



弘和仁愛醫療集團有限公司

(Incorporated in the Cayman Islands with limited liability)

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**CONNECTED TRANSACTION
PROPOSED EXTENSION OF MATURITY DATE OF CONVERTIBLE BONDS**

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



PROPOSED EXTENSION OF MATURITY DATE OF CONVERTIBLE BONDS

Vanguard Glory Convertible Bonds

On 6 June 2023 (after trading hours of the Stock Exchange), in accordance with the terms and conditions of the Vanguard Glory Convertible Bonds, the Company and Vanguard Glory entered into the Vanguard Glory Deed of Amendment to alter certain terms of the Vanguard Glory Convertible Bonds, subject to and effective from fulfilment of the Vanguard Glory Conditions Precedent.

Pursuant to the Vanguard Glory Alteration of Terms, the maturity date of the Vanguard Glory Convertible Bonds shall be extended from 29 December 2023 to 30 September 2025.

Save as revised by the Vanguard Glory Alteration of Terms, all of the terms and conditions of the Vanguard Glory Convertible Bonds remain unchanged and in full force.

Hony Fund VIII Convertible Bonds

On 6 June 2023 (after trading hours of the Stock Exchange), in accordance with the terms and conditions of the Honoy Fund VIII Convertible Bonds, the Company and Honoy Fund VIII entered into the Honoy Fund Deed of Amendment to alter certain terms of the Honoy Fund VIII Convertible Bonds, subject to and effective from fulfilment of the Honoy Fund Conditions Precedent.

Pursuant to the Honoy Fund Alteration of Terms, the maturity date of the Honoy Fund VIII Convertible Bonds shall be extended from 7 August 2023 to 30 September 2025.

Save as revised by the Honoy Fund Alteration of Terms, all of the terms and conditions of the Honoy Fund VIII Convertible Bonds remain unchanged and in full force.

As at the date of this announcement, the respective principal amount of the Vanguard Glory Convertible Bonds and the Honoy Fund VIII Convertible Bonds remains outstanding in full, and Vanguard Glory and Honoy Fund VIII has not exercised its respective conversion rights.

LISTING RULES IMPLICATION

As at the date of this announcement, Vanguard Glory, being the direct Shareholder of 97,000,000 Shares (representing approximately 70.19% of the issued share capital of the Company as at the date of this announcement), is a substantial shareholder of the Company. Accordingly, Vanguard Glory is a connected person of the Company pursuant to Chapter 14A of the Listing Rules.

As at the date of this announcement, the Company is held as to 70.19% by Vanguard Glory, a subsidiary of Honoy Fund V, and Honoy Fund V is managed by Honoy Capital Fund V GP Limited. Honoy Fund VIII is managed by Honoy Capital Fund VIII GP (Cayman) Limited. Both Honoy Capital Fund V GP Limited and Honoy Capital Fund VIII GP (Cayman) Limited are general partner companies of Honoy Capital. Accordingly, Honoy Fund VIII is a connected person of the Company pursuant to Chapter 14A of the Listing Rules.

The Vanguard Glory Alteration of Terms and the Honoy Fund Alteration of Terms constitute connected transactions of the Company which are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Pursuant to Rule 28.05 of the Listing Rules, any alteration in the terms of convertible debt securities after issue must be approved by the Stock Exchange, except where the alterations take effect automatically under the existing terms of such convertible debt securities. Accordingly, an application will be made by the Company to the Stock Exchange for the approval of the Vanguard Glory Alteration of Terms and the Honoy Fund Alteration of Terms.

GENERAL

The Independent Board Committee has been established to give recommendations to the Independent Shareholders on the Vanguard Glory Deed of Amendment, the Vanguard Glory Alteration of Terms contemplated thereunder, the Hony Fund Deed of Amendment, the Hony Fund Alteration of Terms contemplated thereunder, the Vanguard Glory Specific Mandate and the Hony Fund Specific Mandate. The Independent Financial Adviser has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in this regard.

The EGM will be convened and held for the Independent Shareholders to consider, and if thought fit, approve, among other things, the Vanguard Glory Deed of Amendment, the Vanguard Glory Alteration of Terms contemplated thereunder, the Hony Fund Deed of Amendment, the Hony Fund Alteration of Terms contemplated thereunder and the grant of the Vanguard Glory Specific Mandate and the Hony Fund Specific Mandate.

A circular containing, , (i) further details of the Vanguard Glory Deed of Amendment, the Vanguard Glory Alteration of Terms contemplated thereunder, the Hony Fund Deed of Amendment and the Hony Fund Alteration of Terms contemplated thereunder; (ii) further details of the Vanguard

On 17 December 2020, the Company and Vanguard Glory entered into a deed of amendment pursuant to which the Company and Vanguard Glory agreed to alter certain terms of the Vanguard Glory Convertible Bonds, among which the maturity date of the Vanguard Glory Convertible Bonds was extended from 5 March 2021 to 29 December 2023.

As at the date of this announcement, the Vanguard Glory Convertible Bonds remain outstanding in full and will mature on 29 December 2023 pursuant to the existing terms and conditions of the Vanguard Glory Convertible Bonds.

On 6 June 2023 (after trading hours of the Stock Exchange), in accordance with the terms and conditions of the Vanguard Glory Convertible Bonds, the Company and Vanguard Glory entered into the Vanguard Glory Deed of Amendment to alter certain terms of the Vanguard Glory Convertible Bonds, subject to and effective from fulfilment of the Vanguard Glory Conditions Precedent.

Pursuant to the Vanguard Glory Alteration of Terms, the maturity date of the Vanguard Glory Convertible Bonds shall be extended from 29 December 2023 to 30 September 2025 (i.e. the Extended Vanguard Glory CB Maturity Date).

Save as revised by the Vanguard Glory Alteration of Terms, all of the terms and conditions of the Vanguard Glory Convertible Bonds remain unchanged and in full force.

The Vanguard Glory Alteration of Terms pursuant to the Vanguard Glory Deed of Amendment shall be conditional on the following conditions precedent being satisfied:

- (a) the Company having obtained from the Independent Shareholders all necessary approvals required under the Articles, applicable laws and the Listing Rules in respect of the Vanguard Glory Alteration of Terms;
- (b) the Stock Exchange having approved the Vanguard Glory Alteration of Terms; and
- (c) the Stock Exchange granting its approval for the listing of, and permission to deal in, the Shares to be allotted and issued by the Company upon conversion of the Vanguard Glory Convertible Bonds pursuant to the Vanguard Glory Convertible Bond Instrument as amended by the Vanguard Glory Deed of Amendment.

If any of the Vanguard Glory Conditions Precedent shall not been fulfilled by 29 December 2023 or such later date as the parties to the Vanguard Glory Deed of Amendment may agree, the Vanguard Glory Deed of Amendment shall automatically terminate and (without prejudice to the rights and/or obligations of any party in respect of any antecedent breach) the parties thereto shall be released and discharged from their respective obligations under the Vanguard Glory Deed of Amendment.

The principal terms of the Vanguard Glory Convertible Bonds (as revised by the Vanguard Glory Alteration of Terms) are as follows:

- Issuer : the Company
- Principal amount : HK\$468,000,000
- Issue price : 100% of the principal amount
- Form and denomination : the Vanguard Glory Convertible Bonds are issued in registered form in the denomination of HK\$1,000,000 each.
- Maturity date : the Extended Vanguard Glory CB Maturity Date
- The Company has no right to extend the maturity date of the Vanguard Glory Convertible Bonds, unless consent is obtained from the bondholder(s) of the Vanguard Glory Convertible Bonds to amend the Vanguard Glory Convertible Bond Instrument in accordance with the terms therein.
- Interest : the Vanguard Glory Convertible Bonds do not bear any interest.
- Conversion rights : Subject to the restrictions set out below, bondholder(s) of the Vanguard Glory Convertible Bonds shall have the right to convert the Vanguard Glory Convertible Bonds into Shares at any time on or after the Vanguard Glory Closing Date up to the Extended Vanguard Glory CB Maturity Date at the discretion of such bondholder(s).
- Restriction on conversion : No conversion of the Vanguard Glory Convertible Bonds shall take place if and to the extent that, immediately following such conversion, the Company would be in breach of its obligations under the minimum public float requirement under the Listing Rules.
- Adjustments to the Vanguard Glory Conversion Price : The Vanguard Glory Conversion Price shall from time to time be adjusted upon the occurrence of the following events in relation to the Company:

- (a) If and whenever there shall be an alteration of the nominal amount of the Shares by reason of consolidation, sub-division or re-classification of Shares, the Vanguard Glory Conversion Price shall be adjusted by multiplying the Vanguard Glory Conversion Price in force immediately before such alteration by the following fraction:

$$\frac{A}{B}$$

where:

A is the nominal amount of one Share immediately after such alteration; and

B is the nominal amount of one Share immediately before such alteration.

Such adjustment shall become effective on the date the alteration takes effect.

- (b) If and whenever the Company shall issue any Shares credited as fully paid (other than in lieu of cash dividend) by way of capitalization of profits or reserves of the Company and which would not have constituted a capital distribution, the Vanguard Glory Conversion Price shall be adjusted by multiplying the Vanguard Glory Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A}{B}$$

where:

A is the aggregate nominal amount of the issued Shares immediately before such issue; and

B is the aggregate nominal amount of the issued Shares immediately after such issue.

Such adjustment shall become effective on the date of issue of such Shares or if a record date is fixed therefor, immediately after such record date.

- (c) If and whenever the Company shall pay or make any capital distribution to the Shareholders (except where the Vanguard Glory Conversion Price falls to be adjusted under (b) above), the Vanguard Glory Conversion Price shall be adjusted by multiplying the Vanguard Glory Conversion Price in force immediately before such capital distribution by the following fraction:

$$\frac{A - B}{\text{Convacted0a08 0 -17217 TdAe}}$$

- (e) If and whenever the Company shall issue Shares by way of rights, or issue or grant any options, warrants or other rights to subscribe for or purchase any Shares by way of rights, the Vanguard Glory Conversion Price shall be adjusted by multiplying the Vanguard Glory Conversion Price in force immediately before such issue or grant by the following fraction:

$$\frac{A + B}{A + C}$$

where:

A is the number of Shares in issue immediately before such announcement;

B is the number of Shares which the aggregate amount (if any) payable for the Shares issued by way of rights or for the options or warrants or other rights issued or granted by way of rights and for the total number of Shares comprised therein would purchase at such current market price per Share; and

C is the aggregate number of Shares issued or, as the case may be, comprised in the issue or grant.

Such adjustment shall become effective on the date of issue of such Shares or issue or grant of such options, warrants or other rights (as the case may be).

- (f) If and whenever the Company shall issue other securities by way of rights, or issue or grant any options, warrants or other rights to subscribe for or purchase or otherwise acquire any securities by way of rights, the Vanguard Glory Conversion Price shall be adjusted by multiplying the Vanguard Glory Conversion Price in force immediately before such issue or grant by the following fraction:

$$\frac{A - B}{A}$$

where:

A is the current market price of one Share on the last Trading Day preceding the date on which the issue or grant is publicly announced; and

B is the fair market value on the date of such announcement of the portion of the rights attributable to one Share.

Such adjustment shall become effective on the date of issue of the securities or grant of such rights, options or warrants (as the case may be).

- (g) If and whenever there is any modification of rights of conversion, exchange, subscription, purchase or acquisition attaching to any such securities arising from a conversion or exchange of other existing securities so that the consideration per Share is less than 95% of the current market price, the Vanguard Glory Conversion Price shall be adjusted by multiplying the Vanguard Glory Conversion Price in force immediately before such modification by the following fraction:

$$\frac{A + B}{A + C}$$

where:

A is the number of Shares in issue immediately before such modification (but where the relevant securities carry rights of conversion into, or rights of exchange or subscription for, or purchase or acquisition of, Shares which have been issued by the Company for the purposes of, or in connection with, such issue, less the number of Shares so issued);

B is the number of Shares which the aggregate consideration (if any) receivable by the Company for the Shares to be issued, or otherwise made available, on conversion or exchange or on exercise of the right of subscription, purchase or acquisition attached to the securities so modified would purchase at such current market price per Share or, if lower, the existing conversion, exchange, subscription or purchase price of such securities; and

C is the maximum number of Shares to be issued, or otherwise made available, on conversion or exchange of such securities or on the exercise of such rights of subscription, purchase or acquisition attached thereto at the modified conversion, exchange, subscription or purchase price or rate but giving credit in such manner as one leading investment bank of international repute (acting as expert), selected by the Company and approved by an ordinary resolution of the bondholders of the Vanguard Glory Convertible Bonds, consider appropriate (if at all) for any previous adjustment under this paragraph (g).

Such adjustment shall become effective on the date of modification of the rights of conversion, exchange, subscription, purchase or acquisition attaching to such securities.

- (h) If and whenever there is an issue, sale or distribution of any securities in connection with an offer by or on behalf of the Company or a subsidiary of the Company to the Shareholders who are entitled to participate in arrangements whereby the securities may be acquired by them (except where the Vanguard Glory Conversion Price falls to be adjusted under paragraphs (e) and (f) above), the Vanguard Glory Conversion Price shall be adjusted by multiplying the Vanguard Glory Conversion Price in force immediately before such issue, sale or distribution by the following fraction:

$$\frac{A - B}{A}$$

where:

A is the current market price of one Share on the last Trading Day preceding the date on which such issue is publicly announced; and

B is the fair market value on the date of such announcement of the portion of the rights attributable to one Share.

Such adjustment shall become effective on the date of issue, sale or distribution of the securities.

- (i) If either (i) the rights of conversion, exchange, purchase or subscription attaching to any options, rights or warrants to

Transferability : The Vanguard Glory Convertible Bonds shall be assigned or transferred with prior written consent of the Company, save where such transfer is made to an Affiliate of the bondholder of the Vanguard Glory Convertible Bonds. Any transfer of the Vanguard Glory Convertible Bonds shall be made in compliance with all applicable requirements under the Listing Rules and all applicable laws and regulations.

Affiliate means, in respect of the bondholder of the Vanguard Glory

- (c) a premium of approximately 172.73% over the average closing price of approximately HK\$6.60 per Share as quoted on the Stock Exchange for the last ten (10) consecutive Trading Days immediately prior to and including the Last Trading Day; and
- (d) a premium of approximately 161.25% over the average closing price of approximately HK\$6.89 per Share as quoted on the Stock Exchange for the last thirty (30) consecutive Trading Days immediately prior to and including the Last Trading Day.

The Vanguard Glory Conversion Price was determined when the Vanguard Glory Subscription Agreement was entered into on 25 January 2018, after arm's length negotiations between the Company and the bondholder(s) of the Vanguard Glory Convertible Bonds with reference to a number of factors, including, among other things, the then trading price and trading volume of the Shares on the Stock Exchange, and the then assets, liabilities, financial performance, business condition and future prospects of the Company.

Based on the initial Vanguard Glory Conversion Price of HK\$18.00 per Vanguard Glory Conversion Share and assuming full conversion of the Vanguard Glory Convertible Bonds at the initial Vanguard Glory Conversion Price, the Vanguard Glory Convertible Bonds will be convertible into 26,000,000 Vanguard Glory Conversion Shares, which represent (i) approximately 18.81% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 15.83% of the issued share capital of the Company as enlarged by the allotment and issue of the Vanguard Glory Conversion Shares upon full conversion of the Vanguard Glory Convertible Bonds, assuming there is no further issue or repurchase of the Shares.

The allotment and issue of the Vanguard Glory Conversion Shares are subject to the granting of the Vanguard Glory Specific Mandate by the Independent Shareholders. The Company will seek the grant of the Vanguard Glory Specific Mandate from the Independent Shareholders at the EGM.

There are no restrictions on any subsequent sale of the Vanguard Glory Conversion Shares. The allotment and issue of the Vanguard Glory Conversion Shares will not result in a change of control of the Company.

No application will be made by the Company for the listing of the Vanguard Glory Convertible Bonds on the Stock Exchange or any other stock exchange. An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Vanguard Glory Conversion Shares.

Hony Fund VIII Convertible Bonds

Reference is made to the announcement of the Company dated 29 May 2018 and the circular of the Company dated 24 June 2018.

On 29 May 2018, the Company and Hony Fund VIII entered into the Hony Fund Share Purchase Agreement, pursuant to which the Company conditionally agreed to acquire the entire issued share capital of Oriental Ally, a wholly owned subsidiary of Hony Fund VIII prior to the Hony Fund Acquisition Completion, from Hony Fund VIII at a consideration of RMB630 million (equivalent to approximately HK\$773,879,717), which shall be satisfied by the issuance of the Hony Fund VIII Convertible Bonds by the Company to Hony Fund VIII (or such person as Hony Fund VIII may nominate) on the Hony Fund Acquisition Completion. The Hony Fund VIII Convertible Bonds were issued by the Company to Hony Fund VIII on 7 August 2018.

As at the date of this announcement, the Hony Fund VIII Convertible Bonds remain outstanding in full and will mature on 7 August 2023 pursuant to the existing terms and conditions of the Hony Fund VIII Convertible Bonds.

On 6 June 2023 (after trading hours of the Stock Exchange), in accordance with the terms and conditions of the Hony Fund VIII Convertible Bonds, the Company and Hony Fund VIII entered into the Hony Fund Deed of Amendment to alter certain terms of the Hony Fund VIII Convertible Bonds, subject to and effective from fulfilment of the Hony Fund Conditions Precedent.

Pursuant to the Hony Fund Alteration of Terms, the maturity date of the Hony Fund VIII Convertible Bonds shall be extended from 7 August 2023 to 30 September 2025 (i.e. the Extended Hony Fund CB Maturity Date).

Save as revised by the Hony Fund Alteration of Terms, all of the terms and conditions of the Hony Fund VIII Convertible Bonds remain unchanged and in full force.

The Hony Fund Alteration of Terms pursuant to the Hony Fund Deed of Amendment shall be conditional on the following conditions precedent being satisfied:

- (a) the Company having obtained from the Independent Shareholders all necessary approvals required under the Articles, applicable laws and the Listing Rules in respect of the Hony Fund Alteration of Terms;

- (b) the Stock Exchange having approved the Hony Fund Alteration of Terms; and
- (c) the Stock Exchange granting its approval for the listing of, and permission to deal in, the Shares to be allotted and issued by the Company upon conversion of the Hony Fund VIII Convertible Bonds pursuant to the Hony Fund Convertible Bond Instrument as amended by the Hony Fund Deed of Amendment.

If any of the Hony Fund Conditions Precedent shall not been fulfilled by 7 August 2023 or such later date as the parties to the Hony Fund Deed of Amendment may agree, the Hony Fund Deed of Amendment shall automatically terminate and (without prejudice to the rights and/or obligations of any party in respect of any antecedent breach) the parties thereto shall be released and discharged from their respective obligations under the Hony Fund Deed of Amendment.

The principal terms of the Hony Fund VIII Convertible Bonds (as revised by the Hony Fund Alteration of Terms) are as follows:

Issuer	:	the Company
Principal amount	:	HK\$773,879,717
Issue price	:	100% of the principal amount
Form and denomination	:	the Hony Fund VIII Convertible Bonds are issued in registered form in the denomination of HK\$1 each.
Maturity date	:	the Extended Hony Fund CB Maturity Date
		The Company has no right to extend the maturity date of the Hony Fund VIII Convertible Bonds.
Interest	:	the Hony Fund VIII Convertible Bonds do not bear any interest.

Hony Fund Conversion Shares : Assuming the conversion rights attached to the Hony Fund VIII Convertible Bonds are exercised in full at the initial Hony Fund Conversion Price of HK\$20.00 per Hony Fund Conversion Share, a number of 38,693,985 Hony Fund Conversion Shares will be issued upon conversion of the Hony Fund VIII Convertible Bonds (subject to adjustments), which represent (i) approximately 28.00% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 21.87% of the issued share capital of the Company as enlarged by the allotment and issue of the Hony Fund Conversion Shares upon full conversion of the Hony Fund VIII Convertible Bonds.

Default interest : If the Company fails to pay any sum in respect of the Hony Fund VIII Convertible Bonds when the same becomes due and payable under the conditions of the Hony Fund VIII Convertible Bonds, interest shall accrue on the overdue sum at the rate of 5% per annum from the due date and ending on the date on which full payment of principal and the relevant interest accrued is made to the bondholders of the Hony Fund VIII Convertible Bonds.

Transferability : The Hony Fund VIII Convertible Bonds may be assigned or transferred with prior written consent of the Company, save where such transfer is made to an Affiliate of the bondholder(s) of the Hony Fund VIII Convertible Bonds. Any transfer of the Hony Fund VIII Convertible Bonds shall be made in compliance with all applicable requirements under the Listing Rules and all applicable laws and regulations.

Affiliate means, in respect of the bondholder(s) of the Hony Fund VIII Convertible Bonds, any other person directly or indirectly controlling or controlled by or under direct or indirect common control with the bondholder(s) of the Hony Fund VIII Convertible Bonds.

Status : The Hony Fund VIII Convertible Bonds constitute direct, unsubordinated, unconditional and unsecured obligations of the Company and shall at all times rank and without any preference or priority among themselves.

Voting and other rights : The bondholder(s) of the Hony Fund VIII Convertible Bonds will not be entitled to receive notice of or attend or vote at general meetings of the Company by reason only of being the holder(s) of the Hony Fund VIII Convertible Bonds. The bondholders of the Hony Fund VIII Convertible Bonds will not be entitled to participate in the general meeting of the Company.

The initial Hony Fund Conversion Price is HK\$20.00 per Hony Fund Conversion Share (subject to adjustments as set out below in the paragraph headed “Adjustments to the Hony Fund Conversion Price”), which represents:

- (a) a premium of approximately 203.03% over the closing price of HK\$6.60 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a premium of approximately 203.03% over the average closing price of approximately HK\$6.60 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days immediately prior to and including the Last Trading Day;
- (c) a premium of approximately 203.03% over the average closing price of approximately HK\$6.60 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days immediately prior to and including the Last Trading Day; and
- (d) a premium of approximately 190.28% over the average closing price of approximately HK\$6.89 per Share as quoted on the Stock Exchange for the last thirty (30) consecutive trading days immediately prior to and including the Last Trading Day.

The Hony Fund Conversion Price was determined after arm’s length negotiations between the Company and Hony Fund VIII with reference to the then trading price and trading volume of the Shares on the Stock Exchange, and the then assets, liabilities, financial performance and business condition of the Company. The Company also considered (i) the future prospects of the Company, including the growth potential by entering into the Hony Fund Share Purchase Agreement; (ii) the lock-up restriction for a six months’ period and the conversion restriction that the Hony Fund VIII Convertible Bonds are subject to, as disclosed in “Conversion rights” and “Restriction on conversion” above; (iii) the fact that the Hony Fund VIII Convertible Bonds bear no interest and therefore does not impose financing costs on the Company; and (iv) the value of the Hony Fund Conversion Price, which the Company considers to be comparable with the market practice.

In determining the Hony Fund Conversion Price, the Company looked into several recent cases on the market which involved the issue of convertible bonds by companies listed on the Stock Exchange as all or part of consideration in the relevant transactions. Under such transactions, the listed companies issued convertible bonds with zero interest rate and conversion prices of such convertible bonds are determined with reference to the relevant indicative closing prices of the shares of the listed companies. The Company therefore considered the Hony Fund Conversion Price was comparable with the market practice.

The Hony Fund Conversion Price shall from time to time be adjusted upon the occurrence of the following events in relation to the Company:

- (a) an alteration of the nominal amount of the Shares by reason of consolidation, sub-division or re-classification of Shares;
- (b)

SHAREHOLDING STRUCTURE OF THE COMPANY

The following table illustrates the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after and assuming full conversion of the Vanguard Glory Convertible Bonds (assuming that there is no other change in the existing shareholding structure of the Company); and (iii) immediately after and assuming full conversion of the Vanguard Glory Convertible Bonds and the Hony Fund VIII Convertible Bonds (assuming that there is no other change in the existing shareholding structure of the Company except for the conversion of the Vanguard Glory Convertible Bonds):

	As at the date of this announcement		Immediately after the full conversion of the Vanguard Glory Convertible Bonds		Immediately after the full conversion of the Vanguard Glory Convertible Bonds and Hony Fund VIII Convertible Bonds ¹	
Shareholders						
Vanguard Glory ²	97,000,000	70.19	123,000,000	74.91	123,000,000	60.62
Hony Fund VIII ²	0	0	0	0	38,693,985	19.07
Public Shareholders ³	<u>41,194,000</u>	<u>29.81</u>	<u>41,194,000</u>	<u>25.09</u>	<u>41,194,000</u>	<u>20.31³</u>
Total	<u><u>138,194,000</u></u>	<u><u>100</u></u>	<u><u>164,194,000</u></u>	<u><u>100</u></u>	<u><u>202,887,985</u></u>	<u><u>100</u></u>

- the shareholding structure is shown for illustration purpose only and may not be exhaustive. Pursuant to the conversion restrictions under the terms and conditions of the Vanguard Glory Convertible Bonds and the Hony Fund VIII Convertible Bonds, their respective conversion rights may only be exercised to the extent that, immediately after such conversion, the Company will continue to be able to satisfy the public float requirements under the Listing Rules.
- as at the date of this announcement, the Company is held as to approximately 70.19% by Vanguard Glory, a wholly-owned subsidiary of Hony Fund V, which is ultimately managed by Hony Capital Fund V GP Limited. Hony Fund VIII is ultimately managed by Hony Capital Fund VIII GP (Cayman) Limited. Both Hony Capital Fund V GP Limited and Hony Capital Fund VIII GP (Cayman) Limited are wholly-owned by Hony Group Management Limited are general partner companies of Hony Capital.

3.

The Company has explored other financing alternatives to raise funds for redemption of the Vanguard Glory Convertible Bonds and/or the Hony Fund VIII Convertible Bonds if redemption is required, including but not limited to, bank borrowing and equity financing. However, the Board is of the view that bank borrowings will not improve the financial position of the Company but will incur high financial cost each year. In addition, equity financing alternatives (such as placing of new shares and rights issue) would be time-consuming in finding suitable investors and result in a dilution on the shareholding of the existing Shareholders.

Having considered all the relevant factors and in light of the reasons and benefits as set out above, the Directors (excluding the independent non-executive Directors who will express their view after considering the advice from the Independent Financial Adviser to the Independent Board Committee and

As at the date of this announcement, Vanguard Glory, being the direct Shareholder of 97,000,000 Shares (representing approximately 70.19% of the issued share capital of the Company as at the date of this announcement), is a substantial shareholder of the Company. Accordingly, Vanguard Glory is a connected person of the Company pursuant to Chapter 14A of the Listing Rules.

Hony Fund VIII

Hony Fund VIII is an exempted limited partnership formed under the laws of the Cayman Islands as an investment vehicle. The general partner of Honoy Fund VIII is Honoy Capital Fund VIII GP (Cayman), L.P., whose general partner is Honoy Capital Fund VIII GP (Cayman) Limited. Honoy Capital Fund VIII GP (Cayman) Limited is wholly-owned by Honoy Group Management Limited, 80% equity interest of which is held by Honoy Managing Partners Limited, which in turn is wholly-owned by Exponential Fortune Group Limited. Exponential Fortune Group Limited is held as to 49% by Mr. Zhao John Huan, as to 25.50% each by Mr. Cao Yonggang and Mr. Xu Minsheng, respectively.

Hony Fund VIII is an investment vehicle and has not conducted any operating activities since incorporation. Each of Mr. Zhao John Huan, Mr. Cao Yonggang and Mr. Xu Minsheng is a managing partner of Honoy Capital. Honoy Capital is an investment and management firm whose main business include private equity, venture capital and other investment relating to China.

LISTING RULES IMPLICATION

As at the date of this announcement, Vanguard Glory, being the direct Shareholder of 97,000,000 Shares (representing approximately 70.19% of the issued share capital of the Company as at the date of this announcement), is a substantial shareholder of the Company. Accordingly, Vanguard Glory is a connected person of the Company pursuant to Chapter 14A of the Listing Rules.

As at the date of this announcement, the Company is held as to 70.19% by Vanguard Glory, a subsidiary of Honoy Fund V, and Honoy Fund V is managed by Honoy Capital Fund V GP Limited. Honoy Fund VIII is managed by Honoy Capital Fund VIII GP (Cayman) Limited. Both Honoy Capital Fund V GP Limited and Honoy Capital Fund VIII GP (Cayman) Limited are general partner companies of Honoy Capital. Accordingly, Honoy Fund VIII is a connected person of the Company pursuant to Chapter 14A of the Listing Rules.

The Vanguard Glory Alteration of Terms and the Honoy Fund Alteration of Terms constitute connected transactions of the Company which are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Pursuant to Rule 28.05 of the Listing Rules, any alteration in the terms of convertible debt securities after issue must be approved by the Stock Exchange, except where the alterations take effect automatically under the existing terms of such convertible debt securities. Accordingly, an application will be made by the Company to the Stock Exchange for the approval of the Vanguard Glory Alteration of Terms and the Honoy Fund Alteration of Terms.

GENERAL

The Independent Board Committee has been established to give recommendations to the Independent Shareholders on the Vanguard Glory Deed of Amendment, the Vanguard Glory Alteration of Terms contemplated thereunder, the Hony Fund Deed of Amendment, the Hony Fund Alteration of Terms contemplated thereunder, the Vanguard Glory Specific Mandate and the Hony Fund Specific Mandate.

“connected person(s)”, “subsidiary(ies)”	each has the meaning ascribed to it under the Listing Rules
“Current Market Price”	in respect of a Share at a particular time on a particular date, means the average of the daily volume-weighted average price of one Share for the five consecutive trading days in the Stock Exchange immediately preceding such date
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to approve, among other things, the Vanguard Glory Deed of Amendment, the Vanguard Glory Alteration of Terms contemplated thereunder, the Hony Fund Deed of Amendment, the Hony Fund Alteration of Terms contemplated thereunder, the Hony Fund Specific Mandate and the Vanguard Glory Specific Mandate
“Extended Hony Fund CB Maturity Date”	30 September 2025
“Extended Vanguard Glory CB Maturity Date”	30 September 2025
“Group”	the Company and its subsidiaries
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Hony Capital”	a series of private equity investment fund, together with their respective management companies/general partners
“Hony Fund V”	Hony Capital Fund V, L.P., an exempted limited partnership formed under the laws of the Cayman Islands
“Hony Fund VIII”	Hony Capital Fund VIII (Cayman), L.P., an exempted limited liability partnership formed under the laws of the Cayman Islands
“Hony Fund Acquisition Completion”	completion of the acquisition contemplated under the Hony Fund Share Purchase Agreement
“Hony Fund Alteration of Terms”	the proposed alteration of certain terms of the Hony Fund VIII Convertible Bonds as contemplated under the Hony Fund Deed of Amendment

“Hony Fund Conditions Precedent”	the conditions precedent set out in the “Hony Fund Conditions Precedent” of this announcement
“Hony Fund Conversion Price”	the price at which Hony Fund Conversion Shares will be issued upon conversion of the Hony Fund VIII Convertible Bonds, as more particularly described in the paragraph headed “Hony Fund Conversion Price” of this announcement
“Hony Fund Conversion Share(s)”	the Share(s) to be allotted and issued by the Company upon conversion of the Hony Fund VIII Convertible Bonds, as more particularly described in the paragraph headed “Hony Fund Conversion Shares” of this announcement
“Hony Fund Convertible Bond Instrument”	the convertible bond instrument executed by the Company on 7 August 2018 for the issue by the Company of the Hony Fund VIII Convertible Bonds
“Hony Fund Deed of Amendment”	the deed of amendment entered into between the Company and Hony Fund VIII on 6 June 2023 in relation to the alteration of certain terms of the Hony Fund VIII Convertible Bonds
“Hony Fund Share Purchase Agreement”	the share purchase agreement entered into between the Company and Hony Fund VIII on 29 May 2018 in relation to the sale and purchase of the entire issued share capital in Oriental Ally
“Hony Fund Specific Mandate”	the specific mandate to be sought from the Independent Shareholders at the EGM and to be granted to the Directors for the allotment and issue of the Hony Fund Conversion Shares upon exercise of the conversion rights attaching to the Hony Fund VIII Convertible Bonds
“Hony Fund VIII Convertible Bonds”	the convertible bond(s) with an aggregate principal amount of HK\$773,879,717 issued by the Company to Hony Fund VIII on 7 August 2018
“Independent Board Committee”	the independent board committee comprising all the independent non-executive Directors which has been established by the Board to advise the Independent Shareholders pursuant to the Listing Rules

“Trading Day”	a day on which trading of the Shares is conducted on the Stock Exchange in accordance with the rules and regulations of the Stock Exchange promulgated from time to time
“Vanguard Glory”	Vanguard Glory Limited (譽鋒有限公司), a company incorporated in the British Virgin Islands as a limited liability company and the immediate holding company that holds approximately 70.19% issued share capital of the Company as at the date of this announcement
“Vanguard Glory Alteration of Terms”	the proposed alteration of certain terms of the Vanguard Glory Convertible Bonds as contemplated under the Vanguard Glory Deed of Amendment
“Vanguard Glory Closing Date”	5 March 2018, being the date of completion of the subscription in accordance with the terms of the Vanguard Glory Subscription Agreement
“Vanguard Glory Conditions Precedent”	The conditions precedent set out in the “Vanguard Glory Conditions Precedent” of this announcement
“Vanguard Glory Conversion Price”	the price at which Vanguard Glory Conversion Shares will be issued upon conversion of the Vanguard Glory Convertible Bonds, as more particularly described in the paragraph headed “Vanguard Glory Conversion Price” of this announcement
“Vanguard Glory Conversion Share(s)”	the Share(s) to be allotted and issued by the Company upon conversion of the Vanguard Glory Convertible Bonds, as more particularly described in the paragraph headed “Vanguard Glory Conversation Shares” of this announcement
“Vanguard Glory Convertible Bond(s)”	the convertible bond(s) with an aggregate principal amount of HK\$468,000,000 issued by the Company on 5 March 2018 pursuant to the Vanguard Glory Subscription Agreement and constituted by the Vanguard Glory Convertible Bonds Instrument
“Vanguard Glory Convertible Bond Instrument”	the convertible bond instrument executed by the Company on 5 March 2018 for the issue by the Company of the Vanguard Glory Convertible Bonds
“Vanguard Glory Deed of Amendment”	the deed of amendment entered into between the Company and Vanguard Glory on 6 June 2023 in relation to the alteration of certain terms of the Vanguard Glory Convertible Bonds

“Vanguard Glory Specific
Mandate”

the specific mandate to be sought from the Independent Shareholders at the EGM and to be granted to the Directors for the allotment and issue of the Vanguard Glory Conversion Shares upon exercise of the