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



**寶業集團股份有限公司**  
**BAOYE GROUP COMPANY LIMITED\***

(a joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 2355)

**PROPOSED GENERAL MANDATE TO ISSUE SHARES**  
**PROPOSED GENERAL MANDATE TO REPURCHASE H SHARES**  
**PROPOSED GENERAL MANDATE TO ISSUE GREEN BOND**  
**PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**  
**AND**  
**NOTICES OF ANNUAL GENERAL MEETING AND CLASS MEETINGS**

Notices of convening an annual general meeting (the “**Annual General Meeting**”) and the respective class meetings for holders of H shares (the “**H Shares**”) and domestic shares (the “**Domestic Shares**”) of Baoye Group Company Limited to be held at 2nd Floor, Baoye Group, No.1687 Guazhu East Road, Keqiao District, Shaoxing City, Zhejiang Province, the PRC at 9:00 a.m. and immediately after the conclusion of AGM on Friday, 11 June 2021 is set out on pages 9 to 20 of this circular. Whether or not you are able to attend the Annual General Meeting and the class meetings, you are requested to complete the forms of proxy in accordance with the instructions printed thereon and return them to the H Shares registrar of Baoye Group Company Limited, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong (for holders of H Shares) or to the office address of Baoye Group Company Limited at No.1687 Guazhu East Road, Keqiao District, Shaoxing City, Zhejiang Province, the PRC (Post Code: 312030) (for holders of Domestic Shares) as soon as possible and in any event not less than 48 hours before the time for holding the meetings or not less than 48 hours before the time appointed for taking the poll. Completion and return of the form of proxies will not preclude you from attending and voting in person at the Annual General Meeting and class meetings or any adjournment thereof if you so wish.

\* For identification purposes only

23 April 2021



## DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be held at 2nd Floor, Baoye Group, No.1687 Guazhu East Road, Keqiao District, Shaoxing City, Zhejiang Province, the PRC at 9:00 a.m. on Friday, 11 June 2021
“AGM Notice”	The notice for convening the AGM set out on pages 9 to 14 of this circular
“Articles” or “Articles of Association”	the articles of association of the Company
“Board”	the board of Directors of the Company
“Class Meetings”	the class meeting for holders of H Shares to be held immediately after the conclusion of the AGM and the class meeting for holders of Domestic Shares to be held immediately after the conclusion of the said class meeting for holders of H Shares, the respective notices of which are set out on pages 15 to 20 of this circular, or any adjournment thereof respectively
“Class Meeting Notices”	the notices for convening the Class Meetings set out on pages 15 to 20 of this circular
“Company”	Baoye Group Company Limited* (寶業集團股份有限公司), a joint stock limited company incorporated in the PRC, the H Shares of which are listed on main board of the Stock Exchange
“Company Law”	the Company Law of the PRC
“day(s)”	calendar day(s), unless otherwise specified
“Director(s)”	the director(s) of the Company
“Domestic Shares”	domestic shares in the ordinary share capital of the Company, with a nominal value of RMB1.00 each, which were subscribed for in RMB
“Group”	the Company and its subsidiaries
“H Shares”	overseas listed foreign shares in the ordinary share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

## DEFINITIONS

“Latest Practicable Date”	15 April 2020, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mandatory Provisions”	《到境外上市公司章程必備條款》 (the Mandatory Provisions for the Articles of Association of the Companies to be Listed Overseas) issued on 27 August 1994 by the State Council Securities Policy Committee and the State Commission for Restructuring the Economic System of the PRC
“PRC”	the People’s Republic of China, and for the purpose of this circular only, exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“PRC laws”	applicable PRC laws, administrative regulations, government departmental rules, local regulations and regulatory documents of the regulatory authorities which are binding on the Company
“RMB”	Renminbi, the lawful currency of the PRC
“SAFE”	State Administration of Foreign Exchange of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	include Domestic Shares and H Shares
“Shareholder(s)”	holder(s) of the share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“%”	per cent

## LETTER FROM THE BOARD



# 寶業集團股份有限公司 BAOYE GROUP COMPANY LIMITED\*

(a joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 2355)

*Executive Directors:*

Mr. Pang Baogen  
Mr. Gao Lin  
Mr. Gao Jiming  
Mr. Gao Jun  
Mr. Jin Jixiang

*Non-executive Director:*

Mr. Fung Ching, Simon

*Independent non-executive Directors:*

Mr. Chan, Dennis Yin Ming  
Mr. Li Wangrong  
Ms. Liang Jing

*Corporate address:*

No.1687, Guazhu East Road,  
Keqiao District, Shaoxing City,  
Zhejiang Province, PRC

*Registered address:*

Yangxunqiao Subdistrict,  
Keqiao District, Shaoxing City  
Zhejiang Province, PRC

*Correspondence address in Hong Kong:*

Room A, 7th Floor,  
Southern Commercial Building,  
11 Luard Road  
Wanchai  
Hong Kong

23 April 2021

*To the Shareholders*

### **PROPOSED GENERAL MANDATE TO ISSUE SHARES PROPOSED GENERAL MANDATE TO REPURCHASE H SHARES PROPOSED GENERAL MANDATE TO ISSUE GREEN BOND PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND NOTICES OF ANNUAL GENERAL MEETING AND CLASS MEETINGS**

#### **INTRODUCTION**

The purpose of this circular is to provide you with information reasonably necessary to enable you to make an informed decision on whether to vote for or against the resolutions to be proposed at the AGM and the Class Meetings for the Shareholders' for the approval of, inter alia: (i) the proposed general mandate to issue Shares; (ii) the proposed general mandate to repurchase H shares; (iii) the proposed general mandate to issue green bond; (iv) the proposed amendments to the Articles of Association, and to give you the AGM Notice and the Class Meeting Notices.

\* For identification purposes only

## LETTER FROM THE BOARD

### PROPOSED GENERAL MANDATE TO ISSUE SHARES

At the last annual general meeting of the Company held on 16 June 2020, a special resolution was passed whereby a general mandate was granted to the Directors to allot and issue new shares and disposal of outstanding Shares individually and collectively up to 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of such resolution.

Such mandate will lapse at the conclusion of the forthcoming AGM. In order to increase the flexibility and efficiency in operation of the Company, and to give discretion to the Board in the event that it becomes desirable to issue any shares, the Board proposes a special resolution to grant to the Directors a general mandate to allot, issue and otherwise deal with H Shares up to a maximum of 20% of the total nominal value of H Shares in issue as at the date of passing of the resolution as set out in Resolution 8 of AGM Notice.

As at the Latest Practicable Date, the Company had in issue an aggregate of 562,664,053 Shares, comprising 211,922,000 H Shares and 350,742,053 Domestic Shares. On the basis that no further Shares will be issued by the Company during the period from the Latest Practicable Date to the date of the AGM, subject to the passing of Resolution 8 of the AGM Notice for the approval of the general mandate, the Company will be allowed to allot, issue and deal with up to a maximum of 42,384,400 H Shares, representing 20% of H Shares in issue on the date of the passing of the proposed resolution.

With reference to the proposed general mandate, the Directors, as at the date hereof, wish to state that they have no immediate plans to issue any new H Shares pursuant to the general mandate.

### PROPOSED GENERAL MANDATE TO REPURCHASE H SHARES

#### Repurchase Mandate

The Company Law, the Mandatory Provisions and the Articles of Association provide for certain restrictions on share repurchase which are applicable to all classes of shares of the Company.

A special resolution was passed at the annual general meeting and class meetings of the Company held on 16 June 2020 whereby a general mandate was granted to the Board to repurchase H Shares of the Company up to a maximum of 10% of the aggregate nominal value of H Shares in issue as at the date of the passing of the special resolution, such mandate will lapse at the conclusion of the forthcoming AGM of the Company. In order to increase the flexibility and efficiency in operation of the Company, the Board proposes a special resolution to grant to the Directors a general mandate to repurchase H Shares of the Company up to a maximum of 10% of the aggregate nominal value of H Shares in issue as at the date of the passing of the proposed resolution.

The Company Law (to which the Company is subject) provides that a joint stock limited company incorporated in the PRC may not repurchase its shares unless such repurchase is effected for the purposes of (a) reducing its registered capital; (b) in connection with a merger between itself and another entity that holds its shares; (c) granting shares as reward to the staff of the company; or (d) the repurchase is made at the request of its shareholders who disagrees with shareholders' resolutions in connection with a merger or division. The Mandatory Provisions, which the Company has incorporated in the Articles of Association, provide that subject to obtaining the approval of the relevant PRC regulatory authorities and in compliance with the Articles of

## LETTER FROM THE BOARD

Association, the Company may repurchase its issued Shares for the purpose of reducing its share capital or in connection with a merger between itself and another entity that holds its Shares or in circumstances permitted by laws or administrative regulations.

The Listing Rules permit the shareholders of a PRC joint stock limited company to grant a general mandate to its directors to repurchase shares of such company that is listed on the Stock Exchange. Such mandate is required to be given by way of a special resolution passed by its shareholders in general meeting and special resolutions passed by holders of domestic shares and holders of overseas listed foreign shares at separate meetings.

H Shares are traded on the Stock Exchange in Hong Kong dollars. Therefore, the repurchase of H Shares by the Company is subject to the approval of the SAFE (or its successor authority), and the price payable by the Company upon any repurchase of H Shares will be paid in Hong Kong dollars.

In accordance with the requirements of the Articles of Association applicable to capital reduction, the Company will have to notify its creditors of the passing of the resolution for the reduction of the registered capital of the Company. In addition, the Company Law provides that the shares repurchased by a company will have to be cancelled and the registered capital of that company will therefore be reduced by an amount equivalent to the aggregate nominal value of the shares so cancelled. In the event of a reduction of registered capital, the Company shall inform its creditors by way of written notice and announcement within a prescribed period after the passing of the relevant resolutions approving such reduction. The creditors shall be entitled to request the Company for repayment of loan or provision of guarantee.

### **Conditions to repurchase H Shares**

In order to ensure flexibility and discretion to the Directors in the event that it becomes desirable to repurchase any H Shares (including where such repurchase may lead to an enhancement of the net asset value per Share and/or the earnings per Share), approval is proposed to be sought from the Shareholders for the grant of the Repurchase Mandate to the Directors. In accordance with the legal and regulatory requirements described above, the Directors give notices to convene the AGM and the Class Meetings. At each such meeting, a special resolution will be proposed to grant to the Directors the Repurchase Mandate which is a conditional general mandate to repurchase H Shares in issue on the Stock Exchange with an aggregate nominal value not exceeding 10% of the aggregate nominal value of H Shares in issue of the Company as at the date of passing of such special resolution.

The Repurchase Mandate will be conditional upon (a) the special resolution for approving the grant of the Repurchase Mandate being passed at each of the AGM and the Class Meetings; and (b) the approvals of SAFE (or its successor authority) and/or any other regulatory authorities as may be required by the laws, rules and regulations of the PRC being obtained by the Company if appropriate. If the above conditions are not fulfilled, the Repurchase Mandate will not be exercisable by the Directors.

The Repurchase Mandate would expire on the earliest of (a) the conclusion of the next annual general meeting of the Company; (b) the expiration of a period of twelve months following the passing of the relevant resolution at the AGM and the Class Meetings; or (c) the date on which the authority conferred by the special resolution is revoked or varied by a special resolution of the Shareholders in a general meeting or by a special resolution of holders of H Shares or holders of Domestic Shares at their respective Class Meetings.

## LETTER FROM THE BOARD

The H Shares which may be repurchased by the Company pursuant to the Repurchase Mandate shall not exceed 10% of the aggregate nominal value of H Shares in issue of the Company as at the date of passing of the resolution approving the Repurchase Mandate at the AGM and the Class Meetings.

An explanatory statement giving certain information regarding the Repurchase Mandate is set out in the Appendix II to this circular.

### PROPOSED GENERAL MANDATE TO ISSUE GREEN BOND

One special resolution will be proposed at the AGM to consider and approve to authorise the Board (or Director(s) delegated by the Board), generally and unconditionally within the amount approved and in light of the demand of business operation, capital expenditures and industrialized construction expansion, as well as the market condition, to determine the specific provisions and related matters regarding the issuance of green bond (including the carbon neutral green bond) including, but not limited to the issue size, interest rate, validity period, purchaser, use of proceeds as well as all necessary documents to be made, executed or disclosed.

The effective period of the mandate is 24 months from the date of the passing of the resolution at the AGM. Where the Board has, upon the expiry of the authorization, decided the issuance of green bond, and provided that the Company has obtained necessary authorization (where appropriate), such as the approval and license and completed the filing or registration with regulatory authorities on the issuance, the Company can still be able, during the validity period of such approval, license, filing or registration, to complete the issuance or partial issuance of green bond. The Board will continue to deal with such issuance pursuant to the authorization document until full settlement of such green bond.

### PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

In light of registered address name change caused by the administrative adjustment, the State Council Reply to Adjustment of Regulations of the Notice Period for Convening Shareholders Meetings of Overseas-listed Companies promoted by China Securities Regulatory Commission, and the amendments to the Company Law which took effect on 26 October 2018, and after taking into consideration of the actual situation and the practice of corporate governance of the Company, the Board proposed to amend the Articles, among other things, align it with the relevant regulations, enhance the corporate governance of the Company and improve the management of operations.

The proposed amendments to Articles shall be approved by a special resolution of shareholders at the AGM on 11 June 2021 and by the relevant authorities of the PRC.

The proposed amendments to the Articles are set out in the Appendix I to this circular. The Articles as amended will also be made available on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.baoyegroup.com](http://www.baoyegroup.com)).

The legal advisors of the Company as to Hong Kong laws and the PRC laws have confirmed that the proposed amendments comply with the requirements of the Listing Rules and do not violate the applicable laws of the PRC, respectively. The Company confirms that there is nothing unusual about the proposed amendments for a PRC company listed on the Stock Exchange.

Shareholders are advised that the Articles of Association are available in Chinese only. The English translation of the proposed amendments to the Articles of Association provided in the notice of the AGM is for reference only. In case of any inconsistency, the Chinese version shall prevail.

## LETTER FROM THE BOARD

### AGM AND CLASS MEETINGS

Notices convening the AGM and the Class Meetings to be held at 2nd Floor, Baoye Group, No.1687 Guazhu East Road, Keqiao District, Shaoxing City, Zhejiang Province, the PRC, on Friday, 11 June 2021, are set out on pages 9 to 20 of this circular for the purpose of considering and if thought fit, passing the resolutions set out therein.

Forms of proxy for use at each of the AGM and the Class Meetings are enclosed with this circular. Whether or not you are able to attend the AGM and / or the Class Meetings, you are requested to complete the form of proxies in accordance with the instructions printed thereon and return it to the H Shares registrar of the Company, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong (for holders of H Shares) or to the Company's office address at No.1687 Guazhu East Road, Keqiao District, Shaoxing City, Zhejiang Province, the PRC (Post Code: 312030) (for holders of Domestic Shares) as soon as possible and in any event not less than 48 hours before the time for holding the meetings or not less than 48 hours before the time appointed for taking the poll. Completion and return of the form of proxy 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.

### BOOK CLOSURE FOR AGM AND CLASS MEETINGS ATTENDANCE

The register of members of the Company will be closed from Wednesday, 12 May 2021 to Friday, 11 June 2021, both dates inclusive, during which period no share transfers will be effected. In order to qualify for attending and voting at the AGM and Class Meetings, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's H Shares registrar in Hong Kong, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong (for holders of H Shares) and to the office address of the Company at No.501 Shanyin West Road, Keqiao District, Shaoxing City, Zhejiang Province, the PRC (Post Code: 312030) (for holders of Domestic Shares) no later than 4:30 pm on Tuesday 11 May 2021.

### VOTING BY WAY OF POLL

Pursuant to Rule 13.39(4) of the Listing Rules, all votes of the Shareholders at general meetings must be taken by poll except where the chairman, in good faith, decides to allow a resolution which related purely to a procedural or administrative matter to be voted by a show of hands. An announcement on the poll vote results will be made by the Company after the AGM and Class Meetings in the manner of prescribed under Rule 13.39(5) of the Listing Rules.

### RECOMMENDATION

The Directors consider that all the proposed resolutions in the AGM and the class meetings are in the best interests of the Company and the Shareholders as a whole, and accordingly, recommend all Shareholders to vote in favour of all such resolutions relating to these matters to be proposed at the AGM and the Class Meetings.

## LETTER FROM THE BOARD

### GENERAL INFORMATION

Your attention is drawn to the appendices to this circular.

As at the date of this circular, the Board comprises five executive Directors, namely Mr. Pang Baogen, Mr. Gao Lin, Mr. Gao Jiming, Mr. Gao Jun and Mr. Jin Jixiang; one non-executive Director, namely Mr. Fung Ching, Simon and three independent non-executive Directors, namely Mr. Chan, Dennis Yin Ming, Mr. Li Wangrong and Ms. Liang Jing.

Yours faithfully,  
For and on behalf of the Board  
**Baoye Group Company Limited\***  
**Pang Baogen**  
*Chairman*

\* *For identification purposes only*

# NOTICE OF AGM



## 寶業集團股份有限公司 BAOYE GROUP COMPANY LIMITED\*

(a joint stock limited company incorporated in the People's Republic of China)  
(Stock Code: 2355)

### NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Annual General Meeting (the "AGM") of Baoye Group Company Limited (the "Company") will be held at 2nd Floor, Baoye Group, No.1687 Guazhu East Road, Keqiao District, Shaoxing City, Zhejiang Province, the People's Republic of China (the "PRC") at 9:00 a.m. on Friday, 11 June 2021 for the following purposes:

#### I As ordinary resolutions:

1. To consider and approve the report of the board (the "Board") of directors (the "Directors") of the Company for the year ended 31 December 2020;
2. To consider and approve the report of the supervisory committee of the Company for the year ended 31 December 2020;
3. To consider and approve the audited consolidated financial statements of the Company and its subsidiaries (collectively, the "Group") and the report of the auditors of the Company for the year ended 31 December 2020;
4. To consider and approve the matters relating to no payment of final dividend for the year ended 31 December 2020;
- 5A. To re-appoint PricewaterhouseCoopers as the Company's international auditors and to authorise the Board to fix their remuneration;
- 5B. To re-appoint PricewaterhouseCoopers Zhongtian CPAs as the Company's PRC statutory auditors and to authorise the Board to fix their remuneration;
6. To consider and approve any motion proposed by any shareholder of the Company holding 5% or more of the shares with voting rights at such meeting, if any;

#### II As special resolutions

7. To consider and, if thought fit, pass the following as special resolution:

"THAT subject to the approval by the relevant authorities of the PRC, the original articles of association shall be amended as set out in Appendix I of the circular of the Company dated 23 April 2021."

\* For identification purposes only

## NOTICE OF AGM

8. To consider and, if thought fit, pass the following as special resolution:

“**THAT:**

- (a) Subject to sub-paragraphs (c) and (d) herein below and pursuant to The Rules (the “**Listing Rules**”) Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (as the same may be amended from time to time) and the Company Law of the PRC (the “**PRC Company Law**”), the Directors are generally and unconditionally authorised to exercise all the rights of the Company, to allot and issue new shares and dispose of outstanding shares of the Company individually and collectively during the Relevant Period (as defined in sub-paragraph (e) below) and to determine the terms and conditions in relation to the allotment and issue of new shares including, inter alia:
- (i) the type and number of new shares to be issued;
  - (ii) the issue price of the new shares;
  - (iii) the date for the commencement and closing of the issue;
  - (iv) the class and the number of new shares to be issued to the existing shareholders;
  - (v) to make, execute or grant offer proposals, agreements and options as may be necessary in the exercise of such powers; and
  - (vi) all other matters in relation thereto.
- (b) The Directors are authorised to make or grant offer proposals, agreements and options as required or may be required in the exercise of such powers during the Relevant Period (as defined in sub-paragraph (e) below) as referred to in sub-paragraph (a) or after the expiry of the Relevant Period.
- (c) The total nominal amount of H Shares (as defined in sub-paragraph (e) below), Domestic Shares (as defined in sub-paragraph (e) below) and non-H foreign shares (other than those issued under the PRC Company Law and the articles of association of the Company (the “**Articles of Association**”) by the capitalisation of the statutory capital reserve fund) agreed to be allotted and/or conditionally or unconditionally agreed to be allotted by the Directors pursuant to sub-paragraph (a) above (whether pursuant to the exercise of option or otherwise) shall not exceed 20% of such class of the shares in issue of the Company as at the date of the passing of this special resolution.
- (d) Upon the exercise of the powers pursuant to sub-paragraph (a) above, the Directors shall comply with the PRC Company Law and the Listing Rules (as the same may be amended from time to time) and obtain the approval from the China Securities Regulatory Commission.

## NOTICE OF AGM

- (e) For the purpose of this resolution:

“Domestic Shares” means the domestic shares in the ordinary share capital of the Company, with a nominal value of RMB1.00 each, which were subscribed for in Renminbi;

“H Shares” means the overseas listed foreign shares in the ordinary share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the Stock Exchange and subscribed for and traded in Hong Kong dollars;

“Relevant Period” means the period from the date of the passing of this resolution to the earliest of the following three:

- (i) twelve months after the passing of this resolution;
  - (ii) conclusion of the next annual general meeting of the Company; and
  - (iii) the date of the passing of a special resolution to revoke or amend the mandated as referred to in this resolution by shareholders in shareholders’ general meeting.
- (f) Subject to the approval by the relevant authorities of the PRC and pursuant to the PRC Company Law, when exercising the powers under sub-paragraph (a) above, the Directors are authorised to increase the registered capital of the Company to the required amount respectively and attend to the relevant registration procedures with the relevant authorities in the PRC, Hong Kong or such other relevant place.
- (g) Subject to the approval by the relevant authorities of the PRC, the Board is authorised to make appropriate and necessary amendments to the Articles of Association of the Company, so as to reflect the changes in the capital of the Company that may have arisen under this mandate.”

9. To consider and, if thought fit, pass the following as special resolution:

“**THAT:**

To authorise the Board to repurchase H Shares of the Company (the “**H Shares**”) subject to the following conditions:

- (a) subject to paragraphs (b) and (c) below, the exercise by the Board during the Relevant Period (as defined in paragraph (d) below) of all the powers of the Company to repurchase H Shares in issue of the Company on The Stock Exchange, subject to and in accordance with all applicable laws, rules and regulations and/or requirements of the governmental or regulatory body of securities in the PRC, the Stock Exchange or of any other governmental or regulatory body be and is approved;
- (b) the aggregate nominal value of H Shares authorised to be repurchased pursuant to the approval in paragraph (a) above during the Relevant Period shall not exceed 10% of the aggregate nominal value of H Shares in issue of the Company as at the date of the passing of this special resolution;

## NOTICE OF AGM

- (c) the approval in paragraph (a) above shall be conditional upon:
  - (i) the passing of a special resolution in the same terms as the resolution set out in this paragraph (except for this sub-paragraph (c)(i)) at the AGM of the Company to be held on Friday, 11 June 2021 (or on such adjourned date as may be applicable); and the class meetings for holders of H Shares of the Company and for holders of Domestic Shares of the Company to be held on Friday, 11 June 2021 (or on such adjourned date as may be applicable); and
  - (ii) the approval of the State Administration of Foreign Exchange of the PRC and/or any other regulatory authorities as may be required by the laws, rules and regulations of the PRC being obtained by the Company if appropriate;
- (d) for the purpose of this special resolution, “Relevant Period” means the period from the passing of this special resolution until whichever is the earliest of:
  - (i) the conclusion of the next annual general meeting following the passing of this special resolution;
  - (ii) the expiration of a period of twelve months following the passing of this special resolution; or
  - (iii) the date on which the authority set out in this special resolution is revoked or varied by a special resolution of the members of the Company in any general meeting or by a special resolution of holders of H Shares or holders of domestic shares of the Company at their respective class meeting.
- (e) subject to approval of all relevant governmental authorities in the PRC for the repurchase of such H Shares being granted, the Board be hereby authorised to:
  - (i) make such amendments to the Articles of Association of the Company as it thinks fit so as to reduce the registered capital of the Company and to reflect the new capital structure of the Company upon the repurchase of H Shares as contemplated in paragraph (a) above; and
  - (ii) file the amended Articles of Association of the Company with the relevant governmental authorities of the PRC and to apply for registration with the relevant companies registration authorities in the PRC of the change of registered capital of the Company in accordance with all applicable laws, rules, regulations and/or requirements of the relevant governmental or regulatory body in the PRC.

## NOTICE OF AGM

10. To consider and, if thought fit, pass the following as special resolution:

**“THAT:**

To authorise the Board to issue green bond (including the carbon neutral green bond) subject to the following conditions:

- (a) the Board be and is hereby generally and unconditionally granted a general mandate, subject to the registration, agree and/or approval from the the regulatory authorities, to issue green bond (including carbon neutral green bond in one time for tranches or in several times, with an aggregate principal amount not exceeding RMB2 billion (the **“Green bond”**); and
- (b) the Board (or any committee thereof), taking into consideration the requirement of the Company and other market conditions, be and is hereby generally and unconditionally authorised to:
  - (i) determine the terms and conditions of and other matters relating to the Green bond (including, but not limited to, the determination of the final aggregate principal amount, term, interest rate, and use of the proceeds of the Green bond and other related matters);
  - (ii) do all such acts which are necessary and incidental to the issue of the Green bond (including, but not limited to, the securing of approvals, the determination of selling arrangements and the preparation of relevant application documents); and
  - (iii) take all such steps which are necessary for the purposes of executing the Green bond (including, but not limited to, the execution of all requisite documentation and the disclosure of relevant information in accordance with application laws), and to the extent that any of the aforementioned acts and steps have already been undertaken by the Board (or any committee thereof) in connection with the Green bond, such acts and steps be and are hereby approved, confirmed and ratified.”

By order of the Board  
**Baoye Group Company Limited\***  
**Pang Baogen**  
*Chairman*

Zhejiang Province, the PRC  
23 April 2021

\* For identification purposes only

## NOTICE OF AGM

*Notes:*

1. The register of members of the Company will be closed from Wednesday, 12 May 2021 to Friday, 11 June 2021 both dates inclusive, during which period no share transfers will be effected. In order to qualify for attending and voting at the AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's H Shares registrar in Hong Kong, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong (for holders of H Shares) or to the office address of the Company (for holders of Domestic Shares), no later than 4:30 p.m. on Tuesday, 11 May 2021.
2. Holders of Domestic Shares and H Shares entitled to attend and vote at the AGM may appoint one or more proxies to attend and vote on their behalves. A proxy need not be a member of the Company.
3. In order to be valid, the proxy form must be deposited by hand or by post, for holders of H Shares of the Company, to the H Shares registrar of the Company, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, and for holders of Domestic Shares of the Company, to the office address of the Company at No.1687 Guazhu East Road, Keqiao District, Shaoxing City, Zhejiang Province, the PRC (Post Code: 312030) not less than 48 hours before the time for holding the meeting or not less than 48 hours before the time appointed for taking the poll. If the proxy form is signed by a person under a power of attorney or other authority, a notarially certified copy of that power of attorney or authority shall be deposited at the same time as mentioned in the proxy form.
4. Shareholders or their proxies shall present their identity documents when attending the meeting.
5. 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 related purely to a procedural or administrative matter to be voted by a show of hands. On a poll, every shareholder present in person or by proxy shall have one vote for each share registered in his/her name in the register of members. A shareholder entitled to more than one vote needs not use all his/her votes or cast all the votes he/she uses in the same manner.
6. Shareholders who intend to attend the AGM should complete and return the reply slip and return it by hand or by post to the share registrar of the Company (for holders of H Shares) or to the office address of the Company (for holders of Domestic Shares) on or before 4 June 2021.
7. The AGM is expected to take half a day. Shareholders attending the AGM shall be responsible for their own travel and accommodation expenses.
8. The office address of the Company is as follows:

No.1687 Guazhu East Road, Keqiao District  
Shaoxing City  
Zhejiang Province  
The People's Republic of China  
Post Code: 312030  
Tel: 86-575-84135837  
Fax: 86-575-84118792

*As at the date of this announcement, the Board comprises five executive Directors, namely Mr. Pang Baogen, Mr. Gao Lin, Mr. Gao Jiming, Mr. Gao Jun and Mr. Jin Jixiang; one non-executive Director, namely Mr. Fung Ching, Simon and three independent non-executive Directors, namely Mr. Chan, Dennis Yin Ming, Mr. Li Wangrong and Ms. Liang Jing.*

## NOTICE OF CLASS MEETING FOR HOLDERS OF H SHARES



# 寶業集團股份有限公司 BAOYE GROUP COMPANY LIMITED\*

(a joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 2355)

## NOTICE OF CLASS MEETING FOR HOLDERS OF H SHARES

NOTICE IS HEREBY GIVEN that a class meeting for holders of H Shares (the "Class Meeting") of Baoye Group Company Limited (the "Company") will be held at 2nd Floor, Baoye Group, No.1687 Guazhu East Road, Keqiao District, Shaoxing City, Zhejiang Province, the People's Republic of China (the "PRC") at 11:00 a.m. (or immediately after the annual general meeting of the Company to be convened and held on the same date and at the same place) on Friday, 11 June 2021 for the following purpose of considering and if thought fit, passing the following resolution:

### Special Resolution

To authorise the board (the "Board") of directors (the "Directors") of the Company to repurchase H Shares of the Company (the "H Shares") subject to the following conditions:

- (a) subject to paragraphs (b) and (c) below, the exercise by the Board during the Relevant Period (as defined in paragraph (d) below) of all the powers of the Company to repurchase H Shares in issue of the Company on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), subject to and in accordance with all applicable laws, rules and regulations and/or requirements of the governmental or regulatory body of securities in the PRC, the Stock Exchange or of any other governmental or regulatory body be and is approved;
- (b) the aggregate nominal value of H Shares authorised to be repurchased pursuant to the approval in paragraph (a) above during the Relevant Period shall not exceed 10% of the aggregate nominal value of H Shares in issue of the Company as at the date of the passing of this special resolution;

\* For identification purposes only

## NOTICE OF CLASS MEETING FOR HOLDERS OF H SHARES

- (c) the approval in paragraph (a) above shall be conditional upon:
  - (i) the passing of a special resolution in the same terms as the resolution set out in this paragraph (except for this sub-paragraph (c)(i)) at the AGM of the Company to be held on Friday, 11 June 2021; and the class meetings for holders of H Shares of the Company and for holders of Domestic Shares of the Company to be held on the same day; and
  - (ii) the approval of the SAFE of the PRC and/or any other regulatory authorities as may be required by the laws, rules and regulations of the PRC being obtained by the Company if appropriate;
- (d) for the purpose of this special resolution, “Relevant Period” means the period from the passing of this special resolution until whichever is the earliest of:
  - (i) the conclusion of the next annual general meeting following the passing of this special resolution;
  - (ii) the expiration of a period of twelve months following the passing of this special resolution; or
  - (iii) the date on which the authority set out in this special resolution is revoked or varied by a special resolution of the members of the Company in any general meeting or by a special resolution of holders of H Shares or holders of Domestic Shares of the Company at their respective class meetings; and
- (e) subject to approval of all relevant governmental authorities in the PRC for the repurchase of such H Shares being granted, the Board be hereby authorised to:
  - (i) make such amendments to the Articles of Association of the Company as it thinks fit so as to reduce the registered capital of the Company and to reflect the new capital structure of the Company upon the repurchase of H Shares as contemplated in paragraph (a) above; and
  - (ii) file the amended Articles of Association of the Company with the relevant governmental authorities of the PRC and to apply for registration with the relevant companies registration authorities in the PRC of the change of registered capital of the Company in accordance with all applicable laws, rules, regulations and/or requirements of the relevant governmental or regulatory body in the PRC.

By order of the Board  
**Baoye Group Company Limited\***  
**Pang Baogen**  
*Chairman*

Zhejiang Province, the PRC  
23 April 2021

\* For identification purposes only

## NOTICE OF CLASS MEETING FOR HOLDERS OF H SHARES

*Notes:*

1. The register of members of the Company will be closed from Wednesday, 12 May 2021 to Friday, 11 June 2021, both dates inclusive, during which period no share transfers will be effected. In order to qualify for attending and voting at the Class Meeting, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's H Shares registrar in Hong Kong, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on Tuesday, 11 May 2021.
2. Holders of H Shares entitled to attend and vote at the Class Meeting may appoint one or more proxies to attend and to vote on their behalves. A proxy need not be a member of the Company.
3. In order to be valid, the proxy form must be deposited by hand or by post, for holders of H Shares of the Company, to the H Shares registrar of the Company, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not less than 48 hours before the time for holding the meeting or not less than 48 hours before the time appointed for taking the poll. If the proxy form is signed by a person under a power of attorney or other authority, a notarially certified copy of that power of attorney or authority shall be deposited at the same time as mentioned in the proxy form.
4. Shareholders or their proxies shall present their identity documents when attending the meeting.
5. 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 related purely to a procedural or administrative matter to be voted by a show of hands. On a poll, every shareholder present in person or by proxy shall have one vote for each share registered in his/her name in the register of members. A shareholder entitled to more than one vote needs not use all his/her votes or cast all the votes he/she uses in the same manner.
6. Shareholders who intend to attend the Class Meeting should complete and return the reply slip and return it by hand or by post to the H Share registrar of the Company on or before 4 June 2021.
7. The Class Meeting for holders of H Shares is expected to take half an hour after the AGM. Shareholders attending the Class Meeting shall be responsible for their own travel and accommodation expenses.

*As at the date of this announcement, the Board comprises five executive Directors, namely Mr. Pang Baogen, Mr. Gao Lin, Mr. Gao Jiming, Mr. Gao Jun and Mr. Jin Jixiang; one non-executive Director, namely Mr. Fung Ching, Simon and three independent non-executive Directors, namely Mr. Chan, Dennis Yin Ming, Mr. Li Wangrong and Ms. Liang Jing.*



**寶業集團股份有限公司**  
**BAOYE GROUP COMPANY LIMITED\***

(a joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 2355)

**NOTICE OF CLASS MEETING FOR HOLDERS OF DOMESTIC  
SHARES**

NOTICE IS HEREBY GIVEN that a class meeting for holders of Domestic Shares (the "Class Meeting") of Baoye Group Company Limited (the "Company") will be held at 2nd Floor, Baoye Group, No.1687 Guazhu East Road, Keqiao District, Shaoxing City, Zhejiang Province, the People's Republic of China (the "PRC") at 11:30 am (or immediately after the class meeting for holders of H Shares of the Company to be convened and held on the same date and at the same place) on Friday, 11 June 2021 for the following purpose of considering and if thought fit, passing the following resolution:

**Special Resolution**

To authorise the board (the "Board") of directors (the "Directors") of the Company to repurchase H Shares of the Company (the "H Shares") subject to the following conditions:

- (a) subject to paragraphs (b) and (c) below, the exercise by the Board during the Relevant Period (as defined in paragraph (d) below) of all the powers of the Company to repurchase H Shares in issue of the Company on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), subject to and in accordance with all applicable laws, rules and regulations and/or requirements of the governmental or regulatory body of securities in the PRC, the Stock Exchange or of any other governmental or regulatory body be and is approved;
- (b) the aggregate nominal value of H Shares authorised to be repurchased pursuant to the approval in paragraph (a) above during the Relevant Period shall not exceed 10% of the aggregate nominal value of H Shares in issue of the Company as at the date of the passing of this special resolution;

\* For identification purposes only

## NOTICE OF CLASS MEETING FOR HOLDERS OF DOMESTIC SHARES

- (c) the approval in paragraph (a) above shall be conditional upon:
  - (i) the passing of a special resolution in the same terms as the resolution set out in this paragraph (except for this sub-paragraph (c)(i)) at the AGM of the Company to be held on Friday, 11 June 2021; and the class meetings for holders of H Shares of the Company and for holders of Domestic Shares of the Company to be held on the same day; and
  - (ii) the approval of the SAFE of the PRC and/or any other regulatory authorities as may be required by the laws, rules and regulations of the PRC being obtained by the Company if appropriate;
- (d) for the purpose of this special resolution, “Relevant Period” means the period from the passing of this special resolution until whichever is the earliest of:
  - (i) the conclusion of the next annual general meeting following the passing of this special resolution;
  - (ii) the expiration of a period of twelve months following the passing of this special resolution; or
  - (iii) the date on which the authority set out in this special resolution is revoked or varied by a special resolution of the members of the Company in any general meeting or by a special resolution of holders of H Shares or holders of domestic shares of the Company at their respective class meetings; and
- (e) subject to approval of all relevant governmental authorities in the PRC for the repurchase of such H Shares being granted, the Board be hereby authorised to:
  - (i) make such amendments to the Articles of Association of the Company as it thinks fit so as to reduce the registered capital of the Company and to reflect the new capital structure of the Company upon the repurchase of H Shares as contemplated in paragraph (a) above; and
  - (ii) file the amended Articles of Association of the Company with the relevant governmental authorities of the PRC and to apply for registration with the relevant companies registration authorities in the PRC of the change of registered capital of the Company in accordance with all applicable laws, rules, regulations and/or requirements of the relevant governmental or regulatory body in the PRC.

By order of the Board  
**Baoye Group Company Limited\***  
**Pang Baogen**  
*Chairman*

Zhejiang Province, the PRC  
23 April 2021

\* For identification purposes only

## NOTICE OF CLASS MEETING FOR HOLDERS OF DOMESTIC SHARES

*Notes:*

1. The register of members of the Company will be closed from Wednesday, 12 May 2021 to Friday, 11 June 2021, both dates inclusive, during which period no share transfers will be effected. In order to qualify for attending and voting at the Class Meeting, all transfer forms accompanied by the relevant share certificates must be lodged with the office address of the Company at No.1687 Guazhu East Road, Keqiao District, Shaoxing City, Zhejiang Province, the PRC (Post Code: 312030) no later than 4:30 p.m. on Tuesday, 11 May 2021.
2. Holders of Domestic Shares entitled to attend and vote at the Class Meeting may appoint one or more proxies to attend and to vote on their behalves. A proxy need not be a member of the Company.
3. In order to be valid, the proxy form must be deposited by hand or by post to the office address of the Company at No.1687 Guazhu East Road, Keqiao District, Shaoxing City, Zhejiang Province, the PRC (Post Code: 312030) not less than 48 hours before the time for holding the meeting or not less than 48 hours before the time appointed for taking the poll. If the proxy form is signed by a person under a power of attorney or other authority, a notarially certified copy of that power of attorney or authority shall be deposited at the same time as mentioned in the proxy form.
4. Shareholders or their proxies shall present their identity documents when attending the meeting.
5. 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 related purely to a procedural or administrative matter to be voted by a show of hands. On a poll, every shareholder present in person or by proxy shall have one vote for each share registered in his/her name in the register of members. A shareholder entitled to more than one vote needs not use all his/her votes or cast all the votes he/she uses in the same manner.
6. Shareholders who intend to attend the Class Meeting should complete and return the reply slip and return it by hand or by post to the Company on or before 4 June 2021.
7. The Class Meeting for holders of Domestic Shares is expected to take half an hour after the Class Meeting for holders of H Shares of the Company. Shareholders attending the Class Meeting shall be responsible for their own travel and accommodation expenses.
8. The office address of the Company is as follows:

No.1687 Guazhu East Road, Keqiao District  
Shaoxing City  
Zhejiang Province  
The People's Republic of China  
Post Code: 312030  
Tel: 86-575-84135837  
Fax: 86-575-84118792

*As at the date of this announcement, the Board comprises five executive Directors, namely Mr. Pang Baogen, Mr. Gao Lin, Mr. Gao Jiming, Mr. Gao Jun and Mr. Jin Jixiang; one non-executive Director, namely Mr. Fung Ching, Simon and three independent non-executive Directors, namely Mr. Chan, Dennis Yin Ming, Mr. Li Wangrong and Ms. Liang Jing.*

<b>APPENDIX I PARTICULARS OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION</b>
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<b>No. The original article</b>	<b>To be amended as</b>
<p>1 Original contents footnotes</p> <p>Footnote: In the margin notes to the provisions of the Articles of Association, “Mandatory Provisions” refer to the “Mandatory Provisions for Articles of Association of Companies to be Listed Overseas” jointly promulgated by the State Council Securities Policy Committee and the State Restructuring Commission; the “Listing Rules” refers to the “Listing Rules” issued by The Stock Exchange of Hong Kong Limited; the “Opinions” refers to the “Opinion on the Further Promotion of the Regular Operation and In-Depth Reform of Companies Listed Overseas” jointly issued by the State Economic and Trade Commission and the China Securities Regulatory Commission (“CSRC”); the “Practice Guidelines for Company Secretaries” refers to the “Practice Guidelines for Company Secretaries of Companies to be Listed Overseas” promulgated by CSRC; the “Company Law” refers to the amendment to the “Company Law of the People’s Republic of China” amended on 28 December 2013.</p>	<p>Footnote: In the margin notes to the provisions of the Articles of Association, “Mandatory Provisions” refer to the “Mandatory Provisions for Articles of Association of Companies to be Listed Overseas” jointly promulgated by the State Council Securities Policy Committee and the State Restructuring Commission; the “Listing Rules” refers to the “Listing Rules” issued by The Stock Exchange of Hong Kong Limited; the “Opinions” refers to the “Opinion on the Further Promotion of the Regular Operation and In-Depth Reform of Companies Listed Overseas” jointly issued by the State Economic and Trade Commission and the China Securities Regulatory Commission (“CSRC”); the “Practice Guidelines for Company Secretaries” refers to the “Practice Guidelines for Company Secretaries of Companies to be Listed Overseas” promulgated by CSRC; the “Company Law” refers to the amendment to the “Company Law of the People’s Republic of China” amended on 26 October 2018: “Reply to Adjustment Request” refers to No. 97 National Circular [2019] “the State Council Reply to Adjustment of Regulations of the Notice Period for Convening Shareholders Meetings of Overseas-listed Companies”.</p>
<p>2 Original Article 3 Chapter 1</p> <p>Residence of the Company: Yangxunqiao Town, Keqiao District, Shaoxing City, Zhejiang Province Postal Code: 312028 Telephone No.: 0575-84111090 Facsimile No.: 0575-84118792</p> <p>(Article 3 of the Mandatory Provisions)</p>	<p>Residence of the Company: Yangxunqiao Subdistrict, Keqiao District, Shaoxing City, Zhejiang Province Postal Code: 312028 Telephone No.: 0575-84111090 Facsimile No.: 0575-84118792</p> <p>(Article 3 of the Mandatory Provisions)</p>

<b>APPENDIX I PARTICULARS OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION</b>
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<b>No. The original article</b>	<b>To be amended as</b>
<p>3 Original Article 6 Chapter 1</p> <p>Pursuant to the “Company Law of the People’s Republic of China” (“Company Law”) “the PRC Special Regulations on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies” (“Special Regulations”), “Mandatory Provisions for Articles of Association of Companies to be Listed Overseas” (“Mandatory Provisions”) and the relevant provisions of other laws and administrative regulations of the State, the Articles of Association passed in the general meeting on 25 August 2002 (the “Original Articles of Association”) and were amended by the Company in the extraordinary general meetings held on 3 September 2002 and the annual general meetings held on 30 June 2004, 20 May 2005, 1 June 2006, 25 June 2007, 15 June 2012, 14 June 2014, 15 June 2016 and 13 June 2017, pursuant to which these Articles of Association (“these Articles of Association”) were formulated.</p>	<p>Pursuant to the “Company Law of the People’s Republic of China” (“Company Law”) “the PRC Special Regulations on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies” (“Special Regulations”), “Mandatory Provisions for Articles of Association of Companies to be Listed Overseas” (“Mandatory Provisions”) and the relevant provisions of other laws and administrative regulations of the State, the Articles of Association passed in the general meeting on 25 August 2002 (the “Original Articles of Association”) and were amended by the Company in the extraordinary general meetings held on 3 September 2002 and the annual general meetings held on 30 June 2004, 20 May 2005, 1 June 2006, 25 June 2007, 15 June 2012, 14 June 2014, 15 June 2016, 13 June 2017 and 11 June 2021, pursuant to which these Articles of Association (“these Articles of Association”) were formulated.</p>
<p>4 Original Article 34 Chapter 4</p> <p>The Company may, subject to the approval by the procedures set out in these Articles of Association and of the relevant governing authority of the State, repurchase its issued shares under the following circumstances:</p> <ol style="list-style-type: none"> <li>(1) cancellation of shares for the reduction of the capital of the Company;</li> <li>(2) merge with other companies that hold shares in the Company;</li> <li>(3) awarding the employees of the Company with its shares;</li> </ol>	<p>The Company, in accordance with the laws, administrative regulations, departmental regulations and the provisions of these Articles, may repurchase the shares of the Company in the following circumstances:</p> <ol style="list-style-type: none"> <li>(1) to reduce the Company’s registered capital;</li> <li>(2) to merge with another company which holds shares of the Company;</li> <li>(3) to utilise the shares for employee share ownership plan or as share incentive plan;</li> </ol>

<b>APPENDIX I PARTICULARS OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION</b>
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<b>No. The original article</b>	<b>To be amended as</b>
<p>(4) where the shareholders disagree to the resolutions on the merger or demerger of the Company made in the general meeting and request the Company to acquire their shares.</p> <p>Where the Company acquires its own shares due to reasons as set out in clauses (1) to (3) above, it shall obtain the approval of the general meeting. After the Company acquires its shares pursuant to the aforesaid, the shares in respect of the circumstances described in clause (1) shall be cancelled within ten days from the date of acquisition; and those in respect of the circumstances described in clauses (2) or (4) shall be transferred or cancelled within six months.</p> <p>The number of shares acquired by the Company pursuant to clause (3) above shall not exceed 5% of its total issued shares; and the capital for the purpose of acquisition shall be funded out of the after-tax profit of the Company; the shares acquired shall be transferred to the employees within one year.</p> <p>The Company shall not accept the shares of the Company as the subject of pledge.</p> <p>(Article 24 of the Mandatory Provisions)</p> <p>Where the Company has the power to repurchase redeemable shares:</p> <p>(1) repurchases not made through the market or by tender shall be limited to a maximum price;</p> <p>(2) If repurchases are by tender, the Company shall provide the tender proposals to all shareholders alike.</p> <p>(Rule 8 of Appendix 3 to the Listing Rules)</p>	<p>(4) where the shareholders disagree to the resolutions on the merger or demerger of the Company made in the general meeting and request the Company to repurchase their shares;</p> <p>(5) to convert the shares as convertible corporate bonds issued by the listed company;</p> <p>(6) where it is necessary for the company to maintain its corporate value and shareholders' rights.</p> <p>(7) Other circumstances approved by laws, administrative regulations and relevant state authorities.</p> <p>Except for the above circumstances, the company may not purchase the company's shares. The Company shall not accept the shares of the Company as the subject of pledge.</p> <p>(Article 142 of the Company Law)</p> <p>Where the Company has the power to repurchase redeemable shares:</p> <p>(1) repurchases not made through the market or by tender shall be limited to a maximum price;</p> <p>(2) If repurchases are by tender, the Company shall provide the tender proposals to all shareholders alike.</p> <p>(Rule 8 of Appendix 3 to the Listing Rules)</p>

<b>APPENDIX I PARTICULARS OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION</b>
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<b>No.</b>	<b>The original article</b>	<b>To be amended as</b>
5	<p>Original Article 35 Chapter 4</p> <p>The Company may, with the approval of the relevant governing authority of the State for repurchasing its shares, conduct the repurchase in one of the following ways:</p> <ol style="list-style-type: none"> <li>(1) making a pro rata general offer of repurchase to all its shareholders;</li> <li>(2) repurchase through public dealing on a stock exchange;</li> <li>(3) repurchase by an off-market agreement outside a stock exchange;</li> <li>(4) other ways recognized by the securities governing authority under the State Council.</li> </ol> <p>(Article 25 of the Mandatory Provisions)</p>	<p>The Company may, with the approval of the relevant governing authority of the State for repurchasing its shares, conduct the repurchase in one of the following ways:</p> <ol style="list-style-type: none"> <li>(1) making a pro rata general offer of repurchase to all its shareholders;</li> <li>(2) repurchase through public dealing on a stock exchange;</li> <li>(3) repurchase by an off-market agreement outside a stock exchange;</li> <li>(4) other ways recognized by the securities governing authority under the State Council.</li> </ol> <p>The Company's repurchase of its own shares under the circumstance as stipulated in (3), (5) or (6) of Paragraph 1, Article 34 of this Article of Associate shall be conducted by an open and centralized transaction method or methods permitted by laws, administrative regulations, departmental rules, other regulatory documents, and the securities regulatory authority in the place where the company's shares are listed.</p> <p>(Article 25 of the Mandatory Provisions)</p>

<b>APPENDIX I PARTICULARS OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION</b>
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<b>No.</b>	<b>The original article</b>	<b>To be amended as</b>
6	<p>Original Article 37 Chapter 4</p> <p>After the repurchase shares in accordance with laws, the Company shall cancel such part of shares or transfer within the period prescribed by laws and administrative regulations and shall make an application to its original companies registration authority to alter the registration on its registered capital.</p> <p>The Company shall deduct the total nominal value of the shares cancelled from its registered capital.</p> <p>(Article 27 of the Mandatory Provisions)</p>	<p>Repurchase of the Company's shares for reasons set out in (1), (2) of Paragraph 1, Article 34 of the Articles of Association shall be subject to resolution at a general meeting; repurchase of the Company's shares in circumstances as provided in (3), (5) and (6) of Paragraph 1, Article 34 of the Articles of Association shall be resolved by more than two-thirds of the directors present at the board meeting.</p> <p>Unless otherwise stated in applicable rules governing the listing of securities or other laws and regulations on securities, after the Company has repurchased its shares in accordance with Article 34 of the Articles of Association, such shares shall be cancelled within 10 days after repurchase in the circumstance set out in (1) of Paragraph 1, or shall be transferred or cancelled within six months under circumstances set out in (2) and (4) of Paragraph 1; total shares held by the Company shall not exceed 10% of the total issued shares of the Company under the circumstances set out in (3), (5) and (6) of Paragraph 1, and such shares shall be transferred or cancelled within 3 years.</p> <p>The Company shall make an application to its original company's registration authority to alter the registration on its registered capital after shares cancellation. The Company shall deduct the total nominal value of the shares cancelled from its registered capital.</p> <p>(Article 27 of the Mandatory Provisions, Article 142 of the Company Law)</p>

<b>APPENDIX I PARTICULARS OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION</b>
---

<b>No.</b>	<b>The original article</b>	<b>To be amended as</b>
7	<p>Original Article 50 Chapter 6</p> <p>No changes in the register of shareholders due to the transfer of shares may be made within 30 days before the date of a general meeting or within 5 days before the record date for the Company's distribution of dividends.</p> <p>(Article 38 of the Mandatory Provisions)</p>	<p>No changes in the register of shareholders due to the transfer of shares may be made within 30 days before the date of a general meeting or within 5 days before the record date for the Company's distribution of dividends.</p> <p>Where laws, administrative regulations, departmental rules, other regulatory documents, and the securities regulatory authority in the place where the company's shares are listed, have other provisions regarding the suspension of the share transfer registration procedures before the shareholders' meeting or the base date the Company decided to distribute dividends, those provisions shall prevail.</p> <p>(Article 38 of the Mandatory Provisions)</p>
8	<p>Original Article 53 Chapter 6</p> <p>Any person who is a registered shareholder or who claims to be entitled to have his name entered into the register of shareholders may, if his share certificate (the "Original Certificate") is lost, apply to the Company for an issue of replacement certificate(s) in respect of such shares (the "Relevant Shares").</p> <p>If a shareholder of domestic shares loses his share certificate(s) and applies to the Company for a replacement certificate, it shall be dealt with in accordance with Article 144 of the Company Law.</p>	<p>Any person who is a registered shareholder or who claims to be entitled to have his name entered into the register of shareholders may, if his share certificate (the "Original Certificate") is lost, apply to the Company for an issue of replacement certificate(s) in respect of such shares (the "Relevant Shares").</p> <p>If a shareholder of domestic shares loses his share certificate(s) and applies to the Company for a replacement certificate, it shall be dealt with in accordance with Article 143 of the Company Law.</p>

<b>APPENDIX I PARTICULARS OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION</b>
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**No. The original article**

If a shareholder of overseas listed foreign shares loses his share certificate(s) and applies to the Company for a replacement certificate, it may be dealt with in accordance with the laws of the place where the original register of holders of overseas listed foreign shares is maintained, rules of the stock exchanges or other relevant regulations.

If a shareholder of H Shares loses his share certificate(s), the issue of a replacement certificate shall comply with the following requirements:

- (1) The applicant shall submit an application to the Company in a prescribed form accompanied by a notarial certificate or a statutory declaration stating the grounds upon which the application is made and the circumstances and the evidence of the loss, and declaring that no other person is entitled to have his name entered in the register of shareholders in respect of the Relevant Shares.
- (2) Before the Company decides to issue the replacement certificates, no statement made by any person other than the applicant declaring that his name shall be entered in the register of shareholders in respect of such shares has been received.
- (3) The Company shall, if it intends to issue a replacement certificate, publish an announcement of its intention at least once every 30 days in a period of 90 consecutive days in such newspapers as may be prescribed by the board.

**To be amended as**

If a shareholder of overseas listed foreign shares loses his share certificate(s) and applies to the Company for a replacement certificate, it may be dealt with in accordance with the laws of the place where the original register of holders of overseas listed foreign shares is maintained, rules of the stock exchanges or other relevant regulations.

If a shareholder of H Shares loses his share certificate(s), the issue of a replacement certificate shall comply with the following requirements:

- (1) The applicant shall submit an application to the Company in a prescribed form accompanied by a notarial certificate or a statutory declaration stating the grounds upon which the application is made and the circumstances and the evidence of the loss, and declaring that no other person is entitled to have his name entered in the register of shareholders in respect of the Relevant Shares.
- (2) Before the Company decides to issue the replacement certificates, no statement made by any person other than the applicant declaring that his name shall be entered in the register of shareholders in respect of such shares has been received.
- (3) The Company shall, if it intends to issue a replacement certificate, publish an announcement of its intention at least once every 30 days in a period of 90 consecutive days in such newspapers as may be prescribed by the board.

<b>APPENDIX I PARTICULARS OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION</b>
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<b>No. The original article</b>	<b>To be amended as</b>
<p>(4) The Company shall have, prior to the announcement of its intention to issue a replacement certificate,</p> <p>1. delivered to the stock exchange on which its shares are listed a copy of the announcement to be published, and may publish the announcement upon receiving confirmation from such stock exchanges that the announcement has been exhibited in the premises of the said stock exchanges. Such announcement shall be exhibited in the premises of the said stock exchanges for a period of ninety days.</p> <p>2. In the case of an application 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.</p>	<p>(4) The Company shall have, prior to the announcement of its intention to issue a replacement certificate,</p> <p>1. delivered to the stock exchange on which its shares are listed a copy of the announcement to be published, and may publish the announcement upon receiving confirmation from such stock exchanges that the announcement has been exhibited in the premises of the said stock exchanges. Such announcement shall be exhibited in the premises of the said stock exchanges for a period of ninety days.</p> <p>2. In the case of an application 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.</p>
<p>(5) If, by the expiration of the 90-day period referred to in clauses (3) and (4) of this Article, the Company has not received from any person notice of any disagreement to such application, the Company may issue a replacement certificate to the applicant accordingly.</p>	<p>(5) If, by the expiration of the 90-day period referred to in clauses (3) and (4) of this Article, the Company has not received from any person notice of any disagreement to such application, the Company may issue a replacement certificate to the applicant accordingly.</p>
<p>(6) Where the Company issues a replacement certificate under this Article, it shall forthwith cancel the Original Certificate and enter the cancellation and issue in the register of shareholders accordingly.</p>	<p>(6) Where the Company issues a replacement certificate under this Article, it shall forthwith cancel the Original Certificate and enter the cancellation and issue in the register of shareholders accordingly.</p>

<b>APPENDIX I PARTICULARS OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION</b>
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<b>No. The original article</b>	<b>To be amended as</b>
<p>(7) All expenses relating to the cancellation of Original Certificate and the issue of a replacement new share certificate by the Company shall be borne by the applicant and the Company is entitled to refuse to take any action until reasonable guarantee for such expenses is provided by the applicant.</p> <p>(Article 41 of the Mandatory Provisions)</p>	<p>(7) All expenses relating to the cancellation of Original Certificate and the issue of a replacement new share certificate by the Company shall be borne by the applicant and the Company is entitled to refuse to take any action until reasonable guarantee for such expenses is provided by the applicant.</p> <p>(Article 41 of the Mandatory Provisions)</p>
<p>9 Original Article 68 Chapter 8</p> <p>Written notices of a general meeting shall be given 45 days before the date of the meeting to notify all of the shareholders in the share register of the matters to be considered, the date and the place of the meeting. A shareholder who intends to attend the general meeting shall deliver his written reply concerning attendance at the general meeting to the Company 5 days before the date of the meeting.</p> <p>(Article 53 of the Mandatory Provisions)</p>	<p>Written notices of the annual general meeting shall be given at least 20 business days and 10 business days or 15 day (whichever is longer) before the date of the annual general meeting and the extraordinary general meetings respectively to notify all of the shareholders in the share register of the matters to be considered, the date and the place of the meetings. Any shareholder who wishes to attend the general meeting shall deliver a reply slip concerning attendance of the meeting to the Company within the prescribed time as specified in the notice of the general meeting.</p> <p>The duration of the aforesaid periods shall not include the date of the meeting. The “business day” shall mean a day on which the Hong Kong Stock Exchange is open for business for dealing in securities.</p> <p>(“Reply on Adjustment”, Rule E.1.3 of Appendix 14 to Listing Rules)</p>

**APPENDIX I PARTICULARS OF THE PROPOSED AMENDMENTS  
TO THE ARTICLES OF ASSOCIATION**

<b>No. The original article</b>	<b>To be amended as</b>
10 Original Article 69 Chapter 8	
<p>When the Company convenes the annual general meeting, shareholders holding 3% (including 3%) or more of the total voting shares of the Company, are entitled to propose ad hoc motions in writing to the Company. The Company shall place such ad hoc motions on the agenda for such meeting if they are matters falling within the scope of duties of the general meeting.</p>	<p>At general meetings of the Company, the Board, the Supervisory Committee, and shareholder(s) individually or jointly holding more than 3% of the Company's shares shall have the right to propose motions to the Company. The company shall include the items in the motions that shall be determined by the general meeting of shareholders on the agenda of the meeting.</p>
<p>(Article 54 of the Mandatory Provisions)</p> <p>In the event that these new motions are new matters unspecified in the notice of the board meeting while at the same time they are matters prohibited from voting by way of correspondence in place of personal attendance, the proposer of the motion shall submit such motion to the board in writing ten days before the general meeting. The board shall issue a notice informing other shareholders within two days from the date of receipt of such motion, and publish an announcement after examination.</p>	<p>Shareholder(s) individually or jointly holding more than 3% of the Company's shares may submit a written provisional motion to the Board 10 days before a general meeting is convened; the Board shall issue a supplementary notice of general meeting within two days after receipt of the said provisional motion, to notify other shareholders the content of the provisional motion that shall be determined by the general meeting and have definite topics and specific issues for resolution,</p>
<p>Where the largest substantial shareholder proposes a new motion on profit distribution, the motion shall be submitted to the board at least ten days before the date of the annual general meeting for announcement by the board. If the motion is submitted less than ten days before the annual general meeting, the largest substantial shareholder shall not propose any new motion in relation to profit distribution at the forthcoming annual general meeting. Other than the above, motions may be submitted to the board for the board's announcement before the annual general meeting, or may be proposed at the annual general meeting directly.</p>	<p>Except as provided in the preceding paragraph, after the convener issues a public notice of the general meeting, conveners shall not change the proposals or add any new proposals in the notice of the general meeting.</p>

<b>APPENDIX I PARTICULARS OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION</b>
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<b>No.</b>	<b>The original article</b>	<b>To be amended as</b>
11	<p>Original Article 70 Chapter 8</p> <p>The Company shall, based on the written replies received 5 days before the date of the general meeting, calculate the number of voting shares represented by the shareholders who intend to attend the meeting. If the number of voting shares represented by the shareholders who intend to attend the meeting reaches more than one half of the Company's total voting shares, the Company may hold the general meeting; if not, then the Company shall within 5 days notify the shareholders again by public announcement of the matters to be considered, and the place and date for the meeting. The Company may then hold the general meeting after such publication of announcement.</p> <p>An extraordinary general meeting shall not decide on any matter not specified in the notice of meeting.</p> <p>(Article 55 of the Mandatory Provisions)</p>	<p>Proposals not set out in the notice of general meeting shall not be voted on or resolved at the general meeting.</p> <p>(Article 55 of the Mandatory Provisions)</p>
12	<p>Original Article 71 Chapter 8</p> <p>A notice of meeting of shareholders shall:</p> <p>(1) be in writing;</p> <p>(2) specify the place, the date and time of the meeting;</p> <p>(3) state the matters to be considered at the meeting;</p>	<p>A notice of general meeting of shareholders shall:</p> <p>(1) be in writing;</p> <p>(2) specify the place, the date and time of the meeting;</p> <p>(3) state the matters to be considered at the meeting;</p>

<b>APPENDIX I PARTICULARS OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION</b>
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<b>No. The original article</b>	<b>To be amended as</b>
<p>(4) provide such information and explanation as are necessary for the shareholders to make an informed decision on the proposals put before them. Without limiting the generality of the foregoing, where a proposal is made to amalgamate the Company with another, to repurchase shares, to reorganise the share capital, or to restructure the Company in any other way, the terms of the proposed transaction must be provided in detail together with copies of the proposed agreement, if any, and the cause and effect of such proposal must be properly explained;</p>	<p>(4) provide such information and explanation as are necessary for the shareholders to make an informed decision on the proposals put before them. Without limiting the generality of the foregoing, where a proposal is made to amalgamate the Company with another, to repurchase shares, to reorganise the share capital, or to restructure the Company in any other way, the terms of the proposed transaction must be provided in detail together with copies of the proposed agreement, if any, and the cause and effect of such proposal must be properly explained;</p>
<p>(5) contain a disclosure of the nature and extent of any material interests of any director, supervisor, general manager, deputy general manager and other senior management officer in the proposed transaction and the effect of the proposed transaction on them in their capacity as shareholders in so far as it is different from the effect on the interests of the shareholders of the same class;</p>	<p>(5) contain a disclosure of the nature and extent of any material interests of any director, supervisor, general manager, deputy general manager and other senior management officer in the proposed transaction and the effect of the proposed transaction on them in their capacity as shareholders in so far as it is different from the effect on the interests of the shareholders of the same class;</p>
<p>(6) contain the full text of any special resolution to be proposed at the meeting;</p>	<p>(6) contain the full text of any special resolution to be proposed at the meeting;</p>
<p>(7) contain a conspicuous statement that a shareholder entitled to attend and vote is entitled to appoint one or more proxies to attend and vote at the meeting on his behalf and that a proxy need not be a shareholder;</p>	<p>(7) contain a conspicuous statement that a shareholder entitled to attend and vote is entitled to appoint one or more proxies to attend and vote at the meeting on his behalf and that a proxy need not be a shareholder;</p>
<p>(8) specify the time and place for lodging proxy forms for the relevant meeting.</p>	<p>(8) specify the time and place for lodging proxy forms for the relevant meeting.</p>
<p>(Article 56 of the Mandatory Provisions)</p>	<p>(Article 56 of the Mandatory Provisions)</p>

<b>APPENDIX I PARTICULARS OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION</b>
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<b>No. The original article</b>	<b>To be amended as</b>
13 Original Article 72 Chapter 8	
Notice of general meeting shall be served on the shareholders (whether or not entitled to vote at the meeting), by hand or by prepaid airmail to their addresses as shown in the register of shareholders. For holders of domestic shares, notice of general meeting may be issued by way of public announcement.	Notice of general meeting shall be served on the shareholders (whether or not entitled to vote at the meeting), by hand or by prepaid airmail to their addresses as shown in the register of shareholders. For holders of domestic shares, notice of general meeting may be issued by way of public announcement.
The public announcement referred to in the preceding paragraph shall be published in one or more newspapers designated by the securities governing authority under the State Council within the interval between 45 days and 50 days before the date of the meeting; after publication of such announcement, the holders of domestic shares shall be deemed to have received the notice of the relevant shareholders' meeting.	The public announcement referred to in the preceding paragraph shall be published in one or more newspapers designated by the securities governing authority under the State Council; after publication of such announcement, the holders of domestic shares shall be deemed to have received the notice of the relevant shareholders' meeting.
(Article 57 of the Mandatory Provisions)	(Article 57 of the Mandatory Provisions)
(Rule 7(1) of Appendix 3 to the Listing Rules)	(Rule 7(1) of Appendix 3 to the Listing Rules)

<b>APPENDIX I PARTICULARS OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION</b>
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**No. The original article**

**To be amended as**

14 Original Article 100 Chapter 9

Written notice of a class meeting shall be given 45 days before the date of the class meeting to notify all of the shareholders in the share register of such class of the matters to be considered, the date and the place of the class meeting. A shareholder who intends to attend the class meeting shall deliver his written reply concerning attendance at the class meeting to the Company 5 days before the date of the class meeting.

If the number of shares carrying voting rights at the class meeting represented by the shareholders who intend to attend the meeting reaches more than one half of the voting shares at the class meeting, the Company may hold the class meeting; if not, the Company shall within 5 days notify the shareholders again by public announcement of the matters to be considered, the date and the place for the class meeting. The Company may then hold the class meeting after publication of such announcement.

(Article 83 of the Mandatory Provisions)

Written notice of a class meeting shall be given in accordance with the notice period of general meetings prescribed in Article 68 of the Articles of Association to notify all of the shareholders in the share register of such class of the matters to be considered, the date and the place of the class meeting. Any shareholder who wishes to attend the class meeting shall deliver a reply slip concerning attendance of the meeting to the Company within the prescribed time as specified in the notice of the class meeting.

(Article 83 of the Mandatory Provisions)

<b>APPENDIX I PARTICULARS OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION</b>
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<b>No.</b>	<b>The original article</b>	<b>To be amended as</b>
15	<p>Original Article 154 Chapter 15</p> <p>The financial reports of the Company shall be made available at the Company for inspection by its shareholders not later than 20 days before the annual general meeting. Each shareholder of the Company shall be entitled to receive the financial reports referred to in this Chapter.</p> <p>The Company shall send by prepaid mail 21 days before the annual general meeting the above reports to each holder of overseas listed foreign shares. The service address shall be the address in the register of shareholders.</p> <p>(Article 133 of the Mandatory Provisions)</p> <p>68</p> <p>(Rule 5 of Appendix 3 to the Listing Rules)</p>	<p>The financial reports of the Company shall be made available at the Company for inspection by its shareholders not later than 20 days before the annual meeting of shareholders. Each shareholder of the Company shall be entitled to receive the financial reports referred to in this Chapter.</p> <p>The Company shall send by prepaid mail 21 days before the annual meeting of shareholders the above reports to each holder of overseas listed foreign shares. The service address shall be the address in the register of shareholders.</p> <p>(Article 133 of the Mandatory Provisions)</p> <p>68</p> <p>(Rule 5 of Appendix 3 to the Listing Rules)</p>
16	<p>Original Article 187 Chapter 19</p> <p>The Company shall allocate 2% of the total amount of wages paid to the staff and workers to the trade union fund every month. Such funds shall be used by the trade union of the Company in accordance with the Measures for the Management of Trade Union Funds formulated by the All China Federation of Trade Unions.</p>	<p>The Company provides necessary funds and places to support normal trade union activities.</p>

This appendix serves as an explanatory statement, as required by the Listing Rules, to provide the requisite information to enable you to make an informed decision on whether to vote for or against the special resolution to approve the grant of the Repurchase Mandate to the Directors.

## **LISTING RULES RELATING TO THE REPURCHASE OF SECURITIES**

The Listing Rules permit companies whose primary listing is on the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the most important of which are summarised below. The Company is empowered by the Articles of Association to repurchase its own securities.

## **REGISTERED CAPITAL**

As at the Latest Practicable Date, the registered capital of the Company was RMB562,664,053 comprising 350,742,053 Domestic Shares and 211,922,000 H Shares. Subject to the passing of the proposed resolution for the grant of the Repurchase Mandate and on the basis that no H Shares will be allotted and issued or repurchased by the Company on or prior to the date of the AGM and the Class Meetings, the Company will be allowed under the Repurchase Mandate to repurchase a maximum of 21,192,200 H Shares, being the maximum of 10% of the total H Shares in issue as at the date of passing the relevant resolution.

## **REASONS FOR THE REPURCHASE**

The Directors believe that the Repurchase Mandate is in the interests of the Company and the Shareholders. An exercise of the Repurchase Mandate may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made if the Directors believe that such repurchases will benefit the Company and the Shareholders.

## **FUNDING OF REPURCHASES**

In repurchasing the H Shares, the Company may only apply funds from the Company's internal resources legally available for such purpose in accordance with the Articles of Association, the Listing Rules and the applicable laws, rules and regulations of the PRC, including but not limited to surplus funds and undistributed profits of the Company.

Taking into account the current working capital position of the Company, the Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of the Company as compared with its position as at 31 December 2020 as disclosed in the Company's latest published audited accounts contained in the annual report for the year ended 31 December 2020. However, the Directors do not intend to make any repurchases to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing position of the Company which in the opinion of the Directors are from time to time appropriate for the Company. The number of H Shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by the Directors at the relevant time having regard to the circumstances then prevailing, in the best interests of the Company.

**STATUS OF REPURCHASED H SHARES**

The Listing Rules provide that the listing of all the H Shares repurchased by the Company shall automatically be cancelled and the relevant share certificates shall be cancelled and destroyed. Under the PRC laws, the H Shares repurchased by the Company will be cancelled and the Company's registered capital will be reduced by an amount equivalent to the aggregate nominal value of the H Shares so cancelled.

**H SHARE PRICES**

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

<b>Month</b>	<b>H Shares</b>	
	<b>The Highest Price (HKD)</b>	<b>The Lowest Price (HKD)</b>
<b>In 2020</b>		
April	4.66	4.00
May	7.20	4.59
June	6.60	6.05
July	6.92	5.71
August	7.00	6.14
September	6.48	4.88
October	5.29	4.00
November	4.68	3.66
December	3.86	3.65
<b>In 2021</b>		
January	3.97	3.53
February	4.40	3.63
March	4.10	3.72
April (up to and including the Latest Practicable Date)	3.85	3.72

**DIRECTORS' UNDERTAKING**

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

**DISCLOSURE OF INTERESTS**

None of the Directors or, to the best of their knowledge, having made all reasonable enquiries, their associates, have any present intention to sell to the Company any of the H Shares in the Company if the Repurchase Mandate is approved at the AGM and the Class Meetings.

No connected person, as defined in the Listing Rules, has notified the Company that he or she or it has a present intention to sell any Shares to the Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

If a Shareholder's proportionate interest in the voting rights of the Company increases on the Company exercising its powers to repurchase securities pursuant to the Repurchase Mandate, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. As a result, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, to the best knowledge and belief of the Directors, the Company has a total of 562,664,053 Shares. Mr. Pang Baogen held 193,753,054 Domestic shares (representing approximately 55.24% of the total issued Domestic Shares and approximately 34.43% of the registered capital of the Company) was the controlling shareholder (as defined under the Listing Rules) of the Company, On the basis that 562,664,053 Shares was in issue as at the Latest Practicable Date and assuming that no other Shares will be issued or repurchased by the Company on or prior to the date of the AGM and the Class Meetings, if the Repurchase Mandate is exercised in full,

- (a) the percentage interests in the Company of Mr. Pang Baogen (in terms of Domestic Shares only) would remain as approximately 55.24% of the then total issued Domestic Shares of the Company. To the best knowledge and belief of the Directors, the repurchase of H Shares will not give rise to an obligation to make a mandatory offer under the Takeovers Code;
- (b) the percentage interests in the Company of Mr. Pang Baogen would increase to approximately 35.78% of the then registered capital of the Company. To the best knowledge and belief of the Directors, such increase will not give rise to an obligation to make a mandatory offer under the Takeovers Code.

Save as aforesaid, the Directors are not aware of any consequences which will arise under either or both of the Takeovers Code and any similar applicable law as a result of any repurchases to be made under the Repurchase Mandate. Moreover, the Directors will not make share repurchase on the Stock Exchange if such repurchase would result in the requirements under Rule 8.08 of the Listing Rules not being complied with.

#### **SECURITIES REPURCHASE MADE BY THE COMPANY**

The Company has not made any repurchase of the H shares of the Company during the six months prior to the Latest Practicable Date.