the PRC prior to the utilisation of the Deposit Services with Huafa Finance Company to ensure that the deposit interest rates of the Deposit Services will not be less favourable than the market rates. Based on due diligence work we performed by comparing the interest income receipts and the market rates in our desktop research, we consider the IC Measures in place were effective and that the effective implementation of the IC Measures would help to ensure fair pricing of the Deposit Services.

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Having considered the above factors and in particular that (i) the interest rates from Huafa Finance Company are no less favourable than those quoted on the PBOC and offered by the general commercial banks within the PRC; (ii) the Group has the internal control measures in place to ensure fair pricing of the Deposit Services to be provided from Huafa Finance Company; and (iii) the Group has the right to select any other independent financial institutions or commercial banks in the PRC as its financial services providers when it, from time to time, thinks fit and appropriate for the benefit of the Group, we are of the view that the terms of the Deposit Services under the Financial Services Agreements are on normal commercial terms and are fair and reasonable so far as the independent Shareholders are concerned.

2.4 The Revised Deposit Caps

(i) Review of historical figures

Set out below are the historical maximum daily deposit balance placed by the Group with Huafa Finance Company and the relevant cap amounts for the term of the 2022-2023 Financial Services Framework Agreement from 18 November 2022 to 31 December 2023 and the existing annual caps under the 2024-2026 Financial Services Framework Agreement for the year ending 31 December 2024, respectively.

	For the period from 18 November 2022 to 31 December 2022 RMB millions	For the year ended 31 December 2023 RMB millions	For the period from 1 January 2024 to the Latest Practicable Date RMB millions
Historical daily maximum outstanding balance (including any accrued interest) that were maintained by the Group with Huafa Finance Company	101.95	119.93	119.92
Relevant annual caps	120	120	120
Utilisation rates	85.0	99.9	99.9

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As shown in the table above, we noted that the relevant annual caps had been substantially utilised during the periods under review, ranging from approximately 85.0% to 99.9%. The high utilisation rate was mainly due to the high volume of transactions from its operations. As part of the IC Measures, the fund management department of the Company would monitor the Deposit Services on a daily basis to ensure the annual caps would not be exceeded. As advised by the Management, the Group has been constantly monitoring its accounts with Huafa Finance Company, and transferring out significant amount of cash balance to accounts with designated commercial banks, to ensure that the existing annual caps would not be exceeded.

(ii) Assessment of Revised Deposit Caps

It is proposed that the maximum daily deposit balance (including any accrued interest) in Huafa Finance Company will be revised from RMB120 million to RMB300 million for each of the three years ending 31 December 2026.

As stated in the Letter from the Board, the Revised Deposit Caps were determined primarily with reference to (i) the historical daily maximum outstanding balance (including any accrued interest) that were maintained by the Group with Huafa Finance Company and each of its principal banks; (ii) the relatively high level of utilisation rates of the daily maximum balance of the deposits placed by the Group with Huafa Finance Company (including any accrued interest) for the historical period; (iii) the Revised Deposit Caps of the Deposit Services account for approximately 10.17% of the balance of the cash and cash equivalents and the pledged deposits of the Group as at 31 December 2023, which is within a safe and reasonable range, reasons of which are detailed in the Letter from the Board; (iv) by adopting the Revised Deposit Caps, the Group will gain increased flexibility to implement better capital management strategies in engaging Huafa Finance Company to provide the Deposit Services. Considering that the Company demonstrated an increasing trend of the revenue and the balance of cash and cash equivalents and pledged deposits in aggregate during the three years ended 31 December 2023, and coupled with the continuous business expansion of the Group, it is expected that the Group will have to handle an even higher volume of cash inflow and outflow from its operations. Therefore, the existing annual caps for the Deposit Services under the 2024-2026 Financial Services Framework Agreement will be insufficient to fulfil the demand of the Group in the Deposit Services. Under these circumstances, if the Revised Deposit Caps are not adopted, the Group will have to transfer the cash in excess of the aforesaid existing annual caps to the other commercial banks for the provision of the Deposit Services, which will significantly reduce the overall liquidity and efficiency of the use and

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management of funds and increase the management cost of operating the fund, and hence the interests of the Shareholders cannot be fully enhanced. In addition, the Deposit Services provided by Huafa Finance Company to the Group pursuant to the 2024-2026 Financial Services Framework Agreement (as supplemented by the Supplement Agreement) will provide an alternative to the Group to manage its funds with more favourable terms as compared to those from other commercial banks in the PRC. For instance, the Deposit Services provided by Huafa Finance Company do not necessitate a pre-determined notice period for withdrawals. This means that the Group can freely withdraw funds from the account whenever required, providing greater flexibility and convenience compared to other commercial banks in the PRC that typically require a pre-determined notice period for withdrawals. This enhanced flexibility enables the Group to deploy its capital more efficiently, allowing for the maintenance of an optimal capital structure; and (v) the operating cash flow, financial and capital management requirements for the Group's working capital and operation needs and potential business expansion in the future.

It is noted that the Revised Deposit Caps represented a significant 150% increase from the existing annual caps. We have discussed with the Company and were advised that the adjustment within a short period of six months were due to (i) the Group's change of internal fund management strategy in the fourth quarter of 2023 by establishing a cash pool among group companies in order to enhance efficiency of group's fund utilisation and better monitor the use of funds; and (ii) in terms of business development, the Group has expanded into the wholesale distribution business to customers of larger scale and the expansion into the new energy market, which include the entering into the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No.2. These businesses share a common characteristic of large single transaction amounts which necessitate a higher cap to process payments for these transactions. Having considered the above and the fact that the proposed cap of Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No.2 discussed below already amounted to RMB 3.0 billion, we are of the view that increasing cap for the Group's deposit services is fair and reasonable.

In assessing the reasonableness of the Revised Deposit Caps, we have considered the major factors in relation to the business scale and size of current financial assets of the Group. The Group's revenue has been increasing from approximately RMB10.2 billion for FY2021 to approximately RMB13.5 billion for FY2022 despite the severe impact of the several rounds of domestic pandemics in the PRC. Upon the easing of COVID-19 control measures in late 2022, the several major business operations of the Company gradually recovered and returned to normal. The Group's revenue increased further by approximately

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26.9% to approximately RMB17.1 billion in 2023. The Revised Deposit Caps represent less than 5% of the Group's revenue for the three years ended 31 December 2023. The Group anticipates a sustained recovery and growth in both business and financial performance following the impact of the COVID-19 pandemic. Also, as disclosed in the Letter from the Board, the Group will further expand its business into the new energy business. The Group entered into the Photovoltaic Equipment and Components Purchase and Sales Framework Agreements with a proposed cap of RMB3.07 billion in aggregate regarding the transactions contemplated thereunder for the year ending 31 December 2024, which exceeds the Revised Deposit Caps by approximately ten times. As such, it is expected that the business scale of the Group will continue to grow, which will result in a higher level of operating cash flows and working capital and hence a growth in magnitude for the treasury management in relation to the expected utilisation of cash resources of the Group.

In addition, we noted from the 2023 Annual Results Announcement that the major assets of the Group which may involve the utilisation of the deposit services mainly included (i) cash and cash equivalents in an amount of approximately RMB717.3 million as at 31 December 2023; (ii) pledged deposits in an amount of approximately RMB1,797.6 million as at 31 December 2023 with maturity period within one year; and (iii) financial assets at fair value through profit or loss in an amount of approximately RMB443.4 million as at 31 December 2023. As such, the aggregated sum of these assets is significantly larger than the Revised Deposit Caps, which indicates the Group's possible demand for deposit services to be provided by Huafa Finance Company or other commercial banks. In assessing the creditworthiness of Huafa Finance Company, we noted that the Revised Deposit Caps only represented less than 5% of the net assets of Huafa Finance Company as at 31 December 2023 based on the audited financial statement of Huafa Finance Company, indicating a relatively low level of exposure of the Group's deposits compared to the overall financial health and resources of Huafa Finance Company.

Having considered the above, we are of the view that the bases adopted by the Company in determining the Revised Deposit Caps are fair and reasonable so far as the independent Shareholders are concerned. However, the Shareholders should note that the Revised Deposit Caps relate to the future event and it does not represent a forecast of turnover to be generated from the Deposit Services contemplated under the Financial Services Agreements.

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3. Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2

3.1 Information on Beijing Shangfang

Beijing Shangfang is a limited liability company established in the PRC with a registered capital of RMB120 million. Beijing Shangfang is principally engaged in the development, survey, design, construction and operation of the distributed photovoltaic power plants. As at the Latest Practicable Date, Beijing Shangfang is a wholly-owned subsidiary of Zhuhai Shangfang, and to the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the ultimate beneficial owner of Beijing Shangfang is Mr. Jin Xin (金鑫) (“**Jin Xin**”), who (i) is the legal representative and general manager of Zhuhai Shangfang, responsible for its overall business and management; (ii) indirectly owns 51% equity interest in Zhuhai Shangfang through his majority-controlled companies; and (iii) is the general partner of Hefei Yunshun Technology Partnership (Limited Partnership)* (合肥允舜科技合夥企業(有限合夥)) (“**Hefei Yunshun**”) and holds 1% partnership interest in Hefei Yunshun, which in turn owns 9% equity interest in Zhuhai Shangfang. As at the Latest Practicable Date, Ms. Zhou Yi (周毅), the spouse of Jin Xin, holds approximately 87.89% partnership interest in Hefei Yunshun.

In addition, as at the Latest Practicable Date, Zhuhai Huajin Alpha VI Equity Investment Fund Partnership (Limited Partnership)* (珠海華金阿爾法六號股權投資基金合夥企業(有限合夥)) (“**Huajin Alpha**”) directly holds 30% equity interest in Zhuhai Shangfang, and to the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, Huajin Alpha is entitled to exercise or control the exercise of 51% of the voting power at the general meetings of Zhuhai Shangfang pursuant to the acting-in-concert agreement entered into between Huajin Alpha and one of the other shareholders of Zhuhai Shangfang controlled by Jin Xin.

As at the Latest Practicable Date, Huajin Alpha is owned as to approximately 99.97% partnership interest by Huafa Technology Industry Group and as to approximately 0.03% partnership interest by Zhuhai Huaying Investment Company Limited* (珠海鐸盈投資有限公司) (“**Zhuhai Huaying**”). Zhuhai Huaying is the general partner of Huajin Alpha and is a wholly-owned subsidiary of Zhuhai Huajin Capital Co., Ltd.* (珠海華金資本股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000532.SZ), which is controlled by Huafa Technology Industry Group (being a subsidiary of Zhuhai Huafa), as at the Latest Practicable Date.

We were advised that Beijing Shangfang and its holding company Zhuhai Shangfang (together “**the Shangfang Group**”), operates as a comprehensive solution provider in the distributed photovoltaic segment, offering end-to-end services

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encompassing development, design, installation, and operation. The Shangfang Group strategically serves residential, commercial, and entrepreneurial customers, extending its successful domestic model to the overseas market through its Hong Kong subsidiary and German branch. While Zhuhai Shangfang serves as the equity platform, Beijing Shangfang is actively involved in the development, surveying, design, construction, and operation of distributed photovoltaic power stations. Despite being recently incorporated, the Shangfang Group has established a substantial team of over 900 individuals, including a core team with extensive experience in the development and implementation of distributed photovoltaic power stations.

Given the management's experience in the distributed photovoltaic industry, strong shareholder support, and favorable government policies as discussed below, the Shangfang Group is poised to capitalise on opportunities for expansion.

3.2 Reasons for and benefits of entering into Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2

As stated in the Letter from the Board, coupled with the significant strategic direction of the Group in expanding the new energy business, the Company has been accelerating its development and presence of the new energy and photovoltaic businesses in order to capture the potential business growth and opportunities since 2023.

With strong support from the Chinese government in the new energy and photovoltaic sectors, it is expected that the photovoltaic industry in the PRC will continue to maintain a favourable development trend in the foreseeable future. As a rising player in the photovoltaic power plant industry with a promising business outlook and development potential and against the background of the growth of such industries, Beijing Shangfang will continue to expand the business and operation scale of the construction of photovoltaic power plants in various places in the PRC in the coming months of 2024, which is expected to lead to a substantial increase in Beijing Shangfang's procurement demand of the Photovoltaic Equipment from the Group.

On the other hand, in order to facilitate the Group in the strategic expansion into the new energy and photovoltaic businesses, the Company has formed the new energy business center at the fourth quarter of 2022, which comprises four separate departments including business development, battery recycling, new energy vehicles, and residential photovoltaic. Under the guidance of the seasoned management team of the New Energy Business Center in the photovoltaic business, the Company has successfully launched the household photovoltaic business in Dai County, Shanxi Province of the PRC in collaboration with a leading household photovoltaic enterprise in 2023. Since then, the Company has gradually rolled out its photovoltaic business and expanded the presence of its household photovoltaic business in various provinces

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of the PRC such as Sichuan and Anhui. In order to consolidate the business relationship with major photovoltaic manufacturers and suppliers, the Company has also entered into a number of framework purchase agreements in relation to the purchase of the Photovoltaic Equipment for a term no less than one (1) year with several leading photovoltaic manufacturers and suppliers in the PRC. In light of the above and leveraging on the Group's robust sales capabilities and experience in the retail industry, as well as with its nationwide offline retail network in the PRC, the Company has established a solid business relationship with major photovoltaic manufacturers and suppliers.

Given that the Company is a PRC state-owned company listed on the Stock Exchange and is controlled by Zhuhai Huafa, which is a large state-owned conglomerate in the PRC under the direct supervision of Zhuhai SASAC, the photovoltaic manufacturers and suppliers generally have greater confidence in the financial stability and creditworthiness of the Company, and thus the Company will have the advantage of sourcing the products at a more competitive price and favourable term from the photovoltaic manufacturers and suppliers as compared to Beijing Shangfang. Furthermore, photovoltaic manufacturers and suppliers which have entered into the framework purchase agreements with the Company tend to offer more favourable terms to the Company, given that the Company will have a stable and consistent demand for the Photovoltaic Equipment through such agreements. Although Beijing Shangfang is a rising player in the photovoltaic power plant industry with a promising business outlook and development potential, its business scale and financial capability are still not as mature and established as the Group. In light of the above, the Group can generally provide a relatively more competitive price and favourable term in selling the Photovoltaic Equipment to Beijing Shangfang as compared to the sale of the Photovoltaic Equipment directly from the photovoltaic manufacturers and other suppliers to Beijing Shangfang from time to time. As such, the Company will leverage on its capability and competitiveness to source the photovoltaic equipment and related components from the suppliers with a relatively more competitive price and favorable term and resell such products to Beijing Shangfang in order to support the increasing demand of Beijing Shangfang in the relevant Photovoltaic Equipment.

By leveraging on the industry chain layout of Zhuhai Huafa in the new energy industry, the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2 will enable the Group to further expand its business offerings and enhance its revenue stream and operating performance. The cooperation between the Group and Beijing Shangfang will generate synergy potential and create mutual economic benefits and interests of the Group and Beijing Shangfang, thereby accelerating the development layout of the Group in the new energy and photovoltaic industry. As at the Latest Practicable Date, save and except for the sale of the

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Photovoltaic Equipment pursuant to the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 1, the Group does not provide any value-added services to Beijing Shangfang.

We have engaged in discussions with the Management to delve into the rationale and advantages of entering into the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2. The insight we gained reveals that, aligning with the Group's strategic expansion into the new energy sector, an experienced management team has been established to actively pursue development opportunities in the photovoltaic industry. The organisational structure we obtained includes the newly formed new energy business center at the fourth quarter of 2022, operating as a distinct business unit and comprising four vital departments: business development, battery recycling, new energy vehicles, and residential photovoltaic. As advised by the Management, the department head of the new energy business center has gained nearly 25 years of experience in the procurement and operation of new energy-related products, and the average tenure of core team members possesses nearly 15 years of relevant experience. While the Directors may not possess direct experience exclusively within the photovoltaic industry, it is essential to note that the company's core competency lies in trading businesses, wherein the Company leverage on its robust network and expertise in sourcing high-quality products from reputable suppliers. The Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2 aligns seamlessly with the Group's established business model, wherein the Group procures photovoltaic products from manufacturers and suppliers and facilitate their sale to clients. Therefore, it is believed that the collective expertise of the Directors in trading, procurement, sales and strategic expansion have equipped the Group adequately to navigate and excel in this venture.

In 2023, the collaboration with a leading household photovoltaic enterprise resulted in the official launch of the household photovoltaic business in Shanxi. This strategic initiative not only amassed invaluable industry experience but also facilitated resource integration across the entire industry chain, laying a solid foundation for collaboration with Beijing Shangfang's business. With the Group's strong sales capabilities over the 30 years of rich experience in the retail industry and a nationwide offline retail network, the Group has successfully cultivated strong relationships with photovoltaic manufacturers and suppliers.

We were advised by the Management that the primary products to be procured by Beijing Shangfang will include solar panels, inverters, mounting structures, and the balance of the system, encompassing wiring, switches, and other electrical components. Beijing Shangfang, extending its residential photovoltaic business to six provinces – Jiangsu, Anhui, Hunan, Hubei, Guangdong, and Guangxi – is anticipated

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to serve residential households in these regions. The goal is to establish residential photovoltaic systems with a significant cumulative capacity in 2024, necessitating a substantial quantity of photovoltaic equipment and devices for installation.

The pricing structure for photovoltaic equipment and components under Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No.2 will be determined through arm's length negotiations between the Company and Beijing Shangfang. This determination will reference the procurement costs from suppliers and the prevailing market prices for relevant products in the PRC, which is based on quotations in the open market obtained from the authoritative third-party public source in the photovoltaic industry. Essentially, as confirmed by the Management, the Group will procure photovoltaic equipment and components from manufacturers or other suppliers based on its orders and subsequently resell these products to Beijing Shangfang, incorporating a range of market prices and a reasonable markup on the cost of the relevant products to meets the substantial demand of Beijing Shangfang.

Having considered the above reasons and benefits and the terms of Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2 being on normal commercial terms and fair and reasonable as discussed below, we concur with the views of the Directors that the entering into of the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2 is within the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

3.3 Principal terms of the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2

Set out below is the summary of principal terms and pricing policy of the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2:

- Date: 11 March 2024
- Parties: (i) The Company (as supplier); and
(ii) Beijing Shangfang (as purchaser)

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Effective Date: The Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2 shall be effective from the date of the approval from the independent Shareholders at the AGM in relation to the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2 and the transaction contemplated thereunder (including the proposed cap).

If the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2 and the transaction contemplated thereunder (including the proposed cap) are approved at the AGM, the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 1 will terminate on the earlier of (i) the Effective Date of the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2 or (ii) the expiry date of the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 1.

Term: For the period commencing from the Effective Date and ending on 31 December 2024.

Subject matter: Pursuant to the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2, the Group agreed to purchase the Photovoltaic Equipment from independent third-party suppliers and supply such Photovoltaic Equipment to Beijing Shangfang.

Individual sale of Photovoltaic Equipment agreements: As the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2 only sets out the framework of the sale of Photovoltaic Equipment generally, in respect of the specific products to be sold by the Group, the relevant members of the Group shall enter into further specific sales contracts (or the orders thereunder) in respect of specific sale transaction with Beijing Shangfang to determine the type and quantity of the Photovoltaic Equipment and detailed terms and conditions on the sale of such products.

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In the event of conflicts between the terms of the specific sales contract (or the orders thereunder) and the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2, the terms of the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2 shall prevail.

Pricing and payment terms:

As a general principle, the prices for the sale of the Photovoltaic Equipment shall be determined on normal commercial terms, negotiated on arm's length basis by both parties under the principle of justice, fairness and openness, and with reference to the prevailing market prices of the relevant Photovoltaic Equipment. The prices for the sale of the Photovoltaic Equipment will also be determined in accordance with the following principles, including:

- (i) the prices offered by the Group to Beijing Shangfang shall not be less than those comparable transactions that offered by the Group to no less than three independent third parties for provision of the same or similar Photovoltaic Equipment during the same period (if any); and
- (ii) both parties agree that the Group has the right to freely choose its customer. If the Group does not agree with the actual transaction price and/or related terms proposed by Beijing Shangfang, the Group shall not be responsible for the sale of products or services to Beijing Shangfang.

In general, both parties will sign the specific sales contracts and agree on the payment period with the principles of fairness and reasonableness. The payment of the specific Photovoltaic Equipment shall be settled by Beijing Shangfang within 120 days from the date of signing specific sales contract (or the orders thereunder) under the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2. The amount of payment shall be based on the settlement amount set out under the specific sales contracts (or the orders thereunder).

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Unless otherwise agreed by both parties, Beijing Shangfang will pay for the delivery or other arrangement already agreed pursuant to the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2.

As at the Latest Practicable Date, the Company has not sold any Photovoltaic Equipment to any independent third party.

However, the credit term offered by the Group to Beijing Shangfang pursuant to the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2 was determined after arm's length negotiation by both parties, with reference to the prevailing market practice of the sale of photovoltaic equipment and component in the PRC. Based on the research conducted by the Company and the experience of the management team of the new energy business center of the Company in the photovoltaic industry, the industry norm of the credit period offered by the upstream suppliers to the downstream customers for the sale of photovoltaic equipment and component in the PRC is within the range of 3 to 9 months. Given that the credit term offered by the Group to Beijing Shangfang pursuant to the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2 (i.e. within 120 days from the date of signing the specific sales contracts (or the orders thereunder)) falls within the range of the industry norm of the aforesaid credit term, therefore the Directors are of the view that the payment terms of the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2 are on normal commercial terms or better, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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Pricing policy: The price for the sale of the Photovoltaic Equipment under the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2 shall be determined with reference to the factors such as the cost of purchasing the Photovoltaic Equipment from the upstream suppliers and the target gross profit margin which can be represented by the formula: $\text{cost} \times (1 + \text{target gross profit margin})$, and shall be no less favourable to the Group than the prices of the comparable transactions (if any) conducted by the Group with no less than three independent third parties during the same period. The price for the sale of the Photovoltaic Equipment to Beijing Shangfang shall not be lower than the floor prices for the relevant type of the Photovoltaic Equipment which apply unified pricing set by the Company.

The target gross profit margin ranging from 1% to 5% (subject to adjustment depending on market conditions) shall be determined based on arm's length negotiation between the Group and Beijing Shangfang and having regard to the factors including, among others, (i) the gross profit margin for the trading business of the Group which is primarily with reference to the sale of mobile telecommunication device and accessories by the Group to independent customers; and (ii) gross profit margin of the comparable transactions (if any) conducted by the Group with no less than three independent third parties during the same period.

The floor prices for the relevant type of the Photovoltaic Equipment set by the Company shall be determined with reference to the prevailing market prices of the relevant Photovoltaic Equipment in the PRC market based on the market research and the quotation in the open market obtained from the authoritative third-party public source in the photovoltaic industry, and shall not be lower than the cost of purchasing the Photovoltaic Equipment from the upstream suppliers.

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The Board is of the view that it is fair and reasonable for the Company to take into account the gross profit margin for the trading business of the Group with independent customers which is primarily with reference to the sale of mobile telecommunication device and accessories by the Group to independent customers when determining the gross profit margin for the sale of Photovoltaic Equipment to Beijing Shangfang, after having regard to the factors including (i) the sale of both the Photovoltaic Equipment and the mobile telecommunication device and accessories by the Group are of a similar trading business nature, wherein the Group does not manufacture the relevant products for the sale to the customers, and it primarily leverages on its robust network and expertise in sourcing high-quality products from the reputable upstream suppliers and facilitate its sale and distribution to downstream customers; and (ii) given that the Group does not engage in the manufacturing or provision of value-added services for the Photovoltaic Equipment pursuant to the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2, coupled with the fact that the prevailing market prices of the Photovoltaic Equipment are readily available and transparent through the third-party public source, it follows that the Group's ability to set a substantial gross profit margin for the sale of the Photovoltaic Equipment that far exceeds the prevailing market prices will be limited, which is comparable to the historical gross profit margin set for the sale of mobile telecommunication device and accessories to independent customers.

We have reviewed the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 1 and Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2. Other than the effective period and the proposed cap, all other material terms shall remain the same and in full force and effect. Accordingly, the terms under the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2 remain principally the same as those of the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 1.

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As advised by the Management, the primary components of the photovoltaic systems typically have market prices quoted in the open market in the PRC. An authoritative third-party public source, Infolink Consulting, a world-leading renewables and technology research and consulting firm provides the highest and lowest prices for each type of photovoltaic equipment and component. In determining the pricing for the products to be sold to Beijing Shangfang, the Group will take into consideration both the procurement costs and the range of the market prices prevalent in the open market as well as the gross profit margin. In assessing the pricing terms of the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2, we have obtained and reviewed the sole purchase agreement entered into between the Group and Beijing Shangfang along with the corresponding purchase agreement with the supplier (the “**Sample Agreements**”). As advised by the Management, as of the Latest Practicable Date, the Company has not sold any photovoltaic products to independent customers. Therefore, we are unable to compare the Sample Agreements against similar transactions offered to independent third parties. Nevertheless, based on the review of the Sample Agreements, we noted that (i) the one type of product sold was solar panels; (ii) the pricing of the products was indeed within the range of market prices as quoted on Infolink Consulting; (iii) the transaction was profitable with gross profit margin falling within the range of target gross profit margin of 1% to 5% and the range of gross profit margins on the sales of the Group’s other products to independent third parties, which share a similar trading nature with the Group serving a comparable role in facilitating the sale and distribution to the customers; (iv) the Company sourced the solar panels directly from the manufacturers, which, as confirmed by the Company, are independent; and (v) the Sample Agreements adhered to the relevant internal control procedures.

In assessing the fairness and reasonableness of the target gross profit margin range of 1% to 5% within the pricing formula for the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2 in 2024, subject to adjustment depending on market conditions, we have taken into account several factors.

Firstly, it is evident that the solar panel industry, constituting a significant portion of the building cost of distributed photovoltaic power plants, has witnessed a substantial cost reduction. According to an industry report published in October 2023 by Wood Mackenzie, a leading global provider of data and analytics solutions for the renewables, energy and natural resources sectors, the solar industry in China is facing an oversupply of capacity across its various segments including wafers, solar cells and solar panels/module, leading to intense competition among industry players who are striving to lower their product prices and gross profit margins. Projections indicate that capacity for photovoltaic products will exceed 1TW by 2024. Such oversupply is expected to result in continual price declines. In our desktop research on the cost components and construction expenses of photovoltaic power stations in the PRC, we

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referred to the “2023-2024 China PV Industry Development Roadmap” issued by the China Photovoltaic Industry Association in February 2024 (the “**Roadmap**”) and information from Infolink Consulting, we noted that a significant decline in solar panel prices by around 50% since early 2023. Therefore, the further decline in prices for photovoltaic products will likely have an adverse impact on the gross profit margins for suppliers.

Secondly, through our desktop research encompassing all listed companies in Hong Kong engaged in the manufacturing, sales and trading of photovoltaic products; and having generated revenue from this segment during the year ended 31 December 2023, we identified two relevant companies engaged in manufacturing and sale of photovoltaic products, including solar modules/panels, wafer products and polysilicon. Upon reviewing their annual results announcements for the year ended 31 December 2023, the gross profit margins of the two manufacturers in the relevant business have dropped to around or below 10% in 2023, indicating a broader market trend towards lower profit margins. Furthermore, according to an article published on the website of people.cn (人民網) (“<http://paper.people.com.cn/zgnyb/html/2024-01/08/content26036997.htm>”), the official newspaper of the Central Committee of the Chinese Communist Party, in the PRC, leading manufacturers in China have begun cutting prices in late 2023 by around 30%, suggesting continued downward price pressure in 2024. The market projections of the Roadmap also indicate a sustained period of low prices of solar panels between 2024 and 2030, with minimal prospects for any significant upward adjustments. As such, the gross profit margins are expected to remain low for the manufacturers in 2024 while traders, who merely buy and sell without adding any value-added services, are likely to have even slimmer profit margins, further supporting the notion that the low target markup range of 1% to 5% is reflective of the prevailing market conditions.

Finally, in our review of Sample Agreements and our analysis of independent manufacturers’ costs and prevailing market prices quoted on Infolink consulting, we calculated the gross profit margin based on the average price of the relevant products and noted that the proposed gross profit margin range of 1% to 5% aligns closely with the current market dynamics.

Taking into consideration the aforementioned factors, in particular having considered (i) the floor price would not fall below the procurement costs from independent suppliers; (ii) the sales prices predominantly reflect prevailing market prices obtained from authoritative third-party public source in the photovoltaic industry; and (iii) the anticipated continuation of low solar panels prices in the near future, we consider the terms of Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2 are on normal commercial terms which are fair and reasonable.

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3.4 Proposed cap

(i) Review of historical figures

As at the Latest Practicable Date, Beijing Shangfang has placed the orders to the Group in purchasing the relevant Photovoltaic Equipment with a transaction amount of RMB68 million in total, and the transaction amount of RMB35 million has been recognised for the sale of Photovoltaic Equipment under the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 1. Since it would normally take time for the upstream suppliers to manufacture the relevant Photovoltaic Equipment and deliver them to the Company after receiving the Company's order, the Company has not completed the delivery of all relevant Photovoltaic Equipment to Beijing Shangfang pursuant to the aforesaid orders, and hence the Company has not been able to recognise all the fees receivable for the aforesaid sale of the relevant Photovoltaic Equipment to Beijing Shangfang in its financial accounts as at the Latest Practicable Date.

(ii) Proposed cap

The proposed cap in respect of the fees receivable from the sale of the Photovoltaic Equipment to be provided by the Group to Beijing Shangfang for the period from the Effective Date to 31 December 2024 shall not exceed RMB3,000 million.

As disclosed in the Letter from the Board, in considering the proposed cap under the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No.2, the Directors have considered a number of factors including:

1. the historical transaction amount for the sale of the Photovoltaic Equipment by the Group to Beijing Shangfang under the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 1;
2. based on the information currently available to the Company's management and the discussions between the Company and Beijing Shangfang in relation to the procurement plan of Beijing Shangfang, the estimated transaction amount for the sale of Photovoltaic Equipment under the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 1 will reach RMB70 million on or before 30 April 2024, which is expected to account for 100% of the existing cap under the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 1. As

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such, the existing cap of the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 1 will be insufficient to meet the continuous demand of Beijing Shangfang for the relevant Photovoltaic Equipment from the Group;

3. based on the discussions between the Company and Beijing Shangfang, Beijing Shangfang will continue to further expand its business and operation scale of the construction of photovoltaic power plants in various places in the PRC in the following months of 2024, and it is expected that the demand of Beijing Shangfang for the relevant Photovoltaic Equipment from the Group will substantially increase during the term of the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2;
4. based on the discussions between the Company and its upstream suppliers, the expected production capacity and channel of the potential upstream suppliers of the Group in relation to the supply of the relevant Photovoltaic Equipment to the Group will be sufficient to cater for the increasing demand of Beijing Shangfang for the relevant Photovoltaic Equipment from the Group during the term of the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2. Since 2023, the Company has expanded the presence of household photovoltaic business and established a cooperative relationship with various major photovoltaic manufacturers and suppliers. In order to consolidate the business relationship with the major photovoltaic manufacturers and suppliers, the Company has entered into a number of framework purchase agreements in relation to the purchase of the Photovoltaic Equipment for a term no less of one (1) year with several leading photovoltaic manufacturers and suppliers in the PRC, which include but not limited to the listed companies in the PRC with extensive capabilities in the production of photovoltaic equipment and components. As such, the Company has the capacity to secure a stable source of supply for the large volume of the Photovoltaic Equipment from the major photovoltaic manufacturers and suppliers, in order to fulfil the increasing demand of Beijing Shangfang for the Photovoltaic Equipment from the Group as contemplated under the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2; and
5. the respective estimated average unit prices of the Photovoltaic Equipment, the prevailing market prices and market trend of such products.

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Based on the communication between the Company and Beijing Shangfang in relation to the development plan of Beijing Shangfang for 2024, Beijing Shangfang will further expand its residential photovoltaic businesses in relation to the construction of the distributed photovoltaic power plants for rural households in several provinces of the PRC, such as Jiangsu, Anhui, Hunan, Hubei, Guangdong and Guangxi, etc. In order to facilitate the business expansion of Beijing Shangfang as contemplated under its development plan for 2024, as at the Latest Practicable Date, Beijing Shangfang has established a team of more than 900 staff who are experienced in the photovoltaic industry to actively conduct business promotion and pursue business opportunities in the photovoltaic industry. Against the backdrop of robust government support and evolving landscape of the photovoltaic industry in the PRC, coupled with the guidance of a seasoned management team of Beijing Shangfang in the photovoltaic industry, Beijing Shangfang anticipates that it will expand its business and operation scale of constructing distributed photovoltaic power plants for rural households exponentially and achieve a significant cumulative capacity in 2024. Such significant increase in the cumulative capacity will necessitate a substantial quantity of photovoltaic equipment and components to be procured by Beijing Shangfang from the upstream suppliers for the construction of distributed photovoltaic power plants.

Beijing Shangfang's projected purchase cost of the Photovoltaic Equipment in 2024 is based on the expected annual cumulative capacity of Beijing Shangfang pursuant to the development plan of Beijing Shangfang for 2024, and the prevailing building cost per watt in respect of the construction of distributed photovoltaic power plants. According to the communication between the Group and Beijing Shangfang, and the research conducted by the Company on the information related to prevailing building cost and cost component of constructing photovoltaic power plants in the PRC from the authoritative public sources such as the China Photovoltaic Industry Association and Infolink Consulting, which is a world-leading renewables and technology research and consulting firm, it is noted that the prevailing building cost would be around RMB3 per watt, while the prevailing cost of Photovoltaic Equipment (e.g. photovoltaic modules, inverters, supports, cables and box transformers, etc.) would be around RMB2 per watt, which was multiplied by the total expected annual cumulative capacity of Beijing Shangfang for 2024 to derive the total Photovoltaic Equipment cost of Beijing Shangfang for 2024. As such, the aggregated proposed caps for the sale of Photovoltaic Equipment by the Group to Beijing Shangfang under the Photovoltaic Equipment and Components Purchase and Sales Framework Agreements (i.e. RMB3,070 million) represent only a portion of the total expected cost of Beijing Shangfang in purchasing the photovoltaic equipment from the photovoltaic manufacturers and suppliers as contemplated in its development plan of 2024.

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Based on the above, the Group and Beijing Shangfang have reached a final agreement on the proposed cap of RMB3,000 million under the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2, which was determined based on the alignment of both the demand of Beijing Shangfang in purchasing, and the capacity of the Group to deliver, the Photovoltaic Equipment.

In order to assess the fairness and reasonableness of the proposed cap for the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2, we have also taken into consideration the following factors:

(i) Development and regulatory support of the photovoltaic industry in the PRC

The Chinese government has been very supportive of renewable energy development, implementing various policies and incentives to promote the use of solar energy. These policies include subsidies, feed-in tariffs, and targets for renewable energy capacity. In June 2022, China released the 14th Five-Year Plan (“FYP”) on Renewable Energy Development (2021-2025), a comprehensive blueprint for further accelerating China’s renewable energy expansion. The plan targets a 50% increase in renewable energy generation (from 2.2 trillion kWh in 2020 to 3.3 trillion kWh in 2025), establishes a 2025 renewable electricity consumption share of 33 % (up from 28.8% in 2020), and directs that 50% of China’s incremental electricity and energy consumption shall come from renewables over the period 2021-2025. In September 2020, President Xi Jinping announced at the United Nations General Assembly that China will aim for carbon neutrality by 2060. This significant pledge shows China’s long-term ambitions and priorities to accelerate the transformation to a carbon-neutral economy.

Specifically focusing on solar energy, under the FYP, the Chinese government aims to vigorously promote the integrated development of photovoltaic power generation in multiple scenarios, in particular, (i) comprehensive promotion of distributed photovoltaic development, with a focus on rooftop photovoltaic development and utilisation actions in industrial parks, economic development zones, public buildings, etc; (ii) active promotion of the integrated development of photovoltaics in the construction of new factories and public buildings; (iii) in conjunction with the rural revitalisation strategy, the active promotion of the construction of distributed photovoltaic systems on the roofs of rural houses with suitable conditions or collectively arrange centralised village sites. During the 14th FYP period, it is targeted to establish approximately 1,000 photovoltaic demonstration villages.

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Against the backdrop of robust government support, it is believed that Beijing Shangfang, under the guidance of a seasoned management team in the photovoltaic industry, stands to thrive in the evolving landscape of the photovoltaic industry, leveraging its strengths, strategic direction, and favorable market conditions to meet the increasing demand for photovoltaic power generation and is expected to drive a substantial increase in Beijing Shangfang's procurement demand for Photovoltaic Equipment from the Group. The Group's accelerated development and expansion in the new energy and photovoltaic businesses align with the positive growth trajectory anticipated in the photovoltaic industry within the PRC.

(ii) Purchase projection based on the development plan of Beijing Shangfang

We have discussed with the Management and understood that the proposed cap was determined after communication with Beijing Shangfang regarding their development plan in 2024. According to the Management, Beijing Shangfang has extended its residential photovoltaic business to six provinces, namely Jiangsu, Anhui, Hunan, Hubei, Guangdong, and Guangxi. Their 2024 projection anticipate serving residential households in these regions and establishing residential photovoltaic systems with a significant cumulative capacity, necessitating a substantial quantity of photovoltaic equipment and components for installation. In evaluating the validity of the purchase projection, we have acquired the estimation from the Company, reviewed Beijing Shangfang's development plan, and conducted additional desktop research to assess the demand for photovoltaic equipment from the Group.

In our thorough desktop research on the cost components and construction expenses of photovoltaic power stations in the PRC, we referred to the Roadmap. The Roadmap highlighted that key equipment costs, such as solar panels, inverters, and mounting systems, constitute more than 50% of the total cost of building a photovoltaic system or station. In early 2024, the Roadmap forecasted a continuous decreasing trend in building costs per watt between 2023 and 2030, from RMB3.18 per watt in 2023 to a forecasted cost per watt in 2024 to be slightly below RMB3.0 with the key equipment costs to be around RMB2.0 per watt. Furthermore, according to the National Public Resources Trading Platform (“全國公共資源交易平台”), we noted that numerous winning bids in public tenders for similar rooftop distributed photovoltaic projects in 2024 typically exceeded RMB3.0 per watt in building costs. As such, we are of the view that the assumptions in the Company's estimation are reasonable.

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We have calculated the estimated cost for Beijing Shangfang to build photovoltaic systems by multiplying the building costs per watt for 2024 in the Roadmap by the expected cumulative capacity in the development plan of Beijing Shangfang for 2024. With the total estimated cost for Beijing Shangfang calculated, we then worked out the total demand of Beijing Shangfang for photovoltaic equipment by applying the proportion of key equipment costs to total costs according to the Roadmap. We compared our calculation with the estimation by the Company and are satisfied with the reasonableness of the total demand for photovoltaic equipment from Beijing Shangfang. We noted that the proposed cap of RMB3,000 million under the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2 was indeed less than the total estimated demand of photovoltaic equipment from Beijing Shangfang. Based on our discussion with the Company, the Group does not expect to fulfil all the demand from Beijing Shangfang after taking into consideration (i) the Company's own capabilities and financial feasibility; (ii) the production capacity of the Company's suppliers; and (iii) the assessment of the market landscape, including the presence of other suppliers. The determination of the proposed cap therefore ensures alignment with both the client's needs and the company's capacity to deliver.

In addition to assessing demand, we have obtained the two framework purchase agreements from the Company and conducted desktop research on these suppliers to understand their capacity to provide the necessary equipment for the Company to fulfil the orders from Beijing Shangfang under the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2, our research revealed that these suppliers are the leading manufacturers of photovoltaic equipment in the PRC, boasting extensive production capabilities and/or holding status as listed companies in the PRC.

Based on the above, we are of the view that the basis and assumptions used by the Management in determining the proposed cap for the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2 are fair and reasonable. However, the Shareholders should note that the proposed cap relates to the future event and it does not represent a forecast of turnover to be generated from the transactions contemplated under the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2.

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4. Internal control measures

As stated in the Letter from the Broad, the Group has implemented the following internal control procedures for the Deposit Services under the Financial Services Agreements and the transactions contemplated under the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2.

4.1 Internal control measures for the Deposit Services under the Financial Services Agreements

In respect of the Deposit Services, the Company has adopted the following internal control and monitoring procedures:

- (i) before entering into any deposit arrangements with Huafa Finance Company, the Company will negotiate with Huafa Finance Company on an arm's length basis in respect of the deposit interest rate of the Deposit Services, and ensure that such interest rate is determined: (1) by reference to and is not lower than the benchmark interest rate then published by the PBOC for deposits of same term and same type and, in case of any change in the benchmark deposit interest rate, the deposit interest rate to be payable by Huafa Finance Company shall be determined by reference to and not lower than such benchmark deposit interest rate; and (2) by reference to the average deposit interest rate offered by at least three other independent domestic commercial banks in the PRC for deposit services of the same term and same type on normal commercial terms. The personnel responsible for cashier in the fund management department of the Company will be responsible for conducting market research, consulting with independent commercial banks and compiling statistics on interest rates for different types of deposits, and the fund operation unit of the fund management department of the Company will then be responsible for reviewing and determining the interest rate, which will be considered and approved by the head of the fund management department of the Company. As such, the Company will be able to ensure the deposit interest rate of the Deposit Services will not be less favourable than that published by the PBOC and the average deposit interest rate offered by three other independent domestic commercial banks in the PRC;
- (ii) the fund management department of the Company will monitor the Deposit Services on a daily basis to ensure the Revised Deposit Caps will not be exceeded;
- (iii) the fund management department of the Company will report to the senior management of the Company, giving an update of the deposit arrangements entered into with Huafa Finance Company on a monthly basis;

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- (iv) Huafa Finance Company has agreed to provide data to assist the Company to monitor the daily deposit balance cap when necessary;
- (v) in terms of the credit assessment on Huafa Finance Company, the Group would regularly request Huafa Finance Company to provide their financial statements and compliance risk management reports filed by Huafa Finance Company to NFRA, as well as conduct on-site inspections and interviews with the senior management of Huafa Finance Company, in order to ensure that Huafa Finance Company is financially reliable and safe to provide the Deposit Services to the Group and the capital risk control measures have been effectively carried out by Huafa Finance Company;
- (vi) the Directors (including the independent non-executive Directors) will review the transactions contemplated under the 2024-2026 Financial Services Framework Agreement (as supplemented by the Supplemental Agreement) and its annual caps each year, to ensure that the transactions contemplated under the 2024-2026 Financial Services Framework Agreement (as supplemented by the Supplemental Agreement) are conducted within the terms of the 2024-2026 Financial Services Framework Agreement (as supplemented by the Supplemental Agreement), on normal commercial terms or better, fair and reasonable and in the interests of the Company and the Shareholders as a whole; and
- (vii) the independent non-executive Directors and the auditor of the Company will perform annual reviews on the pricing and annual caps of such transactions contemplated under the 2024-2026 Financial Services Framework Agreement (as supplemented by the Supplemental Agreement).

4.2 Capital risk control measures for the 2024-2026 Financial Services Framework Agreement (as supplemented by the Supplemental Agreement)

- (i) Huafa Finance Company will ensure the safe operation of the funds management information system, all of which has passed the security test in respect of the interface of online banking of commercial banks, so as to ensure the security of the funds of the Group;
- (ii) Huafa Finance Company will ensure that it operates in strict compliance with the risk monitoring indicators for financial institutions promulgated by the NFRA and that its major regulatory indicators, such as capital adequacy ratio, interbank borrowing ratio and liquidity ratio, will also comply with the requirements of the NFRA;

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- (iii) Zhuhai Huafa has undertaken to the NFRA that, in the event that Huafa Finance Company is in urgent difficulty in making payment, Zhuhai Huafa will increase capital funding accordingly based on the actual need to solve such problem; and
- (iv) the capital balance of the Group exceeding the daily maximum deposit at Huafa Finance Company will be deposited into one or more commercial banks in the PRC as deposits.

4.3 Internal control measures for the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No.2

The Company will adopt the below internal control procedures and corporate governance measures in relation to the transactions contemplated under the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2:

- (i) the business departments of the Group will be responsible for collecting the market information including the price fluctuation of each of the Photovoltaic Equipment on a monthly basis from the authoritative third party public source in the photovoltaic industry;
- (ii) the business departments of the Group will also communicate with the customers, suppliers or trade partners through telephone conversations, emails and site visits to obtain the prices of comparable transactions during the same period and the prevailing market price at the time of a particular transaction for verification of the prevailing sales price implemented by the sales departments of the Group;
- (iii) the business departments of the Group, having obtained internal approval from the Company's management, will set up a floor price for each type of the Photovoltaic Equipment applying unified pricing set by the Company, which shall be determined with reference to the prevailing market price of the relevant Photovoltaic Equipment in the PRC market based on the aforesaid market research and the quotation in the open market obtained from the authoritative third-party public source in the photovoltaic industry, and shall not be lower than the cost of purchasing the Photovoltaic Equipment from the upstream suppliers;

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- (iv) prior to entering into any specific sales contract (or the orders thereunder) with Beijing Shangfang, the business departments of the Group will review the terms and ascertain the cost of purchasing the Photovoltaic Equipment from the upstream suppliers based on the framework purchase agreements (and the orders thereunder) entered into between the Group and the upstream suppliers. The business departments of the Group will also collect and review the information in relation to (i) gross profit margin for the trading business of the Group which is primarily with reference to the sale of mobile telecommunication device and accessories by the Group to independent customers during the same period; and (ii) the comparable transactions (if any) conducted by the Group with no less than three independent third parties during the same period. Taking into account the above factors, as well as based on the market research of the prevailing market price of the relevant Photovoltaic Equipment in the PRC market and the communication with Beijing Shangfang in relation to its acceptable price range, the business departments of the Group will then consider and determine the gross profit margin for the sale of the relevant Photovoltaic Equipment offered to Beijing Shangfang, which shall be subsequently reviewed and approved by the management of the Group, in order to ensure that (i) the gross profit margin set for the sale of the Photovoltaic Equipment will be comparable to those set for the trading business of the Group involving independent customers; (ii) the selling price and payment terms offered to Beijing Shangfang in respect of the sale of the relevant Photovoltaic Equipment to Beijing Shangfang shall be no less favourable to the Group than those offered to the independent customers; and (iii) the selling price of Photovoltaic Equipment offered to Beijing Shangfang will not be lower than the floor price for each type of the Photovoltaic Equipment set by the Company;
- (v) the business departments of the Group will review the sales of the Photovoltaic Equipment of the Group based on the floor price and report to the management of the Company on a monthly basis;

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- (vi) the finance department of the relevant members of the Group is responsible for monitoring the fees for respective transactions contemplated under each of the specific sales contracts (or the orders thereunder) under the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2 to ensure that they are in accordance with the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2 and the proposed cap thereof is not exceeded. In addition, the finance department of the Company will also conduct overall review on a monthly basis. Where the finance department of the relevant members of the Group is aware of any potential non-compliance with the pricing policies or that the proposed cap will be exceeded, the finance department of the relevant members of the Group will escalate the relevant matter to the senior management of the Company, who will co-ordinate at the Group level to take remedial actions, and ensure that the basis of proposed cap is followed and the proposed cap is not exceeded; and
- (vii) the independent non-executive Directors and auditors of the Company will conduct annual review on the transactions contemplated under the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2 and provide their view to the Board.

In assessing whether the above internal control measures are put in place and effectively implemented, we have reviewed the board resolution and the independent non-executive Directors confirmed that the continuing connected transactions of the Group contemplated under the 2022-2023 Financial Services Framework Agreement (i) were entered into in the ordinary and usual course of business of the Group; (ii) on normal commercial terms; and (iii) were conducted in accordance with agreement governing such transactions and on terms that were fair and reasonable and in the interests of the Company and Shareholders as a whole.

We also noted from the 2022 Annual Report that, amongst other things, with respect to the continuing connected transaction contemplated under the 2022-2023 Financial Services Framework Agreement during the year, nothing has come to the Company's auditor attention that causes them to believe that the continuing connected transactions have exceeded the annual cap as set by the Company.

Having considered the above, we are of the view that adequate measures have been put in place to ensure and safeguard the Continuing Connected Transactions to be conducted on normal commercial terms and not prejudicial the interests of the Company and the independent Shareholders.

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RECOMMENDATION

Having considered the above principal factors and reasons, we are of the view that the Supplemental Agreement and the transactions for the Deposit Services contemplated thereunder (including the Revised Deposit Caps) and the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2 and the transactions contemplated thereunder (including the proposed cap) are conducted (i) in the ordinary and usual course of the business of the Group; (ii) on normal commercial terms and are fair and reasonable so far as the independent Shareholders are concerned; and (iii) in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend the independent Shareholders, and we also recommend independent Shareholders to vote in favor of the relevant resolution for approving the Supplemental Agreement and the transactions for the Deposit Services contemplated thereunder (including the Revised Deposit Caps) and the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2 and the transactions contemplated thereunder (including the proposed cap) at the AGM.

Yours faithfully,

For and on behalf of

Innovax Capital Limited

Alvin Kam

Managing Director

Erica Ling

Director

Note:

Mr. Alvin Kam is a Responsible Officer under the SFO to engage in Type 6 (advising on corporate finance) regulated activity and has over 20 years of experience in investment banking and corporate finance.

Ms. Erica Ling is a Responsible Officer under the SFO to engage in Type 6 (advising on corporate finance) regulated activity and has around 12 years of experience in investment banking and corporate finance.

The details of the Articles Amendments are as follows (shown with strikethrough to denote text to be deleted and underline to denote text to be added):

Note: The Amended and Restated Articles of Association are prepared in both Chinese and English versions. In the case of any discrepancies between these versions, the Chinese version at last approved by and registered with the company registration authority shall prevail.

Beijing Digital Telecom Co., Ltd.

Articles of Association

Chapter 1 General Provisions

- Article 1 To safeguard the legitimate rights and interests of Beijing Digital Telecom Co., Ltd. (hereinafter referred to as the “Company”), its shareholders and creditors, and to regulate the organization and activities of the Company, the Company has formulated these Articles of Association in accordance with the Company Law of the People’s Republic of China (hereinafter referred to as the “Company Law”), the Securities Law of the People’s Republic of China (hereinafter referred to as the “Securities Law”), ~~the Special Regulations of the State Council on the Overseas Offer and Listing of Shares by Joint Stock Limited Companies~~ (hereinafter referred to as the “Special Regulations”), ~~the Reply of the State Council on the Adjustment of the Notice Period of Shareholders’ Meetings and Other Matters Applicable to Overseas Listed Companies, the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas, the Document for Supplementary Modification Proposal on Articles of Association of Companies Listed in Hong Kong and the Trial Measures for Administration of Offshore Issuance and Listing of Securities by Domestic Enterprises,~~ the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and other relevant (hereinafter referred to as the “Hong Kong Listing Rules”) and relevant requirements under the other related laws and, administrative regulations and regulatory documents, and with reference to the Guidelines for the Articles of Association of Listed Companies (Revised in 2023) (“Guidelines for the Articles of Association of Listed Companies”).
- Article 2 The Company is a joint stock company with limited liability established in China in accordance with the Company Law, ~~the Special Regulations~~ and other relevant laws and regulations of China. The establishment of the Company is approved by “Jing Shang Wu Zi Zi [2009] No. 758” issued by Beijing Municipal Commission of Commerce. It was registered with and granted a business licence by Beijing Administration Bureau of Industry and Commerce on 28 December 2009. The existing unified social credibility code of the Company’s business licence is 911100008029439243.

The promoters of the Company are: Digital Science & Technology Group Limited, Beijing Di Er Tong Consulting Company Limited, Beijing Rong Feng Tai Management and Consulting Company Limited, 3i Infocomm Limited, CDH Mobile (HK) Limited and Crown Flame Investment Limited.

- Article 3 Registered Chinese name of the Company: 北京迪信通商貿股份有限公司.
- English name: Beijing Digital Telecom Co., Ltd.
- Article 4 Registered Office of the Company: ~~No. 101, 4/F, C Yi'an Business Building, 18 Building Yi'an Jiayuan, Beiwa West, Haidian District, Beijing~~Room 2460X, 46th Floor, -4 to 45th Floor 101, Building 1, No. 20 Courtyard, Lize Road, Fengtai District, Beijing, China,
- PRC Postal code: ~~100089~~100073
- Telephone number: ~~+86 10 6847 5960~~
- Facsimile number: ~~+86 10 6873 3816~~
- Article 5 The legal representative of the Company is the Chairman of the Board of the Company.
- Article 6 The Company is a joint stock company with limited liability and of permanent existence.
- Article 7 The Company is an independent enterprise legal person which shall enjoy the right to the entire independent property of the legal person and civil rights in accordance with laws and bear civil responsibilities, and all acts of the Company shall comply with the laws, regulations and regulatory documents of China and the legal rights of the shareholders shall be protected. The Company is under the jurisdiction and protection of the laws, regulations and regulatory documents of China.
- Article 8 In accordance with the relevant requirements of the Company Law and other national laws and administrative regulations, the Company convened a general meeting of shareholders to amend the original articles of association of the Company (the "Original Articles of Association") and formulated these articles of association (or the "Articles of Association" or the "Articles"). These Articles of Association shall not be effective without the approval by special resolution of shareholders at the Shareholders' Meeting and shall become effective on the date on which the overseas-listed foreign shares, upon approval by relevant competent authority of the PRC, are listed on The Stock Exchange of Hong Kong Limited (hereinafter referred to as "the Stock Exchange") and shall replace the Articles of Association originally registered with the company registration authority and shall take effect from the date of consideration and approval by the general meeting.

These Articles of Association shall be a legally binding public document that regulates the Company's organization and activities, the rights and obligations between the Company and its shareholders as well as among the shareholders once it goes into effect.

Article 9 These Articles of Association shall be binding on the Company, its shareholders, Directors, Supervisors, President and other members of senior management. ~~All persons mentioned above shall have the rights to refer to these Articles of Association for claims regarding affairs related to the Company.~~

In accordance with these Articles of Association, Shareholders may institute legal proceedings against the Company; the Company may institute legal proceedings against its shareholders, the Company's Directors, Supervisors, President and other members of senior management; shareholders may institute legal proceedings against other shareholders, Directors, Supervisors, President and other members of senior management as per these Articles of Association.

~~The legal proceedings referred to in the preceding paragraph shall include legal proceedings instituted in courts or the application to arbitration institutions for arbitration.~~

Article 10 Within the scope permitted by laws and regulations, ~~the Company may invest in other enterprises/companies with limited liability or joint stock companies with limited liability. If the law stipulates that the Company shall not become a contributor jointly and severally liable for the debts of the invested companies, such stipulation shall apply and shall be liable to the investee companies to the extent of its capital contribution.~~

Article 11 All the capital of the Company shall be divided into shares of equal value and shareholders' liability shall be limited to their shares in the Company. The Company shall be liable for its debt with all of its assets.

Chapter 2 Business Objectives and Scope of Business

Article 12 The purpose of the Company's operation is to offer best quality service to customers; generate long-term and steady profit; create a promising market by collaborating with business partners; train employees to become elites in their own posts; treat all employees in a fair and reasonable way; provide a 'harmonious, pleasant and open-minded' work place for employees, maintain flexibility in operations, and to protect the investment results of all shareholders as a whole in order to give them satisfactory return and create good social benefits.

Article 13 The business scope of the Company is subject to the scope approved by the company registration authority.

Scope of business: wholesale and retail of telecommunications devices and equipment, electronic products, metal materials, office equipment, computers and peripherals, software and ancillary equipment, labour protection gears, office supplies, instruments, daily necessities, household appliances, kitchen appliances, domestic appliances, timepieces, bags and suitcases, garment, shoes and hats, lighting equipment (with no physical store operation), gifts, cosmetics, infant products, toys, musical instruments, category-1, category-2 and category-3 medical equipment, healthcare products and food, computer installed, computer accessories, networking products, photographic and video recorders, digital accessories, stationery and consumables, stylistic devices, learning books, health and hygiene products, fabric bags and luggage, grocery food products, office furniture, tool equipment, hardware and decoration, building materials, automobile accessories; mobile phone repair services; technology consultancy, technical services, technology development and technology transfer, technology exchange and technology promotion; import and export of goods and technology; and software development; solar power generation technology services; photovoltaic equipment and components sales; photovoltaic power generation equipment leasing; mechanical and electrical equipment sales; electronic special equipment sales; electronic special material sales; power electronic components sales; photoelectronic device sales; battery sales; new energy power equipment sales; transportation cargo packaging services; carbon emission reduction, carbon conversion, carbon capture, carbon sequestration technology research and development; environmental protection specialized equipment sales; installation, maintenance and testing of power transmission, supply and receiving facilities.

The Company may change its business scope and amend these Articles of Association in accordance with law upon registration of change with company registration authority and with the approval of shareholders at the Shareholders' Meeting.

Chapter 3 Shares and Registered Capital

Article 14 The Company shall have ordinary shares at all times. Ordinary shares issued by the Company shall include domestic shares and foreign shares. The Company may create other classes of shares according to its needs upon approval by the vetting department authorized by the State Council.

Article 15 Shares of the Company take means of stock. Shares issued by the Company all have a par value, of RMB1 per share (Unless otherwise specified, all amounts in these Articles of Association are stated in Renminbi).

- Article 16 The Company shall issue its shares in accordance with the principles of openness, fairness and justice such that every share of the same class shall rank pari passu with each other. Shares of the same class in the same issue shall be offered on the same terms and conditions and at the same price; and any entity or individual shall pay the same consideration per share for subscription of the shares.
- Article 17 Unlisted domestic shares issued within the territory by the Company shall be centrally deposited with China Securities Depository and Clearing Company Limited. Overseas-listed foreign shares issued by the Company in Hong Kong shall be deposited mainly with the Securities Depository and Clearing Company Limited in Hong Kong, and may also be held by shareholders in their names.
- Article 18
~~Article 17~~ ~~Upon approval from the securities regulatory authorities of the State Council, t~~The Company may issue shares to both domestic and foreign investors subject to the approval by the China Securities Regulatory Commission in accordance with the law. The Company issuing shares to domestic investors and foreign investors shall fulfill the registration or filing procedures with the China Securities Regulatory Commission (hereinafter referred to as the “CSRC”) in accordance with the law.
- Foreign investors referred to in the preceding paragraph shall mean investors from foreign countries, Hong Kong, Macao and Taiwan who subscribe for shares issued by the Company; domestic investors shall mean investors from China except the foregoing regions who subscribe for shares issued by the Company.
- ~~Article 18~~ Domestic shares refer to the shares denominated in Renminbi issued by the Company to domestic investors. Foreign shares refer to the shares denominated in foreign currencies issued by the Company to overseas investors and the shares held by foreign investors. ~~Those shares issued by the Company and listed overseas (including foreign shares listed overseas and domestic shares approved by the securities regulatory authorities of the State Council and overseas securities exchange to list overseas) are referred to as overseas-listed shares (of which those listed in Hong Kong can be referred to as H shares), and those shares (unlisted overseas) are referred to as non-listed shares:~~
- ~~Unless otherwise specified in these Articles of Association, holders of domestic shares and holders of foreign shares are both holders of ordinary shares and shall have the same rights and obligations:~~
- Article 19 The foreign currency referred to in the preceding paragraph refers to the legal currency of a country or region other than Renminbi, which is recognized by the competent department of foreign exchange of the State, and which can be used for payment of shares to the Company.

Article 20 Foreign shares issued and listed in Hong Kong by the Company shall be referred to as H shares, which refer to shares authorized by The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Hong Kong Stock Exchange”) to be listed, with nominal value denominated in Renminbi, and to be subscribed and traded in Hong Kong dollars.

The Company’s unlisted shares may be converted into overseas listed foreign shares and listed and traded on overseas stock exchanges upon filing with the securities authorities of the State Council. Listing and trading on a foreign stock exchange shall also be subject to the regulatory procedures, regulations and requirements of the foreign stock exchange. There is no need to convene a shareholders’ meeting to vote on the conversion of unlisted shares into overseas listed foreign shares and their listing and trading on overseas stock exchanges.

Article 21 As approved by the competent authorities authorized by the State Council, the
~~Article 19~~ Company issued 500,000,000 ordinary shares to its promoters at its establishment.

The promoters made capital contributions to the Company using their equity interest in Beijing Digital Telecom Co., Ltd.. The audited net assets of Beijing Digital Telecom Co., Ltd. as at 30 June 2009 amounted to RMB513,484,982.56, of which RMB500,000,000 was paid as the consideration for the issue of 500,000,000 shares of the joint stock limited company with a par value of RMB1 each. The remaining net assets of RMB13,484,982.56 were transferred to the Company’s capital reserve. The shareholding structure of the Company following the share issue is as follows:

No.	Promoter Shareholders	Number of shares held (ten thousand shares)	Percentage of shares held
1	Digital Science & Technology Group Limited	21,140	42.28%
2	Beijing Di Er Tong Consulting Company Limited	10,130	20.26%
3	3i Infocomm Limited	8,710	17.42%
4	CDH Mobile (HK) Limited	7,125	14.25%
5	Beijing Rong Feng Tai Management and Consulting Company Limited	2,500	5.00%
6	Crown Flame Investment Limited	395	0.79%
	Total	50,000	100%

Article 22 The total number of ordinary shares issued by the Company is 886,460,400 shares,
~~Article 20~~ comprising 337,700,000 domestic shares and 548,760,400 foreign shares.

~~Article 21 Subject to approval by the securities regulatory authorities of the State Council of the plans of the Company to issue overseas-listed shares, and after the authorization by shareholders at a general meeting, the Board of the Company may arrange for issuance of shares.~~

~~The Company is entitled to implement its respective plans to issue overseas-listed foreign shares or domestic shares pursuant to the preceding paragraph within 15 months after the approval date by the securities regulatory authorities of the State Council.~~

~~The shareholders holding unlisted shares of the Company may trade their shares overseas after obtaining relevant approvals from the securities regulatory authorities of the State Council. Such trading on the overseas securities exchange shall comply with relevant overseas regulatory procedures, regulations and requirements. No Shareholders' Meeting or class shareholders' meeting is required for the trading of abovementioned shares on overseas securities.~~

~~Article 22 The Company shall complete issuing overseas-listed foreign shares and domestic shares within the number fixed in the plan at one time; if the shares cannot be fully subscribed at one time due to special circumstances, the shares may, subject to approval of the securities authority of the State Council, be issued separately.~~

Article 23 The registered capital of the Company is RMB886,460,400.

Article 24 The Company may increase its capital according to its business operation and development needs and in accordance with the provisions of laws and regulations. The Company may increase its capital upon separate resolution of the shareholders' meeting in the following mannerthrough the following:

- (i) issue new shares to non-specified investorsoffering of shares;
- (ii) place new shares to specified investors and/or existing shareholdersNon-offering of shares;
- (iii) ~~bonus~~ issue of newbonus shares to existing shareholders;
- (iv) increase the share capital by means of transfer of common reserve fund;
- (v) other means permitted under PRC laws, administrative regulations and by the CSRC and by the securities regulatory authorities of the State Council.

The Company's increase of share capital by issuing new shares shall, after being approved in accordance with the provisions of these Articles of Association, be conducted in accordance with the procedures stipulated by relevant laws and administrative regulations of the PRC as well as the securities regulatory authorities of the place where the shares of the Company are listed.

~~Article 25~~ The Company may dispose of the shares of any untraceable shareholder and retain the proceeds, if simultaneously satisfy the following requirements:

- ~~(1) during a period of 12 years dividends in respect of the shares in question have been distributed at least three times and no dividend has been claimed; and~~
- ~~(2) upon expiry of the 12-year period, the Company has given notice of its intention to dispose of the shares by way of an announcement published in the newspapers, and notifies the securities regulatory authorities under the State Council and the relevant overseas securities regulatory authorities of the place where the Company's shares are listed.~~

~~Article 25~~
~~Article 26~~ Unless otherwise provided by laws, administrative regulations, these Articles of Association and the rules of Hong Kong Stock Exchange, shares of the Company shall be free from any restrictions on the right of transfer, grant, inherit and pledge, and shall be free from all liens.

Transfer of shares shall be registered with the Company's relevant share registrar.

Article 26 The Company or the Company's subsidiaries (including its affiliates) shall not give any assistance, in the form of gift, advance, guarantee, compensation or loan, to any person who purchases or proposes to purchase shares of the Company.

Chapter 4 Capital Reduction and Repurchase of Shares

Article 27 The Company may reduce its registered capital in accordance with the Articles. If the Company intends to reduce its registered capital, it shall follow the procedures stipulated by the Company Law, the Hong Kong Listing Rules and other relevant regulations and the Articles.

Article 28 The Company shall prepare a balance sheet and a list of assets when reducing its registered capital.

The Company shall notify its creditors within 10 days and make a announcement at least three times on a newspaper within 30 days as of the date of the Company's resolution for reduction of register capital. A creditor shall have the right to require the Company to pay off debts or provide an appropriate guarantee to pay off debts within 30 days as of the date of receipt of the notice from the Company or within 45 days as of the date of the first announcement if not receiving the notice.

The registered capital of the Company shall not be lower than the legally required minimum amount after the reduction of capital.

Article 29

The Company may not acquire shares in the Company. However, except under one of the following circumstances:

- (I) reducing the registered capital of the Company;
- (II) merging with other companies that hold shares in the Company;
- (III) using the shares for employee shareholding plans or for share incentives;
- (IV) acquiring shares held by shareholders (upon their request) who vote against any resolution proposed in any shareholders' general meeting on the merger or division of the Company;
- (V) using the shares for converting the convertible bonds issued by the Company to stock;
- (VI) necessary acts by the Company to protect its value while safeguarding the interests of shareholders;
- (VII) other circumstances as permitted by laws and administrative regulations.

Article 30

The Company may repurchase its shares through public and centralised trading or other methods as permitted by laws, administrative regulations and the CSRC.

When the Company repurchases its shares in the circumstances as set out in (III), (V) and (VI) of paragraph I of Article 29 of the Articles of Association, such repurchase shall be conducted by way of public and centralised trading.

Article 31

When the Company repurchases its shares in the circumstances as set out in (I) and (II) of paragraph I of Article 29 of the Articles, a resolution at the general meeting shall be obtained. When the Company repurchases its shares in the circumstances as set out in (III), (V) and (VI) of paragraph I of Article 29, it may be resolved by more than two-thirds of directors present at a board meeting in accordance with the provisions of the Articles of Association or the authorisation of the general meeting.

The shares of the Company repurchased pursuant to subparagraph (I) of paragraph I of Article 29 shall be cancelled within ten days from the date of repurchase. In the event that the Company repurchases its shares in the circumstances as set forth in (II) and (IV), the shares so acquired shall be transferred or cancelled within 6 months. In the event that the Company repurchases its shares in the circumstances as set forth in (III), (V) and (VI), the shares in the Company held by the Company in aggregate shall not exceed 10% of the total number of the Company's shares in issue and the shares so repurchased shall be transferred or cancelled within three years.

Where applicable laws, administrative regulations, other provisions of the Articles, and the laws of the place where the Company's shares are listed or securities regulatory authorities have other provisions on the relevant matters involved in the aforementioned share repurchase, the provisions shall prevail.

Where the Company repurchases shares in the Company, it shall fulfill information disclosure obligations in accordance with the Securities Law, the Hong Kong Listing Rules and the relevant regulations of the CSRC and the Hong Kong Stock Exchange.

Article 32 After the Company repurchases shares in accordance with law, it shall cancel or transfer such shares within the period specified by laws and administrative regulations, and shall apply to company registration authority for change in registered capital or shareholding and make announcement accordingly.

The aggregate par value of the cancelled shares shall be deducted from the Company's registered capital.

Chapter 5 Transfer of Shares

Article 33 The shares of the Company may be transferred in accordance with law.

The transfer of H shares listed in Hong Kong shall be registered by the share registrar in Hong Kong entrusted by the Company.

Article 34 The Company shall not accept its shares being held as security under a pledge.
~~Article 27~~

Article 35 Shares held by the promoters in the Company shall not be transferred within one year from the date of incorporation of the Company. Shares issued by the Company before the share offering shall not be transferred within one year from the date on which the shares of the Company are listed on a stock exchange.
~~Article 28~~

Directors, supervisors and senior management of the Company shall declare their shareholdings in the Company and the changes therein to the Company; and shall not transfer more than 25% of their shareholdings in the Company during their respective term of office or transfer their shares within one year from the date on which the shares of the Company are listed on a stock exchange. The aforesaid persons shall not transfer their shares in the Company within half a year after leaving their offices. If the restriction on transfer under this clause involves H shares, the rules governing the listing of securities on the main board of the Hong Kong Stock Exchangethe Hong Kong Listing Rules must be complied with.

Article 36
~~Article 29~~

In the event that any director, supervisor, senior management of the Company and any person who holds more than 5% of the shares in the Company disposes of the Company's shares within six months after acquisition of the same or repurchases the Company's shares within six months after disposal of the same, any proceeds arising therefrom shall be attributed to the Company and the Company's board of directors shall retrieve such proceeds. If the restriction on transfer under this clause involves H shares, ~~the rules governing the listing of securities on the main board of the Hong Kong Stock Exchange~~the Hong Kong Listing Rules must be complied with. However, securities companies holding more than 5% shares of the Company as a result of taking up unsubscribed shares as an underwriter are free from the six-month restriction when disposing of such shares and other circumstances specified by the CSRC.

The shares or other securities with an equity nature held by any Director, Supervisor, senior management or natural person shareholder referred to in the preceding paragraph include the shares or other securities with an equity nature held by their spouses, parents, and children, and any of the above which is indirectly held in others' accounts.

In case the Board of Directors fails to comply with the requirements under the aforesaid clause, a shareholder shall have the right to request the Board of Directors to comply within thirty days. In case the Board of Directors fails to comply with the same within the specified period, such shareholder shall have the right to institute a legal proceeding directly with the court in its own name for the benefit of the Company.

In case the Board of Directors fails to comply with the requirements under the clause 1, the responsible directors shall assume joint liability according to the law.

Chapter 4—Capital Reduction and Repurchase of Shares

~~Article 30~~

~~The Company may reduce its registered capital in accordance with these Articles of Association. If the Company intends to reduce its registered capital, it shall follow the procedures stipulated by the Company Law and other relevant regulations and these Articles of Association.~~

~~Article 31~~

~~The Company shall prepare a balance sheet and a list of assets when reducing its registered capital.~~

~~The Company shall notify its creditors within 10 days and make a public announcement at least three times on a newspaper within 30 days as of the date of the Company's resolution for reduction of register capital. A creditor shall have the right to require the Company to pay off debts or provide an appropriate guarantee to pay off debts within 30 days as of the date of receipt of the first notice from the Company or within 45 days as of the date of the public announcement if not receiving the notice.~~

~~The registered capital of the Company shall not be lower than the legally required minimum amount after the reduction of capital.~~

Article 32- ~~The Company may repurchase its shares upon the approval by relevant competent authorities of China and according to the procedures set forth in these Articles of Association under the circumstances below:~~

- ~~(1) — cancellation of shares for the purpose of reducing its capital;~~
- ~~(2) — merging with other companies that hold shares in the Company;~~
- ~~(3) — Other circumstances as permitted by relevant laws and administrative regulations and the securities regulatory authorities of the place where the shares of the Company are listed.~~

Article 33- ~~As approved by relevant authorities, the Company may repurchase its shares by the following means:~~

- ~~(1) — by making a general offer to all of its shareholders for the repurchase of shares on a pro rata basis;~~
- ~~(2) — by open dealing on a stock exchange;~~
- ~~(3) — by an off-market agreement outside of the stock exchange.~~

Article 34- ~~If the Company repurchases its shares by concluding an off-market agreement outside of the stock exchange, it shall obtain prior approval at the Shareholders' Meeting pursuant to these Articles of Association. Upon approval in the same matter at the Shareholders' Meeting, the Company may discharge or amend the said agreement or waive any of its rights thereunder.~~

~~The off-market agreement for the repurchase of shares referred to in the preceding paragraph shall include (but not limited to) a document to become obliged to repurchase and acquire the right to repurchase shares of the Company.~~

~~The Company shall not assign the agreement for the repurchase of its shares or any rights thereunder.~~

~~In respect of the Company's repurchase of its shares, if the repurchase is made not on the market or through tender, the repurchase price shall not exceed a specified price limit, and if the repurchase is made through tender, the offer shall be made to all shareholders.~~

~~Article 35~~ After the Company repurchases shares in accordance with law, it shall cancel or transfer such shares within the period specified by laws and administrative regulations, and shall apply to company registration authority for change in registered capital or shareholding and make announcement accordingly.

~~The aggregate par value of the cancelled shares shall be deducted from the Company's registered capital.~~

~~Article 36~~ Unless the Company is undergoing liquidation, it shall repurchase its outstanding shares pursuant to the rules below:

~~(1) where the Company repurchases shares at par value, payment shall be made from the surplus of its distributable profits or from the proceeds of a new issue for that purpose;~~

~~(2) where the Company repurchases shares of the Company at a premium to its par value, payment up to the par value shall be made from the surplus of its distributable profits or from the proceeds of a new issue for that purpose. Payment of the portion in excess of par value shall be effected as follows:~~

~~(i) if the shares being repurchased are issued at par value, payment shall be made from the surplus of its distributable profits;~~

~~(ii) if the shares being repurchased were issued at a premium to its par value, payment shall be made from the surplus of its distributable profits or from the proceeds of a new issue for that purpose, provided that the amount paid from the proceeds of such new issue shall not exceed the aggregate amount of the premiums received by the Company on issuance of the shares so repurchased or the balance of the Company's capital reserve account (including the premiums on the new issue) at the time of such repurchase.~~

~~(3) The Company shall make payments with its distributable profits for the following expenses:~~

~~(i) for acquisitions of rights to repurchase its own shares;~~

~~(ii) for the variation of any contract for the repurchase of its shares;~~

~~(iii) for release from its obligations under any repurchase contract;~~

(4) ~~After the total par value of the shares that are cancelled is deducted from the Company's registered capital, the amount equal to the par value of its shares deducted from its distributable profits shall go to the Company's premium account (or capital reserve account).~~

~~Unless otherwise stated herein, the financial treatment involved in the repurchase of shares shall comply with the relevant laws and administrative regulations of the PRC and the securities regulatory authorities of the place where the shares of the Company are listed.~~

Chapter 56 ~~Financial Assistance for the Purchase of the Company's~~ ~~Shares~~ Shareholders and Shareholders' Meeting

Article 37 ~~The Company or its subsidiaries shall not offer any financial assistance to anyone who is acquiring or is proposing to acquire shares of the Company by any means at any time shall prepare a register of shareholders based on the evidence provided by share registrars, and the register of shareholders is a sufficient evidence to verify that a shareholder holds the Company's shares. The said purchaser of shares shall include a person who directly or indirectly assumes any obligations incurred for the acquisition of such shares. Shareholders shall enjoy rights and assume obligations according to the class of shares held.~~

~~The Company or its subsidiaries shall not, by any means at any time,; holders of shares of the same class provide any financial assistance to the said purchaser as referred to above for the purpose of limiting or discharging the obligations assumed by that person.~~

~~This Article shall not be applicable to the circumstances described in the Article 39 of this Chapter.~~

Article 38 ~~The financial assistance described in this Chapter shall include but not limited to the means below:~~

- (1) ~~gifts shall enjoy equal rights,;~~
- (2) ~~guarantees (including the guarantor to undertake the liability or offer assets to secure the obligor's performance of obligations), compensation (not including compensation arising out of the Company's own defaults), or release or waiver of any right; undertake equal obligations.~~
- (3) ~~provisions of loans or any other agreements where the Company shall fulfill the obligations prior to other parties, or changes in the said loans or parties to agreements, or the assignment of the rights under such loans or agreements;~~

- (4) ~~any other financial assistance provided by the Company in the event that the Company is insolvent or possesses no net assets, or in the event that its net assets would thereby be reduced to a material extent.~~

~~For the purpose of this Chapter, “assuming any obligations” shall include obligations assumed by contract or any arrangement (whether enforceable or unenforceable, and whether made on its own account or with any other persons) or by any other means that result in a change in financial position.~~

Article 39

~~The following cases shall be exempted from the Article 37 of this Chapter:~~

- (1) ~~the provision of financial assistance by the Company where the financial assistance is provided in good faith in the best interests of the Company, and the principal purpose of which is not for the acquisition of shares, or the provision of financial assistance being an incidental part to a plan;~~
- (2) ~~the lawful distribution of the Company’s assets in the form of dividends;~~
- (3) ~~the distribution of dividends in the form of shares;~~
- (4) ~~a reduction of registered capital, a repurchase of shares or a reorganization of the share capital structure effected according to these Articles of Association;~~
- (5) ~~provision of loans by the Company within its scope of business and in the ordinary course of the business (provided that the net assets of the Company are not thereby reduced or that, to the extent that the assets are thereby reduced, financial assistance is provided from distributable profits);~~
- (6) ~~the provision of monetary assistance for contributions to staff and workers’ stock plans (provided that the net assets are not thereby reduced or that, to the extent that the assets are thereby reduced, the financial assistance is provided from distributable profits);~~

~~Chapter 6 – Share Certificates and Register of Shareholders~~

Article 38

The share certificates of the Company shall be in registered forms.

Article 40

In addition to the matters required by the Company Law and the Special Provisions, the share certificates of the Company shall also contain other matters required by the stock exchange(s) on which the shares are listed.

During the period when the H shares are listed on the Hong Kong Stock Exchange, the Company must ensure that all of the documents relating to the title to the shares listed on the Hong Kong Stock Exchange (including H shares) include the statements as follows. The Company shall instruct and procure the share registrars not to register the subscription, purchase or transfer of share in the name of any individual holder unless and until he submits such properly executed forms to the share registrars which shall include the statements as follows:

- (1) ~~agreements among the purchaser of the share, the Company and each shareholder, and between the Company and each shareholder, have been reached to comply with and in accordance with the Company Law, the Special Provisions and other laws, administrative regulations and these Articles of Association;~~
- (2) ~~the purchaser of the shares and the Company, each of the shareholders, Directors, Supervisors, President and other members of senior management of the Company, as well as a company, when acting on behalf of the Company and each director, supervisor, President and other members of senior management, agree with each shareholder that all of the disputes and claims arising from these Articles of Association, or any rights and obligations stipulated in the Company Law and other Chinese laws and administrative regulations relating to the Company, shall be referred to arbitration in accordance with these Articles of Association. Any reference to arbitration shall be deemed to authorize the arbitration tribunal to conduct hearing in open session and to publish its award which is final;~~
- (3) ~~the purchaser of the shares, the Company and each shareholder agree that the shares of the Company may be freely transferable by the holder;~~
- (4) ~~the purchaser of the shares authorizes the Company to reach an agreement on behalf of him with each of the directors, President and other members of senior management to authorize such directors, President and other members of senior management to comply with and perform their duties to the shareholders in accordance with these Articles of Association.~~

Article 39
~~Article 41~~

In the circumstances of paperless issuance and trading of the shares of the Company, contrary provisions by local securities regulatory authorities and the stock exchange of the place in which shares of the Company are listed shall apply. Share certificates of the Company shall be signed by the Chairman of the Board of Directors. In the event that the stock exchange(s) on which the Company's shares are listed require the signatures of other members of senior management of the Company on the share certificates, the share certificates shall also be signed by such members of senior management. The share certificates shall be effective upon being affixed or printed with the seal of the Company or other securities seals specified. The share certificates shall only be sealed with the Company's seal under the authorization of the Board. The signatures of the Chairman of the Board or other members of senior management may be printed.

Article 40
~~Article 42~~

The Company shall have a register of shareholders to record the following matters or register the shareholders in accordance with the laws, administrative regulations, departmental rules and the Hong Kong Listing Rules:

- ~~(1) the name (title), address (residence), occupation or nature of business of each shareholder;~~
- ~~(2) the class and number of the shares of each holder;~~
- ~~(3) the payment made or payable amount for certificate numbers of the shares of each holder;~~
- ~~(4) each shareholder; the date on which each shareholder is entered in the register as a shareholder of the Companythe certificate numbers of the shares of each holder;~~
- ~~(5) the date on which each shareholder is entered in the register as a shareholder of the Company;~~
- ~~(6) the date on which each shareholder ceases to be a shareholder of the Company.~~

Unless there is evidence to the contrary, the register of shareholders shall be sufficient evidence of the shareholders' shareholdings in the Company.

~~Upon the approval by the securities regulatory authority under the State Council and the Hong Kong Stock Exchange, for domestic shares transferred into overseas-listed shares and listed and traded in the Hong Kong Stock Exchange, such shares after registration are registered in the Company's register of members in the name of HKSCC Nominees Limited and recorded in the Hong Kong Securities Clearing Company Limited's account system as China Securities Depository and Clearing (Hong Kong) Company Limited.~~

Where two or more persons are registered as joint shareholders of any shares, they should be deemed as joint owners of relevant shares subject to the followings:

- (1) ~~the Company does not have to register more than 4 persons as joint shareholders of any shares;~~
- (2) ~~the joint shareholders shall, together or individually, pay the amounts payable for relevant shares;~~
- (3) ~~if any of the joint shareholders dies, only the surviving joint shareholders may be deemed as holders of relevant share of the Company, but the Board of Directors is entitled to require the death certificate which it considers to be proper as regard to the amendment to the register of shareholders;~~
- (4) ~~as regard to the joint shareholders for any share, only the person whose name is at the first place on the register of shareholders has the rights to receive the certificate of relevant shares and notice from the Company and to attend or exercise all of the votes relating to the shares. The notice which is serviced on the above-mentioned person should be deemed to be serviced on all of the joint shareholders of relevant shares.~~

~~Article 43~~

~~The Company may maintain the register of shareholders of overseas-listed shares and appoint an overseas agent to manage the register of shareholders in accordance with the memorandum of understanding or agreement concluded with the securities regulatory authorities of the State Council and overseas securities regulatory authorities.~~

~~The original register of shareholders for overseas-listed shares listed in Hong Kong shall be maintained in Hong Kong. A duplicate copy of the register of shareholders for the holders of overseas-listed shares shall be maintained at the Company's residence. The appointed overseas agent(s) shall at all times ensure consistency between the original and the duplicate copy of the register of shareholders.~~

~~In the event of any inconsistency between the original and the duplicate copy of the register of shareholders for overseas-listed shares, the original register of shareholders shall prevail.~~

Article 41

The Company shall maintain a complete register of shareholders.

~~Article 44~~

The register of shareholders shall include:

- (1) the register of shareholders that is maintained at the Company's residence (other than those share registers described in Clause (2) and Clause (3) below);

- (2) the register of shareholders in respect of the holders of overseas-listed shares that is maintained in the same place as the overseas stock exchange on which the shares are listed;
- (3) the registers of shareholders that are maintained in such other places as the Board of Directors may consider necessary for the purpose of listing the Company's shares.

~~Article 45~~ Parts of the register of shareholders shall not overlap. No transfer of shares registered in any part of the register shall, during the continuous period of such registration, be registered in any other part of the register.

~~Amendments to, or correction to, any part of the register of shareholders, shall be made in accordance with the laws of the jurisdiction where such part of the register is maintained.~~

~~Article 46~~ All overseas-listed shares shall be transferred by instrument in writing in any usual or common form or any other form which the directors may approve. The instrument of transfer of any share may be signed by hand without seal. In the event that the transferor or transferee of the shares of the Company is a recognized clearing house defined by Hong Kong laws (hereinafter referred to as "Recognized Clearing House") or its agent, the instruments of transfer may be signed in mechanically-printed form.

~~Fully paid overseas-listed shares which are listed in Hong Kong may be freely transferred pursuant to these Articles of Association. However, unless the transfer complies with the following conditions, the Board of Directors may refuse to process with transfer documents without stating any reasons therefor:~~

- ~~(1) That transferring and other documents relating to or affecting the title to any registered securities shall be registered and the fee or fees levied pursuant to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange is/are paid to the Company;~~
- ~~(2) The transferring documents relate only to the overseas-listed shares listed in Hong Kong;~~
- ~~(3) The stamp duty payable on the transferring documents had been paid;~~
- ~~(4) The provision of the relevant share certificate(s) and the evidences for having the right to transfer stock be reasonably required by the board of directors;~~
- ~~(5) If the stock is to be transferred to joint owners, the number of the joint owners shall not exceed four; and~~

(6) ~~The stock is free from all lien.~~

~~If the Company refuses to register any transfer of shares, the Company shall within two months of formal application for the transfer provide the transferor and transferee with a notice of refusal to register such transfer.~~

Article 42 In compliance with these Articles of Association and other applicable provisions,
~~Article 47~~ following share transfer, the name of the transferee shall be registered in the register of shareholders as holders of shares.

Article 43 All issue or subsequent transfer of H shares shall be registered in the register of
~~Article 48~~ shareholders maintained in Hong Kong ~~in accordance with the Article 44.~~

Article 44 Any holders of overseas-listed shares may transfer by the standard form of transfer
~~Article 49~~ of the place of listing or the form of transfer signed or bearing machine printed signatures all or any part of his shares. Transfer of the shares held by holders of non-listed shares is subject to the applicable laws and regulations of China.

Article 45 Where the laws, administrative regulations, departmental rules, normative
~~Article 50~~ documents and the relevant stock exchange or the regulatory body in the place where the shares of the Company are listed have provisions on the period of closure of register prior to a general meeting or the record date for determining entitlements to dividend distribution, such provisions shall prevail.

Subject to the rules of the relevant stock exchange or regulatory body where the Company's shares are listed or other applicable laws and regulations, the Company may suspend the registration of transfer of all or any class of shares at the time and period specified by the Board of Directors from time to time, but the period of suspension of the registration of share transfers shall not exceed 30 days in each year (or such longer period as the shareholders may determine by ordinary resolution, but such longer period shall not be extended beyond 30 days).

Article 46 When the Company calls for a Shareholders' Meeting, distributes its dividends,
~~Article 51~~ conducts liquidation or executes any other act requiring identification of shareholders, the Board or the convener of the Shareholders' Meeting shall fix the share registration date, at the end of which the shareholders in the register shall be shareholders of the Company. Shareholders registered after the close of business on the shareholding registration date are shareholders of the Company who are entitled to the relevant rights and interests.

Article 47 Any person who objects to the register of shareholders and claims to be entitled to
~~Article 52~~ have his name (title) entered in or removed from the register of shareholders may apply to a court of competent jurisdiction for an amendment of the register.

- Article 48
~~Article 53~~ For any person who is a registered shareholder or who claims to be entitled to have his name (title) entered in the register of shareholders in respect of shares in the Company, if his share certificate (hereinafter, “original share certificate”) is lost, he may apply to the Company for a replacement share certificate in respect of such shares (hereinafter, the “Relevant Shares”).
- Article 49
~~Article 54~~ Applications for a replacement share certificate by shareholders of non-listed shares shall be addressed pursuant to relevant requirements of the Company Law.
- Article 50
~~Article 55~~ Applications for a replacement share certificate by holders of overseas-listed shares shall be addressed pursuant to the laws, the rules of the stock exchange, or other relevant regulations of the jurisdiction in which the original register of shareholders for overseas-listed shares is maintained.
- ~~Article 56~~ With respect to holders of overseas-listed shares of the Company listed in Hong Kong who have lost their share certificates and file an application to the Company for a new share certificate, it shall be handled in compliance with the following requirements:
- ~~(1) The applicant shall submit an application to the Company in a prescribed form along with a notarization or a statutory declaration stating the grounds upon which the application is made and the circumstances and evidence of the loss. Moreover, the applicant shall declare that no other person shall be entitled to have his name entered into the register of shareholders with respect to the Relevant Shares;~~
 - ~~(2) The Company shall not have received any declaration made by any person other than the applicant declaring that his name shall be entered into the register of shareholders with respect to such shares prior to the issue of a replacement share certificate to the applicant;~~
 - ~~(3) In the event that the Company intends to issue a replacement share certificate to an applicant, it shall publish an announcement of such intention at least once every 30 days within a period of 90 days in the newspaper as prescribed by the Board;~~

- (4) ~~Prior to its publication, the Company shall deliver, to the stock exchange on which its shares are listed, a copy of aforementioned announcement. The Company may publish the announcement upon receipt of confirmation from such stock exchange confirming the announcement has been exhibited on the premises of said stock exchange. Such announcement shall be exhibited on the premises of the stock exchange for a period of 90 days. In case an application for a replacement share certificate is made without the consent of the registered holder of the Relevant Shares, the Company shall deliver, by mail, to such registered shareholder a copy of the announcement to be published;~~
- (5) ~~Upon expiration of the 90-day period referred to in the Clauses (3) and (4) of this Article, the Company may issue the replacement share certificate to the applicant in the event that the Company has not received any objections from any person with respect to the issuance of a replacement share certificate;~~
- (6) ~~When the Company issues a replacement share certificate pursuant to the provisions of this Article, it shall cancel the original share certificate and record the cancellation of said original share certificate, along with the issuance of the replacement share certificate in the register of shareholders;~~
- (7) ~~All expenses relating to the cancellation of the original share certificate and the issuance of a replacement share certificate shall be borne by the applicant, and the Company shall have the right to refuse to take any action until reasonable guarantee is provided by the applicant.~~

~~Article 57- Where the Company issues a replacement share certificate pursuant to these Articles of Association, as for a bona fide purchaser obtaining the new share certificate referred to above or a shareholder registered as a owner of the relevant shares (in case of a bona fide purchaser), his name (title) shall not be removed from the register of shareholders.~~

~~Article 51- The Company shall not be liable for any damages sustained by any person by reason of the cancellation of the original share certificate or the issuance of the replacement share certificate, unless the said person claiming damage proves that the Company has committed a fraud.~~

Chapter 7 Rights and Obligations of Shareholders

~~Article 59- The shareholders of the Company refer to the legal holders of shares of the Company, whose names (titles) are registered in the register of shareholders of the Company.~~

~~The shareholders shall enjoy rights and assume obligations on the basis of the class and amount of shares held. Shareholders who hold shares of the same class shall enjoy the same rights and assume the same obligations. All shareholders of different classes shall rank pari passu among themselves as to dividends or distributions in any other form.~~

Article 52
Article 60

The Company's shareholders of ~~ordinary shares~~ shall enjoy the following rights:

- (1) the right to receive dividends and other distributions proportional to the number of shares held;
- (2) the right to make a request to, convene, preside over and attend Shareholders' Meeting either in person or by proxy and exercise the voting right; and speak and vote at the meeting, unless required by the Hong Kong Listing Rules to abstain from voting on specific issues;
- (3) the right to supervise, advise or inquire the operationing activities of the Company;
- (4) the right to transfer, grant or pledge the shares he/she holds according to laws and regulations and these Articles of Association;
- (5) access to the Articles of Association, register of members, counterfoils of corporate bonds, minutes of shareholders' meetings, resolutions of the Board, resolutions of the Board of Supervisors and financial and accounting reports disclosed publicly;
- ~~(5) the right to be provided with relevant information in accordance with provisions of these Articles of Association, including:~~
 - ~~1. to obtain a copy of these Articles of Association, subject to payment of the cost;~~
 - ~~2. to inspect and to make duplicate copies, subject to payment at a reasonable charge, of the followings:~~
 - ~~(1) all parts of the register of shareholders;~~
 - ~~(2) personal profiles of the Company's Directors, Supervisors, President and other members of senior management including: their present and former names and aliases; their principal addresses (residence); their nationalities; their full-time and all other part-time occupations and duties; their identification documents and the numbers thereof.~~

- (3) — report(s) on the Company's share capital;
- (4) — the latest audited financial report, the report of the Board of Directors, the report of auditors, and the report of the Board of Supervisors of the Company;
- (5) — special resolutions of the Company;
- (6) — report(s) showing the aggregate par value, number, maximum and minimum price paid with respect to each class of shares repurchased by the Company since the end of the last financial year, and the aggregate amount incurred by the Company for this purpose;
- (7) — minutes of Shareholders' Meeting.

The Company shall make available the documents mentioned in Clauses (1) to (7) other than Clause (2) above and other applicable documents at its Hong Kong office for inspection, free of charge, by the public and shareholders in accordance with requirements of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the documents mentioned in Clause (7) shall be available for inspection by shareholders only), except when the Company suspends the registration of share transfers in accordance with Article 50, in which case the Company is not required to make available the documents mentioned in Clause (1) above for inspection by the public and shareholders free of charge during such period of suspension of the registration of share transfers.

If any shareholder needs to access the relevant information as set out in the preceding article, the said shareholder shall provide the Company with written documents evidencing the type and number of shares held by the said shareholder, and the Company shall provide such information as required by the said shareholder upon authentication of the shareholder.

- (6) the right to receive distribution of the remaining assets proportional to the number of shares held when the Company dissolves or liquidates;
- (7) those shareholders who object to a resolution made at a shareholders' meeting on the merger or division of the Company request that the Company purchase their shares;
- (78) other rights conferred required by the laws and regulations, departmental rules, the Hong Kong Listing Rules or and these Articles of Association.

~~The Company shall not otherwise stay or infringe any rights attached to any shares on the sole basis that the holders of such shares with direct or indirect interests in such shares have failed to disclose the said interests to the Company.~~

The shareholder who asks to review the information mentioned in the proceeding Article or make a request for information, he or she shall submit to the Company written documents proving the class and number of the shares that he or she holds in the Company. The Company shall provide the information as requested by the shareholder after authenticating his or her identity.

Article 53

~~Article 61~~

~~The shareholders of ordinary shares of the Company shall assume the following obligations:~~

- ~~(1) to observe these Articles of Association~~the laws, administrative regulations, Hong Kong Listing Rules and the Articles;
- ~~(2) to effect payment for the subscription of shares according to the number of shares subscribed and the method of contribution;~~
- ~~(3) may not withdraw equity shares unless provided by laws or regulations;~~
- ~~(4) may not abuse the rights of a shareholder to prejudice the interests of the Company or other shareholders; may not abuse the Company's independent status of legal person and shareholders' limited liability to prejudice the interests of the Company's creditors;~~
- ~~(5) to assume other obligations as the laws and regulations and these Articles of Association require.~~

~~Shareholders are not liable to further contribution to the share capital other than such terms as agreed upon by the subscriber of the relevant shares on subscription.~~

Article 62

In the event that a shareholder abuses his/her rights, thus causing losses to the Company or other shareholders, he/she shall be liable for compensation in accordance with the laws. In the event that a shareholder of the Company abuses the Company's independent status of legal person and shareholders' limited liability to evade debts, thus seriously prejudicing the interests of the Company's creditors, he/she shall be jointly and severally liable for the Company's debts.

Besides the obligations imposed by laws, administrative regulations or required by the listing rules of the stock exchange on which the Company's shares are listed, a controlling shareholder (as defined below) shall not exercise his voting rights with respect to the following matters in a manner that is prejudicial to the interests of the shareholders, collectively or individually:

- (1) to relieve a Director or Supervisor from liability to act honestly in the best interests of the Company;
- (2) to allow the expropriation by a Director or Supervisor (for his own benefit or for the benefit of other person(s)), in any manner, of the Company's assets, including (but not limited to) any opportunities deemed beneficial to the Company;
- (3) to allow the expropriation by a Director or Supervisor (for his own benefit or for the benefit of other person(s)) of the individual rights of other shareholders, including (but not limited to) the rights to distributions and vote (except pursuant to a restructuring proposed to shareholders for approval at a Shareholders' Meeting in accordance with these Articles of Association of the Company).

Article 54
Article 63

For the purpose of the preceding Article, a The "controlling shareholder" means a person who satisfies any one of the following conditions:

- (1) a person who, acting alone or in concert with others, has the power to elect more than half of the Directors; de facto
- (2) a person who, acting alone or in concert with others, has the power to exercise or to control of the Company shall not prejudice the exercise of 30% or more of the voting rights in the Company's interests by taking advantage of their connections. They shall be liable for compensation;
- (3) a person who, acting alone or in concert with others, holds 30% or more of the issued and outstanding shares of the Company; for losses caused to the Company as a result of their violation.
- (4) a person who, acting alone or in concert with others, has de facto control of the Company in any other way.

The controlling shareholders and de facto controllers of the Company shall have an obligation of good faith towards the Company and public shareholders. The controlling shareholders shall exercise the rights of an investor in strict compliance with the law. They may not prejudice the legitimate rights and interests of the Company and public shareholders by means of distribution of profits, restructuring of assets, foreign investment, appropriation of funds, loan guarantees and other means, and they may not prejudice the interests of the Company and public shareholders by taking advantage of their controlling position.

Article 55

In the event that the particulars of a resolution passed at a shareholders' meeting or a Board meeting are in violation of laws or administrative regulations, the shareholders shall have the right to petition a court to establish such particulars as invalid.

In the event that the procedures for convening a shareholders' meeting or a Board meeting, or the voting methods thereof are in violation of laws, administrative regulations or the Articles, or the particulars of a resolution are in violation hereof, the shareholders shall have the right to petition a court to make revocation within 60 days from the date of the resolution.

Article 56

In the event that a director or a senior management officer violates laws, administrative regulations or the Articles when performing his/her duties for the Company, thus causing losses to the Company, the shareholders who either alone or jointly having been holding more than 1% of shares of the Company for 180 consecutive days or more shall have the right to request in writing the Board of Supervisors to lodge legal actions with the People's Court. In the event that the Board of Supervisors violates laws, administrative regulations or the Articles when executing its duties for the Company, thus causing losses to the Company, shareholders may request in writing the Board to lodge legal actions with the People's Court.

In the event that the Board of Supervisors or the Board refuses to take legal action upon receipt of the request in writing from the shareholders as prescribed in the preceding paragraph, or does not take legal action within 30 days of receiving such a request, or any emergency or failure to take immediate legal action will cause irreparable damage to the interests of the Company, the shareholders prescribed in the preceding paragraph shall have the right to lodge legal actions with the People's Court in their own names in the interests of the Company.

In the event that some other persons infringe the legitimate rights and interests of the Company, thus causing losses to the Company, the shareholders prescribed in the first paragraph of this Article may lodge legal actions with the People's Court in accordance with the provisions of the preceding two paragraphs.

Article 57 In the event that a director or a senior management officer violates laws, administrative regulations or the Articles, thus causing damage to the interests of shareholders, the shareholders may lodge legal actions with the People's Court.

In the event that a shareholder holding more than 5% of the voting shares of the Company pledges the shares he/she holds, he/she shall report to the Company in writing on the date of making the pledge.

Chapter 8 Shareholders' Meeting

Article 58 Shareholders' Meeting shall be the authoritative body of the Company and shall
~~Article 64~~ exercise its functions and powers in accordance with the law.

Article 65 Shareholders' Meeting shall possess the following functions and powers:

- (1) to decide on the Company's operational policies and its investment plans;
- (2) to elect and replace Directors who are not employee representatives and to decide on the matters relating to the remuneration of Directors;
- (3) to elect and replace ~~shareholders' representative~~ Supervisors who are not employee representatives, and decide on matters relating the remuneration of the relevant Supervisors;
- (4) to examine and approve reports of the Board of Directors;
- (5) to examine and approve reports of the Board of Supervisors;
- (6) to examine and approve the Company's proposed annual preliminary and final financial budgets;
- (7) to examine and approve the Company's profit distribution and loss recovery plans;
- (8) to decide on the increase or reduction of the Company's registered capital;
- (9) to decide on such matters as merger, division, dissolution, liquidation or change in the form of the Company;
- (10) to decide on the issuance of debentures by the Company;
- (11) to decide on the engagement, dismissal or non-reappointment of the Company's accounting firm;

- (12) to amend these Articles of Association;
- (13) to consider any motions raised by shareholders who hold 3% or more of the voting shares of the Company and approve matters relating to changes in the use of proceeds;
- (14) to consider share incentive plans and employees' stock plans;
- (15) to consider matters relating to the purchases and disposals of material assets, which are more than 30% of the latest audited total assets of the Company, within one (1) year;
- (16) to consider and approve the guarantee issues by the Shareholders' Meeting as prescribed in the Articles;
- (17) to consider on any other matters as the laws, administrative regulations, departmental rules, the Hong Kong Listing Rules and the Articles of Association specify.

Provided that there is no violation of the laws, regulations and the mandatory provisions of the listing rules of the place where the shares of the Company are listed, the Shareholders' Meeting may authorize the Board to handle or to delegate to the Board such matters as the Shareholders' Meeting so authorizes and delegates.

Article 59
Article 66

Except in exceptional circumstances, such as when the Company is in crisis, the Company shall not conclude an agreement to transfer the management of all or important parts of its business to others except Directors, Supervisors, President and other members of senior management without prior approval at the Shareholders' Meeting.

Article 60

The candidates for the directors and supervisors shall submit to the shareholders' general meeting for voting by way of resolutions.

Article 61

When the motions is being considered at the general meeting, no amendment to the motion shall be made, otherwise such amendment shall be considered as a new motion which cannot be voted in the general meeting of this time.

Article 62

The same voting right may only be exercised at either an on-site, on the network or in another voting method. In the event that the same voting right is repeated, the result of the first vote shall prevail.

Article 63 The following external guarantees by the Company shall be considered and approved by the Shareholders' Meeting:

- (1) any guarantee provided after the total amount of external guarantees by the Company and its holding subsidiaries exceeds 50% of the latest audited net assets;
- (2) any guarantee provided after the total amount of external guarantees by the Company exceeds 30% of the latest audited total assets;
- (3) guarantee provided by the Company in excess of 30% of its latest audited total assets within one year;
- (4) guarantee provided to the guarantee objective whose asset liability ratio exceeds 70%;
- (5) value of a single guarantee exceeds 10% of the latest audited net assets;
- (6) guarantee provided to shareholders, de facto controllers and their connected parties; and
- (7) Other guarantees required to be consider by the Shareholders' Meeting as the laws and regulations, regulatory documents, the Hong Kong Listing Rules and the Articles specify.

The board of directors shall review and approve guarantee to third parties not being required to be approved by a Shareholders' Meeting. When considering the resolution of providing guarantee for shareholders, de facto controllers and their connected parties at the Shareholders' Meeting, such shareholders or shareholders who are controlled by the de facto controllers shall abstain from voting on such resolution. The resolution shall be approved by more than half of the voting rights held by other shareholders present at the Shareholders' Meeting.

Article 64
~~Article 67~~

The Shareholders' Meeting shall include annual general meetings and extraordinary general meetings. Annual general meetings shall be called by the Board of Directors and held once every year, and within 6 months of the end of the preceding financial year.

~~Two or more independent non-executive Directors may propose to convene an extraordinary general meeting.~~

The Company Board shall convene an extraordinary general meeting within 2 months from the date of occurrence of~~under~~ any of the following circumstances:

- (1) when the number of directors is less than that required by the Company Law or is less than two thirds of the numbers required by these Articles of Association;
- (2) when the Company fails to recover the loss amounting to over one third of the share capital;
- (3) when any Shareholder severally or jointly holding 10% or more of the shares of the Company requests ~~when shareholder(s) severally or jointly holding 10% or more of the Company's issued and outstanding shares carrying voting rights request(s) in writing the convening of an extraordinary general meeting;~~
- (4) when deemed necessary by the Board of Directors ~~or the Board of Supervisors motions to call an extraordinary general meeting;~~
- (5) the Board of Supervisors propose to convene such meeting;
- (6) any other circumstances stipulated in the laws, administrative regulations, departmental rules, the Hong Kong Listing Rules or the Articles.

Article 65

The place for holding the general meeting of shareholders is: the place of domicile of the Company, the position in which the Company produces and operates or other place as determine by other meeting. The general meeting shall have a venue and be held on-site. The Company shall also provide online voting. Shareholders who participate in a general meeting in the aforesaid manners shall be deemed present at the meeting.

Directors, supervisors, and external certified public accountants who participate in a general meeting in person via electronic means including telephone or video conferencing shall be deemed present at the meeting.

Article 66

Independent non-executive directors shall be entitled to make a proposal to the Board of Directors on holding an extraordinary general meeting. For such a proposal, the Board of Directors shall give a written reply on whether to agree or not to hold an extraordinary general meeting within 10 days upon receipt of the proposal in accordance with the laws, administrative regulations and the Articles.

Where the Board of Directors agrees to hold an extraordinary general meeting, a notice of general meeting shall be given within 5 days after the resolution of the Board of Directors is made. Where the Board of Directors does not agree to hold such a meeting, its reasons shall be given in a written way.

Article 67

The Board of Supervisors shall be entitled to make a proposal to the Board of Directors on holding an extraordinary general meeting and shall make such a proposal in written form. The Board of Directors shall give a written reply on whether to agree or not to hold an extraordinary general meeting within 10 days upon receipt of the proposal in accordance with the laws, administrative regulations and the Articles.

Where the Board of Directors agrees to hold an extraordinary general meeting, a notice of general meeting shall be given within 5 days after the resolution of the Board of Directors is made. Any change to the original proposal in the notice shall be subject to the approval from the Board of Supervisors.

Where the Board of Directors does not agree to hold such meeting or fails to give a written reply within ten days upon receipt of the proposal, it shall be deemed that the Board of Directors is unable or fails to perform its duty of convening a general meeting. In such a case, the Board of Supervisors may convene and preside over the meeting on its own.

Article 68

Shareholder(s) of shares who individually or jointly hold more than 10% of the shares of the Company shall have the right to propose to the Board of Directors to convene an extraordinary general meeting and a written request shall be made to the Board of Directors. The Board of Directors shall give a written reply as to whether it agrees or disagrees to the convening of an extraordinary general meeting within ten days after receiving the request(s) according to the laws, administrative regulations and the Articles.

If the Board of Directors agrees to convene an extraordinary general meeting, it shall issue a notice of general meeting within five days after passing the board resolution. Any changes to the original proposal in the notice shall be approved by the relevant shareholders.

If the Board of Directors does not agree to convene an extraordinary general meeting or it does not reply within ten days after receiving the request(s), shareholder(s) of shares who individually and jointly hold more than 10% of the shares of the Company shall have the right to propose to the Board of Supervisors to convene an extraordinary general meeting and a written request shall be made to the Board of Supervisors.

If the Board of Supervisors agrees to convene an extraordinary general meeting, it shall issue a notice of general meeting within five days after receiving the request. Any changes to the original request in the notice shall be approved by the relevant shareholders.

If the Board of Supervisors fails to give the notice of the general meeting within the specified time limit, it shall be deemed that the Board of Supervisors is not convening or presiding over the meeting, in which case, the shareholders of shares who individually or jointly holding more than 10% of the shares of the Company for more than 90 consecutive days may convene and preside over the meeting on their own.

Article 69 Where the Board of Supervisors or shareholders decide to convene a general meeting on its/their own, it/they shall give a written notice to the Board of Directors.

Prior to the announcement of the resolution of the general meeting, the shareholding held by the shareholders who convene the meeting shall be not less than 10%.

Article 70 With respect to a general meeting convened by the Board of Supervisors or shareholders, the Board of Directors and the Secretary of the Board shall give cooperation. The Board of Directors will provide the register of members with the record date of shareholding.

Article 71 The expenses required for a general meeting convened by the Board of Supervisors or shareholders shall be borne out by the Company.

Article 72 When the Company convenes the annual general meeting, written notices of the meeting shall be provided in no less than 21 calendar days prior to the date of the meeting; When the Company convenes the extraordinary general meeting, written notices of the meeting shall be provided in no less than 15 days prior to the date of the meeting to notify all the shareholders registered in the register of shares with respect to the matters to be considered, and the date and the place of the meeting. A written notice shall be given in no less than 15 calendar days prior to the convening of the extraordinary general meeting.
~~Article 68~~

The notice of convening the general meeting of the Company shall be made in form of an announcement.

The announcement referred to in the preceding paragraph shall mean the media/ website recognized by the stock exchange where the Company's shares are listed as designated by the Company to publish announcements of the Company and other media where information is required to be disclosed. Where a notice of the Company is made via announcement, the date on which the announcement is published for the first time shall be deemed as the date of delivery. Once the announcement is made, all relevant parties shall be deemed to have been notified.

~~In the case that the rules of the securities regulatory body or the stock exchange in the place where the shares of the Company are listed require the Company to send out, mail, deliver, distribute, announce or by other means provide relevant documents of the Company in both the Chinese and English language, if after the Company has made proper arrangement to determine whether its shareholders wish to receive either the English version or the Chinese version only, the Company may, within the scope permitted by the applicable laws and regulations and according to such applicable laws and regulations, send to the relevant shareholders the English version or the Chinese version only (in accordance with the wishes as stated by the shareholders). The communications of the Company includes but not limited to notices of general meetings, circulars to shareholders, annual reports, interim reports and quarterly reports.~~

~~Subject to compliance with the relevant applicable laws and regulations and the rules of the stock exchange on which the shares of the Company are listed, notice of the general meeting shall be deemed to have been received by all shareholders of the overseas listed shares listed in Hong Kong upon such announcement being sent through the website of the Hong Kong Stock Exchange or published in one or more newspapers designated by it.~~

Article 73
~~Article 69~~

~~At the annual general meeting~~Shareholders' Meeting held by the Company, the Board of Directors, the Board of Supervisors and shareholders severally or jointly holding 3% or more of the total voting shares of the Company are entitled to propose new resolutions in writing to the Company. ~~The Company shall place such resolutions on the agenda for such meeting if they are matters falling within the scope of duties of the Shareholders' Meeting.~~

Shareholders(s) who individually or jointly hold 3% or more of the shares of the Company, and if any such shares carry voting rights of the Company, is/are entitled to proposed additional resolutions in writing to the convener before the shareholders' meeting is held. The convener shall issue a supplemental notice of meeting with two days after receiving such proposal specifying the contents of such proposal.

The contents of a proposal shall be within the terms of reference of the general meeting of shareholders, and have definite agenda and specific matters for resolution, and shall comply with the relevant provisions of the laws, administrative regulations and the Articles.

Article 74
~~Article 70~~

Unless in the circumstance hereinabove, the convener may not, after publishing the notice of the general meeting, make any change to the motions set forth in such notice or add any new motions. No resolution-motion shall be passed at a general meeting on any matter not specified in the notice of general meeting or in a supplementary notice or is not in accordance with the provisions of the Articles.

Article 75
Article 74

The notice of the ~~Shareholders' Meeting~~ general meeting shall include the following:

- (1) ~~be in writing~~ the time, place and duration of the meeting;
- (2) ~~specify time, date and place of the meeting~~ matters and motions to be considered at the meeting;
- (3) ~~describe matters for consideration at the meeting;~~
- (4) ~~provide such necessary information and explanations for shareholders to make an informed judgment on the matters to be considered. Without limitation to the generality of the foregoing, where a proposal is made with respect to the merger of the Company with another company, the repurchase of shares, the restructuring of share capital, or the restructuring of the Company in any other manner, the terms of the proposed transaction must be provided in detail along with copies of the proposed agreement, if any, and the reason(s) and effect of such proposal must be properly explained;~~
- (5) ~~contain a disclosure of the nature and extent, if any, of the material interests of any Director, Supervisor, the President, or other members of senior management in the proposed transaction and the effect of the transaction in their capacity as shareholders to the extent that it is different from the effect on the interests of shareholders of the same class;~~
- (6) ~~contain the full text of any special resolution proposed to be passed at the meeting;~~
- (37) ~~state clearly that a shareholder: that all ordinary shareholders (including preference shareholders with restored voting rights) is entitled to attend at the general meeting, and a shareholder may appoint and vote at the meeting, and to appoint one or more proxies to attend the meeting and vote on his behalf, and that a proxy need not be a shareholder;~~
- (48) ~~specify the time and place for delivering proxy forms for the relevant meeting; share record date for the right to attend the general meeting;~~
- (5) the contact person and telephone number for the meeting;
- (6) voting time and voting procedure of voting via internet or by other ways (if the meeting is held through network or by other means).

Details of all proposals as well as all of information or explanations required for shareholders to make sound judgment of the matters to be discussed shall be fully and completely disclosed in the notice of the general meeting and its supplementary notice. In the event that independent non-executive directors are required to express their opinions on the matters to be discussed, a notice of general meeting or a supplementary notice shall, when given, also disclose the opinions and reasons of the independent non-executive directors.

Article 76

In the event that the election of directors and supervisors is to be discussed at a general meeting, the notice of the general meeting shall fully disclose details of candidates for the directors and supervisors, and shall at least include the following particulars:

- (1) their educational background, work experience, concurrent positions and other personal details;
- (2) whether or not they have any related relationship with the Company or its controlling shareholder(s) and actual controller(s);
- (3) number of shares of the Company they hold;
- (4) whether or not they have been penalized by the CSRC and other relevant departments, and disciplined by the stock exchange.

A single proposal on each of the candidates for directors and supervisors shall be submitted.

Article 72

Unless otherwise provided in these Articles of Association, notice of general meeting of shareholders shall be served on each shareholder (whether or not entitled to vote at the meeting), by personal delivery or prepaid mail to their addresses as shown in the register of shareholders. For the holders of domestic shares, in the form of notice as provided in Chapter 18 of the Articles on an optional basis. For domestic shareholders, notices of the general meeting may also be issued by way of public announcements, and the announcement to domestic shareholders shall be published in a media that meets the conditions prescribed by the CSRC. Once the announcement is made, it shall be deemed that all domestic shareholders have received the notice of the relevant shareholders' meeting.

The public announcement as referred to in the preceding paragraph shall be published in 1 or more national newspapers designated by the securities regulatory authorities of the State Council pursuant to the time limit of the notice of the Shareholders' Meeting set out in the Articles of Association. Upon publication of such announcements, the holders of domestic shares shall be deemed to have received the notice for the Shareholders' Meeting.

- Article 77 In respect of H shareholders, the notice of general meeting of shareholders shall be given to the H shareholders of the Company by sending them in electronic form or providing them with notice of general meetings by other means or by posting them on the Company's website as well as on the website of the Hong Kong Stock Exchange, and, subject to the fulfillment of the conditions set out in the laws and administrative regulations, the Hong Kong Listing Rules and the Articles, all H shareholders shall be deemed to have received notice of the relevant shareholders' meeting once the announcement has been made.
- Article 78 Once the notice of the general meeting is issued, such meeting shall not be postponed or cancelled, nor any proposal listed on the notice be canceled without a legitimate reason. In the case of a postpone or cancellation, the convener shall, at least two business days prior to originally scheduled date for the meeting, publish the announcement and explain the reason.
- Article 79
~~Article 73~~ An accidental failure to serve notice of a meeting on, or the non-receipt of such notice by, any person entitled to receive such notice shall not invalidate the meeting or the resolutions passed.
- Article 80
~~Article 74~~ Any shareholder entitled to attend and vote at the Shareholders' Meeting shall be entitled to appoint to entrust one or several persons (whether a shareholder or otherwise) as his proxy/proxies to attend and vote on his behalf. Where the shareholder is a legal entity, it is entitled to appoint a person to represent such legal entity to attend and vote. A proxy (including a proxy of an individual shareholder and a legal entity shareholder) so appointed shall have:
- (1) the right to speak at the meeting;
 - (2) the right to demand or join in demand for a poll;
 - (3) the right to vote by hand or on a poll unless otherwise provided by relevant laws and administrative regulations and relevant provisions of the securities regulatory authority of the place where the Shares of the Company are listed. Where more than one proxy is appointed, the proxies may only exercise the voting right on a poll.
- ~~Article 75~~ The proxy form shall be in writing, either to be executed by the appointer or by power of attorney. Should the appointer be a legal entity, then such proxy form shall be executed with the company seal or by its Directors or the legal representative. Such instrument shall specify the number of shares represented by each proxy.

Article 81
~~Article 76~~

The proxy form shall be maintained at the residence of the Company or at such other locations as specified for that purpose in the notice regarding the convening of the meeting in no less than 24 hours prior to the time of the meeting at which the proxy proposes to vote or attend, or the time appointed for voting. In the event that such instrument is signed by another person authorized by the appointer, the authorization or other authorization instrument shall be notarized, and such notarized authorization or other instrument shall be maintained at the residence of the Company or at such other locations as specified for that purpose in the notice regarding the convening of the meeting at the same time. In the event that an appointer is a legal entity, its legal representative or such person as authorized by a resolution of its Board of Directors or other governing body may attend the Company's general meeting in the capacity of a representative. For the purpose of these Articles of Association, the attending of and voting at such meeting by the appointed proxy shall be deemed to be done by the appointer (as the case may be).

If a shareholder is a Recognized Clearing House (or its nominee), it may, as it sees fit, appoint one or more persons as its proxy(ies) to attend and vote at any Shareholders' Meeting or ~~class meeting~~ or creditors meeting. However, if more than one person is appointed, the proxy form shall specify the number and class of the shares relating to each such proxy. Such proxy may exercise the rights of the Recognized Clearing House (or its nominee) which shall be equivalent to the rights enjoyed by other shareholders, including the right to speak and vote, as if it is an individual shareholder of the Company.

Article 82
~~Article 77~~

Any form issued to a shareholder by the Board of Directors for the appointment of a proxy by the shareholder for attendance and voting at a meeting shall enable the shareholder to instruct the proxy to vote for or against each resolution with respect to businesses transacted at the meeting. Such forms shall contain a statement which states that, in the absence of instructions by the shareholder, the proxy may vote in the proxy's own discretion.

Save as provided above, the aforesaid proxy form shall also contain the following: the number of shares represented by and name of the proxy; whether voting power is granted to the proxy; whether the proxy is entitled to vote for any temporary resolution proposed at any shareholders' general meeting; instruction of how to vote if voting power is granted; and date of appointing a proxy and the effective period for such appointment. Where a shareholder appoints more than one proxy, he shall specify the number of shares represented by each proxy in the proxy form.

Article 83
~~Article 78~~

A vote provided in according to the instruments in such proxy forms shall be valid, notwithstanding the previous death or loss of capacity of the appointer or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares with respect to which the proxy is given, provided that no notice in writing of such matters shall have been received by the Company prior to the commencement of the meeting at which the proxy is used.

- Article 84
~~Article 79~~ A proxy who attends a Shareholders' Meeting on behalf of a shareholder shall produce his identification document. If a shareholder who is a legal person appoints its legal representative to attend the meeting, the legal representative shall produce his identification document and a notarially certified copy of the resolution or form of proxy of the Board of Directors or other governing body of the legal person (other than a Recognized Clearing House or its nominee) authorizing the legal representative.
- Article 85 During the general meeting of shareholders, all directors, supervisors and the secretary of the board of directors should attend the meeting, and the President and other members of senior management shall also be present at the meeting. The directors, supervisors, senior management personnel shall provide explanation and clarification to the inquiries and suggestions raised by the shareholders at the general meeting.
- Article 86 At the annual general meeting, the board of directors and the Board of Supervisors shall provide a report of the previous year's business to the general meeting. Each independent director shall also report his duties.
- Article 87 The chairman of the meeting shall, before voting begins, announce the number of attending shareholders and proxies and the total number of their voting shares according to the register of the meeting.
- Article 88
~~Article 80~~ There are 2 kinds of resolutions made at the Shareholders' Meeting, ordinary resolutions and special resolutions.
- An ordinary resolution must be approved by votes representing more than one-half of the voting rights of the shareholders (including proxies) present at the meeting.
- A special resolution must be approved by the votes representing more than two thirds of the voting rights of the shareholders (including proxies) present at the meeting.
- The Company's shares which also held by the Company do not carry any voting rights, and shall not be counted in the total number of voting shares represented by shareholders attending a general meeting.
- Article 89
~~Article 81~~ A shareholder (including proxy), when voting at a Shareholders' Meeting, shall exercise voting rights in accordance with the number of his shares carrying the voting rights and each share shall have one vote.

All shareholders shall have the right to speak and vote at the general meetings, except if any shareholder should waive his/her voting right on a particular matter, or is restricted to vote only for or against the matter, in accordance with the Hong Kong Listing Rules Rules Governing the Listing of Securities on The Hong Kong Stock Exchange, in which case such shareholder should waive his/her voting right or abstain from voting in accordance with the provisions therein; any vote casted by or on behalf of any shareholder in violation of such provisions or restriction shall not be counted into the poll result.

Article 82 ~~At any general meeting, a resolution shall be decided on a show of hands unless a poll is demanded by the following persons before or after a vote is carried out by a show of hands:~~

- ~~(1) — the chairman of the meeting;~~
- ~~(2) — at least two shareholders present in person or by proxy entitled to vote;~~
- ~~(3) — one or more shareholders (including his/their proxy/proxies) present in person or by proxy and representing 10% or more shares carrying the right to vote at the meeting singly or in aggregate.~~

~~Unless a poll is demanded, a declaration by the chairman that a resolution has been passed on a show of hands and the record of such in the minutes of the meeting shall be conclusive evidence of the fact that such resolution has been passed. There is no need to provide evidence of the number or proportion of votes in favour of or against such resolution.~~

~~The demand for a poll may be withdrawn by the person who demands the same.~~

Article 83 ~~A poll demanded on the election of chairman of the meeting or a question of adjournment of the meeting shall be taken forthwith. A poll demanded on any other matters shall be taken at the time decided by the chairman of the meeting, and the meeting may proceed to consider and vote on other matters. The result of the poll shall be deemed to be a resolution of the meeting at which the poll was demanded.~~

Article 90
Article 84 At a poll taken at a meeting, a shareholder (including proxy) entitled to two or more votes need not cast all his votes in the same manner.

Article 85 ~~In case of an equality of votes by show of hands or by poll, the chairman of the meeting shall be entitled to have a casting vote.~~

Article 91
~~Article 86~~

The following matters shall be resolved by ordinary resolutions at the Shareholders' Meeting:

- (1) reports of the Board of Directors and the Board of Supervisors;
- (2) any plans for the distribution of profits and for recovering losses formulated by the Board of Directors;
- (3) appointment and removal~~removal~~ of the members of the Board of Directors and Supervisors on behalf of shareholders, and decision on their remuneration and methods of payment;
- (4) preliminary and final annual budgets, ~~balance sheets, profit accounts, and other financial statements of the Company;~~
- (5) annual report of the Company;
- (56) other matters other than those required by laws, administrative regulations, or by Hong Kong Listing Rules or by ~~these~~the Articles of Association to be approved by a special resolution.

Article 92
~~Article 87~~

The following matters shall be resolved by special resolutions at the Shareholders' Meeting:

- (1) the increase or reduction in ~~share capital and the issue of shares of any class, warrants and other similar securities~~ registered capital of the Company;
- (2) ~~the issue of debentures of the Company;~~
- (23) the division, spin-off, merger, dissolution, liquidation ~~or change in the form of the Company;~~
- (34) the amendments to the Articles of Association;
- (45) the Company's acquisition or disposal of major assets or providing guarantees within 1 year with the transaction amount exceeding 30% of total audited assets~~the total assets~~ of the Company for the latest period;
- (5) any share incentive scheme;

- (65) other matters which laws, administrative regulations, the Hong Kong Listing Rules or the Articles require to be adopted by special resolution or which the general meeting considers will have a material impact on the Company and therefore other matters that ordinary resolutions have been made at the Shareholders' Meeting indicating that resolutions regarding such matters will substantially impact the Company and such matters need to be passed by special resolutions. require, by an ordinary resolution, to be adopted by special resolution.

Article 93

When requesting the convening of an extraordinary general meeting or a class meeting, it shall be handled according to the following procedures: In the event the matters of connected transactions are considered at a shareholders' general meeting, connected shareholders shall abstain from voting upon such connected

- (1) Shareholder(s), individually or jointly holding an aggregate of 10% or more of the shares carrying the right to vote transactions and the number of voting shares represented by such shareholders shall not be counted in the total number of valid votes at the meeting shall sign one or more written requests of the same form stating the object of the meeting and requesting that the Board of Directors convene an extraordinary general meeting or a class meeting thereof and add resolutions to a meeting agenda. The Board of Directors shall convene an extraordinary or a class general meeting responsively after receipt of such request. The aforesaid amount of shareholding is calculated as on the day when the shareholders make the request in writing. The announcement of the resolution of such meeting shall fully disclose the votes of the non-connected shareholders.

Prior to the completion of consideration and voting on the connected transactions at the general meeting, the connected shareholders shall submit a request of recuse to the presiding officer of the meeting, and the presiding officer of the meeting shall announce it to the general meeting. During the voting on the connected transactions, the connected shareholders shall not be allowed to vote on such matters and shall be supervised by the supervisors attending the meeting.

Before the completion of review and voting on the connected transactions at the general meeting, the non-connected shareholders (including proxies) and the supervisors attending the meeting shall have the right to request the presiding officer to recuse the connected shareholders from voting on such matters and explain the reasons therefor, and the connected shareholders requested to recuse themselves from voting shall not be allowed to cast their votes during the voting on the said matters if they have no objection on the request to recuse themselves from voting on such matters. If the shareholder requested to be recused considers that he/she is not a connected shareholder and does not need to fulfil the recusal procedure, he/she shall explain the reasons at the general meeting, and if the shareholder requested to be recused is determined to be a connected shareholder, he/she shall not vote on the matter at the meeting. In the event of any of the above circumstances, the person taking the minutes of the general meeting shall record the above circumstances in detail in the minutes of the meeting.

- (2) ~~If the Board of Directors fails to send notification of the meeting within 30 days from the date of the receipt of such request, requesting Shareholders may call the meeting within 4 months of the date of the receipt of such request by the Board of Directors, and the procedures for calling the meeting shall remain as the Board of Directors would call the meeting.~~

~~Where shareholders convene a meeting due to the failure by the Board of Directors to duly convene the same, all reasonable expenses so incurred shall be reimbursed by the Company, and any sum so reimbursed shall be set-off against such sums owed by the Company to the defaulting directors.~~

Article 94
~~Article 89~~

The Chairman of the Board of Directors shall preside over the Shareholders' Meeting. If the Chairman of the Board is unable to attend the meeting for any reason, the meeting shall be chaired by the Vice Chairman of the Board. where the Vice Chairman fails to perform his duties, a Director jointly elected by not less than half members of the Board shall perform the duties of the Chairman. ~~If both the Chairman of the Board and the vice Chairman of the Board are unable to attend the meeting, the Chairman may appoint a director of the Company to call and chair the meeting. In the event that no chairman of the meeting is so designated, the attending shareholders shall elect 1 of the directors to act as the chairman of the meeting. In the event that, for any reasons, the shareholders fail to elect a chairman, then the shareholder holding the largest number of the voting shares present in person or by proxy shall be the chairman of the meeting.~~

~~Article 90~~

In a Shareholder's ~~The chairman of the meeting convened by the Board of Supervisors, the chairman of the Board of Supervisors serves as the chairman of the meeting. shall be responsible for determining whether a resolution has been passed, and such decision~~ If the chairman of the Board of Supervisors is unable or fails to perform his or her duties, a supervisor jointly elected by at least one half of the supervisors shall preside over the meeting.

A representative elected by the convener shall preside over the general meeting convened by the shareholders.

Where a general meeting is held and the chairman of the meeting violates the rules of procedure which makes it impossible for the general meeting to continue, a person may be elected at the general meeting to act as chairman and continue the meeting, subject to the approval of more than half of the attending shareholders having the voting rights.

Article 95 At any general meeting, voting shall be conducted by open poll.

Article 96 When proposals are voted on at the general meeting, two shareholders' representatives shall be final and conclusive and shall be announced at the meeting and recorded in the minutes thereof appointed to count, and monitor counting of, the votes. Where any shareholder has interests in any issue considered, the said shareholder or proxy thereof shall not participate in counting and monitoring of ballots.

Article 97 When votes are cast on proposals at the general meeting, attorneys, representatives of the shareholders and the representative of Supervisors shall be jointly responsible for scrutinizing and counting votes and shall announce the voting results at the meeting. The voting result shall be recorded in the meeting minutes. Where the laws, administrative regulations and other regulatory documents and the Hong Kong Listing Rules provide otherwise for the manner of vote counting and scrutinizing, such provisions shall apply.

Prior to the formal announcement of voting results, the relevant parties from the company, the persons responsible for counting votes and scrutinizing the conduct of the relevant poll, the major shareholders, relevant internet service provider involved in relation to voting at the general meeting, and by other means, shall be obliged to keep the status of voting confidential.

Article 98 A shareholder attending a general meeting shall express one of the following opinions on any proposal to be voted on: for, against or abstention. If a poll is blank, marked erroneously, illegible or has not been cast, the voter shall be deemed to have waived his or her right to vote and the voting results for the number of shares that he or she holds shall be recorded as "abstained".

Where any shareholder is, under the Hong Kong Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only in favor of (or only against) any particular resolution, any votes cast by or on behalf of such shareholder in violation of such requirement or restriction shall not be counted.

- Article 99
~~Article 91~~ In the event that the chairman of the meeting has any doubt as to the voting result of any resolution at Shareholders' Meeting, the chairman shall have the power to have the votes counted. In the event that the chairman of the meeting does not have the votes counted, any shareholder present in person or by proxy, who objects to the result announced by the chairman of the meeting, may immediately following the declaration of the result, demand that the votes be counted and the chairman of the meeting shall have the votes counted immediately.
- Article 100 The resolution of the general meeting shall be promptly announced. The announcement shall state the number of attending shareholders and proxies, their number of voting shares and their percentages to the total number of the voting shares in the Company, the voting method or methods, the voting result for each proposal, and the details of each resolution passed in the meeting.
- Article 101 Where a proposal has not been passed or the resolutions of the preceding general meeting have been changed at the current general meeting, special mention shall be made in the announcement of the resolutions of the general meeting.
- Article 102 Where a resolution on the election of Directors or Supervisors is passed at the general meeting, the term of office of the newly-elected Director or Supervisor shall commence on the day that relevant election resolution is passed at the general meeting.
- Article 103 Where a proposed resolution in relation to the payment of cash dividends, the issue of bonus shares or the capitalization of capital reserves has been passed at a general meeting, the Company shall implement the specific plans within two months after the conclusion of the general meeting.
- Article 104
~~Article 92~~ If the votes are counted at the Shareholders' Meeting, the counting result shall be recorded in the meeting minutes.
- Article 105 Minutes shall be kept in respect of all resolutions passed at a Shareholders' Meeting and signed by directors present at the meeting. The minutes, together with the shareholders' attendance list and powers of attorney for attending by proxy, shall be kept at the domicile of the Company kept by the secretary of the Board of Directors.
- ~~Article 93~~ Copies of the minutes of the Shareholders' Meeting shall be open for inspection by any shareholder free of charge during the business hours of the Company. In the event that a shareholder requests a copy of such minutes from the Company, the Company shall send the copy to such shareholder within 7 days upon the receipt of reasonable fees thereof.

Chapter 9—Special Procedures for Voting by Class Shareholders

Article 94 ~~Shareholders who hold different classes of shares shall be known as class shareholders:~~

~~Class shareholders shall be entitled to rights and assume obligations according to the laws, administrative regulations and these Articles of Association:~~

~~Upon approval by the securities regulatory authorities under the State Council and the overseas stock exchange(s), where the Company's domestic shares are converted into overseas-listed shares and traded on the overseas stock exchange(s); the converted overseas-listed shares shall be deemed the same class of shares as the existing overseas-listed shares:~~

~~Where the Company issues shares which do not carry voting rights, the words "nonvoting" shall appear in the designation of such shares:~~

~~Where the share capital includes shares with different voting rights, the designation of each class of shares, other than those with the most favourable voting rights, must include the words "restricted voting" or "limited voting":~~

Article 95 ~~Rights conferred on any class of shareholders in the capacity of shareholders may not be varied or abrogated unless approved by a special resolution of shareholders at a general meeting, and by the class shareholders so affected at a separate meeting convened according to Articles 97 to 101:~~

Article 96 ~~The following circumstances shall be deemed as a variation or abrogation of rights of a class shareholder:~~The minutes shall state the following contents:

- ~~(1) time, venue and agenda of the meeting and names of the convener;~~
- ~~(1) an increase or decrease in the number of shares of such class, or an increase or decrease in the number of shares of another class having voting rights or distribution rights or other privileges equal to or superior to those of the shares of such class;~~
- ~~(2) the conversion of all or part of the shares of such class into the shares of another class or the conversion or creation of a right of conversion of all or part of the shares of another class into the shares of such class;~~
- ~~(3) the removal or reduction of rights to receive accrued dividends or rights to cumulative dividends attached to the shares of such class~~the chairman of the meeting;

- (4) ~~the reduction or removal of the preferential rights attached to the shares of such class for the receipt of dividends or for the distribution of assets in the event that the Company is liquidated;~~
- (5) ~~the addition, removal or reduction of the rights of conversion, options rights, voting rights, transfer rights, pre-emptive rights, or rights to acquire securities of the Company attached to the shares of such class;~~
- (6) ~~the removal or reduction of the rights to receive payment receivable from the Company in the particular currencies attached to the shares of such class;~~
- (7) ~~the creation of a new class of shares having voting rights or distribution rights or other privileges equal to or superior to those of the shares of such class;~~
- (8) ~~the restriction of the transfer or ownership of the shares of such class or the imposition of stricter restrictions thereof;~~
- (9) ~~the issue of any rights to subscribe for, or to convert into, shares in the Company of the same class or another class;~~
- (10) ~~the enhancement of rights or privileges of the shares of other classes;~~
- (11) ~~the restructuring of the Company pursuant to which shareholders of different classes assume disproportionate liability;~~
- (12) ~~the revision or abrogation of the provisions of this Chapter.~~

~~In respect of such revision or abrogation of class shareholders' rights as caused by the changes in domestic and overseas laws, administrative regulations and listing rules on the stock exchange(s) where the shares of the Company are listed as well as the decisions made by domestic and overseas regulatory authorities according to law, no approval is required from the shareholders' meeting or the class meeting.~~

~~Upon approval by the securities regulatory authorities under the State Council and the overseas stock exchange(s) if applicable, any transfer by the Company's holders of domestic shares of all or part of the shares to foreign investors for listing and trading on the overseas stock exchange(s), or any conversion of all or part of non-listed domestic shares into overseas listed shares for listing and trading on the foreign stock exchange(s), shall not be deemed the Company's intention to vary or abrogate the rights of class shareholders.~~

Article 97 ~~The class shareholders so affected, whether or not otherwise entitled to vote at a general meeting of shareholders, shall nevertheless be entitled to vote at any class meetings with respect to matters set forth in Clauses (2) to (8), (11) to (12) of Article 96, but interested shareholder(s) shall not be entitled to vote at class meetings.~~

An “interested shareholder” as referred to in this Article, shall mean:

- ~~(1) in the case of a repurchase of shares by an offer to all shareholders of the Company or by open dealing on a stock exchange pursuant to Article 33~~
- ~~(2) in the case of a repurchase of shares by an off-market agreement pursuant to Articles 33 of these Articles of Association, a holder of the shares to which the proposed agreement relates;~~
- ~~(3) in the case of a restructuring of the Company, an “interested shareholder” would mean a shareholder who assumes less liability than any shareholders of the same class or who has an interest in the proposed restructuring different from the interests of shareholders of the same class.~~

Article 98 ~~A resolution in a class meeting shall be passed by votes representing two thirds or more of the voting rights of shareholders of that class in the relevant meeting who are entitled to vote at the class meetings according to Article 97~~

the names of the Directors, supervisors, managers and other senior managements;

- ~~(3) the number of attending shareholders and proxies, and the total number of their voting shares and percentages to the total shares of the Company;~~

Article 99 ~~(4) Where the Company convenes a class shareholders’ meeting, the period for issuing a written notice shall be the same as the written notice period for the non-class shareholders’ meeting to be convened on the same day of such class meeting.~~

Article 100 ~~the process of review and discussion, summary of any speech, and voting results of each proposal;~~

- ~~(5) the shareholders’ questions, opinions, suggestions and corresponding answers or explanations;~~

~~(6) the names of the attorney, vote counters and counting Supervisors;~~

- ~~(7) other information to be entered into the minutes pursuant to the Articles of Association.~~

Article 106
~~Article 100~~

The convener shall ensure that the contents of the minutes are true, accurate and complete. The directors, the supervisors, the secretary of the Board of Directors, the convener or representative thereof, and the chairman of the general meeting shall sign on the minutes of the meeting.~~Notice of class meetings need only be served on those shareholders entitled to vote at class meetings.~~ The minutes shall be kept for 10 years, together with the book of signatures of the attending shareholders, the power of attorney for shareholders that attend the meeting by proxy, and effective information concerning voting online or by other such means.

~~Meetings of any class of shareholders shall be conducted in as similar a manner as that of Shareholders' Meeting. The provisions of these Articles of Association relating to the manner of conducting any Shareholders' Meeting shall apply to any meeting of a class of shareholders.~~

~~Article 101~~

~~Apart from the holders of other classes of shares, holders of domestic shares and holders of overseas-listed shares shall be deemed to be of different classes:~~

~~The special procedures for voting of class shareholders shall not apply under the following circumstances:~~

- ~~(1) where, upon approval by a special resolution passed at a Shareholders' Meeting (subject to the unconditional authorization or the terms and conditions stipulated in the resolution), the Company authorizes, allocates or issues domestic shares and overseas-listed shares either separately or concurrently once every twelve months, and the number of each of the domestic shares and overseas-listed shares so issued does not exceed 20% of the number of the respective outstanding shares;~~
- ~~(2) where such shares are part of a plan of the Company to issue domestic shares or overseas-listed shares at its establishment, which has been completed within 15 months of the approval by the competent regulatory bodies under the State Council; or~~
- ~~(3) upon approval by the securities regulatory authorities under the State Council and the overseas stock exchange(s), the transfer by the Company's holders of domestic shares of all or part of the shares held thereby to foreign investors for listing and trading on the overseas stock exchange(s); or the conversion of all or part of domestic shares into overseas-listed shares for listing and trading on the foreign stock exchange(s).~~

Chapter 910—Board of DirectorsArticle 107~~Article 102~~

The Company shall establish the Board of Directors which is accountable to the general meeting and composed of nine Directors, including one Chairman, two Vice Chairmen and three independent non-executive Directors who are independent of the shareholders of the Company and do not hold any positions in the Company.

~~At the re-election of the Board of Directors, external Directors, being Directors who do not hold any positions in the Company, shall account for more than half of the total number of Directors. There shall be no less than one third of the Directors being independent non-executive Directors in the Board of Directors. If an independent non-executive Director has served for more than 9 years, his/her further appointment shall be subject to a separate resolution to be approved by the shareholders of the Company. The documents addressed to shareholders containing that resolution shall state the reason(s) why the Board considers the candidate as independent and should be re-elected.~~

The Board of Directors may set up special committees including the audit committee, the remuneration and assessment committee, the nomination committee and the strategy committee to assist the Board of Directors to perform its duties, or to provide recommendations or advisory opinions on decisions to be made by the Board of Directors. The composition and terms of reference of the committees shall be determined by the Board of Directors.

Article 108~~Article 103~~

Directors shall be elected or be changed at the Shareholders' Meeting, and may be removed from office by the General Meeting before the expiration of their terms of office. The with a term of office is of three years. Upon expiry of the term of office, Directors are eligible for re-election. Upon expiry of the term of office, Directors are eligible for re-election.

~~Directors shall be elected at the Shareholders' Meeting among candidates nominated by the Board of Directors or by shareholder(s) holding 3% or more of the shares of the Company in issue. A written notice of the intention of nomination of a Director candidate and of his willingness to be elected shall be sent to the Company seven days prior to the date of the Shareholders' Meeting. The minimum length of period for giving written notice of the intention to nominate a person for election as a Director and of his willingness to be elected shall be no less than 7 days, which shall commence on the date following the date of the notice of the Shareholders' Meeting. The Company shall publish an announcement or issue a supplementary circular in accordance with the requirements of the Listing Rules of the Hong Kong Stock Exchange upon receipt of a notice from a shareholder to propose a person for election as a Director at the Shareholders' Meeting where such notice is received by the Company after publication of the notice of the Shareholders' Meeting. The announcement or supplementary circular so published shall include the particulars of such person proposed to be elected as a Director.~~

~~The Chairman and the Vice Chairman shall be elected and removed by the majority of Directors. The Chairman and the Vice Chairman shall hold office for a period of three years and are eligible for re-election.~~

A Director does not need to hold any shares in the Company.

Subject to laws and administrative regulations, shareholders may remove by ordinary resolution at a Shareholders' Meeting any Director whose term of office has not expired, without prejudice to any claims as may be brought in accordance with any agreement.

Independent non-executive directors among the directors shall meet the following requirements:

- (1) independent of shareholders of the Company;
- (2) not in office within the Company;
- (3) one of the independent non-executive directors shall possess appropriate professional qualifications and expertise in accounting or financial management in compliance with the Hong Kong Listing Rules;
- (4) other conditions as stipulated in other laws and regulations, regulatory documents, the Hong Kong Listing Rules and the Articles.

External directors shall have sufficient time and requisite expertise to perform their duties. The Company shall provide the necessary information to enable the external directors to perform their duties.

Directors other than external directors and independent non-executive directors may hold office of other senior management of the Company (except supervisors). However, the total number of directors serving the office of manager or other senior management personnel concurrently and labour union representative holding the office of director shall not exceed half of the total number of directors of the Company.

Article 109

Directors shall follow the laws, administrative regulations and the Articles and bear following faithful obligations to the Company:

- (1) Directors are not allowed to abuse their authorities to accept bribes or other illegal income, and may not encroach on the Company's property;
- (2) Directors are not allowed to misappropriate the property of the Company;

- (3) Directors are not allowed to deposit the assets of the Company into an account in their own names or in any other individual's name;
- (4) Directors are not allowed to lend the funds of the Company to other people or provide guarantees for other people with the assets of the Company in violation of regulations of the Articles or without consent of the Shareholders' Meeting or the Board of Directors;
- (5) Directors are not allowed to execute any contract or engage in any transaction with the Company in violation of the Articles or without consent of the Shareholders' Meeting;
- (6) Without consent of the Shareholders' Meeting, directors shall not, taking advantage of their positions, seek for commercial opportunity which shall belong to the Company and engage in the same business as the Company in which he serves either for his own account or for any other person's account;
- (7) Directors are not allowed to possess the commission obtained from the transaction between others and the Company;
- (8) Directors are not allowed to disclose confidential information of the Company;
- (9) Directors shall not make use of the associated relationship to damage the interest of the Company;
- (10) Other faithful obligations specified by the laws, administrative regulations, department rules, the Hong Kong Listing Rules and the Articles.

Any income of directors by violating this article shall belong to the Company; if losses are caused to the Company, such directors shall bear the liability for compensation.

Article 110

Directors shall follow laws, administrative regulations and the Articles and bear following assiduous obligations to the Company:

- (1) Directors shall exercise their rights restrainedly, carefully and assiduously to ensure that the commercial activities of the Company are in accordance with laws, administrative regulations and the requirements of various national economic policies and do not exceed the Company's scope of business as regulated by the business license;
- (2) Directors shall treat all shareholders equally;

- (3) Directors shall timely know the business operation and management condition of the Company;
- (4) Directors shall subscribe on the periodic report with written confirmation opinions to ensure the truth, accuracy and integrity of the information disclosed by the Company;
- (5) Directors shall submit relevant conditions and materials to the Board of Supervisors according to the facts and shall not interfere the Board of Supervisors or supervisors to exercise authorities;
- (6) Other assiduous obligations specified by laws, administrative regulations, department rules, the Hong Kong Listing Rules and the Articles.

Article 111 If a director fails to attend in person twice in succession, and hasn't authorized other director to attend the Board meeting, such director shall be regarded as failure to fulfill his obligations, and the Board of Directors shall suggest the Shareholders' Meeting for dismissal and replacement.

Article 112 Directors may resign before expiration of the term of office. The directors who ask for resignation shall submit a written resignation report to the Board of Directors.

If the resignation of directors leads to the number of the Board of Directors below the minimum quorum, before the accession of the re-elected director, the original directors shall fulfill their obligations according to laws, administrative regulations, department rules and the Articles.

Except for the preceding paragraph, the resignation of directors shall take effect after the resignation report is submitted to the Board of Directors.

Article 113 If the resignation of a director takes effect or the term of office expires, such director shall complete all turnover procedures with the Board of Directors and his faithful obligations to the Company and the shareholders shall not be released after the term of office expires, which shall still be effective within the reasonable duration specified by the Articles.

Article 114 Unless specified in the Articles or legal authorization by the Board of Directors, any director shall not take an action in his own name on behalf of the Company or the Board of Directors. The director shall state his position and identity when taking an action in his own name, provided the third party may consider it reasonable when such director takes an action on behalf of the Company or the Board of Directors.

Article 115 Directors shall bear the liability for compensation if losses are caused to the Company due to violation of the laws, administrative regulations, department rules, the Hong Kong Listing Rules and the Articles during the implementation of duties.

- Article 116 Independent directors shall have the duty to act in good faith and conduct due diligence for the Company and all its shareholders. Independent directors shall perform their duties independently in accordance with relevant laws and regulations, the Hong Kong Listing Rules and the requirements of the Articles, and not be affected by the Company's substantial shareholders or other entities or individuals that is interested in the Company to protect the interests of the Company as a whole, especially protecting the legal interests of minority shareholders.
- Article 117 The Board of Directors, the Board of Supervisors, and the shareholders holding, alone or in an aggregate, 1% or more of the issued shares of the Bank are entitled to propose a candidate for election as an independent director at the shareholders general meeting.
- Article 118
~~Article 104~~ The Board of Directors shall be accountable to the shareholders at general meetings, and shall perform the following functions and exercise the following powers:
- (1) to be responsible for the convening of and reporting to the Shareholders Meeting;
 - (2) to implement the resolutions passed by the Shareholders' Meeting;
 - (3) to determine the Company's business plans and investment proposals;
 - (4) to formulate the Company's preliminary and final annual financial budgets;
 - (5) to formulate the Company's profit distribution proposal and loss recovery proposal;
 - (6) to make plans for the Company's increasing or decreasing its registered capital, ~~and~~ issuing bonds or other securities and the listing thereof;
 - (7) to formulate plans for the Company's material acquisitions, purchase of shares of the Company or merger, division, ~~or~~ dissolution and transformation;
 - (8) deciding on external investment, acquisition and disposal of assets, pledge of assets, external guarantee, entrusted financial management, connected transactions, external donations and other matters under the authority granted by the general meeting;
- ~~(98)~~ to decide on the Company's internal management structure;

- (109) to decide the appointment or removal of the Company's President and to engage or remove the Company's executive president and other members of the senior management, and to decide on their remuneration and payment method, rewards and penalties;
- ~~(1011)~~ to formulate the Company's basic management system;
- (12H) to formulate proposals for any amendment to the Company's Articles of Association;
- (13) to manage information disclosure of the Company;
- (14) to propose to the shareholders' general meeting to appoint or change the accounting firm that provides audit services for the Company;
- (15) to listen to the work report and inspect the work of the manager;
- ~~(1216)~~ to perform any other functions and exercise any other powers conferred upon by laws, regulations, regulatory documents, the Hong Kong Listing RulesListing Rules of the Hong Kong Stock Exchange, the Articles or the Shareholders' Meeting of the Company.

~~Resolutions regarding Clause (6), Clause (7) and Clause (11) above shall be passed by over two thirds of the total number of the Directors, and resolutions in relation to the rest of the circumstances above shall be passed by over half of the total number of the Directors.~~

~~On the premise of complying with relevant laws and regulations as well as the mandatory provisions of the listing rules of the place where the shares of the Company are listed, Where the number of vacancy of Directors is not more than the number specified by the Company Law or not less than two thirds of the number of Directors prescribed by these Articles of Association, the Board of Directors has the power to appoint any person as a Director to fill the causal vacancy, and any person to be appointed as a Director to fill a casual vacancy of the Board of Directors shall hold office until the next following annual general meeting of the Companyany person appointed by the Board of Directors as a Director to fill a casual vacancy on or as an addition to the Board of Directors shall hold office until the first annual general meeting after appointment, and shall then be eligible for re-election.~~

~~The Company must provide necessary information to external Directors for them to perform their duties.~~

~~Independent non-executive Directors may report any information directly to the Shareholders' Meeting or to competent securities regulatory authorities under the State Council or other relevant regulatory bodies.~~

Article 105 ~~With respect to any proposed disposal of any fixed assets, and in the event that the estimated amount of such disposal together with the amount received from any other disposal of fixed assets occurring in 4 months prior to such proposed disposal exceed 33% of the amount of fixed assets shown on the latest balance sheet discussed at the Shareholders' Meeting, such disposal shall be subject to the approval at the Shareholders' Meeting; and the Board of Directors shall not dispose or agree to dispose such fixed assets prior to the approval of the Shareholders' Meeting.~~

~~"Disposal of fixed assets" referred to in this Article shall include the transfer of certain interests in assets, but excludes any provision of any security with any fixed assets.~~

~~The validity of any disposal by the Company of its fixed assets shall not be affected by the violation of the first paragraph of this Article.~~

Article 119 The Board shall explain to the general meeting regarding the non-standard auditors' advice given by certified accountant in relation to the financial report of the Company.

Article 120 The Board of Directors shall formulate the rules of procedure for meetings of the Board of Directors in compliance with laws, administrative regulations and requirements of the relevant competent authority, to ensure the implementation by the Board of Directors of the resolutions of the general meeting, higher efficiency and scientific, decision-making.

The rules of procedure for Board meetings shall specify the procedures for the convening of and voting at the Board Meetings and be annexed to the Articles of Association and shall be prepared by the Board and implemented upon approval by the general meeting.

Article 121 The Board of Directors shall, in accordance with the rules of the stock exchange on which the shares of the Company are listed, determine the authority for external investments, purchase and sale of assets, mortgages, external guarantee, entrustment of financial services, connected transactions and external donations, and establish stringent procedures for review and decision-making. Major investment projects shall be assessed by experts and professionals and reported to the general meeting for approval in accordance with laws, administrative regulations, departmental rules and the Hong Kong Listing Rules

Article 122 The Board shall have one chairman, and may have one or more vice chairman. The chairman and vice chairman shall be appointed by more than 50% of all the Directors by election.

Article 123
~~Article 106~~

The Chairman of the Board shall exercise the following powers and functions:

- (1) to preside over Shareholders' Meeting and to convene and preside over meetings of the Board of Directors;
- (2) to supervise and inspect the implementation of resolutions passed by the Directors at the meetings of the Board of Directors;
- (3) ~~to sign the certificates of any securities issued by the Company;~~
- (4) to exercise other powers and functions conferred upon by the Board.

~~If the Chairman of the Board fails to exercise the powers and functions, the Vice Chairman shall exercise the same on behalf of the Chairman of the Board.~~

Article 124

The vice chairman of the Company shall assist the chairman. Where the chairman is unable to or does not perform the duty, the vice chairman shall perform the duty (if there are two or more vice chairmen, the one elected by more than one half of the directors shall preside), where the vice chairman is unable to or does not perform the duty, a director nominated by more than half of the directors shall perform the duty.

Article 125
~~Article 107~~

The Board of Directors shall at least hold four regular meetings each year, the Board of directors' meetings shall be convened by the chairman, and written notice of the meeting shall be served on meet regularly and at least 4 Board meetings shall be held each year, approximately once for each quarter. The Board meetings shall be convened by the Chairman and notice of at least 14 days shall be given of a regular Board meeting to give all Directors an opportunity to attend. For any other Board meetings to be convened to discuss any urgent matters and supervisors 14 days before the date of the meeting. An extraordinary board meeting may be held by request of shareholders representing more than 10% of the voting rights or by request of more than one-third directors or supervisors. The chairman shall convene and preside over a board meeting within 10 days after receipt of the proposal.

The Board of Directors shall notify all Directors and Supervisors in writing or by telephone three days prior to the convening of a such special Board meetings shall be convened by 3 or more Directors or by the Chairman or the President of the Company and a notice of a reasonable period shall be given. A regular Board meeting does not include the practice of obtaining the consent of the Board of Directors through the circulation of written resolutions.; all Directors and Supervisors; in case of emergency, the foregoing time limit for notice may be waived.

- Article 126 A notice of Board meeting shall not shall contain the following contents:
- (1) date and place of the meeting;
 - (2) duration of the meeting;
 - (3) agenda, particulars, subjects and relevant information;
 - (4) issue date of notice.
- Article 127 Notice of statutory period shall be given to all Directors for all significant matters
~~Article 107~~ requiring the decision-making of the Board of Directors, and sufficient information
shall also be provided. When more than one quarter of the Directors or two or
more external Directors consider that there is insufficient information or that
arguments proposed are imprecise, they may jointly propose that the Board meeting
be postponed or that some of the matters to be discussed at the Board meeting be
discussed at a later time. Under such circumstances, the Board of Directors shall
accept the proposal.
- If a substantial shareholder or a Director is deemed to have material conflict of
interests in the matter to be considered by the Board of Directors, the matter shall
be dealt with in a Board meeting rather than by a written resolution. Only the
independent non-executive Directors who and whose associates have no material
interest in the transaction shall be present at that Board meeting.
- Article 128 Written notices of Board meetings or special Board meetings shall be given by
~~Article 108~~ personal delivery, facsimile, express mail or registered airmail or other electronic
means of communication, etc..
- Article 129 Should a Director attend a meeting, and has not stated his non-receipt of the
~~Article 109~~ meeting notice prior to arriving at the onset of the meeting or at the meeting, the
said notice of the meeting shall be deemed to have been served.
- Article 130 Any regular or extraordinary meeting of the Board of Directors may be held by
~~Article 110~~ electronic communication so long as all Directors participating in the meeting can
clearly hear and communicate with each other. All such Directors shall be deemed
to be personally present at the meeting.
- Article 131 Meetings of the Board of Directors shall be held only if more than half of the
~~Article 111~~ Directors (including the proxies) are present.
- Article 132 Each Director shall have one vote. Unless otherwise provided in these Articles of
~~Article 111~~ Association, a resolution of the Board of Directors must be passed by the majority
of the Directors of the Company.

Where there is an equality of votes cast both for and against a resolution, the Chairman of the Board of Directors shall be entitled to cast an additional vote.

Article 133
~~Article 112~~

Directors shall attend Board meetings in person.

Where a Director is unable to attend a Board meeting for any reason, he may by a written power of attorney appoint another Director to attend the meeting on his behalf. The power of attorney shall state the name of the proxy, the relevant matter to be entrusted, scope of authorization and validity period and shall be signed or sealed by the appointor~~specify the extent of authorization~~. A Director appointed as the representative of another Director to attend the meeting shall exercise the rights of a Director within the scope of authority conferred by the appointing Director. Where a Director is unable to attend a Board meeting and has not appointed a proxy to attend the meeting on his behalf, he shall be deemed to have waived his right to vote at the meeting.

Where a Director or any of his associates (as defined in the Hong Kong Listing Rules Governing the Listing of Securities on the Hong Kong Stock Exchange) is interested in a matter to be considered by the Board of Directors, he shall abstain from voting on such matter at the Boarding meeting. In deciding whether there is quorum for the Board meeting, such Directors shall not be counted.

Article 134
~~Article 113~~

In respect of the matters examined on a special Board meeting, if the Board has delivered in written form the proposal to be voted to all Directors, and the number of the Directors who give their signatures and consent has constituted the quorum required for making a decision pursuant to ~~Article 104~~ the Articles, this proposal shall be taken as a written resolution of the Board, without the need to hold the Board meeting. Such written resolution shall be deemed to have the same legal effect as a resolution passed at a Board meeting held in accordance with the procedures set out in the relevant provisions of these Articles of Association.

Article 135
~~Article 114~~

The Board of Directors shall maintain minutes of resolutions passed at meetings of the Board of Directors. Minutes of meetings shall be signed by all the Directors present at the meeting and the Secretary to the Board of Directors (being the person who recorded the minutes). The minutes of a Board meeting shall include the following contents:

- (i) date and place of the meeting and name of the convener and the presider;
- (ii) names of the directors attending the meeting, names of the directors (proxies) appointed by others to attend the board meeting and names of the proxies;
- (iii) agenda of the meeting;

- (iv) main points of directors' speeches, including any concerns raised by Directors or dissenting views expressed (where a meeting is held by way of a written motion, the written feedback from the directors shall prevail);
- (v) method and results of the voting for each proposal (the voting result should specify the number of votes for and against the proposal or abstention);
- (vi) signatures of the directors.

Minutes of the Board meeting shall be kept as the Company's record for a period of ten years.

Article 136
~~Article 114~~

The Directors shall assume liability for any resolutions of the Board of Directors. In the event that a resolution of the Board of Directors violates laws, administrative regulations or these Articles of Association resulting in the Company suffering serious loss, the directors who voted in favor of such a resolution shall compensate the Company for such loss. Notwithstanding the foregoing provision, in the event that it can be proven that a Director has expressly objected to such resolution in voting, and that such objection was recorded in the minutes of the meeting, such Director shall be duly released from such liability.

Article 137
~~Article 114~~

The opinions expressed by independent non-executive Directors shall be included in the minutes of the Board of Directors. The resolution(s) regarding connected transaction(s) of the Company shall not be effective without the signature of at least two independent non-executive Directors.

Article 138

A director who is related to an enterprise involved in a resolution of a Board Meeting shall not vote on the resolution, nor may he exercise his voting rights as a proxy for other directors, and the number of votes held by him shall not be counted in the total number of valid votes cast, and a resolution of a Board Meeting shall be approved by more than of the non-connected Directors; a resolution of a Board Meeting shall be made in a manner that adequately discloses the votes of the non-connected directors. Resolutions of the Board Meeting shall fully disclose the voting status of the non-connected Directors. If the number of non-connected Directors presenting at a Board Meeting is less than three, the matter shall be submitted to the general Meeting for consideration.

Chapter ~~11~~10 Secretary to the Board of Directors

Article 139
~~Article 115~~ The Company shall have a Secretary to the Board of Directors, who shall be appointed or removed by the Board of Directors. The Secretary to the Board of Directors shall be a member of the senior management of the Company.

Article 140
~~Article 116~~ The secretary to the Company's Board of Directors shall be a natural person who has the requisite professional knowledge and experience, and shall be appointed by the Board of Directors. His primary functions shall include:

- (1) to keep the Company's organizational documents and records intact;
- (2) to ensure the Company prepares and submits reports and documents as required by relevant authorities according to laws;
- (3) to maintain the register of shareholders of the Company and ensure the persons entitled to access the Company's records and documents receive the same in time;-
- (4) to be responsible for the preparation of the general meeting of the Company and the meetings of the Board, document storage and management of shareholders' data of the Company;
- (5) information disclosure;
- (6) other duties stipulated by laws, rules and regulations, Hong Kong Listing Rules and the Articles.

Article 141
~~Article 117~~ A Director or senior management of the Company may be appointed as the Secretary to the Board of Directors. The accountant of the Accounting firm appointed by the Company cannot serve concurrently as the Secretary to the Board of Directors.

In the event that the office of secretary is held concurrently by a Director, and an action is required to be conducted separately by a Director and a Secretary, the person who holds the offices of Director and Secretary shall not perform such action in dual capacity.

Chapter ~~11~~12 President

Article 142
~~Article 118~~ The Company shall have one President, who shall be appointed or removed by the Board of Directors.

The president shall serve for a term of 3 years and may serve consecutive terms if reappointed.

Article 143
~~Article 119~~ The President shall be held accountable to the Board of Directors and exercise the following functions and powers:

- (1) to operate and manage the Company as well as implement resolutions of the Board and report to the Board of Directors;
- (2) to implementing the Company's annual operation and investment plan;
- (3) to make plans for the structuring of the Company's internal management departments;
- (4) to formulate the Company's basic management system;
- (5) to formulate specific regulations for the Company;
- (6) to propose to the Board of Directors to appoint or remove executive president and other members of the senior management;
- (7) to decide to appoint or remove management staff except those that shall be appointed or removed by the Board;
- (8) to exercise other functions and powers conferred upon by these Articles of Association and the Board.

Article 144
~~Article 120~~ The President may attend meetings of the Board of Directors. However, the President has no voting rights at the meetings unless he is also a Director.

Article 145
~~Article 121~~ The President shall exercise his functions and powers in accordance with the laws and regulations and these Articles of Association on a basis of honesty and diligence.

Chapter ~~13~~12 Board of Supervisors

Article 146
~~Article 122~~ The Company shall establish a Board of Supervisors. The Board of Supervisors shall supervise the Board of Directors, Directors, President and other members of the senior management of the Company and shall prevent them from abusing powers, infringing interests of the shareholders, the Company and its employees.

Article 147
~~Article 123~~ The Board of Supervisors shall consists of 3 Supervisors, one of whom shall be appointed as the Chairman of the Board of Supervisors.

The term of office for a Supervisor is 3 years, and the Supervisor may be reappointed at the expiry of the term of office. The appointment and removal of the Chairman of Board of Supervisors shall be by votes of two thirds or more of the Supervisors. A supervisor shall continue to perform his/her duties as a supervisor in accordance with the laws, administrative regulations and the Articles until a duly reelected supervisor takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office or if the resignation of the supervisor results in the number of supervisors being less than the quorum.

Article 148
~~Article 124~~

The Board of Supervisors shall consist of 2 shareholder representatives and 1 employee representative of the Company. The shareholder representatives shall be elected and removed by the Shareholders' Meeting and the employee representative shall be elected and removed by employees of the Company in a democratic way.

Article 149
~~Article 125~~

Directors, President or other members of the senior management of the Company shall not be appointed as Supervisors.

Article 150
~~Article 126~~

The Board of Supervisors shall hold at least one meeting every six months, which shall be convened by the Chairman of the Board of Supervisors or two supervisors may be proposed to convene an interim meeting of the Board of Supervisors by a Supervisor.

A resolution of the Board of Supervisors must be approved by more than half of the Supervisors.

The chairman of the Board of Supervisors is responsible for convening the meetings of the Board of Supervisors. The Board of Supervisors shall notify all Supervisors in writing 3 days prior to the convening of an extraordinary Board of Supervisors meeting. In case of emergency, the Supervisors may propose to convene an extraordinary Board of Supervisors at any time without being subject to the restriction on the notification of the Board of Supervisors mentioned above.

Article 151
~~Article 127~~

The Board of Supervisors shall be held accountable to the Shareholders' Meeting and perform the following functions and exercise its powers in accordance with the laws:

(1) to review the periodic reports of the Company prepared by the Board of Directors and express its written opinion;

(12) to review the Company's financial affairs;

- (23) to supervise the work of the Directors, President and other members of the senior management who have violated laws, administrative regulations or, the Hong Kong Listing Rules, these Articles of Association or remove proposal proposed by the directors of the Shareholder's General Meeting, chairman and other senior management personnel;
- (34) to demand redress from Directors, President or any other members of the senior management should their acts be deemed against the Company's interests;
- ~~(4) to review such financial information as the financial statements, business reports and any plans for distribution of profits to be submitted by the Board of Directors to the Shareholders' Meeting, and to retain, on the Company's behalf any certified public accountants or chartered auditors to assist in the review of such information should any doubt arises with respect thereof;~~
- (5) to propose the convening of extraordinary general meetings; and, in case the Board of Directors does not perform the obligations to convene and preside over the general meetings in accordance with Company Law, to convene and preside over the general meetings;
- (6) ~~to coordinate with Directors on behalf of the Company or initiate legal proceedings against the Director~~ to bring forward proposals at shareholders' general meetings;
- (7) to initiate legal proceedings against Directors and the senior management according to the provisions of article 151 of the Company Law;
- (8) to conduct investigation if there is any doubt or any unusual circumstances in the Company's operations; and if necessary, to engage an accounting firm, law firm or other professional institutions to assist in their work at the expenses of the Company;
- (79) to perform and exercise other functions and powers designated by shareholders at Shareholders' Meetings.

A supervisor may attend board meetings as a non-voting attendee and raise questions or suggestions on the matters to be decided by the Board of Directors.

Article 128

~~Meetings of the Board of Supervisors shall not be held unless over two thirds of the Supervisors are present. The resolutions of the Board of Supervisors shall be passed by the affirmative votes of two thirds or more of all of its members.~~

Article 152
~~Article 129~~ All reasonable fees incurred in the retaining of such professionals as lawyers, certified public accountants or chartered auditors by the Board of Supervisors in the exercise of its functions and powers shall be borne by the Company.

Article 153 The Board of Supervisors shall formulate procedural rules to be followed at meetings of the Board of Supervisors, specify the method for discussions and the voting procedures of the Board of Supervisors, so as to ensure the working efficiency and scientific decision making of the Board of Supervisors. The rules of procedure for the Board of Supervisors shall be prepared by the Board of Supervisors and approved by the general meeting as an appendix to the Articles.

Article 154 The Board of Supervisors shall record decision on matters discussed in the minutes for the meeting. Supervisors who attended the meeting shall sign on the minutes for the meeting.

A supervisor is entitled to request for some descriptive record to be made with regard to his/her speech in the meeting. The minutes of the Board of Supervisors meeting shall be kept for at least 10 years as document of the Company.

Article 155 Notice of the meeting of the Board of Supervisors shall include:

(I) the date, place and duration of the meeting;

(II) cause and topic;

(III) date of notice.

Article 156
~~Article 130~~ Supervisors shall observe the laws, administrative regulations and these Articles of Association, and perform their supervisory duties faithfully.

Chapter 1413 Qualifications and Obligations of Directors, Supervisors, President and Other Senior Management

Article 157
~~Article 131~~ A person may not serve as Director, Supervisor, President or a member of the senior management of the Company if:

(1) he does not possess civil capacity or possess limited civil capacity;

- (2) ~~he has been convicted for~~ due to corruption, bribery, infringement of property or misappropriation of property or other offences which disrupted the social ~~or economic~~ order of the socialist market economy, in which less than a period of 5 years has lapsed since the sentence was served, or he has been deprived of his political rights and less than a period of 5 year has lapsed since the sentence was served;
- (3) he is a former Director, factory manager or manager of a company or an enterprise which has been dissolved or liquidated ~~due to poor operation and management~~ and is personally liable for the dissolution or liquidation of such company or enterprise, where a period of less than 3 years has lapsed since the date of completion of the dissolution or liquidation of such Company or enterprise;
- (4) he is a former legal representative of a company or an enterprise the business license of which was revoked as a result of violation of laws and is personally liable for such revocation, where a period of less than 3 years has lapsed since the date of revocation of said business license;
- (5) he has a relatively substantial amount of debts which have become overdue;
- (6) the person is currently being prohibited from participating in securities market by the CSRC and such barring period has not elapsed;
- (7) other circumstances specified by the laws, administrative regulations, departmental rules and Hong Kong Listing Rules.
- ~~(6) he is currently under investigation by judicial authorities for violation of criminal law;~~
- ~~(7) he is not permitted to act in the capacity of leader of an enterprise according to laws and administrative regulations;~~
- ~~(8) he is not a natural person;~~
- ~~(9) he has been determined by competent authorities for violation of applicable securities regulations and such conviction involves a finding that he has acted fraudulently or dishonestly, where a period of less than 5 years has lapsed from the date of such determination;~~

Article 132

The validity of any act carried out by a Director, President or other members of the senior management of the Company on the Company's behalf to a bona fide third party shall not be affected by any irregularities in his office, election or any defect in his qualifications.

Article 158
~~Article 133~~

In addition to the obligations imposed by laws, administrative regulations or the listing rules of the stock exchange on which the Company's shares are listed, each of the Company's Directors, Supervisors, President and other senior management owe the following duties to each shareholder in the exercise of the functions and powers of the Company:

- (1) not to cause the Company to exceed the scope of business stipulated in its business license;
- (2) to act honestly in the best interests of the Company;
- (3) not to expropriate the Company's property in any manner, including (but not limited to) usurpation of beneficial opportunities to the Company;
- (4) not to expropriate the individual rights of shareholders, including (but not limited to) voting rights and distribution rights, except pursuant to a restructuring of the Company which has been submitted to the Shareholders' Meeting for approval in accordance with these Articles of Association.

Article 159
~~Article 134~~

Each Director, Supervisor, President and other senior management of the Company shall, in the exercise of his powers and in the discharge of his duties, exercise the care, diligence and skill(s) that a reasonably prudent person would exercise under comparable circumstances.

Article 160
~~Article 135~~

Each Director, Supervisor, President and other senior management of the Company shall exercise his power or perform his duties in accordance with the principles of fiduciary duty, and shall avoid conflict of interests. These principles include (but not limited to) the following obligations:

- (1) to act honestly in the best interest of the Company;
- (2) to act within the scope of his powers and not to exceed such powers;
- (3) to exercise discretion in person without being subject to the directions of other individuals, and not to transfer such power to other individuals unless otherwise permitted by laws or administrative regulations or approved by the shareholders based on an informed decision at the Shareholders' Meeting;
- (4) to treat shareholders of the same class with equality, and to treat different classes with fairness;
- (5) not to execute any contracts or transactions or make arrangements with the Company unless otherwise provided by these Articles of Association or approved by the shareholders based on an informed decision at the Shareholders' Meeting;

- (6) not to pursue his own benefit in any way using the Company's assets unless approved by the shareholders based on an informed decision at the Shareholders' Meeting;
- (7) not to accept any bribery or other illegal income through his powers and position, and not to seize the Company's assets in any manner, including (but not limited to) beneficial opportunities to the Company;
- (8) not to accept any commission with respect to the Company transactions without the approval granted by the shareholders based on an informed decision at the Shareholders' Meeting;
- (9) to comply with these Articles of Association, to perform his duties honestly and faithfully, to protect the Company's interests, and not to pursue personal gains by taking advantage of his powers and position at the Company;
- (10) not to compete with the Company in any manner unless approved by the shareholders based on an informed decision made at the Shareholders' Meeting;
- (11) not to misappropriate the funds of the Company or make loans to others out of the funds of the Company, not to deposit the assets of the Company into accounts under his name or any other name, and not to use assets of the Company as security for debts to shareholders of the Company or other individuals;
- (12) not to divulge any confidential information concerning the Company that has been obtained during his term of office, unless approved by the shareholders based on an informed decision at the Shareholders' Meeting; and not to utilize such information unless for the purpose of benefiting the interests of the Company; notwithstanding the foregoing provisions, they are allowed to disclose such information to a court of law or other competent government authorities under the following circumstances:
 - (i) as prescribed by laws;
 - (ii) as required for the purpose of public interest;
 - (iii) as required for the interest of the Directors, Supervisors, President or other members of the senior management.

Article 161
~~Article 136~~

A Director, Supervisor, President and other senior management of the Company shall not direct the following persons or organizations (hereinafter referred to as “connected parties”) to do what he is prohibited from doing:

- (1) spouses or minor children of that Director, Supervisor, President or other members of senior management of the Company;
- (2) the trustees of those Directors, Supervisors, President or other members of senior management of the Company or trustees of those as described in Clause (1) above;
- (3) the partners of those Directors, Supervisors, President or other members of senior management of the Company or partners of those as described in Clause (1) and Clause (2) above;
- (4) a company (or companies) under the exclusive control of those Directors, Supervisors, President or other members of senior management of the Company or under joint control of any person as described in Clause (1), Clause (2), Clause (3) of this Article or other Directors, Supervisors, President or other members of senior management of the Company;
- (5) The Directors, Supervisors, President or other members of senior management of the controlled companies as described in Clause (4) above.

Article 162
~~Article 137~~

The fiduciary duty of a Director, Supervisor, President and other senior management of the Company may not necessarily cease upon the conclusion of his term, and their obligations to keep the commercial secrets of the Company shall survive beyond the conclusion of his term. The duration of other obligations and duties shall be determined in accordance with the principle of fairness, taking into account the lapse between the time when a Director, Supervisor, General Manager or other members of senior management of the Company leaves the office and the occurrence of the relevant event, and the situation and the circumstances under which his relation with the Company was ceased.

~~Article 138~~

~~The shareholders may by informed decisions at the general meeting to discharge the liability of any Director, Supervisor, President and any other members of senior management of the Company as a result of violation of any specific duty, except for the circumstances as specified in Article 62 hereof.~~

Article 163
~~Article 139~~

A Director, Supervisor, President and other members of senior management of the Company who directly or indirectly has many material interests in any contracts, transactions, or arrangements executed or proposed to be executed with the Company (except for contracts of service between the Directors, Supervisors, General Manager and other members of senior management and the Company), shall, as soon as possible, disclose to the Board of Directors, the nature and extent of his interest, regardless of whether or not such matters require the approval of the Board of Directors under the normal circumstance.

Unless the interested Directors, Supervisors, President and other members of senior management of the Company have made such disclosure to the Board of Directors as required by the preceding paragraph of this Article, and the relevant matter has been approved by the Board of Directors at the Board meeting in which such Directors, Supervisors, General Manager or other members of senior management have not been counted into the quorum and voted at the meeting, the Company shall be entitled to rescind such contracts, transactions, or arrangements, except as to any other party which is deemed a bona fide party without knowledge of the violation of duties on the part of such Directors, Supervisors, President and other members of senior management.

Where any connected party of any Directors, Supervisors, President and other members of senior management of the Company possess interest in any contracts, transactions or arrangements, such Directors, Supervisors, President and other members of senior management shall also be deemed to be interested.

Article 164
~~Article 140~~

In the event that, prior to the Company's initial consideration of such contracts, transactions, or arrangements referred to by the preceding Article, and a Director, Supervisor, President or other senior management of the Company has delivered a written notice to the Board of Directors, stating his interests in such future contracts, transactions, or arrangements, such Directors, Supervisors, President and other members of senior management shall be deemed to have made the disclosure as provided in the preceding Article with respect to the statement(s) contained in the notice.

Article 165
~~Article 141~~

The Company shall not, in any manner, pay any taxes for its Directors, Supervisors, President and other members of senior management.

Article 166
~~Article 142~~

The Company shall not directly or indirectly provide a loan or a guarantee in connection with the provision of a loan to a Director, Supervisor, President and other senior management of the Company or of the Company's holding company or any of their respective connected parties. The preceding paragraph of this Article is not applicable to the following cases:

- (1) the provision of a loan by the Company to, or a guarantee in connection with a loan to, its subsidiaries;

- (2) the provision of a loan by the Company to, or a guarantee in connection with a loan or making any other funds available to any of its Directors, Supervisors, President and other members of senior management to pay any expenses incurred by them for the purpose of the Company or for the purpose of his performance of his duties in accordance with a service contract approved by the shareholders at the Shareholders' Meeting;
- (3) in the event that the ordinary course of the business of the Company includes the loaning of funds or the provision of guarantees, the Company may make a loan to, or provide a guarantee in connection with a loan to, the relevant Directors, Supervisors, President and other members of senior management or their respective connected parties, provided that such loans or guarantees are on normal commercial terms.

Article 167
~~Article 143~~

Any person who receives any funds from a loan which has been made by the Company in violation of the preceding Article shall, irrespective of the terms of the loan, forthwith repay such funds.

Article 168
~~Article 144~~

A guarantee for a loan which has been provided by the Company in violation of paragraph 1 of Article ~~142~~166 shall not be enforceable against the Company, except with respect to the following circumstances:

- (1) the loan was provided to a connected party of any of the Directors, Supervisors, President and other members of senior management of the Company or of the Company's holding company and the provider of the loan of such funds has no knowledge of the relevant circumstances at the time of making the loan;
- (2) the collateral provided by the Company has already been lawfully disposed of by the lender to a bona fide purchaser.

Article 169
~~Article 145~~

For the purpose of the foregoing provisions of this Chapter, a "guarantee" shall include an undertaking or any property provided by the guarantor to secure the obligator's performance of his obligations.

Article 170
~~Article 146~~

In addition to the rights and remedies provided by laws and administrative regulations when a Director, Supervisor, President or other members of senior management of the Company breaches his duties to the Company, the Company shall be entitled:

- (1) to require such Director, Supervisor, President or other members of senior management to compensate for any loss sustained by the Company as a result of such breach of duty;

- (2) to rescind any contract or transaction entered into between the Company and such Director, Supervisor, President or other members of senior management or between the Company and a third party, where such party knows or should have known that such Director, Supervisor, President or other members of senior management representing the Company was in breach of his duty to the Company;
- (3) to require such Director, Supervisor, President or other members of senior management to surrender the profits made as result of such breach of his duty;
- (4) to recover any amount which otherwise should have been received by the Company but were received by such Director, Supervisor, President or other members of senior management instead, including (but not limited to) any commission;
- (5) to demand the payment of interest earned or which may have been earned by such Director, Supervisor, President or other members of senior management on any sum which should have been received by the Company.

Article 171
~~Article 147~~

The Company shall enter into a written contract with each Director, Supervisor and member of senior management containing at least the following:

- (1) an undertaking made by such Director, Supervisor and member of senior management to the Company that he will comply with the Company Law; ~~the Special Provisions~~, these Articles of Association and the Codes on Takeovers and Mergers and Share Repurchases published by the Securities and Futures Commission of Hong Kong as amended from time to time, and an agreement that the Company shall enjoy the remedies provided in these Articles of Association and that neither the contract or his office is capable of assignment;
- (2) an undertaking made by such Director, Supervisor and member of senior management to the Company that he will comply with and perform his obligations to shareholders under these Articles of Association; ~~and~~
- ~~(3) an arbitration clause provided in Article 192.~~

Article 172
~~Article 148~~

With the prior approval of the Shareholders' Meeting, the Company shall enter into a written contract with a Director or Supervisor with respect to his remuneration. The aforementioned remuneration may include:

- (1) remuneration with respect to his service as a Director, Supervisor or members of senior management of the Company;

- (2) remuneration with respect to his service as a Director, Supervisor or members of senior management of any subsidiary/subsidiaries of the Company;
- (3) remuneration with respect to the provision of other services in connection with the management of the Company and any of its subsidiaries;
- (4) any payment as compensation for, or in connection with loss of office or retirement from office of such Director or Supervisor.

No proceedings may be brought by a Director or Supervisor against the Company for any benefit which otherwise would have been received by him by virtue of any aforementioned matters except pursuant to any contract described above.

Article 149

~~Any contracts between the Company and its Directors or Supervisors with respect to their remuneration shall provide that the Directors and Supervisors shall, subject to the prior approval of Shareholders' Meeting, be entitled to receive compensation or other payment with respect to his loss of office or retirement in the event that the Company is to be acquired by others.~~

~~For the purpose of the preceding paragraph, the acquisition of the Company shall include any of the following:~~

- ~~(1) a general offer made by any person to all the shareholders;~~
- ~~(2) an offer made by any person in anticipation of becoming a "controlling shareholder". The meaning of a "controlling shareholder" is defined as the same as that in Article 63 hereof.~~

~~In the event that the relevant Director or Supervisor does not comply with this Article, any sum so received by him shall belong to those persons who have sold their shares as a result of such offer. The expenses incurred in distributing such sum pro rata among such persons shall be borne by the relevant Director or Supervisor and shall not be deducted from such sum.~~

Chapter 1514 Financial Accounting System and Profit Distribution

Article 173~~Article 150~~

The Company shall establish its financial and accounting systems and internal auditing system in accordance with the laws, administrative regulations and accounting principles of the China formulated by the Ministry of Finance relevant government authorities.

Article 174~~Article 151~~

A financial report shall be prepared at the end of each financial year and shall be examined and verified according to laws.

- Article 175
~~Article 152~~ The Board of Directors of the Company shall present to the shareholders, at each annual general meeting, such financial reports as required by applicable laws, administrative regulations, directives promulgated by competent local government, central governmental authorities.
- Article 176
~~Article 153~~ The Company's financial reports shall be made available for shareholders' inspection at the Company 20 days prior to the date of annual general meeting of shareholders. Each shareholder of the Company is entitled to obtain a copy of the financial reports referred to in this Chapter.
- Article 177
~~Article 154~~ The Company shall send by prepaid mail to each holder of overseas-listed shares, at the address of such shareholder as shown in the register of shareholders, a copy of the annual report containing the balance sheet (including each document to be contained in the appendices of the balance sheet as required by relevant laws and regulations), the income statement or the statement of recognized income and expenses or the summarized financial report, at least 21 days prior to the date of every annual general meeting. Subject to the laws, administrative regulations or Hong Kong Listing Rules, the said statements may also be given by way of public announcement (including publishing on the website of the Company or the website of Hong Kong Stock Exchange). Once the announcement is made and the procedures stipulated in the Hong Kong Listing Rules are fulfilled, all shareholders shall be deemed to have received the aforementioned financial report.
- ~~Article 155~~ ~~The financial statements of the Company shall, in addition to being prepared in accordance with the PRC accounting standards and regulations, be prepared in accordance with either international accounting standards or that of the place where the Company's shares are listed. If there is any material difference between the financial statements prepared respectively in accordance with the two accounting standards, explanations shall be given in the notes to the financial statements. When the Company distributes its after-tax profit for that financial year, the lower of the after-tax profit as shown in the financial statements prepared respectively in accordance with the two accounting standards shall be adopted.~~
- ~~Article 156~~ ~~The interim results or financial information published or disclosed by the Company shall be prepared in accordance with the PRC accounting standards and regulations as well as the international accounting standards or such accounting standards in the place of listing overseas.~~
- Article 178
~~Article 157~~ The Company shall publish its annual results announcement within 3 months of the end of each accounting year and publish its interim results announcement within 2 months of the end of the first six-month period of each accounting year in accordance with the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange~~Hong Kong Listing Rules~~.

The Company shall publish its annual report within 4 months of the end of each accounting year and publish its interim report within 3 months of the end of the first six-month period of each accounting year in accordance with the ~~Rules Governing the Listing of Securities on the Hong Kong Stock Exchange~~Hong Kong Listing Rules.

Article 179

The Company shall not establish account books other than those required by law.

~~Article 158~~

Article 180

The Company's after-tax profit shall be allocated in the following order:

~~Article 159~~

- (1) the making up of any loss;
- (2) allocation to the statutory common reserve fund;
- (3) allocation to discretionary common reserve fund in accordance with the resolution passed at the Shareholders' Meeting;
- (4) payment of ordinary share dividends. No profit shall be distributed as dividends or in any other form as bonus before making up losses and setting aside of the Company's statutory reserve fund.

Any amount paid up in advance of calls on any shares may carry interest but shall not entitle the shareholder of such shares to participate in respect thereof in a dividend subsequently declared.

The power to cease sending dividend warrants by post will not be exercised until such dividend warrants have been so left uncashed on two consecutive occasions. However, such power may also be exercised after the first occasion on which such a dividend warrant is returned undelivered.

Subject to the laws and regulations of China and the rules of the Hong Kong Stock Exchange, the Company may exercise its power to forfeit unclaimed dividends, but only upon the expiry of the period for which the dividends can be claimed. With regard to the exercise of power to issue warrants in bearer form, no new warrants shall be issued to replace one that has been lost, unless the Company is satisfied beyond reasonable doubt that the original has been destroyed.

With regard to the right to dispose of the shares held by untraceable holders of overseas-listed shares, the Company's right to dispose is subject to the following conditions: (1) during a period of 12 years, dividends in respect of the shares in question have been distributed at least three times and no such dividend has been claimed; and (2) upon expiry of the 12-year period, the Company has given notice of its intention to dispose of such shares by way of an announcement published in newspapers and informs the Hong Kong Stock Exchange of its intention.

Article 181 The Company shall, when distributing the post-tax profit of an accounting year, accrue 10% of the profit to list it in the statutory reserves of the Company. The Company may not further accrue the statutory reserves when its accumulative amount exceeds 50% of the registered capital of the Company.

When the statutory reserves of the Company fall short to offset the loss of prior years, the Company shall use the profit earned during the year to offset the loss before accruing the statutory reserves according to the previous paragraph.

After accruing the statutory reserves out of the post-tax profit, the Company may, subject to the resolution of the shareholders' meeting, accrue the discretionary reserve out of the post-tax profit.

The post-tax profit left after the loss recovery and accrual of the reserves shall be distributed in proportion according to the shareholding proportions of the shareholders, unless otherwise specified under the Articles.

If the shareholders' meeting breaches the preceding paragraph by distributing the profit to the shareholders before the loss recovery and accrual of the statutory reserves, the shareholders shall return to the Company the profit distributed in violation of the law.

The Company shares held by the Company shall not participate in the profit distribution.

Article 182 The capital reserve fund shall include the followings:
~~Article 160~~

- (1) any premium which exceeds the proceeds from issuance of shares at face value;
- (2) any other income credited to the capital reserve fund as required by the finance department of the State Council.

Article 183 Reserves of the Company may be applied towards the following objectives:
~~Article 161~~

- (1) making up of losses, except that capital reserves may not be used.
- (2) conversion into capital. In the case of conversion of statutory reserves into capital through capitalization, the balance of such balance shall not be reduced to below 25% of the registered capital of the Company prior to the conversion.
- (3) expansion of the Company's production and operation.

Article 184
~~Article 162~~ The dividend distribution plans of the Company shall be voted at the Shareholders' Meeting. After the Board of Directors takes into account the Company's financial position and subject to the relevant laws and regulations, shareholders may authorize by ordinary resolution the Board of Directors to distribute and pay dividends.

Article 185
~~Article 163~~ The Company may distribute dividends in either of the following forms or a combination of both:

- (1) cash;
- (2) shares.

The power to forfeit any unclaimed dividends shall be exercised only upon the expiry of the period for which the dividends can be claimed.

Article 186 After a resolution on the profit distribution plan is made at the shareholders' meeting, the Board of Directors shall complete the distribution of the dividend (or Shares) within 2 months after the said meeting.

Article 187
~~Article 164~~ Dividends in respect of ordinary shares shall be denominated and paid in Renminbi.

Dividends in respect of domestic shares shall be paid in Renminbi. Dividends in respect of overseas-listed shares and other distributions shall be denominated and declared in Renminbi, and shall be paid in the currency of the place where the shares are listed, and where there is more than one of such places, in the currency of the place of primary listing as determined by the Board of Directors.

Article 188
~~Article 165~~ Dividends paid in foreign currency shall be converted at the average closing exchange rate quoted by the People's Bank of China for the week preceding the declaration of dividends and other distributions.

Article 189
~~Article 166~~ The Company shall appoint a receiving agent for the shareholders of the overseas-listed foreign shares.

Such receiving agent shall receive dividends of the overseas-listed foreign shares on behalf of such relevant shareholders, as well as all other amounts payable to such shareholders. The receiving agent appointed by the Company shall meet relevant requirements of the laws of the places and the relevant regulations of the stock exchange in which the Company's shares are listed. The receiving agent appointed for shareholders of overseas-listed foreign shares listed in the Hong Kong Stock Exchange shall be a company registered as a trust company under the Trustee Ordinance of Hong Kong.

Article 190 The Company shall have an internal audit system, arrange special auditors, and conduct the internal audit supervision of the financial incomes and expenditures and economic activities of the Company.

Chapter 15 Appointment of Accounting Firm

Article 191 The Company shall retain an independent accounting firm that fulfills the requirements provided by the relevant regulations of China to audit the Company's annual financial report and review the Company's other financial reports.
Article 167 engage an accountant firm that complies with the provisions of the Securities Law to audit financial statements, verify net assets and provide other relevant consultation services. The engagement shall be one year and may be renewed.

~~The retaining of the first accounting firm of the Company may occur at the inauguration meeting prior to the first annual general meeting of shareholders. The term of such accounting firm shall terminate upon the conclusion of the first annual general meeting of shareholders.~~

~~Should the inauguration meeting not exercise the powers under the preceding paragraph, the Board of Directors shall exercise those powers.~~

Article 192 The term of an accounting firm retained by the Company shall commence upon the conclusion of one annual general meeting of shareholders and shall sustain until the conclusion of the next annual general meeting of shareholders.
Article 168

Article 193 The accounting firm engaged by the Company shall have the following rights:
Article 169

- (1) to inspect books, records and vouchers of the Company at any time, and to require the Directors, President and other members of senior management of the Company to provide relevant information and explanations;
- (2) to require the Company to take all reasonable steps to obtain from its subsidiaries any information and explanations necessary for the discharge of its duties;
- (3) to attend any Shareholders' Meeting and to receive all notices of, and other communications relating to, any Shareholders' Meeting which any shareholder is entitled to receive, and to speak at any Shareholders' Meeting in relation to matters concerning its role as the Company's retained accounting firm.

- ~~Article 194~~
~~Article 170~~ In the event of a vacancy in the Company's accounting firm, subject to compliance with the relevant requirements of the ~~Listing Rules on the Main Board of the Hong Kong Stock Exchange~~Hong Kong Listing Rules, the Board of Directors may retain an accounting firm to fill such vacancy prior to the convening of the general meeting of shareholders. Such accounting firm may continue to act during the vacancy period if the Company has another incumbent accounting firm.
- ~~Article 195~~
~~Article 171~~ Irrespective of the provisions in the contract concluded between the Company and the accounting firm, the Shareholders' Meeting may remove the accounting firm by an ordinary resolution before the term of the accounting firm expires. Notwithstanding such provisions, the accounting firm's entitlement to claim for damages arising out of its removal shall not be affected thereby.
- ~~Article 196~~
~~Article 172~~ The remuneration of an accounting firm or the manner in which such firm is to be compensated shall be decided by the Shareholders' Meeting by ordinary resolution. Subject to compliance with the relevant requirements of the ~~Listing Rules on the Main Board of the Hong Kong Stock Exchange~~Hong Kong Listing Rules, the remuneration of an accounting firm retained by the Board of Directors shall be decided by the Board of Directors.
- ~~Article 197~~
~~Article 173~~ The Shareholders' Meeting shall decide to retain, remove or discontinue the retention of an accounting firm by ordinary resolution and ~~shall file such decision with the competent securities regulatory authorities under the State Council.~~
- ~~Article 174~~ In the event that a resolution at Shareholders' Meeting is passed to retain an accounting firm other than the incumbent accounting firm to fill any casual vacancy in the office of the accountant, or to reappoint an accounting firm which was retained by the Board of Directors to fill any casual vacancy, or to remove an accounting firm prior to the expiration of its term, the following provisions shall apply:
- (1) ~~The retaining or removal motion shall be sent (before a notice of Shareholders' Meeting is given) to the accounting firm that is proposed to be retained or to leave or the accounting firm which has left in the relevant financial year (including any accounting firm leaving due to removal, resignation and retirement).~~
- (2) ~~In the event that the accounting firm that is proposed to leave makes written representations and requests that the Company give notice to shareholders of such representations, the Company shall (unless the representations have been received too late) take the following measures: (i) in any aforementioned notice for making a resolution, the Company shall state the representations made by such accounting firm which is to leave; (ii) to attach a copy of the representations to the notice and deliver it to every shareholder entitled to receive the notice in the manner as provided in these Articles of Association.~~

~~(3) In the event that the Company fails to send the accounting firm's representations in the manner set out in Clause (2) above, such accounting firm may (in addition to its right to be heard) make further appeal.~~

~~(4) A leaving accounting firm has the right to attend the following meetings:
(i) Shareholders' Meeting at which its term would otherwise have expired;
(ii) Shareholders' Meeting at which the said accounting firm is proposed to fill the vacancy caused by its removal; (iii) Shareholders' Meeting which is convened as a result of the resignation of the said accounting firm.~~

~~The leaving accounting firm is entitled to receive all notices of, and other communications relating to any meeting referred to in Clause (4), and to speak at any such meeting which it attends on any matters with respect to its capacity as the former accounting firm of the Company.~~

Article 198
~~Article 175~~

Notice shall be given to the accounting firm in advance should the Company decide to remove such accounting firm or not to reappoint it. Such accounting firm shall be entitled to make representations at the Shareholders' Meeting. Where the accounting firm resigns from its position, it shall clarify to the shareholders at the Shareholders' Meeting on any irregularities on the part of the Company.

Article 199
~~Article 176~~

An accounting firm may resign from its office by depositing a resignation notice at the Company's residence, which shall become effective on the date of such deposit or on such later date as stated therein. Such notice shall contain the following statements:

- (1) a statement to the effect that there are absolutely no circumstances with respect to its resignation which it believes should be brought to the notice of the shareholders or creditors of the Company; or
- (2) a statement of any such circumstances.

~~Where a notice is deposited under the preceding paragraph, the Company shall, within 14 days, send a copy of the notice to the relevant competent authorities. If the notice contains any statement(s) referred to in Clause (2) of the preceding paragraph, a copy of such statement(s) shall be made available for inspection by shareholders at the Company's address. A copy of such statement(s) shall also be sent by prepaid mail to all shareholders entitled to receive the financial report of the Company at their respective addresses as shown in the register of shareholders.~~

~~Where the accounting firm's notice of resignation contains the statement(s) referred to in Clause (2) above, the accounting firm may require the Board of Directors to call an extraordinary shareholders' meeting for the purpose of explaining the circumstances connected with its resignation.~~

**Chapter ~~17~~16 Merger and Division and Increase and Decrease of Capital of the
Company**

Article 200
~~Article 177~~

In the event of a merger or division of the Company, the Company's Board of Directors shall submit a motion, which shall be approved in accordance with the procedures stipulated in these Articles of Association and go through relevant examination and approval formalities pursuant to laws. Shareholders who object to the merger or division proposal shall be entitled to request that the Company or the consenting shareholders acquire such dissenting shareholders' shares at a fair price.

~~The content of the resolution on the merger or division of the Company shall be contained in a special document which shall be made available for inspection by shareholders of the Company. The document as stated above shall be sent by mail to holders of overseas-listed shares. The Company may publish such content in the form of announcements (including announcements published through the website of the Company) subject to the fulfillment of requirements of the laws, administrative regulations and the listing rules of the place where the shares of the Company are listed.~~

Article 201
~~Article 178~~

The merger of the Company may take the form of either merger by absorption or merger by establishment of a new company.

In the event of a merger of the Company, the parties to the merger shall execute a merger agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within 10 days and publish an announcement in a newspaper ~~for at least three times~~ within 30 days after the date of the Company's merger resolution. The creditors may require the Company to repay debts or provide corresponding guarantees within 30 days after receipt of the notice or within 45 days after the first announcement if the creditors haven't received the notice.

After the merger of the Company, any rights in relation to creditor's rights and debts of each party to the merger shall be assumed by the surviving company after the merger or the newly established company.

Article 202
~~Article 179~~

Where there is a division of the Company, its assets shall be divided accordingly.

In the event of a division, the parties to the division shall execute a division agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within 10 days and publish an announcement in newspapers within 30 days ~~for at least three times~~ after the date of the Company's division resolution. The creditors shall have the right, within 30 days of receipt of the notice or within 45 days of the date of the first public announcement if the notice has not been received, to require the Company to pay its debts or provide guarantee to the amount of its debts.

The debts of the Company incurred prior to the division shall be jointly assumed by the companies formed after the division, except for debts specified in written agreements in respect of settlement of debts entered into between the Company and its creditors prior to the division.

Article 203
~~Article 180~~

Changes in registration particulars of the Company resulting from the merger or division must be registered with the company registration authority in accordance with law. Cancellation of the Company shall be registered in accordance with the law when the Company is dissolved. Incorporation of the Company shall be registered when a new company is incorporated in accordance with law.

If the Company increases or reduces its registered capital, the Company shall, in accordance with the laws, apply for change in registration with the company registration authority.

Chapter 1817 Dissolution and Liquidation of the Company

Article 204
~~Article 181~~

~~The Company shall be dissolved and liquidated according to laws upon any of the following circumstances~~ is dissolved for the following reasons:

- (1) the business license of the Company under the Articles has expired or occurrence of the reason for other dissolution under the Articles;
- (2) Aa resolution for dissolution is passed by the Shareholders' Meeting;
- (3) Aa merger or division of the Company for which a dissolution becomes necessary;
- (4) The Company is announced bankrupt according to the laws due to overdue debts the Company is revoked of its business license, ordered to be closed down or deregistered according to law;
- (5) ~~The Company is ordered to be close down for violation of laws and administrative regulations in accordance with the laws.~~
- (5) where the Company is in serious difficulties in operations and its continual operation will lead to substantial loss to the shareholders and there is no other solutions to resolve the matters, the shareholders who aggregately hold more than 10% of total voting shares of the Company can apply to the People's Court for dissolution of the Company.

Article 205
~~Article 182~~

In the event of dissolution pursuant to Clauses (1) ~~an~~, (2), (4) and (5) of the preceding article 207 of the Articles, the Company shall set up a liquidation committee within 15 days, ~~and 15 days from the date of occurrence of the reason for the dissolution and commence liquidation.~~ †The members of the liquidation committee shall be decided by an ordinary resolution consist of the directors or such other persons as may be determined by the shareholders at the Shareholders' Meeting. If the liquidation committee is not duly set up, the creditors may request the People's Court to designate related persons to form a liquidation committee to carry out liquidation.

~~If the Company is dissolved pursuant to Clause (4) of the preceding article, a liquidation committee comprising shareholders, the relevant departments and relevant professionals shall be arranged by the People's Court in accordance with relevant laws to carry out the liquidation.~~

~~If the Company is dissolved pursuant to Clause (5) of the preceding article, a liquidation committee comprising shareholders, the relevant departments and relevant professionals shall be arranged by the relevant supervisory authority to carry out the liquidation.~~

~~Article 183~~

~~Where the board of directors has decided to liquidate the Company for any reason other than the Company's declaration of its own insolvency, the Board of Directors shall state in the notice convening the Shareholders' Meeting that it has made full inquiry into the affairs of the Company and is of the opinion that the Company shall be able to settle its debts in full within 12 months from the commencement of the liquidation.~~

~~The Board of Directors shall stop exercising its powers and functions upon passing of the resolution for a liquidation of the Company by the shareholders at the Shareholders' Meeting.~~

~~The liquidation committee shall act in accordance with the instructions from the Shareholders' Meeting to report at least once every year to the meeting on the committee's income and expenses, the business and the progress of the liquidation of the Company; and to present a final report to the Shareholders' Meeting upon completion of the liquidation.~~

Article 206
~~Article 184~~

The liquidation committee shall, within 10 days of its establishment, notify the creditors, and, within 60 days of its establishment, publish an announcement ~~for at least three times on newspapers.~~

Article 207
~~Article 185~~

Creditors shall, within 30 days of receipt of the notice, or for creditors who have not personally received such notice, shall within 45 days of the date of the announcement, contact the liquidation committee to claim their rights. The liquidation group may not pay off any debts to any creditors during the period of credit declaration.

Article 208
~~Article 186~~

During liquidation, the liquidation committee shall exercise the following functions and powers:

- (1) to organize the Company's assets and prepare a balance sheet and an inventory of assets respectively;
- (2) to notify or to publish an announcement to the creditors;
- (3) to dispose of any continuing businesses of the Company in connection with the liquidation;
- (4) to pay outstanding taxes and taxes incurred in the process of liquidation;
- (5) to settle claims and debts;
- (6) to organize the remaining assets subsequent to the settlement of the Company's debts;
- (7) to represent the Company in any civil proceedings.

Article 209
~~Article 187~~

Following the organization of the Company's assets and the preparation of a balance sheet and an inventory of assets by the liquidation committee, the liquidation committee shall formulate a liquidation proposal and present it to the Shareholders' Meeting or the People's Court ~~relevant competent authorities~~.

The Company's assets shall settle liquidation expenses, remuneration, social security and statutory compensation payable to employees, remaining assets of the Company after payment of outstanding taxes and debts respectively, the Company shall distribute to its shareholders according to the proportion of shares held.~~shall be distributed in accordance with the order stipulated by laws and regulations. If there is no applicable law, such distribution shall be carried out in accordance with a fair and reasonable procedure determined by the liquidation committee.~~

~~Any surplus assets of the Company remaining after its debts have been repaid in accordance with the provisions of the preceding paragraph shall be distributed to its shareholders according to the class of shares and the proportion of shares held.~~

During the liquidation period, the Company shall continue to exist, while it shall not conduct any business activities having no relevance to liquidation. not commence any new business activities. The assets of the Company shall not be distributed to the shareholders until the settlement of debts in accordance with the preceding article.

Article 210
~~Article 188~~

The liquidation committee shall ~~immediately~~ apply to the People's Court for a declaration of bankruptcy in accordance with the law if it becomes aware, having liquidated the Company's assets and prepared a balance sheet and an inventory of assets, that the Company's assets are insufficient to repay its debts in full in an event of dissolution.

Upon the Company being declared bankrupt by a ruling of the People's Court, the liquidation committee shall transfer to the People's Court all matters arising out of the liquidation.

Article 211
~~Article 189~~

Following the completion of liquidation, the liquidation committee shall prepare a liquidation report, a statement of income and expenses and financial accounts for the liquidation, which shall be verified by a China registered accountant and submitted to the Shareholders' Meeting or the relevant competent authorities for confirmation.

The liquidation committee shall, within 30 days of such confirmation, submit the aforementioned documents to the company registration authority for an application for a cancellation of registration of the Company, and publish an announcement in respect of the termination of the Company.

Article 212
~~Article 190~~

Members of the liquidation group shall perform their duties with due diligence and carry out their liquidating obligations in accordance with the laws.

Members of the liquidation group shall not exploit their position to accept bribes or other illegal income or expropriate the property of the Company.

A member of the liquidation group who causes loss to the Company or its creditors due to his or her intentional misconduct or gross negligence shall be liable for damages.

CHAPTER 18 NOTICES

Article 213 The notices of the Company shall be delivered by the following means:

- (i) by hand;
- (ii) by mail;
- (iii) by e-mail;
- (iv) by way of an announcement;
- (v) other means recognized by the Company, or agreed by the recipient of the notice in advance or recognized by the recipient of the notice after receiving such notice;
- (vi) other means recognized by laws, regulations, regulatory authorities of the place where the Company's shares are listed and other means stated in the Articles.

Unless otherwise stated, the "announcement" referred to in the Articles shall mean, as to the announcements published to the holders of domestic shares or the announcements required to be published in the PRC according to the relevant requirements and the Articles, an announcement published on any newspaper in the PRC as stipulated under the PRC laws, administrative regulations or agreed by the CSRC; in respect of announcements made to the holders of H shares or announcements that are required to be made within Hong Kong in accordance with relevant regulations and the Articles, such announcements must be published in accordance with the requirements of the Hong Kong Listing Rules or other applicable regulations. In respect of the Company's method of issuing or providing corporate communications to the holders of H shares in accordance with the requirements of the Hong Kong Listing Rules, and subject to the laws and regulations of the place where the Company's shares are listed and the relevant listing rules, the Company shall (i) send or otherwise provide relevant corporate communications (in English or Chinese) to holders of H shares of the Company in electronic form, or (ii) publish relevant corporate communications on the Company's website and the website of the Hong Kong Stock Exchange (the Company shall indicate on its website how it publishes corporate communications in the manner described in (i) and/or (ii)).

“Corporate communication(s)” refers to any document issued or to be issued by the Company for the information or action of the holders of securities of the Company, including but not limited to:

- (i) the annual report (including the report of the Directors, annual accounts, auditor’s report and the financial summary of the Company) (if applicable);
- (ii) the interim report and the summary interim report (if applicable);
- (iii) notices of meetings;
- (iv) listing documents;
- (v) circulars;
- (vi) proxy forms;
- (vii) other corporate communications listed in the Hong Kong Listing Rules.

Article 214 Where a notice is served by way of announcement, after the publication of such announcement, all related persons shall be deemed to have received the relevant notice.

Article 215 For any notice of the Company delivered by hand, the addressee shall sign or affix a seal on the receipt slip and the notice shall be deemed to be served on the date of the confirmation of receipt by such addressee. For any notice of the Company delivered by mail, the notice shall be deemed to be served on the third working day after the notice is deposited at the post office. For any notice of the Company delivered by an announcement, the notice shall be deemed to be served on the date when such announcement is initially published.

Chapter 19 Procedures for Amending these Articles of Association

Article 216 The Company may amend these Articles of Association in accordance with the requirements of laws, administrative regulations, Hong Kong Listing Rules and these Articles of Association.
~~Article 190~~

Article 217
~~Article 191~~

~~If the a~~Amendments to the matters of these Articles of Association adopted by a resolution of the shareholders' general meeting which are subject to approvals from relevant competent authority involve the content of the Mandatory Provisions, the amendments shall come into effect upon approval by the companies administration department authorized by the State Council and the securities regulatory authorities ~~under the State Council~~be submitted to the competent authorities for approval. If the amendments involve matters of company registration, it shall go through registration procedures for changes in accordance with the laws.

Chapter 20—Resolution of Disputes

~~Article 192~~

~~The Company shall abide by the following principles for dispute resolution:~~

- ~~(1) Any disputes or claims (i) between the Company and the Directors or members of senior management; and (ii) between holders of overseas-listed shares and the Company, between holders of overseas-listed shares and the Directors, Supervisors, President or other members of senior management; and between holders of overseas-listed shares and holders of domestic shares, with respect to any rights or obligations by virtue of these Articles of Association, the Company Law, the Special Provisions and any rights or obligations conferred upon or imposed by any other relevant laws and administrative regulations concerning the affairs of the Company, shall be submitted to arbitration by the parties concerned. When the aforementioned dispute or claim of rights is submitted to arbitration, the entire claim or dispute shall be submitted to arbitration, and all persons whose causes of action were based on the same ground, giving rise to the dispute or claim or whose participation shall be necessary for the resolution of such dispute or claim, shall, where such person is the Company, the Company's shareholders, Directors, Supervisors, President, or other members of senior management of the Company, comply with the arbitration. Disputes with respect to the definition of shareholders and disputes concerning the register of shareholders need not be resolved by arbitration.~~
- ~~(2) A claimant may select an arbitration to be administered either by the China International Economic and Trade Arbitration Commission in accordance with its Rules, or the Hong Kong International Arbitration Center in accordance with its Securities Arbitration Rules. Once a claimant submits a dispute or claim of rights to arbitration, the other party must submit to the arbitration institution selected by the claimant. If a claimant selects the Hong Kong International Arbitration Center as the arbitration institution; either party to the dispute or claim may apply for the arbitration venue to be in Shenzhen, in accordance with the Securities Arbitration Rules of the Hong Kong International Arbitration Center.~~

(3) ~~Unless laws and regulations specify otherwise, laws and regulations of China are applicable to arbitration of settling the dispute or claim for rights as described in Clause (1) above:~~

(4) ~~The award of the arbitration shall be final and conclusive and binding on all the parties:~~

Chapter ~~21~~20 Supplementary Provisions

~~Article 193~~ Unless otherwise provided in these Articles of Association, all notices, information or written statements delivered to shareholders of overseas-listed foreign shares of the Company shall be sent to each shareholder at the registered address of each shareholder of overseas-listed foreign shares (including addresses outside Hong Kong) by courier or by mail, and notices to shareholders of overseas-listed foreign shares shall be sent in Hong Kong as much as possible so as to enable them to have adequate notice and have sufficient time to exercise their rights and to act according to the instruction contained in the notice.

Article 218
~~Article 193~~ The newspapers for issuing announcements mentioned in these Articles of Association shall be those specified or required by the relevant laws, administrative regulations of China.

Article 219 The “controlling shareholders” referred to herein means those shareholders whose capital contribution accounts for more than 50% of the total capital of a limited liability company or whose shares account for more than 50% of the total shares of a joint stock company, and those shareholders who fail to meet the above requirements on capital contribution and shareholding but whose voting rights represented by their capital contribution or shareholding have a material influence on the resolutions of the board of shareholders.

Article 220 The “de facto controller” referred to herein means anyone who can actually control the actions of the Company through investment relationships, agreements or any other arrangements.

Article 221
~~Article 194~~ “Senior Management” referred to these Articles of Association shall mean the President, executive president, Financial Controller and Secretary to the Board of Directors of the Company.

Article 222
~~Article 195~~ For the purpose of these Articles of Association, references to the “accounting firm” shall bear the same meaning as the “auditor” in Hong Kong Listing Rules.

Article 223
~~Article 196~~ References to “over”, “within” and “no more than” in these Articles of Association include the relevant figures themselves, and References to “exceed”, “less than” and “except” do not include the relevant figures themselves.

Article 224
~~Article 197~~

These Articles of Association are prepared in both Chinese and English versions. In the case of any discrepancies between these versions, the Chinese version last approved by and registered with company registration authority shall prevail.

Article 225
~~Article 198~~

The right of interpretation of these Articles of Association shall be vested in the Board of Directors of the Company. Any matters unspecified in these Articles of Association shall be submitted by the Board of Directors of the Company to shareholders at the Shareholders' Meeting for approval.

(The space below is the signing page of these Articles of Association, with no content)

Beijing Digital Telecom Co., Ltd.
RULES OF PROCEDURES FOR GENERAL MEETINGS
OF THE SHAREHOLDERS

Chapter 1 General Provisions

- Article 1 In order to ensure the standardized operation of the general meeting of the shareholders of Beijing Digital Telecom Co., Ltd. (hereinafter referred to as the “Company”) and safeguard the legitimate rights and interests of shareholders, these Rules is hereby formulated in accordance with the Company Law of the People’s Republic of China (hereinafter referred to as the “Company Law”), the Securities Law of the People’s Republic of China (hereinafter referred to as the “Securities Law”), the Trial Measures for the Administration of Overseas Issuance and Listing of Securities by Domestic Enterprises, ~~, Mandatory Provisions in the Articles of Association of Companies Listed Overseas, Guidelines on the Articles of Association of Listed Companies, and the Code of Corporate Governance for Listed Companies~~, the Rules Governing the Listing of Securities on ~~the Stock Exchange~~ The Stock Exchange of Hong Kong Limited and other relevant domestic and overseas laws and administrative regulations as well as the Articles of Association of Beijing Digital Telecom Co., Ltd. (hereinafter referred to as the “Articles of Association”).
- Article 2 The shareholders of the Company shall be legal persons or natural persons holding shares in the Company in accordance with the provisions of the Articles of Association. The shareholders of the Company shall enjoy the rights of the owners to the return of assets, major decision-making and selection of managers in accordance with the relevant provisions of the Articles of Association, and shall assume obligations in accordance with the relevant provisions of the Articles of Association.
- All shareholders who legally and validly hold shares of the Company are entitled to attend the meetings of the ~~G~~general ~~M~~meeting of ~~S~~shareholders and enjoy the rights to know, speak, question and vote in accordance with the law.
- Article 3 The ~~G~~general ~~M~~meeting of ~~S~~shareholders shall be the authority of the Company and shall exercise its powers within the scope of the provisions of the Company Law and the Articles of Association.
- Article 4 The Company shall convene meetings of the general meeting of shareholders in strict accordance with the relevant provisions of the laws, administrative regulations, the Articles of Association and these Rules to ensure that shareholders are able to exercise their rights in accordance with the law.

The Board of Directors of the Company shall effectively perform its duties and organize the general meeting of shareholders in good faith and on time. All directors of the Company shall diligently perform their duties, exercise their powers in accordance with the law, and ensure the normal convening of the general meeting of shareholders. The secretary of the Board of the Directors of the Company shall be responsible for the implementation of the preparatory and organizational work for the convening of the meeting.

Article 5 The ~~g~~General ~~m~~Meeting of ~~s~~Shareholders shall exercise the following powers and functions:

- (i) To decide on the Company's business ~~policies~~directions and investment plans;
- (ii) To elect and replace directors who aren't employee representatives and deciding on their remuneration;
- (iii) To elect and replace supervisors who ~~are representatives of shareholders~~aren't employee representatives, and to decide on their remuneration;
- (iv) To consider and approve the report of the Board of Directors;
- (v) To consider and approve the report of the Board of Supervisors;
- (vi) To consider and approve the annual financial budget and final accounts of the Company;
- (vii) To consider and approve the Company's profit distribution plan and loss remediation plan;
- (viii) To make resolutions on the increase or reduction of the registered capital of the Company;
- (ix) To make resolutions on matters such as merger, demerger, dissolution, liquidation or change of corporate form of the Company;
- (x) To make resolutions on the issuance of bonds by the Company;
- (xi) To make resolutions on the employment, dismissal or non-renewal of the employment of accountants by the Company;
- (xii) To amend the Articles of Association of the Company;

APPENDIX II PROPOSED AMENDMENTS TO THE RULES OF PROCEDURES
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- (xiii) ~~To consider and approve matters relating to the change of use of proceeds of shareholders representing more than three per cent (inclusive) of the Company's voting shares;~~
- (xiv) ~~To consider the share incentive plan and employee share ownership plan;~~
- (xv) ~~To consider the purchase or sale of material assets by the Company within one year in excess of thirty percent of the Company's total audited assets for the most recent period;~~
- (xvi) ~~To consider and approve the guarantee matters which shall be resolved by the General Meeting of Shareholders as provided for in the Articles of Association;~~
- (xvii) ~~To consider ~~Other~~ other matters which shall be resolved by the General Meeting of Shareholders as provided for by laws, administrative regulations and these Articles of Association departmental rules, the Hong Kong Listing Rules and the Articles of Association.~~

Subject to the laws and regulations and the mandatory requirements of the Listing Rules of the listing places, the ~~G~~general ~~M~~meeting of the shareholders may authorize or delegate to the Board of Directors the matters it has authorized or delegated to the Board of Directors.

Article 6 The following external guarantee of the Company shall be considered and approved by the General Meeting of Shareholders:

- (i) Any guarantee provided after the total amount of external guarantees of the Company and its controlling subsidiaries exceeds 50% of the audited net assets of the latest period;
- (ii) Any guarantee provided after the total amount of external guarantees of the Company exceeds 30% of the audited total assets of the latest period;
- (iii) The amount of guarantees of the Company within one year in an amount exceeds 30% of the Company's latest audited total assets;
- (iv) Guarantees provided for guarantee recipients with a gearing ratio exceeding 70%;
- (v) The amount of a single guarantee exceeds 10% of the latest audited net assets;

APPENDIX II PROPOSED AMENDMENTS TO THE RULES OF PROCEDURES
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(vi) Guarantees provided to shareholders, de facto controllers and their related parties.

(vii) Other guarantees required to be considered by the Shareholders' Meeting as the laws and regulations, regulatory documents, the Hong Kong Listing Rules and these Article of Association specify.

The Board of Directors shall review and approve guarantee to third parties not being required to be approved by a Shareholders' Meeting. When considering the resolution of providing guarantee for shareholders, de facto controllers and their connected parties at the Shareholders' Meeting, such shareholders or shareholders who are controlled by the de facto controllers shall abstain from voting on such resolution. The resolution shall be approved by more than half of the voting rights held by other shareholders present at the Shareholders' Meeting.

Chapter 2 Convening of the General Meeting of Shareholders

Article 67 The ~~g~~General ~~m~~Meeting of ~~s~~Shareholders shall be divided into the annual general meeting and the extraordinary general meeting. The annual general meeting is generally convened by the Board of Directors. The annual general meeting shall be held once a year and shall be held within six months after the end of the preceding fiscal year.

~~Two or more independent non-executive directors may propose to convene an extraordinary general meeting.~~

The Board of Directors shall convene an Extraordinary General Meeting of Shareholders within two months from the date of the occurrence of any of the following circumstances:

- (i) When the number of directors is less than the number specified in the Company Law or less than two-thirds of the amount required by the Articles of Association;
- (ii) When the Company's unrecovered losses amount to one-third of its total share capital;
- (iii) When shareholders holding individually or collectively more than 10%~~(inclusive)~~ of the Company's~~outstanding voting~~ shares request ~~in writing that an extraordinary general meeting be convened;~~

APPENDIX II PROPOSED AMENDMENTS TO THE RULES OF PROCEDURES
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(iv) ~~When the Board of Directors deems it necessary or the Board of Supervisors proposes to convene it;~~

(v) When the Board of Supervisors proposes to convene it;

(vi) In other cases as provided by laws, administrative regulations, departmental rules, Hong Kong Listing Rules or the Articles of Association.

Article 8 The place for holding the general meeting of shareholders is: the place of domicile of the Company, the position in which the Company produces and operates or other place as determine by other meeting. The general meeting shall have a venue and be held on-site. The Company shall also provide online voting. Shareholders who participate in a general meeting in the aforesaid manners shall be deemed present at the meeting.

Directors, Supervisors, and external certified public accountants who participate in a general meeting in person via electronic means including telephone or video conferencing shall be deemed present at the meeting.

Article 9 The independent non-executive directors have the right to propose to the Board of Directors to convene an extraordinary general meeting. With respect to the proposal of the independent non-executive directors to convene an extraordinary general meeting, the Board of Directors shall, in accordance with the provisions of laws, administrative regulations and the Articles of Association, provide written feedback on whether it agrees or disagrees to convene the meeting within ten days after receiving the proposal.

If the Board of Directors agrees to convene an extraordinary general meeting, it will give notice of the convening the general meeting within five days after the Board of Directors' resolution is made; if not agree to, it shall state the reasons in writing.

Article 10 The Board of Supervisors shall have the right to propose to the Board of Directors to convene an extraordinary general meeting and shall submit the proposal in writing to the Board of Directors. The Board of Directors shall, in accordance with the provisions of laws, administrative regulations and the Articles of Association, provide written feedback on whether it agrees or disagrees with the convening of the extraordinary general meeting within ten days after receiving the proposal.

APPENDIX II PROPOSED AMENDMENTS TO THE RULES OF PROCEDURES
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If the Board of Directors agrees to convene an extraordinary general meeting, it will issue a notice of the convening the general meeting within five days after the Board of Directors' resolution is made, and any changes to the original proposal in the notice shall be subject to the consent of the Board of Supervisors.

If the Board of Directors does not agree to convene an extraordinary general meeting, or fails to provide feedback within ten days of receipt of the proposal, it shall be deemed that the Board of Directors is unable to perform or fails to perform its duty to convene a meeting of the general meeting, and the Board of Supervisors may convene and preside over the meeting on its own.

Article 11 Shareholders who individually or collectively hold more than 10% of the shares of the Company shall have the right to request the Board of Directors to convene an extraordinary general meeting and shall submit their request in writing to the Board of Directors. The Board of Directors shall, in accordance with the provisions of laws, administrative regulations and the Articles of Association, provide written feedback on whether it agrees or disagrees with the convening of the extraordinary general meeting within ten days after receiving the request.

If the Board of Directors agrees to convene an extraordinary general meeting, it shall issue a notice of convening of the general meeting within five days after the Board of Directors' resolution is made, and any changes to the original request in the notice shall be approved by the relevant shareholders.

If the Board of Directors does not agree to convene an extraordinary general meeting or fails to provide feedback within ten days after receiving the request, the shareholders who individually or collectively hold more than 10% of the Company's shares have the right to propose to the Board of Supervisors to convene the extraordinary general meeting, and shall submit the request in writing to the Board of Supervisors.

If the Board of Supervisors agrees to convene an extraordinary general meeting, it shall issue a notice of convening of the general meeting within five days of receipt of the request, and any changes to the original request in the notice shall be subject to the consent of the relevant shareholders.

If the Board of Supervisors fails to issue a notice of the extraordinary general meeting within the prescribed period, it shall be deemed that the Board of Supervisors does not convene and preside over the extraordinary general meeting, and that shareholders who individually or collectively hold more than 10% of the Company's shares for more than 90 consecutive days may convene and preside over the meeting themselves.

APPENDIX II PROPOSED AMENDMENTS TO THE RULES OF PROCEDURES
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Article 12 If the Board of Supervisors or shareholders decide to convene a general meeting of shareholders on their own, they shall notify the Board of Directors in writing.

Before the announcement of the resolution of the general meeting, the shareholding ratio of the convening shareholder shall not be less than 10%.

Article 13 The Board of Directors and the Secretary of the Board of Directors will cooperate with the general meeting of shareholders convened by the Board of Supervisors or the shareholders themselves. The Board of Directors will provide the register of shareholders as at the date of the shareholding determination.

Article 14 When a general meeting of shareholders is convened by the Board of Supervisors or by the shareholders, the Company shall bear all the necessary expenses thereof.

Article 157 The Board of Directors and other conveners shall take necessary measures to ensure the normal order of the meetings of the general meeting of shareholders. Any interference with the meetings, provocation and infringement of the legitimate rights and interests of shareholders and will be promptly reported to the relevant authorities for investigation and handling.

~~Article 8 A shareholder's request to convene an extraordinary general meeting or a class meeting of shareholders shall be handled in accordance with the following procedures:~~

~~(i) Shareholders who individually or collectively hold ten per cent or more (including ten per cent) of the shares entitled to vote at the meeting to be held may sign one or more written requests in the same form to request the Board of Directors to convene an extraordinary general meeting of shareholders or a class meeting of shareholders and to set out the topics for the meeting. The Board of Directors shall convene the extraordinary general meeting or class meeting as soon as possible after receiving the aforesaid written request. The aforesaid number of shareholdings shall be calculated on the date of the shareholder's written request.~~

~~(ii) If the Board of Directors does not issue a notice convening the meeting within thirty days after receiving the aforesaid written request, the shareholder who made such request may convene the meeting on his own within four months after the Board of Directors receives such request. The procedure for convening shall be, as far as possible, the same as the procedure for convening a shareholders' meeting by the Board of Directors.~~

APPENDIX II PROPOSED AMENDMENTS TO THE RULES OF PROCEDURES
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~~If a shareholder calls and holds a meeting of his own accord because the Board of Directors fails to hold a meeting in response to the foregoing request, the reasonable expenses incurred shall be borne by the Company and shall be deducted from the amount owed by the Company to the director who is out of office.~~

~~At the general meeting of shareholders, the Board of Directors and the Supervisory Committee shall respond to or explain the shareholders' enquiries and suggestions, unless they relate to the Company's commercial secrets that cannot be disclosed.~~

Article 9 ~~The Board of Directors and the secretary of the Board of Directors shall cooperate with the shareholders in respect of the meeting of the general meeting of shareholders convened by the shareholders on their own. The Board of Directors shall provide the register of shareholders as at the date of share registration.~~

Article 16 A general meeting of shareholders shall be convened by the ~~chairman~~chairperson of the Board of Directors who shall be the ~~chairman~~chairperson of the meeting; if the ~~chairman~~chairperson of the Board of Directors is unable to attend the meeting for any reason, the vice-chairman of the board of directors shall convene the meeting and be the chairman of the meeting. ~~If both the chairman and the vice chairman are unable to attend the meeting, the chairman may designate a director of the Company to convene the meeting on his behalf and act as the chairman of the meeting; if no chairman of the meeting is designated, the shareholders attending the meeting may elect a person to act as the chairman of the meeting; if, for any reason, the shareholders are unable to elect the chairman of the meeting, the shareholder holding the largest number of shares with voting rights in the meeting (including the shareholders' proxies) shall act as the chairman of the meeting.~~When the vice-chairman is unable or fails to perform his duties, a Director jointly elected by more than half of the total number of the Directors shall perform the said duties.

The decision whether or not to adopt a resolution at a general meeting of shareholders convened by the Board of Supervisors on its own initiative shall be final and shall be presided over by the Chairman of the Board of Supervisors. In the event that the Chairman of the Board of Supervisors is unable to perform his or her duties or fails to perform his or her duties, a supervisor jointly elected by more than half of the Supervisors shall preside over the meeting.

In the case of a general meeting of shareholders convened by the shareholders themselves, the convener shall elect a representative to preside over the meeting.

APPENDIX II PROPOSED AMENDMENTS TO THE RULES OF PROCEDURES
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If the presiding officer of the general meeting of shareholders violates the rules of procedure to prevent the meeting from continuing, the meeting may elect a person to act as the presiding officer and continue the meeting with the consent of a majority of the shareholders present at the meeting on site who have the right to vote.

Chapter 3 Proposals for the General Meeting of Shareholders

Article 17 The contents of a proposal shall be within the terms of reference of the general meeting of shareholders, and have definite agenda and specific matters for resolution, and shall comply with the relevant provisions of the laws, administrative regulations and these Articles of Association.

Article 148 When the Company convenes a general meeting of shareholders, the Board of Directors, the Board of Supervisors and shareholders who individually or collectively hold more than 3% of the total number of shares of the Company shall have the right to submit proposals to the Company.

~~When the Company convenes an annual general meeting, shareholders who individually or collectively hold more than 3% of the total number of shares of the Company shall have the right to put forward provisional proposals to the Company in writing, and the Company shall include in the agenda of the meeting those matters in the provisional proposals which are within the scope of duties of the general meeting of shareholders.~~

~~The shareholders shall meet the following conditions in making provisional proposals:~~

- ~~(i) The contents are not contrary to the provisions of laws and regulations and are within the scope of the Company's business and the duties of the general meeting of shareholders;~~
- ~~(ii) have clear topics and specific resolutions; and~~
- ~~(iii) submitted in writing or delivered to the Board of Directors ten days prior to the date of the general meeting of shareholders.~~

Shareholders(s) who individually or jointly hold 3% or more of the shares of the Company is/are entitled to proposed additional resolutions in writing to the convener before the shareholders' meeting is held. The convener shall issue a supplemental notice of meeting with two days after receiving such proposal specifying the contents of such proposal.

APPENDIX II PROPOSED AMENDMENTS TO THE RULES OF PROCEDURES
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~~Unless in the circumstance hereinabove, the convener may not, after publishing the notice of the general meeting, make any change to the motions set forth in such notice or add any new motions. No motion shall be passed at a general meeting on any matter not specified in the notice of general meeting or in a supplementary notice or is not in accordance with the provisions of the Articles.~~

Chapter 4 Notice of the General Meeting of Shareholders

Article 129 ~~When the Company convenes an annual general meeting, a written notice shall be given at least 21 days before the meeting; when it convenes an extraordinary general meeting, a written notice shall be given 15 days before the meeting, informing all the shareholders of record of the matters to be considered at the meeting, as well as the date and place of the meeting.~~

~~Notice of a general meeting of shareholders convened by the Company shall be made by means of an announcement.~~

~~The announcement referred to in the preceding paragraph shall be made by the media/website recognized by the stock exchange where the Company's shares are listed as designated by the Company for the publication of the Company's announcements and other media where information is required to be disclosed. Where the Company's notice is delivered by way of announcement, the date of publication of the first announcement shall be the date of delivery, and once the announcement is made, the notice shall be deemed to have been received by all relevant persons. When the Company convenes a meeting of the general meeting of shareholders, it shall send a written notice forty five days prior to the convening of the meeting, informing all shareholders of record of the matters to be considered at the meeting as well as the date and place of the meeting. Shareholders who intend to attend the meeting of the shareholders' general meeting shall send their written responses to attend the meeting to the Company twenty days prior to the date of the meeting.~~

~~The calculation of the time for giving notice shall not include the day of the meeting and the day on which notice is given.~~

~~For the purposes of this Article, notice shall be given on the day on which it is delivered to the postal authorities for posting by the Company or by the share registrar appointed by the Company.~~

APPENDIX II PROPOSED AMENDMENTS TO THE RULES OF PROCEDURES
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Article 13 ~~The Company shall calculate the number of voting shares represented by the shareholders who intend to attend the meeting on the basis of the written replies received 20 days prior to the date of the general meeting. If the number of voting shares represented by the shareholders who intend to attend the meeting reaches more than half of the total number of voting shares of the Company, the Company may convene a meeting of the shareholders' general meeting; if it fails to do so, the Company shall again notify the shareholders of the matters to be considered at the meeting, the date and place of the meeting by way of an announcement within five days, and upon notification by way of an announcement, the Company may convene a meeting of the shareholders' general meeting.~~

~~The extraordinary shareholders' general meeting shall not decide on matters not set out in the notice.~~

Article 20 The notice of a general meeting of shareholders shall include the following:

- (i) the time, venue and duration of the meeting;
- (ii) matters and proposals to be submitted for consideration at the meeting;
- (iii) a statement in conspicuous language that all common shareholders (including shareholders of preferred shares whose voting rights have been restored) are entitled to attend the general meeting and may appoint a proxy in writing to attend the meeting and vote, and that such shareholder's proxy need not be a shareholder of the Company;
- (iv) The shareholding registration date of the shareholders entitled to attend the general meeting;
- (v) The name and telephone number of the permanent contact person for the meeting.
- (vi) voting time and voting procedure of voting via internet or by other ways (if the meeting is held through network or by other means).

The notice of the general meeting of shareholders and the supplementary notice shall fully and completely disclose the specific contents of all proposals, as well as all information or explanations necessary to enable shareholders to make a reasonable judgment on the matters to be discussed. If the matters to be discussed require the opinion of the independent non-executive directors, the opinion of the independent non-executive directors and the reasons therefore shall be disclosed at the same time when the notice of the general meeting of shareholders or supplementary notice is issued.

**APPENDIX II PROPOSED AMENDMENTS TO THE RULES OF PROCEDURES
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~~Article 14 The notice of a shareholders' meeting shall comply with the following requirements:~~

- ~~(i) Be made in writing;~~
- ~~(ii) Designate the place, date and time of the meeting;~~
- ~~(iii) State the matters to be discussed at the meeting;~~
- ~~(d) Provide the shareholders with information and explanations necessary to enable them to make an informed decision on the matters to be discussed; this principle includes, but is not limited to, in the case of a company proposing a merger, repurchase of shares, reorganisation of share capital, or other restructuring, the specific terms of the proposed transaction and the contract, if any, as well as careful explanations of the causes and consequences thereof;~~
- ~~(v) If any director, supervisor, general manager and other senior management has a material interest in the matter to be discussed, the nature and extent of that interest should be disclosed; if the matter to be discussed affects that director, supervisor, general manager and other senior management as shareholders in a way that is different from that affecting other shareholders of the same class, the difference should be stated;~~
- ~~(vi) Contain the full text of any special resolution to be proposed for adoption at the meeting;~~
- ~~(vii) state in conspicuous language that a shareholder entitled to attend and vote is entitled to appoint one or more shareholders' proxies, who need not be shareholders of the company, to attend and vote instead of him;~~
- ~~(viii) Setting out the time and place of delivery of the proxy for voting at the meeting.~~

~~The provisions of this Article shall apply to the notice of a meeting of the General Meeting of Shareholders convened by the shareholders themselves in accordance with these Rules.~~

**APPENDIX II PROPOSED AMENDMENTS TO THE RULES OF PROCEDURES
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Article 21 If the general meeting of shareholders is to discuss matters relating to the election of ~~4~~Directors and ~~3~~Supervisors, the notice of the meeting will fully disclose the details of the candidates for ~~4~~Directors and ~~3~~Supervisors, including at least the following:

- (i) personal information such as educational background, work experience and part-time jobs;
- (ii) whether there is any connected relationship with the Company or the controlling shareholders and de facto controllers of the Company;
- (iii) disclosure of the number of shares held in the Company;
- (iv) whether he/she has been penalized by the CSRC and other relevant authorities and disciplined by the stock exchange.

Each candidate for Director and Supervisor shall be submitted as a separate proposal.

Article 22 For domestic shareholders, notices of the general meeting of shareholders may also be issued by way of public announcements, and the announcement to domestic shareholders shall be published in a media that meets the conditions prescribed by the CSRC. Upon publication of such announcements, the holders of domestic shares shall be deemed to have received the notice for the Shareholders' Meeting.

In respect of H shareholders, the notice of general meeting of shareholders shall be given to the H shareholders of the Company by sending them in electronic form or providing them with notice of general meetings by other means or by posting them on the Company's website as well as on the website of the Hong Kong Stock Exchange, and, subject to the fulfillment of the conditions set out in the laws and administrative regulations, the Hong Kong Listing Rules and these Articles of Association, all H shareholders shall be deemed to have received notice of the relevant shareholders' meeting once the announcement has been made.

Article 23 After the notice of the general meeting of shareholders is issued, the meeting shall not be postponed or canceled without justifiable reasons, and the proposals set out in the notice shall not be canceled. In the event of postponement or cancellation, the convener shall make an announcement at least two working days prior to the scheduled date of the meeting and state the reasons therefore.

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~~Article 17 Unless otherwise provided for in the Articles of Association, a notice issued by a company to shareholders of overseas listed foreign shares, if in the form of an announcement, shall be posted on the website of the Hong Kong Stock Exchange by submitting an electronic version of the notice to the Hong Kong Stock Exchange on the same day through the electronic publication system of the Hong Kong Stock Exchange in a form that can be published immediately in accordance with the requirements of the local listing rules. The announcement must also be posted on the Company's website at the same time. In addition, it must be served by hand or by prepaid letter at the registered address (including an address outside Hong Kong) of each overseas listed foreign equity shareholder so as to give the shareholder adequate notice and sufficient time to exercise his/her rights or act in accordance with the terms of the notice.~~

~~Shareholders of the Company's overseas listed foreign shares may elect in writing to receive the corporate communications that the Company is required to send to shareholders either electronically or by post, and may choose to receive only the Chinese version or the English version, or both the Chinese and English versions. They may also amend the manner in which they receive the foregoing information and the language version by giving the Company reasonable prior written notice and following the appropriate procedures.~~

~~Article 18 When a notice is sent by post, it shall be clearly addressed, prepaid and placed in an envelope, which shall be deemed to be given when the envelope containing the notice is put into a mailbox and shall be deemed to have been received forty-eight hours after it is sent.~~

~~Article 19 If the relevant regulations of the securities regulatory authorities and stock exchanges in the place where the Company's shares are listed require the Company to send, mail, distribute, issue, publish or otherwise make available the relevant documents of the Company in both English and Chinese, if the Company has made appropriate arrangements to ascertain whether its shareholders would like to receive only the English version or only the Chinese version and to the extent permitted by and in accordance with applicable laws and regulations, the Company may (subject to the stated wish of the shareholders) send only the English version or only the Chinese version of such communications of the Company (including applicable laws and regulations, the Company may (in accordance with the stated wish of the Shareholders) send such corporate communications (including but not limited to notices of general meetings, shareholders' circulars, annual reports, half-year reports and quarterly reports) to the Shareholders concerned in English only or in Chinese only, and, subject to compliance with relevant applicable laws and regulations and the rules of stock exchanges in which the Company's Shares are listed, the Shareholders of the Foreign Shares may also adopt the method of posting the relevant contents on the Company's website. The contents of the report may also be published on the Company's website.~~

**APPENDIX II PROPOSED AMENDMENTS TO THE RULES OF PROCEDURES
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Article 24 The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, a person entitled to such notice shall not invalidate the meeting and the resolutions made thereat.

Chapter 5 Convening of the General Meeting of Shareholders

Article 25 All shareholders or their proxies registered on the share registration date shall be entitled to attend the meeting of the general meeting of shareholders, and to exercise their voting rights in accordance with relevant laws and regulations and the Articles of Association.

Article 24~~6~~ Any shareholder entitled to attend and vote at a general meeting of shareholders shall be entitled to appoint one or more persons (who may not be shareholders) as his/her shareholder's proxy(ies) to attend and vote on his/her behalf. Such proxy(ies), in accordance with such shareholder's proxy, may exercise the following rights:

- (i) the right of such shareholder to speak at the general meeting of shareholders;
- (ii) to demand a vote by poll on its own or jointly with others;
- (iii) unless otherwise provided by the relevant laws, administrative regulations and the relevant regulations of the securities regulatory authorities of the place where the Company's shares are listed, to exercise the voting right by a show of hands or by poll, provided that if more than one shareholder's proxy is appointed, such shareholder's proxies may only exercise the voting right by poll.

~~Where a shareholder is a recognised clearing house (or its nominee(s)), it may authorise such person or persons as it thinks fit to act as its representative(s) at any meeting of the general meeting of the Members or at any meeting of any class of Members; but if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person so authorised shall be entitled to exercise the same rights on behalf of the recognised clearing house (or its nominee(s)) as if such person was an individual member of the Company.~~

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Article 27 A shareholder shall appoint a proxy in writing, signed by the principal or by his agent appointed in writing; if the principal is a legal person, the seal of the legal person shall be affixed or the proxy shall be signed by its director or by a duly appointed agent or person. Such power of attorney shall set forth the number of shares represented by each shareholder's agent on behalf of the principal, and in the event that several persons are appointed as shareholders' agents, the power of attorney shall specify the number of shares represented by each shareholder's agent.

Article 28 The power of attorney for voting proxy shall be deposited at the Company's domicile or at such other venue as specified in the notice convening the meeting at least 24 hours before the convening of the relevant meeting at which the proxy is entrusted to vote or 24 hours before the appointed time for voting. If the proxy is authorized by the principal to be signed by another person, the power of attorney or other authorized documents authorized to be signed shall be notarized. The notarized power of attorney or other authorized documents shall be placed at the Company's domicile or other places designated in the notice convening the meeting at the same time as the proxy form. If the proxy is a legal person, its legal representative or the person authorized by the resolution of the Board of Directors or other decision-making bodies shall attend the shareholders' meeting of the Company as the proxy. And for the purposes of ~~these Articles of Incorporation~~ the Articles of Association, the attendance of the proxy at such meeting or the performance of any act at the meeting shall be deemed to be the proxy's own attendance at the meeting or, as the case may be, the performance of the relevant act.

~~The Company has the right to require a proxy attending the general meeting of shareholders on behalf of a shareholder to present proof of his/her identity.~~

~~If a corporate shareholder appoints a representative to attend the meeting, the Company has the right to request the representative to present proof of identity and a notarized copy of the resolution or power of attorney by which the representative was appointed by the board of directors or other authority of the corporate shareholder (except in the case of an accredited clearing house or its agent).~~

APPENDIX II PROPOSED AMENDMENTS TO THE RULES OF PROCEDURES
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Where such shareholder is a recognized clearing house (or its nominee(s)), it may authorize such person or persons as it thinks fit to act as its representative(s) at any meeting of the members or at any meeting of creditors; but, if more than one person is so authorized, the authorization shall specify the number and class of shares in respect of which each such person is so authorized. A person so authorized shall be entitled to exercise the same rights on behalf of the recognized clearing house (or its nominee(s)) as if such person were an individual member of the Company.

Article 29 Any form of proxy issued by the Board of Directors to a shareholder for the appointment of a shareholder's proxy shall give the shareholder the free choice of instructing the shareholder's proxy to vote in favor of or against the resolution and to give separate instructions on the matters to be voted on for each issue at the meeting. The proxy shall state that if the shareholder does not give instructions, the shareholder's proxy may vote as he or she wishes.

In addition to the foregoing, the aforementioned power of attorney shall also contain the following matters: the amount of shares represented by the proxy, the name of the proxy; whether the proxy has voting rights; whether the proxy has the right to vote on the provisional proposals that may be included in the agenda of the meeting; if so, specific instructions on the type of vote to be exercised; the date of its issuance and the period of validity. If several persons are shareholder proxies, the power of attorney shall indicate the number of shares represented by each shareholder proxy.

Article 30 If the proxy has died, become incapacitated, withdrawn his/her appointment, revoked his/her authorization, or if the relevant shares have been transferred, the vote made by the shareholder's proxy in accordance with the power of attorney shall remain valid, as long as the Company has not been notified in writing of such matters prior to the commencement of the relevant meeting.

A proxy who attends a general meeting of shareholders on behalf of a shareholder shall produce his identification document. If a shareholder who is a legal person appoints its legal representative to attend the meeting, the legal representative shall produce his identification document and a notarially certified copy of the resolution or form of proxy of the Board of Directors or other governing body of the legal person (other than a Recognized Clearing House or its nominee) authorizing the legal representative.

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Article 31 When the general meeting of shareholders is convened, all directors, supervisors and the secretary of the Board of Directors shall attend the meeting, and ~~the manager and other senior management personnel shall be present at the meeting unless there are justifiable reasons~~ and the President and other members of senior management shall also be present at the meeting. The directors, supervisors, senior management personnel shall provide explanation and clarification to the inquiries and suggestions raised by the shareholders at the general meeting.

Article 32 The presiding officer of the meeting shall announce the number of shareholders and proxies attending the meeting on-site and the total number of shares holding voting rights before voting, and the number of shareholders and proxies attending the meeting on-site and the total number of shares holding voting rights shall be based on the registration of the meeting.

Chapter 6 Voting and Resolutions at the General Meeting of Shareholders

Article 33 Resolutions of a general meeting of shareholders shall be divided into ordinary resolutions and special resolutions.

Ordinary resolutions at a general meeting of shareholders shall be passed by a majority of the votes held by shareholders (including shareholders' proxies) attending the general meeting of shareholders.

Special resolutions at a general meeting shall be passed by more than two-thirds of the votes held by shareholders (including shareholders' proxies) attending the general meeting.

Article 34 Shareholders (including shareholders' proxies) shall exercise their voting rights at the general meeting of shareholders by the amount of voting shares they represent, and each share shall have one vote.

Shares of the Company held by the Company shall not have voting rights, and such shares shall not be counted towards the total number of shares with voting rights present at the meeting of the general meeting.

All shareholders shall have the right to speak and vote at the general meetings, except if any shareholder should waive his/her voting right on a particular matter, or is restricted to vote only for or against the matter, in accordance with the Hong Kong Listing Rules, in which case such shareholder should waive his/her voting right or abstain from voting in accordance with the provisions therein; any vote casted by or on behalf of any shareholder in violation of such provisions or restriction shall not be counted into the poll result.

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~~The Board of Directors, independent non executive directors and shareholders who fulfill the conditions set forth in the relevant regulations may solicit shareholders' voting rights.~~

~~When matters relating to connected transactions are considered at a general meeting of shareholders, if required by the listing rules of the stock exchange on which the Company's shares are listed, the connected shareholders shall not participate in the voting, and the number of voting shares represented by them shall not be counted in the total number of valid votes.~~

~~In accordance with the applicable laws and regulations and the listing rules of the stock exchange on which the Company's shares are listed, where any shareholder is required to abstain from voting on a resolution, or where any of his/her shareholders is restricted to voting only for (or against) a resolution, any votes cast by or on behalf of such shareholders in contravention of such requirement or restriction shall not be counted.~~

Article 30 ~~The General Meeting shall vote by a show of hands unless a poll is demanded by the following persons before or after the vote by a show of hands:~~

- ~~(i) The chairman of the meeting;~~
- ~~(ii) At least two shareholders with voting rights or proxies of shareholders with voting rights;~~
- ~~(iii) One or more shareholders (including a shareholder's proxy) who, individually or collectively, hold ten per cent. or more of the shares entitled to vote at such meeting.~~

~~Unless a poll is demanded, the chairman of the meeting, based on a show of hands, declares the adoption of the proposal and records this in the minutes of the meeting as conclusive, without having to prove the number of votes cast in favour or against the resolution adopted at that meeting or the proportion thereof.~~

~~The demand for a poll may be withdrawn by the proposer.~~

Article 31 ~~A poll shall be taken immediately if it is demanded for the election of the Chairman or for the suspension of the meeting; otherwise a poll may be taken at any time before the close of the meeting, if the Chairman so decides, and the meeting may proceed to discuss any other matter, and the result of the poll shall be deemed to be the resolution adopted at that meeting.~~

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~~Article 32 The general meeting of shareholders will vote on all proposals one by one, and if there are different proposals on the same matter, the proposals will be voted on in the order in which they are put forward. The general meeting of shareholders will not set aside or withhold voting on a proposal unless the meeting is suspended or unable to reach a resolution due to special reasons such as force majeure.~~

Article 35 Shareholders attending a general meeting of shareholders shall express one of the following opinions on the proposals submitted for voting: approval, opposition or abstention.

Votes that are not filled in, incorrectly filled in, unidentified, or not cast shall be deemed to be a waiver of the voter's right to vote, and the number of shares held by the voter shall be counted as an "abstention".

Where any shareholder is, under the Hong Kong Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only in favor of (or only against) any particular resolution, any votes cast by or on behalf of such shareholder in violation of such requirement or restriction shall not be counted.

Article 36 In the case of a poll, a shareholder (including a shareholder's proxy) who has two or more votes need not cast all of his or her votes in favor of or against the poll.

Article 37 In the election of directors at a general meeting of shareholders, if there are more than two slots for election, the shareholders (including the shareholders' proxies) shall have voting rights equal to the number of slots to be elected for each share held by them, and they may either elect one person centrally with all of their voting rights or elect several persons in a dispersed manner, provided that they shall give an explanation on the distribution of their voting rights.

~~Article 36 When the votes are equally divided, whether by show of hands or by ballot, the President of the Conference shall be entitled to an additional vote.~~

Article 38 The following matters shall be adopted by ordinary resolution of the general meeting of shareholders:

- (i) reports on the work of the Board of Directors and the Board of Supervisors;
- (ii) profit distribution plan and loss compensation plan formulated by the Board of Directors;

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- (iii) the election and appointment and removal of members of the Board of Directors and members of the Board of Supervisors (excluding employee representative ~~s~~Supervisors) and their remuneration and methods of payment;
- (iv) the Company's annual ~~budget and final accounts report, balance sheet, income statement and other financial statements~~budget plan and final accounts plan;
- (v) the annual report of the Company;
- (vi) matters other than those stipulated by laws, administrative regulations, ~~the listing rules of the stock exchange on which the Company's shares are listed,~~the Hong Kong Listing Rules or the Articles of Association, which shall be passed by special resolution.

Article 39 The following matters shall be adopted by a special resolution at a general meeting of shareholders:

- (i) the increase or reduction of the Company's ~~share capital and the issuance of shares, warrants and other similar securities of any kind~~registered capital;
- (ii) ~~the issuance of corporate bonds~~;
- (iii) the separation, division, merger, dissolution and liquidation of the Company, ~~change of form of the Company~~;
- (i+ii) amendments to the ~~articles of incorporation~~Articles of Association;
- (iv) major purchase or dispose of assets or guarantees by the Company within one year in an amount equal to or exceeding 30% of the total audited assets for the most recent period;
- (v) share incentive scheme;
- (vi) any other matters which, as provided by law, administrative regulations, the Hong Kong Listing Rules or the Articles of Association, and in the opinion of the general meeting of shareholders by ordinary resolution, will have a material impact on the Company and which require the passing of a special resolution.

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~~Article 39 The chairman of the meeting shall be responsible for deciding whether the resolutions of the meeting of the general meeting of shareholders are adopted or not, and his/her decision shall be final and shall be announced at the meeting and recorded in the minutes of the meeting.~~

Article 40 In the event the matters of connected transactions are considered at a shareholders' general meeting, connected shareholders shall abstain from voting upon such connected transactions and the number of voting shares represented by such shareholders shall not be counted in the total number of valid votes. The announcement of the resolution of such meeting shall fully disclose the votes of the unrelated shareholders.

Prior to the completion of review and voting on the connected transactions at the general meeting, the related shareholders shall submit a request for disqualification to the presiding officer of the meeting and the presiding officer of the meeting shall announce it to the general meeting. During the voting on the connected transactions, the related shareholders shall not be allowed to vote on such matters and shall be supervised by the supervisors attending the meeting.

Before the completion of review and voting on the connected transactions at the general meeting, the non-connected shareholders (including proxies) and the supervisors attending the meeting shall have the right to request the presiding officer to disqualify the connected shareholders from voting on such matters and explain the reasons therefor, and the related shareholders requested to disqualify themselves from voting shall not be allowed to cast their votes during the voting on the said matters if they have no objection to the request to disqualify themselves from voting on such matters. If the shareholder requested to be recused considers that he is not a related shareholder and does not need to fulfil the recusal procedure, he shall explain the reasons at the general meeting, and if the shareholder requested to be recused is determined to be a related shareholder, he shall not vote on the matter at the meeting. In the event of any of the above circumstances, the person taking the minutes of the general meeting shall record the above circumstances in detail in the minutes of the meeting.

Article 41 When proposals are voted on at the general meeting, two shareholders' representatives shall be appointed to count, and monitor counting of, the votes. Where any shareholder has interests in any issue considered, the said shareholder or proxy thereof shall not participate in counting and monitoring of ballots.

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Article 42 When votes are cast on proposals at the general meeting of shareholders, attorneys, representatives of the shareholders and the representative of Supervisors shall be jointly responsible for scrutinizing and counting votes and shall announce the voting results at the meeting. The voting result shall be recorded in the meeting minutes. Where the laws, administrative regulations and other regulatory documents and the Hong Kong Listing Rules provide otherwise for the manner of vote counting and scrutinizing, such provisions shall apply.

Prior to the formal announcement of voting results, the relevant parties from the company, the persons responsible for counting votes and scrutinizing the conduct of the relevant poll, the major shareholders, relevant internet service provider involved in relation to voting at the general meeting of shareholders, and by other means, shall be obliged to keep the status of voting confidential.

Article 43 The ~~chairman~~chairperson of the meeting may count the votes cast if he has any doubt about the result of a resolution submitted for voting; if the ~~chairman~~chairperson fails to do so, shareholders or shareholders' agents attending the meeting who disagree with the announcement of the result made by the ~~chairman~~chairperson have the right to request for the counting of the votes immediately after the announcement is made, and the ~~chairman~~chairperson shall ~~conduct~~organize the counting of the votes immediately.

Article 44 The resolution of the general meeting of shareholders shall be promptly announced. The announcement shall state the number of attending shareholders and proxies, their number of voting shares and their percentages to the total number of the voting shares in the Company, the voting method or methods, the voting result for each proposal, and the details of each resolution passed in the meeting.

Article 45 Where a proposal has not been passed or the resolutions of the preceding general meeting have been changed at the current general meeting of shareholders, special mention shall be made in the announcement of the resolutions of the general meeting of shareholders.

Article 46 Where a resolution on the election of Directors or Supervisors is passed at the general meeting, the term of office of the newly-elected Director or Supervisor shall commence on the day that relevant election resolution is passed at the general meeting.

Article 47 Where a proposed resolution in relation to the payment of cash dividends, the issue of bonus shares or the capitalization of capital reserves has been passed at a general meeting, the Company shall implement the specific plans within two months after the conclusion of the general meeting of shareholders.

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Article ~~48~~ If the general meeting shareholders conducts a vote count, the results of the count shall be recorded in the minutes of the meeting.

The general meeting shareholders shall take minutes of the resolutions on the items under consideration, signed by the directors present at the meeting. The minutes of the meeting, together with a book of signatures of the shareholders attending the meeting and a proxy form for proxy attendance, shall be kept at the Company's domicile. The said minutes, book of signatures and power of attorney shall not be destroyed within ten years.

Article 49 Shareholders may inspect copies of meeting minutes during the Company's office hours free of charge. If any shareholder requests a copy of the relevant meeting minutes from the Company, the Company shall send the copy within seven days after receiving a reasonable fee.

~~CHAPTER VII SPECIAL PROCEDURES FOR VOTING BY CLASS MEMBERS~~

~~Article 43 Shareholders holding different kinds of shares shall be class shareholders.~~

~~Class shareholders shall enjoy the rights and bear the obligations in accordance with the provisions of laws, administrative regulations and the articles of association.~~

~~If the share capital of a company includes shares without voting rights, the words "without voting rights" shall be added to the name of such shares.~~

~~If the share capital includes shares with different voting rights, the words "restricted voting rights" or "limited voting rights" shall be added to the name of each class of shares (except for shares with the most favourable voting rights).~~

~~Article 44 Any change or abolition of the rights of a class of shareholders shall be effected only by a special resolution of the general meeting of shareholders and approved by the affected class of shareholders at a separate meeting of shareholders convened in accordance with Articles 46 to 50 of these Rules.~~

~~Article 45 The following circumstances shall be deemed to modify or abolish the rights of a class of shareholders:~~

- ~~(a) Increasing or decreasing the number of shares of that class, or increasing or decreasing the number of shares of a class that enjoys equal or greater voting, distribution, or other privileges than the shares of that class;~~

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- ~~(ii) To convert all or part of the shares of that class into another class, or to convert all or part of the shares of another class into shares of that class or to grant such conversion rights;~~
- ~~(iii) The cancellation or reduction of the rights to receive dividends or cumulative dividends that have arisen from the shares of that class;~~
- ~~(iv) To reduce or cancel the rights of the class of shares to receive preferential dividends or to receive preferential distribution of property in the event of liquidation of the Company;~~
- ~~(v) To increase, cancel or reduce the rights of conversion, option, voting, transfer, preferential allotment and acquisition of corporate securities of that class of shares;~~
- ~~(vi) To cancel or reduce the right of the class of shares to receive payments due to the Company in a specific currency;~~
- ~~(vii) The creation of a new class of shares with equal or greater voting, allotment or other privileges than those enjoyed by the class of shares;~~
- ~~(viii) To impose or increase restrictions on the transfer or ownership of shares of that class;~~
- ~~(ix) To issue subscription rights or rights of conversion for shares of that or another class;~~
- ~~(x) Increasing the rights and privileges of other classes of shares;~~
- ~~(xi) A scheme of reorganisation of a company would constitute a disproportionate liability of different classes of shareholders in the reorganisation;~~
- ~~(xii) Amend or repeal the provisions set forth in this Chapter.~~

Article 46 ~~Affected class shareholders, whether or not they originally had voting rights at the meeting of the general meeting, shall have voting rights at the meeting of the class shareholders when it comes to the matters referred to in subparagraphs (ii) to (viii) and (xi) to (xii) of Article 45. However, interested shareholders shall not have the right to vote at the class shareholders' meeting.~~

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~~The meaning of interested shareholders referred to in the preceding paragraph is as follows:~~

- ~~(i) In the event that the Company issues a repurchase offer to all shareholders in the same proportion in accordance with Article 33 of the Articles of Incorporation or repurchases its own shares through public trading on a stock exchange, “interested shareholders” means controlling shareholders as defined in Article 63 of the Articles of Incorporation;~~
- ~~(ii) In the case of a company repurchasing its own shares by agreement outside the stock exchange in accordance with Article 33 of the Articles of Association, “interested shareholders” means shareholders related to the agreement;~~
- ~~(iii) In the case of a corporate reorganisation plan, “interested shareholders” means shareholders who are liable in a lesser proportion than the other shareholders of the class or shareholders who have different interests from the other shareholders of the class.~~

~~Article 47 Resolutions of a class shareholders’ meeting shall be passed by a vote of more than two-thirds of the shareholders entitled to vote present at the class shareholders’ meeting in accordance with Article 46.~~

~~Article 48 When the Company convenes a class meeting of shareholders, it shall send a written notice forty-five days prior to the convening of the meeting, informing all shareholders of record of the shares of that class of the matters to be considered at the meeting as well as the date and place of the meeting. The shareholders who intend to attend the meeting shall send their written responses to attend the meeting to the Company twenty days prior to the convening of the meeting.~~

~~If the number of shares represented by the shareholders who intend to attend the meeting and entitled to vote at the meeting reaches a majority of the total number of shares of that class entitled to vote at the meeting, the Company may convene a meeting of the class shareholders; if it does not reach such a majority, the Company shall again notify the shareholders of the matters to be considered at the meeting as well as the date and place of the meeting by means of a public announcement within five days, and upon notification by way of a public announcement, the Company may convene a meeting of the class shareholders.~~

~~Article 49 The notice of a class shareholders’ meeting shall be given only to those shareholders entitled to vote at such meeting.~~

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~~A class shareholders' meeting shall be held by the same procedures as those for a general meeting of shareholders as far as possible, and the provisions of the Articles of Association relating to the procedures for holding general meetings of shareholders shall apply to class shareholders' meetings.~~

~~Article 50 In addition to shareholders of other classes of shares, shareholders of domestic shares and shareholders of overseas listed foreign shares shall be regarded as different classes of shareholders, shareholders of domestic shares and shareholders of overseas listed foreign shares shall be regarded as different classes of shareholders, and shareholders of unlisted foreign shares and shareholders of overseas listed foreign shares shall be regarded as different classes of shareholders.~~

~~In the case of an endorsement, allotment or issue of shares, the special procedures for voting by class shareholders shall not apply in the following circumstances:~~

- ~~(i) subject to the approval of a special resolution of the General Meeting (which is unconditionally authorised or subject to the terms and conditions set out in the resolution), the Company, at intervals of twelve months, separately or concurrently, endorses, allots or issues the Company's Domestic Shares and Overseas Listed Foreign Shares for the time being in issue and the number of Domestic Shares and Overseas Listed Foreign Shares so endorsed, allotted or issued shall not exceed twenty per cent. of each of the issued and outstanding shares of such class; or~~
- ~~(ii) such shares are part of a plan for the issuance of domestic shares and overseas listed foreign shares at the time of the establishment of the company, and the relevant plan is completed within fifteen months from the date of approval by the securities authorities under the State Council.~~

Chapter 87 Minutes of the General Meeting of Shareholders

Article 50 There shall be minutes of the general meeting of shareholders, which shall be taken by the secretary of the Board of Directors. The minutes shall record the following contents:

- (i) the time, venue, agenda and name or names of the convener of the meeting;
- (ii) the names of the chairperson, and the names of ~~d~~Directors, ~~s~~Supervisors, manager and other senior management attending or present at the meeting;

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- (iii) the number of shareholders and proxies attending the meeting, the total number of shares holding voting rights and their proportion to the total number of shares of the Company;
- (iv) the deliberation, main points of speeches and voting results of each proposal;
- (v) shareholders' queries or suggestions and the corresponding replies or explanations from the Company's directors, supervisors and senior management;
- (vi) names of counsel, tellers and scrutineers;
- (vii) other contents that shall be included in the minutes of the meeting as stipulated in the Articles of Association ~~of the Company~~.

Article 51 The convener shall ensure that the contents of the minutes are true, accurate and complete. The convener of the meeting or his representative, the presiding officer of the meeting, the secretary of the Board of Directors and the directors, supervisors and senior management attending the meeting shall sign the minutes of the meeting. The minutes of the meeting shall be kept together with the register of signatures of the shareholders attending the meeting on site and the proxy form for proxy attendance, and the valid information on the voting situation on the internet and other means for a period of not less than ten years.

Chapter 9 Supplementary Provisions

Article 52 These Rules shall be formulated by the Board of Directors and shall become effective upon approval by the General Meeting of Shareholders; amendments to these Rules shall be proposed by the Board of Directors and shall become effective upon approval by the General Meeting of Shareholders.

Article 53 The General Meeting of Shareholders authorizes the Board of Directors to interpret these Rules.

Article 54 For the purpose of these rules, "more", "more than" include the present number.

Article 55 Where any matter not covered in these Rules or inconsistent with the provisions of laws, administrative regulations, other relevant regulatory documents and the Articles of Association ~~of the Company~~, the provisions of laws, administrative regulations, other relevant regulatory documents and the Articles of Association ~~of the Company~~ shall prevail.

Beijing Digital Telecom Co., Ltd.
RULES OF PROCEDURES FOR THE BOARD OF DIRECTORS

Chapter 1 General Provisions

- Article 1 In order to ensure the operation of Beijing Digital Telecom Co., Ltd. (hereinafter referred to as the “Company”), improve the efficiency of the Board of Directors and the level of scientific decision-making in accordance with the law, regulate the composition, duties, authority and operating procedures of the Board of Directors, and to safeguard the interests of the Company and the lawful rights and interests of the shareholders, these Rules is hereby formulated in accordance with the Company Law of the People’s Republic of China (hereinafter referred to as the “Company Law”), the Securities Law of the People’s Republic of China (hereinafter referred to as the “Securities Law”), the Trial Measures for the Administration of Overseas Issuance and Listing of Securities by Domestic Enterprises, ~~, Mandatory Provisions in the Articles of Association of Companies Listed Overseas, Guidelines on the Articles of Association of Listed Companies, and the Code of Corporate Governance for Listed Companies,~~ the Rules Governing the Listing of Securities on the Stock Exchange (“Hong Kong Listing Rules”) and other relevant ~~domestic and overseas~~ laws and administrative regulations as well as the Articles of Association of Beijing Digital Telecom Co., Ltd. (hereinafter referred to as the “Articles of Association”).
- Article 2 The Board of Directors shall be accountable to the General Meeting of Shareholders on the principles of honesty, trustworthiness and acting in accordance with the law, ensure that the Company complies with the provisions of laws, administrative regulations and departmental rules, safeguard the interests of the Company and all shareholders, conscientiously fulfill the duties entrusted to it by the Articles of Association and the General Meeting of Shareholders, and deal with all shareholders in a fair manner with attention paid to the interests of other stakeholders.
- Article 3 ~~The Board of Directors’ meetings are composed of all directors of the Company. The Board of Directors exercises its powers in accordance with the relevant provisions of the Articles of Association. The Board of Directors consists of 9 directors, including 1 chairman, 2 vice-chairmen, and 3 independent non-executive directors (directors who are independent of the Company’s shareholders and do not serve within the Company).~~

Article 4 The Company shall have a Secretary of the Board of Directors, who shall be responsible for the daily affairs of the Board. The Company shall have a daily office of the Board of Directors to assist the Secretary of the Board of Directors and to keep the seal of the Board of Directors.

Article 5 The Board of Directors may establish specialized committees such as the Nomination Committee, the Strategy Committee, the Remuneration and Assessment Committee, and the Audit Committee. The specialized committees conduct research on specialized matters and put forward opinions and recommendations for the Board's decision-making. The rules of the specialized committees are separately formulated and become effective upon consideration and approval by the Board of Directors.

Chapter 2 Convening and notification of meetings

Article 6 Meetings of the Board of Directors

- (I) Meetings of the Board of Directors shall be divided into regular meeting and interim meetings.
- (ii) The Board of Directors shall meet at least ~~four~~ twice a year.
- (iii) ~~Chairman~~, Shareholders representing one-tenth or more of the voting rights, one-third ~~or~~ more of the directors, ~~more than one half of the independent non-executive directors, supervisory board or general manager or the Board of Supervisors~~ may propose to convene an interim meeting of the Board of Directors.

The chairman of the Board of Directors shall convene and preside over the meeting within ten days from the receipt of the proposal.

Article 7 Regular meeting of the Board of Directors include, but are not limited to:

(I) The Board of Directors that approves the Company's performance:

1. Meeting of the Board of Directors for Annual Results

The meeting shall be held within three months after the end of the Company's fiscal year to consider the Company's annual report and to deal with other related matters. The annual meeting of the Board of Directors shall be held at a time that ensures that the Company's annual report can be distributed to the shareholders within the time prescribed by the relevant regulations and the Articles of Association, that the Company's preliminary annual financial results can be announced within the time prescribed by the relevant regulations and that the annual general meeting of shareholders can be convened within six months after the end of the Company's fiscal year.

2. Meeting of the Board of Directors for the interim results

The meeting is held within two months after the end of the first six months of the Company's fiscal year to consider the Company's interim report and to deal with other related matters.

(II) Year-end Work Summarization Meeting

The meeting is held at the end of each year or at the beginning of the following year to hear and consider the report of the General Manager on the completion of the expected work for the year and the organization of the work for the following year.

Article 8 A meeting of the Board of Directors shall be convened by the Chairman of the Board of Directors who shall issue a notice convening the meeting. When the Chairman is unable to convene a meeting due to special reasons, the meeting shall be convened by the vice chairman of the Board of Directors or a director in accordance with the provisions of the Articles of Association, and the convener shall be responsible for issuing the notice of convening the meeting.

Article 9 Notification of the convening of meeting of the Board of Directors shall be made by telephone, facsimile or e-mail; the time limit for notification shall be ten ~~fourteen~~ days prior to the convening of the regular meeting of the Board of Directors and three days prior to the convening of the interim meeting of the Board of Directors. In the case of an urgent matter, it may be exempted from the aforesaid notification time limit ~~exempted from the notification time limit.~~

The time and venue of the meeting of the Board of Directors may be set by the Board of Directors in advance and recorded in the minutes of the meeting. If such minutes have been circulated to all Directors at least ten~~fourteen~~ days before the next meeting, no separate notice to the Directors shall be required for the convening of such meeting.

Notice of a meeting shall be deemed to be given to a Director if he/she is present at the meeting and does not object before or at the time of the meeting that notice of the meeting has not been received.

Meetings of the Board of Directors may be held by means of a conference telephone or similar communications equipment and, in event of such meeting, all participating Directors shall be deemed to be present in person at the relevant meeting provided that they are able to hear and communicate with each other.

Article 10 The Board of Directors shall give prior notice of the meeting to all directors, all supervisors and other attendees before the meeting is held. The content of the meeting notice generally includes:

- (i) ~~Time~~Date and venue of the meeting;
- (ii) The duration of the meeting;
- (iii) Agenda, issues, proposals and relevant information;
- (iv) The date of giving the notice.

Chapter 3 Proposals for the Meeting

Article 11 The proposal of the Board of Directors shall be based on the following circumstances:

- (i) Matters proposed by the directors;
- (ii) Matters proposed by the Board of Supervisors;
- (iii) Proposals of specialized committees of the Board of Directors;
- (iv) Matters proposed by the ~~General Manager~~President;
- (v) Matters to be decided by the Board of Directors in accordance with the Articles of Association.

Article 12 The Secretary of the Board of Directors is responsible for soliciting drafts of the items to be discussed at the meeting, and the proposer of each relevant proposal shall submit the proposal and its relevant explanatory materials 20 days before the meeting is convened. The Secretary of the Board of Directors shall organize the relevant materials, set out the ~~time~~date, venue and agenda of the meeting of the Board of Directors, and submit them to the Chairman of the Board of Directors.

Article 13 The meeting proposals submitted to the Board of Directors shall comply with the following conditions:

- (i) The contents do not conflict with the laws, administrative regulations, departmental rules and the provisions of the Articles of Association, and they fall within the terms of reference of the Board of Directors as set forth in the Articles of Association;
- (ii) There are clear contents of the proposal and specific matters for resolution, and the submitter makes an explanation of the relevant contents of the proposal at the same time of submitting the proposal;
- (iii) Submitted in written form.

Material connected transactions and the hiring or dismissal of accountant shall be submitted to the Board of Directors for discussion only with the consent of at least one-half of the independent non-executive directors.

Upon receipt of the above written proposals and relevant materials, the Board of Directors shall submit them to the Chairman of the Board of Directors on the same day. If the Chairman of the Board considers that the content of the proposal is not clear or specific, or that the relevant materials are not sufficient, he may request the proposer to revise or supplement the proposal.

Article 14 From the issuance of the notice of meeting to the convening of the meeting, the Secretary of the Board of Directors shall be responsible for or organize the communication and liaison with all the directors, especially the independent non-executive directors, in order to obtain the opinions or suggestions of the directors on the relevant proposals, and convey such opinions or suggestions to the proposers of the proposals in a timely manner, so as to improve the relevant proposals.

Chapter 4 Convening of the Meeting

Article 15 Meetings of the Board of Directors shall, in principle, be held at the legal address of the Company; however, they may be held at other places within or outside of China by resolution of the Board of Directors.

Article 16 The meetings of the Board of Directors are divided into on-site meetings, tele-meetings and meetings by way of written proposals. The meetings of the Board of Directors shall be held on-site as a rule.

Article 17 Meetings of the Board of Directors may be held by means of tele-meeting, provided that the participating directors are able to hear and communicate with the other directors and that all participating directors shall be deemed to be physically present at the meeting in question. The meeting so held shall be recorded, and if the directors are unable to sign the resolutions of the meeting immediately at such meeting, they shall vote orally. The oral vote of a Director shall have the same effect as a written signature, provided that the written vote shall be supplemented by a subsequent signature.

Article 18 Except for the Board of Directors' consideration of connected transaction matters as provided for in these Rules, a meeting of the Board of Directors shall be held with the attendance of more than one-half of the Directors (including those who have been delegated to attend in accordance with the provisions).

Board meetings shall be attended by the directors in person, and if a director is unable to attend for any reason, he/she may appoint another director in writing to attend on his/her behalf. The power of attorney shall contain the name of the proxy, the matters to be represented, the scope of authorization and the period of validity, and shall be signed or sealed by the proxy. The director attending the meeting on behalf of the proxy shall exercise the rights of a director within the scope of authorization.

~~A director who fails to attend two consecutive meetings of the Board of Directors in person and does not delegate other directors to attend the meetings of the Board of Directors shall be deemed to be incapable of fulfilling his or her duties, and the Board of Directors shall recommend to the general meeting of shareholders for removal. A non-independent director who fails to attend two consecutive meetings of the Board of Directors in person and fails to delegate other directors to attend the meeting is deemed unable to fulfil his duties as a director, and the Board of Directors may propose to the general meeting of shareholders that he be removed.~~

~~If an independent non-executive director fails to attend three consecutive board meetings in person, the Board of Directors may propose to the shareholders' meeting that he or she be removed.~~

Article 19 Directors' delegated and entrusted attendance at meetings of the Board of Directors shall be governed by the following principles:

- (i) When considering matters of connected transaction, a non-connected director may not delegate a connected director to attend on his/her behalf; nor may a connected director accept a delegation from a non-connected director;
- (ii) Independent non-executive directors may not delegate non-independent directors to attend on their behalf; nor may non-independent directors accept delegations from independent directors;
- (iii) A director may not appoint another director to attend on his/her behalf without stating his/her own intention to vote on the proposal, nor may the director concerned accept a discretionary proxy or other proxy with unclear authorization.
- (iv) A director may not accept proxies from more than two directors, nor may a director appoint a director who has already accepted proxies from two other directors to attend on his or her behalf.

Article 20 Supervisors may attend the meetings of the Board of Directors; the General Manager and the Secretary of the Board of Directors, who are not also directors, shall attend the meetings of the Board of Directors. If the presiding officer of the meeting considers it necessary, he/she may notify other relevant persons to attend the meeting of the Board of Directors.

The persons attending the meeting of the Board of Directors must attend the meeting of the Board of Directors in person and may not delegate others to attend the meeting.

Article 21 Meetings of the Board of Directors shall be presided over by the Chairman of the Board of Directors. If the Chairman of the Board of Directors is unable to preside over the meeting, the Vice Chairman or a director shall preside over the meeting in accordance with the provisions of the Articles of ~~Incorporation~~ Association. After the general meeting of shareholders conducts a general election of the Board of Directors, the director who obtains the highest number of affirmative votes at the general meeting (if there are more than one, one of them shall be elected) shall preside over the meeting and elect the chairman of the current Board of Directors.

Chapter 5 Voting at meetings

Article 22 The presiding officer shall declare the meeting open at the scheduled time. The meeting shall consider each proposal one by one under the chairmanship of the presiding officer. If there is a need to change the order of the proposals specified in the notice of the meeting, it shall be agreed by at least one half of the Directors present at the meeting.

Unless unanimous consent is obtained from all Directors present before the meeting, no vote may be taken at a meeting of the Board of Directors on a proposal that is not included in the notice of the meeting. If a director accepts a proxy from another director to attend a meeting of the Board of Directors on his/her behalf, he/she shall not vote on behalf of the other director on a proposal not included in the notice of the meeting.

Article 23 When the Board of Directors deliberates on the relevant programs, proposals and reports, in order to have an exhaustive understanding of their main points and processes, it may request the head of the contracting department to be present at the meeting to listen to and inquire about the relevant explanations of the situation, so as to facilitate the correct making of resolutions.

Article 24 If more than one-half of the Directors or more than two ~~I~~independent ~~N~~non-executive Directors present at the meeting consider that a proposal is unclear or unspecific, or that they are unable to make a judgment on the relevant matter due to other reasons such as insufficient meeting materials, the presiding officer of the meeting shall request the meeting to suspend the vote on the proposal.

A Director proposing suspension of a proposal shall state the specific information required for resubmission of the proposal.

Article 25 The independent non-executive directors shall express objective and impartial independent opinions on matters discussed by the Board of Directors.

Article 26 When the Board of Directors considers the proposals submitted, all directors attending the meeting shall express their opinions in favor of, against or abstain from voting.

A director attending a meeting on behalf of a proxy shall exercise his/her rights on behalf of the proxy within the scope of authorization.

A director who fails to attend a meeting of the Board of Directors and fails to appoint a proxy to attend the meeting shall be deemed to have waived his or her right to vote at that meeting.

Article 27 Voting at meetings of the Board of Directors may be by show of hands or by signature. Each director shall have one vote, and the Chairman of the Board of Directors shall have the right to cast an additional vote when the votes against and in favor of a resolution are equal.

If a director is related to the enterprise involved in the proposal resolved at the meeting (i.e., serving as a director or senior manager of the counterparty, or directly or indirectly controlling the legal entity of the counterparty, or serving as a director or senior manager of the legal entity directly or indirectly controlling the counterparty), he/she shall not exercise his/her right to vote on the resolution, nor shall he/she act as a proxy for the other directors in exercising the right to vote. Resolutions made at a meeting of the Board of Directors shall be passed by a majority of the unconnected directors. If the number of unconnected directors attending the Board meeting is less than three, it shall be submitted to the general meeting of shareholders for consideration.

Article 28 Upon completion of the voting by the directors present at the meeting, the relevant staff of the Board of Directors shall collect the votes of the directors in a timely manner and hand them over to the Secretary of the Board of Directors for tallying under the supervision of a supervisor or an independent non-executive director.

Where a meeting is held on-site, the presiding officer shall announce the results of the counting on the spot; in other cases, the presiding officer shall request the Secretary of the Board of Directors to notify the directors of the voting results by the next business day after the end of the specified voting time limit.

If a director votes after the presiding officer of the meeting has announced the voting results or after the end of the prescribed time limit for voting, his/her vote shall not be counted.

Chapter 6 Resolutions of the Conference

Article 29 Resolutions shall be made on the proceedings of the meetings of the Board of Directors.

Article 30 The Board of Directors shall make resolutions, which may be agreed upon by the votes of more than half of all the directors, except for those matters required by the Articles of Association to be agreed upon by the votes of more than two-thirds of all the directors.

For proposals requiring a vote at an interim meeting of the Board of Directors, if the Board of Directors has distributed the contents of the proposals to be voted on in writing (including facsimile and e-mail) to all Directors and ensured that the Directors are able to adequately express their opinions, a resolution may be made by means of a communication vote without the need to convene a meeting of the Board of Directors. However, the number of ~~D~~irectors who have signed the agreement must have reached the number of ~~D~~irectors required to make a decision as stipulated in these Rules in order to form a valid resolution.

Article 31 When the Board of Directors makes a resolution on a connected transaction of the Company, it must be signed by all independent non-executive directors before it can take effect.

The opinions expressed by the independent non-executive directors shall be set out in the resolution of the Board of Directors.

Article 32 Any written resolution of the Board of Directors that has not been formed in accordance with the statutory procedures shall not have the legal effect of a resolution of the Board of Directors, even if each Director has expressed his/her opinion in a different way.

Article 33 Directors shall be responsible for the resolutions of the meetings of the Board of Directors.

If the resolution of a meeting of the Board of Directors violates laws, administrative regulations or the Articles of Association and causes the Company to suffer serious losses, the directors who voted in favor of the resolution shall bear direct responsibility (including liability); the director who voted against the resolution, which is proved to have expressed his/her dissent at the time of the vote and is recorded in the minutes of the meeting, may be exempted from responsibility; the director who abstained from voting or who did not attend the meeting or delegate another person to attend the meeting may not be exempted from responsibility; the directors who expressly objected during the discussion but did not expressly vote against the vote shall not be excused.

The company may make appropriate insurance arrangements for the legal liabilities to which each director may be exposed.

Chapter 7 Minutes of Meetings

Article 34 The minutes of the meetings of the Board of Directors shall be the official proof of the resolutions of the Board of Directors in respect of its proceedings, and the meetings of the Board of Directors shall make detailed minutes of the proceedings. The minutes of the meetings of the Board of Directors shall include the following contents:

- (i) The date, venue, names of the convener and the presiding officer of the meeting;
- (ii) The names of the directors presenting, and the names of the proxy and agent for the procedure of proxy attendance;
- (iii) The agenda of the meeting;
- (iv) The main points of the directors' speeches, which shall include any concerns raised or objections expressed by the directors (where a meeting is held by way of written proposals, the written feedback from the directors shall prevail);
- (v) The manner and result of voting on each resolution (the voting result shall set out the number of votes in favor, against or abstaining from voting);
- (vi) Signatures of the directors.

The Secretary of the Board of Directors shall carefully record and collate the proceedings of the meeting. The minutes of each meeting of the Board of Directors shall be provided to all attending directors for review as soon as possible. Directors who wish to make amendments and additions to the minutes shall report the amendments in writing to the Chairman of the Board of Directors within one week after receiving the minutes. After the minutes have been finalized, the directors present, the Secretary of the Board of Directors and the recorder shall sign the minutes, ~~the Secretary of the Board of Directors shall send a complete copy to each director as soon as possible.~~

Article 35 Meetings of the Board of Directors may be audio- and video-recorded throughout as necessary.

Article 36 The power of attorney, minutes, summary, resolutions, and other textual and audio-visual materials of the meetings of the Board of Directors shall be collected by the Secretary of the Board of Directors to be preserved as the Company's archives for a period of ten years.

Chapter 8 Implementation and Feedback on the Resolutions of the Board of Directors

- Article 37 After the resolutions are passed at the meetings of the Board, those should be submitted to the General Meeting of Shareholders for consideration shall be submitted for approval in a timely manner; matters that fall within his/her functions and powers or which the Board authorizes the General Manager to do so should be organized and implemented by the General Manager.
- Article 38 The chairman of the Board of Directors has the right to delegate other directors to check and supervise the implementation of the resolutions of the meeting.
- Article 39 At each meeting of the Board of Directors, the management of the Company shall report to the meeting on the status of implementation of the matters to be implemented in the resolutions of the previous Board of Directors.
- Article 40 The Secretary of the Board of Directors, under the leadership of the Board of Directors and the Chairman of the Board of Directors, shall take the initiative to follow the progress of the implementation of the resolutions of the Board of Directors. For the important issues in the implementation, he should report to the Board of Directors and the Chairman of the Board of Directors on a regular (monthly) and timely basis, and make recommendations.

Chapter 9 Supplementary Provisions

- Article 41 For the purpose of these rules, “more than”, “within” include the present number.
- Article 42 The formulation and amendment of these Rules shall become effective after they are adopted by the General Meeting of shareholders of the Company.
- Article 43 Where any matter not covered in these Rules or inconsistent with the provisions of laws, administrative regulations, other relevant regulatory documents and the Articles of Association of the Company, the provisions of laws, administrative regulations, other relevant regulatory documents and the Articles of Association of the Company shall prevail.
- Article 44 The right to interpret these rules is vested in the Board of Director.
- Article 45 These rules shall come into force on the date of their adoption by the General Meeting of Shareholders.

Beijing Digital Telecom Co., Ltd.
RULES OF PROCEDURES FOR THE BOARD OF SUPERVISORS

Chapter 1 General Provisions

- Article 1 In order to ensure the operation of the Board of Supervisors of Beijing Digital Telecom Co., Ltd. (hereinafter referred to as the “Company”) and ensure that the Board of Supervisors performs the duties entrusted to it by all shareholders, these Rules is hereby formulated in accordance with the Company Law of the People’s Republic of China (hereinafter referred to as the “Company Law”), the Securities Law of the People’s Republic of China (hereinafter referred to as the “Securities Law”), the Trial Measures for the Administration of Overseas Issuance and Listing of Securities by Domestic Enterprises, ~~; Mandatory Provisions in the Articles of Association of Companies Listed Overseas, Guidelines on the Articles of Association of Listed Companies, and the Code of Corporate Governance for Listed Companies~~, the Rules Governing the Listing of Securities on the Stock Exchange~~The Stock Exchange of Hong Kong Limited~~ and other relevant ~~domestic and overseas~~ laws and administrative regulations as well as the Articles of Association of Beijing Digital Telecom Co., Ltd. (hereinafter referred to as the “Articles of Association”).
- Article 2 The Board of Supervisors is responsible to the General Meeting of Shareholders. The Board of Supervisors supervises the Company’s finances, and the legality of the performance of duties by the Company’s directors and other senior management, and safeguards the legitimate rights and interests of the Company and its shareholders.
- Article 3 The Company shall safeguard the right of the Board of Supervisors to be informed and provide the Board of Supervisors with the necessary information and materials in a timely manner so that the Board of Supervisors can effectively supervise, inspect and evaluate the Company’s financial situation and business management.
- The management of the Company shall, as required by the Board of Supervisors, report to the Board of Supervisors on the signing and execution of major contracts of the Company, the utilization of funds and the profit and loss situation. The General Manager must guarantee the authenticity of this report.
- Article 4 The meetings of the Board of Supervisors are composed of all supervisors elected in accordance with the law.

Chapter 2 Convening, proposals and notification of meetings

Article 5 Meetings of the Board of Supervisors are divided into regular meeting and interim meeting.

Article 6 Regular meeting of the Board of Supervisors shall be held every six months. ~~Supervisors may propose the convening of an interim meeting of the Board of Supervisors it shall be convened by the chairman of the Board of Supervisors or two supervisors. Resolutions of the Board of Supervisors shall be adopted by more than half of the supervisors.~~

~~Meetings of the Board of Supervisors shall be convened by the Chairman of the Board of Supervisors. When convenes an interim meeting, the Board of Supervisors shall notify all supervisors in writing 3 days prior to the meeting. In case of urgent matters, an interim meeting may be convened at any time upon the proposal of the supervisors, and shall not be subject to the aforesaid restriction on the notice of meeting.~~

~~Article 6~~
Article 7 Meetings of the Board of Supervisors shall be chaired by the Chairman of the Board of Supervisors. If the Chairman is unable to chair the meeting, a supervisor may be elected by more than half of the supervisors to chair the meeting. After the General Meeting of Shareholders has conducted a general election of the Board of Supervisors, the supervisor who has received the highest number of affirmative votes at the general meeting (or if there is more than one, one of them shall be elected) shall preside over the meeting to elect the Chairman of the current Board of Supervisors.

~~Article 7~~
Article 8 Supervisors have the right to request the Chairman of the Board of Supervisors to convene an interim meeting. An interim meeting shall be convened in any of the following cases:

- (i) When the Chairman of the Board of Supervisors deems it necessary;
- (ii) When the supervisors have justifiable reasons to propose the convening of an interim meeting;
- (iii) When the Company has incurred or is incurring significant loss of assets and shareholders' rights and interests have been jeopardized;
- (iv) When the Company's directors or other executives violate laws, regulations and the Articles of Association and seriously jeopardize the Company's interests.

~~Article 8-~~
Article 9 The organization of work, work reports and matters related to the powers and functions of the Board of Supervisors may be proposed by the supervisors as proposals for regular or interim meetings.

~~Article 9-~~
Article 10 Before giving notice of a regular meeting of the Board of Supervisors, the Chairman of the Board of Supervisors shall solicit proposals for the meeting from all supervisors. Supervisors may, as necessary, solicit opinions from the employees of the Company and, in doing so, shall state that the Board of Supervisors focuses on the supervision of the Company's standardized operation and the duties and behaviors of the directors and senior management rather than on the decision-making of the Company's operation and management.

~~Article 10-~~
Article 11 The Company shall designate a person responsible for collecting proposals from supervisors and submitting them to the Board of Supervisors for consideration in a timely manner.

~~Article 11-~~
Article 12 Meetings of the Board of Supervisors are convened by the Chairman of the Board of Supervisors, who issues a notice convening the meeting. The notice of the meeting includes the date, venue and the time limit of the meeting, the agenda, the reasons for the meeting, resolutions and relevant information, and the date of issuance of the notice.

The time for notification of a meeting: ~~at least ten days~~ 3 days prior to the convening of the meeting of the Board of Supervisors.

~~If the circumstances are urgent and it is necessary to convene a temporary meeting of the Board of supervisors as soon as possible, a notice of the meeting may be issued orally or by telephone at any time, provided that the convener shall make an explanation at the meeting. In case of urgent matters, an interim meeting may be convened at any time upon the proposal of the supervisors, and shall not be subject to the aforesaid restriction on the notice of meeting.~~

Meetings of the Board of Supervisors are notified: in writing, by telephone and by facsimile upon confirmation of receipt.

~~Article 12-~~
Article 13 Before convening the meeting after issuing the notice of meeting, the Company shall designate a person to be responsible for, or organize and arrange for, communication and liaison with all supervisors, and to obtain supervisors' opinions or suggestions on the relevant proposals, so as to improve the relevant motions.

~~Article 13~~
Article 14

Where an interim meeting of the Board of Supervisors is proposed, the supervisors shall submit a signed written proposal to the chairman of the supervisory committee. The written proposal shall specify:

- (i) The name of the proposer;
- (ii) The reasons or objective reasons on which the proposal is based;
- (iii) Well-defined and specific proposal;
- (iv) Time or time limit of the meeting proposed;
- (v) Contact information of the proposer and the date of the proposal, etc..

The chairman of the Board of Supervisors shall issue a notice of convening an interim meeting of the Board of Supervisors within three days upon receiving the written proposal from the proposer.

Chapter 3 Convening the Meetings of the Board of Supervisors

~~Article 14~~
Article 15

Meetings of the Board of Supervisors are divided into on-site meetings, tele-meetings and meetings by way of written proposals according to the manner in which the meeting is held.

Meetings of the Board of Supervisors could be held by means of teleconferencing, provided that the participating supervisors are able to hear and communicate with others. Supervisors who are not able to sign the resolutions of the meeting immediately at such meetings shall vote orally and fulfill the written signature procedure as soon as possible.

Meetings of the Board of Supervisors are held by way of written proposals, whereby the contents of the proposals to be discussed and considered are distributed in writing to all supervisors for voting, and the signature of a supervisor on a resolution is deemed to be a vote in favor of the resolution unless the supervisor has recorded otherwise.

~~Article 15~~
Article 16

The quorum of the meeting of the Board of Supervisors shall be two-thirds or more of its members attended.

Supervisors shall attend in person at meetings of the Board of Supervisors. If a supervisor is unable to attend for any reason, he/she may authorize another supervisor to attend on his/her behalf in writing. Such written authorization shall include the name of the proxy, the matters to be handled by the proxy, authority of the proxy and the period of validity, and shall bear the signature or seal of the principal.

~~Article 16~~ The secretary of the Board of Directors shall attend the meetings of the
~~Article 17~~ Board of Supervisors.

Chapter 4 Voting, Resolutions and Minutes of Meetings

~~Article 17~~ The presiding officer shall declare the meeting open at the scheduled time.
~~Article 18~~ The meeting shall consider each proposal one by one under the chairmanship of the presiding officer.

~~Article 18~~ When considering on relevant proposals and reports at meeting of the
~~Article 19~~ Board of Supervisors, the Board of Supervisors may request the Company's directors, senior management, internal and external auditors to attend the meetings, to make necessary explanations on the relevant matters and to answer questions of concern to the Board of Supervisor.

At meeting of the Board of Supervisors to consider proposals, all participating supervisors shall express their opinions in favor of, against or abstain from voting. Supervisors attending the meeting on behalf of their principals shall exercise their rights on behalf of their principals within the scope of authorization.

Supervisors who are not present at a meeting of the Board of Supervisors and are not represented by proxy shall be deemed to have waived their right to vote at that meeting.

~~Article 19~~ Resolutions shall be made at the meeting of the Board of Supervisors on
~~Article 20~~ the proposals under consideration. Voting at the meeting of the Board of Supervisors shall be conducted on a one-person-one-vote basis, by show of hands or by signature. ~~All resolutions must be approved by more than two-thirds of all supervisors to be valid.~~

~~Article 20~~ The meeting of the Board of Supervisors shall take detailed minutes of the
~~Article 21~~ proceedings, which shall serve as official proof of the resolutions at the meeting of the Board of Supervisors.

The minutes of the meeting of the Board of Supervisors shall include: the date, venue and name of the presiding officer of the meeting; the names of the supervisors attending and the names of the principals and proxies handling the formalities; the agenda; the main points of the supervisors' speeches; and the manner of voting on and the results of each resolved matter (the results of the voting shall set out the number of votes cast in favor of, against, or abstaining from voting).

The Company shall designate a person to carefully organize the recording and collation of the proceedings of the meetings, and the minutes of each meeting of the Board of Supervisors shall be made available as soon as possible for review by all participating supervisors. Supervisors attending the meeting and the recorder shall sign the minutes. Supervisors have the right to request that certain explanatory notes be made on the minutes regarding their speeches at the meeting.

~~Article 21~~

Article 22

The minutes of meetings and resolutions of the Board of Supervisors shall be kept as important files of the Company by the Company's designated personnel at the Company's residence for a period of ten years.

Chapter 5 Implementation of and Feedback on the Resolutions of the Board of Supervisors

~~Article 22~~

Article 23

All resolutions of the Board of Supervisors shall be implemented or supervised by designated supervisors. The designated Supervisor shall record the implementation of the resolutions of the Board of Supervisors and report the results of implementation to the Board of Supervisors.

~~Article 23~~

Article 24

The Chairman of the Board of Supervisors shall inform at subsequent meetings about the implementation of the resolutions that have been formed.

~~Article 24~~

Article 25

If the resolution made by the Board of Supervisors involves a proposal to convene an extraordinary board of directors meeting, an extraordinary general meeting or a provisional proposal to the annual general meeting, the Board of Supervisors shall submit in writing to the Board of Directors a proposal with a complete list of topics and contents for the meeting within a specified period of time and shall ensure that the contents of the proposal are in compliance with the laws, regulations and the provisions of the Company's Articles of Incorporation.

Chapter 6 Supplementary Provisions

~~Article 25~~ For the purpose of these rules, “more than”, “within” include the present
Article 26 number.

~~Article 26~~ The formulation and amendment of these rules shall be approved by the
Article 27 general meeting of shareholders of the Company.

~~Article 27~~ In the event of any conflict between these Rules and the provisions of
Article 28 laws, administrative regulations, other relevant regulatory documents and
the Articles of Association of the Company, the provisions of laws,
administrative regulations, other relevant regulatory documents and the
Articles of Association of the Company shall prevail.

~~Article 28~~ The right to interpret these rules is vested in the Board of Supervisors.
Article 29

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS

Interests of Directors, supervisors or chief executive of the Company

As at the Latest Practicable Date, the interests and short positions of the Directors, supervisors or chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or which are required pursuant to Section 352 of the SFO to be entered in the register referred to therein, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules were as follows:

Interests in the Company

Name	Class of Shares	Capacity	Number of Shares/underlying Shares held	Percentage of the relevant class of share capital (Note 1)	Percentage of the total share capital (Note 1)
Liu Donghai (Note 2)	Domestic Shares	Interest of controlled corporation	168,362,098 (long position)	49.86	18.99
		Person acting in concert	169,337,902 (long position)	50.14	19.10

Notes:

- The percentage is calculated with the total number of 886,460,400 Shares in issue as at the Latest Practicable Date, comprising 337,700,000 Domestic Shares and 548,760,400 H Shares.
- As at the Latest Practicable Date, Digital Science & Technology directly holds 168,362,098 Domestic Shares, and the Liu Family jointly hold the entire equity interest in Digital Science & Technology. In addition, Digital Science & Technology and Liu Donghai entered into a concert party agreement with Huafa Technology Industry Group on 8 April 2024. Accordingly, pursuant to the SFO, Liu Donghai is deemed to be interested in 168,362,098 Domestic Shares held by Digital Science & Technology and 169,337,902 Domestic Shares held by Huafa Technology Industry Group.

Save as disclosed in this circular, as at the Latest Practicable Date, none of the Directors, supervisors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which are required 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 are taken or deemed to have under such provisions of the SFO); or which are required pursuant to Section 352 of the SFO to be entered in the register referred to therein, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules.

3. SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

As at the Latest Practicable Date, as far as known to the Directors and chief executive of the Company, the following persons had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO, or who are directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote at a general meeting under all circumstances:

Name of Shareholder	Class of Shares	Capacity	Number of Shares/underlying Shares held	Percentage of the relevant class of share capital (Note 1)	Percentage of the total share capital (Note 1)
Liu Yongmei (Note 2)	Domestic Shares	Interest of controlled corporation	168,362,098 (long position)	49.86	18.99
		Person acting in concert	169,337,902 (long position)	50.14	19.10
Liu Hua (Note 2)	Domestic Shares	Interest of controlled corporation	168,362,098 (long position)	49.86	18.99
		Person acting in concert	169,337,902 (long position)	50.14	19.10
Liu Wenli (Note 2)	Domestic Shares	Interest of controlled corporation	168,362,098 (long position)	49.86	18.99
		Person acting in concert	169,337,902 (long position)	50.14	19.10
Liu Wencui (Note 2)	Domestic Shares	Interest of controlled corporation	168,362,098 (long position)	49.86	18.99
		Person acting in concert	169,337,902 (long position)	50.14	19.10

APPENDIX V
GENERAL INFORMATION

Name of Shareholder	Class of Shares	Capacity	Number of Shares/underlying Shares held	Percentage of the relevant class of share capital (Note 1)	Percentage of the total share capital (Note 1)
Liu Songshan (Note 2)	Domestic Shares	Person acting in concert	337,700,000 (long position)	100.00	38.09
Di Er Tong (Note 2)	Domestic Shares	Person acting in concert	337,700,000 (long position)	100.00	38.09
Digital Science & Technology (Note 2)	Domestic Shares	Beneficial owner	168,362,098 (long position)	49.86	18.99
		Person acting in concert	169,337,902 (long position)	50.14	19.10
Huafa Technology Industry Group (Note 3)	Domestic Shares	Beneficial owner	169,337,902 (long position)	50.14	19.10
		Person acting in concert	168,362,098 (long position)	49.86	18.99
Zhuhai Huafa (Note 3)	Domestic Shares	Interest of controlled corporation	337,700,000 (long position)	100.00	38.09
	H Shares	Interest of controlled corporation	327,057,912 (long position)	59.60	36.89
Hong Kong Huafa (Note 3)	H Shares	Beneficial owner	327,057,912 (long position)	59.60	36.89
Dawn Galaxy International Limited (Note 4)	H Shares	Beneficial owner	42,000,000 (long position)	7.65	4.74
YBN Investments Limited (Note 5)	H Shares	Beneficial owner	77,000,000 (long position)	14.03	8.69
YBN International Holdings Limited (Note 5)	H Shares	Interest of controlled corporation	77,000,000 (long position)	14.03	8.69
YBN Holdings Limited (Note 5)	H Shares	Interest of controlled corporation	77,000,000 (long position)	14.03	8.69
Taihe Dali Investment Hongkong Limited (Note 5)	H Shares	Interest of controlled corporation	77,000,000 (long position)	14.03	8.69
Wang Wei (Note 5)	H Shares	Interest of controlled corporation	77,000,000 (long position)	14.03	8.69

APPENDIX V
GENERAL INFORMATION

Name of Shareholder	Class of Shares	Capacity	Number of Shares/underlying Shares held	Percentage of the relevant class of share capital (Note 1)	Percentage of the total share capital (Note 1)
CITIC International Assets Management Limited (Note 5)	H Shares	Interest of controlled corporation	77,000,000 (long position)	14.03	8.69
CITIC International Financial Holdings Limited (Note 5)	H Shares	Interest of controlled corporation	77,000,000 (long position)	14.03	8.69
China CITIC Bank Corporation Limited (Note 5)	H Shares	Interest of controlled corporation	77,000,000 (long position)	14.03	8.69
CITIC Limited (Note 5)	H Shares	Interest of controlled corporation	77,000,000 (long position)	14.03	8.69
CITIC Group Corporation (Note 5)	H Shares	Interest of controlled corporation	77,000,000 (long position)	14.03	8.69
Unicorn Link Group Limited (Note 6)	H Shares	Beneficial owner	77,000,000 (long position)	14.03	8.69
Xi Yue Cultural Industry Investment Fund L.P. (Note 6)	H Shares	Beneficial owner	77,000,000 (long position)	14.03	8.69
Glorious Maple Limited (Note 6)	H Shares	Beneficial owner	77,000,000 (long position)	14.03	8.69
Yeung Wan Yiu (Note 6)	H Shares	Interest of controlled corporation	77,000,000 (long position)	14.03	8.69
Vital Vision Limited (Note 6)	H Shares	Beneficial owner	77,000,000 (long position)	14.03	8.69

Notes:

1. The percentage is calculated with the total number of 886,460,400 Shares in issue as at the Latest Practicable Date, comprising 337,700,000 Domestic Shares and 548,760,400 H Shares.
2. As at the Latest Practicable Date, Digital Science & Technology directly holds 168,362,098 Domestic Shares, and the Liu Family jointly holds the entire equity interest in Digital Science & Technology. In addition, Digital Science & Technology and Liu Donghai entered into a concert party agreement with Huafa Technology Industry Group on 8 April 2024 (“**New Concert Party Agreement**”). Accordingly, pursuant to the SFO, (i) Liu Donghai is deemed to be interested in 168,362,098 Domestic Shares held by Digital Science & Technology and 169,337,902 Domestic Shares held by Huafa Technology Industry Group and (ii) each of Liu Songshan, Liu Hua, Liu Wencui, Liu Yongmei and Liu Wenli is deemed to be interested in 337,700,000 Domestic Shares held by Digital Science & Technology.

To the best of the Directors’ knowledge after due enquiry, the concert party agreement dated 29 January 2021 entered into between Huafa Technology Industry Group, Di Er Tong, Digital Science & Technology and the Liu Family has been expired on 7 April 2024, and each of Di Er Tong, Liu Hua, Liu Songshan, Liu Wencui, Liu Yongmei and Liu Wenli is no longer a concert party under the New Concert Party Agreement. Accordingly, Di Er Tong ceased to have a notifiable interest pursuant to Divisions 2 and 3 of Part XV of the SFO as Di Er Tong ceased to be a member of a concert party group under the New Concert Party Agreement. However, as there was no notification by Di Er Tong to cease to have a notifiable interest pursuant to Divisions 2 and 3 of Part XV of the SFO after the relevant event and as recorded in the register to be kept by the Company pursuant to Section 336 of the SFO, Di Er Tong remains registered as a substantial Shareholder as at the Latest Practicable Date.

3. Huafa Technology Industry Group directly holds 169,337,902 Domestic Shares. In addition, Huafa Technology Industry Group entered into the New Concert Party Agreement with Digital Science & Technology and Liu Donghai on 8 April 2024. Accordingly, pursuant to the SFO, Huafa Technology Industry Group is deemed to be interested in 168,362,098 Domestic Shares held by Digital Science & Technology. Zhuhai Huafa directly holds 93.06% equity interests in Huafa Technology Industry Group. Accordingly, pursuant to the SFO, Zhuhai Huafa is deemed to be interested in 337,700,000 Domestic Shares held by Huafa Technology Industry Group. Hong Kong Huafa directly holds a total of 327,057,912 H Shares, while Zhuhai Huafa directly holds 100% equity interest in Hong Kong Huafa. Accordingly, pursuant to the SFO, Zhuhai Huafa is deemed to be interested in 327,057,912 H Shares held by Hong Kong Huafa.
4. To the best of the Directors’ knowledge after due enquiry, following the closing of the mandatory conditional offer for H Shares on 3 June 2021, Dawn Galaxy International Limited is no longer a substantial Shareholder as it had made a valid acceptance for the offer. However, as there is no notification to cease to have a notifiable interest pursuant to Divisions 2 and 3 of Part XV of the SFO after the relevant event and as recorded in the register to be kept by the Company pursuant to Section 336 of the SFO, Dawn Galaxy International Limited remains registered as a substantial Shareholder as at the Latest Practicable Date.

5. YBN Investments Limited directly holds 77,000,000 H Shares. YBN Investments Limited is wholly owned by YBN International Holdings Limited, which is in turn owned as to 70% by YBN Holdings Limited. Accordingly, pursuant to the SFO, each of YBN International Holdings Limited and YBN Holdings Limited is deemed to be interested in 77,000,000 H Shares held by YBN Investments Limited.

YBN Holdings Limited is directly owned as to approximately 46.75% by CITIC International Assets Management Limited, which is in turn directly owned as to 46.0% by CITIC International Financial Holdings Limited. CITIC International Financial Holdings Limited is a direct wholly-owned subsidiary of China CITIC Bank Corporation Limited, which is in turn directly owned as to approximately 64.14% by CITIC Financial Holdings Co., Ltd.. CITIC Financial Holdings Co., Ltd. is indirectly and wholly owned by CITIC Limited through its wholly-owned subsidiary, CITIC Corporation Limited. CITIC Limited is directly owned as to approximately 25.60% and 27.52% by CITIC Glory Limited and CITIC Polaris Limited, respectively, both of which are the wholly-owned subsidiaries of CITIC Group Corporation. Accordingly, pursuant to the SFO, each of CITIC International Assets Management Limited, CITIC International Financial Holdings Limited, China CITIC Bank Corporation Limited, CITIC Financial Holdings Co., Ltd., CITIC Corporation Limited, CITIC Limited and CITIC Group Corporation is deemed to be interested in 77,000,000 H Shares held by YBN Investments Limited.

In addition, YBN Holdings Limited is also directly owned as to approximately 38.25% by Taihe Dali Investment Hongkong Limited, which is in turn directly owned as to approximately 55.60% by Wang Wei. Accordingly, pursuant to the SFO, each of Taihe Dali Investment Hongkong Limited and Wang Wei is deemed to be interested in 77,000,000 H Shares held by YBN Investments Limited.

6. Unicorn Link Group Limited directly holds 77,000,000 H Shares. To the best of the Directors' knowledge after due enquiry, Unicorn Link Group Limited is directly owned as to 100% by Xi Yue Cultural Industry Investment Fund L.P. ("Xi Yue Fund L.P."). Vital Vision Limited is the sole general partner of Xi Yue Fund L.P.. Vital Vision Limited is wholly owned by Glorious Maple Limited, which is in turn owned as to 70% by Create Profit Global Limited. Yeung Wan Yiu holds 100% of the issued share capital of Create Profit Global Limited. The limited partner of Xi Yue Fund L.P. is United Wealth Ventures Limited, which is a wholly-owned subsidiary of Glorious Maple Limited and holds 100% partnership interest in Xi Yue Fund L.P.. Accordingly, pursuant to the SFO, each of Xi Yue Fund L.P., Vital Vision Limited, Glorious Maple Limited, Create Profit Global Limited, United Wealth Ventures Limited and Yeung Wan Yiu is deemed to be interest in 77,000,000 H Shares held by Unicorn Link Group Limited.

4. DIRECTORS OR PROPOSED DIRECTORS BEING A DIRECTOR OR EMPLOYEE IN A COMPANY HAVING AN INTEREST UNDER DIVISIONS 2 AND 3 OF PART XV OF THE SFO

As at the Latest Practicable Date, apart from Ms. Xu Jili, Ms. Xu Liping, Mr. Xie Hui, Mr. Jia Zhaojie and Ms. Pan Anran who serve in Zhuhai Huafa and/or its subsidiaries, and Mr. Liu Donghai who serves in Digital Science & Technology, none of the Directors is a director or employee of a company having an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

5. INTERESTS OF DIRECTORS IN COMPETING BUSINESS

As at the Latest Practicable Date, so far as the Directors are aware, none of the Directors and their respective close associates had an interest in any business which competes, or are likely to compete, either directly or indirectly, with the business of the Group which would require disclosure under the Listing Rules.

6. DIRECTORS' SERVICE CONTRACTS

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

7. DIRECTORS' INTERESTS IN CONTRACTS OR ARRANGEMENT

Save as disclosed herein, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group which was subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group.

8. DIRECTORS' INTEREST IN ASSETS

None of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group, or had been proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2023 (being the date to which the latest published audited consolidated financial statements of the Group were made up) and up to the Latest Practicable Date.

9. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading positions of the Group since 31 December 2023, the date to which the latest published audited annual consolidated financial statements of the Group were made up.

10. EXPERT AND CONSENT

The following are the qualifications of the expert who has provided opinion or advice contained in this circular:

Name	Qualification
Innovax	a corporation licensed under the SFO permitted to engage in Type 1 and Type 6 regulated activities (as defined under the SFO)

The above expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which it appears.

As at the Latest Practicable Date, the above expert did not have any shareholding, direct or indirect, 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. In addition, the above expert did not have any interest, either directly or indirectly, in any assets which have been acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2023 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

11. DOCUMENTS ON DISPLAY

Copies of the following documents will be published and displayed on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.dixintong.com>) for a period of 14 days from the date of this circular (both days inclusive):

- (i) 2024-2026 Financial Services Framework Agreement;
- (ii) Supplemental Agreement; and
- (iii) Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2.

NOTICE OF THE AGM



北京迪信通商貿股份有限公司
Beijing Digital Telecom Co., Ltd.

(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 6188)

NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting (the “**AGM**”) of Beijing Digital Telecom Co., Ltd. (the “**Company**”) will be held at 46th Floor, South Tower, Lize SOHO, Building 1, No. 20, Lize Road, Lize Financial Business District, Fengtai District, Beijing, the PRC on Wednesday, 22 May 2024 at 10:30 a.m. to consider and, if thought fit, to pass the following resolutions. Unless the context otherwise requires, capitalised terms used herein shall have the same meanings as those defined in the circular of the Company dated 30 April 2024 (the “**Circular**”):

AS SPECIAL RESOLUTIONS

1. “**That:**

the proposed amendments to the Articles of Association (the “**Articles Amendments**”) (details of which are set out in Appendix I to the Circular in relation to, among other things, the Articles Amendments) be and are hereby approved and the Amended and Restated Articles of Association which consolidates all the Articles Amendments be and are hereby approved and adopted in substitution for and to the exclusion of the existing Articles of Association, and any one Director be and is hereby authorised to do all such acts and things and execute all such documents and make all such arrangement as he/she shall, in his/her absolute discretion, deem necessary or expedient to give effect to the foregoing.”

2. “**That:**

the proposed amendments to the existing Rules of Procedures for General Meetings (details of which are set out in Appendix II to the Circular in relation to, among other things, the amendments to the Rules of Procedures for General Meetings) be and are hereby approved, and any one Director be and is hereby authorised to do all such acts and things and execute all such documents and make all such arrangement as he/she shall, in his/her absolute discretion, deem necessary or expedient to give effect to the foregoing.”

NOTICE OF THE AGM

3. **“That:**

the proposed amendments to the existing Rules of Procedures for the Board of Directors (details of which are set out in Appendix III to the Circular in relation to, among other things, the amendments to the Rules of Procedures for the Board of Directors) be and are hereby approved, and any one Director be and is hereby authorised to do all such acts and things and execute all such documents and make all such arrangement as he/she shall, in his/her absolute discretion, deem necessary or expedient to give effect to the foregoing.”

4. **“That:**

the proposed amendments to the existing Rules of Procedures for the Board of Supervisors (details of which are set out in Appendix IV to the Circular in relation to, among other things, the amendments to the Rules of Procedures for the Board of Supervisors) be and are hereby approved, and any one Director be and is hereby authorised to do all such acts and things and execute all such documents and make all such arrangement as he/she shall, in his/her absolute discretion, deem necessary or expedient to give effect to the foregoing.”

5. **“That:**

- i. Subject to the conditions set out below, the Board be and is hereby granted an unconditional and general mandate during the Relevant Period (as defined below) to allot, issue and/or otherwise deal with additional Shares in the share capital of the Company (including securities convertible into Shares) and to make or grant offers, agreements or options in respect of the above:
 - a. such mandate shall not extend beyond the Relevant Period (as defined below), other than in the case of making or granting of offers, agreements or options by the Board during the Relevant Period (as defined below) which might require the performance or exercise of such powers after the close of the Relevant Period (as defined below);
 - b. the aggregate number of Shares authorised to be allotted and issued or agreed conditionally or unconditionally to be allotted and issued (whether pursuant to an option or otherwise) by the Board, otherwise than pursuant to (i) a Rights Issue (as defined below) or (ii) any option scheme or similar arrangement from time to time being adopted for the grant or issue to directors, supervisors, senior management and/or employees of the Company and/or any of its subsidiaries of Shares or rights to acquire Shares approved by the Board, shall not exceed 20% of the aggregate number of the Shares in issue as at the date on which this resolution is passed at the AGM; and

NOTICE OF THE AGM

c. the Board will only exercise the above authority in compliance with the Company Law of the People's Republic of China (as amended from time to time) and the Listing Rules (as amended from time to time) and with the necessary approvals of the CSRC and/or other relevant PRC government authorities;

ii. For the purpose of this resolution:

“**Relevant Period**” means the period from the date of passing of this resolution at the AGM until the earliest of:

- a. the conclusion of the next annual general meeting of the Company following the passing of this resolution; or
- b. the expiration of a 12-month period following the passing of this resolution; or
- c. the revocation or variation of the authority given to the Board under this resolution by the passing of a special resolution of the Company at a general meeting; and

“**Rights Issue**” means an offer to all shareholders of the Company (except any Shareholders to which the making of such offers by the Company is not permitted under the laws of the jurisdictions where they reside) and, as appropriate, holders of other equity securities of the Company who are qualified for such offers, for the allotment and issue of Shares or other securities in the Company which will or might require the allotment and issue of Shares in proportion to their existing holdings of such Shares or other equity securities (subject to the exclusion of fractional entitlements);

iii. Where the Board resolves to issue Shares (including securities convertible into Shares) pursuant to paragraph (1) of this resolution, the Board be and is hereby authorised to approve and execute all documents and agreements and do all things or to procure the execution of such documents and agreements and the doing of such things necessary in their opinion for the issue (including but not limited to determining the time and place for issue, class and number of new Shares to be issued, the pricing method and/or issue prices (including price ranges) of the Shares, submitting all necessary applications to relevant authorities, entering into underwriting agreements (or any other agreements), determining the use of proceeds, and fulfilling filing and registration requirements of the PRC, Hong Kong and other relevant authorities, including but not limited to registration with relevant PRC authorities of the increase in registered share capital as a result of the issue of Shares pursuant to paragraph (1) of this resolution); and

NOTICE OF THE AGM

iv. the Board be and is hereby authorised to amend the Articles of Association as they deem necessary to increase the registered share capital of the Company and to reflect the new capital structure of the Company following the allotment and issue of Shares contemplated in paragraph (1) of this resolution.”

6. **“That:**

the proposed change of registered office address and the proposed amendments to the Articles of Association be and are hereby approved, and any one Director be and is hereby authorised to do all such acts and things and execute all such documents and make all such arrangement as he/she shall, in his/her absolute discretion, deem necessary or expedient to give effect to the foregoing.”

AS ORDINARY RESOLUTIONS

7. To consider and approve the Supplemental Agreement and the transaction for the Deposit Services contemplated thereunder (including the Revised Deposit Caps);
8. To consider and approve the Photovoltaic Equipment and Components Purchase and Sales Framework Agreement No. 2 and the transaction contemplated thereunder (including the proposed cap);
9. To consider and approve the annual report of the Company for the year 2023;
10. To consider and approve the report of the Board for the year 2023;
11. To consider and approve the report of the board of supervisors of the Company for the year 2023;
12. To consider and approve the annual financial report of the Company for the year 2023;
13. To consider and approve the profit distribution plan of the Company for the year 2023; and

NOTICE OF THE AGM

14. To consider and approve the re-appointment of Ernst & Young as the Company's external auditor for the year 2024.

By order of the Board
Beijing Digital Telecom Co., Ltd.
XU Jili
Chairwoman

Beijing, the PRC

30 April 2024

Notes:

1. Holders of the Company's H shares (the "**H Share(s)**") and domestic shares (the "**Domestic Share(s)**") whose names appear on the register of members of the Company on Wednesday, 22 May 2024 are entitled to attend and vote at the AGM. The register of members of the Company will be closed from Friday, 17 May 2024 to Wednesday, 22 May 2024 (both days inclusive). Shareholders of the Company who intend to attend and vote at the AGM shall lodge all the transfer documents together with the relevant share certificates with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H Shares) or the registered office of the Company (for holders of Domestic Shares) no later than 4:30 p.m. on Thursday, 16 May 2024.
2. Any shareholder of the Company entitled to attend and vote at the AGM is entitled to appoint one or more proxies to attend and vote at the AGM on his/her/its behalf. A proxy needs not be a shareholder of the Company.
3. A proxy shall be appointed by an instrument in writing (including the proxy form). Such instrument shall be signed by the appointer or his/her/its attorney duly authorised in writing. If the appointer is a legal person, then the instrument shall be signed under a legal person's seal or signed by its director or an attorney duly authorised in writing. The instrument appointing the proxy shall be deposited at the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for holders of H Shares; or at the registered office of the Company for holders of Domestic Shares as soon as possible and in any event not later than 24 hours before the time appointed for the holding of the AGM or any adjournment thereof (as the case may be). If the instrument appointing the proxy is signed by a person authorised by the appointer, the power of attorney or other document of authority under which the instrument is signed shall be notarised. The notarised power of attorney or other document of authority shall be deposited together and at the same time with the instrument appointing the proxy at the Company's H Share registrar or the registered office of the Company (as may be applicable).
4. Shareholders or their proxies are required to produce their identification documents when attending the AGM.

NOTICE OF THE AGM

5. Miscellaneous

i. All attending shareholders of the Company shall arrange for their transportation and accommodation and shall bear all their own expenses in connection with their attendance.

ii. The address of the registered office of the Company:

No. 101, 4/F, C Yi'an Business Building
18 Building Yi'an Jiayuan
Beiwa West
Haidian District, Beijing
the PRC

Tel: (010) 6873 3818

Fax: (010) 6873 3816

Contact Person: Mr. Huang Mingqiang

iii. The address of the Company's H Share registrar:

Computershare Hong Kong Investor Services Limited

Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (For lodging share transfers)

17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (For deposit of the proxy form)

Tel: (852) 2862 8555

Fax: (852) 2865 0990

As at the date of this notice, the executive Directors are Ms. XU Jili, Ms. XU Liping and Mr. LIU Donghai; the non-executive Directors are Mr. XIE Hui, Mr. JIA Zhaojie and Ms. PAN Anran; and the independent non-executive Directors are Mr. LV Tingjie, Mr. LV Pingbo and Mr. CAI Chun Fai.

NOTICE OF THE H SHARE CLASS MEETING



北京迪信通商貿股份有限公司
Beijing Digital Telecom Co., Ltd.

(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 6188)

NOTICE OF THE H SHARE CLASS MEETING

NOTICE IS HEREBY GIVEN that the class meeting of the holders of H Shares (the “**H Share Class Meeting**”) of Beijing Digital Telecom Co., Ltd. (the “**Company**”) will be held at 46th Floor, South Tower, Lize SOHO, Building 1, No. 20, Lize Road, Lize Financial Business District, Fengtai District, Beijing, the PRC on Wednesday, 22 May 2024 at 10:50 a.m. (or immediately after the conclusion or adjournment of the AGM which will be held at the same place and date) to consider and, if thought fit, to pass the following resolutions. Unless the context otherwise requires, capitalised terms used herein shall have the same meanings as those defined in the circular of the Company dated 30 April 2024 (the “**Circular**”):

AS SPECIAL RESOLUTIONS

1. “**That:**

the proposed amendments to the Articles of Association (the “**Articles Amendments**”) (details of which are set out in Appendix I to the Circular in relation to, among other things, the Articles Amendments) be and are hereby approved and the Amended and Restated Articles of Association which consolidates all the Articles Amendments, be and are hereby approved and adopted in substitution for and to the exclusion of the existing Articles of Association, and any one Director be and is hereby authorised to do all such acts and things and execute all such documents and make all such arrangement as he/she shall, in his/her absolute discretion, deem necessary or expedient to give effect to the foregoing.”

2. “**That:**

the proposed amendments to the existing Rules of Procedures for General Meetings (details of which are set out in Appendix II to the Circular in relation to, among other things, the amendments to the Rules of Procedures for General Meetings) be and are hereby approved, and any one Director be and is hereby authorised to do all such acts and things and execute all such documents and make all such arrangement as he/she shall, in his/her absolute discretion, deem necessary or expedient to give effect to the foregoing.”

NOTICE OF THE H SHARE CLASS MEETING

3. “**That:**

the proposed amendments to the existing Rules of Procedures for the Board of Directors (details of which are set out in Appendix III to the Circular in relation to, among other things, the amendments to the Rules of Procedures for the Board of Directors) be and are hereby approved, and any one Director be and is hereby authorised to do all such acts and things and execute all such documents and make all such arrangement as he/she shall, in his/her absolute discretion, deem necessary or expedient to give effect to the foregoing.”

4. “**That:**

the proposed amendments to the existing Rules of Procedures for the Board of Supervisors (details of which are set out in Appendix IV to the Circular in relation to, among other things, the amendments to the Rules of Procedures for the Board of Supervisors) be and are hereby approved, and any one Director be and is hereby authorised to do all such acts and things and execute all such documents and make all such arrangement as he/she shall, in his/her absolute discretion, deem necessary or expedient to give effect to the foregoing.”

By order of the Board
Beijing Digital Telecom Co., Ltd.
XU Jili
Chairwoman

Beijing, the PRC
30 April 2024

Notes:

1. Holders of the H Shares whose names appear on the register of members of the Company on Wednesday, 22 May 2024 entitled to attend and vote at the H Share Class Meeting. The register of members of the Company will be closed from Friday, 17 May 2024 to Wednesday, 22 May 2024 (both days inclusive). Holders of H Shares who intend to attend and vote at the H Share Class Meeting shall lodge all the transfer documents together with the relevant share certificates with the Company’s H Share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Thursday, 16 May 2024.
2. Any holder of H Shares entitled to attend and vote at the H Share Class Meeting is entitled to appoint one or more proxies to attend and vote at the H Share Class Meeting on his/her/its behalf. A proxy needs not be a shareholder of the Company.

NOTICE OF THE H SHARE CLASS MEETING

3. A proxy shall be appointed by an instrument in writing (including the proxy form). Such instrument shall be signed by the appointer or his/her/its attorney duly authorised in writing. If the appointer is a legal person, then the instrument shall be signed under a legal person's seal or signed by its director or an attorney duly authorised in writing. The instrument appointing the proxy shall be deposited at the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for holders of H Shares as soon as possible and in any event not later than 24 hours before the time appointed for the holding of the H Share Class Meeting or any adjournment thereof (as the case may be). If the instrument appointing the proxy is signed by a person authorised by the appointer, the power of attorney or other document of authority under which the instrument is signed shall be notarised. The notarised power of attorney or other document of authority shall be deposited together and at the same time with the instrument appointing the proxy at the Company's H Share registrar.
4. Holders of H Shares or their proxies are required to produce their identification documents when attending the H Share Class Meeting.
5. Miscellaneous
 - i. All attending holders of H Shares shall arrange for their transportation and accommodation and shall bear all their own expenses in connection with their attendance.
 - ii. The address of the registered office of the Company:

No. 101, 4/F, C Yi'an Business Building
18 Building Yi'an Jiayuan
Beiwa West
Haidian District, Beijing
the PRC

Tel: (010) 6873 3818
Fax: (010) 6873 3816

Contact Person: Mr. Huang Mingqiang
 - iii. The address of the Company's H Share registrar:

Computershare Hong Kong Investor Services Limited

Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (For lodging share transfers)

17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (For deposit of the proxy form)

Tel: (852) 2862 8555
Fax: (852) 2865 0990

As at the date of this notice, the executive Directors are Ms. XU Jili, Ms. XU Liping and Mr. LIU Donghai; the non-executive Directors are Mr. XIE Hui, Mr. JIA Zhaojie and Ms. PAN Anran; and the independent non-executive Directors are Mr. LV Tingjie, Mr. LV Pingbo and Mr. CAI Chun Fai.

NOTICE OF THE DOMESTIC SHARE CLASS MEETING



北京迪信通商貿股份有限公司
Beijing Digital Telecom Co., Ltd.

(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 6188)

NOTICE OF THE DOMESTIC SHARE CLASS MEETING

NOTICE IS HEREBY GIVEN that the class meeting of the holders of Domestic Shares (the **“Domestic Share Class Meeting”**) of Beijing Digital Telecom Co., Ltd. (the **“Company”**) will be held at 46th Floor, South Tower, Lize SOHO, Building 1, No. 20, Lize Road, Lize Financial Business District, Fengtai District, Beijing, the PRC on Wednesday, 22 May 2024 at 11:00 a.m. (or immediately after the conclusion or adjournment of the AGM and the H Share Class Meeting which will be held at the same place and date) to consider and, if thought fit, to pass the following resolutions. Unless the context otherwise requires, capitalised terms used herein shall have the same meanings as those defined in the circular of the Company dated 30 April 2024 (the **“Circular”**):

AS SPECIAL RESOLUTIONS

1. **“That:**

the proposed amendments to the Articles of Association (the **“Articles Amendments”**) (details of which are set out in Appendix I to the Circular in relation to, among other things, the Articles Amendments) be and are hereby approved and the Amended and Restated Articles of Association which consolidates all the Articles Amendments, be and are hereby approved and adopted in substitution for and to the exclusion of the existing Articles of Association, and any one Director be and is hereby authorised to do all such acts and things and execute all such documents and make all such arrangement as he/she shall, in his/her absolute discretion, deem necessary or expedient to give effect to the foregoing.”

2. **“That:**

the proposed amendments to the existing Rules of Procedures for General Meetings (details of which are set out in Appendix II to the Circular in relation to, among other things, the amendments to the Rules of Procedures for General Meetings) be and are hereby approved, and any one Director be and is hereby authorised to do all such acts

NOTICE OF THE DOMESTIC SHARE CLASS MEETING

and things and execute all such documents and make all such arrangement as he/she shall, in his/her absolute discretion, deem necessary or expedient to give effect to the foregoing.”

3. **“That:**

the proposed amendments to the existing Rules of Procedures for the Board of Directors (details of which are set out in Appendix III to the Circular in relation to, among other things, the amendments to the Rules of Procedures for the Board of Directors) be and are hereby approved, and any one Director be and is hereby authorised to do all such acts and things and execute all such documents and make all such arrangement as he/she shall, in his/her absolute discretion, deem necessary or expedient to give effect to the foregoing.”

4. **“That:**

the proposed amendments to the existing Rules of Procedures for the Board of Supervisors (details of which are set out in Appendix IV to the Circular in relation to, among other things, the amendments to the Rule of Procedures for the Board of Supervisors) be and are hereby approved, and any one Director be and is hereby authorised to do all such acts and things and execute all such documents and make all such arrangement as he/she shall, in his/her absolute discretion, deem necessary or expedient to give effect to the foregoing.”

By order of the Board
Beijing Digital Telecom Co., Ltd.
XU Jili
Chairwoman

Beijing, the PRC

30 April 2024

Notes:

1. Holders of the Domestic Shares whose names appear on the register of members of the Company on Wednesday, 22 May 2024 are entitled to attend and vote at the Domestic Share Class Meeting. The register of members of the Company will be closed from Friday, 17 May 2024 to Wednesday, 22 May 2024 (both days inclusive). Holders of Domestic Shares who intend to attend and vote at the Domestic Share Class Meeting shall lodge all the transfer documents together with the relevant share certificates with the registered office of the Company no later than 4:30 p.m. on Thursday, 16 May 2024.
2. Any holder of Domestic Shares entitled to attend and vote at the Domestic Share Class Meeting is entitled to appoint one or more proxies to attend and vote at the meeting on his/her/its behalf. A proxy needs not be a shareholder of the Company.

NOTICE OF THE DOMESTIC SHARE CLASS MEETING

3. A proxy shall be appointed by an instrument in writing (including the proxy form). Such instrument shall be signed by the appointer or his/her/its attorney duly authorised in writing. If the appointer is a legal person, then the instrument shall be signed under a legal person's seal or signed by its director or an attorney duly authorised in writing. The instrument appointing the proxy shall be deposited at the registered office of the Company for holders of Domestic Shares as soon as possible and in any event not later than 24 hours before the time appointed for the holding of the Domestic Share Class Meeting or any adjournment thereof (as the case may be). If the instrument appointing the proxy is signed by a person authorised by the appointer, the power of attorney or other document of authority under which the instrument is signed shall be notarised. The notarised power of attorney or other document of authority shall be deposited together and at the same time with the instrument appointing the proxy at the registered office of the Company.
4. Holders of Domestic Shares or their proxies are required to produce their identification documents when attending the Domestic Share Class Meeting.

5. Miscellaneous

- i. All attending holders of Domestic Shares shall arrange for their transportation and accommodation and shall bear all their own expenses in connection with their attendance.
- ii. The address of the registered office of the Company:

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18 Building Yi'an Jiayuan
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