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**SAIL VANTAGE LIMITED**  
(於英屬處女群島註冊成立的有限公司)  
(「發行人」)

於二零二七年到期的**2,750,000,000**港元零息有擔保可換股債券  
(債務股份代號：**4401**)  
(「債券」)

由



**美東汽車**

**China MeiDong Auto Holdings Limited**  
**中國美東汽車控股有限公司**

(於開曼群島註冊成立的有限公司)  
(股份代號：**1268**)  
(「本公司」)

**無條件及不可撤回地擔保**

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承董事會命  
中國美東汽車控股有限公司  
主席  
葉帆

香港，二零二二年一月十四日

於本公告日期，發行人董事為葉帆先生。

於本公告日期，本公司董事會成員包括：

**執行董事：**

葉帆先生(主席)  
葉濤先生(行政總裁)  
羅劉玉女士

**獨立非執行董事：**

陳規易先生  
王炬先生  
葉奇志先生

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**IMPORTANT: You must read the following disclaimer before continuing.** The following disclaimer applies to the attached offering circular (the “Offering Circular”). You are therefore advised to read this disclaimer carefully before accessing, reading or making any other use of the attached Offering Circular. In accessing the attached Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access. In order to review the attached Offering Circular or make an investment decision with respect to the securities, you must not be located in the United States.

**Confirmation of Your Representation:** The attached Offering Circular is being sent to you at your request and by accepting the e-mail and accessing the attached Offering Circular, you shall be deemed to represent to Goldman Sachs (Asia) L.L.C. and Morgan Stanley & Co. International plc (the “Managers”) that (1) you are not in the United States and, to the extent you purchase the securities described in the attached Offering Circular, you will be doing so pursuant to Regulation S under the U.S. Securities Act of 1993, as amended (the “Securities Act”) (2) the e-mail address that you gave us and to which this e-mail has been delivered is not located in the United States, its territories or possessions, (3) you consent to delivery of the attached Offering Circular and any amendments or supplements thereto by electronic transmission, (4) you (and any nominee and any person on whose behalf you are subscribing for the securities to which the attached Offering Circular relates) are not a “connected person” (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”)) of Sail Vantage Limited (the “Issuer”) or China MeiDong Auto Holdings Limited 中國美東汽車控股有限公司 (the “Guarantor”), which includes but is not limited to any director, chief executive or substantial shareholder of the Issuer or the Guarantor or any of their respective subsidiaries or any associate of any of them within the meaning of the Listing Rules, and (5) you (and any nominee and any person on whose behalf you are subscribing for the securities to which the attached Offering Circular relates) are, and will immediately after completion of the offering of such securities be, independent of and not acting in concert with, any of such connected persons in relation to the control of the Issuer and the Guarantor.

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Nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of the Issuer, the Guarantor, the Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them to subscribe for or purchase any of the securities described therein, and access has been limited so that it shall not constitute in the United States or elsewhere a general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act) or directed selling efforts (within the meaning of Regulation S under the Securities Act). If a jurisdiction requires that the offering be made by a licensed broker or dealer and any Manager or any affiliate of the Managers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by that Manager or such affiliate on behalf of the Issuer and the Guarantor in such jurisdiction.

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# Sail Vantage Limited

(incorporated in the British Virgin Islands with limited liability)

**HK\$2,750,000,000 Zero Coupon Guaranteed Convertible Bonds due 2027**  
**unconditionally and irrevocably guaranteed by**



**MEIDONG  
AUTO**

## China MeiDong Auto Holdings Limited

中國美東汽車控股有限公司

(Incorporated in the Cayman Islands with limited liability)

**(Stock Code: 1268)**

**Issue Price: 100.00 per cent.**

The HK\$2,750,000,000 in aggregate principal amount of zero coupon convertible bonds due 2027 (the “**Bonds**”, which term shall include, unless the context requires otherwise, any further bonds issued in accordance with the terms and conditions of the Bonds set out in “*Terms and Conditions of the Bonds*” (the “**Conditions**”) and each of the Conditions, a “**Condition**”) and consolidated and forming a single series therewith) will be issued by Sail Vantage Limited (the “**Issuer**”), a wholly-owned subsidiary of China MeiDong Auto Holdings Limited 中國美東汽車控股有限公司 (the “**Guarantor**” or the “**Company**”). The due payment of all sums expressed to be payable by the Issuer under the Trust Deed (as defined in the Conditions) and the Bonds have been unconditionally and irrevocably guaranteed (the “**Guarantee**”) by the Guarantor. The issue price of the Bonds shall be 100.00 per cent. of the aggregate principal amount of the Bonds and the denomination of each Bond shall be HK\$2,000,000 and integral multiples of HK\$1,000,000 in excess thereof.

The Bonds will, upon issue, constitute direct, unconditional, unsubordinated and (subject to Condition 4(a) of the Conditions) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds and the obligations of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by mandatory provisions of applicable law and subject to Condition 4(a) of the Conditions, at all times rank at least equally with all of their respective other present and future unsecured and unsubordinated obligations.

Each Bond will, at the option of the holder, be convertible (unless previously redeemed, converted or purchased and cancelled) on or after 23 February 2022 up to the 10th day prior to the Maturity Date (as defined below) (both days inclusive) into fully paid ordinary shares of the Guarantor with a nominal value of HK\$0.10 each (the “**Shares**”) at an initial conversion price of HK\$46.75 per Share (the “**Conversion Price**”). The Conversion Price is subject to adjustment in the circumstances described under “*Terms and Conditions of the Bonds — Conversion*”. The Closing Price (as defined in the Conditions) of the Shares on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) on 5 January 2022 was HK\$39.35 per Share.

Unless previously redeemed, converted or purchased and cancelled, the Issuer will redeem each Bond at 111.8370 per cent. of its principal amount on 13 January 2027 (the “**Maturity Date**”). The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on the date specified in the Tax Redemption Notice (as defined in the Conditions) for redemption at a price per each HK\$1,000,000 principal amount of the Bonds equal to the Early Redemption Amount (as defined in the Conditions), in the event of certain changes to the laws or regulations of the British Virgin Islands, the Cayman Islands, Hong Kong or the PRC or, in each case, any political subdivision or any authority thereof or therein having power to tax, subject to the non-redemption option of each Bondholder after the exercise by the Issuer of its tax redemption option as described in the Conditions. The Bonds may be redeemed, at any time after 13 January 2025 and prior to the Maturity Date, at the option of the Issuer in whole, but not in part, at a price per each HK\$1,000,000 principal amount of the Bonds equal to the Early Redemption Amount as at the date fixed for redemption, provided that, on each of any 20 Trading Days within a period of 30 consecutive Trading Days, the last of such 30 consecutive Trading Day period being a Trading Day falling not more than five Trading Days prior to the date upon which notice of such redemption is published, the Closing Price of the Shares on such Trading Day was at least 130 per cent. of the Early Redemption Amount on such Trading Day divided by the Conversion Ratio on such Trading Day. The Bonds may be redeemed, at the option of the Issuer in whole, but not in part, at any time if at least 90 per cent. in principal amount of the Bonds originally issued has already been converted, redeemed or purchased and cancelled, at a price per each HK\$1,000,000 principal amount of the Bonds equal to the Early Redemption Amount. The Issuer will, at the option of the holder of any Bond, redeem all or some only of such holder’s Bonds on 13 January 2025 (the “**Put Option Date**”) at 106.9428 per cent. of their principal amount. The holder of each Bond will also have the right at such holder’s option, to require the Issuer to redeem all or some only of such holder’s Bonds on the Relevant Event Redemption Date (as defined in the Conditions) at a price per each HK\$1,000,000 principal amount of the Bonds equal to the Early Redemption Amount following the occurrence of (i) the Shares ceasing to be listed or admitted to trading or suspended for trading for a period equal to or exceeding 30 consecutive Trading Days on the Hong Kong Stock Exchange or, if applicable, the Alternative Stock Exchange; or (ii) a Change of Control (as defined in the Conditions). See “*Terms and Conditions of the Bonds — Redemption, Purchase and Cancellation*”.

For a detailed description of the Bonds, see “*Terms and Conditions of the Bonds*”.

**PRIIPs REGULATION/PROHIBITION OF SALES TO EEA RETAIL INVESTORS** — The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); and (ii) a customer within the meaning of Directive (EU) 2016/97 (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**UK PRIIPs REGULATION/PROHIBITION OF SALES TO UK RETAIL INVESTORS** — The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (the “**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “**EUWA**”); and (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the “**FSMA**”) and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

**Singapore SFA Product Classification** — In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the “**SFA**”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “**CMP Regulations 2018**”), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Bonds are “prescribed capital markets products” (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Application will be made to the Hong Kong Stock Exchange for the listing of the Bonds by way of debt issues to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) (the “**Professional Investors**”) only. **This Offering Circular is for distribution to Professional Investors only.**

**Notice to Hong Kong investors: The Issuer and the Guarantor confirm that the Bonds are intended for purchase by Professional Investors only and will be listed on the Hong Kong Stock Exchange on that basis. Accordingly, the Issuer and the Guarantor confirm that the Bonds are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.**

**The Hong Kong Stock Exchange has not reviewed the contents of this Offering Circular, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this Offering Circular to Professional Investors only have been reproduced in this Offering Circular. Listing of the Bonds on the Hong Kong Stock Exchange is not to be taken as an indication of the commercial merits or credit quality of the Bonds or the Issuer or the Guarantor or the Group, or quality of disclosure in this Offering Circular. Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this Offering Circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Offering Circular.**

This Offering Circular includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Issuer, the Guarantor and the Group. The Issuer and the Guarantor accept full responsibility for the accuracy of the information contained in this Offering Circular and confirms, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

Investors should be aware that the Bonds and the Guarantee are unsecured, that there are risks attached to exercise of Conversion Rights of the Bonds, and that there are various other risks relating to the Bonds, the Shares, the Issuer, the Guarantor and its subsidiaries, their business and their jurisdictions of operations which investors should familiarise themselves with before making an investment in the Bonds. See “**Risk Factors**” beginning on page 16.

The Bonds and the Shares to be issued upon conversion of the Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) and, or other securities laws and, subject to certain exceptions, may not be offered or sold within the United States. The Bonds are being offered and sold only outside the United States in reliance on Regulation S under the Securities Act (“**Regulation S**”). For a description of these and certain further restrictions on offers and sales of the Bonds and the Shares to be issued upon conversion of the Bonds and the distribution of this Offering Circular, see “**Subscription and Sale**”.

The Bonds will be represented by beneficial interests in a global certificate (the “**Global Certificate**”) in registered form, which will be registered in the name of a nominee of, and shall be deposited on or about 13 January 2022 (the “**Issue Date**”) with, a common depositary for Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream**”). Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream. Except as described in the Global Certificate, certificates for Bonds will not be issued in exchange for interests in the Global Certificate.

Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners

Goldman Sachs (Asia) L.L.C.

Morgan Stanley & Co. International plc

The date of this Offering Circular is 6 January 2022

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This Offering Circular includes particulars given in compliance with the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange for the purpose of giving information with regard to the Issuer and the Guarantor. Each of the Issuer and the Guarantor accepts full responsibility for the accuracy of the information contained in this Offering Circular and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this Offering Circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Offering Circular.

Each of the Issuer and the Guarantor, having made all reasonable enquiries, confirms that (i) this Offering Circular contains all information with respect to the Issuer and the Guarantor, to the Issuer and the Guarantor and their respective subsidiaries taken as a whole (the “**Group**”), and to the Shares, the Bonds and the Guarantee which is material in the context of the issue and offering of the Bonds (including all information which is required by applicable laws of the British Virgin Islands, the Cayman Islands, the PRC and according to the particular nature of the Issuer, the Guarantor, the Group, the Shares, the Bonds and the Guarantee, is necessary to enable investors and their investment advisers to make an informed assessment of the assets and liabilities, financial position and profits and losses of the Issuer, the Guarantor, the Group, and the rights attaching to the Shares, the Bonds and the Guarantee; (ii) the statements contained in this Offering Circular relating to the Issuer, the Guarantor and to the Group, are in every material particular true and accurate and not misleading; (iii) the opinions and intentions expressed in this Offering Circular with regard to the Issuer, the Guarantor and the Group are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions; (iv) there are no other facts in relation to the Issuer, the Guarantor, the Group, the Guarantee, the Shares or the Bonds the omission of which would, in the context of the issue and offering of the Bonds make any statement in this Offering Circular misleading in any material respect; (v) all reasonable enquiries have been made by the Issuer and the Guarantor to ascertain such facts and to verify the accuracy of all such information and statements as contained in this Offering Circular; and (vi) this Offering Circular has not included any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements herein, in the light of the

circumstances under which they were made, not misleading. This Offering Circular is highly confidential. The Issuer and the Guarantor are providing it solely for the purpose of enabling the investors to consider a purchase of the Bonds. Investors should read this Offering Circular before making a decision whether to purchase the Bonds. Investors must not use this Offering Circular for any other purpose or disclose any information in this Offering Circular to any other person.

The Issuer and the Guarantor have prepared this Offering Circular and are jointly and severally responsible for its contents. Investors are responsible for making their own examination of the Issuer, the Guarantor and the Group and their own assessment of the merits and risks of investing in the Bonds. By purchasing the Bonds, investors will be deemed to have acknowledged that they have made certain acknowledgements, representations and agreements as set forth under the section entitled “*Subscription and Sale*” below.

No representation or warranty, express or implied, is made by Goldman Sachs (Asia) L.L.C. and Morgan Stanley & Co. International plc (the “**Managers**”), the Trustee (as defined in the Conditions) or the Agents (as defined in the Conditions) or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them as to the accuracy, completeness or sufficiency of the information contained in this Offering Circular, and nothing contained in this Offering Circular is, or shall be relied upon as, a promise, representation or warranty by the Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them. None of the Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them has independently verified any of the information contained in this Offering Circular and none of them can give any assurance that this information is accurate, truthful or complete. This Offering Circular is not intended to provide the basis of any credit or other evaluation, nor should it be considered as a recommendation by the Issuer, the Guarantor, the Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them that any recipient of this Offering Circular should purchase the Bonds. Each potential purchaser of the Bonds should determine for itself the relevance of the information contained in this Offering Circular and its purchase of the Bonds should be based upon such investigations with its own tax, legal and business advisers as it deems necessary. To the fullest extent permitted by law, none of the Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them accepts any responsibility for the contents of this Offering Circular or for any other statement, made or purported to be made by the Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them or on any of their behalf in connection with the Group, the Bonds or the Shares. Each of the Managers, the Trustee and the Agents and each of their respective affiliates, directors, officers, employees, representatives, agents and advisers and each person who controls



any of them accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Offering Circular or any such statement.

In making an investment decision, investors must rely on their own examination of the Issuer, the Guarantor and the Group and the terms of the offering, including the merits and risks involved. See “*Risk Factors*” for a discussion of certain factors to be considered in connection with an investment in the Bonds.

Each person receiving this Offering Circular acknowledges that: (i) such person has been afforded an opportunity to request from the Issuer and the Guarantor and to review, and has received, all additional information considered by it to be necessary to verify the accuracy of, or to supplement, the information contained herein; (ii) such person has not relied on the Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them in connection with any investigation of the accuracy of such information or its investment decision; (iii) no person has been authorized to give any information or to make any representation concerning the Group, the Bonds or the Shares (other than as contained herein and information given by the Issuer’s or the Guarantor’s duly authorized officers and employees in connection with investors’ examination of the Group and the terms of the offering of the Bonds) and, if given or made, any such other information or representation should not be relied upon as having been authorized by the Issuer, the Guarantor the Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them; (iv) such person (and any nominee and any person on whose behalf such person is subscribing for the Bonds) is not a “connected person” (as defined in the Listing Rules) of the Issuer or the Guarantor, which includes but is not limited to any director, chief executive or substantial shareholder of the Issuer or the Guarantor or any of their respective subsidiaries or any associate of any of them within the meaning of the Listing Rules; and (v) such person (and any nominee and any person on whose behalf such person is subscribing for the Bonds) is, and will immediately after completion of the offering of the Bonds be, independent of and not acting in concert with, any of such connected persons in relation to the control of the Issuer or the Guarantor.

None of the Issuer, the Guarantor or the Managers is making an offer to sell the Bonds, in any jurisdiction except where an offer or sale is permitted. The distribution of this Offering Circular and the offering of the Bonds may in certain jurisdictions be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, the Guarantor and the Managers to inform themselves about and to observe any such restrictions. For a description of the restrictions on offers, sales and resales of the Bonds and distribution of this Offering Circular, see “*Subscription and Sale*” below.

None of the Issuer, the Guarantor, the Managers, the Trustee or the Agents or any of their respective holding companies, subsidiaries, affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them is making any

representation to the investors regarding the legality of an investment in the Bonds by the investors under any legal, investment or similar laws or regulations. Investors should not consider any information in this Offering Circular to be legal, business or tax advice. Investors should consult their own professional advisers for legal, business, tax and other advice regarding an investment in the Bonds.

**PRIIPs REGULATION/PROHIBITION OF SALES TO EEA RETAIL INVESTORS** — The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; and (ii) a customer within the meaning of Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by the PRIIPs Regulation for offering or selling the Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**UK PRIIPs REGULATION/PROHIBITION OF SALES TO UK RETAIL INVESTORS** — The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by the UK PRIIPs Regulation for offering or selling the Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

**Singapore SFA Product Classification:** In connection with Section 309B of the SFA and the CMP Regulations 2018, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Bonds are ‘prescribed capital markets products’ (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

## CERTAIN DEFINITIONS AND CONVENTIONS

In this Offering Circular, all references to the “**Issuer**” refer to Sail Vantage Limited; all references to the “**Company**”, “**Group**”, “**our Group**”, the “**Guarantor**”, “**we**”, “**us**” and “**our**” refer to China MeiDong Auto Holdings Limited 中國美東汽車控股有限公司 and, as the context requires, its subsidiaries; all references to “**U.S.\$**” or “**U.S. dollars**” are to United States dollars, the legal currency of the United States; all references to “**HK\$**” or “**Hong Kong dollars**” are to Hong Kong dollars, the legal currency of the Hong Kong Special Administrative Region of the People’s Republic of China; all references to “**RMB**” or “**Renminbi**” are to Renminbi, the legal currency of the People’s Republic of China; and all references to the “**PRC**”, “**Mainland**” and “**China**” are to the People’s Republic of China, excluding the Hong Kong Special Administrative Region of the People’s Republic of China, the Macau Special Administrative Region of the People’s Republic of China and Taiwan.

References in this Offering Circular to accounting periods are based on the Guarantor’s fiscal year, which ends on 31 December.

No representation is made that the Hong Kong dollar or Renminbi amounts referred to herein have been, could have been or could be converted into any other currencies at any particular rate or at all. For further information relating to the exchange rates, see the section entitled “*Exchange Rates*”.

In this Offering Circular, because certain amounts have been rounded, totals of columns or rows of numbers in tables may not be equal to the apparent total of the individual items, and actual numbers may differ from those contained herein due to rounding.

The English names of PRC nationals, entities, departments, facilities, laws, regulations, certificates, titles and the like are translations of their Chinese names and are included for identification purposes only. In the event of any inconsistency, the Chinese name shall prevail.

## **SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This Offering Circular contains forward-looking statements that state our intentions, beliefs, expectations or predictions for the future. Forward-looking statements are, by their nature, subject to significant risks and uncertainties.

These forward-looking statements include, without limitation, statements relating to:

- our business prospects;
- future developments, trends and conditions in the industry and markets in which we operate;
- our growth and expansion plan;
- our business and merger and acquisition strategies and plans to achieve these strategies;
- general economic, political and business conditions in the markets in which we operate;
- changes to the regulatory environment and general outlook in the industry and markets in which we operate;
- our ability to control costs;
- our ability to attract and retain capable employees and key personnel;
- our dividend policy;
- the amount and nature of, and potential for, future development of our business;
- capital market developments;
- the actions and developments of our competitors;
- change or volatility in interest rates, foreign exchange rates, equity prices, volumes, operations, margins, risk management and overall market trends; and
- other factors beyond our control.

When used herein, words including “aim”, “anticipate”, “believe”, “can”, “continue”, “could”, “estimate”, “expect”, “going forward”, “intend”, “may”, “ought to”, “plan”, “potential”, “project”, “prospects”, “seek”, “should”, “sustain”, “will”, “would” and similar expressions are intended to identify these forward-looking statements. All statements (other than statements of historical facts included in this Offering Circular), including without limitation, statements regarding our strategy,

plans and objectives of management for future operations, are forward-looking statements. These forward-looking statements reflect the current views of our management as of the date of this Offering Circular with respect to future events and are subject to certain risks, uncertainties and assumptions, including the risk factors described under “*Risk Factors*” and elsewhere in this Offering Circular. One or more of these risks or uncertainties may materialize, or the underlying assumptions may prove to be incorrect. Actual results and events may differ materially from information contained in the forward-looking statements. Should one or more of these risks or uncertainties materialize, or should the underlying assumptions prove to be incorrect, our business, financial condition, results of operations and prospects may be adversely affected and may vary materially from those described herein as anticipated, believed or expected. Accordingly, such statements are not a guarantee of future performance and you should not place undue reliance on such forward-looking information. Moreover, the inclusion of forward-looking statements should not be regarded as representations by us that our plans and objectives will be achieved or realized.

Subject to the requirements of applicable laws, we undertake no obligation to update or otherwise revise any forward-looking statements contained in this Offering Circular, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this Offering Circular might not occur in the way we expect or at all. All forward-looking statements contained in this Offering Circular are qualified by reference to this cautionary statement.

## INCORPORATION OF FINANCIAL INFORMATION

The Company's:

- consolidated audited financial statements as at and for the years ended 31 December 2019 and 2020 (collectively, the “**Audited Financial Statements**”) (which contains the consolidated financial information of the Company as at and for the years ended 31 December 2018, 2019 and 2020), which are contained in the annual reports of the Company for the years ended 31 December 2019 and 2020; and
- consolidated reviewed financial statements as at and for the six months ended 30 June 2021 (collectively, the “**Reviewed Financial Statements**”, and together with the Audited Financial Statements, the “**Financial Statements**”) (which contains the consolidated financial information of the Group as at and for the six months ended 30 June 2020 and 2021), which are contained in the review report of the Company for the six months ended 30 June 2021,

are each incorporated by reference in this Offering Circular. Copies of the Financial Statements are available and may be:

- obtained free of charge at the principal place of business of the Company in Hong Kong at Room 2404, 24th Floor, World-Wide House, 19 Des Voeux Road Central, Hong Kong; or
- downloaded free of charge from the website of the Hong Kong Stock Exchange at [www.hkex.com.hk](http://www.hkex.com.hk).

The Audited Financial Statements were prepared and presented in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”) and have been audited by KPMG, the Guarantor's independent auditors.

The Group has adopted HKFRS 16 Leases (“**HKFRS 16**”) with effect from 1 January 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2019. Comparative information has not been restated and continues to be reported under HKAS 17. Therefore, the consolidated financial statements of the Group as of and for the year ended 31 December 2019 is not comparable with the consolidated financial statements of the Group as of and for the year ended 31 December 2018. For the impact on the adoption of HKFRS 16, please refer to note 2(c) of the Group's audited financial statements for the year ended 31 December 2019.

The Reviewed Financial Statements were prepared and presented in accordance with HKFRS and have been reviewed by KPMG in accordance with the Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. As the Reviewed Financial Statements have not been audited by a certified



public accountant, they should not be relied upon by investors to provide the same quality of information associated with information that has been subject to an audit. None of the Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, advisers or agents or any person who controls any of them makes any representation or warranty, express or implied, regarding the accuracy, completeness and sufficiency of the Reviewed Financial Statements for an assessment of, and potential investors must exercise caution when using such data to evaluate the Group's financial condition or results of operations. In addition, the Reviewed Financial Statements should not be taken as an indication of the expected financial condition or results of operations of the Group for the full financial year ended 31 December 2021.

## SUMMARY

*This summary below is intended only to provide a limited overview of information described in more detail elsewhere in this Offering Circular. As it is a summary, it does not contain all the information that may be important to investors. Terms defined elsewhere in this Offering Circular shall have the same meanings when used in this summary. Prospective investors should therefore read this Offering Circular in its entirety, including “Risk Factors”, to determine whether an investment in the Bonds is appropriate.*

We are an established 4S dealer of automobiles focusing our operations in the PRC. The following table shows a breakdown of our Group’s principal businesses by segment in terms of revenue for the periods indicated:

|                                           | For the year ended 31 December |             |                 |             |                 |             | For the six months ended 30 June |             |                 |             |
|-------------------------------------------|--------------------------------|-------------|-----------------|-------------|-----------------|-------------|----------------------------------|-------------|-----------------|-------------|
|                                           | 2018                           |             | 2019            |             | 2020            |             | 2020                             |             | 2021            |             |
|                                           | (audited)                      |             | (audited)       |             | (audited)       |             | (unaudited)                      |             | (unaudited)     |             |
|                                           | RMB                            |             | RMB             |             | RMB             |             | RMB                              |             | RMB             |             |
|                                           | million                        | %           | million         | %           | million         | %           | million                          | %           | million         | %           |
| Sales of new passenger vehicles . . . . . | 9,775.1                        | 88.3%       | 14,383.8        | 88.7%       | 17,956.2        | 88.9%       | 7,487.9                          | 88.6%       | 10,544.1        | 89.3%       |
| After-sales services . . . . .            | 1,292.3                        | 11.7%       | 1,826.2         | 11.3%       | 2,251.3         | 11.1%       | 959.9                            | 11.4%       | 1,264.0         | 10.7%       |
| Total . . . . .                           | <u>11,067.4</u>                | <u>100%</u> | <u>16,210.0</u> | <u>100%</u> | <u>20,207.4</u> | <u>100%</u> | <u>8,447.9</u>                   | <u>100%</u> | <u>11,808.1</u> | <u>100%</u> |

The Issuer is a BVI business company incorporated with limited liability under the BVI Business Companies Act, 2004 of the British Virgin Islands on 26 March 2021, which is wholly-owned by the Guarantor.

The Shares of the Company commenced listing on the Hong Kong Stock Exchange in 2013. Based on the closing price of the shares of the Company as quoted on the Hong Kong Stock Exchange. As at 31 December 2021, the Company had a market capitalization of approximately HK\$50,164 million based on the total number of 1,247,867,364 Shares and the closing price of HK\$40.20 per Share as at 31 December 2021 as quoted on the Hong Kong Stock Exchange.

### Recent Developments

We have also been gradually executing our merger and acquisition strategy with the criteria of: (1) familiar brands; (2) familiar locations; and (3) reasonable valuation to accelerate our network expansion.

#### *Acquisition of Lexus store and BMW store*

From 2021 to date, the Group completed the acquisition of 100% equity interest in a Lexus store in Nanjing, Jiangsu and a BMW store in Guangan, Sichuan.

### *Acquisition of StarChase Motorsports Limited*

On 13 December 2021, we (as purchaser) entered into an acquisition agreement in respect of the conditional sale and purchase of all issued shares of StarChase (together with its subsidiaries, “**StarChase Group**”) for a total cash consideration of RMB3,700,000,000 (subject to adjustment under the terms of the acquisition agreement). Closing of the acquisition of StarChase is subject to the fulfilment of certain conditions precedent set forth under the acquisition agreement. Please refer to the section titled “*Description of the Group — Recent Developments — Acquisition of StarChase Motorsports Limited*” for further information.

### *New after-sales service initiatives*

In addition, we have piloted new after-sales service initiatives in a number of stores, which have delivered positive initial results with improved customer satisfaction and customer return ratio. We have expanded the project to other stores with the aim to gradually accelerate the development of after-sales services.

## THE OFFERING

*The following contains summary information of the terms of the Bonds. Some of the terms described below are subject to important limitations and exceptions. Words and expressions defined in “Terms and Conditions of the Bonds” and “Provisions relating to the Bonds in Global Form” shall have the same meanings in this summary. For a more complete description of the terms of the Bonds, see “Terms and Conditions of the Bonds” in this Offering Circular.*

|                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Issuer</b>                | Sail Vantage Limited.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Guarantor</b>             | China MeiDong Auto Holdings Limited 中國美東汽車控股有限公司.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Issue</b>                 | Hong Kong dollar-denominated zero coupon guaranteed convertible bonds due 2027 in an aggregate principal amount of HK\$2,750,000,000, convertible into the Guarantor’s fully-paid ordinary shares of nominal value of HK\$0.10 each (the “ <b>Shares</b> ”).                                                                                                                                                                                                                                                                             |
| <b>Interest</b>              | The Bonds will be zero coupon and will not bear interest. See “ <i>Terms and Conditions of the Bonds — Default Interest</i> ”.                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Issue Price</b>           | 100.00 per cent. of the principal amount of the Bonds.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Issue Date</b>            | 13 January 2022.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Maturity Date</b>         | 13 January 2027.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Form and Denomination</b> | The Bonds will be issued in registered form in the denomination of HK\$2,000,000 and integral multiples of HK\$1,000,000 in excess thereof.                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Guarantee</b>             | The obligations of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by mandatory provisions of applicable law and subject to Condition 4(a), at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.                                                                                                                                                                                                                                      |
| <b>Status of the Bonds</b>   | The Bonds will constitute direct, unconditional, unsubordinated and (subject to Condition 4(a)) unsecured obligations of the Issuer and shall at all times rank pari passu and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable law and subject to Condition 4(a), at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations. |

**Negative Pledge**

So long as any Bond remains outstanding (as defined in the Trust Deed), neither the Issuer nor the Guarantor will, and each of the Issuer and the Guarantor shall procure that none of their respective Subsidiaries will, create, permit to subsist or arise or have outstanding, any Encumbrance, upon the whole or any part of their respective present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness or to secure any guarantee of or indemnity in respect of any Relevant Indebtedness unless, at the same time or prior thereto, the Bonds are secured equally and rateably (i) therewith or by the same Encumbrance or (ii) by such other security, guarantee, indemnity or other arrangement as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed).

**“Relevant Indebtedness”** means any future or present indebtedness in the form of or represented by debentures, loan stock, bonds, notes, bearer participation certificates, depositary receipts, certificates of deposit or other similar securities or instruments or by bills of exchange drawn or accepted for the purpose of raising money which are, or are capable of being, quoted, listed, ordinarily dealt in or traded on any stock exchange or over the counter or on any other securities market. For the avoidance of doubt, “Relevant Indebtedness” does not include indebtedness under any bilateral, syndicated or club loan or credit facility or any trade payables.

**Conversion Right**

Subject to the Conditions, the Bondholders have the right to convert their Bonds into Shares at any time during the Conversion Period referred to below.

**Conversion Period**

At any time (i) (subject to any applicable fiscal or other laws or regulations and as hereinafter provided), on or after 23 February 2022 up to (and including) the 10th day prior to the Maturity Date (but, except as provided in Condition 6(a)(iv) and Condition 10, in no event thereafter), (ii) if such Bond is to be redeemed by the Issuer before the Maturity Date pursuant to Condition 8(b) or Condition 8(c), then up to (and including) the seventh day prior to the date fixed for redemption thereof or (iii) if notice requiring redemption has been given by the holder of such Bond pursuant to Condition 8(d) or Condition 8(e), then up to (and including) the day falling immediately prior to the giving of such notice. See *“Terms and Conditions of the Bonds — Conversion — Conversion Right”*.

**Conversion Price**

HK\$46.75 per Share, subject to adjustment for, among other things, consolidation, subdivision, redesignation or reclassification of Shares, capitalisation of profits or reserves, Capital Distributions, rights issues of Shares or options over Shares at less than 95% of the Current Market Price, rights issues of other securities, issues at less than 95% of the Current Market Price, other issues at less than 95% of the Current Market Price, modification of rights of conversion at less than 95% of the Current Market Price, other offers to Shareholders and other events as described in Condition 6(c) and/or an adjustment upon a Change of Control as described in Condition 6(d).

**Redemption for Taxation Reasons**

The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice (a "**Tax Redemption Notice**") to the Bondholders in accordance with Condition 16 of the Conditions (which notice shall be irrevocable) and in writing to the Trustee, the Principal Agent and the Calculation Agent, on the date specified in the Tax Redemption Notice for redemption at a price per each HK\$1,000,000 principal amount of the Bonds equal to the Early Redemption Amount as at the Tax Redemption Date (as defined in the Conditions) if the Issuer satisfies the Trustee immediately prior to the giving of such notice that (i) the Issuer (or if the Guarantee was called, the Guarantor) has or will become obliged to pay Additional Tax Amounts as provided or referred to in Condition 9 as a result of any change in, or amendment to, the laws or regulations of the British Virgin Islands, the Cayman Islands, Hong Kong or the PRC or, in each case, any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 5 January 2022, and (ii) such obligation cannot be avoided by the Issuer (or, as the case may be, the Guarantor) taking reasonable measures available to it, provided that no Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Issuer (or, as the case may be, the Guarantor) would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds then due.

If the Issuer gives a Tax Redemption Notice pursuant to Condition 8(b)(i), each Bondholder will have the right to elect that its Bond(s) shall not be redeemed and that the provisions of Condition 9 shall not apply in respect of any payment of principal, Early Redemption Amount or premium (if any) to be made in respect of such Bond(s) which falls due after the relevant Tax Redemption Date, whereupon no additional amounts shall be payable by the Issuer in respect thereof pursuant to Condition 9 and payment of all amounts by the Issuer to such Bondholder in respect of such Bond shall be made subject to the deduction or withholding of any tax required to be deducted or withheld. See *“Terms and Conditions of the Bonds — Redemption, Purchase and Cancellation — Redemption for Taxation Reasons”*.

**Redemption at the Option of the Issuer**

On giving not less than 30 nor more than 60 days’ notice to the Principal Agent, the Trustee and the Calculation Agent in writing and to the Bondholders in accordance with Condition 16 (which notice will be irrevocable), the Issuer:

- (i) may at any time after 13 January 2025 and prior to the Maturity Date redeem in whole, but not in part, the Bonds for the time being outstanding at a price per each HK\$1,000,000 principal amount of the Bonds equal to the Early Redemption Amount as at the date fixed for redemption, provided that, on each of any 20 Trading Days within a period of 30 consecutive Trading Days, the last of such 30 consecutive Trading Day period being a Trading Day falling not more than five Trading Days prior to the date upon which notice of such redemption is published, the Closing Price of the Shares on such Trading Day was at least 130 per cent. of the Early Redemption Amount on such Trading Day divided by the Conversion Ratio on such Trading Day; or
- (ii) may at any time prior to the Maturity Date redeem, on the date fixed for redemption as specified in such notice, in whole, but not in part, the Bonds for the time being outstanding at a price per each HK\$1,000,000 principal amount of the Bonds equal to the Early Redemption Amount as at the date fixed for redemption, provided that prior to the date of such notice at least 90 per cent. in aggregate principal amount of the Bonds originally issued (including any further bonds issued in accordance with Condition 15) has already been converted, redeemed or purchased and cancelled. See *“Terms and Conditions of the Bonds — Redemption, Purchase and Cancellation — Redemption at the Option of the Issuer”*.



**Redemption at the Option of the Bondholders**

The Issuer will, at the option of the holder of any Bond, redeem all or some only of such holder's Bonds on 13 January 2025 (the "**Put Option Date**") at 106.9428 per cent. of their principal amount. To exercise such option, the holder must deposit at the specified office of any Paying Agent a duly completed and signed put notice in the form for the time being current, obtainable from the specified office of any Paying Agent, together with the Certificate evidencing the Bonds to be redeemed, not more than 60 days and not less than 30 days prior to the Put Option Date. See "*Terms and Conditions of the Bonds — Redemption, Purchase and Cancellation — Redemption at the Option of the Bondholders*".

**Redemption for Delisting or Change of Control**

If at any time (i) the Shares cease to be listed or admitted to trading or suspended for trading for a period equal to or exceeding 30 consecutive Trading Days on the Hong Kong Stock Exchange or, if applicable, the Alternative Stock Exchange; or (ii) a Change of Control occurs, the holder of each Bond will have the right at such holder's option, to require the Issuer to redeem all or some only of such holder's Bonds on the Relevant Event Redemption Date at a price per each HK\$1,000,000 principal amount of the Bonds equal to the Early Redemption Amount. See "*Terms and Conditions of the Bonds — Redemption, Purchase and Cancellation — Redemption for Delisting or Change of Control*".

**Company and Shareholders**  
**Lock-up**

Each of the Issuer and the Guarantor has agreed in the Subscription Agreement that neither the Issuer, the Guarantor nor any person acting on its or their behalf will (a) issue, offer, sell, contract to sell, pledge or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any Shares or securities of the same class as the Bonds or the Shares or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Bonds, the Shares or securities of the same class as the Bonds, the Shares or other instruments representing interests in the Bonds, the Shares or other securities of the same class as them, (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of the Shares, (c) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (a), (b) or (c) is to be settled by delivery of Shares or other securities, in cash or otherwise or (d) announce or otherwise make public an intention to do any of the foregoing, in any such case without the prior written consent of the Managers between the date hereof and the date which is 90 days after the Issue Date (both dates inclusive); except for (i) the Bonds and the new Shares to be issued on conversion of the Bonds; (ii) any Shares or options granted pursuant to the Guarantor's publicly disclosed share option scheme adopted by the shareholders of the Guarantor on 13 November 2013 (the "**Share Option Scheme**") and (iii) the Shares to be issued under the Placing and Subscription Agreement dated 6 January 2022 entered into between the Guarantor, Apex Sail Limited and the Managers.

In addition, YE Fan has executed a lock-up undertaking on the date of the Subscription Agreement whereby YE Fan undertakes not to and procure that no person shall sell the Lock-up Shares or enter into any transactions with a the same effect for a period from the date of the undertaking to 90 days after the Issue Date (without the prior written consent of the Managers). For the avoidance of doubt, this shall not restrict the transfer of Lock-up Shares to any other discretionary trust set up by YE Fan as settlor (a “**Transfer**”), provided that there is no change in the economic interest of the Lock-up Shares and YE Fan continues to have control over the Lock-up Shares (including without limitation, the right to sell, pledge, contract to sell or otherwise dispose of the Lock-up Shares) and the ability to exercise all rights with respect to the Lock-up Shares. This lock-up undertaking will continue to apply to any such Shares notwithstanding any transfer. “**Lock-up Shares**” means 702,712,000 Shares, representing 56.31 per cent. of the existing issued share capital of the Guarantor, which is held directly by YE Fan (or through nominees) or held indirectly by YE Fan through trusts and/or companies controlled by him (or through their nominees). See “*Subscription and Sale*” for details.

#### **Events of Default**

For a description of certain events of default that will permit the Bonds to become immediately due and repayable at a price per each HK\$1,000,000 principal amount of the Bonds equal to the Early Redemption Amount, together with any accrued but unpaid Default Interest (if any), see “*Terms and Conditions of the Bonds — Events of Default*”.

#### **Clearing Systems**

The Bonds will be represented by beneficial interests in the Global Certificate in registered form, which will be registered in the name of a nominee of, and deposited on the Issue Date with a common depositary for, Euroclear and Clearstream. Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through records maintained by, Euroclear and Clearstream. Except as described in the Global Certificate, certificates for Bonds will not be issued in exchange for beneficial interests in the Global Certificate. The Bonds are not issuable in bearer form.

#### **Governing Law**

The Bonds, the Trust Deed, the Agency Agreement and the Calculation Agency Agreement and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, the laws of England.

#### **Jurisdiction**

The courts of Hong Kong will have exclusive jurisdiction.

#### **Trustee**

DB Trustees (Hong Kong) Limited

|                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|-------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Principal Agent and Transfer Agent</b> | Deutsche Bank AG, Hong Kong Branch                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Registrar</b>                          | Deutsche Bank AG, Singapore Branch                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Calculation Agent</b>                  | Conv-Ex Advisors Limited                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Listing</b>                            | Application has been made to the Hong Kong Stock Exchange for (i) the listing of, and permission to deal in, the Bonds by way of debt issues to Professional Investors only; and (ii) the listing of, and permission to deal in, the Shares issuable on conversion, and such permissions are expected to become effective on 14 January 2022 and when such Shares are issued, respectively.                                                                           |
| <b>Use of Proceeds</b>                    | See section entitled “ <i>Use of Proceeds</i> ”.                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Selling Restrictions</b>               | There are certain restrictions on the offer, sale and transfer of the Bonds and the Shares to be issued upon conversion of the Bonds in certain jurisdictions including the United States and Hong Kong. For a description of the restrictions on the distribution of this Offering Circular or any offering material and the offering, sale or delivery of the Bonds and the Shares to be issued upon conversion of the Bonds, see “ <i>Subscription and Sale</i> ”. |
| <b>Legal Entity Identifier</b>            | 254900G8GWH4KOG4MQ81                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>ISIN</b>                               | XS2429783074                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Common Code</b>                        | 242978307                                                                                                                                                                                                                                                                                                                                                                                                                                                             |

## **Concurrent Equity Placement**

Concurrent with the offering of the Bonds, there is a concurrent equity placement (the “**Concurrent Equity Placement**”) comprising of:

- the issuance of 22,500,000 Shares at a placing price (the “**Placement Price**”) of HK\$34.63 per Share, for a total offer size of approximately HK\$779 million by way of top-up placement (the “**Top-up Placement**”); and
- a concurrent placement of shares by the Joint Bookrunners and/or their designated affiliates to facilitate hedging activity by investors in the Bonds at the same Placement Price as the Top-up Placement.

The Guarantor has entered into a conditional placing and subscription agreement dated 6 January 2022 (the “**Placing and Subscription Agreement**”) with Goldman Sachs (Asia) L.L.C. and Morgan Stanley & Co. International plc as placing agents, and Apex Sail Limited in respect of the Top-up Placement.

The Concurrent Equity Placement will be conducted concurrently with the offering of the Bonds but the completion of the issuance of the Bonds and the Concurrent Equity Placement are not inter-conditional. Subject to the conditions of the Placing and Subscription Agreement, the closing of the Top-up Placement is expected to take place by 10 January 2022.

## SUMMARY FINANCIAL INFORMATION

*The summary historical consolidated financial information of the Guarantor as at and for the years ended 31 December 2018, 2019 and 2020 and as at and for the six months ended 30 June 2020 and 2021 set forth below is derived from the Guarantor's audited consolidated financial statements as at and for the years ended 31 December 2019 and 2020 and from the Guarantor's unaudited consolidated interim financial statements as at and for the six months ended 30 June 2021, which are incorporated by reference into this Offering Circular. The Audited Financial Statements were prepared and presented in accordance with HKFRS and have been audited by KPMG, the Guarantor's independent auditors. The Reviewed Financial Statements were prepared and presented in accordance with HKFRS and have been reviewed by KPMG in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".*

*As the Reviewed Financial Statements have not been audited by a certified public accountant, they should not be relied upon by investors to provide the same quality of information associated with information that has been subject to an audit. None of the Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, advisers or agents or any person who controls any of them makes any representation or warranty, express or implied, regarding the accuracy, completeness and sufficiency of the Reviewed Financial Statements for an assessment of, and potential investors must exercise caution when using such data to evaluate the Group's financial condition or results of operations. In addition, the Reviewed Financial Statements should not be taken as an indication of the expected financial condition or results of operations of the Group for the full financial year ended 31 December 2021.*

*Summary historical financial information should be read in conjunction with the Guarantor's audited consolidated financial statements and the notes thereto and the Guarantor's unaudited consolidated financial statements and the notes thereto, which are incorporated by reference into this Offering Circular. The historical results do not necessarily indicate the expected results for any future period of the Guarantor.*

## ADOPTION OF NEW ACCOUNTING STANDARDS

The Group has adopted HKFRS 16 Leases ("HKFRS 16") with effect from 1 January 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2019. Comparative information has not been restated and continues to be reported under HKAS 17. Therefore, the consolidated financial statements of the Group as of and for the year ended 31 December 2019 is not comparable with the consolidated financial statements of the Group as of and for the year ended 31 December 2018. For the impact on the adoption of HKFRS 16, please refer to note 2(c) of the Group's audited financial statements to the annual report for the year ended 31 December 2019.

## SUMMARY CONSOLIDATED INCOME STATEMENTS

The following table sets forth our consolidated income statements for the periods indicated:

|                                                  | Year ended 31 December      |                             |                             | Six months ended 30 June      |                               |
|--------------------------------------------------|-----------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
|                                                  | 2018                        | 2019                        | 2020                        | 2020                          | 2021                          |
|                                                  | <i>RMB'000</i><br>(audited) | <i>RMB'000</i><br>(audited) | <i>RMB'000</i><br>(audited) | <i>RMB'000</i><br>(unaudited) | <i>RMB'000</i><br>(unaudited) |
| <b>Revenue. . . . .</b>                          | <b>11,067,424</b>           | <b>16,210,019</b>           | <b>20,207,446</b>           | <b>8,447,854</b>              | <b>11,808,117</b>             |
| Cost of sales . . . . .                          | (9,994,483)                 | (14,652,389)                | (18,171,987)                | (7,628,715)                   | (10,534,501)                  |
| <b>Gross profit. . . . .</b>                     | <b>1,072,941</b>            | <b>1,557,630</b>            | <b>2,035,459</b>            | <b>819,139</b>                | <b>1,273,616</b>              |
| Other revenue and<br>other net income. . . .     | 153,926                     | 153,632                     | 95,608                      | 87,782                        | 122,612                       |
| Distribution costs . . . .                       | (390,543)                   | (492,608)                   | (546,048)                   | (237,989)                     | (347,655)                     |
| Administrative<br>expenses . . . . .             | (312,780)                   | (381,830)                   | (439,021)                   | (216,354)                     | (277,823)                     |
| <b>Profit from<br/>operations . . . . .</b>      | <b>523,544</b>              | <b>836,824</b>              | <b>1,145,998</b>            | <b>452,578</b>                | <b>770,750</b>                |
| Finance costs . . . . .                          | (63,188)                    | (123,161)                   | (136,940)                   | (60,819)                      | (64,573)                      |
| Share of profits of a<br>joint venture . . . . . | 30,878                      | 43,748                      | 43,162                      | 18,895                        | 23,070                        |
| <b>Profit before taxation .</b>                  | <b>491,234</b>              | <b>757,411</b>              | <b>1,052,220</b>            | <b>410,654</b>                | <b>729,247</b>                |
| Income tax . . . . .                             | (127,780)                   | (199,884)                   | (281,642)                   | (103,464)                     | (178,210)                     |
| <b>Profit for the<br/>year/period . . . . .</b>  | <b>363,454</b>              | <b>557,527</b>              | <b>770,578</b>              | <b>307,190</b>                | <b>551,037</b>                |

# SUMMARY CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

|                                               | As at 31 December |                  |                  | As at 30 June    |
|-----------------------------------------------|-------------------|------------------|------------------|------------------|
|                                               | 2018              | 2019             | 2020             | 2021             |
|                                               | <i>RMB'000</i>    | <i>RMB'000</i>   | <i>RMB'000</i>   | <i>RMB'000</i>   |
|                                               | (audited)         | (audited)        | (audited)        | (unaudited)      |
| Non-current assets . . . . .                  | 1,162,291         | 2,139,975        | 2,660,729        | 3,073,114        |
| Current assets . . . . .                      | 3,012,225         | 3,784,945        | 5,109,620        | 5,085,888        |
| <b>Total assets . . . . .</b>                 | <b>4,174,516</b>  | <b>5,924,920</b> | <b>7,770,349</b> | <b>8,159,002</b> |
| Current liabilities . . . . .                 | 2,615,994         | 3,180,201        | 3,060,647        | 3,064,471        |
| Non-current liabilities . . . . .             | 158,286           | 975,371          | 1,365,127        | 1,485,452        |
| <b>Total liabilities . . . . .</b>            | <b>2,774,280</b>  | <b>4,155,572</b> | <b>4,425,774</b> | <b>4,549,923</b> |
| Share capital . . . . .                       | 90,978            | 91,383           | 99,245           | 99,289           |
| Reserves . . . . .                            | 1,288,442         | 1,620,204        | 3,127,421        | 3,367,780        |
| <b>Total equity attributable to equity</b>    |                   |                  |                  |                  |
| shareholders of the Company . . . .           | <b>1,379,420</b>  | <b>1,711,587</b> | <b>3,226,666</b> | <b>3,467,069</b> |
| <b>Non-controlling interests . . . . .</b>    | <b>20,816</b>     | <b>57,761</b>    | <b>117,909</b>   | <b>142,010</b>   |
| <b>Total equity and liabilities . . . . .</b> | <b>4,174,516</b>  | <b>5,924,920</b> | <b>7,770,349</b> | <b>8,159,002</b> |
| <b>Net current assets . . . . .</b>           | <b>396,231</b>    | <b>604,744</b>   | <b>2,048,973</b> | <b>2,021,417</b> |



# SUMMARY CONSOLIDATED STATEMENTS OF CASH FLOWS

|                                                                          | Year ended 31 December      |                             |                             | Six months ended 30 June      |                               |
|--------------------------------------------------------------------------|-----------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
|                                                                          | 2018                        | 2019                        | 2020                        | 2020                          | 2021                          |
|                                                                          | <i>RMB'000</i><br>(audited) | <i>RMB'000</i><br>(audited) | <i>RMB'000</i><br>(audited) | <i>RMB'000</i><br>(unaudited) | <i>RMB'000</i><br>(unaudited) |
| Net cash generated from operating activities . . . . .                   | 287,606                     | 930,675                     | 1,191,107                   | 510,088                       | 761,454                       |
| Net cash generated from/(used in) financing activities . .               | 242,256                     | (390,145)                   | 448,584                     | 796,853                       | (183,217)                     |
| Net cash used in investing activities . .                                | (208,248)                   | (283,459)                   | (145,372)                   | (49,248)                      | (317,760)                     |
| <b>Net increase in cash and cash equivalents . . . . .</b>               | <b>321,614</b>              | <b>257,071</b>              | <b>1,494,319</b>            | <b>1,257,693</b>              | <b>260,477</b>                |
| Cash and cash equivalents at the beginning of the year/period . . . . .  | 545,207                     | 866,821                     | 1,123,892                   | 1,123,892                     | 2,538,030                     |
| <b>Cash and cash equivalents at the end of the year/period . . . . .</b> | <b>866,821</b>              | <b>1,123,892</b>            | <b>2,538,030</b>            | <b>2,381,585</b>              | <b>2,787,111</b>              |

## RISK FACTORS

*Investing in the Bonds involves risks, and you should carefully consider the risks described below before making an investment decision. The following describes some of the significant risks that could affect us and the value of the Bonds. Some risks may be unknown to us and other risks, currently believed to be immaterial, could be material. All of these could materially and adversely affect our business, financial condition, results of operations and prospects. The market price of the Bonds could decline due to any of these risks and investors may lose all or part of their investment. This Offering Circular also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks we face described below and elsewhere in this Offering Circular. In addition, you should also carefully consider all of the information set out elsewhere in this Offering Circular.*

### **RISKS RELATING TO OUR BUSINESS AND OUR INDUSTRY**

**Our business and operations depend significantly on authorised dealership agreements with our automobile manufacturers and the loss of any such agreement would affect our operations and financial results.**

We rely on authorised dealership agreements with automobile manufacturers for the right to operate authorised 4S dealership stores, the supply of automobiles and spare parts and other important aspects of our business and operations. These authorised dealership agreements are non-exclusive and generally have a term of three to five years, with the option of renewal. Automobile manufacturers have the right to terminate our authorised dealership agreements for various reasons, including failure to comply with the terms set out in authorised dealership agreements and unauthorised changes to our ownership and management structure. In addition, there is no assurance that we will be able to renew our authorised dealership agreements on commercially reasonable terms, or at all. Automobile manufacturers may choose not to renew our authorised dealership agreements or enter into new authorised dealership agreements with us for reasons unrelated to us, such as a change to their business strategies. If any of our automobile manufacturers were to terminate its business relationship with us entirely, there can be no assurance that we would be able to secure authorised dealership agreements from other automobile manufacturers to replace any such loss or that, if we were to be able to secure other authorised dealership agreements, they would be on commercially reasonable terms. Any reduction in or termination of business dealings with automobile manufacturers would materially and adversely affect our business, financial condition, results of operation and growth prospects.

**A significant portion of our revenue is derived from the sales of motor vehicles of a few major brands and any weakening of such brands or our relationships with such brands could affect our operations and financial results.**

A significant portion of our revenue is derived from the sales of passenger vehicles of a few major brands, such as BMW, Porsche and Lexus. Sales from BMW, Porsche and Lexus accounted for approximately 39.8%, 19.9% and 23.5% of total new passenger vehicles sales for the year ended 31 December 2020, respectively, approximately 38.5%, 21.4% and 21.0% of total new passenger vehicles sales for the year ended 31 December 2019, respectively, approximately 36.7%, 17.1% and 22.3% of total new passenger vehicles sales for the year ended 31 December 2018, respectively, approximately 45.9%, 19.8% and 20.9% of total new passenger vehicles sales for the six months ended 30 June 2021, respectively, and approximately 39.8%, 20.6%, 23.1% of total new passenger vehicles sales for the six months ended 30 June 2020, respectively. The loss of or diminishment of any such brand could have a material adverse effect on our business, financial condition, results of operation and growth prospects. There is no assurance that we will be able to maintain relationships with automobile manufacturers of these major brands in the future. They may reduce or terminate their business dealings with us, or decide not to renew the authorised dealership agreements on commercially reasonable terms, or at all. Our inability to continue selling motor vehicles of these brands due to any termination of our relationships with their respective automobile manufacturers would materially and adversely affect our business, financial condition, results of operation and growth prospects. Furthermore, factors that are beyond our control, such as product recalls, adverse changes in financial position of automobile manufacturers and their failure to design, manufacture and market new motor vehicles may impose negative publicity on these major brands and make these brands less attractive to consumers leading to decreased sales. In such event, our business, financial condition, results of operation and growth prospects would be materially and adversely affected.

**Automobile manufacturers impose restrictions on many different aspects of our business and operations and we rely on their support and cooperation for the successful operation of our business.**

Under our authorised dealership agreements with automobile manufacturers, such automobile manufacturers may impose restrictions on our business and operations, including geographical limitations on the location of our dealerships and our target market, setting pricing guidelines for the retail sale of new automobiles, spare parts and accessories procured from the automobile manufacturer. These restrictions imposed by, and significant influence from, automobile manufacturers on our business could impair our ability to respond to changes in business environment, which could in turn materially and adversely affect our business, financial condition, results of operations and growth prospects. Furthermore, we rely on support and cooperation from automobile manufacturers for the successful operation of our business. If our relationship with any automobile manufacturer were to deteriorate, our business, financial condition, results of operations and growth prospects could be materially and adversely affected.

*Incentive rebates.* See “— Our net profit margin would be adversely affected if the amount of incentive rebates we receive from automobile manufacturers diminishes or ceases entirely”.

*Product pricing.* Our agreements contain recommended retail pricing guidelines set by automobile manufacturers. Successful pricing policies adopted by automobile manufacturers allow us to compete effectively for customers while maintaining profitability. If automobile manufacturers raise the recommended retail price, customers’ demand for their automobiles may be negatively affected, thus affecting our sales. In addition, any decrease in the recommended retail price may impair our profitability. Failure to comply with the pricing guidelines may negatively affect our relationship with such automobile manufacturers.

*Supply of automobiles and spare parts.* We rely on automobile manufacturers and their authorised suppliers to supply us with the automobiles and spare parts that we sell. In the event of any developments that may adversely affect their ability to manufacture and deliver their products to us, such as component shortages, labour unrests or natural disasters, our business, financial condition, results of operations and growth prospects may be materially and adversely affected. For example, the worldwide chip shortage over the past year has slowed down car production of our automobile manufacturers which may result in an adverse impact on our results of operations (in particular revenue). Our automobile manufacturers are also responsible for anticipating changes in market trends and consumer tastes and demand to develop attractive automobile models. If any automobile model launched by any of our automobile manufacturers is not well received by the market, or if the popularity of any of their existing automobile models declines, our business, financial condition, results of operations and growth prospects may be materially and adversely affected.

*Sales and marketing.* Sales and marketing activities undertaken by automobile manufacturers, including advertisements on television, radio, newspaper and magazines, may increase consumer demand for their automobile products. Under our automobile dealership agreements, we are required to obtain written approval from automobile manufacturers before we launch any promotional activities for their automobile products. If any automobile manufacturer were to reduce the scale of its marketing efforts, or adopt an unsuccessful marketing strategy or campaign, our business, financial condition, results of operations and growth prospects may be materially and adversely affected.

**There is no guarantee that our plans for growth and expansion will succeed, and failure to do so could materially and adversely affect our business.**

We plan to enhance our operational efficiency by optimizing our revenue structure, and gradually implementing our merger and acquisition strategy. These moves aim to further expand our business scope and our customer coverage and increase our new car sales, and to allow us to maintain sustainable growth. However, these moves may create pressure on the allocation of our managerial, technical, financial, production, operational and other resources. Furthermore, external factors, such as changes in PRC policies and regulations, such as a tax on luxury goods, could adversely

affect the prospects of certain passenger vehicle segments and brands. There can be no assurance that we would be able to implement such growth strategy successfully, or that market conditions would enable our luxury and ultra-luxury automobile business and our after-sales business would grow as we have expected, in which case our business, financial condition, results of operations and growth prospects may be materially and adversely affected.

**We work with foreign brands and adverse changes in political relations between the PRC and these countries may adversely affect our business.**

Our motor vehicles are imported from, or manufactured by domestic joint ventures of, manufacturers based in countries outside PRC. Any significant deterioration in the PRC's relations with any of such countries could discourage some of our customers from purchasing certain brands of passenger vehicles that we sell or could lead to legislation in the PRC or such other countries that could have an adverse impact on our business interests.

**Our business operation and financial performance could be materially and adversely affected by our indebtedness.**

We relied on bank loans, borrowings and other financing methods to support a substantial part of our capital expenditures, and we expect to continue to do so in the future. We had total loans and borrowings of approximately RMB1,172.4 million, RMB1,111.7 million and RMB951.4 million as at 31 December 2018, 2019 and 2020, respectively, and approximately RMB1,054.6 million and RMB833.1 million as at 30 June 2020 and 2021, respectively. Our gearing ratio (being total loans and borrowings divided by total equity attributable to equity shareholders of the Company) was approximately 85.0%, 65.0% and 29.5% as at 31 December 2018, 2019 and 2020, respectively, and approximately 35.8% and 24.0% as at 30 June 2020 and 2021 respectively. Our high gearing ratio could adversely affect our business development and financial performance in ways, including but not limited to, the following:

- increase our vulnerability to adverse overall industry environment or any increase in interest rates;
- restrict our flexibility to manage our cash flow, because a substantial percentage of our cash will have to be allocated to the repayment of indebtedness;
- reduce our ability to obtain further external financing;
- increase our exposure to unpredictable adverse events, such as not having enough cash to cover potential damage liability from automobile defects/recalls or expenses for upgrading technologies or equipment required for our after sales services; and
- decrease our sales volume or our rate of expansion, since our marketing and sales budget will be limited as a result of the repayment of our indebtedness.

**Our net profit margin would be adversely affected if the amount of incentive rebates we receive from automobile manufactures diminishes or ceases entirely.**

Automobile dealerships typically provide incentive rebates to dealerships that meet certain criteria. These rebates are generally determined with reference to a number of factors, including the number of new passenger vehicles we purchase and sell, customer satisfaction and other performance indicators as set by automobile manufacturers depending on their policies. Incentive rebates relating to automobiles purchased and sold are deducted from cost of sales. There can be no assurance that automobile manufacturers will continue to provide us with incentive rebates, or that we will be able to satisfy the conditions set by the automobile manufacturers to receive any of the incentive rebates under the existing arrangements. If some or all of the automobile manufacturers cease to offer such rebates in the future, or alter the conditions by which such rebates are granted such that we receive less rebates, our results of operations and financial condition may be adversely affected.

**We may not be able to manage our inventories effectively which may affect our operations and financial results.**

Our business and financial condition depends on our ability to effectively manage our inventories which may be subject to changing market conditions. Automobile manufacturers typically prefer that we maintain a minimum or adequate level of inventories in our dealerships for display and meeting customers' demands in a timely manner. In the event that we overstock inventories, we may be required to increase our working capital and incur additional financing costs. In the event that we understock inventories, we may not be able to satisfy customer demand on a timely basis, which may cause us to forgo revenue and adversely affect our reputation.

**Our continuing success depends on our ability to retain our senior management and key personnel.**

Our success depends on the experience and skills of our current officers, management and key sales employees. In particular, our senior management has significant experience in the sale and dealership of motor vehicles. The executive directors of our Company, namely YE Fan, YE Tao and LUO Liuyu are responsible for our Group's key managerial functions and strategy and they have been fundamental to our achievements to date. The loss of any of these key personnel could adversely affect our ability to sustain and grow our business. We cannot assure you that we will be able to hire additional qualified employees to strengthen our management team or integrate new management into our existing operations in order to keep pace with the proposed growth of our business. Furthermore, competitors may also seek to hire away our personnel. Competition for experienced individuals is fierce in the PRC, and we may not be able to attract or retain suitably qualified personnel. Our failure to attract and retain additional qualified personnel may hinder our ability to grow our business, which could materially and adversely affect our business, financial condition, results of operations and growth prospects.

**We depend on the continuing service of, and our ability to attract and retain, our dealership managers, customer service and sales personnel and technicians.**

Our ability to maintain high quality after-sales and customer services depends on, among other factors, our ability to attract and retain our dealership managers, customer service and sales personnel and technicians who provide repair and maintenance services. Furthermore, competitors may also seek to hire away our personnel. Due to the strong growth in the PRC economy and the PRC motor vehicle dealership industry, competition for experienced personnel is increasingly intense. There can be no assurance that we will be able to attract and retain the necessary personnel to grow and develop our business, to continue to deliver high-quality sales and customer services, or to open new outlets. Our business, financial condition, results of operations and growth prospects may be materially and adversely affected if we are unable to attract and retain the experienced personnel we require.

**We may not be able to use certain properties owned or leased by us because of defects affecting our title or leasehold interests or because of lack of certain permits, and we may be fined and forced to relocate our 4S dealership stores on these properties.**

Certain of our owned properties and leased properties in the PRC had certain defects, for examples, title defects, the landlord of such leased property has not obtained the relevant title certificates, the leased property is built on land which may not be leased to another party for any non-agricultural use; the lease has not been approved by the relevant authorities or organizations; the leased property's uses did not conform with its designated usage. Any claim to title to our owned properties may result in us having to relocate our business operations. Any dispute or claim in relation to the rights to use the properties occupied by us, including any litigation involving allegations of illegal or unauthorized use of these properties, may cause disruptions to, or require us to relocate, our business operations. Also, if any of our leases were terminated as a result of any challenger by third parties or failure of our lessors to renew the leases or obtain their legal title or the requisite government approval or consent to lease the relevant properties, we may need to seek alternative premises and incur additional costs for relocation. We may be required to relocate our operations on the properties that are subject to title defects. Any such relocation could result in additional costs, disrupt our operations and adversely affect our business, financial condition, results of operations and growth prospects.

In addition, there can be no assurance that the PRC government will not amend or revise existing property laws or regulations to require additional approvals, licenses or permits, or impose stricter requirements to obtain or maintain the title certificates required for the properties occupied by us.

**We may not be able to successfully expand our dealership network.**

It is our strategy to expand our dealership network within China. There are significant risks involved in our expansion plan, including whether we will be able to: (a) obtain authorisations for new dealerships; (b) access adequate financial resources; (c) negotiate the terms of new leases,



concessions or land use rights successfully for properties in desired locations; (d) identify and secure suitable acquisition targets; (e) obtain appropriate licenses, permits and approvals from relevant PRC authorities on a timely basis; (f) commence and ramp up the operations of new dealerships and improve the performance of acquired dealerships to achieve our target profitability within expected timeframes; (g) hire, train and retain sufficient qualified staff; (h) efficiently operate and control our network as we rapidly increase the number of our dealerships; (i) generate sufficient revenue to cover our indebtedness, costs or contingent liabilities that may arise from our expansion; and (j) re-evaluate and revise our expansion plans as needed.

In addition, various factors beyond our control, such as new competition in these markets, competition with established players that have local relationships and changes to PRC laws and regulations in specific geographical areas where we seek to expand in, may significantly influence the results of our strategy to expand. Should any or all of the risks in relation to such strategy materialise, we may not be able to take advantage of market opportunities, execute our business plan or respond to competitive pressures and our business, financial condition, results of operations and growth prospects could be materially and adversely affected.

**We may not be able to successfully identify or acquire suitable acquisition targets or integrate newly acquired businesses into our network.**

We intend to expand our operations and markets through both organic growth and strategic acquisitions. For example, on 13 December 2021, we (as purchaser) conditionally agreed to acquire all issued shares of StarChase Motorsports Limited (“**Starchase**”). Please refer to the section titled “*Description of the Group — Recent Developments — Acquisition of StarChase Motorsports Limited*” for further information. If we do not succeed in identifying and acquiring suitable acquisition targets, our business, financial condition, results of operations and growth prospects may be materially and adversely affected. We also compete with other dealership groups, some of which may have greater financial and other resources, and we may not be able to compete successfully with such groups in acquiring suitable targets.

The process of merger and acquisition, and subsequent integration of newly acquired business could be time- and cost-consuming. Even after identification of suitable acquisition targets, there is no guarantee that an acquisition could proceed to completion and successful integration. For examples, acquisitions will usually be subject to regulatory approvals, and approvals from third parties like automobile manufacturers. Laws and regulations, including the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors adopted by six PRC regulatory authorities in 2006 and amended in 2009, or the M&A Rules, the Anti-monopoly Law promulgated by the Standing Committee of the National People’s Congress in August 2007, Measures for the Security Review of Foreign Investment adopted by the National Development and Reform Commission of the PRC and the Ministry of Commerce of the PRC in 2020 may make merger and acquisition activities in China by foreign investors more time-consuming and complex, and could



make it difficult for us to pursue growth through acquisitions in the PRC. Any required approval processes may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business or maintain our market share.

Furthermore, integration of the newly acquired businesses may not succeed for a number of reasons such as differences in strategic focus, geographic coverage and corporate culture between us and the acquired businesses. We may also face difficulties in retaining the key employees of management or operations, which could result in the diversion of management's attention from our existing operations and the delay or deferral by our management of important strategic decisions. In addition, we cannot assure you that we will fully realise any of the anticipated benefits, or any anticipated benefit at all, from our strategic acquisitions. All these could negatively affect our business, financial condition, results of operations and growth prospects.

**Disruption in shipping and supply chain may adversely impact us.**

We import our luxury and ultra-luxury motor vehicles from manufacturers based out of China. Significant delays in the movement of goods due to the interruptions caused by COVID-19, closure of ports, redirection of shipping routes, scarcity of available vessels and containers with the increased consumer demand and spending are impacting the shipping industries across the globe. Shipping crisis may cause delays, higher shipping and insurance costs, and could have a material adverse effect on our business, financial condition, results of operation and growth prospects.

**Our business and results of operations may be affected by product defect, vehicle recalls and warranty claims.**

Vehicle recalls are conducted by automobile manufacturers from time to time to remedy product defects or other problems with one or more vehicle models. Any product defects or vehicle recalls may damage the reputation of automobile manufacturers conducting such recalls and customers' confidence in the quality and safety of motor vehicles produced by such automobile manufacturers may be negatively affected, which may in turn materially and adversely affect our business, financial condition, results of operations and growth prospects.

According to Provisions on the Liability for Repair, Replacement and Return of Household Automotive Products (家用汽車產品修理、更換、退貨責任規定) ("**3R Provisions**"), the liability for guaranteeing repair, replacement and return of household automotive products ("**Three Guarantees**") will be assumed by the sellers of household automotive products. The sellers will be entitled to the right to seek compensation from the manufacturers or other dealers of household automotive products if the liability is attributable to the manufacturers or other dealers. To the extent that the 3R Provisions lead to an increase in claims by our customers against us with respect to the Three Guarantees and such claims are either not reimbursed by the relevant automobile manufacturers or not reimbursed in a timely manner, such claims may materially and adversely affect our business, financial condition, results of operations and growth prospects.

**We face risks related to natural disasters, health epidemics and other outbreaks, which could significantly affect our operations.**

Our business could be materially and adversely affected by natural disasters, COVID-19 pandemic, outbreak of avian influenza, severe acute respiratory syndrome (SARS), or other epidemics.

Since December 2019, the outbreak of COVID-19 has created significant business disruptions. The outbreak has resulted in the PRC government implementing various measures to contain COVID-19, such as travel bans and restrictions, particularly quarantines, lock-down orders, business limitations and shutdowns. Any adverse public health developments could adversely affect the overall business sentiment and environment in China, which in turn may lead to slower overall economic growth in China. As our sales are currently derived from our China operations, any contraction or slowdown in the economic growth of China could adversely affect our business, financial condition, results of operations and growth prospects. In addition, if any of our employees is infected or affected by any severe communicable disease, it could adversely affect or disrupt our operations, as we may be required to close some or all of our outlets or other business to prevent the spread of the disease. The spread of any severe communicable disease in China may also affect our customers and suppliers, which could in turn adversely affect our business, financial condition, results of operations and growth prospects.

Also, severe earthquakes or similar disaster, particularly in regions where we have dealerships, could materially and adversely affect our operations due to loss of personnel, damage to property or decreased demand for passenger vehicles.

Natural disasters and public health issues in location where our suppliers are located may also materially and adversely affected our supply chain, resulting in limited supply of new vehicles due in part to the shortage of certain parts that are critical to vehicle production and made adjustments to their production schedules, which could in turn adversely affect our business, financial condition, results of operations and growth prospects.

**Our sales may be subject to seasonality and weather conditions.**

As all of our sales occur in the PRC, we may experience fluctuations in our sales volume and revenue based on seasonal patterns of behaviour of passenger vehicle purchasers in the PRC. We typically record lower sales of passenger vehicles in the first half of any given year as compared to the second half of that year. We also typically record lower revenue in the first half of any given year as compared to the second half of that year. However, these seasonal fluctuations are not constant and are subject to other factors. We cannot assure you that our sales or revenue will always be higher in the second half of the year. In addition, weather conditions, such as unusual weather or temperatures, may affect our sales. Our results of operations may fluctuate from period to period for a variety of reasons, including those listed above. Therefore, comparisons of sales

and operating results between different periods within a single financial year, or between same periods in different financial years, may not be meaningful and should not be relied upon as indicators of our performance.

**Our insurance coverage may not adequately protect us against certain risks.**

Insurance companies in the PRC offer limited commercial insurance products. For example, business interruption insurance available in the PRC offers less coverage compared to that offered in many other countries. We only maintain limited insurance coverage. As a result, we may have to pay out of our own resources for any uninsured financial or other losses, damages and liabilities, litigation or business disruption. The occurrence of certain incidents, including earthquake, fire, severe weather, war, floods, power outages, terrorist attacks or other disruptive events and the consequences, damages and disruptions resulting from such events may not be fully covered by our insurance policies. If our business operations were disrupted or interrupted for a substantial period of time, we could incur costs and losses that could materially and adversely affect our business, financial condition and results of operations.

**The amount of our prepayments to automobile manufacturers for the purchase of passenger vehicles may increase as we begin to sell more luxury and ultra-luxury vehicles.**

Certain automobile manufacturers require us to make prepayments as we order new passenger vehicles from them. We expect to sell more luxury and ultra-luxury vehicles in the future. Such luxury and ultra-luxury vehicles will have higher costs and consequently we expect that the amount of our prepayments will also increase in line with our increasing vehicle procurement costs. If we do not have sufficient cash in hand, or cannot raise enough funding to cover these prepayments, we may be forced to delay our procurement of new vehicles and may be unable to maintain appropriate inventory levels, which could cause us to be unable to meet customer demand and lose revenue from lost sales, and our working capital for purposes of our operations may be subject to constraints, all of which may have a material adverse effect on our business, financial condition and results of operations.

**We may not be able to obtain adequate financing on commercially reasonable terms on a timely basis, or at all. Any future equity issuance may dilute your interest in our Company, and any debt financing may contain covenants that restrict our business or operations.**

We require significant working capital to purchase automobiles and spare parts in our dealerships. In addition, we require capital to establish and, to the extent applicable, acquire new dealership groups, refurbish and maintain our dealerships, procure land use rights, and upgrade our information technology systems. We expect our funding needs to increase as business expands.

Our ability to obtain adequate external financing will depend on a number of factors, including our financial performance and results of operations, as well as other factors beyond our control, including the global and PRC economies, interest rates, applicable laws, rules and regulations and

the conditions of the PRC automobile market and the geographical regions where we operate. There is no assurance that the cash flow generated by our operations will be sufficient to fund our future operations and expansion plans, nor can we assure you that we will be able to obtain bank loans and other external financing on a commercially reasonable and timely basis, or at all. In addition, any debt financing may contain restrictions on our undertaking of certain corporate actions. If we are unable to obtain financing in a timely manner, at a reasonable cost, on commercially reasonable terms or at all, our business and operations may be affected and the implementation of our expansion plans may be delayed.

To meet our future funding needs, we may issue additional equity securities or securities convertible into our ordinary shares, issue debt securities or obtain credit facilities. Any future sale by us of our equity securities or securities convertible into our equity securities would dilute our Shareholders' interests. The incurrence of additional debt would also result in increased debt servicing obligations and may also result in restrictive covenants limiting our shareholding structure, business and/or operations.

**We rely on our information technology systems to make management decisions and problems with such systems could affect our operations and financial results.**

Our information technology systems are critical to the success of our business. In particular, our Enterprise Resource Planning (“ERP”) system, which comprises the various systems for customer relationship management, automobile sales and after-sales services management, are essential for our business development formulation. We rely on our ERP system to collect and analyse indicators of key aspects of our business. We upgrade our ERP system from time to time to meet the changing requirements of our business. However, there can be no assurance that any upgrades or adaptations performed by us or our vendors will be implemented without disruption to our business, or that our ERP system will continue to meet the changing requirements of our business. Moreover, any failure of the hardware or software that supports our information systems may materially disrupt our business or adversely affect our customers and damage our reputation.

**Our performance and growth prospects may be adversely affected by the increasingly competitive nature of the PRC automobile dealership market.**

The PRC automobile dealership industry is competitive. It is typical that automobile manufacturers grant non-exclusive automobile dealership rights to other dealerships within the same geographical area. As a result, we compete with dealerships that offer competing brands of automobiles as well as those that sell the same brands and models as we do. We also compete with independent repair shops and auto parts retail centres in after-sales services and spare part sales. We believe that dealership stores in the PRC compete for customers on the level of customer services, inventory of automobiles, capabilities of sales personnel, management personnel, automotive engineers and technicians and on the prices of their automobiles and services. Increased competition among automobile manufacturers and dealerships in the PRC automobile industry could impact our market share and result in a decrease in our revenues and profits and adversely affect our growth

prospects. Any changes in the regulation of the automobile dealership industry could allow new market participants to enter the dealership business, which may intensify competition and adversely affect our business and results of operations.

**Government policies on the purchases and ownership of motor vehicles may negatively affect our business and growth prospects.**

Government policies on motor vehicle purchases and ownership or automobiles industry, or emission standards for automobiles may negatively affect our business and growth prospects because of their influence on consumer behaviour. For examples, if the PRC government increases automobile purchase and consumption tax rates, or impose an automobile luxury tax or other additional restrictions or taxes, or if anti-congestions or other new urban regulations or ordinance that limit new automobile registration or restrict automobile use is adopted, our business, financial condition, result of operations and growth prospects could be materially and adversely affected.

**Higher fuel prices may reduce the demand for automobiles.**

Higher fuel prices may induce cost-sensitive consumers to switch to more fuel-efficient vehicles or opt for alternatives to automobiles, such as public transportation or bicycles, which may adversely affect our sales of motor vehicles, in particular luxury or ultra-luxury motor vehicles which are generally less fuel-efficient. Reduced automobile usage may also decrease demand for and frequency of maintenance and repair services for automobiles, which may have an adverse effect on our after-sales business.

**We operate in a regulated industry, and any failure by us to obtain or maintain necessary approvals, licenses and permits in a timely manner, or at all, may adversely affect our business and operations and subject us to fines and other penalties.**

We operate in a regulated industry. We are required to maintain various approvals, licenses and permits for our operations, including but not limited to insurance agent licenses and road transportation licenses. Failure by us to obtain or maintain necessary approvals, licenses and permits, may adversely affect our business or operations and subject us to fines and other penalties.

**Accidents or injuries in our 4S dealerships may adversely affect our reputation and subject us to liability.**

In the course of the repair and maintenance of passenger vehicles at our 4S dealerships, certain of our employees work with and around heavy machinery, moving vehicles and chemicals (such as motor oil, brake fluid, etc.). Furthermore, in the course of our day-to-day operations vehicles frequently need to be moved around within our dealership stores. Consequently, there are inherent risks of accidents and injuries among our employees, and to a certain extent other visitors, at each of our 4S dealership stores. The occurrence of one or more accidents or injuries at any of our 4S

dealership stores could adversely affect our safety reputation among current and potential employees and customers, decrease our sales, and increase our costs by requiring us to implement additional safety measures. In addition, if accidents or injuries occur at any of our 4S dealership stores, we may be held liable for costs or damages and fines. Our current property and liability insurance policies may not provide adequate or any coverage for such losses, and we may be unable to renew our insurance policies or obtain new insurance policies without increases in premiums and deductibles or decreases in coverage levels, or at all.

**Negative publicity may adversely impact us.**

Rumours, media coverage and public statements that suggest improper actions by us or relate to accidents or other issues involving the quality of our services, products and operations, whether or not accurate and whether or not applicable to us, may result in negative publicity, litigation or governmental investigations by regulators. Addressing negative publicity and any resulting litigation or investigations may distract management, increase costs and divert resources. Negative publicity may have an adverse impact on our reputation, our customer relationships and the morale of our employees, which could adversely affect our business, cash flows from operations, financial condition and results of operations.

**RISKS RELATING TO DOING BUSINESS IN MAINLAND CHINA**

**Fluctuations in consumer spending in the PRC may significantly affect our business and financial performance.**

We derived all our revenue from operations in the PRC. Our sales and growth are indirectly dependent on consumer spending and the continued improvement of macroeconomic conditions in the PRC, where a substantial portion of our revenues have been generated in the past and are expected to be generated in the future. There are many factors affecting the level of consumer spending, including but not limited to, interest rates, currency exchange rates, recession, inflation, deflation, political uncertainty, taxation, stock market performance, unemployment levels and general consumer confidence. In addition, we believe that our historical growth rates were largely dependent on the general growth of the PRC economy. We can provide no assurance that the PRC economy will continue to grow at historical rates, or at all, and any slowdowns or declines in the PRC economy or consumer spending may materially and adversely affect our business, financial condition, results of operations and growth prospects. In addition, the PRC government has tightened its control on spending on automobiles by government entities, which could result in decreased demand for luxury goods, including ultra-luxury and luxury automobiles.

**Adverse changes in the PRC economic, political and social conditions as well as laws and government policies, may materially and adversely affect our business, financial condition, results of operations and growth prospects.**

A significant portion of our operations are conducted in China and the majority of our revenue is sourced from China. Our financial condition, results of operations, and prospects are therefore influenced by economic, political, and legal developments in China. Economic reforms have resulted in significant economic growth in China in the past few decades. However, any economic reform policies or measures in China may from time to time be modified. While China's economy has experienced significant growth in the past few decades, the rate of growth has slowed down since 2012. Any adverse changes in economic conditions in China, in the policies of the PRC government or in the laws and regulations in China, could have a material adverse effect on the overall economic growth of China. Such developments could adversely affect our businesses, lead to reduction in demand for our services and adversely affect our competitive position.

Demand for our automobiles and our business, financial condition and results of operations may be materially and adversely affected by the following factors:

- political instability or changes in social conditions of the PRC;
- changes in laws, regulations, and administrative directives or the interpretation thereof;
- measures which may be introduced to control inflation or deflation; and
- changes in the rate or method of taxation.

These factors are affected by a number of variables which are beyond our control.

**Foreign exchange transactions and the convertibility of Renminbi into foreign currencies are subject to certain limitations.**

The use and exchange of foreign currencies are heavily regulated in the PRC. As a foreign invested enterprise, our PRC subsidiaries are subject to the regulatory restrictions imposed by the State Administration of Foreign Exchange ("SAFE"). Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and expenditures from trade-related transactions, can be made in foreign currencies without prior approval from SAFE, by complying with certain procedural requirements. Approval from or filing with appropriate government authorities is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. The PRC government may also at its discretion restrict access in the future to foreign currencies for current account transactions. The regulations on the management of foreign exchange may also affect our ability to utilise our proceeds. Further, we cannot assure you that the PRC authorities will not impose further restrictions on methods by



which the Renminbi can be converted into foreign currencies. If such measures are imposed in the future, our financial condition, results of operations and growth prospects may be materially and adversely affected.

**The value of Renminbi and foreign currencies may fluctuate and may affect our results of operations.**

Any appreciation or depreciation in the value of the Renminbi or other foreign currencies that our operations are exposed to, will affect our business in different ways. For example, any appreciation in the U.S. dollar, Euro, Japanese Yen, Korean Won or other foreign currencies against Renminbi may cause automobile manufacturers to raise their prices, which would increase our purchase costs for motor vehicles and spare parts, which could in turn increase our motor vehicle retail prices and adversely affect our sales and profits. We may also face more intense competition from imported motor vehicles at a cheaper price due to the appreciation of the Renminbi or depreciation of foreign currencies. In addition, changes in foreign exchange rates may have an impact on the book value of certain of our foreign currency denominated assets and liabilities. In such events, our business, financial condition, results of operations and growth prospects may be materially and adversely affected.

**The PRC economy may experience inflationary pressure and the potential inflation may affect our business Inflationary pressure may exist in various economies in the world.**

The PRC may experience inflation in the coming years, which may result in general increases in prices of goods. Along with the increase in prices of goods, the prices of motor vehicles and spare parts that we sell are expected to rise as well. Inflation in the PRC may also lead to an increase in interest rates and a slowdown in economic growth in the PRC, which may negatively impact our business. The overall impact of inflationary pressure may adversely affect our business, financial condition, results of operations and growth prospects.

**We may be deemed to be a PRC resident enterprise under the EIT Law and such classification could result in unfavourable tax consequences to us and our non-PRC Shareholders.**

Under the PRC Enterprise Income Tax Law, or the EIT Law, which became effective on 1 January 2008 and was amended on 29 December 2018, an enterprise established outside China whose “de facto management body” is located in China is considered a “PRC resident enterprise” and will generally be subject to the uniform 25% enterprise income tax rate on its global income. Under the implementation rules of the EIT Law, “de facto management body” is defined as the organization body that effectively exercises management and control over such aspects as the business operations, personnel, accounting and properties of the enterprise.



On 22 April 2009, SAT released the Notice Regarding the Determination of PRC-Controlled Offshore Incorporated Enterprises as People's Republic of China Tax Resident Enterprises on the Basis of De Facto Management Bodies, with its latest amendments dated 29 December 2017, or SAT Circular 82, that sets out the standards and procedures for determining whether the “de facto management body” of an enterprise registered outside of China and controlled by PRC enterprises or PRC enterprise groups is located within China. Further to SAT Circular 82, on 27 July 2011, SAT issued the Administrative Measures for Enterprise Income Tax of Chinese-Controlled Offshore Incorporated Resident Enterprises (Trial), or SAT Bulletin 45, to provide more guidance on the implementation of SAT Circular 82; the bulletin became effective on 1 September 2011 and with its latest amendments dated 15 June 2018. SAT Bulletin 45 clarified certain issues in the areas of resident status determination, post-determination administration, and competent tax authorities' procedures. Under SAT Circular 82, a foreign enterprise controlled by a PRC enterprise or PRC enterprise group is considered a PRC resident enterprise if all of the following apply: (i) the senior management and core management departments in charge of daily operations are located mainly within China; (ii) financial and human resources decisions are subject to determination or approval by persons or bodies in China; (iii) major assets, accounting books, company seals and minutes and files of board and shareholders' meetings are located or kept within China; and (iv) at least half of the enterprise's directors with voting rights or senior management reside within China. SAT Bulletin 45 specifies that when provided with a copy of Chinese tax resident determination certificate from a resident Chinese controlled offshore incorporated enterprise, the payer should not withhold 10% income tax when paying the China-sourced dividends, interest, and royalties to the PRC-controlled offshore incorporated enterprise. Although SAT Circular 82 and SAT Bulletin 45 explicitly provide that the above standards only apply to enterprises that are registered outside of China and controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreign individuals, SAT Circular 82 and SAT Bulletin 45 may reflect SAT's criteria for how the “de facto management body” test should be applied in determining the tax residence of foreign enterprises in general, regardless of whether they are controlled by PRC enterprises or PRC enterprise groups or by the PRC or foreign individuals. If the PRC tax authorities determine that we are to be treated as a PRC resident enterprise for PRC enterprise income tax purposes, the 25% PRC enterprise income tax on our global taxable income could materially and adversely affect our ability to satisfy any cash requirements we may have.

**The legal system in China embodies uncertainties, which could limit the legal protections available to us.**

We conduct our business primarily through our PRC subsidiaries in China. Our operations in China are governed by PRC laws and regulations. The legal system in China is a civil law system based on written statutes. The legal system in China evolves and these laws, regulations, and legal requirements may be constantly changing and their interpretation and enforcement involve uncertainties. These uncertainties could limit the legal protections available to us. In addition, we cannot predict the effect of future developments in the PRC legal system, including the promulgation of new laws, changes to existing laws or the interpretation or enforcement thereof, or the pre-emption of local regulations by national laws. Such unpredictability towards our

contractual, property, and procedural rights could adversely affect our business and impede our ability to continue our operations. Furthermore, any litigation in China may be protracted and result in substantial costs and diversion of resources and management attention.

## **RISKS RELATING TO THE BONDS, THE GUARANTEE AND THE SHARES**

### **The Bonds will be unsecured obligations.**

The Bonds will constitute direct, unconditional, unsubordinated and (subject to Condition 4(a)) unsecured obligations of the Issuer ranking *pari passu* and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds, save for such exceptions as may be provided by mandatory provisions of applicable law and subject to the negative pledge contained in Condition 4(a), will rank at least equally with all of its other present and future unsecured and unsubordinated obligations. The Guarantee will constitute direct, unconditional, unsubordinated and (subject to Condition 4(a)) unsecured obligations of the Guarantor and shall at least at all times rank at least equally with all of its other present and future unsecured and unsubordinated obligations as contained in the Trust Deed. Therefore, the Bonds and the Guarantee will be unsecured obligations of the Issuer and the Guarantor, respectively. The payment obligations under the Bonds and the Guarantee may be adversely affected if:

- the Group enters into bankruptcy, liquidation, rehabilitation or other winding-up proceedings;
- there is a default in payment under the Group's future secured indebtedness or other unsecured indebtedness; or
- there is an acceleration of any of the Group's indebtedness.

If any of the above events occurs, the Group's assets may not be sufficient to pay amounts due on the Bonds.

### **The Trustee may request the Bondholders to provide an indemnity and/or security and/or prefunding to its satisfaction.**

In certain circumstances (including, without limitation, being requested or directed by the Bondholders pursuant to Condition 10 and the taking of steps and/or action and/or the instituting of proceedings pursuant to Condition 12), the Trustee may (in its sole discretion) request the Bondholders to provide an indemnity and/or security and/or pre-funding to its satisfaction before it takes any steps and/or actions and/or institutes any proceedings on behalf of the Bondholders. The Trustee will not be obliged to take any such steps and/or actions and/or institute any such proceedings if it is not first indemnified and/or secured and/or pre-funded to its satisfaction. Negotiating and agreeing to any indemnity and/or security and/or pre-funding can be a lengthy process and may affect when such steps and/or actions can be taken and/or when such proceedings can be instituted. The Trustee may not be able to take such steps and/or actions and/or institute

such proceedings, notwithstanding the provision of an indemnity and/or security and/or pre-funding to it, in breach of the terms of the Trust Deed or the Conditions and, in such circumstances, or where there is uncertainty or dispute as to the applicable laws or regulations, to the extent permitted by the agreements and the applicable laws or regulations, it will be for the Bondholders to take such steps and/or actions and/or institute such proceedings directly.

**Bondholders will have no rights as holders of the Shares prior to conversion of the Bonds.**

Unless and until the Bondholders acquire the Shares upon conversion of the Bonds, Bondholders will have no rights with respect to the Shares, including any voting rights or rights to receive any regular dividends or other distributions with respect to the Shares. Upon conversion of the Bonds, these holders will be entitled to exercise the rights of holders of the Shares only as to actions for which the applicable record date occurs after the date of conversion.

**New Draft Measures in the PRC relating to overseas offering and listing may impose additional compliance requirements on the Bonds and its conversion.**

On 24 December 2021, the China Securities Regulatory Commission (“CSRC”) issued the draft Provisions of the State Council on the Administration of Overseas Securities Offering and Listing by Domestic Companies (the “**Administration Provisions**”) and the Administrative Measures for the Filing of Overseas Securities Offering and Listing by Domestic Companies (the “**Measures**”) for public comments. The Administration Provisions and Measures are both, as at the date of this Offering Circular, in draft form and have not been implemented. The draft Administration Provisions applies to overseas offerings by domestic companies of equity shares, depository receipts, convertible corporate bond, or other equity-like securities, or overseas listing of the securities for trading. The draft Administration Provisions state that it is applicable to, among others, indirect overseas offering or listing by domestic companies which refers to such securities offering or listing in an overseas market made in the name of an offshore entity, but based on the underlying equity, assets, earnings or other similar rights of a domestic company which operates its main business domestically (“**Domestic Companies with Indirect Overseas Listing**”), and Domestic Companies with Indirect Overseas Listing will be required to make a filing with the CSRC with respect to offering and listing of its securities overseas. We are unable to predict whether the formally promulgated Administration Provisions and Measures will be the same as the draft ones, or whether we will be required to make the filing with the CSRC under the formally promulgated Administration Provisions and Measures, or whether we will be able to obtain the filing notice from the CSRC after making the filing if as required by the formally promulgated Administration Provisions and Measures. We are unable to predict whether the formally promulgated Administration Provisions and Measures will have a material adverse effect on our business, financial condition, results of operations, prospects or the Bonds.

**Securities law restrictions on the resale and conversion of the Bonds may limit Bondholders' ability to sell the Bonds in the United States.**

The Bonds and the Shares into which the Bonds are convertible have not been and will not be registered under the Securities Act, any state securities laws or the securities laws of any other jurisdiction. Unless and until they are registered, the Bonds and the Shares issuable upon conversion may not be offered, sold or resold except pursuant to an exemption from registration under the Securities Act and applicable state laws or in a transaction not subject to such laws. The Bonds are being offered and sold outside the U.S. in reliance on Regulation S under the Securities Act. Hence, future resales of the Bonds and the Shares into which the Bonds are convertible may only be made pursuant to an exemption from registration under the Securities Act and applicable state laws or in a transaction not subject to such laws.

**The Bondholders may be subject to tax on their income or gain from the Bonds.**

Prospective purchasers of the Bonds are advised to consult their own tax advisers concerning the overall tax consequences of the acquisition, ownership or disposition (including upon conversion of the Bonds) of the Bonds or the Shares. See “*Taxation*” for certain British Virgin Islands, Cayman Islands, PRC and Hong Kong tax consequences.

**Gains on the transfer of the Bonds may be subject to income tax under PRC tax laws.**

Under the EIT Law, gains on the transfer of the Bonds may be subject to income tax under PRC tax laws.

In accordance with the EIT Law, a non-resident enterprise is generally subject to enterprise income tax at a rate of 10% with respect to PRC-sourced income if it (i) does not have an establishment or place of business in the PRC or (ii) has an establishment or place of business in the PRC but its PRC-sourced income is not connected with such establishment or place of business in the PRC. The aforesaid income tax payable by a non-resident enterprise is subject to withholding at source. The income tax must be withheld by the withholding agent at the time of payment of the gains. This tax could be exempted or reduced in accordance with the relevant tax treaty or agreement for avoiding double taxation. As at the date of this Offering Circular, no specific legislation or implementation rule has expressly provided whether it is required to and how to collect the tax from non-resident enterprises on gains derived by them from the sale or transfer of the Bonds. It is possible that taxation authorities may formulate and promulgate specific implementation rules or relevant regulations for the collection of enterprise income tax on such gains in the future.

In addition, according to the IIT Law, non-resident individuals are generally subject to individual income tax at a rate of 20% with respect to PRC-sourced income from interest, dividends and transfer of property unless such tax is reduced or exempted under relevant double taxation treaties. Under the IIT Law, a “non-resident individual” means any non-resident PRC individual who has no domicile and does not reside in the PRC or who has no domicile but has resided in China for

an aggregate of less than 183 days of a tax year. As at the date of this Offering Circular, no specific legislation or implementation rules have expressly provided whether it is required to and how to collect the tax from non-resident individuals on the gains derived by them from the sale or transfer of the Bonds. It is possible that taxation authorities may formulate and promulgate specific implementation rules or relevant regulations for the collection of individual income tax on such gains in the future.

If a Bondholder, being a non-resident enterprise or non-resident individual, is required to pay any PRC income tax on gains on the transfer of the Bonds, the value of the relevant Bondholder's investment in the Bonds may be materially and adversely affected. See "*Taxation — PRC*". Any payment of interest on the Bonds would be subject to withholding at a rate of 10% for non-resident enterprises and at a rate of 20% for non-resident individuals.

**The market value of the Bonds may fluctuate.**

Trading prices of the Bonds are influenced by numerous factors, including the results of operations and/or financial condition and business strategy (in particular further issuance of debt or corporate events such as share sales, reorganizations, takeovers or share buybacks) of the Group and/or the subsidiaries and/or associated companies of the Group, political, economic, financial, regulatory and any other factors that can affect the capital markets, the industry, the Group and/or the subsidiaries and/or associated companies of the Group generally. Adverse economic developments in the PRC could have a material and adverse effect on the results of operations and/or the financial condition of the Group and/or the subsidiaries and/or associated companies of the Group.

In addition, the market price of the Bonds is expected to be affected by fluctuations in the market price of the Shares. There can be no certainty as to the effect, if any, that future issues or sales of Shares, or the availability of such Shares for future issue or sale, would have on the market price of the Shares prevailing from time to time and therefore on the market price of the Bonds. Disposals of Shares by shareholders or a perception in the market that such disposals could occur, may adversely affect the prevailing market price of the Shares and the Bonds.

**The return on the Bonds may decrease due to inflation.**

Bondholders may suffer erosion on the return of their investments due to inflation. Bondholders would have an anticipated rate of return based on expected inflation rates on the purchase of the Bonds. An unexpected increase in inflation could reduce the actual returns.

**An active trading market for the Bonds may not develop.**

The Bonds will be a new issue of securities for which there is currently no trading market. Application has been made to the Hong Kong Stock Exchange for the listing, and permission to deal in, the Bonds by way of debt issues to Professional Investors only. However, no assurance can be given that an active trading market for the Bonds would develop or as to the liquidity or

sustainability of any such market, the ability of Bondholders to sell their Bonds or the price at which Bondholders would be able to sell their Bonds. If an active market for the Bonds fails to develop or be sustained, the trading price of the Bonds could fall.

If an active trading market were to develop, the Bonds could trade at prices that may be lower than their initial offering price. Whether or not the Bonds would trade at lower prices depends on many factors, including:

- prevailing interest rates and the markets for similar securities;
- the price of the Shares;
- the market prices of the Bonds;
- the publication of earnings estimates or other research reports and speculation in the press or the investment community;
- changes in the Group's industry and competition; and general market and economic conditions; or
- the Group's financial condition and historical financial performance and future prospects. The Bonds may not be a suitable investment for all investors.
- Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:
- have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained in this Offering Circular;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact such investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Bonds;
- understand thoroughly the terms of the Bonds and be familiar with the behavior of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Bonds are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Bonds unless he/she has the expertise (either alone or with a financial adviser) to evaluate how the Bonds will perform under changing conditions, the resulting effects on the value of the Bonds and the impact this investment will have on the potential investor's overall investment portfolio.

**The Bonds contain provisions regarding modification and waivers, which could affect the rights of Bondholders.**

The Conditions will contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions will permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority. The Trust Deed will also provide that a written resolution signed, or an electronic consent given, by or on behalf of the holders of not less than 90% of the aggregate principal amount of Bonds outstanding shall be as valid and effective as an Extraordinary Resolution duly passed at a meeting of Bondholders. There is a risk that the decision of the majority of holders of the Bonds may be adverse to the interests of individual holders of the Bonds.

The Conditions will also provide that the Trustee may (but shall not be obliged to), without the consent of the holders of the Bonds, agree (i) to any modification (other than in respect of certain reserved matters) to, or the waiver or authorization of any breach or proposed breach of, any of the Conditions or any of the provisions of the Agency Agreement and/or the Trust Deed which in the opinion of the Trustee would not be materially prejudicial to the interests of the holders of the Bonds and (ii) to any modification of any of the Conditions, the Agency Agreement and/or the Trust Deed which, in the opinion of the Trustee, is of a formal, minor or technical nature or to correct a manifest error or to comply with any mandatory provisions of applicable law.

In addition, the Trustee may (but shall not be obliged to), without the consent of the Bondholders, determine that any Event of Default or a Potential Event of Default (as defined in the Trust Deed) should not be treated as such, provided that in the opinion of the Trustee, the interests of the Bondholders will not be materially prejudiced thereby.

**If the Issuer, the Guarantor or any of their respective subsidiaries is unable to comply with the restrictions and covenants in their respective debt agreements, there could be a default under the terms of these agreements, which could cause repayment of its debt to be accelerated.**

If the Issuer, the Guarantor or any of their respective subsidiaries is unable to comply with the restrictions and covenants in their respective current or future debt obligations and other agreements, there could be a default under the terms of these agreements. In the event of a default



under these agreements, the holders of the debt could terminate their commitments to lend, accelerate repayment of the debt and declare all outstanding amounts due and payable or terminate the agreements, as the case may be. Furthermore, some of the Issuer's or the Guarantor's debt agreements may contain cross-acceleration or cross-default provisions. As a result, a default under one debt agreement may cause the acceleration of repayment of not only such debt but also other debt, including the Bonds, or result in a default under the Issuer's, the Guarantor's or such other subsidiary's other debt agreements. If any of these events occur, there is no assurance that the Issuer or the Guarantor would have sufficient assets and cash flow to repay in full all of its indebtedness, or that the Issuer or the Guarantor would be able to find alternative financing. Even if the Issuer or the Guarantor could obtain alternative financing, it could not guarantee that it would be on terms that are favourable or acceptable to the Issuer or the Guarantor.

**Renminbi is not freely converted into foreign currency and remitted out of China, which may limit our ability to utilize its revenue effectively and affect the value of your investment.**

We expect that a substantial majority of our future revenues will be denominated in Renminbi. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior SAFE approval as long as certain routine procedural requirements are fulfilled. Therefore, our PRC subsidiaries are allowed to pay dividends in foreign currencies to us without prior SAFE approval by following certain routine procedural requirements. However, approval from or registration with competent government authorities is required where the Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. The PRC government may at its discretion restrict access to foreign currencies for current account transactions in the future.

**Any failure to complete the relevant filings under the NDRC Circular within the prescribed time frame following the completion of the issue of the Bonds may have adverse consequences for the Issuer, the Guarantor and/or the investors in the Bonds.**

The NDRC issued the Circular of the National Development and Reform Commission on Promoting the Administrative Reform of the Record-filing and Registration System for the Issuance of Foreign Debts by Enterprises (the “**NDRC Circular**”) on 14 September 2015, which came into effect on the same day. According to the NDRC Circular, domestic enterprises and their overseas controlled entities shall procure the registration of any debt securities issued outside the PRC with the NDRC prior to the issue of the securities and file the particulars of the relevant issue within the prescribed time period after the completion of the issue of the securities. The Guarantor has obtained the NDRC Pre-Issuance Registration Certificate with respect to the Bonds on 11 May 2021 and has undertaken to file with the NDRC the requisite information and documents relating to the issue of the Bonds within 10 Registration Business Days (as defined in the Conditions) after the Issue Date. However, there is no clarity on the actual legal consequences of non-compliance with the post-issue filing requirement under the NDRC Circular. Failure to comply with the



post-issuance filing requirement may result in the relevant entities being put on the credit blacklist in the PRC and subject them to credit-related sanctions. Potential investors in the Bonds are advised to exercise due caution when making their investment decisions.

**Exchange rate risks and exchange controls may affect an investor's returns on the Bonds.**

The Group will pay principal on the Bonds in Hong Kong dollars. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than Hong Kong dollars. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Hong Kong dollar or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Hong Kong dollar would decrease (i) the Investor's Currency-equivalent yield on the Bonds; (ii) the Investor's Currency-equivalent value of the principal payable on the Bonds; and (iii) the Investor's Currency-equivalent market value of the Bonds. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less principal than expected, or no principal.

**Legal investment considerations may restrict certain investments.**

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent:

- the Bonds are legal investments for it;
- the Bonds can be used as collateral for various types of borrowing; and
- any other restrictions apply to its purchase or pledge of the Bonds.

Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Bonds under any applicable risk-based capital or similar rules.

**The Issuer's ability to make payments under the Bonds depends on timely payments by the Guarantor or its subsidiaries and affiliates under the on-lent loans.**

The Issuer is a wholly-owned subsidiary of the Guarantor with limited operations of its own and will on-lend the entire proceeds from the issue of the Bonds to the Guarantor or its subsidiaries and affiliates.

The Issuer has limited net assets other than such loans and its ability to make payments under the Bonds depends on timely payments under such loans. In the event that the Guarantor or its subsidiaries and affiliates do not make such payments, due to the Guarantor's lack of available cash flow or other factors, the Issuer's ability to make payments under the Bonds may be adversely affected.

**The insolvency laws of the British Virgin Islands, the Cayman Islands and other local insolvency laws may differ from those of any other jurisdiction with which holders of the Bonds are familiar.**

Since the Issuer is incorporated under the laws of the British Virgin Islands and the Guarantor is incorporated under the laws of the Cayman Islands, an insolvency proceeding relating to the Issuer or the Guarantor, even if brought in other jurisdictions, would likely involve British Virgin Islands or Cayman Islands (as the case may be) insolvency laws, the procedural and substantive provisions of which may differ from comparable provisions of bankruptcy law in other jurisdictions. We conduct most of our business operations in the PRC. The laws and regulations in the PRC relating to bankruptcy and insolvency and the legal proceedings in that regard may significantly differ from those of other jurisdictions with which the holders of the Bonds are familiar. Investors should analyse the risks and uncertainties carefully before they invest in the Bonds.

**Potential dilution of the ownership interest of existing Shareholders.**

The conversion of some or all of the Bonds will dilute the ownership interests of the existing shareholders of the Guarantor. Any sales in the public market of the Shares issuable upon such conversion could adversely affect prevailing market prices for the Shares. In addition, the existence of the Bonds may facilitate short selling of the Shares by market participants.

**The Group relies on dividends paid by its subsidiaries for cash needs, and limitations under PRC laws on the ability of the Group's PRC subsidiaries to distribute dividends to the Group could adversely affect the Group's ability to utilize such funds.**

As a holding company, the Guarantor relies on dividends paid by its PRC subsidiaries for the Group's cash and financing requirements, including the funds necessary to perform its payment obligations under the Bonds, to service any foreign currency debt the Group may incur and to make any offshore acquisitions. If any of the Group's PRC subsidiaries incur debt on its own behalf in the future, the loan agreements may restrict its ability to pay dividends or make other distributions to the Group. Under PRC laws and regulations, the Group's PRC subsidiaries may pay dividends only out of their respective accumulated profits as determined in accordance with PRC accounting standards and regulations. In addition, the Group's PRC subsidiaries are required to set aside at least 10% of its accumulated after-tax profits each year, if any, to fund a certain statutory reserve fund, until the aggregate amount of such fund reaches 50% of its registered

capital. Such reserve funds cannot be distributed to the Group as dividends. These limitations on the ability of the Group's PRC subsidiaries to transfer funds to the Group limit the Group's ability to receive and utilize such funds.

As a result of the foregoing, there is no assurance that the Guarantor will have sufficient cash flow from dividends or advances from its subsidiaries to satisfy its obligations under the Guarantee. Should the Guarantor be unable to make payments when due under the terms of the Guarantee, the Bondholders would need to rely on the Trustee to take enforcement actions (but to provisions in the Trust Deed and the Conditions) to recover their investment in the Bonds, the prospects of which are uncertain.

**The Bonds and the Guarantee will be structurally subordinated to the existing and future indebtedness and other liabilities and commitments of the Issuer's and the Guarantor's existing and future subsidiaries and effectively subordinated to the Issuer's and the Guarantor's secured debt to the extent of the value of the collateral securing such indebtedness.**

The Bonds and the Guarantee will be structurally subordinated to any debt and other liabilities and commitments, including trade payables and lease obligations, of the Issuer's and the Guarantor's existing or future subsidiaries, including their secured and unsecured liabilities and commitments. The Issuer and the Guarantor may not have direct access to the assets of its subsidiaries unless those assets are transferred by dividend or otherwise to the Issuer or the Guarantor. The ability of such subsidiaries to pay dividends or otherwise transfer assets to the Issuer or the Guarantor is subject to various restrictions under applicable laws. The Issuer's and the Guarantor's subsidiaries will be separate legal entities that have no obligation to pay any amounts due under the Bonds or the Guarantee or make any funds available therefor, whether by way of dividends, loans or other payments. The Issuer's and the Guarantor's right to receive assets of any of the Issuer's and the Guarantor's subsidiaries, respectively, upon that subsidiary's liquidation or reorganisation will be effectively subordinated to the claim of that subsidiary's creditors (except to the extent that the Issuer or the Guarantor is a creditor of that subsidiary). Consequently, the Bonds and the Guarantee will be effectively subordinated to all liabilities, including trade payables and lease obligations, of any subsidiaries that the Issuer or the Guarantor may in the future acquire or establish.

**The liquidity and price of the Bonds following the offering may be volatile.**

The price and trading volume of the Bonds may be highly volatile. Factors such as variations in our revenue, earnings and cash flows, proposals for new investments, strategic alliances and/or acquisitions, changes in interest rates, fluctuations in price for comparable companies, government regulations and changes thereof applicable to its industry and general economic conditions nationally or internationally could cause the price of the Bonds to change. Any such developments may result in large and sudden changes in the trading volume and price of the Bonds. There is no assurance that these developments will not occur in the future.

**The Issuer and the Guarantor may not have the ability to redeem the Bonds.**

Bondholders may require the Issuer, subject to certain conditions, to redeem for cash some or all of their Bonds at the option of the Bondholders upon a Relevant Event as described under “*Terms and Conditions of the Bonds — Redemption, Purchase and Cancellation — Redemption for Delisting or Change of Control*” or on the Put Option Date as described under “*Terms and Conditions of the Bonds — Redemption, Purchase and Cancellation — Redemption at the Option of the Bondholders*”. The Issuer or the Guarantor (whom will be required to make payments pursuant to the Guarantee) may not have sufficient funds or other financial resources to make the required redemption in cash at such time or the ability to arrange necessary financing on acceptable terms, or at all. The Issuer’s or the Guarantor’s ability to redeem the Bonds in such event may also be limited by the terms of other debt instruments. Failure to repay, repurchase or redeem tendered Bonds by the Issuer or the Guarantor would constitute an event of default under the Bonds, which may also constitute a default under the terms of other indebtedness held by the Issuer or the Guarantor.

**Bondholders have limited anti-dilution protection.**

The Conversion Price will be adjusted in the event that there is a sub-division, consolidation or re-denomination, rights issues, bonus issue, reorganization, capital distribution or other adjustment including an offer or scheme which affects Shares, but only in the circumstances and only to the extent provided in “*Terms and Conditions of the Bonds — Conversion*”. There is no requirement that there should be an adjustment for every corporate or other event that may affect the value of the Shares. Events in respect of which no adjustment is made may adversely affect the value of the Shares and, therefore, adversely affect the value of the Bonds.

**Short selling of the Shares by Bondholders could materially and adversely affect the market price of the Shares.**

The issuance of the Bonds may result in downward pressure on the market price of the Shares. Investors in convertible securities may seek to hedge their exposure in the underlying equity securities, often through short selling of the underlying equity securities or similar transactions. Any short selling and similar hedging activity could place significant downward pressure on the market price of the Shares, thereby having a material adverse effect on the market value of the Shares owned by an investor as well as on the trading price of the Bonds.

**Future issuances of Shares or equity-related securities may depress the trading price of the Shares.**

Any issuance of the Guarantor’s equity securities after this offering could dilute the interest of the existing shareholders and could substantially decrease the trading price of the Shares. The Guarantor may issue equity securities in the future for a number of reasons, including to finance its operations and business strategy (including in connection with acquisitions, strategic

collaborations or other transactions), to adjust its ratio of debt-to-equity, to satisfy its obligations upon the exercise of outstanding warrants, options or other convertible bonds or for other reasons. Sales of a substantial number of Shares or other equity-related securities in the public market (or the perception that such sales may occur) could depress the market price of the Shares. The Guarantor cannot predict the effect that future sales of the Shares or other equity-related securities would have on the market price of the Shares. In addition, the price of the Shares could be affected by possible sales of the Shares by investors who view the Bonds as a more attractive means of obtaining equity participation in the Guarantor and by hedging or engaging in arbitrage trading activity involving the Bonds.

**There may be less publicly available information about the Guarantor than is available for public companies in certain other jurisdictions.**

There may be less publicly available information about companies listed in Hong Kong, such as the Guarantor, than is regularly made available by public companies in certain other countries. In addition, our financial information in this Offering Circular has been prepared in accordance with HKFRS which differ in certain respects from generally accepted accounting principles (“GAAPs”) in certain jurisdictions which might be material to the financial information contained in this Offering Circular. In making an investment decision, investors must rely upon their own examination of us, the terms of the offering and our financial information, and should consult their own professional advisers for an understanding of the differences between HKFRS and the GAAPs in their home jurisdictions and how those differences might affect the financial information contained in this Offering Circular.

**The Bonds will initially be represented by the Global Certificate and holders of a beneficial interest in the Global Certificate must rely on the procedures of the relevant Clearing System.**

The Bonds will initially be represented by beneficial interests in the Global Certificate. The Global Certificate will be registered in the name of a nominee for, and deposited with, a common depository for Euroclear and Clearstream (each of Euroclear and Clearstream, a “**Clearing System**”). Except in the circumstances described in the Global Certificate, investors will not be entitled to receive definitive certificate. The relevant Clearing System will maintain records of the beneficial interests in the Global Certificate. While the Bonds are represented by the Global Certificate, investors will be able to trade their beneficial interests only through the Clearing Systems.

While the Bonds are represented by the Global Certificate, the Issuer will discharge its payment obligations under the Bonds by making payments to the relevant Clearing System, for distribution to their accountholders. A holder of a beneficial interest in the Global Certificate must rely on the rules and procedures of the relevant Clearing System to receive payments under the Bonds. None of the Issuer, the Guarantor, the Trustee or the Agents or any of their respective affiliates,

directors, officers, employees, representatives, agents or advisers or any person who controls any of them has any responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificate.

Holders of beneficial interests in the Global Certificate will not have a direct right to vote in respect of the Bonds. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant Clearing System to appoint appropriate proxies.

## **USE OF PROCEEDS**

We estimate that the net proceeds from this offering, after deducting the Managers' commissions and other estimated expenses payable in connection with this offering, will be approximately HK\$2,689.66 million.

We intend to use the net proceeds from this offering for business expansion, working capital and other general corporate purposes, including strategic investments and acquisitions.

## CAPITALIZATION AND INDEBTEDNESS

The following table sets forth the unaudited but reviewed consolidated indebtedness and capitalization of the Company as of 30 June 2021 on an actual basis and as adjusted to give effect to the increase of long-term debt from the issuance of the Bonds based on the face value of the Bonds. The following table should be read in conjunction with the summary financial information and consolidated financial statements and related notes incorporated by reference into this Offering Circular.

The as adjusted information below is illustrative only and, except as described above, does not take into account any other changes in our capitalization after 30 June 2021.

|                                                          | As of 30 June 2021 |                  |
|----------------------------------------------------------|--------------------|------------------|
|                                                          | Actual             | Adjusted         |
|                                                          | RMB'000            | RMB'000          |
| <b>Short-term debt:</b>                                  |                    |                  |
| Loans and borrowings .....                               | 575,523            | 575,523          |
| <b>Total short-term debt .....</b>                       | <b>575,523</b>     | <b>575,523</b>   |
| <b>Long-term debt:</b>                                   |                    |                  |
| Loans and borrowings .....                               | 257,643            | 257,643          |
| Bonds to be issued in this offering <sup>(1)</sup> ..... | —                  | 2,288,000        |
| <b>Total long-term debt .....</b>                        | <b>257,643</b>     | <b>2,545,643</b> |
| <b>Total indebtedness<sup>(2)</sup> .....</b>            | <b>833,166</b>     | <b>3,121,166</b> |
| <b>Total equity<sup>(3)</sup> .....</b>                  | <b>3,609,079</b>   | <b>3,609,079</b> |
| <b>Total capitalization<sup>(4)</sup> .....</b>          | <b>4,442,245</b>   | <b>6,730,245</b> |

*Notes:*

1. The Bonds should be bifurcated into and separately accounted for as debt component and equity or derivative liability component according to HKFRS 9 Financial Instruments. For illustrative purposes only, the face value of the Bonds as a whole have been translated from HK\$ to RMB at a rate of HK\$1.00 to RMB0.8320 (being the central parity rate of RMB against Hong Kong dollars as quoted by the People's Bank of China on 30 June 2021) as the *Bonds to be issued in this offering* under "Long-term debt" in this table.
2. Total indebtedness equals total short-term debt plus total long-term debt of the Company.
3. As of 30 June 2021, 1,245,058,614 ordinary shares of the Company were in issue.

Apart from the new shares issued pursuant to the Share Option Scheme of the Company, on 6 January 2022, the Company has entered into the Placing and Subscription Agreement with Apex Sail Limited and the Managers, whereby Apex Sail Limited has agreed to sell and the Managers have agree to procure purchasers to purchase up to a maximum number of 22,500,000 Shares at a placement price of HK\$34.63 per Share, and Apex Sail Limited has agreed to subscribe for and the Company has agreed to allot and issue the same number of Shares to Apex Sail Limited at the same placement price per Share, subject to the terms and conditions of the Placing and Subscription Agreement.

4. Total capitalization equals total indebtedness plus total equity of the Company.

Except as otherwise disclosed herein, there has been no material change in our capitalization and indebtedness since 30 June 2021.



## **DESCRIPTION OF THE ISSUER**

### **Formation**

The Issuer is a BVI business company incorporated with limited liability under the BVI Business Companies Act, 2004 of the British Virgin Islands on 26 March 2021. Its registered office is at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.

### **Business Activity**

Subject to the BVI Business Companies Act and any other British Virgin Islands legislation, the Issuer has, irrespective of corporate benefit: (a) full capacity to carry on or undertake any business or activity, do any act or enter into any transaction; and (b) for the purposes of (a), full rights, powers and privileges. For the purposes of the BVI Business Companies Act, there are no limitations on the business that the Issuer may carry on. The Issuer does not sell any products or provide any services and it has undertaken no substantive business activities since the date of its incorporation, other than those incidental to its incorporation and establishment, and those incidental to the issue of the Bonds and any other activities reasonably incidental thereto.

### **Financial Statements**

Under British Virgin Islands law, the Issuer is not required to publish interim or annual financial statements. The Issuer has not published, and does not propose to publish, any financial statements. The Issuer is, however, required to keep proper books of account as are necessary to give a true and fair view of the state of the Issuer's affairs and to explain its transactions.

### **Director and Officers**

The sole director of the Issuer is YE Fan. He does not hold any shares or options to acquire shares of the Issuer.

The Issuer does not have any employees and has no subsidiaries.

### **Share Capital**

Under its Memorandum of Association, the Issuer is authorised to issue a maximum of 50,000 shares of a single class each with a par value of U.S.\$1.00. One share has been issued to and is currently held by the Company. No part of the equity securities of the Issuer is listed or dealt in on any stock exchange and no listing or permission to deal in such equity securities is being or is proposed to be sought.

## DESCRIPTION OF THE GROUP

### Overview

We are an established 4S dealer of automobiles focusing our operations in the PRC. Our Group was founded by YE Fan in 2003 in Dongguan, the PRC. We commenced 4S dealership operation with respect to FAW Toyota and Beijing Hyundai automobiles in 2004. Our 4S dealership operation has since been expanded and covers Porsche, BMW, Lexus, Toyota, Hyundai and Audi, with the coverage of our stores also extended to Beijing, Tianjin, Guangdong, Hunan, Hubei, Fujian, Jiangxi, Anhui, Hebei, Gansu, Shandong, Jiangsu and Sichuan provinces as of the date of this Offering Circular.

The ordinary shares of the Company commenced listing on the Hong Kong Stock Exchange in 2013. Based on the closing price of the shares of the Company as quoted on the Hong Kong Stock Exchange as at 31 December 2021, the Company had a market capitalization of approximately HK\$50,164 million.

### Our Key Milestones

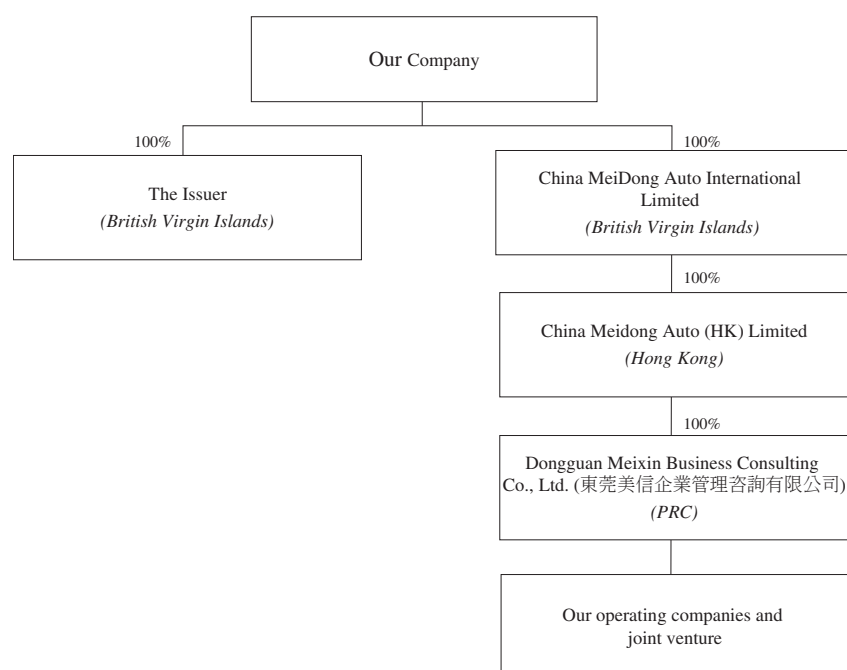
Set out below are the key milestones of the development of our Group since commencement of our Group's operations in 2004:

| Time | Milestone                                                                                                                                                                                                                                                                                                                                                                 |
|------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2004 | We commenced 4S dealership operation with respect to FAW Toyota automobiles in May in Liaobu Auto City (寮步汽車城) in Dongguan.<br><br>We commenced 4S dealership operation with respect to Beijing Hyundai automobiles in May in Liaobu Auto City in Dongguan.                                                                                                               |
| 2006 | In December, we were authorized by FAW Toyota to use the brand name "Toyota".                                                                                                                                                                                                                                                                                             |
| 2007 | We commenced 4S dealership operation with respect to GAC-Toyota automobiles.                                                                                                                                                                                                                                                                                              |
| 2008 | Dongguan Meidong Automotive Service Co., Ltd. (東莞美東汽車服務有限公司) (" <b>Dongguan Meidong</b> ", a joint venture of our Group) commenced 4S dealership operation with respect to Lexus automobiles in Dongguan.<br><br>Xiamen Meidong was the first 4S dealership store which we established in Fujian. It commenced 4S dealership operation with respect to Lexus automobiles. |
| 2009 | Our Group acquired the entire registered capital in Beijing Zhongye Toyota Auto Sales and Services Co., Ltd., which was then was the holder of a 4S dealership of FAW Toyota automobiles in Beijing.                                                                                                                                                                      |

| <b>Time</b> | <b>Milestone</b>                                                                                                                                                                                                                                                                                                                                |
|-------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2010        | <p>We commenced 4S dealership operation with respect to FAW Toyota automobiles in Quanzhou.</p> <p>Our Group first obtained the authorisation to establish a 4S dealership store for BMW automobiles.</p> <p>We obtained preliminary authorisation to establish a 4S dealership store of BMW automobiles in Chengde.</p>                        |
| 2011        | <p>We expanded our operations further by establishing new 4S dealership stores for the following branded automobiles in the following cities:</p> <ul style="list-style-type: none"> <li>(i) Lexus automobiles in Lanzhou,</li> <li>(ii) GAC Toyota automobiles in Yiyang, and</li> <li>(iii) Beijing Hyundai automobiles in Heyuan.</li> </ul> |
| 2012        | <p>We first obtained preliminary authorisation to establish 4S dealership stores for Porsche automobiles in Foshan and Shantou.</p>                                                                                                                                                                                                             |
| 2013        | <p>We commenced 4S dealership operation with respect to Lexus automobiles in Changsha, and with respect to BMW automobiles in Hengyang.</p> <p>Our Company's shares successfully commenced listing on the Hong Kong Stock Exchange.</p>                                                                                                         |
| 2014        | <p>Our first Porsche store commenced trial operations in October and sold 119 units during that year.</p>                                                                                                                                                                                                                                       |
| 2016        | <p>Our Group further expending in tier-three and tier four cites, with 7 new stores opened in the year.</p>                                                                                                                                                                                                                                     |
| 2017        | <p>Our "Single City Single Store" strategy has been enhanced by adding stores of different brands into cities we have been operating:</p> <ul style="list-style-type: none"> <li>(i) we added a Lexus store in a city where we had a BMW store, and</li> <li>(ii) we added a second BMW store in a city we had the first BMW store.</li> </ul>  |
| 2018        | <p>We acquired six BMW selling and service outlets in Huaibei, Suzhou, Chizhou, Chuzhou, Tongling and Huangshan.</p>                                                                                                                                                                                                                            |

| Time | Milestone                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2019 | 9 new stores were built. We operated 58 stores (including 45 luxury stores) by the end of 2019.                                                                                                                                                                                                                                                                                                                                                                                      |
| 2020 | We successfully raised net proceeds of approximately HK\$1,262 million to our Company for opportunistic mergers and acquisitions, and as general working capital through a top-up placing.                                                                                                                                                                                                                                                                                           |
| 2021 | We acquired a Lexus store in Nanjing and a BMW store in Guangan. We have conditionally agreed to acquire all issued shares of StarChase, an automobile dealership group in the PRC which operates Porsche automobile brand in seven cities in the PRC, namely, Nanjing, Qingdao, Tianjin, Chongqing, Weifang, Jinan and Zhengzhou. Please refer to the paragraph titled “ <i>Recent Developments — Acquisition of StarChase Motorsports Limited</i> ” below for further information. |

The table below sets out a simplified corporate chart of our Group (including a joint venture operated by us) as at 31 December 2021.



## Our Geographical Coverage

The chart below summarized our geographical coverage and operating companies and joint venture as at 31 December 2021.

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Guangdong</b><br><b>Porsche</b><br>(1) Shunde Dongbao<br>(2) Shantou Dongbao<br>(3) Jieyang Dongbao<br>(4) Guangzhou Dongbao (70%)<br><b>BMW</b><br>(5) Yangjiang Meibaohang<br>(6) Guangzhou Meibaohang<br>(7) Xintang Meibaohang<br>(8) Dongguan Meibaohang (70%)<br><b>Lexus</b><br>(9) Dongguan Meidong (49%)<br>(10) Foshan Meixing (60%)<br>(11) Zhuhai Meidong<br>(12) Qingyuan Meidong<br>(13) Yangjiang Meidong<br>(14) Doumen Meidong (71%)<br>(15) Tangxia Meidong (69%)<br>(16) Shaoguan Meidong<br>(17) Jiangmen Meidong<br><b>Toyota</b><br>(18) Dongguan Dongbu<br>(19) Dongguan Dongmei<br>(20) Dongguan Dongxin<br>(21) Dongguan Fenggang<br>(22) Dongguan Wangniudun<br>(23) Dongguan Meiyue<br><b>Hyundai</b><br>(24) Dongguan Guanfeng<br><b>Audi</b><br>(25) Heyuan Guanao<br><b>Beijing &amp; Hebei</b><br><b>BMW</b><br>(26) Chengde Meibaohang<br>(27) Beijing Huibaohang<br>(28) Beijing Meibaohang (70%)<br>(29) Langfang Guanbaohang<br>(30) Bazhou Guanbaohang<br><b>Toyota</b><br>(31) Beijing Zhongye<br>(32) Bazhou Guanyue<br><b>Lexus</b><br>(33) Beijing Meidong | <b>Hubei</b><br><b>Porsche</b><br>(34) Wuhan Xinbao<br>(35) Wuchang Xinbao<br><b>BMW</b><br>(36) Huanggang Baoxinhang<br><b>Hunan</b><br><b>BMW</b><br>(37) Zhuzhou Meibaohang<br>(38) Hengyang Meibaohang<br>(39) Changde Meibaohang<br>(40) Yueyang Meibaohang<br>(41) Liuyang Meibaohang<br>(42) Yongzhou Meibaohang<br><b>Lexus</b><br>(43) Changsha Meidong<br>(44) Zhuzhou Meidong<br>(45) Hengyang Meidong<br><b>Toyota</b><br>(46) Yiyang Dongxin<br><b>Gansu</b><br><b>Lexus</b><br>(47) Lanzhou Meidong<br><b>Jiangxi</b><br><b>Porsche</b><br>(48) Ganzhou Xinbao<br>(49) Nanchang Jubao<br><b>BMW</b><br>(50) Jingdezhen Meibaohang<br>(51) Shangrao Meibaohang<br>(52) Xinyu Meibaohang<br>(53) Jiujiang Huibaohang<br><b>Toyota</b><br>(54) Xinyu Dongbu<br>(55) Jiujiang Dongbu | <b>Fujian</b><br><b>Lexus</b><br>(56) Xiamen Meidong<br>(57) Longyan Meidong<br><b>Toyota</b><br>(58) Quanzhou Meidong<br><b>Anhui</b><br><b>BMW</b><br>(59) Huaibei Meibaohang<br>(60) Suzhou Meibaohang<br>(61) Chizhou Meibaohang<br>(62) Chuzhou Meibaohang<br>(63) Tongling Meibaohang<br>(64) Huangshan Meibaohang<br><b>Toyota</b><br>(65) Huangshan Dongbu<br><b>Shandong</b><br><b>Porsche</b><br>(66) Jinan Jubao (70%)<br><b>Jiangsu</b><br><b>Lexus</b><br>(67) Tongshan Meidong<br>(68) Nanjing Meidong<br><b>Sichuan</b><br><b>BMW</b><br>(69) Guangan Baotai<br><b>Tianjin</b><br><b>Lexus</b><br>(70) Tianjin Meidong |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

### Notes:

- (1) Apart from the stores marked by brackets, the others are 100% owned by the Group.
- (2) Including a joint venture in which the Group owns 49% equity interest (Dongguan Meidong).

## **Our Competitive Strengths**

We believe that the following competitive strengths have contributed to our success and will help us continue to succeed and grow in the future, especially in light of market trends in the automobile market:

**We have efficient and effective dealership-level operational expertise that we believe will help us achieve fast inventory turnover, increase gross profit margins and grow after-sales services.**

We believe a key factor in the ability to operate our Group successfully and profitably is our experience and expertise on the individual dealership-level. We have a proven track record in establishing and operating successful dealership stores. We have grown our business systematically and efficiently by developing and continually improving dealership-level business processes and operational procedures that emphasise efficiency and are standardised across our Group. We believe our expertise and effective implementation of our operational procedures will enable us to perform strongly. In particular, we focus on three important aspects of dealership-level operations: achieving fast inventory turnover, growing after-sales services and increasing overall gross profit margin per vehicle sale.

### ***Achieve Fast Inventory Turnover***

During the first half of 2021, our inventory turnover days hit a new historic low of our Group at eight days.

Fast inventory turnover is vital in the automotive retail industry as it allows an efficient use of working capital, enhancement of cash flow, profit and asset efficiency. Faster inventory turnover also increases our flexibility to react quickly to changing market pricing trends, which allows us to realize higher average prices in the long-term, to minimize obsolete stock and to sell the most up-to-date and in-demand models of passenger vehicles. Our fast inventory turnover also allows us to sell more passenger vehicles in any given period with a limited amount of capital, thus enabling us to increase our sales volume more quickly.

### ***Growing After-sales Services***

The growth of after-sales services is another important aspect of our dealership-level operations. After-sales services generally have higher margins than passenger vehicle sales, and therefore provides a stable source of gross profit. Revenue of after-sales services reached approximately RMB2,251.3 million for the year ended 31 December 2020 (representing an increase of approximately 23.3% yoy as compared to the same period of 2019) and RMB1,264.0 million for the first half of 2021 (representing an increase of approximately 31.7% yoy as compared to the

first half of 2020). The gross profit margin of after-sales services (being gross profit from after-sales services/revenue of after-sales services x 100%) was approximately 46.3% for the year ended 31 December 2020 and 45.8% for the first half of 2021.

### ***Strengthening Overall Gross Profit Margin per Vehicle Sale***

Overall gross profit margin per vehicle sale is a function of brand, market conditions, inventory turnover, sales management effectiveness and bundling of accessory products and services with vehicles at the time of sale. While an individual dealership selling a certain brand of automobile cannot control market conditions or readily choose a different brand, its managers do have strong influence over the inventory turnover rate, sales management effectiveness and the number and type of accessories sold with vehicles at such dealership. In addition, we improve gross profit margin per vehicle sale via bundling more accessory products with our vehicles at the time of sale. Examples of bundled accessory products include tinted windows and interior decorations, among others.

### **We provide high quality customer service across our Group.**

Our operational expertise is also encompassed by our high-quality customer service. Our business model relies on developing long-term relationships with our customers from whom we derive much of our revenue from after-sales services and sale of spare parts and accessories. We also have a dedicated customer relations department that actively engages with our customers through the collection of customer feedback and the delivery of targeted communications and promotions to encourage return visits for vehicle maintenance and purchases of new vehicles. In 2020, we have piloted new after-sales service initiatives in a number of stores, which have delivered positive initial results with improved customer satisfaction and customer return ratio. We have expanded the project to other almost all stores with the aim to gradually accelerate the development of after-sales services.

### **Our processes and systems help us replicate our dealership-level expertise and successes across our existing dealerships and into our future expedition.**

A key factor allowing us to leverage our expertise on 4S dealership management and replicate our dealership-level successes is the ability to make available the right operational data to the right people at the right time. Our processes have been developed and refined based on a broad range of data that we collect, record and analyse. The collection of data is aided by our customized information technology systems. This data collected allow us to identify trends at individual dealerships and across our Group and to optimise our sales and pricing targets on a timely basis to optimise inventory turnover. We use this data to generate reports which summarise key operational data such as number of customer vehicle orders, inventory levels, delivery times for customer ordered vehicles, number of vehicles brought in for servicing, repair service completion rates, customer satisfaction rates and progress towards achieving certain key performance targets. Such data and reports allow our front-line customer-facing employees to have a clear snapshot of the

history, such as shopping patterns and preferences, of our customers, and actionable data to improve customer service and increase customer turnover, and allow us to identify key factors that affect our performance.

We believe that the systems and processes we have developed have improved our operational efficiencies and play a significant role in improving our gross profit margins, and such systems and processes are also replicable across our Group and into our future expedition.

**We have established strong relationships with a growing number of automobile manufacturer partners, allowing us to access and develop a balanced brand portfolio.**

We have developed strong relationships with certain leading international automobile manufacturers and their PRC joint ventures. Our proven ability to generate sales and to service our customers efficiently and to grow new markets for the automobile manufacturers with whom we deal helps strengthen our on-going relationships with these manufacturers and provides us credibility to attract new manufacturers and apply for dealerships selling their brands when such expansion is strategically desirable. Our first dealerships were dedicated to Toyota and Beijing Hyundai. After establishing a successful track record of operating dealerships for these mid- to high-end brands, we obtained our first luxury brand dealerships authorisation for Lexus in 2008, BMW in 2010 and Porsche in 2012, respectively. We believe that our ability to secure new dealership agreements with our existing automobile manufacturer partners and with new partners in recent years, notwithstanding that automobile manufacturers are becoming more selective in their criteria for authorising new dealerships in China, is a proof of our strong relationships with manufacturers and indicates our ability to secure new dealership and potentially develop new brands in the future.

We believe that the automobile brands that we sell are generally popular, enjoy good reputations and are in high demand among Chinese consumers. Our ability to reach different market segments with different types of vehicles in our diverse brand portfolio has contributed to the growth of our high-margin after-sales service and spare parts and accessories business. Additionally, having a diverse brand portfolio allows us to sell different car models at different points of their respective model release cycles. This makes us less susceptible to normal fluctuations in sales volume of any particular model across its release cycle and allows us to maintain steady aggregate growth in sales volume at the group level, as well as decreasing reliance on any single brand or country of origin. This is particularly important as customer style preferences and other factors affecting brand selection can fluctuate.



**Our established dealership network and our experience in establishing and growing markets for brands in cities with smaller and medium-sized populations, provide a solid foundation for our continued, stable growth within China.**

We have strategically established a network of dealerships located in major automobile markets in affluent regions of the PRC, as well as in other regions with high growth potential. From our Dongguan base, we have been able to grow our business, refine our business model and develop management expertise to support our expansion into other markets. We believe our strong, concentrated base provides us the ability to expand to contiguous areas more easily.

As at 31 December 2021, we operated 70 stores in China, with some of them located in fast-growing second-, third- and fourth-tier cities. We believe that operating successfully in smaller markets requires a different set of management skills than operating in larger markets. There are challenges operating in smaller markets, such as the smaller potential customer bases, and pool of capable managers and personnel. Successful operators in smaller markets, such as our Group, require experience to deal with and overcome these challenges effectively.

Our experience has provided us with a better understanding of the unique operational challenges, needs and behaviour of customers in these markets, which we believe has allowed us to be better able to satisfy the customers and expand our market share within China.

**Our experienced senior management team together with our stable pool of skilled employees supports the growth of our business.**

We are led by a capable management team with extensive industry experience and strong professional background. Our executive management team includes our Chairman and executive Director, YE Fan, our executive Director and Chief Executive Officer, YE Tao. YE Fan has worked in China's automobile industry for over 20 years serving in various positions including sales, services, and general management of 4S dealerships and has comprehensive experience in both strategic formulation and store level operations. YE Tao has extensive international business experience both in Asia and the United States. His professional experiences include chief executive of Objectiva Software Solutions (Beijing) Inc. and the general manager of Asian Operations of Document Sciences Corporation. YE Tao's educational background included a Bachelor's degree in Mechanics from Peking University, a Master of Science degree in Mechanical Engineering and a Master of Science degree in Management, both from the Massachusetts Institute of Technology.

We believe that in our business, corporate culture plays a vital role in our success, and the long tenure of our management team serves as a testament of the consistency of our culture. We also believe that management's operational experience with our Group has given them in-depth knowledge of our business and customers and contributed significantly to our success. As a retail business, the quality of our personnel is an essential part of our success. At or around the time of our Company's listing on the Hong Kong Stock Exchange, we had less than 2,000 full-time employees. We have progressively grown into a group with a total of 5,564 employees as at 30

June 2021 to meet the requirements of our growing dealership network and business operations. Our corporate headquarters staff, most of whom have strong dealership-level experience and are well-trained in our operational practices, serve an important role as a communications hub in facilitating communication across our dealerships. Our policy is to fill management vacancies primarily through internal promotions, which help us maintain and foster a consistent corporate culture, motivate higher employee performance due to the presence of a visible career track and reduce management turnover. We focus on systematically identifying and developing talented employees to fill our internal talent bank, which provides us with a ready source of personnel to promote to the management level as openings arise. As a result of the foregoing and regular training of individuals in our managerial pool and in management, we have been able to maintain a high level of consistency in our operational philosophy and practices across our Group.

### **Our Strategies**

It is our Group's strategy to generate internal growth by improving operational efficiency and external growth through network expansion.

#### **Further expand our 4S dealership network through organic growth and acquisitions.**

In the first half of 2021, China's economy continued to recover from the impact of COVID-19, and the passenger vehicle market continued its growth momentum in the second half of 2020, with sales volume exceeding 10 million units and sales volume of premium brands vehicles reaching a record high even under the unfavourable factors such as the shortage of chips and the rising prices of raw materials. The premium brand car market continued to lead the growth of the overall market. In the first half of 2021, the sales volume of premium brand cars in China reached nearly 1.658 million units, representing an increase of 41.5% yoy as compared to the first half of 2020, and which was approximately 14.5 percentage points higher than the overall automobile market. Overall, China's passenger vehicle market has shown strong growth and the penetration rate of premium brand cars continued to increase steadily.

We plan to continue to implement our highly effective premium brand focus and expanded our distribution network through new stores and mergers and acquisitions in line with its "Single City Single Store" strategy, to strengthen our market position in the region and increase market share. In each case, we will seek to replicate our core strengths and expertise on a dealership-level in any new dealerships that we add to our network.

### ***Organic Growth***

Through efficient and data-driven management, we will continue to maximize our operating efficiency, optimize our revenue mix and improve our service standard, while focusing on premium brands to deliver stable growth in the long run. We intend to use our local knowledge, relationships and presence in the areas in which we already operate to expand and deepen our coverage in adjacent and nearby areas, as well as in other parts of China with strong growth

opportunities. We believe that our established relationships and track record with our automobile manufacturing partners will enable us to secure additional authorisations from these manufacturers to open new dealerships.

### ***Mergers and acquisitions***

Acquisitions of existing dealerships will also be an important part of our growth strategy. We have been gradually executing our merger and acquisition strategy and seeking opportunities to grow our dealership group, to the extent that we are able to identify acquisitions that would be consistent with our brand strategy and geographic focus, particularly, the criteria of: (1) familiar brands; (2) familiar locations; and (3) reasonable valuation to accelerate our network expansion.

In 2021, the Group completed the acquisition of 100% equity interest in a Lexus store in Nanjing and a BMW store in Guangan, Sichuan. In addition, on 13 December 2021, we (as purchaser) have conditionally agreed to acquire all issued shares of StarChase Motorsports Limited (“**StarChase**”, together with its subsidiaries, “**StarChase Group**”). StarChase Group is an automobile dealership group in the PRC and operates Porsche automobile brand in seven cities in the PRC, namely, Nanjing, Qingdao, Tianjin, Chongqing, Weifang, Jinan and Zhengzhou. Each of the StarChase Group’s dealership store is a 4S dealership store that integrates four principal automobile-related businesses, i.e. sales, spare parts, service and survey. We believe that these acquisitions are in line with our operational strategy of efficiency enhancement, and our expansion strategy, and the relevant acquisition targets could complement our existing network and give rise to synergy effects by increasing our new car sale and expanding our existing customer coverage. Please refer to the paragraph titled “*Recent Developments — Acquisition of StarChase Motorsports Limited*” below for further information.

### **Focus on and expand our after-sales services and sales of other bundled products and services to maximize profits per customer and to complement our existing business.**

We generate comparatively high gross profit margins from the sale of accessories and services, and from our after-sales offerings. Our after-sales services include repair, maintenance, and sale of spare parts while our bundled accessory products and services include, extended warranties, provision of car registration services. By offering a variety of after-sales service, we seek to capture a range of recurring turnover from automobile owners over the life of their vehicle. Our new automobile sales represent a natural pipeline of customers to add to our growing after-sales customer base.

We will seek to continue to grow our after-sales services by devoting resources to improving the services that we currently provide. For example, we plan to expand capacity to increase the number of vehicles we can service and continue to train our after-sales personnel and our customer relations personnel to increase efficiency and improve customer satisfaction. As the quality of our after-sales services increases, we will also be in a better position to encourage automobile insurance providers to refer their customers to our stores for insurance repairs. Expansion of our

presence into new areas contiguous with our current operations will also help us to expand our pool of potential after-sales services customers. We also distribute extended warranty coverage products provided by automobile insurance companies, which provide further opportunities for higher gross profit margins and extended customer engagement.

**Continue our investment in our IT systems, and continue to improve operational efficiency.**

We will continue to focus on increasing our operational efficiency in all areas of our business, including sales, after-sales repairs and customer conversion. Using our information technology systems, we will continue to collect and analyse a variety of data, including data and analysis relating to our services, marketing channels, closing of sales in our showrooms and new car sales margins, to identify inefficiencies and implement improvements in operational processes and strategies and decision support. We plan to further invest in such information technology systems with the primary goal of making our systems easier to use for first line employees and managers. In particular, we plan to focus on automating certain aspects of our data collection and analysis tools into a unified ERP system and information technology platform to enable more streamlined data collection, training, analysis and decision-making.

We will systematically review key performance indicators and identify necessary changes and best practices and implement them across our dealership network as appropriate. By continually improving and refining our operational processes, we intend to develop improved operational models that are replicable in new dealerships and shorten the time needed to achieve profitability in such new dealership.

**Continue to focus on the recruitment, training, retention and promotion of our employees to support our continued growth.**

As a retail business, retaining quality personnel is an essential part of our success. We plan to continue to dedicate significant resources to personnel training, recruiting and promotion. We intend to continue to invest in our internal training programs as well as continue to cooperate with our automobile manufacturers to provide additional training opportunities. We plan to continue our emphasis on internal promotions into our management ranks and provide clear career paths for our employees. We will continue to regularly evaluate the performance of our employees to ensure that we maintain a meritocratic culture and merit-based incentives that reward performance that contributes to the success of our business. We will continue to develop talent to improve the performance of our existing dealerships and to staff new dealerships as we carry out expansion plans.

## Our Business

Our operations are primarily based in China. Our 4S business model integrates the four automobile-related businesses:

- (1) “*Sales*” — sales of new passenger vehicles
- (2) “*Spare parts*” — sales of spare parts and related items
- (3) “*Service*” — provision of repair and maintenance services
- (4) “*Survey*” — conducting of customer surveys

## Our Dealership Network

We focus on premium brands and implement a “Single City Single Store” strategy in further expanding our distribution network. As at 31 December 2021, we operated 70 stores in Beijing, Tianjin, Guangdong, Hunan, Hubei, Fujian, Jiangxi, Anhui, Hebei, Gansu, Shandong, Jiangsu and Sichuan provinces in China (including a joint venture operated by us) as follows:

|                                  | As at            |
|----------------------------------|------------------|
| Number of stores under operation | 31 December 2021 |
| Porsche . . . . .                | 9                |
| BMW . . . . .                    | 27               |
| Lexus . . . . .                  | 19               |
| Toyota . . . . .                 | 13               |
| Hyundai . . . . .                | 1                |
| Audi . . . . .                   | 1                |
| <b>Total</b> . . . . .           | <b>70</b>        |

The following table shows a breakdown of our Group's principal businesses by segment in terms of revenue for the periods indicates:

|                            | For the year ended 31 December |             |                 |             |                 |             | For the six months ended 30 June |             |                 |             |
|----------------------------|--------------------------------|-------------|-----------------|-------------|-----------------|-------------|----------------------------------|-------------|-----------------|-------------|
|                            | 2018                           |             | 2019            |             | 2020            |             | 2020                             |             | 2021            |             |
|                            | (audited)                      |             | (audited)       |             | (audited)       |             | (unaudited)                      |             | (unaudited)     |             |
|                            | RMB million                    | %           | RMB million     | %           | RMB million     | %           | RMB million                      | %           | RMB million     | %           |
| Sales of new passenger     |                                |             |                 |             |                 |             |                                  |             |                 |             |
| vehicles . . . . .         | 9,775.1                        | 88.3%       | 14,383.8        | 88.7%       | 17,956.2        | 88.9%       | 7,487.9                          | 88.6%       | 10,544.1        | 89.3%       |
| After-sales services . . . | 1,292.3                        | 11.7%       | 1,826.2         | 11.3%       | 2,251.3         | 11.1%       | 959.9                            | 11.4%       | 1,264.0         | 10.7%       |
| <b>Total . . . . .</b>     | <b>11,067.4</b>                | <b>100%</b> | <b>16,210.0</b> | <b>100%</b> | <b>20,207.4</b> | <b>100%</b> | <b>8,447.9</b>                   | <b>100%</b> | <b>11,808.1</b> | <b>100%</b> |

Our Group recorded a revenue of approximately RMB11,067.4 million, RMB16,210.0 million and RMB20,207.4 million during the years ended 31 December 2018, 2019 and 2020, respectively, representing an increase of approximately 44.1%, 46.5% and 24.7% yoy, respectively. It is mainly attributable to the new store expansion and steady same store sales growth. Our Group recorded a revenue of approximately RMB8,447.9 million and RMB11,808.1 million during the first half of 2020 and 2021, respectively, representing an increase of approximately 23.5% and 39.8% yoy, such growth in the first half of 2021, which was attributable mainly to the increase in sales and growth in gross profit of premium brand cars.

#### *Sales of New Passenger Vehicles*

Our revenue is primarily generated from the sales of new passenger vehicles. Revenue attributed to the sales of new passenger vehicles also includes the sales of bundled accessories that are included in the sales of new passenger vehicles.

For the years ended 31 December 2018, 2019 and 2020, revenue from new passenger vehicles sales was approximately RMB9,775.1 million, RMB14,383.8 million and RMB17,956.2 million, respectively, accounting for approximately 88.3%, 88.7% and 88.9% of total revenue in the corresponding year. Our revenue of new passenger vehicles sales amounted to approximately RMB7,487.9 million and RMB10,544.1 million for the first half of 2020 and 2021, respectively.

Premium brands cars sales (with respect to our Group, cover BMW, Porsche, Lexus and Audi) remained as our major revenue source, accounting for approximately 76.1%, 81.3% and 84.0% of total new passenger vehicles sales for the years ended 31 December 2018, 2019 and 2020, and approximately 84.3% and 87.3% of total new passenger vehicles sales for the first half of 2020 and 2021, respectively. For the years ended 31 December 2018, 2019 and 2020, BMW recorded sales of new passenger vehicles of approximately RMB3,584.8 million, RMB5,534.9 million and RMB7,144.7 million, respectively (accounting for approximately 36.7%, 38.5% and 39.8% of total new passenger vehicles sales); Porsche recorded sales of new passenger vehicles of approximately RMB1,672.5 million, RMB3,074.4 million and RMB3,581.7 million, respectively (accounting for approximately 17.1%, 21.4% and 19.9% of total new passenger vehicles sales); and Lexus

recorded sales of new passenger vehicles of approximately RMB2,179.4 million, RMB3,023.8 million and RMB4,210.1 million, respectively (accounting for approximately 22.3%, 21.0% and 23.5% of total new passenger vehicles sales). The sales of new passenger vehicles for BMW, Porsche and Lexus were approximately RMB2,978.4 million, RMB1,544.5 million and RMB1,726.1 million in aggregate for the first half of 2020 (accounting for approximately 39.8%, 20.6% and 23.1% of the total new passenger vehicles sales), and RMB4,843.4 million, RMB2,090.4 million and RMB2,202.6 million for the first half of 2021 (accounting for approximately 45.9%, 19.8% and 20.9% of total new passenger vehicles sales), respectively.

In terms of sales volume, our Group sold 37,895, 49,359 and 57,200 new passenger vehicles in total during the year ended 31 December 2018, 2019 and 2020, respectively, representing an increase of approximately 32.0%, 30.3%, and 15.9% yoy respectively. During the year ended 31 December 2018, 2019 and 2020 respectively, sales of BMW amounting to 11,316, 16,827 and 20,792 units; sales of Porsche amounting to 2,072, 4,006 and 4,467 units; and sales of Lexus amounting to 6,365, 8,922 and 11,788 units. Our Group sold 23,691 and 32,221 new passenger vehicles in total during the first half of 2020 and 2021, respectively, representing an increase of approximately 7.9% and 36.0% yoy in sales volume.

#### *After-sale Services*

We consider our after-sales services, to be an essential part of our business as we believe this segment has a relatively high gross profit margin and stable demand. Revenue from after-sales services consists principally of sales of spare parts and the provision of repair and maintenance services, and to a lesser extent, the provision of certain other automobile-related services such as fees from vehicle registration services and commission income from mortgage loan application services.

During the years ended 31 December 2018, 2019 and 2020, driven by new store expansion and same store growth, revenue of after-sales services steadily increase and reached approximately RMB1,292.3 million, RMB1,826.2 million and RMB2,251.3 million, respectively. The revenue of after-sales services was approximately RMB959.9 million and RMB1,264.0 million for the first half of 2020 and 2021, respectively.

The total number of vehicles served was 359,213, 456,205 and 513,236 for the year ended 31 December 2018, 2019 and 2020, respectively, representing an increase of approximately 16.2%, 27.0% and 12.5% yoy. For the first half of 2020 and 2021, a total of 227,744 and 303,446 vehicles were served, representing an increase of approximately 8.7% and 33.2% yoy.

#### *Profit for the Period and Gross Profit*

We achieved considerable revenue and gross profit growth a, supported by our effective control over expenses throughout the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2021. Our profit for the year ended 31 December 2018, 2019 and 2020 was



approximately RMB363.5 million, RMB557.5 million and RMB770.6 million, respectively. However, due to the impact of external factors, we incurred a non-operating-related, non-cash one-off exchange loss of approximately RMB80.2 million during the year ended 31 December 2020. Profit for the year excluding non-operating, non-cash one off exchange loss was RMB850.8 million for the year ended 31 December 2020, representing a growth of approximately 52.6% compared to the same period of 2019. Our net profit margin (being net profit after tax/revenue x 100%) was approximately 3.3%, 3.4% and 3.8% for the year ended 31 December 2018, 2019 and 2020, respectively.

Leveraging on our extensive management experience and efficient inventory management, we were able to maintain a high operational efficiency amidst the changing environment of the overall automobile market, and the profit for the first half of 2021 was approximately RMB551.0 million, representing an increase by approximately 79.4% compared to RMB307.2 million for the first half of 2020. The profit margin for the first half of 2020 and 2021 was approximately 3.6% and 4.7%, respectively. The profit attributable to shareholders for the first half of 2020 and 2021 was approximately RMB300.8 million and RMB536.5 million, while the net profit margin was approximately 3.6% and 4.7%, respectively.

For the year ended 31 December 2018, 2019 and 2020, gross profit was approximately RMB1,072.9 million, RMB1,557.6 million and RMB2,035.5 million, respectively, representing an increase by approximately 30.9%, 45.2% and 30.7% yoy, driven by the growth in total revenue. For the first half of 2020 and 2021, our gross profit was approximately RMB819.1 million and RMB1,273.6 million, representing an increase by approximately 18.3% and 55.5% yoy, respectively, driven by steady growth in total revenue, and the strong momentum in the premium brand car market.

Overall gross profit margin (being gross profit/revenue x 100%) remained stable and was approximately 9.7%, 9.6% and 10.1% for the year ended 31 December 2018, 2019 and 2020 and 9.7% and 10.8% for the first half of 2020 and 2021, respectively. Among which, gross profit margin of new vehicles sales was approximately 4.6%, 5.0% and 5.5% for the year ended 31 December 2018, 2019 and 2020, and approximately 4.9% and 6.6% for the first half of 2020 and 2021, and that of after-sales services was approximately 48.2%, 46.1% and 46.3% for the year ended 31 December 2018, 2019 and 2020, and approximately 47.0% and 45.8% for the first half of 2020 and 2021, respectively.

### ***Costs and Expenses***

During the year ended 31 December 2020 and the first half of 2021, we were able to further enhance our operational efficiency. Distribution costs amounted to approximately RMB390.5 million, RMB492.6 million and RMB546.0 million, accounting for approximately 3.5%, 3.0% and 2.7% of total revenue during the year ended 31 December 2018, 2019 and 2020, respectively, and approximately RMB238.0 million and RMB347.7 million for the first half of 2020 and 2021, accounting for approximately 2.8% and 2.9% of the total revenue, respectively. Administrative



expenses amounted to approximately RMB312.8 million, RMB381.8 million and RMB439.0 million, or approximately 2.8%, 2.4% and 2.2% of total revenue for the year ended 31 December 2018, 2019 and 2020, and approximately RMB216.4 million and RMB277.8 million, or approximately 2.6% or 2.4% of total revenue for the first half of 2020 and 2021, respectively.

Meanwhile, finance costs amounted to approximately RMB63.2 million, RMB123.2 million and RMB136.9 million, or approximately 0.6%, 0.8% and 0.7% as a percentage of revenue for the year ended 31 December 2018, 2019 and 2020, and approximately RMB60.8 million and RMB64.6 million, or approximately 0.7% and 0.5% of total revenue for the first half of 2020 and 2021, respectively.

### ***Cost of Sales***

Cost of sales was approximately RMB9,994.5 million, RMB14,652.4 million and RMB18,172.0 million for the year ended 31 December 2018, 2019 and 2020. Among which, the cost of sales for new passenger vehicles sales and after-sales services increased by approximately 24.1% and 22.8% for the year ended 31 December 2020, respectively when compared to the year ended 31 December 2019. The costs of sales for the first half of 2020 and 2021 was approximately RMB7,628.7 million and RMB10,534.5 million, respectively, with the cost of sales of new passenger vehicles and after-sales services grew by approximately 38.3% and 34.6% for the first half of 2021 when compared to the same period in 2020.

The increase in cost of goods sold was mainly due to the growth of our two major business operations, namely new passenger vehicles sales and after-sales services.

### ***Financial Resources and Position***

As at 31 December 2018, 2019 and 2020 and 30 June 2021, total equity of our Group amounted to approximately RMB1,400.2 million, RMB1,769.3 million, RMB3,344.6 million and RMB3,609.1 million, respectively. Current assets of our Group amounted to approximately RMB3,012.2 million, RMB3,784.9 million, RMB5,109.6 million and RMB5,085.9 million, as at 31 December 2018, 2019 and 2020 and 30 June 2021, respectively, while current liabilities amounted to approximately RMB2,616.0 million, RMB3,180.2 million, RMB3,060.6 million and RMB3,064.5 million, respectively. As at 31 December 2018, 2019 and 2020 and 30 June 2021, our loans and borrowings amounted to approximately RMB1,172.4 million, RMB1,111.7 million, RMB951.4 million and RMB833.1 million. Short-term loans and borrowings amounted to approximately RMB729.2 million and RMB575.5 million, whereas long-term loans and borrowings amounted to approximately RMB222.2 million and RMB257.6 million as of 31 December 2020 and 30 June 2021, respectively, and we maintained a net cash position as at 30 June 2021.

As at 31 December 2018, 2019 and 2020 and 30 June 2021, cash and cash equivalents and pledged bank deposits amounted to approximately RMB1,284.2 million, RMB2,085.6 million, RMB3,096.6 million and RMB3,316.6 million, respectively. Most of the cash and cash equivalents and pledged

bank deposits were denominated in Renminbi and Hong Kong dollars. Apart from part of the cash that is denominated in Hong Kong dollars, our business operations in China and major transactions are all denominated in Renminbi. Therefore, we expect our foreign exchange risks will have minimal effect on our normal operations and business. For the first half of 2021 and the year ended 31 December 2020, we did not employ any significant financial instruments such as forward foreign exchange contracts, nor did we employ any major financial instruments for hedging purposes. Our management will closely monitor foreign exchange risks and will consider measures to hedge major foreign exchange risks when necessary.

Our operating and capital expenditure is funded by cash flow from business, internal liquidity and supported by financing agreements with banks and financing companies of automobile manufacturers. We believe we have adequate financial resources to meet all contractual obligations and operating requirements.

### ***Contingent Liabilities***

As at 31 December 2018, 2019 and 2020 and 30 June 2021, one of our subsidiaries issued financial guarantee to financial institution and bank in respect of financial facilities granted to a related party of our Group, which amounted to approximately RMB80.0 million, RMB80.0 million, RMB130.0 million and RMB130.0 million, respectively. The financial facilities utilised by the related party amounted to approximately RMB9.2 million, RMB13.1 million, RMB0.0 million and RMB0.0 million as at 31 December 2018, 2019, 2020 and 30 June 2021, respectively. As at 30 June 2021, the directors of our Company do not consider it probable that a claim will be made pursuant to the above guarantee.

### ***Pledged Assets of the Group***

As part of our business operations, we from time to time pledge automobiles with banks and financing companies of automobile manufacturers as collateral for certain loans and borrowings. As at 31 December 2020 and 30 June 2021, our loans and borrowings were secured by property, plant and equipment, right-of-use assets, inventories, trade and other receivables and pledged bank deposits, and certain loans and borrowings were also guaranteed by our related parties. The aggregate amount of our assets used to secure our loans and borrowings was approximately RMB434.8 million as of 31 December 2020. As of 31 December 2020 and 30 June 2021, pledged bank deposits amounted to approximately RMB558.6 million and RMB529.4 million, respectively.

### ***Related Party Transactions***

Our Group undertook certain transactions with our directors, executive officers and principal shareholders and, in each case, the companies with whom they are affiliated. These transactions include rental, our related parties' provision of loans, guarantees and advances to our Group, and

remuneration to our management. Each of our related party transactions was entered into in the ordinary course of business, on fair and reasonable commercial terms, in our interests and the interests of our shareholders.

During the year ended 31 December 2020, we incurred short-term rental expenses with Guangdong Dadong Automotive Group Co., Ltd. (廣東大東汽車集團有限公司) (“**Dadong Group**”, a company controlled by our controlling shareholder) of approximately RMB2.3 million. YE Fan, Apex Sail Limited and companies with whom they are affiliated with also provided financial assistance to our Group by way of loan and advance, and guarantee with respect to loans and borrowings borrowed and bills issued by our Group. As at 31 December 2020, loans and borrowings borrowed by our Group of approximately RMB934.2 million, and bills issued by our Group of approximately RMB422.0 million were guaranteed by YE Fan and/or Dadong Group. Other payables due by our Group to YE Fan and Dadong Group was approximately RMB5.7 million and RMB0.7 million, respectively, as of 31 December 2020.

We also conducted transactions with Dongguan Meidong (a joint venture of our Group), and these transactions mainly consist of sale and purchase of passenger vehicles, management service income and provision of loans, guarantees and advances.

#### ***Treasury Policy***

We have adopted prudent treasury policies and maintained a healthy liquidity throughout the year ended 31 December 2020. To manage our liquidity risk, our management closely monitors our liquidity to ensure that we can meet our assets, liabilities and capital commitments from time to time.

#### **Recent Developments**

In addition to the growth from new stores, we have also been gradually executing our merger and acquisition strategy with the criteria of: (1) familiar brands; (2) familiar locations; and (3) reasonable valuation to accelerate our network expansion.

#### ***Acquisition of Lexus Store and BMW Store***

From 2021 to date, the Group completed the acquisition of 100% equity interest in a Lexus store in Nanjing and a BMW store in Guangan, Sichuan.

#### ***Acquisition of StarChase Motorsports Limited***

On 13 December 2021, we (as purchaser) entered into an acquisition agreement in respect of the conditional sale and purchase of all issued shares of StarChase (together with its subsidiaries, “**StarChase Group**”) for a total cash consideration of RMB3,700,000,000 (subject to adjustment under the terms of the acquisition agreement). Closing of the acquisition of StarChase is subject to

the fulfilment of certain conditions precedent set forth under the acquisition agreement, including but not limited to (i) the necessary merger control filing and notification in respect of the proposed acquisition having been made to the PRC Anti-Monopoly Bureau and all approvals, consents, or clearances necessary for completion having been duly obtained from the PRC Anti-Monopoly Bureau; (ii) the Company having despatched a shareholders' circular in respect of the acquisition agreement and the transactions contemplated therein, if required and in accordance with the Listing Rules; and (iii) the corporate restructuring, under which six companies would be disposed of and excluded from the StarChase Group (the “**Excluded Companies**”), being completed in 12 weeks from the date of the acquisition agreement. Parties to the acquisition agreement are currently working to fulfil such conditions.

StarChase Group is an automobile dealership group in the PRC and operates Porsche automobile brand in seven cities in the PRC, namely, Nanjing, Qingdao, Tianjin, Chongqing, Weifang, Jinan and Zhengzhou. Each of the StarChase Group's dealership store is a 4S dealership store that integrates four principal automobile-related businesses, i.e. sales, spare parts, service and survey.

Based solely on the unaudited combined financial information of the StarChase Group for the two years ended 31 December 2020 and the nine months ended 30 September 2021, which is extracted from the management information provided by the seller to our Company (which none of the Issuer, the Guarantor, the Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them have independently verified and none of them can give any assurance that this information is accurate, truthful or complete), the revenue of the StarChase Group (excluding the Excluded Companies) for the year ended 31 December 2019 and 2020 and for the nine months ended 30 September 2021 was approximately RMB5,140.0 million, RMB5,729.0 million and RMB4,748.2 million respectively, the net profit (after tax and extraordinary items) of the StarChase Group (excluding the Excluded Companies) for the year ended 31 December 2019 and 2020 and for the nine months ended 30 September 2021 was approximately RMB103.6 million, RMB191.0 million and RMB198.7 million, respectively; the total assets of the StarChase Group (excluding the Excluded Companies) as of 31 December 2019, 31 December 2020 and 30 September 2021 was approximately RMB1,902.2 million, RMB2,337.5 million and RMB2,395.3 million respectively and the total current liabilities of the StarChase Group (excluding the Excluded Companies) as of 31 December 2019, 31 December 2020 and 30 September 2021 was approximately RMB1,326.6 million, RMB1,655.6 million and RMB1,549.4 million, respectively.

We have been consistently generating good cash flows from operations and benefits from a healthy balance sheet with low financial leverage, which sets a solid stage to support our growth strategy. As at the date of this Offering Circular, we expect the net financial leverage of StarChase to be immaterial.

The proposed acquisition is in line with our operational strategy of efficiency enhancement, and our expansion strategy. We believe that StarChase Group's dealership network could complement our existing network and give rise to synergy effects. We believe that the proposed acquisition could strengthen our market position in Porsche brand in the PRC by increasing our new car sale and expanding our existing customer coverage.

#### *New After-sales Service Initiatives*

In addition, we have piloted new after-sales service initiatives in a number of stores, which have delivered positive initial results with improved customer satisfaction and customer return ratio. We have expanded the project to other stores with the aim to gradually accelerate the development of after-sales services.

## DIRECTORS AND SENIOR MANAGEMENT

### DIRECTORS

The following table sets forth information regarding the Directors of our Company (the “**Directors**”) as of the date of this Offering Circular:

| Name                      | Major Position in the Company               |
|---------------------------|---------------------------------------------|
| <b>YE Fan</b>             | Chairman, Executive Director                |
| <b>YE Tao</b>             | Chief Executive Officer, Executive Director |
| <b>LUO Liuyu</b>          | Executive Director                          |
| <b>JIP Ki Chi</b>         | Independent Non-executive Director          |
| <b>WANG, Michael Chou</b> | Independent Non-executive Director          |
| <b>CHEN Guiyi</b>         | Independent Non-executive Director          |

### Executive Directors

**YE Fan**, aged 50, is our founder. He is the chairman and an executive director of the Company. He is primarily responsible for supervising the operations of our Group, planning our business and marketing strategies and overseeing the external relationship with banks, government and other business partners.

YE Fan was awarded a Bachelor’s degree in Inorganic Non-metallic Materials (無機非金屬材料) from South China University of Technology (華南理工大學) in July 1993. As the founder of our Group, he started his career in the automobile sector by joining an automobile distributor in Dongguan, the PRC as general manager from 1995 to 1998. In 1999, he set up 東莞市聚成汽車技術服務有限公司 (Dongguan Jucheng Auto Technical Services Co., Ltd.\*) (a private company based in Dongguan, Guangdong which was principally engaged in the automobile distribution business) with a partner. In April 2003, he set up 東莞市冠豐汽車有限公司 (Dongguan Guanfeng Auto Co., Ltd.\*) (“**Dongguan Guanfeng**”), which is the first member of the Group. This 4S dealership store was opened in May 2004 and held 4S distributorship for 北京現代汽車有限公司 (Beijing Hyundai Motor Company\*) vehicles. Before the establishment of 廣東大東汽車集團有限公司 (Guangdong Dadong Auto Group Co., Ltd.\*) (“**Dadong Group**”) in 2007, he made investments in a few enterprises (including members of the Group) which were principally engaged in automobile distribution of various brands. Following the establishment of Dadong Group in 2007, which has been solely owned by YE Fan, Dadong Group has been making investments in 4S dealership stores of various brands. Since 2003, YE Fan has been acting as a director of Dongguan Guanfeng and various PRC members of the Group and has been responsible for supervising their daily operations and planning their business strategies.

YE Fan is currently a director of each of the subsidiaries of the Company. He is the younger brother of YE Tao.

**YE Tao**, aged 55, is an executive Director and the Chief Executive Officer of the Company. He is primarily responsible for overseeing the daily operations and management of our Group, planning our business and marketing strategies, supervising investor relationship.

YE Tao was awarded a Bachelor's degree in Mechanics (力學) from Peking University (北京大學) in July 1989. He also obtained a Master of Science degree in Mechanical Engineering and a Master of Science degree in Management, both from Massachusetts Institute of Technology, in June 1996. Before he joined the Group, YE Tao worked for Objectiva Software Solutions (Beijing) Inc. (奧博傑天(北京)軟件公司) as the chief executive and legal representative overseeing the overall operations of such company, and in Document Sciences Corporation as the general manager of Asian Operations overseeing the management and operations in the Asia. In 2008, he was invited by YE Fan to work in the Group as the Chief Executive Officer. Since then, he has been working together with YE Fan closely in the expansion of the Group's business.

Ye Tao is the elder brother of YE Fan.

**LUO Liuyu**, aged 38, is an executive Director of the Company. She has been the vice president of human resources and administration unit of Dongguan Meixin Business Consulting Co., Ltd, primarily responsible for the overall human resources management and planning of the Group, including recruitment, job allocation, training, formulating remuneration and fringe benefit policies, etc. Ms. LUO joined the Group as a finance supervisor in September 2007 and was then in charge of the management of the finance department, including fund and assets management, internal auditing, costs control management and financial statements preparation. Before Ms. LUO joined the Group, she worked for Dongguan Zhicheng Trading Company Limited as accounting supervisor, taking charge of the daily operations of finance department and other accounting functions. Ms. LUO completed a three-year professional study programme in Finance in Dongguan University of Technology in 2007 and a financial management degree from Peking University in 2015.

#### **Independent Non-Executive Directors**

**JIP Ki Chi**, aged 51, was appointed as an independent non-executive Director of the Company with effect from 15 November 2013. Mr. Jip is currently the chief financial officer and company secretary of Sun Entertainment Group Limited (formerly known as Sage International Group Limited) (Stock code: 8082.HK) and acts as an independent non-executive director of Hebei Yichen Industrial Group Corporation Limited (Stock Code: 01596.HK). Mr. Jip was awarded a Bachelor's degree of Business in Accountancy from Queensland University of Technology, Australia in 1994, and a Master's degree in Business Administration from the University of Adelaide, Australia in 2008. Mr. Jip is a Certified Practising Accountant of CPA Australia (CPA (Aust.)). He obtained his qualification as a fellow member of Hong Kong Institute of Certified



Public Accountants in 2007 (FCPA). Mr. Jip has a wealth of experience in accounting, finance, management and company secretarial field, and has worked as the chief financial officer and company secretary of Inventronics Holdings Limited and Zhong Da Mining Limited, the financial controller and company secretary of Hao Tian Resources Group Limited (Stock code 00474.HK) (currently known as Hao Tian Development Group Limited) and the financial controller of Wah Shing Group.

**WANG, Michael Chou**, aged 51, was appointed as an independent non-executive Director of the Company with effect from 22 June 2015. He was awarded a Master of Business Administration by the Wharton School of Business at the University of Pennsylvania in 1997 and a Bachelor of Arts from Southwestern University in 1992. He is currently the managing partner and president of Abax Global Capital. He is responsible for the overall business management and investment activities at Abax and also focuses on the management of portfolio companies. He is a member of the fund's investment committee and is the Chairman of such firm's operating committee. He has over 20 years of professional advisory experience in the PRC. Prior to joining Abax, he was a Senior Partner in McKinsey & Company's Shanghai office, where he was a leader in its China energy, and industrial practices. As head of the McKinsey Shanghai office, which is now amongst McKinsey's top 10 largest offices globally, he oversaw its growth from 100 to 300 professionals. He is a known expert for performance turnaround at Chinese companies, both state-owned and private. He has assisted numerous Chinese clients to improve their performance via growth strategy, operational enhancement and organizational restructuring. He has published numerous articles in International and Chinese media on the performance improvement topic and has been a frequent speaker and guest lecturer at government (including those for State-Owned Assets Supervision and Administration Commission of the State Council and National Development and Reform Commission in the PRC) and industry forums in the PRC and abroad.

**CHEN Guiyi**, aged 43, was appointed as an independent non-executive Director of the Company with effect from 1 April 2017. From September 1997 to July 2001, He studied at the China Youth University of Political Science where he obtained a bachelor's degree in legal studies. From September 2003 to July 2004, he studied at the University of Groningen of the Netherlands where he obtained a master's degree in laws. From July 2001 to September 2005, he has been an associate director at the newspaper office of Beijing Times of People's Daily. From October 2005 to September 2020, he was one of the partners and lawyers of the law firm, Jingtian & Gongcheng in Beijing and Chengdu, the PRC. From March 2016 to September 2020, he was one of the partners of W&G Investment Management Co., Ltd. From August 2017 to September 2020, he was one of foreign legal consultants of the law firm, Loeb & Loeb LLP in Hong Kong. Since October 2020, he has been one of executive directors of Centurium Capital Management (HK) Ltd. He has ample experience in the capital market, specializing in both the domestic and overseas capital market.



## OTHER SENIOR MANAGEMENT

**YUAN Ying**, aged 41, is our Financial Controller and is responsible for the overall financial planning and management of the Group. She joined the Group in May 2010 as Finance Manager and was in charge of the Finance Department. She was then responsible for the Group's asset management, internal audit, cost control and formulating of financial statements, etc. She is an accountant and obtained the qualification of accountant by the Ministry of Finance of the PRC in May 2007. Prior to joining the company, she worked for Yong Feng Footwear (Bao An) Company Limited as finance supervisor in charge of audit of the Finance Department.

**WANG Feixue**, aged 41, is our vice president of sales and marketing unit. Currently, she is primarily responsible for the overall management of the sales and marketing functions of the Group. She completed a two-year professional study programme in Chinese language and literature in Henan Broadcast Television University. Ms. Wang joined the Group as a sales consultant in July 2004 and was then in charge of sales of new vehicles. Ms. Wang left the Group in July 2006, then rejoined the Group as a corporate planning manager in July 2007. Before Ms. Wang rejoined the Group in July 2007, she worked for Dongguan Zhicheng Trading Company Limited as the sales manager, and was in charge of managing the sales department.

**CHEN Saijin**, aged 41, is our vice president of purchasing and projects unit. Currently, she is primarily responsible for the overall procurement of the Group and supervising internal control matters. She was granted a technical certificate in computer software profession by the Guangdong Labour and Social Security Bureau. She also completed a three-year professional study programme in Accounting in Renmin University of China (中國人民大學) through Internet learning. She joined our Group as an accounting officer in October 2004 and was then in charge of the accounting function of the finance department. Before s joining us, she worked for Dongguan Hongyan Vehicle Trading Company Limited as the deputy manager of finance department, taking charge of the auditing of costs and other finance matters.

## SUBSTANTIAL SHAREHOLDERS' AND DIRECTORS' INTERESTS

As at 31 December 2021, the interests and short positions of the Directors and chief executive in the shares and underlying shares of the Guarantor or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”)), which were required pursuant to: (a) divisions 7 to 9 of Part XV of the SFO, to be notified to the Guarantor and the Hong Kong Stock Exchange; (b) section 352 of Part XV of the SFO, to be entered in the register referred to therein; or (c) the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the “Model Code”) to be notified to the Guarantor and the Hong Kong Stock Exchange, were as follows:

### Directors' and Chief Executives' Interests in shares of the Company

| Name of director       | Capacity         | Interest in shares |                 | Interest in underlying shares pursuant to share options | Approximately percentage of shareholder as at 31 December 2021 |
|------------------------|------------------|--------------------|-----------------|---------------------------------------------------------|----------------------------------------------------------------|
|                        |                  | Personal interest  | Family interest |                                                         |                                                                |
| YE Fan . . . . .       | Settlor of trust | —                  | 702,712,000     | —                                                       | 56.31%                                                         |
| YE Tao . . . . .       | Beneficial owner | —                  | —               | 4,000,000                                               | 0.32%                                                          |
| LUO Liuyu . . . . .    | Beneficial owner | 48,000             | —               | 1,430,000                                               | 0.12%                                                          |
| CHEN Guiyi . . . . .   | Beneficial owner | 500,000            | —               | 500,000                                                 | 0.08%                                                          |
| JIP Ki Chi . . . . .   | Beneficial owner | —                  | —               | 500,000                                                 | 0.04%                                                          |
| WANG, Michael Chou . . | Beneficial owner | 238,000            | —               | 500,000                                                 | 0.06%                                                          |

*Note:*

- (1) YE Fan is the settlor of the Ye Family Trust, a revocable discretionary family trust. The entire capital of Apex Holdings Enterprises Limited (“**Apex Holdings**”) is an asset of such family trust, and Apex Holdings in turn holds the entire issued share capital of Apex Sail Limited (“**Apex Sail**”). Apex Sail directly holds 702,712,000 Shares and by virtue of the SFO, YE Fan is deemed to be interested in the Shares of Apex Sail.

Save as disclosed above, as of 31 December 2021, the Directors are not aware of any other directors, supervisors and chief executives of the Guarantor or their associates who have interests or short positions in the shares, underlying shares or debentures of the Guarantor or any of its associated corporations (as defined in Part XV of SFO) as recorded in the register to be kept under section 352 of the SFO or as otherwise notified to the Guarantor and the Stock Exchange pursuant to the Model Code.

## Substantial Shareholders' and Other Persons' Interests in Shares

As at 31 December 2021, to the best knowledge of the Directors, the register of substantial Shareholders maintained by the Guarantor pursuant to Section 336 of the SFO shows that the following Shareholders had notified the Guarantor of relevant interests and short positions in the issued share capital of the Guarantor:

| Name of Shareholder                  | Capacity                             | Number of Shares interested | Approximate percentage of shareholding as of 31 December 2021 |
|--------------------------------------|--------------------------------------|-----------------------------|---------------------------------------------------------------|
| Apex Sail . . . . .                  | Beneficial owner                     | 702,712,000                 | 56.31%                                                        |
| Apex Holdings . . . . .              | Interest in a controlled corporation | 702,712,000                 | 56.31%                                                        |
| Fiducia Suisse SA . . . . .          | Interest in a controlled corporation | 702,712,000                 | 56.31%                                                        |
| David Henry Christopher HILL . . . . | Interest in a controlled corporation | 702,712,000                 | 56.31%                                                        |
| HU Huanran . . . . .                 | Interest of spouse                   | 702,712,000                 | 56.31%                                                        |
| Cederberg Capital (Cayman) . . . . . | Interest in controlled corporation   | 67,320,000                  | 5.40%                                                         |
| Cederberg Capital (Cayman) GP . . .  | Interest in controlled corporation   | 67,320,000                  | 5.40%                                                         |
| KRIGE Dawid . . . . .                | Interest in controlled corporation   | 67,320,000                  | 5.40%                                                         |

### Notes:

- (1) Apex Sail is wholly owned by Apex Holdings. The entire issued share capital of Apex Holdings is wholly owned by Fiducia Suisse SA as the trustee of the Ye Family Trust. Fiducia Suisse SA is wholly owned by Mr. David Henry Christopher HILL. The Ye Family Trust is a revocable discretionary family trust founded by YE Fan as the settlor. YE Fan and YE Tao and certain of their family members are the discretionary objects of the Ye Family Trust.
- (2) YE Fan is the settlor of the Ye Family Trust. By virtue of the SFO, YE Fan is deemed to be interested in the Shares of Apex Sail. YE Fan's spouse, HU Huanran, is deemed to be interested in such Shares by virtue of the SFO.

Save as disclosed above, as of 31 December 2021, the Directors are not aware of any other persons (other than the Directors and chief executive of the Guarantor) who have interests or short positions in the shares, underlying shares or debentures of the Guarantor as recorded in the register required to be kept under section 336 of the SFO.

## TERMS AND CONDITIONS OF THE BONDS

*The following, subject to amendment and save for the paragraphs in italics, are the Terms and Conditions of the Bonds, substantially as they will appear on the reverse of each of the definitive certificates evidencing the Bonds:*

The issue of the HK\$2,750,000,000 in aggregate principal amount of zero coupon guaranteed convertible bonds due 2027 (the “**Bonds**”, which term shall include, unless the context requires otherwise, any further bonds issued in accordance with Condition 15 (*Further Issues*) of these terms and conditions of the Bonds (these “**Conditions**”) and consolidated and forming a single series therewith) of Sail Vantage Limited (the “**Issuer**”) was authorised by the board of directors of the Issuer held on 5 January 2022 and the guarantee of the Bonds and the right of conversion into Shares (as defined in Condition 6(a)(v) (*Meaning of “Shares”*)) was authorised by the board of directors of China MeiDong Auto Holdings Limited 中國美東汽車控股有限公司 (the “**Guarantor**”) on 5 January 2022. The Bonds are constituted by a trust deed (as amended and/or supplemented from time to time, the “**Trust Deed**”) dated 13 January 2022 (the “**Issue Date**”) made between the Issuer, the Guarantor and DB Trustees (Hong Kong) Limited (the “**Trustee**”, which expression shall include all persons for the time being acting as trustee or trustees under the Trust Deed) as trustee for the holders (as defined below) of the Bonds. These Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bonds. The Issuer and the Guarantor have entered into a paying, conversion and transfer agency agreement dated 13 January 2022 (as amended and/or supplemented from time to time, the “**Agency Agreement**”) relating to the Bonds with the Trustee, Deutsche Bank AG, Hong Kong Branch as principal paying agent and principal conversion agent (collectively in such capacities, the “**Principal Agent**”, which expression shall include any successor principal paying agent and principal conversion agent appointed from time to time in connection with the Bonds) and as transfer agent (the “**Transfer Agent**”, which expression shall include any additional or successor transfer agent appointed from time to time in connection with the Bonds), Deutsche Bank AG, Singapore Branch as registrar (the “**Registrar**”, which expression shall include any successor registrar appointed from time to time in connection with the Bonds), and the other paying agents and conversion agents appointed therein (each a “**Paying Agent**” or a “**Conversion Agent**”, as applicable, and together with the Registrar, the Transfer Agents and the Principal Agent, the “**Agents**”). References to the “**Paying Agents**” and the “**Conversion Agents**” each include the Principal Agent. References to the “**Principal Agent**”, the “**Registrar**”, the “**Transfer Agent**” and “**Agents**” below are references to the principal agent, the registrar, the transfer agent and the agents for the time being for the Bonds. The Issuer has also entered into a calculation agency agreement (as amended and/or supplemented from time to time, the “**Calculation Agency Agreement**”) dated on or about 13 January 2022 with Conv-Ex Advisors Limited (the “**Calculation Agent**”, which expression shall include any successor calculation agent appointed from time to time in connection with the Bonds) whereby the Calculation Agent has been appointed to make certain calculations in relation to the Bonds.

Copies of the Trust Deed and the Agency Agreement are available for inspection at all reasonable times during usual business hours (being between 9:00 a.m. and 3:00 p.m., Monday to Friday other than public holidays) at the principal office for the time being of the Trustee (being, at the Issue Date at Level 60, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong) and at the specified office of the Principal Agent, in each case following prior written request and proof of holding and identity to the satisfaction of the Trustee or, as the case may be, the Principal Agent. The Bondholders (as defined below) are entitled to the benefit of and are bound by all provisions of the Trust Deed and are deemed to have notice of all the provisions of the Trust Deed and those provisions of the Agency Agreement applicable to them.

A copy of the Calculation Agency Agreement is available for inspection at all reasonable times during usual business hours (being between 9:00 a.m. and 3:00 p.m., Monday to Friday other than public holidays) at the principal place of business of the Guarantor (being, at the Issue Date at Room 2404, 24th Floor, World-Wide House, 19 Des Voeux Road Central, Hong Kong). The Bondholders (as defined below) are deemed to have notice of all the provisions of the Calculation Agency Agreement applicable to them.

All capitalised terms that are not defined in these Conditions will have the meanings given to them in the Trust Deed.

## **1 Status and Guarantee**

- (a) *Status*: The Bonds constitute direct, unconditional, unsubordinated and (subject to Condition 4(a) (*Negative Pledge*)) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable law and subject to Condition 4(a) (*Negative Pledge*), at all times rank at least equally with all of its other present and future unsecured and unsubordinated obligations.
- (b) *Guarantee*: The Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Trust Deed and the Bonds. Its obligations in that respect (the “**Guarantee**”) are contained in the Trust Deed. The obligations of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by mandatory provisions of applicable law and subject to Condition 4(a) (*Negative Pledge*), at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

## **2 Form, Denomination and Title**

- (a) *Form and Denomination*: The Bonds are issued in registered form in the denomination of HK\$2,000,000 and integral multiples of HK\$1,000,000 in excess thereof (each, an “**Authorised Denomination**”) without coupons attached. A bond certificate (each a

“**Certificate**”) will be issued to each Bondholder in respect of its registered holding of Bonds. Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register of Bondholders (the “**Register**”) which the Issuer will procure to be kept by the Registrar.

*Upon issue, the Bonds will be represented by the Global Certificate which will be registered in the name of a nominee of, and deposited with, a common depositary for Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream**”). When the Bonds are represented by a Global Certificate, the Conditions are modified by certain provisions contained in the Global Certificate. See “The Global Certificate”.*

- (b) *Title:* Title to the Bonds passes only by transfer and registration in the Register as described in Condition 3 (*Transfers of Bonds; Issue of Certificates*). The holder of any Bond shall (except as otherwise required by law or ordered by a court of competent jurisdiction) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or any writing (other than an endorsed form of transfer) on, or the theft or loss of, the Certificate issued in respect of it) and the Trustee, the Agents and any other person shall not be liable for so treating the holder. In these Conditions, “**Bondholder**” and (in relation to a Bond) “**holder**” mean the person in whose name a Bond is for the time being registered in the Register (or in the case of a joint holding, the first named thereof).

### **3 Transfers of Bonds; Issue of Certificates**

- (a) *Register:* The Issuer will cause the Register to be kept at the specified office of the Registrar outside Hong Kong and the United Kingdom and in accordance with the terms of the Agency Agreement on which shall be entered the names and addresses of the holders of the Bonds and the particulars of the Bonds held by them and of all transfers, redemptions and conversions of the Bonds. Each Bondholder shall be entitled to receive only one Certificate in respect of its entire holding of Bonds.
- (b) *Transfer:* Subject to Conditions 3(e) (*Closed Periods*) and 3(f) (*Regulations*) and the terms of the Agency Agreement, a Bond may be transferred by delivery of the Certificate issued in respect of that Bond, with the form of transfer on the back duly completed and signed by the holder or his attorney duly authorised in writing, to the specified office of either the Registrar or any of the Transfer Agents together with such evidence as the Registrar or (as the case may be) the relevant Transfer Agent may require to prove the title of the transferor and the authority of the individual(s) who have executed the form of the transfer; provided, however, that a Bond may not be transferred unless the principal amount of the Bond transferred and (where not all of the Bonds held by the holder are being transferred) the principal amount of the balance of the Bonds not so transferred, is an Authorised Denomination. Where not all Bonds

represented by the surrendered Certificate are the subject of the transfer, a new Certificate in respect of the balance of the Bonds will be issued to the transferor. No transfer of a Bond will be valid or effective unless and until entered on the Register.

*Transfers of interests in the Bonds evidenced by the Global Certificate will be effected in accordance with the rules and procedures of the relevant clearing systems.*

- (c) *Registration and Delivery of New Certificates:* Each new Certificate to be issued upon a transfer or (if applicable) conversion of Bonds will, within seven business days of receipt by the Registrar, the Conversion Agent or the relevant Transfer Agent, as the case may be, of the original Certificate and the form of transfer duly completed and signed, be made available for collection at the specified office of the Registrar or such other relevant Transfer Agent or, if so requested in the form of transfer, be mailed by uninsured mail at the risk of the holder entitled to the Bonds (but free of charge to the holder and at the Issuer's or the Guarantor's expense) to the address specified in the form of transfer. The Registrar will, within seven business days of receipt by the Registrar or any Transfer Agent of the documents above, register the transfer in question.

*Except in the limited circumstances described in the Global Certificate, owners of interests in the Bonds will not be entitled to receive physical delivery of Certificates.*

Where only part of the principal amount of the Bonds (being that of one or more Bonds) in respect of which a Certificate is issued is to be transferred, converted, redeemed or repurchased, a new Certificate in respect of the Bonds not so transferred, converted, redeemed or repurchased will, within seven business days of delivery of the original Certificate to the Registrar, the Conversion Agent or the relevant Transfer Agent, as the case may be, be made available for collection at the specified office of the Registrar or such other relevant Transfer Agent or, if so requested in the form of transfer, be mailed by uninsured mail at the risk of the holder of the Bonds not so transferred, converted, redeemed or repurchased (but free of charge to the holder and at the Issuer's or the Guarantor's expense) to the address of such holder appearing on the Register.

For the purposes of this Condition 3 (*Transfers of Bonds; Issue of Certificates*) and Condition 6 (*Conversion*), "**business day**" shall mean a day other than a Saturday, Sunday or public holiday on which banks are open for business in Singapore and in the city in which the specified office of the Registrar, the Conversion Agent or the Transfer Agent, as the case may be, with whom a Certificate is deposited in connection with a transfer or a conversion, as the case may be, is located.

- (d) *Formalities Free of Charge:* Registration of a transfer of Bonds and issuance of new Certificates will be effected, without charge to the relevant holder of such Bonds, by or on behalf of the Issuer, the Registrar or any Transfer Agent, but (i) upon payment (or



the giving of such indemnity and/or security and/or pre-funding as the Issuer may reasonably require or the Registrar or the relevant Transfer Agent may require) in respect of any tax, duties or other governmental charges which may be levied or imposed in connection with such transfer or issuance, (ii) the Registrar or the relevant Transfer Agent (as the case may be) being satisfied in its absolute discretion with the documents of title or identity of the person making the application and (iii) the Registrar or the relevant Transfer Agent (as the case may be) being satisfied that the detailed regulations concerning transfer and registration of Bonds referred to in Condition 3(f) (*Regulations*) have been complied with.

- (e) *Closed Periods*: No Bondholder may require the transfer of a Bond to be registered (i) during the period of seven days ending on (and including) the dates for payment of any principal in respect of such Bond pursuant to these Conditions; (ii) after a Conversion Notice (as defined in Condition 6(b) (*Conversion Procedure*)) has been delivered with respect to such Bond; and (iii) after a Relevant Event Redemption Notice (as defined in Condition 8(e) (*Redemption for Delisting or Change of Control*)) has been deposited in respect of such Bond pursuant to Condition 8(e) (*Redemption for Delisting or Change of Control*) or after a Put Exercise Notice has been deposited in respect of such Bond pursuant to Condition 8(d) (*Redemption at the Option of the Bondholders*). Each such period is a “**Closed Period**” in respect of the relevant Bond to which (i), (ii) or (iii) above applies.
- (f) *Regulations*: All transfers of Bonds and entries on the Register will be made subject to the detailed regulations concerning transfer and registration of Bonds, the initial form of which is scheduled to the Agency Agreement. Such regulations may be changed by the Issuer (with the prior written approval of the Registrar and the Trustee) or by the Registrar (with the prior written approval of the Trustee). A copy of the current regulations will be mailed (free of charge and at the cost of the Issuer) by the Registrar to any Bondholder following written request and with proof of holding and identity to the satisfaction of the Registrar.

#### 4 Covenants

- (a) *Negative Pledge*: So long as any Bond remains outstanding (as defined in the Trust Deed), neither the Issuer nor the Guarantor will, and each of the Issuer and the Guarantor shall procure that none of their respective Subsidiaries will, create, permit to subsist or arise or have outstanding, any Encumbrance, upon the whole or any part of their respective present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness or to secure any guarantee of or indemnity in respect of any Relevant Indebtedness unless, at the same time or prior thereto the Bonds are secured equally and rateably (i) therewith or by the same Encumbrance or (ii) by such other security, guarantee, indemnity or other arrangement as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed).



- (b) *Notification to NDRC*: Each of the Issuer and the Guarantor undertakes that it will, within 10 Registration Business Days after the Issue Date, file or cause to be filed with the National Development and Reform Commission of the PRC or its local counterparts (the “**NDRC**”) the requisite information and documents in accordance with the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015]2044號)) (the “**NDRC Circular**”) issued by the NDRC and effective as of 14 September 2015 and any implementing rules and/or regulations as issued by the NDRC from time to time (the “**NDRC Post-Issuance Filing**”) and comply with any other applicable PRC laws and regulations.
- (c) *Notification of Submission of NDRC Post-Issuance Filing*: The Issuer shall, and the Guarantor shall procure the Issuer to, within 10 Registration Business Days after submission of the NDRC Post-Issuance Filing, provide the Trustee with (i) a certificate (substantially in the form scheduled to the Trust Deed) in English signed by an Authorised Signatory of the Issuer confirming (A) the submission of the NDRC Post-Issuance Filing and (B) that no Relevant Event, Event of Default or Potential Event of Default (as defined in the Trust Deed) has occurred; and (ii) copies of the relevant documents evidencing the NDRC Post-Issuance Filing (if any), each certified in English by an Authorised Signatory of the Issuer as a true and complete copy of the original (the items specified in (i) and (ii) of this Condition 4(c) (*Notification of Submission of NDRC Post-Issuance Filing*) together, the “**Registration Documents**”). In addition, the Issuer shall, and the Guarantor shall procure the Issuer to, within five Registration Business Days after the Registration Documents are delivered to the Trustee, give notice to the Bondholders (in accordance with Condition 16 (*Notices*)) and in writing to the Principal Agent and Calculation Agent, confirming the submission of the NDRC Post-Issuance Filing.

The Trustee may rely conclusively on the Registration Documents and shall have no obligation or duty to assist with the NDRC Post-Issuance Filing or to monitor or ensure that the NDRC Post-Issuance Filing is filed with the NDRC or completed within the prescribed timeframe in accordance with these Conditions, the NDRC Circular and/or any other applicable PRC laws and regulations specified hereon or to verify the accuracy, validity and/or genuineness of any Registration Document or any other documents in relation to or in connection with the NDRC Post-Issuance Filing or to translate or procure that any Registration Document is translated into English or to give notice to the Bondholders confirming the submission of the NDRC Post-Issuance Filing, and shall not be liable to the Issuer, the Guarantor, the Bondholders or any other person for not doing so.

(d) *Financial Statements*: So long as any Bond remains outstanding, the Guarantor shall furnish the Trustee with:

- (i) a copy of the Guarantor Audited Financial Reports within 120 days of the end of each Relevant Period prepared in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountings (“**HKFRS**”) (audited by a nationally or internationally recognised firm of independent accountants) and if such reports shall not be in the English language, together with an English translation of the same translated by (A) a nationally or internationally recognised firm of independent accountants or (B) a professional translation service provider and checked by a nationally or internationally recognised firm of independent accountants, and a certificate in English signed by an Authorised Signatory of the Guarantor certifying that such translation is complete and accurate (and the Trustee may rely conclusively and without liability to the Issuer, the Guarantor, any Bondholder or any other person on any such translation); and
- (ii) a copy of the Guarantor Unaudited Semi-Annual Financial Reports within 90 days of the end of each Relevant Period prepared on a basis consistent with the Guarantor Audited Financial Reports and if such reports shall not be in the English language, together with an English translation of the same and translated by (A) a nationally or internationally recognised firm of independent accountants or (B) a professional translation service provider and checked by a nationally or internationally recognised firm of independent accountants, and a certificate in English signed by an Authorised Signatory of the Guarantor certifying that such translation is complete and accurate (and the Trustee may rely conclusively and without liability to the Issuer, the Guarantor, any Bondholder or any other person on any such translation),

provided that, if at any time the capital stock of the Guarantor is listed for trading on a recognised stock exchange, the Guarantor may furnish to the Trustee, as soon as they are available but in any event not more than 10 days after any financial or other reports of the Guarantor are filed with the exchange on which the Guarantor’s capital stock is at such time listed for trading, copies of such financial or other report filed with such exchange (each certified in English by an Authorised Signatory of the Guarantor as a true and complete copy of such financial or other report as filed with such exchange) in lieu of the reports identified in Conditions 4(d)(i) and 4(d)(ii) above, and if such financial or other reports shall not be in the English language, together with an English translation of the same and translated by (I) a nationally or internationally recognised firm of independent accountants or (II) a professional translation service provider and checked by a nationally or internationally recognised firm of independent accountants, together with a certificate in English signed by an Authorised Signatory of the

Guarantor certifying that such translation is complete and accurate (and the Trustee may rely conclusively and without liability to the Issuer, the Guarantor, any Bondholder or any other person on any such translation).

So long as any Bond remains outstanding, the Issuer and the Guarantor shall each furnish the Trustee ((x) within 14 days of a written request by the Trustee therefor and (y) at the same time of provision of the Guarantor Audited Financial Reports or such financial or other report in lieu as contemplated by the proviso above to this Condition 4(d) (*Financial Statements*) to the Trustee) with a Compliance Certificate of the Issuer and the Guarantor respectively and, in each case, the Trustee shall be entitled to rely conclusively upon each Compliance Certificate without further inquiry and shall not be liable to the Issuer, the Guarantor, any Bondholder or any other person for such reliance.

(e) *Definitions*: In these *Conditions*:

- (i) “**Compliance Certificate**” means a certificate in English of the Issuer or the Guarantor, as the case may be, substantially in the form scheduled to the Trust Deed, signed by one of the Authorised Signatories of the Issuer or the Guarantor, as the case may be, confirming that, having made all reasonable enquiries, to the best of the knowledge, information and belief of the Issuer or the Guarantor, as the case may be, as at a date (the “**Certification Date**”) not more than five days before the date of the certificate: (A) no Event of Default, Potential Event of Default (as defined in the Trust Deed) or Relevant Event (as defined in Condition 8(e) (*Redemption for Delisting or Change of Control*)) had occurred since the Certification Date of the last such certificate or (if none) the date of the Trust Deed or, if such an event had occurred, giving details of it; and (B) each of the Issuer and the Guarantor has complied with all its obligations under the Trust Deed, the Agency Agreement and the Bonds or, if such a non-compliance had occurred, giving details of it;
- (ii) “**Encumbrance**” means any mortgage, charge, pledge, lien or other encumbrance or security interest securing any obligation of any person or any other arrangement with similar economic effect;
- (iii) “**Guarantor Audited Financial Reports**” means, for a Relevant Period the annual audited consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity and consolidated cash flow statements of the Guarantor and its consolidated Subsidiaries together with any statements, reports (including any directors’ and auditors’ reports) and notes attached to or intended to be read with any of them, prepared in accordance with HKFRS;

- (iv) **“Guarantor Unaudited Semi-Annual Financial Reports”** means, for a Relevant Period, the unaudited consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity and consolidated cash flow statements of the Guarantor and its consolidated Subsidiaries together with any statements, reports (including any directors’ and auditors’ reports) and notes attached to or intended to be read with any of them, prepared on a basis consistent with the Guarantor Audited Financial Reports;
- (v) **“PRC”** means the People’s Republic of China and, for the purposes of these Conditions, except where the context requires, does not include Hong Kong Special Administrative Region of the People’s Republic of China, Macau Special Administrative Region of the People’s Republic of China and Taiwan;
- (vi) **“Registration Business Day”** means a day, other than a Saturday, Sunday or a national public holiday in the PRC;
- (vii) **“Relevant Indebtedness”** means any future or present indebtedness in the form of or represented by debentures, loan stock, bonds, notes, bearer participation certificates, depositary receipts, certificates of deposit or other similar securities or instruments or by bills of exchange drawn or accepted for the purpose of raising money which are, or are capable of being, quoted, listed, ordinarily dealt in or traded on any stock exchange or over the counter or on any other securities market. For the avoidance of doubt, “Relevant Indebtedness” does not include indebtedness under any bilateral, syndicated or club loan or credit facility or any trade payables;
- (viii) **“Relevant Period”** means, in relation to the Guarantor Audited Financial Reports, each period of twelve months ending on the last day of the Guarantor’s financial year (being 31 December of that financial year) and, in relation to the Guarantor Unaudited Semi-Annual Financial Reports, each period of six months ending on the last day of the first half of the Guarantor’s financial year (being 30 June of that financial year); and
- (ix) any reference to a **“subsidiary”** or **“Subsidiary”** of any person is to (A) any company or other business entity of which that person owns or controls (either directly or through one or more other Subsidiaries) more than 50 per cent. of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees or equivalent body of such company or other business entity or (B) any company or other business entity which at any time has its accounts consolidated with those of that person or which, under the laws, regulations or generally accepted accounting principles from time to time of the jurisdiction of incorporation of such person, should have its accounts consolidated with those of that person.

## 5 Default Interest

The Bonds do not bear interest unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, such unpaid principal shall bear interest at the rate of 4.25 per cent. per annum (both before and after judgment) (“**Default Interest**”) until whichever is the earlier of (i) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant holder and (ii) the day falling seven days after the Trustee or the Principal Agent has notified Bondholders of receipt of all sums due in respect of all the Bonds up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

If Default Interest is required to be calculated in respect of any Bond, (a) the amount of Default Interest payable shall be calculated per HK\$1,000,000 in principal amount of the Bonds (the “**Calculation Amount**”), and (b) the amount of Default Interest payable per Calculation Amount for any period shall be equal to the product of (A) the rate of interest specified above, (B) the Calculation Amount, and (C) the day-count fraction being a 360-day year of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

## 6 Conversion

### (a) *Conversion Right*

- (i) *Conversion Period*: Subject as hereinafter provided, the Bondholders have the right to convert their Bonds into Shares (as defined in Condition 6(a)(v) (*Meaning of “Shares”*))) at any time during the Conversion Period referred to below.

The right of a Bondholder to convert any Bond into Shares is called the “**Conversion Right**”. Subject to and upon compliance with, the provisions of this Condition 6 (*Conversion*), the Conversion Right attaching to any Bond may be exercised in accordance with Condition 6(b) (*Conversion Procedure*), at the option of the holder thereof, at any time (subject to any applicable fiscal or other laws or regulations and as hereinafter provided), on or after 23 February 2022 up to (and including) the 10th day prior to the Maturity Date (as defined in Condition 8(a) (*Maturity*)) (but, except as provided in Condition 6(a)(iv) (*Revival and/or survival after Default*) and Condition 10 (*Events of Default*), in no event thereafter) or, if such Bond is to be redeemed by the Issuer before the Maturity Date pursuant to Condition 8(b) (*Redemption for Taxation Reasons*) or Condition 8(c) (*Redemption at the Option of the Issuer*), then up to (and including) the seventh day prior to the date fixed for redemption thereof or, if notice requiring redemption has been given by the holder of such Bond pursuant to Condition 8(d) (*Redemption at the Option*

of the Bondholders) or Condition 8(e) (*Redemption for Delisting or Change of Control*), then up to (and including) the day falling immediately prior to the giving of such notice (the “**Conversion Period**”).

Notwithstanding the foregoing, if the Conversion Date in respect of a Bond would otherwise fall during a period (commencing on or before the final day of the Conversion Period) in which the register of shareholders of the Guarantor is closed generally or for the purpose of establishing entitlement to any distribution or other rights attaching to the Shares (a “**Book Closure Period**”), such Conversion Date shall be postponed to the first Stock Exchange Business Day (as defined in Condition 6(b)(i) (*Conversion Notice*)) following the expiry of such Book Closure Period.

If the Conversion Date in respect of the exercise of any Conversion Right is postponed as a result of the foregoing provision to a date that falls after the expiry of the Conversion Period, such Conversion Date shall be deemed to be the final day of such Conversion Period.

The number of Shares to be issued on conversion of a Bond will be determined by the Calculation Agent by dividing the principal amount of the Bond to be converted by the Conversion Price (as defined in Condition 6(a)(iii) (*Conversion Price*) below) in effect on the relevant Conversion Date (as defined in Condition 6(b)(i) (*Conversion Notice*) below). A Conversion Right may only be exercised in respect of one or more Bonds.

- (ii) *Fractions of Shares:* Fractions of Shares will not be issued on conversion and no cash adjustments will be made in respect thereof. However, if the Conversion Right in respect of more than one Bond is exercised pursuant to any one Conversion Notice, the number of such Shares to be issued in respect thereof shall be calculated by the Calculation Agent on the basis of the aggregate principal amount of such Bonds being so converted and rounded down to the nearest whole number of Shares.

Notwithstanding the foregoing, in the event of a consolidation or re-classification of Shares by operation of law or otherwise occurring after 5 January 2022 which reduces the number of Shares outstanding, the Issuer (failing whom, the Guarantor) will upon conversion of Bonds pay in cash in Hong Kong dollars of a sum (but only if such sum exceeds HK\$100) in cash in Hong Kong dollars equal to the product (rounded to the nearest whole multiple of HK\$0.01 with HK\$0.005 being rounded upwards) of (A) any fraction of a Share not delivered pursuant to the above paragraph and (B) the Closing Price of a Share on the relevant Conversion Date, all as determined by the Calculation Agent. Any such sum shall be paid by the Issuer (failing whom, the Guarantor) not later than five Stock Exchange

Business Days after the relevant Conversion Date by transfer to a Hong Kong dollar account maintained by the payee, in accordance with instructions given by the relevant Bondholder in the Conversion Notice.

- (iii) *Conversion Price*: The price at which Shares will be issued upon conversion (the “**Conversion Price**”) will initially be HK\$46.75 per Share, but will be subject to adjustment in the manner provided in Condition 6(c) (*Adjustments to Conversion Price*) and/or Condition 6(d) (*Adjustment upon Change of Control*).
- (iv) *Revival and/or survival after Default*: Notwithstanding the provisions of Condition 6(a)(i) (*Conversion Period*), if (A) the Issuer or the Guarantor shall default in making payment in full in respect of any Bond which is to be redeemed in accordance with Condition 8(b) (*Redemption for Taxation Reasons*) or Condition 8(c) (*Redemption at the Option of the Issuer*) on the date fixed for redemption thereof, (B) any Bond has become due and payable prior to the Maturity Date by reason of the occurrence of any of the events under Condition 10 (*Events of Default*), or (C) any Bond is not redeemed on the Maturity Date in accordance with Condition 8(a) (*Maturity*) or the applicable date for redemption in accordance with Condition 8(d) (*Redemption at the Option of the Bondholders*) or Condition 8(e) (*Redemption for Delisting or Change of Control*), the Conversion Right attaching to such Bond will revive and/or will continue to be exercisable up to, and including, the date upon which the full amount of the moneys payable in respect of such Bond has been duly received by the Principal Agent or the Trustee and notice of such receipt has been duly given to the Bondholders and notwithstanding the provisions of Condition 6(a)(i) (*Conversion Period*), any Bond in respect of which the Certificate and Conversion Notice are deposited for conversion in accordance with Condition 6(b) (*Conversion Procedure*) prior to such date shall be converted on the relevant Conversion Date (as defined below) notwithstanding that the full amount of the moneys payable in respect of such Bond shall have been received by the Principal Agent or the Trustee before such Conversion Date or that the Conversion Period may have expired before such Conversion Date.
- (v) *Meaning of “Shares”*: As used in these Conditions, the expression “**Shares**” means ordinary shares with a nominal value of HK\$0.10 each of the Guarantor or shares of any class or classes resulting from any subdivision, consolidation, redesignation or reclassification of those shares, which as between themselves have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation or dissolution of the Guarantor.



(b) *Conversion Procedure*

- (i) *Conversion Notice:* To exercise the Conversion Right attaching to any Bond, the holder thereof must complete, execute and deliver to any Conversion Agent at his own expense between 9:00 a.m. and 3:00 p.m. (in the place of the specified office of such Conversion Agent) on any business day in the place of the specified office of such Conversion Agent a notice of conversion (a “**Conversion Notice**”) in the form (for the time being current) obtainable from the specified office of any Conversion Agent, together with the relevant Certificate (if required) and confirmation that any amounts required to be paid by the Bondholder under Condition 6(b)(ii) (*Stamp Duty etc.*) have been so paid. If such delivery is received by the Conversion Agent after 3:00 p.m. (in the place of the specified office of such Conversion Agent) on a business day in the place of the specified office of the relevant Conversion Agent, such delivery shall be deemed to have been made at 9:00 a.m. (in the place of the specified office of such Conversion Agent) on the next business day in the place as aforesaid.

A Conversion Notice deposited outside the hours specified above or on a day which is not a business day in the place of the specified office of the relevant Conversion Agent shall for all purposes be deemed to have been deposited with that Conversion Agent during the hours specified above on the next business day in the place of the specified office of the relevant Conversion Agent following such day.

Conversion Rights shall be exercised subject in each case to any applicable fiscal or other laws or regulations applicable in the jurisdiction in which the specified office of the Conversion Agent to whom the relevant Conversion Notice is delivered is located.

A Conversion Notice once delivered shall be irrevocable and may not be withdrawn unless the Issuer and the Guarantor consent in writing to such withdrawal.

The “**Conversion Date**” in respect of any exercise of Conversion Rights shall be (subject as provided in Condition 6(a)(i) (*Conversion Period*)) the Stock Exchange Business Day immediately following the date (determined as provided above) of the surrender of the Certificate in respect of such Bond and delivery of such Conversion Notice (and, if applicable, any payment to be made or indemnity given under these Conditions in connection with the exercise of such Conversion Right).



The Conversion Date in respect of any exercise of Conversion Rights must fall during the Conversion Period (subject to the provisions of Condition 6(a)(iv) (*Revival and/or survival after Default*) and Condition 10 (*Events of Default*)), failing which the relevant exercise of Conversion Rights shall be treated as null and void.

For the purpose of this Condition 6(b)(i), “**business day**” in any place means a day other than a Saturday, Sunday or public holiday on which commercial banks are generally open for business in Hong Kong and such place.

For the purpose of these Conditions, “**Stock Exchange Business Day**” means any day (other than a Saturday or Sunday) on which The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) or the Alternative Stock Exchange (as defined in Condition 6(c) (*Adjustments to Conversion Price*) below), as the case may be, is open for securities dealing.

- (ii) *Stamp Duty etc.*: A Bondholder delivering a Certificate in respect of a Bond for conversion must pay directly to the relevant tax or other authorities any taxes and capital, stamp, issue, documentary, registration and transfer taxes and duties arising on exercise of the Conversion Right or on conversion (other than any taxes or capital, stamp, issue, documentary, registration and transfer taxes and duties payable in the British Virgin Islands, the Cayman Islands and Hong Kong and, if relevant, in the place of the Alternative Stock Exchange by the Issuer and the Guarantor in respect of the allotment and issue of Shares and listing of the Shares on the Hong Kong Stock Exchange or the Alternative Stock Exchange on conversion) (such amounts payable by the Bondholder being “**Bondholder Duties**” and such amounts payable by the Issuer and the Guarantor being “**Issuer Duties**”) (the Bondholder Duties and the Issuer Duties being collectively “**Conversion Taxes**”) and such Bondholder must pay all, if any, taxes and duties arising by reference to any disposal or deemed disposal of a Bond in connection with such conversion. The Issuer (failing whom the Guarantor) will pay all other expenses arising on the issue of Shares on conversion of Bonds. The Bondholder must declare in the relevant Conversion Notice that any Bondholder Duties payable to the relevant tax or other authorities pursuant to this Condition 6(b)(ii) (*Stamp Duty etc.*) have been paid.

Neither the Trustee nor any Agent is under any obligation to pay any Conversion Tax or any other amount referred to in this Condition 6(b)(ii) (*Stamp Duty etc.*) or to determine whether a Bondholder is liable to pay or has paid any Bondholder Duties or any taxes, duties or expenses payable by such Bondholder arising by reference to any disposal or deemed disposal of a Bond in connection with such conversion, or whether the Issuer or the Guarantor is liable to pay or has paid any

Issuer Duties or any other taxes, duties or expenses arising on the issue of Shares on conversion of Bonds or, in any such case, the amounts payable (if any) in connection with or as contemplated by this Condition 6(b)(ii) (*Stamp Duty etc.*).

- (iii) *Registration*: As soon as practicable, and in any event not later than five Stock Exchange Business Days after the relevant Conversion Date in respect of any exercise of the Conversion Right, the Guarantor will, in respect of the Bonds the subject of such exercise and in respect of which a duly completed Conversion Notice and the relevant Certificate have been delivered (and amounts payable (if applicable) have been paid) by the relevant Bondholder as required by Conditions 6(b)(i) (*Conversion Notice*) and 6(b)(ii) (*Stamp Duty etc.*), register the person or persons designated for the purpose in the Conversion Notice as holder(s) of the relevant number of Shares in the register of shareholders of the Guarantor and will, (i) if the relevant Bondholder has also requested in the Conversion Notice and to the extent permitted under applicable law and the rules and procedures of the Central Clearing and Settlement System of Hong Kong (the “CCASS”) effective from time to time, take all necessary action to procure that Shares are delivered through the CCASS for so long as the Shares are listed on the Hong Kong Stock Exchange; or (ii) if (i) does not apply, will make such certificate or certificates available for collection at the office of the Guarantor’s share registrar in Hong Kong (being, at the time of issue of the Bonds, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong) and notified to Bondholders in accordance with Condition 16 (*Notices*) and in writing to the Trustee, the Principal Agent and the Calculation Agent or, if so requested in the relevant Conversion Notice, will cause its share registrar to mail (at the risk, and, if sent at the request of such person otherwise than by ordinary mail, at the expense, of the person to whom such certificate or certificates are sent) such certificate or certificates to the person and at the place specified in the Conversion Notice, together (in either case) with any other securities, property or cash required to be delivered upon conversion and such assignments and other documents (if any) as may be required by law to effect the transfer thereof, in which case a single share certificate will be issued in respect of all Shares issued on conversion of Bonds subject to the same Conversion Notice and which are to be registered in the same name.

The delivery of the Shares to the converting Bondholder (or such person or persons designated in the relevant Conversion Notice) in the manner contemplated above in this Condition 6(b)(iii) (*Registration*) will be deemed to satisfy the obligation of the Issuer or the Guarantor (as the case may be) to pay the principal and premium (if any) on such converted Bonds. For the avoidance of doubt, upon the exercise of a Conversion Right, the Issuer (failing whom, the Guarantor) shall pay to such converting Bondholder any Default Interest and Additional Tax Amounts that have accrued in respect of the Bonds being so converted but that remain unpaid up to

but excluding the Conversion Date. Such payment shall be made no later than five Stock Exchange Business Days after the relevant Conversion Date by transfer to a Hong Kong dollar account maintained by the payee, in accordance with instructions given by the relevant Bondholder in the Conversion Notice.

If, in respect of any exercise of Conversion Rights, (A) the relevant Registration Date shall be (i) after the date which is the record date (if any, failing which such other date as is determined to be appropriate by an Independent Financial Advisor) for any consolidation, subdivision, redesignation or reclassification, or issue, distribution, grant, offer or other event as is mentioned in Condition 6(c)(1), (2), (3) (but other than a Capital Distribution in respect of which an Equivalent Amount applies), (4), (5) or (9), or (ii) after the date which is the relevant date of first public announcement of the terms any issue, distribution, grant, offer or other event as is mentioned in Condition 6(c)(6), (7) or (8), in each case that gives rise to the adjustment of the Conversion Price pursuant to Condition 6(c) (*Adjustments to Conversion Price*) and (B) the relevant Conversion Date falls before the relevant adjustment becomes effective under the relevant Condition (a “**Retroactive Adjustment**”), upon the relevant adjustment becoming effective the Guarantor shall procure the issue to the converting Bondholder (or in accordance with the instructions contained in the Conversion Notice (subject to applicable exchange control or other laws or other regulations)), such additional number of Shares (“**Additional Shares**”) as is, together with Shares to be issued on conversion of the Bonds, equal to the number of Shares which would have been required to be issued on conversion of such Bond if the relevant adjustment to the Conversion Price had been made and become effective immediately prior to the relevant Conversion Date and in such event and in respect of such Additional Shares references in this Condition 6(b)(iii) (*Registration*) to the Conversion Date shall be deemed to refer to the date upon which the Retroactive Adjustment becomes effective (notwithstanding that the date upon which it becomes effective falls after the end of the Conversion Period).

The person or persons specified for that purpose in the Conversion Notice will become the holder of record of the number of Shares issuable upon conversion with effect from the date he is or they are registered as such in the register of shareholders of the Guarantor (the “**Registration Date**”). The Shares issued upon conversion of the Bonds will be fully-paid and in all respects rank *pari passu* with the Shares in issue on the relevant Registration Date. Save as set out in these Conditions, a holder of Shares issued on conversion of the Bonds shall not be entitled to any rights the record date for which precedes the relevant Registration Date.

If, in respect of any exercise of Conversion Rights, the record date for the payment of any Capital Distribution pursuant to limb (b) of the definition thereof in respect of the Shares is on or after the relevant Conversion Date in respect of any Bond, but before the relevant Registration Date, the Issuer (failing whom, the Guarantor) will pay to the converting Bondholder or his designee an amount in Hong Kong dollars (the “**Equivalent Amount**”) equal to the Fair Market Value (as defined below) (as at the date on which such Capital Distribution is made) of such Capital Distribution to which he would have been entitled had he on that record date been such a shareholder of record and will make the payment at the same time as it makes payment of the Capital Distribution, or as soon as practicable thereafter, but, in any event, not later than seven days thereafter. The Equivalent Amount shall be paid by the Issuer (failing whom, the Guarantor) by transfer to a Hong Kong dollar account maintained by the payee with a bank, in accordance with instructions given by the relevant Bondholder in the Conversion Notice.

(c) *Adjustments to Conversion Price:* Upon the occurrence of any of the following events described below, the Conversion Price will be adjusted as follows:

- (1) *Consolidation, Subdivision, Redesignation or Reclassification:* If and whenever there shall be an alteration to the nominal value of the Shares as a result of consolidation, subdivision, redesignation or reclassification, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the Effective Date 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 (for the purpose of this Condition 6(c)(1), the “**Effective Date**”) which is the date on which such consolidation, subdivision, redesignation or reclassification takes effect or if a record date is fixed therefor, the date falling immediately after such record date.

- (2) *Capitalisation of Profits or Reserves:*

- (i) If and whenever the Guarantor shall issue any Shares credited as fully paid to holders of Shares (each, a “**Shareholder**”) as a class by way of capitalisation of profits or reserves (including any share premium account) including Shares

paid up out of distributable profits or reserves and/or share premium account (other than an issue of Shares pursuant to any Scrip Dividend (as defined below in this Condition 6(c) (*Adjustments to Conversion Price*))), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the Effective Date 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 (for the purpose of this Condition 6(c)(2)(i), the “**Effective Date**”) which is the date of issue of such Shares or if a record date is fixed therefor, the date falling immediately after such record date.

- (ii) In the case of a Scrip Dividend where the aggregate value of the Shares to be issued or that may be issued by way of Scrip Dividend as determined by reference to the Current Market Price (as defined below in this Condition 6(c) (*Adjustments to Conversion Price*)) per Share on the date of announcement of the terms of such Scrip Dividend (for the purpose of this Condition 6(c)(2)(ii), the “**Determination Date**”) exceeds the Fair Market Value of the Relevant Cash Dividend (as defined below in this Condition 6(c) (*Adjustments to Conversion Price*)) as at the Determination Date, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the Effective Date by the following fraction:

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

where:

A is the aggregate nominal amount of the issued Shares immediately before the Determination Date;

B is the aggregate nominal amount of such number of Shares that the Fair Market Value would purchase at such Current Market Price; and

C is the aggregate nominal amount of the number of Shares comprising such Scrip Dividend determined in accordance with the definition thereof,

or (at the Issuer's sole discretion, following consultation with the Calculation Agent) by making such other adjustment to the Conversion Price to give effect to the foregoing as an Independent Financial Advisor shall certify to the Bondholders is fair and reasonable.

Such adjustment shall become effective on the date (for the purpose of this Condition 6(c)(2)(ii), the "**Effective Date**") which is the later of (i) the date on which the adjustment pursuant to Condition 6(c)(3) in respect of the Relevant Cash Dividend becomes effective and (ii) the first date on which the fraction above is capable of being determined in accordance with these Conditions.

- (3) *Capital Distributions:* If and whenever the Guarantor shall pay or make any Capital Distribution to Shareholders as a class, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the Effective Date by the following fraction:

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

where:

- A is the Current Market Price per Share on the date on which the terms of the Capital Distribution are first publicly announced; and
- B is the Fair Market Value (on such date of first public announcement as aforesaid) of the portion of the Capital Distribution attributable to one Share (with such portion being determined by dividing the Fair Market Value (on such date of first public announcement as aforesaid) of the aggregate Capital Distribution by the number of Shares entitled to receive the relevant Dividend (or, in the case of a purchase or redemption of Shares by or on behalf of the Guarantor or any Subsidiary of the Guarantor, by the number of Shares in issue immediately following such purchase or redemption, and treating as not being in issue any Shares so purchased or redeemed).

Such adjustment shall become effective on the date (for the purpose of this Condition 6(c)(3), the "**Effective Date**") which is the later of (i) the date on which such Capital Distribution is actually made or paid or if a record date is fixed

therefor, the date falling immediately after such record date and (ii) the first date on which the fraction above is capable of being determined in accordance with these Conditions.

In making any calculation pursuant to this Condition 6(c)(3) (*Capital Distributions*), such adjustments (if any) shall be made as an Independent Financial Advisor may consider appropriate to reflect (a) any consolidation or subdivision of the Shares, (b) issues of Shares by way of capitalisation of profits or reserves, or any like or similar event or (c) the modification of any rights to dividends of Shares.

- (4) *Rights Issues of Shares or Options over Shares*: If and whenever the Guarantor shall issue Shares to Shareholders as a class by way of rights, or issue or grant to Shareholders as a class by way of rights, options, warrants or other rights to subscribe, purchase or otherwise acquire any Shares or any securities which by their terms of issue carry (directly or indirectly) rights of conversion into, or exchange or subscription for, any Shares (or shall grant any such rights in respect of existing securities so issued), in each case at a consideration receivable per Share (based, where appropriate, on such number of Shares as is determined pursuant to the definition of “C” below) which is less than 95 per cent. of the Current Market Price per Share on the date of the first public announcement of the terms of the issue or grant (and notwithstanding that the relevant issue may be or be expressed to be subject to shareholder or other approvals or consents or other contingency or event occurring or not occurring) (for the purpose of this Condition 6(c)(4), the “**Determination Date**”), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the Effective Date by the following fraction:

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

where:

- A is the aggregate number of Shares in issue immediately before such Determination Date;
- B is the number of Shares which the aggregate consideration (if any) receivable for the Shares issued by way of rights or for the options or warrants or other rights issued or granted by way of rights, or for the securities issued by way of rights and upon exercise of rights of conversion into, or exchange or subscription for, or the right to otherwise acquire, Shares, and for the total number of Shares deliverable would subscribe for, purchase or otherwise acquire 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 or, as the case may be, the maximum number of Shares which may be issued upon exercise of such options, warrants or rights calculated as at the date of issue of such options, warrants or rights or upon conversion or exchange or exercise of rights of subscription or purchase in respect thereof at the initial conversion, exchange, subscription or purchase price or rate, provided that if on such Determination Date such number of Shares is to be determined by reference to the application of a formula or other variable feature or the occurrence of any event at some subsequent time, then for the purposes of this Condition 6(c)(4), “C” shall be determined by the application of such formula or variable feature or as if the relevant event occurs or had occurred as at such Determination Date and as if such conversion, exchange, subscription, purchase or acquisition had taken place on such Determination Date.

Such adjustment shall become effective on the date (for the purpose of this Condition 6(c)(4), the “**Effective Date**”) which is the later of (i) the date of issue of such Shares or issue or grant of such options, warrants or other rights (as the case may be) or where a record date is set, the first date on which the Shares are traded ex-rights, ex-options or ex-warrants as the case may be and (ii) the first date on which the fraction above is capable of being determined in accordance with these Conditions.

- (5) *Rights Issues of Other Securities:* If and whenever the Guarantor shall issue any securities (other than in the circumstances the subject of Condition 6(c)(4)) to Shareholders as a class by way of rights or grant to Shareholders as a class by way of rights, options, warrants or other rights to subscribe for, purchase or otherwise acquire any securities, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the Effective Date by the following fraction:

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

where:

- A is the Current Market Price per Share on the date on which the terms of such issue or grant are publicly announced; and
- B is the Fair Market Value per Share (on such date of first public announcement as aforesaid) of the portion of the rights attributable to one Share.



Such adjustment shall become effective on the date (for the purpose of this Condition 6(c)(5), the “**Effective Date**”) which is the later of (i) the date of issue of the securities or grant of such rights, options or warrants (as the case may be) or where a record date is set, the first date on which the Shares are traded ex-rights, ex-options or ex-warrants as the case may be and (ii) the first date on which the fraction above is capable of being determined in accordance with these Conditions.

- (6) *Issues at less than Current Market Price:* If and whenever the Guarantor shall issue (otherwise than as mentioned in Condition 6(c)(4) (*Rights Issues of Shares or Options over Shares*) above) wholly for cash or for no consideration any Shares (other than Shares issued on the exercise of Conversion Rights or on the exercise of any other rights of conversion into, or exchange or subscription for, Shares) or shall issue or grant (otherwise than as mentioned in Condition 6(c)(4) (*Rights Issues of Shares or Options over Shares*) above) wholly for cash or for no consideration any options, warrants or other rights to subscribe for, purchase or otherwise acquire Shares, in each case at a consideration receivable per Share (based, where appropriate, on such number of Shares as is determined pursuant to the definition of “C” below) which is less than 95 per cent. of the Current Market Price per Share on the date of the first public announcement of the terms of such issue or grant (for the purpose of this Condition 6(c)(6), the “**Determination Date**”), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the Effective Date by the following fraction:

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

where:

- A is the aggregate number of Shares in issue immediately before the Determination Date;
- B is the number of Shares which the aggregate consideration (if any) receivable for the issue of such Shares, or, as the case may be, for the maximum number of Shares to be issued or the exercise of such options, warrants or other rights would purchase at such Current Market Price per Share; and
- C is the number of Shares to be issued pursuant to such issue of such Shares or, as the case may be, the maximum number of Shares which may be issued upon exercise of such options, warrants or rights calculated as at the date of issue of such options, warrants or rights, provided that if on the Determination Date such number of Shares is to be determined by reference to the application of a formula or other variable feature or the occurrence of any event at some subsequent time, then for the purposes of this Condition

6(c)(6), “C” shall be determined by the application of such formula or variable feature or as if the relevant event occurs or had occurred as at the Determination Date and as if such subscription, purchase, acquisition had taken place on the Determination Date.

Such adjustment shall become effective on the date (for the purpose of this Condition 6(c)(6), the “**Effective Date**”) which is the later of (i) the date of issue of such additional Shares or, as the case may be, the issue of such options, warrants or other rights and (ii) the first date on which the fraction above is capable of being determined in accordance with these Conditions.

- (7) *Other Issues at less than Current Market Price*: Save in the case of an issue of securities arising from a conversion or exchange of other securities in accordance with the terms applicable to such securities themselves falling within this Condition 6(c)(7) (*Other Issues at less than Current Market Price*), if and whenever the Guarantor or any of its Subsidiaries (otherwise than as mentioned in Conditions 6(c)(4) (*Rights Issues of Shares or Options over Shares*), 6(c)(5) (*Rights Issues of Other Securities*) or 6(c)(6) (*Issues at less than Current Market Price*)) or (at the direction or request of or pursuant to any arrangements with the Guarantor or any of its Subsidiaries) any other company, person or entity shall issue wholly for cash or for no consideration any securities (other than the Bonds which term shall for this purpose exclude any further bonds issued in accordance with Condition 15 (*Further Issues*)) which by their terms of issue carry rights of conversion into, or exchange or subscription for, Shares to be issued by the Guarantor upon conversion, exchange or subscription at a consideration receivable per Share (based, where appropriate, on such number of Shares as is determined pursuant to the definition of “C” below) which is less than 95 per cent. of the Current Market Price per Share on the date of the first public announcement of the terms of issue of such securities (for the purpose of this Condition 6(c)(7), the “**Determination Date**”), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the Effective Date by the following fraction:

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

where:

A is the aggregate number of Shares in issue immediately before the Determination Date;

- B is the number of Shares which the aggregate consideration receivable by the Guarantor for the Shares to be issued on conversion or exchange or on exercise of the right of subscription attached to such securities would purchase at such Current Market Price per Share; and
- C is the maximum number of Shares to be issued on conversion or exchange of such securities or on the exercise of such rights of subscription attached thereto at the initial conversion, exchange or subscription price or rate on the issue date of such securities, provided that if on the Determination Date such number of Shares is to be determined by reference to the application of a formula or other variable feature or the occurrence of any event at some subsequent time (which may be when such Securities are converted or exchanged or rights of subscription, purchase or acquisition are exercised or, as the case may be, such Securities are reclassified or redesignated or at such other time as may be provided), then for the purposes of this Condition 6(c)(7), “C” shall be determined by the application of such formula or variable feature or as if the relevant event occurs or had occurred as at the Determination Date and as if such conversion, exchange, subscription, purchase or acquisition, reclassification or, as the case may be, redesignation had taken place on the Determination Date.

Such adjustment shall become effective on the date (for the purpose of this Condition 6(c)(7), the “**Effective Date**”) which is the later of (i) the date of issue of such securities and (ii) the first date on which the fraction above is capable of being determined in accordance with these Conditions.

- (8) *Modification of Rights of Conversion etc.:* If and whenever there shall be any modification of the rights of conversion, exchange, subscription, purchase or acquisition attaching to any such securities (other than the Bonds, which term shall for this purpose include any further bonds issued in accordance with Condition 15 (*Further Issues*)) which by their terms of issue carry (directly or indirectly) rights of conversion into, or exchange or subscription for, or the right to otherwise acquire, any Shares (other than in accordance with the terms (including terms as to adjustment) applicable to such Securities upon issue) so that following such modification the consideration per Share (for the number of Shares available on conversion, exchange or subscription following the modification, based, where appropriate, on such number of Shares as is determined pursuant to the definition of “C” below) is reduced and is less than 95 per cent. of the Current Market Price per Share on the date of announcement of the proposals for such modification (for the purpose of this Condition 6(c)(8), the “**Determination Date**”), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such modification by the following fraction.

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

where:

- A is the aggregate number of Shares in issue immediately before the Determination Date;
- B is the maximum number of Shares which the aggregate consideration (if any) receivable by the Guarantor for the Shares to be issued 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 or subscription price of such securities; and
- C is the maximum number of Shares to be issued 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 or subscription, purchase or acquisition price or rate but giving credit in such manner as an Independent Financial Advisor considers appropriate (if at all) for any previous adjustment under this Condition 6(c)(8) (*Modification of Rights of Conversion etc.*) or Condition 6(c)(7) (*Other Issues at less than Current Market Price*),

provided that if on the Determination Date such number of Shares is to be determined by reference to the application of a formula or other variable feature or the occurrence of any event at some subsequent time (which may be when such securities are converted or exchanged or rights of subscription, purchase or acquisition are exercised or at such other time as may be provided), then for the purposes of this Condition 6(c)(8), “C” shall be determined by the application of such formula or variable feature or as if the relevant event occurs or had occurred as at the Determination Date and as if such conversion, exchange, subscription, purchase or acquisition had taken place on the Determination Date.

Such adjustment shall become effective on the date (for the purpose of this Condition 6(c)(8), the “**Effective Date**”) which is the later of (i) the date of modification of the rights of conversion, exchange or subscription attaching to such securities.

- (9) *Other Offers to Shareholders:* If and whenever the Guarantor or any of its Subsidiaries or (at the direction or request of or pursuant to any arrangements with the Guarantor or any of its Subsidiaries) any other company, person or entity issues, sells or distributes any securities in connection with an offer pursuant to

which the Shareholders generally are entitled to participate in arrangements whereby such securities may be acquired by them (except where the Conversion Price falls to be adjusted under Conditions 6(c)(4) (*Rights Issues of Shares or Options over Shares*), 6(c)(5) (*Rights Issues of Other Securities*), 6(c)(6) (*Issues at less than Current Market Price*) or 6(c)(7) (*Other Issues at less than Current Market Price*) (or, where applicable, would fall to be so adjusted if the relevant issue or grant was at less than 95 per cent. of the Current Market Price per Share on the relevant day)), the Conversion Price shall be adjusted by multiplying the 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 per Share on the date on which such issue, sale or distribution is publicly announced; and

B is the Fair Market Value (on such date of first public announcement as aforesaid) of the portion of the rights attributable to one Share.

Such adjustment shall become effective on the date (for the purpose of this Condition 6(c)(9), the “**Effective Date**”) which is the later of (i) the date of issue, sale or distribution of the securities and (ii) the first date on which the fraction above is capable of being determined in accordance with these Conditions.

- (10) *Other events:* If the Guarantor (following consultation with the Calculation Agent) determines that an adjustment should be made to the Conversion Price as a result of one or more events or circumstances not referred to in this Condition 6(c) (*Adjustments to Conversion Price*), the Issuer or the Guarantor shall at its own expense consult an Independent Financial Advisor to determine as soon as practicable what adjustment (if any) to the Conversion Price is fair and reasonable to take account thereof, if the adjustment would result in a reduction in the Conversion Price, and the date on which such adjustment should take effect and upon such determination by the Independent Financial Advisor such adjustment (if any) shall be made and shall take effect in accordance with such determination. Notwithstanding the foregoing, the per Share value of any such modification shall not exceed the per Share value of the dilution in the Shareholders’ interest in the Guarantor’s equity caused by such events or circumstances.

In this Condition 6(c) (*Adjustments to Conversion Price*), where the events or circumstances giving rise to any adjustment pursuant to any of the above adjustments under this Condition 6(c) (*Adjustments to Conversion Price*) have already resulted or will result in an adjustment to the Conversion Price or where the events or circumstances giving rise to any adjustment arise by virtue of events or circumstances which have already given rise or will give rise to an adjustment to the Conversion Price, such modification (if any) shall be made to the operation of the provisions of this Condition 6 (*Conversion*) as may be advised by the Independent Financial Advisor to be in its opinion appropriate to give the intended result.

For the purposes of these Conditions:

“**Alternative Stock Exchange**” means at any time, in the case of the Shares, if they are not at that time listed and traded on the Hong Kong Stock Exchange, such other internationally recognised stock exchange which is the principal stock exchange or securities market on which the Shares are then listed or quoted or dealt in;

“**Capital Distribution**” means:

- (a) the aggregate distribution of assets in specie by the Guarantor for any financial period whenever paid or made and however described (and for these purposes a distribution of assets in specie includes, without limitation, an issue of Shares or other securities credited as fully or partly paid by way of capitalisation of reserves, but excludes any Shares credited as fully paid to the extent an adjustment to the Conversion Price is made in respect thereof under Condition 6(c)(2)(i) (*Capitalisation of Profits or Reserves*) and any Shares comprising a Scrip Dividend); and
- (b) the aggregate cash dividend or distribution on a gross basis (including for this purpose any Relevant Cash Dividend) of any kind by the Guarantor for any financial period (whenever paid and however described),

*provided that* a purchase or redemption of Shares by or on behalf of the Guarantor (or a purchase of Shares by or on behalf of a Subsidiary of the Guarantor) shall not constitute a Capital Distribution unless the weighted average price or consideration per Share (before expenses) on any one day (a “**Specified Share Day**”) in respect of such purchases or redemptions (translated, if not in the Relevant Currency, into the Relevant Currency at the Prevailing Rate on such day) exceeds the Current Market Price of the Shares on the date (the “**Reference Date**”) which is either (A) the Specified Share Day or (B) where an announcement (excluding, for the avoidance of doubt for these purposes, any general authority for such purchases or redemptions approved by a general meeting of Shareholders or any notice convening such a meeting of Shareholders) has been made of the intention to purchase Shares at some future date at a

specified price or where a tender offer is made, the date of such announcement or, as the case may be, the date of first public announcement of such tender offer (and regardless of whether or not a price per Share, a minimum price per Share or a price range or a formula for the determination thereof is or is not announced at such time), in which case such purchase or redemption shall be deemed to constitute a Capital Distribution in the Relevant Currency to Shareholders as a class pursuant to limb (a) of this definition of “Capital Distribution” (and the Reference Date in respect thereof shall be deemed to be the date of first public announcement of the terms of such Capital Distribution) in an amount equal to the amount by which the aggregate consideration paid (before expenses) (translated where appropriate into the Relevant Currency as provided above) in respect of such Shares purchased or redeemed exceeds the product of (i) such Current Market Price and (ii) the number of Shares so purchased or redeemed;

“**Closing Price**” means, in respect of a Share or any other security, option, warrant or other right or asset, on any Trading Day in respect thereof, the closing price on the Relevant Exchange on such Trading Day of a Share or, as the case may be, such other security, option, warrant or other right or asset published by or derived from Bloomberg page HP (or any successor ticker page) (setting Last Price, or any other successor setting and using values not adjusted for any event occurring after such Trading Day; and for the avoidance of doubt, all values will be determined with all adjustment settings on the DPDF Page, or any successor or similar setting, switched off) in respect of such Share or such other security, option, warrant or other right or asset (all as determined by the Calculation Agent) (and for the avoidance of doubt such Bloomberg page for the Shares as at the Issue Date is 1268 HK Equity HP), if available or, in any other case, such other source (if any) as shall be determined in good faith to be appropriate by an Independent Financial Advisor on such Trading Day, provided that:

- (a) if on any such Trading Day (for the purpose of this definition, the “**Original Date**”) such price is not available or cannot otherwise be determined as provided above, the Closing Price of a Share, such other security, option, warrant or other right or asset, as the case may be, in respect of such Trading Day shall be the Closing Price, determined by the Calculation Agent as provided above, on the immediately preceding Trading Day in respect thereof on which the same can be so determined, provided however that if such immediately preceding Trading Day falls prior to the fifth day before the Original Date, the Closing Price in respect of such Trading Day shall be considered to be not capable of being determined pursuant to this proviso (a); and
- (b) if the Closing Price cannot be determined as aforesaid, the Closing Price of a Share, such other security, option, warrant or other right or asset, as the case may be, shall be determined as at the Original Date by an Independent Financial Advisor in such manner as it shall determine in good faith to be appropriate,



and the Closing Price determined as aforesaid on or as at any Trading Day shall, if not in the Relevant Currency, be translated into the Relevant Currency at the Prevailing Rate on such Trading Day.

**“Current Market Price”** means, in respect of a Share on a particular date, the arithmetic average of the Closing Prices for one Share for the 20 consecutive Trading Days ending on the Trading Day immediately preceding such date; provided that:

- (a) for the purposes of determining the Current Market Price pursuant to Conditions 6(c)(4) or 6(c)(6) in circumstances where the relevant event relates to an issue of Shares, if at any time during the said 20 Trading Day-period (which may be on each of such 20 Trading Days) the Shares shall have been quoted ex-dividend (or ex- any other entitlement) and/or during some other part of that period (which may be on each of such 20 Trading Days) the Shares shall have been quoted cum-dividend (or cum- any other entitlement) then:
  - (I) if the Shares to be issued in such circumstances do not rank for the dividend (or entitlement) in question, the Closing Price on the dates on which the Shares shall have been quoted cum-dividend shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of that dividend (or other entitlement) per Share as at the relevant Determination Date; or
  - (II) if the Shares to be issued in such circumstances rank for the dividend (or other entitlement) in question, the Closing Price on the dates on which the Shares shall have been quoted ex-dividend (or other entitlement) shall for the purpose of this definition be deemed to be the amount thereof increased by the Fair Market Value of that dividend (or other entitlement) per Share as at the relevant Determination Date;
- (b) for the purpose of determining the Current Market Price of any Shares which are to be issued or may be issued pursuant to a Scrip Dividend pursuant to Condition 6(c)(2)(ii), if on any day during the said 20 Trading Day-period the Volume Weighted Average Price of the Shares shall have been based (A) on a price cum the Relevant Cash Dividend (and/or any other dividend or other entitlement which the Shares that may be issued pursuant to terms of such Scrip Dividend do not rank for), the Volume Weighted Average Price of a Share on any such day shall for the purposes of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of the Relevant Cash Dividend (and/or such other dividend or other entitlement) (as at the date of first public announcement of the terms of such Relevant Cash Dividend) per Share entitled to the Relevant Cash Dividend (and/or such other dividend or other entitlement) or (B) on a price ex- the Relevant Cash Dividend, the Volume Weighted Average Price of a Share on any



such day shall for the purposes of this definition be deemed to be the amount thereof (x) multiplied by the sum of one and the number of Shares which are to be issued or may be issued pursuant to such Scrip Dividend per Share entitled to the Relevant Cash Dividend and (y) reduced by the Fair Market Value of the Relevant Cash Dividend (as at the date of first public announcement of the terms of such Relevant Cash Dividend) per Share entitled to the Relevant Cash Dividend; and

- (c) for any other purpose, if any day during the said 20 Trading Day-period was the ex-date in relation to any dividend (or any other entitlement) the Volume Weighted Average Prices that shall have been based on a price cum- such dividend (or cum-such entitlement) shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of any such dividend (or other entitlement) per Share as at the date of first public announcement of the terms of such dividend (or other entitlement),

all as determined by the Calculation Agent, provided that in making any calculation or determination of Current Market Price, such adjustments (if any) shall be made as the Calculation Agent or an Independent Financial Advisor considers appropriate to reflect any consolidation or sub-division of the Shares or any issue of Shares by way of capitalisation of profits or reserves, or any like or similar event;

**“Fair Market Value”** means, with respect to any property as at or on any date (the **“FMV Date”**):

- (a) in the case of a Capital Distribution pursuant to limb (b) of the definition thereof (including without limitation any Relevant Cash Dividend), the cash amount of such Distribution, as determined by the Calculation Agent;
- (b) in the case of any other cash amount, the amount of such cash, as determined by the Calculation Agent;
- (c) in the case of securities (including the Shares), options, warrants or other rights or assets that are or will be publicly traded on a Relevant Exchange of adequate liquidity (as determined by the Calculation Agent or an Independent Financial Advisor), the arithmetic mean of the Closing Prices of such Shares, securities, options, warrants or other rights or assets on each Trading Day comprised in the period of five Trading Days in respect thereof commencing on (and including) such FMV Date (or, if later, the date (the **“Adjusted FMV Date”**) which falls on the first such Trading Day on which such securities, options, warrants or other rights or assets are publicly traded, provided that where such Adjusted FMV Date falls after the fifth day following the FMV Date, the Fair Market Value of such securities, options, warrants or other rights or assets shall instead be determined pursuant to paragraph (d) below, and no such Adjusted FMV Date shall be deemed

to apply) or such shorter period as such securities, options, warrants or other rights or assets are publicly traded, all as determined (unless otherwise specified) by the Calculation Agent; and

- (d) in the case of securities, options, warrants or other rights or assets that are not publicly traded on a Relevant Exchange of adequate liquidity (as aforesaid) or where otherwise provided in paragraph (c) above to be determined pursuant to this paragraph (d), an amount equal to the fair market value of such securities, options, warrants or other rights or assets as determined by an Independent Financial Advisor, on the basis of a commonly accepted market valuation method and taking account of such factors as it considers appropriate, including the market price per Share, the dividend yield of a Share, the volatility of such market price, prevailing interest rates and the terms of such securities, options, warrants or other rights or assets, including as to the expiry date and exercise price (if any) thereof.

Such amounts shall, in the case of (a) above (if declared or paid or payable in a currency other than the Relevant Currency, and if the relevant dividend is payable at the option of the Guarantor or a Shareholder in any currency additional to the Relevant Currency, the relevant dividend shall be treated as payable in the Relevant Currency) be translated into the Relevant Currency at the rate of exchange used to determine the amount payable to Shareholders who were paid or are to be paid or are entitled to be paid the Capital Distribution in the Relevant Currency); and in any other case (if not expressed in the Relevant Currency on the FMV Date (or, as the case may be, the Adjusted FMV Date)) be translated into the Relevant Currency at the Prevailing Rate on the FMV Date (or, as the case may be, the Adjusted FMV Date), all as determined in good faith by the Calculation Agent.

In addition, in the case of (a) and (b) above, the Fair Market Value shall be determined on a gross basis and disregarding any withholding or deduction required to be made for or on account of tax, and disregarding any associated tax credit;

**“Independent Financial Advisor”** means a reputable independent financial advisor or financial institution with appropriate expertise (which may (without limitation) be the Calculation Agent) selected and appointed by the Issuer or the Guarantor and notified in writing to the Trustee and the Principal Agent. The Trustee and the Agents shall not be responsible for or under any obligation to select or appoint an Independent Financial Advisor and, in any event, the Trustee and the Agents shall have no responsibility or liability for verifying any calculation, determination, certification, advice or opinion made, given or reached by any Independent Financial Advisor;

**“Prevailing Rate”** means, in respect of any pair of currencies on any day, the spot mid-rate of exchange between the relevant currencies prevailing as at 12:00 noon (Hong Kong time) on that date (for the purpose of this definition, the **“Original Date”**) as

appearing on or derived from Bloomberg page BFIX (or any successor page) in respect of such pair of currencies or, if such rate cannot be so determined, such rate prevailing as at 12:00 noon (Hong Kong time) on the immediately preceding day on which such rate can be so determined (all as determined by the Calculation Agent), provided that if such immediately preceding day falls earlier than the fifth day prior to the Original Date or if such rate cannot be so determined by the Calculation Agent, the Prevailing Rate in respect of the Original Date shall be the rate determined in such other manner as an Independent Financial Advisor shall in good faith consider appropriate;

**“Relevant Currency”** means, at any time, the currency in which the Shares are quoted or dealt in at such time on the Relevant Exchange.

**“Relevant Exchange”** means (i) in respect of the Shares, the HKSE or, if the Shares are no longer listed and traded on the HKSE, the Alternative Stock Exchange, or (ii) in respect of any other security, option, warrant or other right or asset, the principal stock exchange or securities market on which the security, option, warrant or other right or asset is then listed, admitted to trading or quoted or dealt in.

**“Relevant Cash Dividend”** means any cash dividend or distribution (or portion thereof) specifically declared by the Guarantor to Shareholders as a class which would or could otherwise have been received by such Shareholders pursuant to the terms of a Scrip Dividend (whether or not, for the avoidance of doubt, such Shareholders have elected to receive Shares pursuant to the terms of a Scrip Dividend in respect of any portion (which may be none, part or the whole) of such Relevant Cash Dividend);

**“Scrip Dividend”** means any plan or scheme of the Guarantor to Shareholders as a class pursuant to which Shares are to be issued or may be issued in lieu of a Relevant Cash Dividend (and in any such case the number of Shares comprising such Scrip Dividend shall be the maximum number of Shares to be issued or that may be issued in lieu of such Relevant Cash Dividend); and

**“Trading Day”** means (i) in respect of the Shares, a day when the Hong Kong Stock Exchange or, as the case may be an Alternative Stock Exchange is open for the business of dealing in securities, *provided that* if no Closing Price for the Share is available in respect of such day, such day shall not constitute a Trading Day in respect thereof, or (ii) in respect of any other security, option, warrant or other right or asset, a day when the Relevant Exchange in respect thereof is open for the business of dealing in securities, *provided that* if no Closing Price for security, option, warrant or other right or asset is available in respect of such day, such day shall not constitute a Trading Day in respect thereof, and further provided that, unless otherwise specified, a Trading Day shall be a Trading Day in respect of the Shares.

References to any issue or offer or grant to Shareholders “**as a class**” or “**by way of rights**” shall be taken to be references to an issue or offer or grant to all or substantially all Shareholders, other than Shareholders by reason of the laws of any territory or requirements of any recognised regulatory body or any other stock exchange or securities market in any territory or in connection with fractional entitlements, it is determined not to make such issue or offer or grant.

If any doubt shall arise as to whether an adjustment falls to be made to the Conversion Price or as to how an adjustment to the Conversion Price under Condition 6(c) (*Adjustments to Conversion Price*) should be made, and following consultation between the Issuer, the Guarantor and an Independent Financial Advisor, a written opinion of such Independent Financial Advisor in respect thereof shall be conclusive and binding on the Issuer and the Guarantor, the Bondholders, the Trustee and the Calculation Agent, save in the case of manifest error. Where more than one event which gives or may give rise to an adjustment to the Conversion Price occurs within such a short period of time that, in the opinion of an Independent Financial Advisor, the foregoing provisions would need to be operated subject to some modification in order to give the intended result, such modification shall be made to the operation of the foregoing provisions as may be advised by such Independent Financial Advisor to be in its opinion appropriate in order to give such intended result.

No adjustment will be made to the Conversion Price when Shares or any rights or options on other securities are issued, offered or granted to employees (including directors) of the Guarantor or any Subsidiary of the Guarantor pursuant to any share option, share award, restricted share or employee incentive scheme or plan (and which such scheme or plan is in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) or, if applicable, the listing rules of an Alternative Stock Exchange) (“**Share Scheme Shares/Options**”, the issue, offer or grant of any such Share Scheme Shares/Options, a “**Grant**”, and the date on which the relevant decision to make such Grant is made by the Company, the “**Grant Date**” in respect thereof), unless any issue, offer or grant of Share Scheme Shares/Options (which, but for this provision, would have required adjustment pursuant to this Condition 6(c) (*Adjustments to Conversion Price*)) (a “**Relevant Grant**”), together with any other Grant which Grant Date falls during the period (the “**Relevant Testing Period**”) (A) commencing on the later of (i) the Issue Date and (ii) the date falling 12 months prior to the Grant Date of such Relevant Grant and (B) ending on (and including) the Grant Date of such Relevant Grant would result in the total maximum number of Shares which may be issued pursuant to the terms of the Relevant Grant and any such other relevant Grant or Grants as aforesaid representing, in aggregate, over one per cent. of the average number of issued and outstanding Shares during such Relevant Testing Period, in which case (in the case of the first Relevant Grant to occur within such Relevant Testing Period) only such portion of such Relevant Grant that exceeds one per cent. of the average number of issued and outstanding Shares

during the Relevant Testing Period relevant 12-month period or (in the case of any other Relevant Grant to occur during such Relevant Testing Period) the whole of such Relevant Grant shall be taken into account in determining whether an adjustment of the Conversion Price is required to be made in respect of such Grant pursuant to this Condition 6(c) (*Adjustments to Conversion Price*).

Notwithstanding anything to the contrary in these Conditions, no adjustment resulting in an increase in the Conversion Price will be made, except in the case of a consolidation of the Shares as referred to in Condition 6(c)(1) (*Consolidation, Subdivision, Redesignation or Reclassification*).

Neither the Trustee, any of the Agents nor the Calculation Agent shall be under any duty to monitor whether any event or circumstance has happened or exists, or may happen or exist, which may require or lead to an adjustment to be made to the Conversion Price. Neither the Trustee nor any of the Agents shall be under any duty to make any determination or calculation (or any verification thereof) in connection with the Conversion Price and none of them will be liable or responsible to the Issuer, the Guarantor, any Bondholder or any other person for any loss or liability arising for not doing so or for any failure or delay of the Issuer, the Guarantor, the Calculation Agent or any Independent Financial Advisor in making a determination or calculation or any erroneous determination or calculation in connection with the Conversion Price. All adjustments to the Conversion Price under Condition 6(c) (*Adjustments to Conversion Price*) shall be determined by the Calculation Agent (subject as provided herein) and, if applicable, the Independent Financial Advisor, and neither the Trustee nor the Agents shall be responsible for verifying, or otherwise liable for, such determinations or for verifying any calculation, certification, advice or opinion in connection with such determinations.

- (d) *Adjustment upon Change of Control*: If a Change of Control (as defined in Condition 8(e) (*Redemption for Delisting or Change of Control*)) shall occur, upon any exercise of Conversion Rights such that the relevant Conversion Date falls within the Change of Control Conversion Period, the Conversion Price applicable solely for the purpose of such exercise of Conversion Rights (the “**Change of Control Conversion Price**”), shall be determined as provided below:

$$\text{COCCP} = \frac{\text{OCP}}{1 + (\text{CP} \times \frac{c}{t})}$$

where:

“**COCCP**” means the Change of Control Conversion Price;

“**OCP**” means the Conversion Price in effect on the relevant Conversion Date;

“CP” means 35.0 per cent. expressed as a fraction;

“c” means the number of days from and including the date the Change of Control occurs to but excluding the Maturity Date; and

“t” means the number of days from and including the Issue Date to but excluding the Maturity Date,

provided that the Conversion Price shall not be reduced pursuant to this Condition 6(d) (*Adjustment upon Change of Control*) below the level permitted by applicable laws and regulations from time to time (if any), as determined by the Guarantor.

For the purpose of these Conditions, “**Change of Control Period**” means, in respect of any Change of Control, the period commencing on (and including) the day immediately following the later of (i) the date on which such Change of Control occurs and (ii) the date on which the Relevant Event Notice in respect of such Change of Control is given as provided in Condition 8(e) (*Redemption for Delisting or Change of Control*), and ending on (and including) the day falling 30 days thereafter or, if such day shall fall during a Book Closure Period, the 15th day following the last day of such Book Closure Period.

(e) *Undertakings*

Each of the Issuer and the Guarantor has undertaken in the Trust Deed, *inter alia*, that so long as any Bond remains outstanding, save with the approval of an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders:

- (i) the Guarantor will use all reasonable endeavours (A) to maintain a listing for all the issued Shares on the Hong Kong Stock Exchange, and (B) to obtain and maintain a listing for all the Shares issued on the exercise of the Conversion Rights attaching to the Bonds on the Hong Kong Stock Exchange, and if the Guarantor is unable to obtain or maintain such listing, to use all reasonable endeavours to obtain and maintain a listing for all the issued Shares on an Alternative Stock Exchange as the Guarantor may from time to time select and notify in writing to the Trustee, and the Guarantor will forthwith give notice to the Bondholders in accordance with Condition 16 (*Notices*) and in writing to the Trustee, the Principal Agent and the Calculation Agent of the listing or delisting of the Shares (as a class) by any of such stock exchanges;
- (ii) it will pay the expenses of the issue and delivery of, and all expenses of obtaining the listing for, Shares arising on conversion of the Bonds (save for any Bondholder Duties or other amounts specified in Condition 6(b)(ii) (*Stamp Duty etc.*) as payable by the relevant Bondholder);

- (iii) the Guarantor will not make any reduction of its ordinary share capital or any uncalled liability in respect thereof or of any share premium account or capital redemption reserve fund except, in each case, where the reduction is permitted by applicable law and results in (or would, but for the provision of these Conditions relating to rounding or the carry forward of adjustments, result in) an adjustment to the Conversion Price or is otherwise taken into account for the purposes of determining whether such an adjustment should be made (and for the avoidance of doubt, shall not restrict the Guarantor from repurchasing any Shares on the Hong Kong Stock Exchange in accordance with the Listing Rules and applicable law); and
- (iv) it will use all reasonable endeavours to list and thereafter maintain the listing of the Bonds on the Hong Kong Stock Exchange and if it is unable to maintain such listing, to use all reasonable endeavours to obtain and maintain a listing on another internationally recognised stock exchange and will forthwith give notice to the Bondholders in accordance with Condition 16 (*Notices*) and in writing to the Trustee, the Principal Agent and the Calculation Agent of the listing or delisting of the Bonds by any such stock exchange.

In the Trust Deed, the Guarantor has also undertaken with the Trustee that so long as any Bond remains outstanding:

- (I) it will reserve, free from any other pre-emptive or other similar rights, out of its authorised but unissued ordinary share capital the full number of Shares liable to be issued on conversion of the Bonds from time to time remaining outstanding and shall ensure that all Shares delivered on conversion of the Bonds will be duly and validly issued as fully-paid; and
- (II) it will not make any offer, issue or distribute or take any action the effect of which would be to reduce the Conversion Price below the nominal value of the Shares of the Guarantor,

provided always that the Guarantor shall not be prohibited from purchasing its Shares to the full extent permitted by law.

Each of the Issuer and the Guarantor has also given certain other undertakings in the Trust Deed for the protection of the Conversion Rights.

(f) *Rounding Down and Notice of Change in Conversion Price*

On any adjustment, the resultant Conversion Price, if not an integral multiple of HK\$0.0001, shall be rounded down to the nearest integral multiple of HK\$0.0001. No adjustment shall be made to the Conversion Price where such adjustment (rounded down



if applicable) would be less than one per cent. of the Conversion Price then in effect. Any adjustment not required to be made, and/or any amount by which the Conversion Price has been rounded down, shall be carried forward and taken into account in any subsequent adjustment, and such subsequent adjustment shall be made on the basis that the adjustment not required to be made had been made at the relevant time and/or, as the case may be, that the relevant rounding down had not been made.

Notwithstanding anything to the contrary in these Conditions, the Conversion Price may not be reduced so that, on conversion of Bonds, Shares would fall to be issued at a discount to their nominal value or Shares would be required to be issued in any other circumstances not permitted by applicable laws then in force in the British Virgin Islands, the Cayman Islands and Hong Kong. The Issuer, failing whom the Guarantor, shall give notice to the Bondholders in accordance with Condition 16 (*Notices*) and to the Trustee, the Principal Agent and the Calculation Agent in writing of any change in the Conversion Price. Any such notice relating to a change in the Conversion Price shall set forth the event giving rise to the adjustment, the Conversion Price prior to such adjustment, the adjusted Conversion Price and the effective date of such adjustment.

(g) *Decision and Determination of the Calculation Agent or an Independent Financial Advisor*

Adjustments to the Conversion Price pursuant to Condition 6(c) (*Adjustments to Conversion Price*) and 6(d) (*Adjustment upon Change of Control*) shall be determined and calculated by the Calculation Agent upon request from the Issuer or the Guarantor and/or, to the extent so specified in these Conditions and upon request from the Issuer or the Guarantor, by an Independent Financial Advisor.

Adjustments to the Conversion Price calculated by the Calculation Agent or, where applicable, an Independent Financial Advisor and any other determinations made by the Calculation Agent or, where applicable, an Independent Financial Advisor, or an opinion of an Independent Financial Advisor, pursuant to these Conditions shall in each case be made in good faith and shall be final and binding (in the absence of manifest error) on the Issuer, the Guarantor, the Trustee, the Bondholders, the Agents and (in the case of a determination by an Independent Financial Advisor) the Calculation Agent.

The Calculation Agent may consult, at the expense of the Guarantor, on any matter (including, but not limited to, any legal matter), any legal or other professional adviser and it shall be able to rely upon, and it shall not be liable and shall incur no liability as against the Trustee, the Bondholders or the Agents in respect of anything done, or omitted to be done, relating to that matter in good faith in accordance with that adviser's opinion.



The Calculation Agent shall act solely upon the request from the Issuer or the Guarantor, and shall act exclusively as agent of the Issuer and the Guarantor and in accordance with these Conditions. Neither the Calculation Agent (acting in such capacity) nor any Independent Financial Advisor appointed in connection with the Bonds (acting in such capacity) will thereby assume any obligations towards or relationship of agency or trust and shall not be liable and shall incur no liability in respect of anything done, or omitted to be done in good faith, as against the Trustee, the Bondholders or the Agents.

*(h) Consideration receivable*

For the purpose of any calculation of the consideration receivable or price pursuant to Conditions 6(c)(4), 6(c)(6), 6(c)(7) and 6(c)(8), the following provisions shall apply:

- (i) the aggregate consideration receivable or price for Shares issued for cash shall be the amount of such cash;
- (ii) (a) the aggregate consideration receivable for Shares to be issued on the conversion, exercise or exchange of any options, warrants or other rights or securities (or following any modification thereof) shall be deemed to be the consideration received or receivable by the Guarantor for any such options, warrants or other rights or securities (or following any modification thereof); (b) the aggregate consideration receivable for Shares to be issued on the exercise of rights of subscription attached to any such securities (or following any modification thereof) shall be deemed to be that part (which may be the whole) of the consideration received or receivable by the Guarantor for such securities (or following any modification thereof) which is attributed by the Guarantor to such rights of subscription or, if no part of such consideration is so attributed, to the Fair Market Value of such rights of subscription as at the relevant Determination Date, plus in the case of each of (a) and (b) above of this Condition 6(h)(ii), the additional minimum consideration (if any) to be received by the Guarantor on the conversion, exercise or exchange of such options, warrants or other rights or securities (or following any modification thereof), or on the exercise of such rights of subscription; and (c) the consideration per Share receivable by the Guarantor on the conversion, exercise or exchange of, or on the exercise of such rights of subscription attached to, such options, warrants or other rights or securities (or following any modification thereof) shall be the aggregate consideration referred to in (a) or (b) above of this Condition 6(h)(ii) (as the case may be) divided by the number of Shares to be issued on such conversion or exchange or exercise at the initial conversion, exchange or subscription price or rate;

- (iii) if the consideration or price determined pursuant to (i) or (ii) above of this Condition 6(h) (or any component thereof) shall be expressed in a currency other than in the Relevant Currency, it shall be converted into the Relevant Currency at the Prevailing Rate on the relevant Determination Date;
- (iv) in determining the consideration or price pursuant to the above, no deduction shall be made for any commissions or fees (howsoever described) or any expenses paid or incurred for any underwriting, placing or management of the issue of the relevant Shares or securities or options, warrants or rights, or otherwise in connection therewith;
- (v) the consideration or price shall be determined as provided above on the basis of the consideration or price received, receivable, paid or payable, regardless of whether all or part thereof is received, receivable, paid or payable by or to the Guarantor or another entity; and
- (vi) if as part of the same transaction, Shares shall be issued or issuable for a consideration receivable in more than one or in different currencies then the consideration receivable per Share shall be determined by dividing the aggregate consideration (determined as aforesaid and converted if and to the extent not in the Relevant Currency, into the Relevant Currency as aforesaid) by the aggregate number of Shares so issued.

(i) *Trustee and Agents Not Liable*

Notwithstanding anything to the contrary in this Condition 6 (*Conversion*), none of the Trustee or the Agents shall be responsible: (i) for calculating or determining, or procuring or verifying the calculation or determination of (I) the number of Shares to be issued upon exercise of a Conversion Right, including the number of any Additional Share(s), (II) the Conversion Price or any adjustment thereof, or (III) the amount of any payment as a result of the exercise of a Conversion Right (including but not limited to any adjusted amount as a result of any consolidation or re-classification of Shares or the Equivalent Amount); (ii) for determining (I) whether a Conversion Date falls within, or the Conversion Notice is deposited during, a Conversion Period or a Book Closure Period, (II) whether any amount payable as a result of the exercise of a Conversion Right has been paid, (III) whether any Share (including any Additional Share) to be delivered upon the exercise of a Conversion Right has actually been delivered, or whether the relevant person designated in a Conversion Notice has been registered in the register of shareholders of the Guarantor for the corresponding number of Shares, in accordance with these Conditions or any other transaction document, or (IV) whether there is any outstanding redemption notice affecting the exercise of any Conversion Right; or (iii) for the appointment, or procuring the appointment, of a Calculation Agent

or an Independent Financial Advisor. None of them shall be liable to the Issuer, the Guarantor, the Calculation Agent, any Independent Financial Advisor, any Bondholder or any other person for not doing any of the foregoing.

## 7 Payments

- (a) *Payments:* Payment of principal, Early Redemption Amount (as defined in Condition 8(c) (*Redemption at the Option of the Issuer*)) and Default Interest (if any), and any other amounts due other than pursuant to Condition 6 (*Conversion*) will be made by transfer to the registered account of the Bondholder. Such payment will only be made after surrender of the relevant Certificate at the specified office of any of the Paying Agents.

*So long as the Bonds are represented by a Global Certificate and such Global Certificate is held on behalf of a clearing system, such payments will be made to the holder of appearing in the Register at the close of the business day (being for this purpose a day on which Euroclear and Clearstream are open for business) before the relevant due date.*

- (b) *Registered Accounts:* For the purposes of this Condition, a Bondholder's "**registered account**" means the Hong Kong dollar account maintained by or on behalf of such Bondholder, details of which appear on the Register at the close of business on the second business day (as defined in Condition 7(f) (*Business Day*)) before the due date for payment (the "**Record Date**"), and a Bondholder's "**registered address**" means its address appearing on the Register at that time.
- (c) *Fiscal Laws:* All payments under or in respect of the Bonds are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 9 (*Taxation*) and (ii) if applicable, any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 9 (*Taxation*)) any law implementing an intergovernmental approach thereto (any such withholding or deduction in this Condition 7(c) (*Fiscal Laws*), a "**FATCA Withholding**"). For avoidance of doubt, neither the Issuer, the Trustee and the Agents nor any other person will be required to pay any additional amounts in respect of FATCA Withholding. No commissions or expenses shall be charged to the Bondholders in respect of such payments.
- (d) *Payment Initiation:* Payment instructions (for value on the due date or, if that is not a business day (as defined in Condition 7(f) (*Business Day*)), for value on the first following day which is a business day) will be initiated on the due date for payment (or,

if that date is not a business day, on the first following day which is a business day) or, in the case of a payment of principal, if later, on the business day on which the relevant Certificate is surrendered at the specified office of an Agent.

- (e) *Delay In Payment:* Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due if the due date is not a business day (as defined in Condition 7(f) (*Business Day*)) or if the Bondholder is late in surrendering its Certificate (if required to do so).
- (f) *Business Day:* In this Condition 7 (*Payments*), “**business day**” means a day other than a Saturday, Sunday or public holiday on which commercial banks are generally open for business in Hong Kong and the city in which the specified office of the Principal Agent is located and, in the case of the surrender of a Certificate, in the city in which the specified office of the relevant Paying Agent whom a Certificate is surrendered for payment is located. If an amount which is due on the Bonds is not paid in full, the Registrar will annotate the Register with a record of the amount (if any) in fact paid.
- (g) *Rounding:* When making payments to Bondholders, fraction of one cent will be rounded to the nearest cent (half a cent being rounded upwards).

## 8 Redemption, Purchase and Cancellation

- (a) *Maturity:* Unless previously redeemed, converted or purchased and cancelled as provided herein, the Issuer will redeem each Bond at 111.8370 per cent. of its principal amount on 13 January 2027 (the “**Maturity Date**”). The Issuer may not redeem the Bonds at its option prior to that date except as provided in Condition 8(b) (*Redemption for Taxation Reasons*) or 8(c) (*Redemption at the Option of the Issuer*) below (but without prejudice to Condition 10 (*Events of Default*)).
- (b) *Redemption for Taxation Reasons*
  - (i) The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days’ notice (a “**Tax Redemption Notice**”) to the Bondholders in accordance with Condition 16 (*Notices*) (which notice shall be irrevocable and shall specify such information as is set out in Condition 8(h) (*Redemption Notices*)) and in writing to the Trustee, the Principal Agent and the Calculation Agent, on the date specified in the Tax Redemption Notice for redemption (the “**Tax Redemption Date**”) at a price per each HK\$1,000,000 principal amount of the Bonds equal to the Early Redemption Amount (as defined in Condition 8(c) (*Redemption at the Option of the Issuer*)) as at the Tax Redemption Date, if the Issuer satisfies the Trustee immediately prior to the giving of such notice that (A) the Issuer (or if the Guarantee was called, the Guarantor) has or will become obliged to pay Additional Tax Amounts as provided

or referred to in Condition 9 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the British Virgin Islands, the Cayman Islands, Hong Kong or the PRC or, in each case, any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 5 January 2022, and (B) such obligation cannot be avoided by the Issuer (or, as the case may be, the Guarantor) taking reasonable measures available to it, provided that no Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Issuer (or, as the case may be, the Guarantor) would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds then due.

Prior to the publication of any Tax Redemption Notice pursuant to this Condition 8(b) (*Redemption for Taxation Reasons*), the Issuer (or, as the case may be, the Guarantor) shall deliver or procure that there is delivered to the Trustee (I) certificate signed by an Authorised Signatory of the Issuer (or, as the case may be, the Guarantor) stating that the obligation referred to in (A) above of this Condition 8(b)(i) (*Redemption for Taxation Reasons*) cannot be avoided by the Issuer (or, as the case may be, the Guarantor) taking reasonable measures available to it and (II) an opinion addressed to and in form and substance satisfactory to the Trustee of independent legal or tax advisors of recognised standing to the effect that the Issuer (or, as the case may be, the Guarantor) has or would become obliged to pay such Additional Tax Amounts as a result of such change or amendment referred to above in this Condition 8(b)(i) (*Redemption for Taxation Reasons*). The Trustee shall be entitled (but not obliged) to rely upon and accept such certificate and opinion (without further investigation or enquiry and without liability to the Issuer, the Guarantor, the Bondholders or any other person) as sufficient evidence thereof, in which event the same shall be conclusive and binding on the Issuer, the Guarantor and the Bondholders.

- (ii) If the Issuer gives a Tax Redemption Notice pursuant to Condition 8(b)(i) (*Redemption for Taxation Reasons*), each Bondholder will have the right to elect that its Bond(s) shall not be redeemed and that the provisions of Condition 9 (*Taxation*) shall not apply in respect of any payment of principal, Early Redemption Amount or premium (if any) to be made in respect of such Bond(s) which falls due after the relevant Tax Redemption Date, whereupon no additional amounts shall be payable by the Issuer in respect thereof pursuant to Condition 9 (*Taxation*) and payment of all amounts by the Issuer to such Bondholder in respect of such Bond shall be made subject to the deduction or withholding of any tax required to be deducted or withheld. To exercise a right pursuant to this Condition 8(b)(ii) (*Redemption for Taxation Reasons*), the holder of the relevant Bond must complete, sign and deposit during normal business hours (being between 9:00 a.m. and 3:00 p.m. (in the location of the specified office of the relevant Paying Agent))

at the specified office of any Paying Agent a duly completed and signed notice of exercise, in the form for the time being current, obtainable from the specified office of any Paying Agent (the “**Tax Option Exercise Notice**”) together with the Certificate evidencing the Bonds on or before the day falling 10 days prior to the Tax Redemption Date. A Tax Option Exercise Notice, once delivered, shall be irrevocable and may not be withdrawn without the Issuer’s consent.

(c) *Redemption at the Option of the Issuer*

On giving not less than 30 nor more than 60 days’ notice to the Bondholders in accordance with Condition 16 (*Notices*) and to the Trustee, the Principal Agent and the Calculation Agent in writing (which notice will be irrevocable and shall specify such information as is set out in Condition 8(h) (*Redemption Notices*)), the Issuer:

- (i) may at any time after 13 January 2025 and prior to the Maturity Date redeem in whole, but not in part, the Bonds for the time being outstanding at a price per each HK\$1,000,000 principal amount of the Bonds equal to the Early Redemption Amount as at the date fixed for redemption, provided that, on each of any 20 Trading Days within a period of 30 consecutive Trading Days (the last Trading Day of such 30 consecutive Trading Day period falling not more than five Trading Days prior to the date upon which notice of such redemption is published), the Closing Price of the Shares on such Trading Day was at least 130 per cent. of the Early Redemption Amount on such Trading Day divided by the Conversion Ratio on such Trading Day; or
- (ii) may at any time prior to the Maturity Date redeem, on the date fixed for redemption as specified in such notice, in whole, but not in part, the Bonds for the time being outstanding at a price per each HK\$1,000,000 principal amount of the Bonds equal to the Early Redemption Amount as at the date fixed for redemption, provided that prior to the date of such notice at least 90 per cent. in aggregate principal amount of the Bonds originally issued (including any further bonds issued in accordance with Condition 15 (*Further Issues*)) has already been converted, redeemed or purchased and cancelled.

For the purposes of these Conditions:

“**Conversion Ratio**” on any day means HK\$1,000,000 divided by the Conversion Price in effect on such day (disregarding for this purpose, for the avoidance of doubt, Condition 6(d) (*Adjustment upon Change of Control*)), provided that if (A) such day falls on or after (i) the first Trading Day on which the Shares are quoted ex- any consolidation, subdivision, redesignation or reclassification, or issue, distribution, grant, offer or other event as is mentioned in Condition 6(c)(1), (2), (3), (4), (5) or (9) (or, if there is no record date therefor, such other date as is determined to be appropriate by an

Independent Financial Advisor) or (ii) the date which is the relevant date of first public announcement of the terms any issue, distribution, grant, offer or other event as is mentioned in Condition 6(c)(6), (7) or (8), in each case that gives rise to the adjustment of the Conversion Price pursuant to Condition 6(c) (*Adjustments to Conversion Price*), and (B) such adjustment is not yet in effect on such day, the Conversion Price in effect on such day shall for the purpose of this definition only be multiplied by the adjustment factor subsequently determined by the Calculation Agent to be applicable in respect of the relevant Conversion Price adjustment in accordance with these Conditions;

“**Semi-annual Date**” means each of the dates set out in the table below; and

“**Early Redemption Amount**” means, as at any date (the “**ERA Determination Date**” in respect of such Early Redemption Amount), the amount per each HK\$1,000,000 principal amount of the Bonds calculated by the Calculation Agent in accordance with the following formula, and rounded (if necessary) to the nearest whole multiple of HK\$1 with HK\$0.5 being rounded upwards (provided that if the relevant ERA Determination Date is a Semi-annual Date, such Early Redemption Amount shall be the amount as set out in the table below in respect of such Semi-annual Date):

$$\text{Early Redemption Amount} = \text{Previous Redemption Amount} \times \left(1 + \frac{r}{2}\right)^{\frac{d}{p}}$$

where:

Previous Redemption Amount = the Early Redemption Amount as at the Semi-annual Date immediately preceding the relevant ERA Determination Date as set out in the table below:

|                           | <b>Early Redemption<br/>Amount</b> |
|---------------------------|------------------------------------|
|                           | <i>(HK\$)</i>                      |
| <b>Semi-annual Date</b>   |                                    |
| 13 January 2022 . . . . . | 1,000,000                          |
| 13 July 2022 . . . . .    | 1,011,250                          |
| 13 January 2023 . . . . . | 1,022,627                          |
| 13 July 2023 . . . . .    | 1,034,132                          |
| 13 January 2024 . . . . . | 1,045,766                          |
| 13 July 2024 . . . . .    | 1,057,531                          |
| 13 January 2025 . . . . . | 1,069,428                          |
| 13 July 2025 . . . . .    | 1,081,459                          |
| 13 January 2026 . . . . . | 1,093,625                          |
| 13 July 2026 . . . . .    | 1,105,928                          |

r = 2.25 per cent.;



d = number of days from, and including, the Semi-annual Date immediately preceding the relevant ERA Determination Date to, but excluding, the relevant ERA Determination Date, calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed; and

p = 180.

For the avoidance of doubt, none of the Trustee or the Agents shall be responsible for determining or calculating, or procuring the determination or calculation of, the Early Redemption Amount, and none of them shall be liable to the Issuer, the Guarantor, the Calculation Agent, any Bondholder or any other person for not doing so.

- (d) *Redemption at the Option of the Bondholders:* The Issuer will, at the option of the holder of any Bond, redeem all or some only of such holder's Bonds on 13 January 2025 (the "**Put Option Date**") at 106.9428 per cent. of their principal amount. To exercise such option, the holder must deposit at the specified office of any Paying Agent a duly completed and signed put notice in the form for the time being current, obtainable from the specified office of any Paying Agent (the "**Put Exercise Notice**"), together with the Certificate evidencing the Bonds to be redeemed, not more than 60 days and not less than 30 days prior to the Put Option Date.

A Put Exercise Notice, once delivered, shall be irrevocable (and may not be withdrawn unless the Issuer consents in writing to such withdrawal) and the Issuer shall redeem the Bonds the subject of the Put Exercise Notices delivered as aforesaid on the Put Option Date.



(e) *Redemption for Delisting or Change of Control*: Following the occurrence of a Relevant Event (as defined below in this Condition 8(e) (*Redemption for Delisting or Change of Control*)), the holder of each Bond will have the right at such holder's option, to require the Issuer to redeem all or some only of such holder's Bonds on the Relevant Event Redemption Date (as defined below in this Condition 8(e) (*Redemption for Delisting or Change of Control*)) at a price per each HK\$1,000,000 principal amount of the Bonds equal to the Early Redemption Amount as at the Relevant Event Redemption Date. To exercise such right, the holder of the relevant Bond must deposit at the specified office of any Paying Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the specified office of any Paying Agent, specifying the number of Bonds to be redeemed and the Relevant Event that has occurred (a "**Relevant Event Redemption Notice**"), together with the Certificate evidencing the Bonds to be redeemed, at any time during the period (the "**Relevant Event Put Period**" in respect of such Relevant Event) of 60 days following (i) the date on which such Relevant Event has occurred, or (ii) if later, the date upon which the Relevant Event Notice is given as provided below. The "**Relevant Event Redemption Date**" shall be the 14th day after the expiry of such Relevant Event Put Period in respect of such Relevant Event.

A Relevant Event Redemption Notice, once delivered, shall be irrevocable and may not be withdrawn without the Issuer's consent and the Issuer shall redeem the Bonds the subject of the Relevant Event Redemption Notice as aforesaid on the Relevant Event Redemption Date.

The Issuer, failing whom the Guarantor, shall give notice (a "**Relevant Event Notice**") to the Bondholders in accordance with Condition 16 (*Notices*) and to the Trustee, the Principal Agent and the Calculation Agent in writing as soon as practicable (and in any case by not later than 14 days following the first day on which it becomes aware of the occurrence of a Relevant Event, which Relevant Event Notice shall specify such information as is set out in Condition 8(h) (*Redemption Notices*), the procedure for exercise by the Bondholders of their rights to require redemption of the Bonds pursuant to this Condition 8(e) (*Redemption for Delisting or Change of Control*), brief details of the Relevant Event, the Relevant Event Put Period (and, if the Relevant Event is a Change of Control, the Change of Control Period) and the Change of Control Conversion Price applicable pursuant to Condition 6(d) (*Adjustment upon Change of Control*) on the basis of the Conversion Price in effect as at the date of the relevant notice.

Neither the Trustee nor any of the Agents shall be required to monitor or take any steps to ascertain whether a Relevant Event or any event which could lead to a Relevant Event has occurred or may occur and each of them shall be entitled to assume that no such event has occurred until it has received written notice to the contrary from the Issuer. The Trustee and the Agents shall not be required to take any steps to ascertain

whether the condition for the exercise of the rights in accordance with this Condition 8(e) (*Redemption for Delisting or Change of Control*) or with any other provisions in this Condition 8 (*Redemption, Purchase and Cancellation*) has occurred, including but not limited to monitoring or determining any Conversion Ratio. Neither the Trustee nor any of the Agents shall be responsible for determining or verifying whether a Bond is to be accepted for redemption under this Condition 8(e) (*Redemption for Delisting or Change of Control*) or under any other provisions in this Condition 8 (*Redemption, Purchase and Cancellation*) and none of them will be responsible to the Issuer, the Guarantor, any Bondholder or any other person for any loss or liability arising from any failure by any of them to do so. Neither the Trustee nor any of the Agents shall be under any duty to determine, calculate or verify the redemption amount payable under this Condition 8(e) (*Redemption for Delisting or Change of Control*) or under any other provisions in Condition 8 (*Redemption, Purchase and Cancellation*) and none of them will be responsible or liable to the Issuer, the Guarantor, any Bondholder or any other person for any loss or liability arising from any failure by it to do so.

For the purposes of this Condition 8(e) (*Redemption for Delisting or Change of Control*): “**Change of Control**” means the occurrence of one or more of the following events:

- (i) the Permitted Holders together cease to Control the Guarantor;
- (ii) the Permitted Holders together cease to be the single largest holder of Voting Rights in the Guarantor;
- (iii) any Person or Persons acting together (other than the Permitted Holders) acquires Control of the Guarantor;
- (iv) the Guarantor consolidates with or merges into or sells or transfers all or substantially all of the Guarantor’s assets to any other person, unless the consolidation, merger, sale or transfer will not result in the other person or persons (other than the Permitted Holders) acquiring Control over the Guarantor or the successor entity; or
- (v) the Guarantor ceases to hold (directly or indirectly) 100 per cent. of the issued shares of the Issuer;

“**Control**” means (i) the right to appoint and/or remove all or the majority of the members of the relevant entity’s board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of Voting Rights, contract or otherwise; or (ii) the acquisition or control of more than 35 per cent. of the Voting Rights of the issued share capital of the relevant entity;

**“Permitted Holders”** means the aggregate shareholding of Mr. Ye Fan, and:

- (i) any heir, estate, lineal descendant (or spouse thereof), spouse or parent of Mr. Ye Fan; or
- (ii) any trust, corporation, partnership or other entity, of which the direct or indirect beneficiaries, equity holders, partners or owners are any of Mr. Ye Fan and/or such other Persons referred to in paragraph (i) of this definition;

a **“Person”** includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity);

a **“Relevant Event”** occurs:

- (i) when the Shares cease to be listed or admitted to trading or are suspended for trading for a period equal to or exceeding 30 consecutive Trading Days on the Hong Kong Stock Exchange or, if applicable, the Alternative Stock Exchange (a **“Delisting”**); or
- (ii) when a Change of Control occurs; and

**“Voting Rights”** means the right generally to vote at a general meeting of shareholders of the Guarantor (irrespective of whether or not, at the time, stock of any other class or classes shall have, or might have, voting power by reason of the happening of any contingency).

- (f) *Purchase:* Each of the Issuer, the Guarantor and any of their respective Subsidiaries may at any time and from time to time purchase Bonds at any price in the open market or otherwise. The Bonds so purchased, while held by or on behalf of the Issuer, the Guarantor and/or any of their respective Subsidiaries, shall not entitle the holder to vote or participate at any meetings of the Bondholders and shall not be deemed to be outstanding for certain purposes, including without limitation for the purpose of calculating quorums at meetings of the Bondholders or participating in any resolution of the Bondholders, or for the purposes of Condition 10 (*Events of Default*), Condition 12 (*Enforcement*) and Condition 13(a) (*Meetings*).
- (g) *Cancellation:* All Bonds which are redeemed, converted or purchased by the Issuer, the Guarantor or any of their respective Subsidiaries will forthwith be cancelled. Certificates in respect of all Bonds cancelled will be forwarded to or to the order of the Registrar and such Bonds may not be reissued or resold.
- (h) *Redemption Notices:* All notices to Bondholders given by or on behalf of the Issuer (or the Guarantor) pursuant to this Condition 8 (*Redemption, Purchase and Cancellation*) shall specify: (i) the Conversion Price as at the date of the relevant notice, (ii) the last day on which the Conversion Rights may be exercised, (iii) the Closing Price of the Shares as at the latest practicable date prior to the publication of the notice, (iv) the Early Redemption Amount, (v) the date for redemption, (vi) the manner in which redemption will be effected and (vii) the aggregate principal amount of the Bonds outstanding as at the latest practicable date prior to the publication of the notice.

If more than one notice of redemption is given (being a notice given by either the Issuer or a Bondholder pursuant to this Condition 8 (*Redemption, Purchase and Cancellation*)), the first in time shall prevail. Neither the Trustee nor the Agents shall be responsible for calculating or verifying any calculations of any amounts payable under these Conditions.

Neither the Trustee, the Agents nor the Calculation Agent shall be responsible for determining or verifying whether a Bond is to be accepted for redemption under this Condition 8 (*Redemption, Purchase and Cancellation*) and none of them will be responsible to the Issuer, the Guarantor, the Bondholders or any other person for any loss or liability arising from any failure by them to do so. Neither the Trustee nor the Agents shall be under any duty to determine, calculate or verify the redemption amount payable under these Conditions, and none of them will be liable or responsible to the Issuer, the Guarantor, the Calculation Agent, any Bondholder or any other person for any loss or liability arising from any failure by any of them to do so.

## 9 Taxation

All payments made by the Issuer (or the Guarantor, as the case may be) under or in respect of the Bonds, the Trust Deed or the Agency Agreement will be made free from any restriction or condition and be made without deduction or withholding for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the British Virgin Islands, the Cayman Islands, Hong Kong or the PRC or, in any such case, any authority thereof or therein having power to tax, unless deduction or withholding of such taxes, duties, assessments or governmental charges is compelled by law.

Where such withholding or deduction is made by the Issuer or, as the case may be, the Guarantor by or within the PRC up to and including the aggregate rate applicable on 5 January 2022 (the “**Applicable Rate**”), the Issuer or, as the case may be, the Guarantor will increase the amounts paid by it to the extent required, so that the net amount received by Bondholders equals the amounts which would otherwise have been receivable by them had no such withholding or deduction been required.

If the Issuer or, as the case may be, the Guarantor is required to make a deduction or withholding (a) by or within the PRC in excess of the Applicable Rate, or (b) by or within the British Virgin Islands, the Cayman Islands or Hong Kong, the Issuer or, as the case may be, the Guarantor will pay such additional amounts (the “**Additional Tax Amounts**”) as will result in the receipt by the Bondholders of the net amounts after such deduction or withholding equal to the amounts which would otherwise have been receivable by them had no such deduction or withholding been required except that no Additional Tax Amounts shall be payable in respect of any Bond:

- (i) *Other connection:* to a holder (or to a third party on behalf of a holder) who is subject to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of his having some connection with the British Virgin Islands, the Cayman Islands, Hong Kong or the PRC otherwise than merely by holding the Bond or by the receipt of amounts in respect of the Bond; or
- (ii) *Presentation more than 30 days after the relevant date:* (in the case of a payment of principal) if the Certificate in respect of such Bond is surrendered more than 30 days after the relevant date except to the extent that the holder would have been entitled to such Additional Tax Amount on surrendering the relevant Certificate for payment on the last day of such period of 30 days.

For the purposes of these Conditions, “**relevant date**” means whichever is the later of (A) the date on which such payment first becomes due and (B) if the full amount payable has not been received by the Trustee or the Principal Agent on or prior to such due date, the date on which, the full amount having been so received, notice to that effect shall have been given to the Bondholders and payment made.

References in these Conditions to principal, premium (if any) and any other amount payable in respect of the Bonds shall be deemed also to refer to any additional amounts which may be payable under this Condition 9 (*Taxation*) or any undertaking or covenant given in addition thereto or in substitution therefor pursuant to the Trust Deed.

## **10 Events of Default**

If any of the following events (each an “**Event of Default**”) occurs, the Trustee at its sole discretion may, and if so requested in writing by the holders of not less than 25 per cent. in aggregate principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution, shall (subject in either case to it first having been indemnified and/or secured and/or pre-funded to its satisfaction), give notice to the Issuer and the Guarantor that the Bonds are, and they shall immediately become, due and repayable at a price per each HK\$1,000,000 principal amount of the Bonds equal to the Early Redemption Amount as at the date of such notice, together with any accrued but unpaid Default Interest (if any) to but excluding the date of payment (subject as provided below and without prejudice to the right of Bondholders to exercise the Conversion Right in respect of their Bonds in accordance with Condition 6 (*Conversion*)) if:

- (i) *Non-Payment of principal or premium*: a default is made in the payment of any principal or premium (if any) due in respect of the Bonds;
- (ii) *Breach of Other Obligations*: the Issuer or the Guarantor does not perform or comply with one or more of its other obligations in the Bonds or the Trust Deed which default is in the opinion of the Trustee incapable of remedy or, if in the opinion of the Trustee capable of remedy, is not remedied within 20 business days (as defined below in this Condition 10 (*Events of Default*)) after written notice of such default shall have been given to the Issuer and the Guarantor by the Trustee;
- (iii) *Failure to deliver Shares*: any failure by the Guarantor to deliver any Shares as and when the Shares are required to be delivered following conversion of Bonds;
- (iv) *Insolvency*: the Issuer, the Guarantor or any of its Principal Subsidiaries is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of its debts, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all of its debts (or of a material part which it will or might otherwise be

unable to pay when due), proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or a material part of the debts of the Issuer, the Guarantor or any of its Principal Subsidiaries; an administrator or liquidator of the Issuer, the Guarantor or any of its Principal Subsidiaries or the whole or a material part of the assets and turnover of the Issuer, the Guarantor or any of its Principal Subsidiaries is appointed (or application for any such appointment is made);

- (v) *Cross-Default*: (A) any other present or future indebtedness (whether actual or contingent) of the Issuer, the Guarantor or any of their respective Subsidiaries; for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (B) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, or (C) the Issuer, the Guarantor or any of their respective Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised, provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 10(v) (*Cross-Default*) have occurred equals or exceeds US\$15,000,000 or its equivalent in any other currency (as determined on the basis of the middle spot rate for the relevant currency against the U.S. dollar as quoted by any leading bank) on the day on which such indebtedness becomes due and payable or is not paid or any such amount becomes due and payable or is not paid under any such guarantee or indemnity;
- (vi) *Enforcement Proceedings*: a distress, attachment, execution, seizure before judgment or other legal process is levied, enforced or sued out on or against any material part of the property, assets or revenue of the Issuer, the Guarantor or any of their respective Subsidiaries and is not discharged or stayed within 30 days;
- (vii) *Winding-up*: an order is made or an effective resolution passed for the liquidation, winding-up or dissolution, judicial management or administration of the Issuer, the Guarantor or any of its Principal Subsidiaries (except for a members' voluntary solvent winding-up of a Principal Subsidiary), or the Issuer, the Guarantor or any of its Principal Subsidiaries ceases or threatens to cease to carry on all or a substantial part of its business or operations, except in each case, for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (A) on terms approved by an Extraordinary Resolution of the Bondholders, or (B) in the case of a Principal Subsidiary, whereby the undertaking and assets of such Principal Subsidiary are transferred to or otherwise vested in the Issuer, the Guarantor or another of its Principal Subsidiaries;



- (viii) *Security Enforced*: an encumbrancer or a secured party takes possession or an administrative or other receiver or an administrator or other similar officer is appointed of the whole or a material part of the property, assets or revenue of the Issuer, the Guarantor or any of its Principal Subsidiaries and is not discharged within 30 days;
- (ix) *Nationalisation*: any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the assets of the Issuer, the Guarantor or any of their respective Subsidiaries;
- (x) *Authorisation and Consents*: any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (A) to enable the Issuer and the Guarantor lawfully to enter into, exercise its rights and perform and comply with its obligations under the Bonds and the Trust Deed, (B) to ensure that those obligations are legally binding and enforceable and (C) to make the Bonds and the Trust Deed admissible in evidence in the courts of the British Virgin Islands, the Cayman Islands or Hong Kong is not taken, fulfilled or done;
- (xi) *Illegality*: it is or will become unlawful for the Issuer or the Guarantor to perform or comply with any one or more of its obligations under any of the Bonds or the Trust Deed; or
- (xii) *Analogous Events*: any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of Conditions 10(i) (*Non-Payment of principal or premium*) to 10(xi) (*Illegality*) (both inclusive).

Neither the Trustee nor any of the Agents shall be responsible for the performance by the Issuer or the Guarantor, or the Calculation Agent, any Independent Financial Advisor or any other person appointed by the Issuer or the Guarantor, in relation to the Bonds of the duties and obligations on their part expressed in respect of the same and the Trustee and the Agents need not do anything to ascertain or monitor whether a Potential Event of Default or an Event of Default has occurred or is continuing and none of them will be responsible or liable to the Issuer, the Guarantor, any Bondholder or any other person for any loss or liability arising from any failure by any of them to do so, and unless the Trustee or such an Agent (as the case may be) has received written notice from the Issuer to the contrary, the Trustee and each Agent shall be entitled to assume that each of the Issuer and the Guarantor, and the Calculation Agent, any Independent Financial Advisor and each other person appointed by the Issuer or the Guarantor in relation to the Bonds, is duly performing its duties and obligations in respect of the same.



For the purposes of this Condition 10 (*Events of Default*):

**“business day”** means a day other than a Saturday, Sunday or public holiday on which commercial banks are generally open for business in Hong Kong; and

**“Principal Subsidiary”** means any Subsidiary of the Guarantor:

- (I) whose revenue (consolidated in the case of a Subsidiary which has Subsidiaries) attributable to the Guarantor, as shown by its latest audited statement of profit or loss are at least three per cent. of the revenue as shown by the latest published audited consolidated statement of comprehensive income of the Guarantor and its Subsidiaries; or
- (II) whose profit before taxation (**“pre-tax profit”**) (consolidated in the case of a Subsidiary which itself has Subsidiaries) attributable to the Guarantor, as shown by its latest audited consolidated statement of profit or loss, are at least three per cent. of the pre-tax profit as shown by the latest published audited consolidated statement of comprehensive income of the Guarantor and its Subsidiaries, including, for the avoidance of doubt, the Guarantor and its consolidated Subsidiaries’ share or profits of Subsidiaries not consolidated and of associated entities and after adjustments for minority interests; or
- (III) whose total assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) attributable to the Guarantor, as shown by its latest audited consolidated statement of financial position, are at least three per cent. of the total assets of the Guarantor and its Subsidiaries as shown by the latest published audited consolidated statement of financial position of the Guarantor, including the investment of the Guarantor and its consolidated Subsidiaries in each Subsidiary whose accounts are not consolidated with the consolidated audited accounts of the Guarantor and of associated companies and after adjustment for minority interests; or
- (IV) to which is transferred the whole or substantially the whole of the assets of a Subsidiary which immediately prior to such transfer was a Principal Subsidiary, provided that the Principal Subsidiary which so transfers its assets shall forthwith cease to be a Principal Subsidiary and the Subsidiary to which the assets are so transferred shall cease to be a Principal Subsidiary at the date on which the first published audited accounts (consolidated, if appropriate) of the Guarantor prepared as of a date later than such transfer are issued unless such Subsidiary would continue to be a Principal Subsidiary on the basis of such accounts by virtue of the provisions of paragraph (I), (II) or (III) above of this definition,

provided that, in relation to paragraphs (I), (II) and (III) above of this definition:

- (A) in the case of a corporation or other business entity becoming a Subsidiary after the end of the financial period to which the latest consolidated audited accounts of the Guarantor relate, the reference to the then latest consolidated audited accounts of the Guarantor for the purposes of the calculation above shall, until consolidated audited accounts of the Guarantor for the financial period in which the relevant corporation or other business entity becomes a Subsidiary are published be deemed to be a reference to the then latest consolidated audited accounts of the Guarantor adjusted to consolidate the latest audited accounts (consolidated in the case of a Subsidiary which itself has Subsidiaries) of such Subsidiary in such accounts;
- (B) if at any relevant time in relation to the Guarantor or any Subsidiary which itself has Subsidiaries no consolidated accounts are prepared and audited, revenues, pre-tax profit or total assets of the Guarantor and/or any such Subsidiary shall be determined on the basis of pro forma consolidated accounts prepared for this purpose by the Guarantor;
- (C) if at any relevant time in relation to any Subsidiary, no accounts are audited, its revenues, pre-tax profit or total assets (consolidated, if appropriate) shall be determined on the basis of pro forma accounts (consolidated, if appropriate) of the relevant Subsidiary prepared for this purpose by the Guarantor; and
- (D) if the accounts of any subsidiary (not being a Subsidiary referred to in proviso (A) above) are not consolidated with those of the Guarantor, then the determination of whether or not such subsidiary is a Principal Subsidiary shall be based on a pro forma consolidation of its accounts (consolidated, if appropriate) with the consolidated accounts (determined on the basis of the foregoing) of the Guarantor.

A certificate in English in substantially the form scheduled to the Trust Deed prepared and signed by an Authorised Signatory of the Guarantor stating that, in their opinion, a Subsidiary is or is not, or was not, a Principal Subsidiary of the Guarantor shall, in the absence of manifest error, be conclusive and binding on the Issuer, the Guarantor and the Bondholders. Each such certificate shall be accompanied by a report by an internationally recognised firm of independent accountants addressed to the directors of the Guarantor and the Trustee as to proper extraction of the figures used by the Guarantor in determining the Principal Subsidiaries of the Guarantor and mathematical accuracy of the calculation.

## **11 Prescription**

Claims in respect of amounts due in respect of the Bonds will become prescribed unless made within 10 years (in the case of principal or other sums payable hereunder) and five years (in the case of Default Interest) from the relevant date (as defined in Condition 9 (*Taxation*)) in respect thereof.

## **12 Enforcement**

At any time after the Bonds have become due and repayable, the Trustee may, at its discretion and without further notice, take such actions and/or steps and/or institute such proceedings against the Issuer and/or the Guarantor as it may think fit to enforce repayment of the Bonds and to enforce the provisions of the Trust Deed, but it will not be bound to take any such actions and/or steps and/or institute any such proceedings unless (a) it shall have been so requested in writing by the holders of not less than 25 per cent. in aggregate principal amount of the Bonds then outstanding or shall have been so directed by an Extraordinary Resolution of the Bondholders and (b) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction. No Bondholder will be entitled to proceed directly against the Issuer or the Guarantor unless the Trustee, having become bound to do so, fails to do so within a reasonable period and such failure shall be continuing.

## **13 Meetings of Bondholders, Modification and Waiver**

(a) *Meetings:* The Trust Deed contains provisions for convening meetings of Bondholders (and for passing resolutions by Written Resolution or Electronic Consent (each as defined in the Trust Deed)) to consider any matter affecting their interests, including without limitation the sanctioning by Extraordinary Resolution of a modification of the Bonds or the provisions of the Trust Deed. Such a meeting may be convened by the Issuer, the Guarantor or the Trustee and shall be convened by the Trustee if it receives a written request from Bondholders holding not less than 10 per cent. in aggregate principal amount of the Bonds for the time being outstanding and is indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses. The quorum at any such meeting for passing an Extraordinary Resolution will be two or more persons holding or representing more than 50 per cent. in aggregate principal amount of the Bonds for the time being outstanding or, at any adjourned such meeting, two or more persons being or representing Bondholders whatever the principal amount of the Bonds so held or represented unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to modify the due date for any payment in respect of the Bonds, (ii) to reduce or cancel the amount of principal, premium or Equivalent Amount payable in respect of the Bonds, (iii) to change the currency of payment of the Bonds, (iv) to modify (except by a unilateral and unconditional reduction in the Conversion Price) or cancel the Conversion Rights, or (v) to modify the provisions concerning the quorum required at any meeting of the Bondholders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 75 per cent., or at any adjourned such meeting not less than 33 per cent., in aggregate principal amount of the Bonds for the time being outstanding. An Extraordinary Resolution passed at any meeting of Bondholders will be binding on all Bondholders, whether or not they are present at the meeting. The Trust Deed provides that (A) a written resolution signed by or on behalf of the holders of not less than 90

per cent. of the aggregate principal amount of Bonds outstanding or (B) passed by Electronic Consent (as defined in the Trust Deed) shall, in any such case, be as valid and effective as a duly passed Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders.

- (b) *Modification and Waiver:* The Trustee may (but shall not be obliged to) agree to, without the consent of the Bondholders, (i) any modification (except as mentioned in the Trust Deed) to, or any waiver or authorisation of any breach or proposed breach of, any of these Conditions or any of the provisions of the Trust Deed and the Agency Agreement, provided that such modification, waiver or authorisation is not, in the opinion of the Trustee, materially prejudicial to the interests of the Bondholders, or (ii) any modification to any of these Conditions or any of the provisions of the Trust Deed and the Agency Agreement that, in the opinion of the Trustee, is of a formal, minor or technical nature or to correct a manifest error or to comply with any mandatory provisions of applicable law. The Trustee may (but shall not be obliged to), without the consent of the Bondholders, determine any Event of Default or a Potential Event of Default should not be treated as such, provided that, in the opinion of the Trustee, the interests of the Bondholders will not be materially prejudiced thereby. Any such modification, authorisation or waiver shall be binding on the Bondholders and, unless the Trustee agrees otherwise, such modification, authorisation or waiver shall be notified by the Issuer, failing whom the Guarantor, to the Bondholders promptly in accordance with Condition 16 (*Notices*) and in writing to the Principal Agent and the Calculation Agent.
- (c) *Entitlement of the Trustee:* In connection with the exercise of its functions, rights, powers and discretions (including but not limited to those referred to in this Condition 13 (*Meetings of Bondholders, Modification and Waiver*)), the Trustee shall have regard to the interests of the Bondholders as a class and shall not have regard to the consequences of such exercise for individual Bondholders (regardless of their number of holdings of the Bonds), and no Bondholder shall be entitled to claim from the Trustee any indemnification or payment in respect of any tax consequences of any such exercise upon individual Bondholders.
- (d) *Directions from Bondholders:* Neither the Trustee nor the Agents shall be liable to the Issuer, the Guarantor, any Bondholder or any other person for any action taken by the Trustee or such Agent in accordance with any instruction, direction, request or resolution of the Bondholders. The Trustee shall be entitled to rely conclusively on any instruction, direction, request or resolution of Bondholders given by holders of the requisite principal amount of Bonds outstanding or passed at a meeting of Bondholders convened and held in accordance with the Trust Deed.

Whenever the Trustee is required or entitled by the terms of the Trust Deed or these Conditions to exercise any discretion, right or power, take any action, make any decision or give any direction, the Trustee is entitled, prior to its exercising any such discretion, right or power, taking any such action, making any such decision, or giving any such direction, to seek directions from the Bondholders by way of an Extraordinary Resolution, and the Trustee is not responsible for any loss or liability incurred by the Issuer, the Guarantor, any Bondholder or any other person as a result of any delay in it exercising such discretion, right or power, taking such action, making such decision, or giving such direction where the Trustee is seeking such directions or in the event that such directions are not being given. The Trustee shall not be under any obligation to monitor compliance of any person with the provisions of the Trust Deed, the Agency Agreement or these Conditions.

#### **14 Replacement of Certificates**

If any Certificate is mutilated, defaced, destroyed, stolen or lost, it may be replaced at the specified office of the Registrar upon payment by the claimant of such costs as may be incurred in connection therewith and on such terms as to evidence (including proof of holding and identity to the satisfaction of the Registrar) and such indemnity, security and/or pre-funding as the Issuer and/or the Registrar may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

#### **15 Further Issues**

The Issuer may from time to time, without the consent of the Bondholders, create and issue further bonds having the same terms and conditions as the Bonds in all respects (or in all respects except for the issue date and the timing for complying with the requirements set out in these Conditions in relation to the NDRC Post-Issuance Filing) and so that such further issue shall be consolidated and form a single series with the Bonds. Such further bonds shall be constituted by a deed supplemental to the Trust Deed.

#### **16 Notices**

All notices to Bondholders shall be validly given if mailed to them at their respective addresses in the Register maintained by the Registrar or published in a leading newspaper having general circulation in Asia (which is expected to be the Asian Wall Street Journal). Any such notice shall be deemed to have been given on the later of the date(s) of such publication(s) and the second day after being so mailed, as the case may be.

*So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear or Clearstream or an Alternative Clearing System, notices to Bondholders may be given by delivery of the relevant notice to Euroclear or Clearstream or such Alternative Clearing System, for communication by it to entitled account holders in substitution for notification as required by these Conditions.*

## **17 Agents**

The names of the initial Agents and their specified offices are set out below. Each of the Issuer and the Guarantor reserves the right, subject to the prior written approval of the Trustee, at any time to vary or terminate the appointment of any Agent and to appoint any additional or replacement Agent. The Issuer and the Guarantor will at all times maintain (a) a Principal Agent, (b) a Registrar which will maintain the Register outside Hong Kong and the United Kingdom and (c) a Transfer Agent. Notice of any such termination or appointment, of any changes in the specified offices of any Agent and of any change in the identity of any Agent will be given promptly by the Issuer, failing whom the Guarantor, to the Bondholders and in any event not less than 30 days' notice will be given.

## **18 Indemnification of the Trustee**

The Trust Deed contains provisions for the indemnification, on an after tax basis, of the Trustee and for its relief from responsibility, including without limitation provisions relieving it from taking actions or proceedings to enforce repayment unless indemnified and/or secured and/or pre-funded to its satisfaction and to be paid or reimbursed for any fees, costs, expenses and indemnity payments and for liabilities incurred by it in priority to the claims of Bondholders.

The Trustee is entitled to (a) enter into business transactions with the Issuer, the Guarantor or any entity related (directly or indirectly) to any of them and to act as trustee, agent, depositary and/or custodian for the holders of any other securities issued or guaranteed by, or relating to, the Issuer, the Guarantor or any entity related (directly or indirectly) to any of them, (b) exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Bondholders, and (c) retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

The Trustee may rely conclusively and without liability to Bondholders, the Issuer, the Guarantor or any other person on any report, information, confirmation or certificate from or any opinion or advice of any accountants, auditors, lawyers, valuers, auctioneers, surveyors, brokers, financial advisers, financial institution or any other expert or professional adviser (including any Independent Financial Advisor), whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, information, confirmation, certificate, opinion or advice, in which case such report, information, confirmation, certificate, opinion or advice shall be binding on the Issuer, the Guarantor and the Bondholders.

Each Bondholder shall be solely responsible for making and continuing to make its own independent appraisal and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer and the Guarantor, and the Trustee and the Agents shall not at any time have any responsibility or liability for the same and each Bondholder shall not rely on the Trustee or any Agent in respect thereof.

## **19 Contracts (Rights of Third Parties) Act 1999**

No person shall have any right to enforce any term or condition of the Bonds or any provision of the Trust Deed under the Contracts (Rights of Third Parties) Act 1999 except as contemplated in Condition 12 (*Enforcement*) and to the extent expressly provided for.

## **20 Governing Law and Submission to Jurisdiction**

- (a) *Governing law:* The Bonds, the Trust Deed and the Agency Agreement and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, the laws of England.
- (b) *Jurisdiction:* The courts of Hong Kong are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Bonds, the Trust Deed and the Agency Agreement and any non-contractual obligations arising out of or in connection with them and accordingly any legal action or proceedings arising out of or in connection with the Bonds, the Trust Deed and the Agency Agreement (“**Proceedings**”) may be brought in such courts. Pursuant to the Trust Deed, each of the Issuer and the Guarantor has irrevocably submitted to the jurisdiction of such courts and waived any objections to Proceedings in any such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum.
- (c) *Service of process:* Each of the Issuer and the Guarantor agrees to receive service of process in any Proceedings in Hong Kong at the Guarantor’s principal place of business in Hong Kong at Room 2404, 24th Floor, World-Wide House, 19 Des Voeux Road Central, Hong Kong. Such service shall be deemed completed on delivery to the aforesaid address (whether or not it is forwarded to and received by the Issuer and/or the Guarantor). If for any reason the Guarantor shall change or cease to have a principal place of business in Hong Kong, the Issuer and the Guarantor shall promptly notify the Trustee and each of them irrevocably agrees to appoint a substitute process agent in Hong Kong and to notify the Trustee of the acceptance by such substitute process agent of its appointment within 30 days of such cessation. Nothing herein or in the Trust Deed or the Agency Agreement shall affect the right to serve process in any other manner permitted by law.

- (d) *Waiver of Immunity*: Each of the Issuer and the Guarantor has waived any right to claim sovereign or other immunity from jurisdiction or execution and any similar defence, and has irrevocably consented to the giving of any relief or the issue of any process, including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgement made or given in connection with any Proceedings.



## MARKET PRICE INFORMATION

The Shares have been listed on the Main Board of the Hong Kong Stock Exchange since 5 December 2013. The following table sets out the high, low and average closing prices and the average daily trading volume of the Shares for the periods indicated as quoted on the Hong Kong Stock Exchange.

| Period                                          | Closing Share Price |       |                       | Daily average trading volume |
|-------------------------------------------------|---------------------|-------|-----------------------|------------------------------|
|                                                 | Shares              |       | End of period average |                              |
|                                                 | High                | Low   |                       |                              |
|                                                 | (HK\$)              |       | (approximate)         | (000's)                      |
| 2018                                            |                     |       |                       |                              |
| First quarter ended 31 March 2018 . . . . .     | 3.17                | 2.51  | 2.805                 | 2,001                        |
| Second quarter ended 30 June 2018 . . . . .     | 4.32                | 3.09  | 3.668                 | 1,400                        |
| Third quarter ended 30 September 2018 . . . . . | 3.77                | 2.54  | 3.248                 | 1,121                        |
| Fourth quarter ended 31 December 2018 . . . . . | 3.64                | 2.81  | 3.117                 | 533                          |
| 2019                                            |                     |       |                       |                              |
| First quarter ended 31 March 2019 . . . . .     | 3.81                | 2.69  | 3.259                 | 477                          |
| Second quarter ended 30 June 2019 . . . . .     | 5.45                | 3.85  | 4.709                 | 864                          |
| Third quarter ended 30 September 2019 . . . . . | 7.24                | 5.23  | 6.122                 | 974                          |
| Fourth quarter ended 31 December 2019 . . . . . | 10.44               | 6.71  | 8.295                 | 911                          |
| 2020                                            |                     |       |                       |                              |
| First quarter ended 31 March 2020 . . . . .     | 12.36               | 8.0   | 10.526                | 2,820                        |
| Second quarter ended 30 June 2020 . . . . .     | 19.46               | 12.04 | 15.602                | 6,829                        |
| Third quarter ended 30 September 2020 . . . . . | 30.15               | 19.38 | 24.378                | 3,027                        |
| Fourth quarter ended 31 December 2020 . . . . . | 34.0                | 28.25 | 30.951                | 4,291                        |
| 2021                                            |                     |       |                       |                              |
| First quarter ended 31 March 2021 . . . . .     | 38.5                | 25.7  | 30.631                | 4,802                        |
| Second quarter ended 30 June 2021 . . . . .     | 42.75               | 33.3  | 38.753                | 2,288                        |
| Third quarter ended 30 September 2021 . . . . . | 47.3                | 37.3  | 41.507                | 2,222                        |
| Fourth quarter ended 31 December 2021 . . . . . | 43.4                | 34.2  | 39.735                | 1,506                        |

## EXCHANGE RATES

### The PRC

The PBOC sets and publishes daily a base exchange rate with reference primarily to the supply and demand of Renminbi against a basket of currencies in the markets during the prior day. The PBOC also takes into account other factors such as the general conditions existing in the international foreign exchange market. Since 1994, the conversion of Renminbi into foreign currencies, including Hong Kong dollars and U.S. dollars, has been based on rates set by the PBOC, which are set daily based on the previous day's interbank foreign exchange market rates and current exchange rates in the world financial markets. From 1994 to 20 July 2005, the official exchange rate for the conversion of Renminbi to U.S. dollars was generally stable. On 21 July 2005, the PRC government changed its decade-old policy of pegging the value of the Renminbi to that of the U.S. dollar to allow the value of the Renminbi to fluctuate within a narrow and managed band based on market supply and demand and by reference to a basket of currencies. This change in policy has resulted in a significant appreciation of the Renminbi against the U.S. dollar.

The PRC government has since made further adjustments to the exchange rate system. The PBOC authorized the China Foreign Exchange Trading Centre, effective since 4 January 2006, to announce the central parity exchange rate of certain foreign currencies against the Renminbi at 9:15 AM each business day. This rate is set as the central parity for the trading against the Renminbi in the interbank foreign exchange spot market and the over-the-counter exchange rate for that business day. On 18 May 2007, the PBOC enlarged, effective on 21 May 2007, the floating band for the trading prices in the interbank spot exchange market of Renminbi against the U.S. dollar from 0.3% to 0.5% around the central parity rate. On 19 June 2010, the PBOC announced that in view of the recent economic situation and financial market developments in China and abroad, and the balance of payments situation in China, it has decided to proceed further with reform of the Renminbi exchange rate regime and to enhance the Renminbi exchange rate flexibility. According to the announcement, the exchange rate floating bands will remain the same as previously announced but the PBOC will place more emphasis on reflecting the market supply and demand with reference to a basket of currencies. In this regard, on 16 April 2012, the PBOC further enlarged the floating band for the trading prices in the interbank spot exchange market of Renminbi against the U.S. dollar to 1.0% around the central parity rate. On 17 March 2014, the PBOC, for the third time, enlarged the floating band for the trading prices in the interbank spot rate exchange market of Renminbi against the U.S. dollar to 2.0% around the central parity rate. On 11 August 2015, the PBOC announced an adjustment to the mechanism of determining the midpoint price of Renminbi to the U.S. dollar to make the exchange rate of Renminbi more market-based. The modified mechanism allows traders to consider the closing exchange rate in the previous trading day when they quote the mid-point price for Renminbi against the U.S. dollar. On the same day, the central parity of Renminbi against the U.S. dollar depreciated by nearly 2.0% as

compared to 10 August 2015. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between the Renminbi and the U.S. dollar in the future. The PRC government may in the future make further adjustments to the exchange rate system.

Although PRC governmental policies were introduced in 1996 to reduce restrictions on the convertibility of the Renminbi into foreign currency for current account items, conversion of the Renminbi into foreign currency for capital items, such as foreign direct investment, loans or security, requires the approval of SAFE and other relevant authorities.

## **Hong Kong**

The Hong Kong dollar is freely convertible into U.S. dollars. Since 1983, the Hong Kong dollar has been linked to the U.S. dollar. Under existing Hong Kong law, (i) there are no foreign exchange controls or other laws, decrees or regulations that affect the remittance of dividend payments to U.S. residents and (ii) there are no limitations on the rights of non-residents or foreign owners to hold the Bonds. The Basic Law of the Hong Kong Special Administrative Region of the PRC, which came into effect on 1 July 1997, provides that no foreign exchange control policies may be applied in Hong Kong.

Although the market exchange rate of the Hong Kong dollar against the U.S. dollar was and continues to be determined by forces of supply and demand in the foreign exchange market, between 1983 and May 2005 Hong Kong maintained a fixed rate system which fixed the rate of exchange to HK\$7.80 per U.S. dollar (the “**Linked Exchange Rate System**”). However, in May 2005, the Hong Kong Monetary Authority broadened the 22-year trading band from the original rate of HK\$7.80 per U.S. dollar to a new range varying between HK\$7.75 per U.S. dollar and HK\$7.85 per U.S. dollar. The Hong Kong government has indicated its intention to maintain the Linked Exchange Rate System. The Hong Kong government has also stated that it has no intention of imposing exchange controls and that the Hong Kong dollar will remain freely convertible into other currencies, including the U.S. dollar. However, no assurance can be given that the Hong Kong government will maintain the trading band at HK\$7.75 to HK\$7.85 per U.S. dollar or at all. As a result of the Linked Exchange Rate System, exchange rates between the Hong Kong dollar and other currencies are influenced by the value of the U.S. dollar.

## DESCRIPTION OF THE SHARES

Set out below is certain information concerning the Shares and a summary of certain provisions of the Memorandum and Articles of Association of the Company (the “**Articles of Association**”). This summary does not purport to be complete and is qualified in its entirety by reference to the Articles of Association. Any provision of the Articles of Association may be varied by special resolution passed at a general meeting of shareholders of the Company.

### General

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 24 February 2012 under the Companies Act (as revised) of the Cayman Islands (the “**Companies Law**”). The current authorised share capital of the Company is HK\$2,000,000,000 divided into 20,000,000,000 Shares of a nominal or par value of HK\$0.1 each.

### Alteration of Capital

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

The Company may from time to time by ordinary resolution:

- (i) increase its capital by such sum, to be divided into shares of such classes and amount, as the resolution shall prescribe;
- (ii) consolidate or divide all or any of its share capital into shares of larger or smaller amount than its existing shares; and on any consolidation of fully paid shares into shares of larger amount, the directors of the Company (the “**Directors**”) may settle any difficulty which may arise as it thinks expedient and in particular (but without prejudice to the generality of the foregoing) may as between the holders of shares to be consolidated determine which particular shares are to be consolidated into a consolidated share, and if it shall happen that any person shall become entitled to fractions of a consolidated share or shares, such fractions may be sold by some person appointed by the Directors for that purpose and the person so appointed may transfer the shares so sold to the purchaser thereof and the validity of such transfer shall not be questioned, and so that the net proceeds of such sale (after deduction of the expenses of such sale) may either be distributed among the persons who would otherwise be entitled to a fraction or fractions of a consolidated share or shares rateably in accordance with their rights and interest or may be paid to the Company for the Company’s benefit;

- (iii) divide its shares into several classes and attach thereto respectively any preferential, deferred, qualified or special rights, privileges or conditions;
- (iv) sub-divide its shares or any of them into shares of smaller amount than is fixed by the memorandum of association of the Company, subject nevertheless to the provisions of the Companies Law, and so that the resolution whereby any share is subdivided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights over, or may have such deferred rights or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares;
- (v) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled;
- (vi) make provision for the issue and allotment of shares which do not carry any voting rights; or
- (vii) change the currency of denomination of its share capital.

The Company may from time to time by special resolution reduce its share capital or undistributable reserve in any manner permitted by law and subject to any confirmation or conditions or consent required by the Companies Law.

#### **Variation of rights of existing shares or classes of shares**

If at any time the capital is divided into different classes of shares, all or any of the special rights attached to any class (unless otherwise provided for by the terms of issue of the shares of that class) may, subject to the provisions of the Companies Law, be varied or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles of Association relating to general meetings shall *mutatis mutandis* apply, but so that the necessary quorum (other than at an adjourned meeting) shall be not less than two persons holding (or, in the case of a shareholder being a corporation, by its duly authorised representative) or representing by proxy one-third in nominal value of the issued shares of that class, that the quorum for any meeting adjourned for want of quorum shall be two shareholders present in person (or, in the case of a shareholder being a corporation, by its duly authorised representative) or by proxy (whatever the number of shares held by them).

The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be altered by the creation or issue of further shares ranking *pari passu* therewith or in priority thereto.

## **Transfer of Shares**

Subject to the Companies Law, all transfers of shares shall be affected by transfer in writing in the usual or common form or in such standard form prescribed by The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) or in such other form as the Directors may accept and may be under hand only or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other means of execution as the Directors may approve from time to time.

The instrument of transfer of any share shall be executed by or on behalf of the transferor and the transferee provided that the Directors may dispense with the execution of the instrument of transfer by the transferor or the transferee or accept mechanically executed transfers in any case in which they in their absolute discretion think fit to do so. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register in respect thereof. Nothing in the Articles of Association shall preclude the Directors from recognising a renunciation of the allotment or provision an allotment of any share by the allottee in favour of some other person.

The Directors may, in their absolute discretion, at any time and from time to time transfer any share on the principal register to any branch register of shareholders or any share on any branch register of shareholders to the principal register or any other branch register of shareholders.

Unless the Directors otherwise agree (which agreement may be on such terms and subject to such conditions as the Directors in their absolute discretion may from time to time stipulate, and which agreement they shall, without giving any reason therefor, be entitled in their absolute discretion to give or withhold) no shares on the principal register shall be transferred to any branch register nor shall shares on any branch register be transferred to the principal register or any other branch register and all transfers and other documents of title shall be lodged for registration, and registered, in the case of any shares on a branch register, at the relevant registration office, and, in the case of any shares on the principal register, at the transfer office. Unless the Directors otherwise agree, all transfers and other documents of title shall be lodged for registration with, and registered at, the relevant registration office.

The Directors may, in their absolute discretion, refuse to register a transfer of any share (not being a fully paid up share) to a person of whom they do not approve or any share issued under any share option scheme for employees upon which a restriction on transfer imposed thereby still subsists, and they may also refuse to register a transfer of any share (whether fully paid up or not) to more than four joint holders or a transfer of any shares (not being a fully paid up share) on which the Company has a lien.

The Directors may also decline to recognise any instrument of transfer unless: (i) such sum, if any, (not exceeding, in the case of any share capital listed on the Hong Kong Stock Exchange, HK\$2.50 or such other sum as may from time to time be allowed or not prohibited under the rules of the

Hong Kong Stock Exchange, and, in the case of any other capital, such sum in such currency as the Directors may from time to time determine to be reasonable in the territory in which the relevant register is situate, or such other sum as the Company may by ordinary resolution determine) as the Directors shall from time to time determine has been paid; (ii) the instrument of transfer is lodged at the relevant registration office or, as the case may be, the transfer office accompanied by the certificate of the shares to which it relates, and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer (and, if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do); (iii) the instrument of transfer is in respect of only one class of share; (iv) the shares concerned are free of any lien in favour of the Company; and (v) if applicable, the instrument of transfer is properly stamped.

The Directors may refuse to register a transfer of any share to an infant or to a person of unsound mind or under other legal disability.

### **Power for the Company to purchase its own Shares**

Subject to the Companies Law, the power of the Company to purchase or otherwise acquire its shares (including its redeemable shares) and warrants or other securities for the subscription or purchase of its own shares (including redeemable shares) shall be exercisable by the Directors upon such terms and subject to such conditions as they think fit.

### **Power of any subsidiary of the Company to own Shares**

There are no provisions in the Articles of Association relating to the ownership of shares by a subsidiary.

### **Annual general meetings**

The Company shall in each year hold a general meeting as its annual general meeting in addition to any other general meeting in that year and shall specify the meeting as such in the notice calling it; and not more than 15 months (or such longer period as may be permitted by the rules of the stock exchange on which any securities of the Company are listed with the permission of the Hong Kong Stock Exchange may authorise) shall elapse between the date of one annual general meeting of the Company and that of the next.

### **Notice of meetings and business to be conducted thereat**

An annual general meeting shall be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days and any extraordinary general meeting at which the passing of a special resolution is to be considered shall be called by notice of not less than twenty-one (21) clear days and not less than ten (10) clear business days. All other extraordinary general meetings may be called by notice of not less than fourteen (14) clear days and not less

than ten (10) clear business days. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the place, the day and the hour of meeting and particulars of the resolutions to be considered at the meeting and, in case of special business, the general nature of that business, and shall be given, in manner hereinafter mentioned or in such other manner, if any, as may be prescribed by the Company in general meeting, to such persons as are, under the Articles of Association, entitled to receive such notices from the Company.

All business shall be deemed special that is transacted at an extraordinary general meeting, and also all business that is transacted at an annual general meeting with the exception of sanctioning dividends, the reading, considering and adopting of the accounts and balance sheet and the reports of the Directors and the auditors of the Company and other documents required to be annexed to the balance sheet, the election of Directors and appointment of auditors and other officers in the place of those retiring, the fixing of or delegation of power to the Directors to fix the remuneration of the auditors, and the voting of or delegation of power to the Directors to fix the ordinary or extra or special remuneration to the Directors, the grant of a general mandate to the Directors to allot, issue or deal with shares and to enter into agreements for such purposes, and the grant of a general mandate authorising Directors to exercise the power of the Company to repurchase its own securities.

#### **Quorum for meetings and separate class meetings**

For all purposes the quorum for a general meeting shall be two shareholders present in person (or, in the case of a shareholder being a corporation, by its duly authorised representative) or by proxy and entitled to vote. No business shall be transacted at any general meeting unless the requisite quorum shall be present at the commencement of the meeting. To every such separate general meeting the provisions of the Articles of Association relating to general meetings shall *mutatis mutandis* apply, but so that the necessary quorum (other than at an adjourned meeting) shall be not less than two persons holding (or, in the case of a shareholder being a corporation, by its duly authorised representative) or representing by proxy one-third in nominal value of the issued shares of that class, that the quorum for any meeting adjourned for want of quorum shall be two shareholders present in person (or, in the case of a shareholder being a corporation, by its duly authorised representative) or by proxy (whatever the number of shares held by them).

Any corporation which is a shareholder of the Company may, by resolution of its directors or other governing body or by power of attorney, authorise any person as it thinks fit to act as its representative at any meeting of the Company or of any class of shareholders of the Company, and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual shareholder of the Company.



### **Special resolution — majority required**

A “special resolution” is defined in the Articles of Association as a resolution passed by a majority of not less than three-fourths of the votes cast by such shareholders as, being entitled so to do, vote in person or by proxy or, in the cases of shareholders which are corporations, by their respective duly authorised representatives at a general meeting of which notice has been duly given in accordance with the Articles of Association.

In contrast, an “ordinary resolution” is a resolution passed by a simple majority of such shareholders as, being entitled so to do, vote in person or, in the case of any shareholder being a corporation, by its duly authorised representative or, where proxies are allowed, by proxy at a general meeting held in accordance with these presents and of which notice has been duly given in accordance with the Articles of Association.

A resolution in writing signed (in such manner as to indicate, expressly or impliedly, unconditional approval) by or on behalf of the persons for the time being entitled to receive notice of and to attend and vote at general meetings of the Company shall be treated as an ordinary resolution duly passed at a general meeting of the Company duly convened and held and, where relevant as a special resolution so passed. Any such resolution shall be deemed to have been passed at a meeting held on the date on which it was signed by the last person to sign, and where the resolution states a date as being the date of his signature thereof by any shareholder the statement shall be prima facie evidence that it was signed by him on that date. Such a resolution may consist of several documents in the like form, and signed by one or more relevant shareholders.

### **Voting rights**

Subject to any special rights, privileges or restrictions as to voting for the time being attached to any class or classes of shares, at any general meeting on a poll every shareholder present in person (or, in the case of a shareholder being a corporation, by its duly authorised representative) or by proxy, shall have one vote for every share of which he is the holder which is fully paid or credited as fully paid (but so that no amount paid or credited as paid on a share in advance of calls or instalments shall be treated for the purposes of the Articles of Association as paid on the share). where any shareholder is, under the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such shareholder (whether by way of proxy or, as the case may be, corporate representative) in contravention of such requirement or restriction shall not be counted.

Where there are joint registered holders of any share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present whose name stands first on the register in respect of such share shall alone be entitled to vote in respect thereof.

A shareholder of unsound mind or in respect of whom an order has been made by any court having jurisdiction in lunacy may vote, on a poll, by his committee, receiver, curator bonis or other person in the nature of a committee, receiver or curator bonis appointed by that court, and any such committee, receiver, curator bonis or other person may vote by proxy. Evidence to the satisfaction of the Directors of the authority of the person claiming to exercise the right to vote shall be delivered to such place or one of such places (if any) as is specified in accordance with the Articles of Association for the deposit of instruments of proxy or, if no place is specified, at the registration office, not later than the latest time at which an instrument of proxy must, if it is to be valid for the meeting, be delivered. Save as expressly provided in the Articles of Association, no person other than a shareholder duly registered and who shall have paid everything for the time being due from him payable to the Company in respect of his shares shall be entitled to be present or to vote (save as proxy for another shareholder) whether personally, by proxy or by attorney or to be reckoned in the quorum, at any general meeting.

At any general meeting a resolution put to the vote of the meeting shall be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every shareholder present in person (or being a corporation, is present by a duly authorized representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a shareholder which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.

Where a shareholder is a clearing house (or its nominee(s)), it may authorise such persons as it thinks fit to act as its representatives at any meeting of the Company or at any meeting of any class of shareholders provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such representative is so authorised. Each person so authorised under the provisions of this Article shall be deemed to have been duly authorised without further evidence of the facts and shall be entitled to exercise the same rights and powers on behalf of the clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by the clearing house (or its nominee(s)) in respect of the number and class of shares specified in the relevant authorisation including, where a show of hands is allowed, the right to vote individually on a show of hands.

## **Proxies**

Any shareholder entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. A shareholder who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a shareholder of the Company. On a poll votes may be given either personally (or, in the case of a shareholder being a corporation, by its duly authorised representative) or by proxy. A proxy shall be entitled to exercise the same powers on behalf of a shareholder who is an individual and for

whom he acts as proxy as such shareholder could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a shareholder which is a corporation and for which he acts as proxy as such shareholder could exercise if it were an individual shareholder.

### **Dividends and other methods of distributions**

Subject to the Companies Law, the Company in general meeting may declare dividends in any currency but no dividends shall exceed the amount recommended by the Directors.

The Directors may, before recommending any dividend, set aside out of the profits of the Company such sums as they think fit as a reserve or reserves which shall, at the discretion of the Directors, be applicable for meeting claims on or liabilities of the Company or contingencies or for paying off any loan capital or for equalising dividends or for any other purpose to which the profits of the Company may be properly applied.

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

The Directors may retain any dividends or other moneys payable on or in respect of a share upon which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists. The Directors may deduct from any dividend or other money payable to any shareholder all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.

Whenever the Directors or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the Directors may further resolve: either: (i) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid on the basis that the shares so allotted shall be of the same class or classes as the class or classes already held by the allottee, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or (ii) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid in lieu of the whole or such part of the dividend as the Directors may think fit on the basis that the shares so allotted shall be of the same class or classes as the class or classes of shares already held by the allottee.

Unless otherwise directed by the Directors, any dividend or other moneys payable or bonuses, rights or other distributions in respect of any share may be paid or satisfied by cheque or warrant or certificate or other documents or evidence of title sent through the post to the registered address of the shareholder entitled, or, in the case of joint holders, to the registered address of that one

whose name stands first in the register in respect of the joint holding or to such person and to such address as the holder or joint holders may in writing direct. Every cheque, warrant, certificate or other document or evidence of title so sent shall be made payable to the order of the person to whom it is sent or, in the case of certificates or other documents or evidence of title as aforesaid, in favour of the shareholder(s) entitled thereto, and the payment on any such cheque or warrant by the banker upon whom it is drawn shall operate as a good discharge to the Company in respect of the dividend and/or other moneys represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that any endorsement thereon has been forged. Every such cheque, warrant, certificate or other document or evidence of title as aforesaid shall be sent at the risk of the person entitled to the dividend, money, bonus, rights and other distributions represented thereby.

Whenever the Directors have or the Company in general meeting has resolved that a dividend be paid or declared, the Directors may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind and in particular of paid up shares, debentures or warrants to subscribe securities of the Company or any other company, or in any one or more of such ways, with or without offering any rights to shareholders to elect to receive such dividend in cash.

All dividends, bonuses or other distributions or the proceeds of the realisation of any of the foregoing unclaimed for one year after having been declared may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed and, notwithstanding any entry in any books of the Company or otherwise howsoever, the Company shall not be constituted a trustee in respect thereof. All dividends, bonuses or other distributions or the proceeds of the realisation of any of the foregoing unclaimed for six years after having been declared may be forfeited by the Directors and, upon such forfeiture, shall revert to the Company and, in the case where any of the same are securities of the Company, may be re-allotted or re-issued for such consideration as the Directors think fit and the proceeds thereof shall accrue to the benefit of the Company absolutely.

No dividend or other moneys payable on or in respect of a share shall bear interest as against the Company.

### **Inspection of register of members**

The Directors shall cause to be kept the register of members and there shall be entered therein the particulars required under the Companies Law.

For so long as any part of the share capital of the Company is listed on a stock exchange in Hong Kong, any member may inspect the principal register or branch register of the Company maintained in Hong Kong without charge and require the provision to him of copies or extracts thereof in all respects as if the Company were incorporated under and is subject to the Companies Ordinance (Cap. 622 of the Laws of Hong Kong).

## **Calls on Shares and forfeiture of Shares**

The Directors may from time to time make such calls as they may think fit upon the shareholders in respect of any moneys unpaid on the shares held by them respectively (whether on account of the nominal value of shares or by way of premiums) and not by the conditions of allotment thereof made payable at a fixed time. Fourteen (14) clear days' notice at least of any call shall be given specifying the time and place of payment and to whom such call shall be paid. Every shareholder upon whom a call is made shall pay the amount of every call so made on him to the person and at the time or times and place or places as the Directors shall appoint. The Directors may from time to time at its discretion extend the time fixed for any call, and may extend such time as regards all or any of the shareholders, whom due to residence outside Hong Kong or other cause the Directors may deem entitled to any such extension but no shareholder shall be entitled to any such extension except as a matter of grace and favour. A person upon whom a call is made shall remain liable on such call notwithstanding the subsequent transfer of the shares in respect of which the call was made.

A call may be made payable either in one sum or by instalments. A call shall be deemed to have been made at the time when the resolution of the Directors authorising such call was passed. The joint holders of a share shall be severally as well as jointly liable for the payment of all calls and instalments due in respect of such share or other moneys due in respect thereof.

If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty (20) per cent. per annum as the Directors shall fix from the day appointed for the payment thereof to the time of the actual payment, but the Directors may waive payment of such interest wholly or in part.

If a shareholder fails to pay any call or instalment of a call on the day appointed for payment thereof, the Directors may, at any time thereafter during such time as any part of the call or instalment remains unpaid, without prejudice to the provisions of the Articles of Association, serve notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment.

The notice shall name a further day (not earlier than the expiration of fourteen (14) clear days from the date of the notice) on or before which the payment required by the notice is to be made, and it shall also name the place where payment is to be made such place being the registered office or a registration office or another place within Hong Kong. The notice shall also state that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Directors to that effect. Such forfeiture

shall include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture. The Directors may accept the surrender of any share liable to be forfeited hereunder and in such cases references in the Articles of Association to forfeiture shall include surrender.

A person whose shares have been forfeited shall cease to be a shareholder in respect of the forfeited shares, but shall, notwithstanding, remain liable to pay to the Company all moneys which, at the date of forfeiture, were payable by him to the Company in respect of the forfeited shares, together with (if the Directors shall in their discretion so require) interest thereon from the date of forfeiture until the date of actual payment (including the payment of such interest) at such rate not exceeding twenty (20) per cent. per annum as the Directors may prescribe, and the Directors may enforce the payment thereof if they think fit, and without any deduction or allowance for the value of the shares at the date of forfeiture, but his liability shall cease if and when the Company shall have received payment in full of all such moneys in respect of the shares.

### **Rights of minorities in relation to fraud or oppression**

There are no provisions in the Articles of Association concerning the rights of minority shareholders in relation to fraud or oppression.

### **Procedure on liquidation**

If the Company shall be wound up, the surplus assets remaining after payment to all creditors shall be divided among the shareholders in proportion to the capital paid up on the shares held by them respectively, and if such surplus assets shall be insufficient to repay the whole of the paid up capital, they shall be distributed, subject to the rights of any shares which may be issued on special terms and conditions, so that, as nearly as may be, the losses shall be borne by the shareholders in proportion to the capital paid on the shares held by them respectively.

If the Company shall be wound up (whether the liquidation is voluntary or ordered or sanctioned by the court) the liquidator may, with the sanction of a special resolution and any other sanction required by the Companies Law, divide among the shareholders in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the shareholders or different classes of shareholders and the shareholders within each class. The liquidator may, with the like sanction, vest any part of the assets in trustees upon such trusts for the benefit of shareholders as the liquidator, with the like sanction, shall think fit, but so that no shareholder shall be compelled to accept any shares or other assets upon which there is a liability.

### **Untraceable members**

Pursuant to the Articles of Association, the Company shall have the power to sell, in such manner as the Directors think fit, any shares of a shareholder who is untraceable, but no such sale shall be made unless: (i) during the period of 12 years prior to the date of publication of the advertisements referred to in sub-paragraph (ii) below (or, if published more than once, the first thereof) at least three dividends or other distributions in respect of the shares in question have become payable or been made and no dividend or other distribution in respect of the shares has been claimed; (ii) the Company has caused an advertisement to be inserted in the newspapers of its intention to sell such shares and a period of three months has elapsed since the date of such advertisement (or, if published more than once, the first thereof); (iii) the Company has not at any time during the said periods of twelve years and three months received any indication of the existence of the shareholder who is the holder of such shares or of a person entitled to such shares by death, bankruptcy or operation of law; and (iv) the Company has notified the stock exchange of its intention of such sale. To give effect to any such sale the Directors may authorise any person to transfer the said shares and the instrument of transfer signed or otherwise executed by or on behalf of such person shall be as effective as if it had been executed by the registered holder or the person entitled by transmission to such shares, and the purchaser shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale. The net proceeds of the sale will belong to the Company and upon receipt by the Company of such proceeds it shall become indebted to the former shareholder for an amount equal to such net proceeds. Notwithstanding any entries made by the Company in any of its books or otherwise howsoever, no trusts shall be created in respect of such debt and no interest shall be payable in respect of it and the Company shall not be required to account for any money earned from the net proceeds which may be employed in the business of the Company or as it thinks fit. Any sale under this Article shall be valid and effective notwithstanding that the shareholder holding the shares sold is dead, bankrupt, wound up or otherwise under any legal disability or incapacity.

## DIVIDENDS

Subject to the Companies Act (as revised) of the Cayman Islands (the “**Companies Law**”) and the Company’s Articles of Association, the Company may declare dividends at its general meeting, but no dividends shall exceed the amount recommended by the Company’s board of directors. The Company’s board of directors may from time to time pay such interim dividends to its members as may appear to the board of directors to be justified by the profits of the Company. No dividend shall be paid otherwise than out of the Company’s profits or with the sanction of an ordinary resolution and subject to the solvency test under the Companies Law, out of the share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Law. No dividends shall carry interest.

For the year ended 31 December 2019, our Company declared interim dividend of RMB0.061 per Share, and a final dividend of RMB0.2 per Share, with a total dividend of approximately RMB303.2 million being distributed.

For the year ended 31 December 2020, our Company declared interim dividend of RMB0.1451 per Share, and a final dividend of RMB0.2410 per Share, with a total dividend of approximately RMB480.4 million being distributed.

For the six months ended 30 June 2021, the Company declared interim dividends of RMB0.1293 per Share, with a total dividend of approximately RMB161.0 million being distributed.



## **PROVISIONS RELATING TO THE BONDS IN GLOBAL FORM**

The Global Certificate contains provisions which apply to the Bonds in respect of which the Global Certificate is issued, some of which modify the effect of the Conditions set out in this Offering Circular. Terms defined in the Conditions have the same meaning in the paragraphs below. The following is a summary of those provisions:

### **Meetings**

For the purposes of any meeting of Bondholders, the holder of the Bonds represented by the Global Certificate shall (unless the Global Certificate represents only one Bond) be treated as two persons for the purposes of any quorum requirements of a meeting of Bondholders and as being entitled to one vote in respect of each HK\$1,000,000 in principal amount of Bonds then outstanding.

### **Cancellation**

Cancellation of any Bond represented by the Global Certificate by the Issuer following its redemption, conversion or purchase by the Issuer, the Guarantor or any of their respective Subsidiaries will be effected by a reduction in the principal amount of the Bonds in the register of Bondholders.

### **Trustee's Powers**

In considering the interests of Bondholders while the Global Certificate is registered in the name of a nominee for a clearing system, the Trustee may, to the extent it considers it appropriate to do so in the circumstances, but without being obliged to do so, (a) have regard to any information as may have been made available to it by or on behalf of the relevant clearing system or its operator as to the identity of its accountholders (either individually or by way of category) with entitlements in respect of the Bonds and (b) consider such interests on the basis that such accountholders were the holders of the Bonds in respect of which the Global Certificate is issued.

### **Conversion**

Subject to the requirements of Euroclear and Clearstream (or any Alternative Clearing System (as defined below)), the Conversion Right attaching to a Bond in respect of which the Global Certificate is issued may be exercised at any time during the Conversion Period by the presentation to or to the order of the Conversion Agent of one or more Conversion Notices (as defined in the Conditions) duly completed by or on behalf of a holder of a book-entry interest in such Bonds. Deposit of the Global Certificate with the Conversion Agent together with the relevant conversion notice(s) shall not be required. The exercise of the Conversion Right shall be notified by the Conversion Agent to the Registrar and the holder of the Global Certificate.

## **Payment**

The Issuer will pay to the Register Holder of the Bonds represented by the Global Certificate (subject to surrender of the Global Certificate if no further payment falls to be made in respect of such Bonds) on the Maturity Date (or on such earlier date as the amount payable upon redemption under the Conditions may become repayable in accordance with the Conditions) the amount payable upon redemption under the Conditions in respect of the Bonds represented by the Global Certificate, save that the calculation of interest (if any) is made in respect of the total aggregate amount of the Bonds represented by the Global Certificate, together with such other sums and additional amounts (if any) as may be payable under the Conditions, in accordance with the Conditions.

Each payment will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment, where “Clearing System Business Day” means a weekday (Monday to Friday, inclusive) except 25 December and 1 January.

## **Notices**

So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear or Clearstream or any Alternative Clearing System, notices to holders of the Bonds shall be given by delivery of the relevant notice to Euroclear or Clearstream or the Alternative Clearing System, for communication by it to accountholders entitled to an interest in the Bonds in substitution for notification as required by the Conditions.

## **Redemption at the Option of the Bondholders**

The Bondholder’s redemption options in Condition 8(d) and Condition 8(e) of the Conditions may be exercised by the holder of the Global Certificate giving notice to any Paying Agent of the principal amount of Bonds in respect of which the option is exercised within the time limits specified in the relevant Condition.

## **Bondholder’s Tax Option**

The option of the Bondholders not to have the Bonds redeemed as provided in Condition 8(b) shall be exercised by the presentation to any Paying Agent of a duly completed Bondholder’s election notice within the time limits set out in and containing the information required by Condition 8(b) of the Conditions.

## **Exchange of Bonds Represented by Global Certificates**

Owners of interests in the Bonds in respect of which the Global Certificate is issued will be entitled to have title to the Bonds registered in their names and to receive individual definitive Certificates if either Euroclear or Clearstream or any other clearing system selected by the Issuer and approved in writing by the Trustee, the Principal Agent and the Registrar through which the Bonds are held (an “**Alternative Clearing System**”) is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so. In such circumstances, the Issuer will at its own expense cause sufficient individual definitive Certificates to be executed and delivered to the Registrar for completion, authentication and despatch to the relevant holders of the Bonds. A person with an interest in the Bonds in respect of which the Global Certificate is issued must provide the Registrar not less than 30 days’ notice at its specified office of such holder’s intention to effect such exchange and a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such individual definitive Certificates.

## **Transfers**

Transfers of beneficial interests in the Bonds represented by the Global Certificate will be effected through the records of Euroclear and Clearstream (or any Alternative Clearing System) and their respective participants in accordance with the rules and procedures of Euroclear and Clearstream (or any Alternative Clearing System) and their respective direct and indirect participants.

## **Partial Redemption**

In the case of a partial redemption of the Bonds, such Bonds to be redeemed will be selected by such method in such place as the Trustee may approve and in such manner as the Trustee shall deem to be appropriate, in accordance with the rules of the relevant clearing system.

## TAXATION

*This following summary of certain British Virgin Islands, Cayman Islands, Hong Kong and PRC tax consequences of the purchase, ownership and disposition of Bonds and Shares is based upon applicable laws, regulations, rulings and decisions as of the date of this Offering Circular, all of which are subject to change (possibly with retroactive effect). This discussion does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Bonds or the Shares and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Persons considering the purchase of Bonds should consult their own tax advisors concerning the tax consequences of the purchase, ownership and disposition of Bonds and Shares, including such possible consequences under the laws of their country of citizenship, residence or domicile.*

### **British Virgin Islands**

Under existing British Virgin Islands laws, payments of interest and principal on the Bonds will not be subject to taxation in the British Virgin Islands and no withholding will be required on the payment of interest and principal to any holder of the Bonds nor will gains derived from the disposal of the Bonds be subject to British Virgin Islands income or corporation tax, provided that the payments are made to persons who are not resident in the British Virgin Islands.

Under existing British Virgin Islands laws, no estate, inheritance, succession or gift tax, rate, duty, levy or other charge is payable by persons who are not resident in the British Virgin Islands with respect to the Bonds.

There are currently no withholding taxes or exchange control regulations in the British Virgin Islands applicable to the Issuer.

Under existing British Virgin Islands laws, if neither the Issuer nor any subsidiary holds an interest in real estate in the British Virgin Islands, no stamp duty is payable in respect of the issue of the Bonds or on an instrument of transfer in respect of the Bonds.

### **Cayman Islands**

Under existing laws of the Cayman Islands, payments of interest and principal on the Bonds will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of interest and principal to any holder of the Bonds, as the case may be, nor will gains derived from the disposal of the Bonds be subject to Cayman Islands income or corporation tax. The Cayman Islands currently has no income, corporation or capital gains tax and no estate duty, inheritance tax or gift tax.

No stamp duty is payable in respect of the issue of the Bonds. The holder of any Bonds (or a legal personal representative of such holder) whose Bonds are brought into the Cayman Islands may in certain circumstances be liable to pay stamp duty imposed under the laws of the Cayman Islands in respect of such Bonds. An instrument transferring title to a registered Bond, if brought to or executed in the Cayman Islands, would be subject to nominal Cayman Islands stamp duty. Stamp duty may be payable if any original documents are brought to or executed in the Cayman Islands.

## **Hong Kong**

### ***Withholding Tax***

No withholding tax is payable in Hong Kong in respect of payments of principal or interest on the Bonds or in respect of any capital gains arising from the sale of the Bonds.

### ***Profits Tax***

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

Interest on the Bonds may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong in the following circumstances:

- (a) interest on the Bonds is derived from Hong Kong and is received by or accrues to a corporation carrying on a trade, profession or business in Hong Kong;
- (b) interest on the Bonds is derived from Hong Kong and is received by or accrues to a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business;
- (c) interest on the Bonds is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance (Cap. 112) of Hong Kong (the “**IRO**”)) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or
- (d) interest on the Bonds is received by or accrues to a corporation, other than a financial institution, and arises through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO).

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal and redemption of Bonds will be subject to Hong Kong profits tax. Sums received by or accrued to a corporation, other than a financial institution, by way of gains or profits arising

through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO) from the sale, disposal or other redemption of Bonds will be subject to Hong Kong profits tax.

Sums derived from the sale, disposal or redemption of Bonds will be subject to Hong Kong profits tax where received by or accrued to a person, other than a financial institution, who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source unless otherwise exempted. The source of such sums will generally be determined by having regard to the manner in which the Bonds are acquired and disposed of.

In certain circumstances, Hong Kong profits tax exemptions (such as concessionary tax rates) may be available. Investors are advised to consult their own tax advisers to ascertain the applicability of any exemptions to their individual position.

### ***Stamp Duty***

No Hong Kong stamp duty will be chargeable upon the issue or transfer of a Bond.

### **The PRC**

#### ***Taxation on Interest***

Pursuant to the EIT Law and its implementation regulations, enterprises that are established under laws of foreign countries and regions whose “de facto management bodies” are within the territory of the PRC are treated as PRC tax resident enterprises for the purpose of the EIT Law and must pay enterprise income tax at the rate of 25% in respect of their income sourced from both within and outside China. If the relevant PRC tax authorities decide, in accordance with applicable tax rules and regulations, that the “de facto management bodies” of the Issuer are within the territory of the PRC, the Issuer may be treated as a PRC tax resident enterprise for the purpose of the EIT Law and be subject to enterprise income tax at the rate of 25% on its income from sources both within and outside PRC.

The EIT Law, its implementation regulations impose withholding tax at the rate of 10%, or a lower rate if tax treaty benefits are available, on PRC-source income paid to a “non-resident enterprise” that does not have an establishment or place of business in China or that has an establishment or place of business in China but the relevant income is not effectively connected therewith. Pursuant to these provisions of the EIT Law, in the event the Issuer is considered a PRC resident enterprise by the PRC tax authorities in the future, interest payable to non-resident enterprise holders of the Bonds may be treated as income derived from sources within China and be subject to such PRC withholding tax. Further, in accordance with the Individual Income Tax Law of the PRC which was amended on 31 August 2018 and its implementation regulations which was amended in December 18, 2018, if the Issuer is considered a PRC tax resident enterprise, interest payable to non-resident individual holders of the Bonds may be treated as income derived from sources

within China and be subject to a 20% individual income tax; accordingly, if the Issuer is treated as a PRC tax resident enterprise, the Issuer would be obliged to withhold such individual income tax on payments of interests to non-resident individual holders of the Bonds. To the extent that China has entered into arrangements relating to the avoidance of double-taxation with any jurisdiction, such as Hong Kong, that allow a lower rate of withholding tax, such lower rate may apply to qualified holders of the Bonds.

As of the date of this offering circular, the Issuer has not been given notice or informed by the PRC tax authorities that it is considered as a PRC tax resident enterprise for the purpose of the EIT Law. On that basis, non-resident enterprise holders of the Bonds will not be subject to income tax imposed by any governmental authority in the PRC in respect of the holding of the Bonds or any repayment of principal and payment of interest made thereon. However, there is no assurance that the Issuer will not be treated as a PRC tax resident enterprise under the EIT Law and related implementation regulations in the future.

### ***Taxation on Capital Gains***

The EIT Law and its implementation regulations impose a tax at the rate of 10%, or a lower rate if tax treaty benefits are available, on income derived from sources within the PRC realized by a “non-resident enterprise” that does not have an establishment or place of business in China or that has an establishment or place of business in China but the relevant gain is not effectively connected therewith. The Individual Income Tax Law and its implementation regulations impose a tax at the rate of 20% on income derived from sources within the PRC realized by non-resident individuals. If the Issuer is considered a PRC resident enterprise by the PRC tax authorities in the future, and if the capital gains realized by holders of the Bonds are treated as income derived from sources within China, such gains will be subject to PRC tax. To the extent that China has entered into arrangements relating to the avoidance of double-taxation with any jurisdiction, such as Hong Kong, that allow a lower rate of tax, such lower rate may apply to qualified non-resident holders of the Bonds, if both the Issuer and the investors qualify for benefits under the applicable tax treaty.

### ***Stamp Duty***

No PRC stamp tax will be chargeable upon the issue or transfer of a Bond to the extent that the register of holders of the Bonds is maintained outside Mainland China. The Issuer intends to maintain the register of holders of the Bonds outside Mainland China.

## SUBSCRIPTION AND SALE

The Issuer and the Guarantor have entered into a subscription agreement with the Managers dated 6 January 2022 (the “**Subscription Agreement**”) pursuant to which, and subject to certain conditions contained therein, the Issuer agreed to sell to the Managers, and the Managers have agreed to subscribe and pay for, or to procure subscribers to subscribe and pay for, the aggregate principal amount of the Bonds set forth opposite its name below.

|                                              | <b>Principal amount<br/>of the Bonds to<br/>be subscribed</b> |
|----------------------------------------------|---------------------------------------------------------------|
|                                              | <i>(HK\$)</i>                                                 |
| Goldman Sachs (Asia) L.L.C. ....             | 1,925,000,000                                                 |
| Morgan Stanley & Co. International plc ..... | 825,000,000                                                   |
| <b>Total</b> .....                           | <u><u>2,750,000,000</u></u>                                   |

The Subscription Agreement provides that the Issuer and the Guarantor will jointly and severally indemnify the Managers against certain liabilities in connection with the offer and sale of the Bonds. The Subscription Agreement provides that the obligations of the Managers are subject to certain conditions precedent, and entitles the Managers to terminate it in certain circumstances prior to payment being made to the Issuer.

The Issuer or, as the case may be, the Guarantor will pay the Managers’ customary commissions in connection with the offering and will reimburse the Managers for certain fees and expenses incurred in connection with the offering.

The Managers and their affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities (“**Banking Services and/or Transactions**”). The Managers and their affiliates may have, from time to time, performed, and may in the future perform, various Banking Services and/or Transactions with the Issuer, the Guarantor and/or their respective affiliates for which they have received, or will receive, fees and expenses.

In connection with the offering of the Bonds, the Managers and/or their affiliates, or affiliates of the Issuer and the Guarantor, may act as investors and place orders, receive allocations and trade the Bonds for its or their own account and such orders, allocations or trading of the Bonds may be material. Such entities may hold or sell such Bonds or purchase further Bonds for their own account in the secondary market or deal in any other securities of the Issuer or the Guarantor, and therefore, they may offer or sell the Bonds or other securities otherwise than in connection with the offering of the Bonds. Accordingly, references herein to offering of the Bonds should be read as including any offering of the Bonds to the Managers or their affiliates, or affiliates of the Issuer or the Guarantor as investors for their own account. Such entities are not expected to disclose such



transactions or the extent of any such investment, otherwise than in accordance with any applicable legal or regulatory requirements. If such transactions occur, the trading price and liquidity of the Bonds and the Shares may be impacted.

Furthermore, it is possible that a significant proportion of the Bonds may be initially allocated to, and subsequently held by, a limited number of investors. If this is the case, the trading price and liquidity of trading in the Bonds may be constrained. The Issuer, the Guarantor, and the Managers are under no obligation to disclose the extent of the distribution of the Bonds amongst individual investors, otherwise than in accordance with any applicable legal or regulatory requirements.

In the ordinary course of their various business activities, the Managers and their affiliates make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Issuer and the Guarantor, including the Bonds and the Shares and could adversely affect the trading price and liquidity of the Bonds and the Shares. The Managers and their affiliates may make investment recommendations and/or publish or express independent research views (positive or negative) in respect of the Bonds, the Shares or other financial instruments of the Issuer or the Guarantor, and may recommend to their clients that they acquire long and/or short positions in the Bonds, the Shares or other financial instruments of the Issuer or the Guarantor.

Each of the Issuer and the Guarantor has agreed in the Subscription Agreement that neither the Issuer, the Guarantor nor any person acting on its or their behalf will (a) issue, offer, sell, contract to sell, pledge or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any Shares or securities of the same class as the Bonds or the Shares or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Bonds, the Shares or securities of the same class as the Bonds, the Shares or other instruments representing interests in the Bonds, the Shares or other securities of the same class as them, (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of the Shares, (c) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (a), (b) or (c) is to be settled by delivery of Shares or other securities, in cash or otherwise or (d) announce or otherwise make public an intention to do any of the foregoing, in any such case without the prior written consent of the Managers between the date hereof and the date which is 90 days after the Issue Date (both dates inclusive); except for (i) the Bonds and the new Shares to be issued on conversion of the Bonds; (ii) any Shares or options granted or issuable pursuant to the Guarantor's publicly disclosed Share Option Scheme; and (iii) the Shares to be issued under the Placing and Subscription Agreement.

In addition, YE Fan has agreed that for a period from the date of the Subscription Agreement up to 90 days after Issue Date (both dates inclusive), except for (i) the issue of the Bonds and the New Shares issued on conversion of the Bonds; (ii) any Shares or options granted or issuable pursuant to the Share Option Scheme; and (iii) the Shares to be issued, placed or subscribed under the Placing and Subscription Agreement, he will not and shall procure that no person shall (without the prior written consent of the Managers), (a) issue, offer, sell, pledge, contract to sell or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any Lock-up Shares or securities of the same class as the Lock-up Shares or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Lock-up Shares or securities of the same class as the Lock-up Shares or other instruments representing interests in the Shares or other securities of the same class as them, (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of the Lock-up Shares, (c) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (a), (b) or (c) is to be settled by delivery of Lock-up Shares or other securities, in cash or otherwise or (d) announce or otherwise make public an intention to do any of the foregoing (without the prior written consent of the Managers). For the avoidance of doubt, this shall not restrict the transfer of Lock-up Shares to any other discretionary trust set up by YE Fan as settlor (a “**Transfer**”), provided that there is no change in the economic interest of the Lock-up Shares and YE Fan continues to have control over the Lock-up Shares (including without limitation, the right to sell, pledge, contract to sell or otherwise dispose of the Lock-up Shares) and the ability to exercise all rights with respect to the Lock-up Shares. This lock-up undertaking will continue to apply to any such Shares notwithstanding any transfer. “**Lock-up Shares**” means 702,712,000 Shares, representing 56.31 per cent. of the existing issued share capital of the Guarantor, which is held directly by YE Fan (or through nominees) or held indirectly by YE Fan through trusts and/or companies controlled by him (or through their nominees).

## **Selling Restrictions**

### ***General***

The distribution of this Offering Circular or any offering material and the offering, sale or delivery of the Bonds is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Offering Circular or any offering material are advised to consult their own legal advisers as to what restrictions may be applicable to them and to observe such restrictions. This Offering Circular may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorized.

No action has been or will be taken in any jurisdiction by the Issuer, the Guarantor or the Managers that would permit a public offering, or any other offering under circumstances not permitted by applicable law, of the Bonds, or possession or distribution of this Offering Circular, any amendment or supplement thereto issued in connection with the proposed resale of the Bonds

or any other offering or publicity material relating to the Bonds, in any country or jurisdiction where action for that purpose is required. Accordingly, the Bonds may not be offered or sold, directly or indirectly, and neither this Offering Circular nor any other offering material or advertisements in connection with the Bonds may be distributed or published, by the Issuer, the Guarantor or the Managers, in or from any country or jurisdiction, except in circumstances which will result in compliance with all applicable rules and regulations of any such country or jurisdiction and will not impose any obligations on the Issuer, the Guarantor or the Managers.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Managers or any affiliate of the Managers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Managers or such affiliate on behalf of the Issuer and the Guarantor in such jurisdiction.

### ***United States***

The Bonds, the Guarantee and the Shares to be issued upon conversion of the Bonds have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States.

The Bonds and the Guarantee are being offered and sold outside of the United States in reliance on Regulation S.

In addition, until 40 days after the commencement of the offering of the Bonds and the Guarantee, an offer or sale of the Bonds, the Guarantee or Shares to be issued upon conversion of the Bonds within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

### ***Hong Kong***

Each Manager has represented and agreed that:

- (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Bonds other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “SFO”) and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the “C(WUMP)O”) or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and
- (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Bonds, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if

permitted to do so under the securities laws of Hong Kong) other than with respect to Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under the SFO.

### ***United Kingdom***

Each Manager has represented and agreed that:

- (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Bonds in circumstances in which section 21(1) of the FSMA does not apply to the Company; and
- (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom.

### ***Prohibition of Sales to EEA Retail Investors***

Each Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds which are the subject of the offering contemplated by this Offering Circular in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision, the expression “retail investor” means a person who is one (or more) of the following:

- (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
- (ii) a customer within the meaning of Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

### ***Prohibition of Sales to UK Retail Investors***

Each Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds which are the subject of the offering contemplated by this Offering Circular in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision, the expression “retail investor” means a person who is one (or more) of the following:

- (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or

- (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

### ***Japan***

The Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No.25 of 1948, as amended, the “**Financial Instruments and Exchange Act**”). Accordingly, each Manager has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Bonds in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

### ***The People’s Republic of China***

Each Manager has represented and agreed that the Bonds are not being offered or sold and may not be offered or sold, directly or indirectly, in the People’s Republic of China (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan) or for the benefit of, legal or natural persons of the PRC (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan)), except as permitted by applicable laws of the People’s Republic of China.

### ***Singapore***

Each Manager has acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Manager has represented and agreed that it has not offered or sold any Bonds or caused the Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell any Bonds or cause the Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the “**SFA**”)) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Bonds are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Bonds pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275 (1A) or Section 276(4)(i)(B) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276(7) of the SFA; or
- (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

*Singapore SFA Product Classification: In connection with Section 309B of the SFA and the CMP Regulations 2018, the Company has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Bonds are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).*

### ***The Cayman Islands***

Each Manager has represented, warranted and agreed that the offer to sell the Bonds is private and not intended for the public and, further that each of the Managers has not made and will not make any invitation to the public in the Cayman Islands to offer or sell the Bonds.

### ***The British Virgin Islands***

Each Manager has represented, warranted and agreed that no invitation has been or will be made directly or indirectly to the public in the British Virgin Islands or a natural person who is a British Virgin Islands resident or citizen to subscribe for the Bonds and the Bonds are not being offered or sold and may not be offered or sold, directly or indirectly, in the British Virgin Islands.

## GENERAL INFORMATION

1. **Clearing Systems:** The Bonds have been accepted for clearance through Euroclear and Clearstream under Common Code number 242978307 and the International Securities Identification Number for the Bonds is XS2429783074.
2. **Listing of Bonds:** Application has been made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Bonds issued to Professional Investors only. It is expected that dealing in, and listing of, the Bonds on the Hong Kong Stock Exchange will commence on 14 January 2022.
3. **Listing of Shares:** Application has been made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Shares arising on conversion of the Bonds. It is expected that dealing in, and listing of, such Shares on the Hong Kong Stock Exchange will commence when they are issued.
4. **Authorizations:** The Issuer and the Guarantor have obtained all necessary consents, approvals and authorizations in connection with the issue and performance of the Bonds and the Guarantee. The issue of the Bonds was authorized by the board of directors of the Issuer on 5 January 2022 and the guarantee of the Bonds and the right of conversion into Shares was authorized by the board of directors of the Guarantor on 5 January 2022. The Shares to be issued upon conversion of the Bonds are to be issued pursuant to the general mandate granted to the Directors of the Guarantor at its annual general meeting held on 17 May 2021.
5. **No Material Adverse Change:** There has not occurred any material adverse change (nor any development or event involving a prospective change), in our condition (financial or otherwise), prospects, results of operations, profitability, business, management, shareholders' equity, properties or general affairs since 30 June 2021 and there has not occurred any such material change in the Issuer since its incorporation.
6. **Litigation:** Neither the Issuer, the Guarantor nor any of their respective subsidiaries is involved in any litigation, disputes or arbitration proceedings which are material in the context of the Bonds or which would have a material adverse impact on the operations and financial condition of our Group, nor is the Issuer or the Guarantor aware that any such proceedings are pending or threatened.
7. **Available Documents:** For so long as any of the Bonds is outstanding, copies of (i) our audited consolidated financial statements as at and for the years ended 31 December 2019 and 2020 (together with the audit reports in connection therewith); (ii) our unaudited consolidated interim financial statements of the Guarantor as at and for the six months ended 30 June 2021 (together with the review report in connection therewith); (iii) the Trust Deed; (iv) the Agency Agreement; and (v) the Calculation Agency Agreement will be available for inspection at the principal place of business of the Company in Hong Kong at Room 2404,



24th Floor, World-Wide House, 19 Des Voeux Road Central, Hong Kong. In the case of the items mentioned in (iii) and (iv) above of this paragraph 7, and for so long as any of the Bonds is outstanding, the same shall also be available for inspection by Bondholders at all reasonable times during usual business hours (being between 9:00 a.m. and 3:00 p.m., Monday to Friday other than public holidays) at the principal office for the time being of the Trustee (being, at the date hereof, at Level 60, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong) and at the specified office of the Principal Agent, in each case following prior written request and proof of holding and identity to the satisfaction of the Trustee or, as the case may be, the Principal Agent.

8. **Consolidated Financial Statements:** The consolidated financial information of the Guarantor as at and for the years ended 31 December 2018, 2019 and 2020 included in this Offering Circular have been extracted from the audited consolidated financial statements of the Guarantor as at and for the years ended 31 December 2019 and 2020, respectively, which have been audited by KPMG, the independent auditors of the Guarantor. The consolidated financial information of the Guarantor as at and for the six months ended 30 June 2020 and 2021 included in this Offering Circular have been extracted from the unaudited consolidated financial statements of the Guarantor as at and for the six months ended 30 June 2021, which have been reviewed by KPMG, the independent auditors of the Guarantor.
9. **Auditor's Consent:** The independent auditors of the Guarantor have agreed to the incorporation by reference in this Offering Circular of, and all references to, (i) their name; (ii) their audit reports on the consolidated financial statements of the Guarantor as at and for the years ended 31 December 2018, 2019 and 2020; and (iii) their review reports on the consolidated interim financial statements of the Guarantor as at and for the six months ended 30 June 2020 and 2021.



## REGISTERED OFFICE OF THE ISSUER

Vistra Corporate Services Centre, Wickhams Cay II  
Road Town, Tortola, VG1110  
British Virgin Islands

## REGISTERED OFFICE OF THE GUARANTOR

### Registered Office

**China MeiDong Auto Holdings Limited**  
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Cayman Islands

### Principal Place of Business

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Nancheng District, Dongguan  
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*in Hong Kong*  
Room 2404, 24th Floor  
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Hong Kong

## PRINCIPAL AGENT AND TRANSFER AGENT

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Kowloon, Hong Kong

**DB Trustees (Hong Kong) Limited**  
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Kowloon, Hong Kong

## CALCULATION AGENT

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## REGISTRAR

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