
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Hospital Corporation of China Limited 弘和仁愛醫療集團有限公司, you should at once hand this circular, together with the enclosed revised form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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Hospital Corporation of China Limited

弘和仁愛醫療集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3869)

CONNECTED TRANSACTION PROPOSED EXTENSION OF MATURITY DATE OF CONVERTIBLE BONDS AND NOTICE OF EXTRAORDINARY GENERAL MEETING



Alliance Capital Partners Limited

同人融資有限公司

All capitalized terms used in this circular have the meanings set out in the section “Definitions” of this circular.

A letter from the Board is set out on pages 6 to 35 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 36 to 37 of this circular. A letter of advice from Alliance Capital to the Independent Board Committee and the Independent Shareholders is set out on pages 38 to 62 of this circular.

A notice convening the EGM to be held at 4th Floor, Air China Century Plaza, No. 40, Xiaoyun Road, Chaoyang District, Beijing, PRC on Monday, 30 June 2025 at 2:00 p.m. is set out on pages 69 to 71 of this circular. A form of proxy for use at the EGM is also enclosed. Such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (<http://www.hccihhealthcare.com>).

Whether or not you are able to attend the EGM, please complete and sign the enclosed form of proxy in accordance with the instructions stated thereon and return it to the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the EGM or any adjournment thereof if they so wish. In such event, the form of proxy should be deemed to be revoked.

13 June 2025

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DEFINITIONS

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

“Articles”	the memorandum and articles of association of the Company
“Board”	the board of directors of the Company
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“Company”	Hospital Corporation of China Limited (弘和仁愛醫療集團有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 3869)
“connected person(s)”, “core connected person(s)”	each has the meaning ascribed to it under the Listing Rules
“Current Market Price”	in respect of a Share at a particular time on a particular date, means the average of the daily volume-weighted average price of one Share for the five consecutive trading days in the Stock Exchange immediately preceding such date
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held to approve, among other things, the Vanguard Glory Deed of Amendment, the Vanguard Glory Alteration of Terms contemplated thereunder, the Hony Fund Deed of Amendment, the Hony Fund Alteration of Terms contemplated thereunder, the Vanguard Glory Specific Mandate and the Hony Fund Specific Mandate
“Extended Hony Fund CB Maturity Date”	30 September 2027
“Extended Vanguard Glory CB Maturity Date”	30 September 2027
“Group”	the Company and its subsidiaries
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Hony Capital”	a series of private equity investment fund, together with their respective management companies/general partners

DEFINITIONS

“Hony Fund Acquisition Completion”	completion of the acquisition contemplated under the Hony Fund Share Purchase Agreement
“Hony Fund Alteration of Terms”	the proposed alteration of certain terms of the Hony Fund VIII Convertible Bonds as contemplated under the Hony Fund Deed of Amendment
“Hony Fund Conditions Precedent”	the conditions precedent set out in the paragraph headed “Hony Fund Conditions Precedent” of this circular
“Hony Fund Conversion Price”	the price at which Hony Fund Conversion Shares will be issued upon conversion of the Hony Fund VIII Convertible Bonds, as more particularly described in the paragraph headed “Hony Fund Conversion Price” of this circular
“Hony Fund Conversion Share(s)”	the Share(s) to be allotted and issued by the Company upon conversion of the Hony Fund VIII Convertible Bonds, as more particularly described in the paragraph headed “Hony Fund Conversion Shares” of this circular
“Hony Fund Convertible Bond Instrument”	the convertible bond instrument executed by the Company on 7 August 2018 for the issue by the Company of the Hony Fund VIII Convertible Bonds
“Hony Fund Deed of Amendment”	the deed of amendment entered into between the Company and Hony Fund VIII on 12 June 2025 in relation to the alteration of certain terms of the Hony Fund VIII Convertible Bonds
“Hony Fund Share Purchase Agreement”	the share purchase agreement entered into between the Company and Hony Fund VIII on 29 May 2018 in relation to the sale and purchase of the entire issued share capital in Oriental Ally
“Hony Fund Specific Mandate”	the specific mandate to be sought from the Independent Shareholders at the EGM and to be granted to the Directors for the allotment and issue of the Hony Fund Conversion Shares upon exercise of the conversion rights attaching to the Hony Fund VIII Convertible Bonds
“Hony Fund V”	Hony Capital Fund V, L.P., an exempted limited partnership formed under the laws of the Cayman Islands
“Hony Fund VIII”	Hony Capital Fund VIII (Cayman), L.P., an exempted limited liability partnership formed under the laws of the Cayman Islands

DEFINITIONS

“Hony Fund VIII Convertible Bonds”	the convertible bond(s) with an aggregate principal amount of HKD773,879,717 issued by the Company to Hony Fund VIII on 7 August 2018
“Independent Board Committee”	the independent board committee comprising all the independent non-executive Directors which has been established by the Board to advise the Independent Shareholders pursuant to the Listing Rules
“Independent Financial Adviser” or “Alliance Capital”	Appliance Capital Partners Limited, a corporation licensed under the SFO to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities, and being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Vanguard Glory Deed of Amendment, the Vanguard Glory Alteration of Terms contemplated thereunder, the Hony Fund Deed of Amendment, the Hony Fund Alteration of Terms contemplated thereunder, the Vanguard Glory Specific Mandate and the Hony Fund Specific Mandate
“Independent Shareholders”	the Shareholders other than those that are required under the Listing Rules to abstain from voting on the resolution(s) to be proposed at the EGM
“Last Trading Day”	11 June 2025, being the last full Trading Day immediately prior to the date of entering into the Vanguard Glory Deed of Amendment and Hony Fund Deed of Amendment
“Latest Practicable Date”	13 June 2025, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Oriental Ally”	Oriental Ally Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and was owned as to 100% by the Hony Fund VIII prior to the Hony Fund Acquisition Completion
“PRC” or “China”	The People’s Republic of China and for the purposes of this circular, excludes Hong Kong, Taiwan and Macau Special Administrative Region of the PRC
“Previous Hony Fund Alteration of Terms”	the alteration of certain terms of the Hony Fund VIII Convertible Bonds as contemplated under the deed of amendment entered into between the Company and Hony Fund VIII on 6 June 2023

DEFINITIONS

“Previous Vanguard Glory Alteration of Terms”	the alteration of certain terms of the Vanguard Glory Convertible Bonds as contemplated under the deeds of amendment entered into between the Company and Vanguard Glory dated 17 December 2020 and 6 June 2023
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
“Share(s)”	the ordinary share(s) of HKD0.001 each in the issued capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs
“Trading Day”	a day on which trading of the Shares is conducted on the Stock Exchange in accordance with the rules and regulations of the Stock Exchange promulgated from time to time
“treasury share(s)”	has the meaning ascribed to it under the Listing Rules
“Vanguard Glory”	Vanguard Glory Limited (譽鋒有限公司), a company incorporated in the British Virgin Islands as a limited liability company and the immediate holding company that holds approximately 70.19% issued share capital of the Company as at the Latest Practicable Date
“Vanguard Glory Alteration of Terms”	the proposed alteration of certain terms of the Vanguard Glory Convertible Bonds as contemplated under the Vanguard Glory Deed of Amendment
“Vanguard Glory Closing Date”	5 March 2018, being the date of completion of the subscription in accordance with the terms of the Vanguard Glory Subscription Agreement
“Vanguard Glory Conditions Precedent”	The conditions precedent set out in the paragraph headed “Vanguard Glory Conditions Precedent” of this circular
“Vanguard Glory Conversion Price”	the price at which Vanguard Glory Conversion Shares will be issued upon conversion of the Vanguard Glory Convertible Bonds, as more particularly described in the paragraph headed “Vanguard Glory Conversion Price” of this circular

DEFINITIONS

“Vanguard Glory Conversion Share(s)”	the Share(s) to be allotted and issued by the Company upon conversion of the Vanguard Glory Convertible Bonds, as more particularly described in the paragraph headed “Vanguard Glory Conversion Shares” of this circular
“Vanguard Glory Convertible Bond(s)”	the convertible bond(s) with an aggregate principal amount of HKD468,000,000 issued by the Company on 5 March 2018 pursuant to the Vanguard Glory Subscription Agreement and constituted by the Vanguard Glory Convertible Bonds Instrument
“Vanguard Glory Convertible Bond Instrument”	the convertible bond instrument executed by the Company on 5 March 2018 for the issue by the Company of the Vanguard Glory Convertible Bonds
“Vanguard Glory Deed of Amendment”	the deed of amendment entered into between the Company and Vanguard Glory on 12 June 2025 in relation to the alteration of certain terms of the Vanguard Glory Convertible Bonds
“Vanguard Glory Specific Mandate”	the specific mandate to be sought from the Independent Shareholders at the EGM and to be granted to the Directors for the allotment and issue of the Vanguard Glory Conversion Shares upon exercise of the conversion rights attaching to the Vanguard Glory Convertible Bonds
“Vanguard Glory Subscription Agreement”	the subscription agreement dated 25 January 2018 entered into between the Company and Vanguard Glory for the subscription of the Vanguard Glory Convertible Bonds
“%”	per cent.

Certain figures set out in this circular have been subject to rounding adjustments. Accordingly, figures shown as the currency conversion or percentage equivalents may not be an arithmetic sum of such figures. Any discrepancy in any table between totals and sums of amounts listed in this circular is due to rounding.

LETTER FROM THE BOARD



Hospital Corporation of China Limited

弘和仁愛醫療集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3869)

Executive Directors:

Mr. Chen Shuai

(Chairman and Acting Chief Executive Officer)

Mr. Pu Chengchuan

Ms. Pan Jianli

Non-executive Directors:

Ms. Liu Lu

Ms. Wang Nan

Independent Non-executive Directors:

Mr. Dang Jinxue

Mr. Shi Luwen

Mr. Zhou Xiangliang

Registered Office:

Maples Corporate Services Limited

PO Box 309, Ugland House

Grand Cayman, KY1-1104

Cayman Islands

Head Office in the PRC:

4th Floor, Air China Century Plaza

No. 40, Xiaoyun Road

Chaoyang District

Beijing, PRC

Principal Place of Business in Hong Kong:

Suite 10, 70/F.

Two International Finance Centre

No. 8 Finance Street

Central

Hong Kong

13 June 2025

To the Shareholders

Dear Sir/Madam,

**CONNECTED TRANSACTION
PROPOSED EXTENSION OF MATURITY DATE OF CONVERTIBLE BONDS
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

1. INTRODUCTION

Reference is made to the announcement of the Company dated 12 June 2025 in relation to the Vanguard Glory Deed of Amendment and the Hony Fund Deed of Amendment and the Vanguard Glory Alteration of Terms and the Hony Fund Alteration of Terms contemplated thereunder, respectively.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things, (i) further details of the Vanguard Glory Deed of Amendment, the Vanguard Glory Alteration of Terms contemplated thereunder, the Hony Fund Deed of Amendment and the Hony Fund Alteration of Terms contemplated thereunder; (ii) further details of the Vanguard Glory Specific Mandate and the Hony Fund Specific Mandate; (iii) a letter of recommendation from the Independent Board Committee in relation to the Vanguard Glory Deed of Amendment, the Vanguard Glory Alteration of Terms contemplated thereunder, the Hony Fund Deed of Amendment, the Hony Fund Alteration of Terms contemplated thereunder, the Vanguard Glory Specific Mandate and the Hony Fund Specific Mandate; (iv) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Vanguard Glory Deed of Amendment, the Vanguard Glory Alteration of Terms contemplated thereunder, the Hony Fund Deed of Amendment, the Hony Fund Alteration of Terms contemplated thereunder, the Vanguard Glory Specific Mandate and the Hony Fund Specific Mandate; and (v) a notice convening the EGM.

2. PROPOSED EXTENSION OF MATURITY DATE OF CONVERTIBLE BONDS

Vanguard Glory Convertible Bonds

Background

References are made to (i) the announcement of the Company dated 25 January 2018 and the circular of the Company dated 13 February 2018 in relation to the issue of the Vanguard Glory Convertible Bonds under the specific mandate; (ii) the announcement of the Company dated 17 December 2020 and the circular of the Company dated 29 January 2021 in relation to the alteration of certain terms of the Vanguard Glory Convertible Bonds; and (iii) the announcement of the Company dated 6 June 2023 and the circular of the Company dated 7 July 2023 in relation to, among others, the extension of maturity date of the Vanguard Glory Convertible Bonds.

On 25 January 2018, the Company and Vanguard Glory entered into the Vanguard Glory Subscription Agreement pursuant to which, among other things, the Company agreed to issue and Vanguard Glory agreed to subscribe for the Vanguard Glory Convertible Bonds in the aggregate principal amount of HKD468,000,000 for a total consideration equal to the aggregate principal amount of the Vanguard Glory Convertible Bonds. The Vanguard Glory Convertible Bonds were issued to Vanguard Glory on 5 March 2018.

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

On 6 June 2023, the Company and Vanguard Glory entered into a deed of amendment pursuant to which the Company and Vanguard Glory agreed to extend the maturity date of the Vanguard Glory Convertible Bonds from 29 December 2023 to 30 September 2025 (together with the alteration of certain terms of the Vanguard Glory Convertible Bonds contemplated under the deed of amendment entered into between the Company and Vanguard Glory on 17 December 2020, the “**Previous Vanguard Glory Alteration of Terms**”).

LETTER FROM THE BOARD

As at the Latest Practicable Date, the Vanguard Glory Convertible Bonds remain outstanding in full and will mature on 30 September 2025 pursuant to the existing terms and conditions of the Vanguard Glory Convertible Bonds.

Vanguard Glory Deed of Amendment

On 12 June 2025, in accordance with the terms and conditions of the Vanguard Glory Convertible Bonds, the Company and Vanguard Glory entered into the Vanguard Glory Deed of Amendment to extend the maturity date of the Vanguard Glory Convertible Bonds, subject to and effective from fulfilment of the Vanguard Glory Conditions Precedent.

Pursuant to the Vanguard Glory Alteration of Terms, the maturity date of the Vanguard Glory Convertible Bonds shall be extended from 30 September 2025 to 30 September 2027 (i.e. the Extended Vanguard Glory CB Maturity Date).

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

Vanguard Glory Conditions Precedent

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

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

If any of the Vanguard Glory Conditions Precedent shall not been fulfilled by 30 September 2025 or such later date as the parties to the Vanguard Glory Deed of Amendment may agree, the Vanguard Glory Deed of Amendment shall automatically terminate and (without prejudice to the rights and/or obligations of any party in respect of any antecedent breach) the parties thereto shall be released and discharged from their respective obligations under the Vanguard Glory Deed of Amendment. As at the Latest Practicable Date, none of the Vanguard Glory Conditions Precedent has been fulfilled or waived. In the event of the lapse or termination of the Vanguard Glory Deed of Amendment, the full outstanding principal amount of the Vanguard Glory Convertible Bonds (HKD468,000,000) shall become immediately due and payable by the Company on 30 September 2025.

LETTER FROM THE BOARD

Principal terms of the Vanguard Glory Convertible Bonds immediately after the Vanguard Glory Alteration of Terms

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

Issuer	:	The Company
Principal amount	:	HKD468,000,000
Issue price	:	100% of the principal amount
Form and denomination	:	The Vanguard Glory Convertible Bonds are issued in registered form in the denomination of HKD1,000,000 each.
Maturity date	:	The Extended Vanguard Glory CB Maturity Date The Company has no right to extend the maturity date of the Vanguard Glory Convertible Bonds, unless consent is obtained from the bondholder(s) of the Vanguard Glory Convertible Bonds to amend the Vanguard Glory Convertible Bond Instrument in accordance with the terms therein.
Interest	:	The Vanguard Glory Convertible Bonds do not bear any interest.
Conversion rights	:	Subject to the restrictions set out below, bondholder(s) of the Vanguard Glory Convertible Bonds shall have the right to convert the Vanguard Glory Convertible Bonds into Shares at any time on or after the Vanguard Glory Closing Date up to the Extended Vanguard Glory CB Maturity Date at the discretion of such bondholder(s).
Restriction on conversion	:	No conversion of the Vanguard Glory Convertible Bonds shall take place if and to the extent that, immediately following such conversion, the Company would be in breach of its obligations under the minimum public float requirement under the Listing Rules.

LETTER FROM THE BOARD

Adjustments to the Vanguard Glory Conversion Price : The Vanguard Glory Conversion Price shall from time to time be adjusted upon the occurrence of the following events in relation to the Company:

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

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

where:

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

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

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

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

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

where:

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

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

LETTER FROM THE BOARD

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

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

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

where:

A is the Current Market Price of one Share on the last trading day preceding the date on which the capital distribution is publicly announced; and

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

Such adjustment shall become effective on the date that such capital distribution is made.

- (d) If and whenever the Company shall pay or make any dividend or distribution, whether of cash, assets or other property to the Shareholders, the Vanguard Glory Conversion Price shall be adjusted by multiplying the Vanguard Glory Conversion Price in force immediately before such dividend by the following fraction:

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

where:

A is the Current Market Price of one Share on the last trading day preceding the date on which the dividend is publicly announced; and

LETTER FROM THE BOARD

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

Such adjustment shall become effective on the date that such dividend is paid.

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

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

where:

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

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

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

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

LETTER FROM THE BOARD

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

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

where:

A is the Current Market Price of one Share on the last trading day preceding the date on which the issue or grant is publicly announced; and

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

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

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

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

LETTER FROM THE BOARD

where:

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

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

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

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

LETTER FROM THE BOARD

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

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

where:

A is the Current Market Price of one Share on the last trading day preceding the date on which such issue is publicly announced; and

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

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

LETTER FROM THE BOARD

- (i) If either (i) the rights of conversion, exchange, purchase or subscription attaching to any options, rights or warrants to subscribe for or purchase Shares or any securities convertible into or exchangeable for Shares or the rights carried by such securities to subscribe for or purchase Shares are modified (other than pursuant to the existing terms and conditions of such options, rights, warrants or securities); or (ii) there are circumstances that in the Company's view would have an effect on the position of the bondholders of the Vanguard Glory Convertible Bonds as a class compared with the position of the holders of all other securities of the Company. In any such case, the Company shall at its own expense request one leading investment bank of international repute (acting as expert, selected by the Company and approved by an ordinary resolution of the bondholders of the Vanguard Glory Convertible Bonds) to determine as soon as practicable matters such as what adjustment (if any) to the Vanguard Glory Conversion Price is fair and reasonable and the date on which such adjustment (if any) should take effect.

Redemption upon maturity and early redemption : The Company will redeem all the outstanding Vanguard Glory Convertible Bonds at an amount of the principal amount of such outstanding Vanguard Glory Convertible Bonds on the Extended Vanguard Glory CB Maturity Date.

In the event that the Shares cease to be listed or admitted to trading on the Stock Exchange, each bondholder of the Vanguard Glory Convertible Bonds shall have the right, at such bondholder's option, to require the Company to redeem, in whole or in part, such bondholder's Vanguard Glory Convertible Bonds.

The Company has no early redemption right under the Vanguard Glory Subscription Agreement.

LETTER FROM THE BOARD

- Default interest : If the Company fails to pay any sum in respect of the Vanguard Glory Convertible Bonds when the same becomes due and payable under the conditions of the Vanguard Glory Convertible Bonds, interest shall accrue on the overdue sum at the rate of 5% per annum from the due date and ending on the date on which full payment is made to the bondholders of the Vanguard Glory Convertible Bonds. Such default interest shall accrue on the basis of the actual number of days elapsed and a 360-day year.
- Transferability : The Vanguard Glory Convertible Bonds shall be assigned or transferred with prior written consent of the Company, save where such transfer is made to an Affiliate of the bondholder of the Vanguard Glory Convertible Bonds. Any transfer of the Vanguard Glory Convertible Bonds shall be made in compliance with all applicable requirements under the Listing Rules and all applicable laws and regulations.
- Affiliate means, in respect of the bondholder of the Vanguard Glory Convertible Bonds, any other person directly or indirectly controlling or controlled by or under direct or indirect common control with the bondholder of the Vanguard Glory Convertible Bonds.
- Status : The Vanguard Glory Convertible Bonds constitute direct, unsubordinated, unconditional and unsecured obligations of the Company, and shall at all times rank pari passu and without any preference or priority among themselves.
- Voting and other rights : The bondholder(s) of the Vanguard Glory Convertible Bonds will not be entitled to receive notice of or attend or vote at general meetings of the Company by reason only of being the holder(s) of the Vanguard Glory Convertible Bonds. The bondholders of the Vanguard Glory Convertible Bonds will not be entitled to participate in any distribution and/or offers of further securities made by the Company by reason only of being the holder(s) of the Vanguard Glory Convertible Bonds.

LETTER FROM THE BOARD

Vanguard Glory Conversion Price

The initial Vanguard Glory Conversion Price is HKD18.00 per Vanguard Glory Conversion Share (subject to adjustments as set out above in the paragraph headed “**Adjustments to the Vanguard Glory Conversion Price**”). This represents:

- (a) a premium of approximately 318.60% over the closing price of HKD4.30 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a premium of approximately 307.24% over the average closing price of approximately HKD4.42 per Share as quoted on the Stock Exchange for the last five (5) consecutive Trading Days immediately prior to and including the Last Trading Day;
- (c) a premium of approximately 286.27% over the average closing price of approximately HKD4.66 per Share as quoted on the Stock Exchange for the last ten (10) consecutive Trading Days immediately prior to and including the Last Trading Day; and
- (d) a premium of approximately 211.51% over the average closing price of approximately HKD5.78 per Share as quoted on the Stock Exchange for the last thirty (30) consecutive Trading Days immediately prior to and including the Last Trading Day.

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

Vanguard Glory Conversion Shares

Based on the initial Vanguard Glory Conversion Price of HKD18.00 per Vanguard Glory Conversion Share and assuming full conversion of the Vanguard Glory Convertible Bonds at the initial Vanguard Glory Conversion Price, the Vanguard Glory Convertible Bonds will be convertible into 26,000,000 Vanguard Glory Conversion Shares, which represent (i) approximately 18.81% of the issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 15.83% of the issued share capital of the Company as enlarged by the allotment and issue of the Vanguard Glory Conversion Shares upon full conversion of the Vanguard Glory Convertible Bonds, assuming there is no further issue or repurchase of the Shares.

As at the Latest Practicable Date, the Company has no treasury shares, and has no intention to use treasury shares to satisfy its obligations upon conversion of the Vanguard Glory Convertible Bonds.

LETTER FROM THE BOARD

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

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

Listing

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

Vanguard Glory Specific Mandate

The Company will seek the grant of the Vanguard Glory Specific Mandate from the Independent Shareholders at the EGM. Vanguard Glory will abstain from voting on the resolution(s) in respect of the Vanguard Glory Specific Mandate. The Vanguard Glory Specific Mandate will be valid from the date of passing the relevant resolutions at the EGM and will cease to be effective if any Vanguard Glory Conditions Precedent has not been satisfied on or prior to 30 September 2025 or such later date as the parties to the Vanguard Glory Deed of Amendment may agree. In such case, the Company will comply with the applicable Listing Rules, and seek approval from its Shareholder(s) or Independent Shareholder(s) where required.

Hony Fund VIII Convertible Bonds

Background

References are made to (i) the announcement of the Company dated 29 May 2018 and the circular of the Company dated 24 June 2018; and (ii) the announcement of the Company dated 6 June 2023 and the circular of the Company dated 7 July 2023 in relation to, among others, the extension of maturity date of the Honky Fund VIII Convertible Bonds.

On 29 May 2018, the Company and Honky Fund VIII entered into the Honky Fund Share Purchase Agreement, pursuant to which the Company conditionally agreed to acquire the entire issued share capital of Oriental Ally, a wholly owned subsidiary of Honky Fund VIII prior to the Honky Fund Acquisition Completion, from Honky Fund VIII at a consideration of RMB630 million (equivalent to approximately HKD773,879,717), which shall be satisfied by the issuance of the Honky Fund VIII Convertible Bonds by the Company to Honky Fund VIII (or such person as Honky Fund VIII may nominate) on the Honky Fund Acquisition Completion. The Honky Fund VIII Convertible Bonds were issued by the Company to Honky Fund VIII on 7 August 2018.

LETTER FROM THE BOARD

On 6 June 2023, the Company and Hony Fund VIII entered into a deed of amendment pursuant to which the Company and Hony Fund VIII agreed to extend the maturity date of the Hony Fund VIII Convertible Bonds from 7 August 2023 to 30 September 2025 (i.e. the Previous Hony Fund Alteration of Terms).

As at the Latest Practicable Date, the Hony Fund VIII Convertible Bonds remain outstanding in full and will mature on 30 September 2025 pursuant to the existing terms and conditions of the Hony Fund VIII Convertible Bonds.

Hony Fund Deed of Amendment

On 12 June 2025, in accordance with the terms and conditions of the Hony Fund VIII Convertible Bonds, the Company and Hony Fund VIII entered into the Hony Fund Deed of Amendment to extend the maturity date of the Hony Fund VIII Convertible Bonds, subject to and effective from fulfilment of the Hony Fund Conditions Precedent.

Pursuant to the Hony Fund Alteration of Terms, the maturity date of the Hony Fund VIII Convertible Bonds shall be extended from 30 September 2025 to 30 September 2027 (i.e. the Extended Hony Fund CB Maturity Date).

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

Hony Fund Conditions Precedent

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

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

If any of the Hony Fund Conditions Precedent shall not been fulfilled by 30 September 2025 or such later date as the parties to the Hony Fund Deed of Amendment may agree, the Hony Fund Deed of Amendment shall automatically terminate and (without prejudice to the rights and/or obligations of any party in respect of any antecedent breach) the parties thereto shall be released and discharged from their respective obligations under the Hony Fund Deed of Amendment. As at the Latest Practicable Date, none of the Hony Fund Conditions Precedent has been fulfilled or waived. In the event of the lapse or termination of the Hony Fund Deed of Amendment, the full outstanding principal amount of the Hony Fund VIII Convertible Bonds (HKD773,879,717) shall become immediately due and payable by the Company on 30 September 2025.

LETTER FROM THE BOARD

Principal terms of the Hony Fund VIII Convertible Bonds immediately after the Hony Fund Alteration of Terms

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

Issuer	:	The Company
Principal amount	:	HKD773,879,717
Issue price	:	100% of the principal amount
Form and denomination	:	The Hony Fund VIII Convertible Bonds are issued in registered form in the denomination of HKD1 each.
Maturity date	:	The Extended Hony Fund CB Maturity Date The Company has no right to extend the maturity date of the Hony Fund VIII Convertible Bonds.
Interest	:	The Hony Fund VIII Convertible Bonds do not bear any interest.
Hony Fund Conversion Shares	:	Assuming the conversion rights attached to the Hony Fund VIII Convertible Bonds are exercised in full at the initial Hony Fund Conversion Price of HKD20.00 per Hony Fund Conversion Share, a number of 38,693,985 Hony Fund Conversion Shares will be issued upon conversion of the Hony Fund VIII Convertible Bonds (subject to adjustments), which represent (i) approximately 28.00% of the issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 21.87% of the issued share capital of the Company as enlarged by the allotment and issue of the Hony Fund Conversion Shares upon full conversion of the Hony Fund VIII Convertible Bonds, assuming there is no further issue or repurchase of the Shares.

The allotment and issue of the Hony Fund Conversion Shares are subject to the granting of the Hony Fund Specific Mandate by the Independent Shareholders at the EGM. There are no restrictions on any subsequent sale of the Hony Fund Conversion Shares. The allotment and issue of the Hony Fund Conversion Shares will not result in a change of control of the Company. The Hony Fund Conversion Shares upon issue will in all respects rank pari passu with the Shares then in issue.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the Company has no treasury shares, and has no intention to use treasury shares to satisfy its obligations upon conversion of the Hony Fund VIII Convertible Bonds.

- Conversion rights : Subject to the restrictions set out below, the bondholder(s) of the Hony Fund VIII Convertible Bonds shall have the right to convert the Hony Fund VIII Convertible Bonds into Shares at any time on or after the date following six months from the date of issue of the Hony Fund VIII Convertible Bonds up to the close of business on the Extended Hony Fund CB Maturity Date.
- Restriction on conversion : The Company is not obliged to issue Shares in satisfaction of the conversion rights contemplated under the Hony Fund VIII Convertible Bonds in breach of its obligations under the Listing Rules (including but not limited to the minimum public float requirement) or the Takeovers Code.
- Redemption upon maturity and early redemption : The Company will redeem the outstanding Hony Fund VIII Convertible Bonds at its principal amount on the Extended Hony Fund CB Maturity Date. The Company may not redeem the Hony Fund VIII Convertible Bonds at its option prior to the Extended Hony Fund CB Maturity Date except in the event that the Shares cease to be listed or admitted to trading on the Stock Exchange on which the Shares are then listed or quoted or dealt in.
- Default interest : If the Company fails to pay any sum in respect of the Hony Fund VIII Convertible Bonds when the same becomes due and payable under the conditions of the Hony Fund VIII Convertible Bonds, interest shall accrue on the overdue sum at the rate of 5% per annum from the due date and ending on the date on which full payment of principal and the relevant interest accrued is made to the bondholders of the Hony Fund VIII Convertible Bonds.
- Transferability : The Hony Fund VIII Convertible Bonds may be assigned or transferred with prior written consent of the Company, save where such transfer is made to an Affiliate of the bondholder(s) of the Hony Fund VIII Convertible Bonds. Any transfer of the Hony Fund VIII Convertible Bonds shall be made in compliance with all applicable requirements under the Listing Rules and all applicable laws and regulations.

LETTER FROM THE BOARD

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

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

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

Hony Fund Conversion Price

The initial Hony Fund Conversion Price is HKD20.00 per Hony Fund Conversion Share (subject to adjustments as set out below in the paragraph headed “Adjustments to the Hony Fund Conversion Price”), which represents:

- (a) a premium of approximately 365.12% over the closing price of HKD4.30 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a premium of approximately 352.49% over the average closing price of approximately HKD4.42 per Share as quoted on the Stock Exchange for the last five (5) consecutive Trading Days immediately prior to and including the Last Trading Day;
- (c) a premium of approximately 329.18% over the average closing price of approximately HKD4.66 per Share as quoted on the Stock Exchange for the last ten (10) consecutive Trading Days immediately prior to and including the Last Trading Day; and
- (d) a premium of approximately 246.12% over the average closing price of approximately HKD5.78 per Share as quoted on the Stock Exchange for the last thirty (30) consecutive Trading Days immediately prior to and including the Last Trading Day.

LETTER FROM THE BOARD

The Hony Fund Conversion Price was determined after arm's length negotiations between the Company and Hony Fund VIII with reference to the then trading price and trading volume of the Shares on the Stock Exchange, and the then assets, liabilities, financial performance and business condition of the Company. The Company also considered (i) the future prospects of the Company, including the growth potential by entering into the Hony Fund Share Purchase Agreement; (ii) the lock-up restriction for a six months' period and the conversion restriction that the Hony Fund VIII Convertible Bonds are subject to, as disclosed in "Conversion rights" and "Restriction on conversion" above; (iii) the fact that the Hony Fund VIII Convertible Bonds bear no interest and therefore does not impose financing costs on the Company; and (iv) the value of the Hony Fund Conversion Price. In addition, the Company looked into several cases on the market back then which involved the issue of convertible bonds by companies listed on the Stock Exchange as all or part of consideration in the relevant transactions. Under such transactions, the listed companies issued convertible bonds with zero interest rate and conversion prices of such convertible bonds are determined with reference to the relevant indicative closing prices of the shares of the listed companies, from which the Company considered the Hony Fund Conversion Price be comparable with the market practice.

Adjustments to the Hony Fund Conversion Price

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

- (a) an alteration of the nominal amount of the Shares by reason of consolidation, subdivision or re-classification of Shares, the Hony Fund Conversion Price shall be adjusted by multiplying the Hony Fund Conversion Price in force immediately before such alteration by the following fraction:

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

where:

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

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

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

- (b) an issue of Shares credited as fully paid (other than in lieu of cash dividend) by way of capitalization of profits or reserves of the Company, the Hony Fund Conversion Price shall be adjusted by multiplying the Hony Fund Conversion Price in force immediate before such issue by the following fraction:

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

LETTER FROM THE BOARD

where:

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

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

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

- (c) a capital distribution made to the Shareholders, the Hony Fund Conversion Price shall be adjusted by multiplying the Hony Fund Conversion Price in force immediately before such capital distribution by the following fraction:

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

where:

A is the Current Market Price of one Share on the last trading day preceding the date on which the capital distribution is publicly announced; and

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

Such adjustment shall become effective on the date that such capital distribution is made.

- (d) any payment of dividend or distribution, whether of cash, assets or other property to the Shareholders (other than in lieu of cash dividend), the Hony Fund Conversion Price shall be adjusted by multiplying the Hony Fund Conversion Price in force immediately before such dividend by the following fraction:

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

where:

A is the Current Market Price of one Share on the last trading day preceding the date on which the dividend is publicly announced; and

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

Such adjustment shall become effective on the date that such dividend is paid.

LETTER FROM THE BOARD

- (e) an issue of Shares, or issue or grant of any options, warrants or other rights, by way of rights, to all or substantially all Shareholders to subscribe for or purchase any Shares, the Hony Fund Conversion Price shall be adjusted by multiplying the Hony Fund Conversion Price in force immediately before such issue or grant by the following fraction:

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

where:

- A is the number of Shares in issue immediately before such announcement;
- B is the number of Shares which the aggregate amount (if any) payable for the Shares issued by way of rights or for the options or warrants or other rights issued or granted by way of rights and for the total number of Shares comprised therein would purchase at such Current Market Price per Share; and
- C is the aggregate number of Shares issued or, as the case may be, comprised in the issue or grant.

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

- (f) an issue of securities (other than Shares or options, warrants or other rights to subscribe for or purchase Shares) or issue or grant of any options, warrants or other rights, by way of rights, to subscribe for or purchase or otherwise acquire any securities (other than Shares or options, warrants or other rights to subscribe for or purchase Shares), the Hony Fund Conversion Price shall be adjusted by multiplying the Hony Fund Conversion Price in force immediately before such issue or grant by the following fraction:

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

where:

- A is the Current Market Price of one Share on the last trading day preceding the date on which such issue or grant is publicly announced; and
- B is the fair market value on the date of such announcement of the portion of the rights attributable to one Share.

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

LETTER FROM THE BOARD

- (g) any modification of rights of conversion, exchange, subscription, purchase or acquisition attaching to any such securities arising from a conversion or exchange of other existing securities so that the consideration per Share is less than 95% of the relevant Current Market Price, the Hony Fund Conversion Price shall be adjusted by multiplying the Hony Fund Conversion Price in force immediately before such modification by the following fraction:

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

where:

- A is the number of Shares in issue immediately before such modification (but where the relevant securities carry rights of conversion into, or rights of exchange or subscription for, or purchase or acquisition of, Shares which have been issued by the issuer for the purposes of, or in connection with, such issue, less the number of Shares so issued);
- B is the number of Shares which the aggregate consideration (if any) receivable by the issuer for the Shares to be issued, or otherwise made available, on conversion or exchange or on exercise of the right of subscription, purchase or acquisition attached to the securities so modified would purchase at such Current Market Price per Share or, if lower, the existing conversion, exchange, subscription or purchase price of such securities; and
- C is the maximum number of Shares to be issued, or otherwise made available, on conversion or exchange of such securities or on the exercise of such rights of subscription, purchase or acquisition attached thereto at the modified conversion, exchange, subscription or purchase price or rate.

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

- (h) other offers of securities by the Company or a subsidiary of the Company to the Shareholders who are entitled to participate in arrangements whereby the securities may be acquired by them, the Hony Fund Conversion Price shall be adjusted by multiplying the Hony Fund Conversion Price in force immediately before such issue, sale or distribution by the following fraction:

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

where:

LETTER FROM THE BOARD

- A is the Current Market Price of one Share on the last trading day preceding the date on which such issue is publicly announced; and
- B is the fair market value on the date of such announcement of the portion of the rights attributable to one Share.

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

- (i) other events which in the Company's view would have an effect on the position of the bondholders of the Hony Fund VIII Convertible Bonds as a class compared with the position of the holders of all other securities of the Company, which is analogous to any of the price adjustment events mentioned under paragraphs (a) to (h) above.

Any other events, which is not specified or analogous to any of the price adjustment events mentioned under paragraphs (a) to (h) above and may result in any alteration of terms of the Hony Fund VIII Convertible Bonds, are subject to the Company's compliance with the Listing Rules, including obtaining Board and/or Shareholders' approvals (if applicable).

Listing

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

Hony Fund Specific Mandate

The Company will seek the grant of the Hony Fund Specific Mandate from the Independent Shareholders at the EGM. Vanguard Glory will abstain from voting on the resolution(s) in respect of the Hony Fund Specific Mandate. The Hony Fund Specific Mandate will be valid from the date of passing the relevant resolutions at the EGM and will cease to be effective if any Hony Fund Conditions Precedent has not been satisfied on or prior to 30 September 2025 or such later date as the parties to the Hony Fund Deed of Amendment may agree. In such case, the Company will comply with the applicable Listing Rules, and seek approval from its Shareholder(s) or Independent Shareholder(s) where required.

LETTER FROM THE BOARD

Shareholding Structure of the Company

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

	As at the Latest Practicable Date		Immediately after the full conversion of the Vanguard Glory Convertible Bonds		Immediately after the full conversion of the Hony Fund VIII Convertible Bonds		Immediately after the full conversion of the Vanguard Glory Convertible Bonds and Hony Fund VIII Convertible Bonds ¹	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
Shareholders								
Vanguard Glory ²	97,000,000	70.19	123,000,000	74.91	97,000,000	54.84	123,000,000	74.64
Hony Fund VIII ²	0	0	0	0	38,693,985	21.87 ⁴	582,000	0.37 ³
Public Shareholders								
Ms. Liu Lu ⁵	9,098,800	6.58	9,098,800	5.54	9,098,800	5.14	9,098,800	5.52
Other Public Shareholders ⁵	32,095,200	23.23	32,095,200	19.55	32,095,200	18.15	32,095,200	19.48
	41,194,000	29.81	41,194,000	25.09	41,194,000	23.29 ⁴	41,194,000	25.00 ⁵
Total	138,194,000	100	164,194,000	100	176,887,985	100	164,776,000	100

Notes:

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

LETTER FROM THE BOARD

3. Assuming that the Vanguard Glory Convertible Bonds is converted in full into 26,000,000 Vanguard Glory Conversion Shares pursuant to the terms and conditions of the Vanguard Glory Convertible Bonds. After the conversion right of the Vanguard Glory Convertible Bonds has been exercised in full, the conversion right of the Hony Fund VIII Convertible Bonds will only be exercised to the extent that, immediately after such conversion, the Company will continue to be able to satisfy the public float requirements under the Listing Rules.
4. Assuming the conversion rights attached to the Hony Fund VIII Convertible Bonds are exercised in full at the initial Hony Fund Conversion Price of HKD20.00 per Hony Fund Conversion Share, a number of 38,693,985 Hony Fund Conversion Shares will be issued upon conversion of the Hony Fund VIII Convertible Bonds (subject to adjustments), which represent approximately 21.87% of the issued share capital of the Company as enlarged by the allotment and issue of the Hony Fund Conversion Shares upon full conversion of the Hony Fund VIII Convertible Bonds, assuming that there is no other change in the existing shareholding structure of the Company and no conversion of the Vanguard Glory Convertible Bonds. In such case, public shareholders will hold, in aggregate, approximately 23.29% of the issued share capital of the Company. However, the conversion right of the Hony Fund VIII Convertible Bonds will only be exercised to the extent that the Company will continue to be able to satisfy the public float requirements under the Listing Rules.
5. Ms. Liu Lu is a non-executive Director. Ms. Liu Lu is one of the general partners of Hefei Kangyang Capital Management Partnership (Limited Partnership) (合肥康養資本管理合夥企業(有限合夥)) (“**Hefei Kangyang LP**”), which holds 55% of the equity interest in Anhui Zhong’an Health Investment Management Co., Ltd. (安徽中安健康投資管理有限公司) (“**Anhui Zhong’an**”). Anhui Zhong’an is the general partner of Anhui Zhong’an Health Elderly Care Services Industry Investment Partnership (Limited Partnership) (安徽省中安健康養老服務產業投資合夥企業(有限合夥)) (“**Anhui Zhong’an LP**”), which is a limited partnership formed under the laws of the PRC as an investment vehicle and holds approximately 6.58% of the issued share capital of the Company. Anhui Zhong’an, in its capacity as a general partner of Anhui Zhong’an LP, is interested in 1.36% of the paid-up capital of Anhui Zhong’an LP. Hefei Kangyang LP is a limited partner of Anhui Zhong’an LP which has not paid any capital contribution yet. Ms. Liu Lu, in her capacity as a general partner of Hefei Kangyang LP, is interested in 36.55% of the paid-up capital of Hefei Kangyang LP. Ms. Liu Lu is a director of Anhui Zhong’an. As such, Ms. Liu Lu is deemed to be interested in approximately 6.58% of the issued share capital of the Company for the purpose of Part XV of the SFO (the “**Deemed Interest**”). Notwithstanding the Deemed Interest, to the Company’s knowledge, Ms. Liu Lu (i) is not directly or indirectly interested so as to exercise or control the exercise of 30% or more of the voting power at a meeting of the investment committee of Anhui Zhong’an (the “**Investment Committee**”), which is the governance body that makes investment decisions in respect of Anhui Zhong’an LP; (ii) is not able to control the composition of a majority of the Investment Committee; (iii) does not have actual control over the investment decisions of Anhui Zhong’an LP; and (iv) is only effectively deemed to be interested in approximately 0.02% of the Company’s total issued share capital (the “**Effective Interest**”). For these reasons, Anhui Zhong’an LP does not fall within the meaning of “close associate” of Ms. Liu Lu under the Listing Rules and is therefore not a “core connected person” of the Company. Accordingly, all of the Shares held by Anhui Zhong’an LP have been counted towards the public float of the Company.

Information of the Parties

The Group

The Company was incorporated in the Cayman Islands as an exempted company with limited liability, the Shares of which have been listed on the Stock Exchange since 16 March 2017. The Group is principally engaged in the hospital management business and general hospital business in China.

LETTER FROM THE BOARD

Vanguard Glory

Vanguard Glory was incorporated in the British Virgin Islands as a limited liability company. Vanguard Glory is a direct wholly-owned subsidiary of Hony Fund V, an exempted limited partnership. The general partner of Hony Fund V is Hony Capital Fund V GP, L.P., whose general partner is Hony Capital Fund V GP Limited. Hony Capital Fund V GP Limited is wholly-owned by Hony Group Management Limited, 80% equity interest of which is held by Hony Managing Partners Limited and 20% equity interest of which is held by Right Lane Limited, a wholly-owned subsidiary of Legend Holdings. Hony Managing Partners Limited is wholly-owned by Exponential Fortune Group Limited, which in turn is held as to 49% by Mr. Zhao John Huan, as to 25.50% each by Mr. Cao Yonggang and Mr. Xu Minsheng, respectively. Vanguard Glory is an investment vehicle and has not conducted any operating activities since incorporation. Each of Mr. Zhao John Huan, Mr. Cao Yonggang and Mr. Xu Minsheng is a managing partner of Hony Capital. Hony Capital is an investment and management firm whose main businesses include private equity, venture capital and other investments relating to China.

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

Hony Fund VIII

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

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

Reasons for and benefits of the proposed alteration of terms of the Vanguard Glory Convertible Bonds and the Hony Fund VIII Convertible Bonds

The Vanguard Glory Convertible Bonds and the Hony Fund VIII Convertible Bonds will mature on 30 September 2025, unless further extended. In the event that Vanguard Glory and Hony Fund VIII choose not to exercise their respective conversion rights, the Company would be expected to incur a substantial cash outflow amounting to HKD468,000,000 (being the principal amount of the Vanguard Glory Convertible Bonds) and HKD773,879,717 (being the principal amount of the Hony Fund VIII Convertible Bonds) in order to redeem the respective convertible bonds.

LETTER FROM THE BOARD

The extension of the respective maturity date of the Vanguard Glory Convertible Bonds and the Hony Fund VIII Convertible Bonds pursuant to the alteration of terms under the Vanguard Glory Deed of Amendment and the Hony Fund Deed of Amendment will enable the Company to postpone such substantial cash outflow and allow the Company to have more financial flexibility in the deployment of its working capital for its business operations and development, without having to incur additional financing costs to effect immediate repayment. In addition, given the uncertainty in the economic environment and fierce competition in the industry, the holding of sufficient funds will safeguard the Company's ability to cope with such complex environment and satisfy its potential investment needs, in particular, for its internal development such as equipment maintenance and renewal, talent introduction and training.

The Company has explored other financing alternatives to raise funds for redemption of the Vanguard Glory Convertible Bonds and/or the Hony Fund VIII Convertible Bonds if redemption is required, including but not limited to, bank borrowing and equity financing. However, the Board considers bank borrowings unfavorable as they would not improve the financial position of the Company while incurring high financial cost each year, and equity financing alternatives (such as placing of new shares and rights issue) impractical due to the absence of suitable equity financing partners and the difficulty in reaching mutually acceptable financing terms within a short time frame, in addition to being time-consuming to execute and resulting in immediate dilution on the shareholding of the existing Shareholders, making the current convertible bond structure a more viable solution under the present circumstances.

Having considered all the relevant factors and in light of the reasons and benefits as set out above, the Directors (including the independent non-executive Directors whose views are set out in the section headed "Letter from the Independent Board Committee" in this circular) consider that the terms and conditions of the Vanguard Glory Deed of Amendment, the Vanguard Glory Alteration of Terms contemplated thereunder, the terms and conditions of the Hony Fund Deed of Amendment and the Hony Fund Alteration of Terms contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Fund Raising Activities in the Past Twelve Months

The Company did not conduct any fund raising activities from the issue of equity securities in the twelve-month period immediately preceding the Latest Practicable Date.

Listing Rules Implications

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

LETTER FROM THE BOARD

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

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

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

Mr. Chen Shuai is an executive Director, the chairman of the Board and acting chief executive officer of the Company, who currently serves as the partner, managing director and general manager of private equity funds of Hony Capital. Mr. Pu Chengchuan is an executive Director, who currently also serves as a chief investment officer of the private equity investment department of Hony Capital. Mr. Chen Shuai and Mr. Pu Chengchuan, who are deemed to have material interests in the transactions contemplated under the Vanguard Glory Deed of Amendment and the Hony Fund Deed of Amendment by virtue of their respective positions at Hony Capital, have abstained from voting on the Board resolution(s) passed to approve the Vanguard Glory Deed of Amendment and the Hony Fund Deed of Amendment. Save as disclosed above, none of the Directors have a material interest in the transactions contemplated under the Vanguard Glory Deed of Amendment and the Hony Fund Deed of Amendment and hence no other Director has abstained from voting on the Board resolution(s) passed to approve the Vanguard Glory Deed of Amendment and the Hony Fund Deed of Amendment.

Independent Board Committee and Independent Financial Adviser

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

LETTER FROM THE BOARD

3. EGM

The EGM will be held at 4th Floor, Air China Century Plaza, No. 40, Xiaoyun Road, Chaoyang District, Beijing, PRC on Monday, 30 June 2025 at 2:00 p.m., during which resolutions will be proposed to the Independent Shareholders to consider and, if thought fit, approve the Vanguard Glory Deed of Amendment, the Vanguard Glory Alteration of Terms contemplated thereunder, the Hony Fund Deed of Amendment, the Hony Fund Alteration of Terms contemplated thereunder and the grant of the Vanguard Glory Specific Mandate and the Hony Fund Specific Mandate. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, except Vanguard Glory (the direct Shareholder of 97,000,000 Shares, representing approximately 70.19% of the issued share capital of the Company as at the Latest Practicable Date), which has material interest in the Vanguard Glory Deed of Amendment and the Hony Fund Deed of Amendment, no Shareholder is required to abstain from voting on the resolutions to approve the Vanguard Glory Deed of Amendment, the Vanguard Glory Alteration of Terms contemplated thereunder, the Hony Fund Deed of Amendment and the Hony Fund Alteration of Terms contemplated thereunder and the grant of the Vanguard Glory Specific Mandate and the Hony Fund Specific Mandate at the EGM.

The notice of the EGM is set out on pages 69 to 71 of this circular. A form of proxy for use at the EGM is also enclosed. Such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (<http://www.hcclhealthcare.com>). Whether or not you are able to attend the EGM, please complete and sign the enclosed form of proxy in accordance with the instructions stated thereon and return it to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the EGM or any adjournment thereof if they so wish. In such event, the form of proxy should be deemed to be revoked.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, the Company will procure the chairman of the EGM to demand for voting by poll in respect of the ordinary resolutions to be proposed at the EGM in accordance with the Articles. Computershare Hong Kong Investor Services Limited, the branch share registrar and transfer office of the Company in Hong Kong, will serve as the scrutineer for the vote-taking.

LETTER FROM THE BOARD

4. RECOMMENDATION

Taking into account the reasons set out above, the Board (including the independent non-executive Directors whose views are set out in the section headed “Letter from the Independent Board Committee” in this circular), considers that the terms and conditions of the Vanguard Glory Deed of Amendment, the Vanguard Glory Alteration of Terms contemplated thereunder, the Hony Fund Deed of Amendment, the Hony Fund Alteration of Terms, the Vanguard Glory Specific Mandate and the Hony Fund Specific Mandate are fair and reasonable and are in the interests of the Company and its Shareholders as a whole. Accordingly, the Board recommends the Independent Shareholders to vote in favour of the proposed resolutions as set out in the notice of the EGM to approve the Vanguard Glory Deed of Amendment, the Vanguard Glory Alteration of Terms contemplated thereunder, the Hony Fund Deed of Amendment, the Hony Fund Alteration of Terms and the grant of the Vanguard Glory Specific Mandate and the Hony Fund Specific Mandate.

5. ADDITIONAL INFORMATION

Your attention is drawn to (i) the letter from the Independent Board Committee set out on pages 36 to 37 of this circular; and (ii) the letter of advice from the Independent Financial Adviser set out on pages 38 to 62 of this circular, which contains, among other matters, its advice to the Independent Board Committee and the Independent Shareholders in connection with the Vanguard Glory Deed of Amendment, the Vanguard Glory Alteration of Terms contemplated thereunder, the Hony Fund Deed of Amendment, the Hony Fund Alteration of Terms, the Vanguard Glory Specific Mandate and the Hony Fund Specific Mandate, as well as the principal factors considered by it in arriving at its recommendation.

By order of the Board
Hospital Corporation of China Limited
Chen Shuai
Chairman and Acting Chief Executive Officer

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



Hospital Corporation of China Limited

弘和仁愛醫療集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3869)

13 June 2025

To the Independent Shareholders

CONNECTED TRANSACTION PROPOSED EXTENSION OF MATURITY DATE OF CONVERTIBLE BONDS

We refer to the circular dated 13 June 2025 issued by the Company (the “**Circular**”) of which this letter forms part. Terms defined in the Circular shall have the same meanings herein unless the context otherwise requires.

We have been appointed by the Board as the Independent Board Committee to give a recommendation to the Independent Shareholders in respect of the Vanguard Glory Deed of Amendment, the Vanguard Glory Alteration of Terms contemplated thereunder, the Hony Fund Deed of Amendment and the Hony Fund Alteration of Terms and the grant of the Vanguard Glory Specific Mandate and the Hony Fund Specific Mandate. Alliance Capital has been appointed as the Independent Financial Adviser to advise you and us in this regard. Details of their advice, together with the principal factors and reasons they have taken into consideration in giving such advice, are set out on pages 38 to 62 of the Circular. Your attention is also drawn to the letter from the Board in the Circular and the additional information set out in the appendix thereto.

Having considered the terms of the Vanguard Glory Deed of Amendment and the Vanguard Glory Alteration of Terms contemplated thereunder, the terms of the Hony Fund Deed of Amendment and the Hony Fund Alteration of Terms and the grant of the Vanguard Glory Specific Mandate and the Hony Fund Specific Mandate and taking into account the advice from Alliance Capital and the relevant information contained in the letter from the Board, we are of the view that (a) the terms and conditions of the Vanguard Glory Deed of Amendment, the Vanguard Glory Alteration of Terms contemplated thereunder, the terms and conditions of the Hony Fund Deed of Amendment and the Hony Fund Alteration of Terms contemplated thereunder and the grant of the Vanguard Glory Specific Mandate and the Hony Fund Specific Mandate are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, and (b) although the Vanguard Glory Deed of Amendment, the Vanguard Glory Alteration of Terms contemplated thereunder, the Hony Fund Deed of Amendment and the Hony Fund Alteration of Terms contemplated thereunder and the grant of the Vanguard Glory Specific Mandate and the Hony Fund Specific Mandate are not in the ordinary and usual course of business of the Group, they are in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Accordingly, we recommend the Independent Shareholders are vote in favour of the ordinary resolutions to be presented at the EGM to approve the Vanguard Glory Deed of Amendment, the Vanguard Glory Alteration of Terms contemplated thereunder, the Hony Fund Deed of Amendment and the Hony Fund Alteration of Terms contemplated thereunder and the grant of the Vanguard Glory Specific Mandate and the Hony Fund Specific Mandate.

Yours faithfully,

For the on behalf of the Independent Board Committee

Mr. Dang Jinxue

*Independent non-executive
Director*

Mr. Shi Luwen

*Independent non-executive
Director*

Mr. Zhou Xiangliang

*Independent non-executive
Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of a letter of advice from Alliance Capital Partners Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, prepared for the purpose of inclusion in this circular.



Alliance Capital Partners Limited
同人融資有限公司

13 June 2025

*To: The Independent Board Committee and the Independent Shareholders of
Hospital Corporation of China Limited*

CONNECTED TRANSACTION PROPOSED EXTENSION OF MATURITY DATE OF CONVERTIBLE BONDS

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of (i) the proposed alteration of certain terms (the **“Vanguard Glory Alteration of Terms”**) of the convertible bonds with an aggregate principal amount of HKD468,000,000 (the **“Vanguard Glory Convertible Bonds”**) issued by the Company to Vanguard Glory Limited (**“Vanguard Glory”**); and (ii) the proposed alteration of certain terms (the **“Hony Fund Alteration of Terms”**) of the convertible bonds with an aggregate principal amount of HKD773,879,717 (the **“Hony Fund VIII Convertible Bonds”**) issued by the Company to Hony Capital Fund VIII (Cayman), L.P. (**“Hony Fund VIII”**), details of which are set out in the letter from the Board contained in the circular dated 13 June 2025 issued by the Company to the Shareholders (the **“Circular”**), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

(I) Vanguard Glory Convertible Bonds

On 25 January 2018, the Company and Vanguard Glory entered into the Vanguard Glory Subscription Agreement pursuant to which, among other things, the Company agreed to issue and Vanguard Glory agreed to subscribe for the Vanguard Glory Convertible Bonds in the aggregate principal amount of HKD468,000,000 for a total consideration equal to the aggregate principal amount of the Vanguard Glory Convertible Bonds. The Vanguard Glory Convertible Bonds were issued to Vanguard Glory on 5 March 2018.

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

On 6 June 2023, the Company and Vanguard Glory entered into a deed of amendment (the **“Second Vanguard Glory Deed of Amendment”**) pursuant to which the Company and Vanguard Glory agreed to extend the maturity date of the Vanguard Glory Convertible Bonds, (together with the alteration of certain terms of the Vanguard Glory Convertible Bonds contemplated under the deed of amendment entered into between the Company and Vanguard Glory on 17 December 2020, the **“Previous Vanguard Glory Alteration of Terms”**) from 29 December 2023 to 30 September 2025.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

On 12 June 2025, in accordance with the terms and conditions of the Vanguard Glory Convertible Bonds, the Company and Vanguard Glory entered into the Vanguard Glory Deed of Amendment to extend the maturity of the Vanguard Glory Convertible Bonds, subject to and effective from fulfilment of the Vanguard Glory Conditions Precedent. Pursuant to the Vanguard Glory Alteration of Terms, the maturity date of the Vanguard Glory Convertible Bonds shall be extended from 30 September 2025 to 30 September 2027 (i.e. the Extended Vanguard Glory CB Maturity Date). Save as revised by the Vanguard Glory Alteration of Terms, all of the terms and conditions of the Vanguard Glory Convertible Bonds remain unchanged and in full force.

(II) Hony Fund VIII Convertible Bonds

On 29 May 2018, the Company and Hony Fund VIII entered into the Hony Fund Share Purchase Agreement, pursuant to which the Company conditionally agreed to acquire the entire issued share capital of Oriental Ally, a wholly owned subsidiary of Hony Fund VIII prior to the Hony Fund Acquisition Completion, from Hony Fund VIII at a consideration of RMB630 million (equivalent to approximately HKD773,879,717), which shall be satisfied by the issuance of the Hony Fund VIII Convertible Bonds by the Company to Hony Fund VIII (or such person as Hony Fund VIII may nominate) on the Hony Fund Acquisition Completion. The Hony Fund VIII Convertible Bonds were issued by the Company to Hony Fund VIII on 7 August 2018.

On 6 June 2023, the Company and Hony Fund VIII entered into a deed of amendment (the “**First Hony Fund VIII Deed of Amendment**”) pursuant to which the Company and Hony Fund VIII agreed to extend the maturity date of the Hony Fund VIII Convertible Bonds from 7 August 2023 to 30 September 2025 (i.e. the Previous Hony Fund Alteration of Terms).

On 12 June 2025, in accordance with the terms and conditions of the Hony Fund VIII Convertible Bonds, the Company and Hony Fund VIII entered into the Hony Fund Deed of Amendment to extend the maturity date of the Hony Fund VIII Convertible Bonds, subject to and effective from fulfilment of the Hony Fund Conditions Precedent. Pursuant to the Hony Fund Alteration of Terms, the maturity date of the Hony Fund VIII Convertible Bonds shall be extended from 30 September 2025 to 30 September 2027 (i.e. the Extended Hony Fund CB Maturity Date). Save as revised by the Hony Fund Alteration of Terms, all of the terms and conditions of the Hony Fund VIII Convertible Bonds remain unchanged and in full force.

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

As at the Latest Practicable Date, the Company was held as to 70.19% by Vanguard Glory, a subsidiary of Hony Fund V, and Hony Fund V was managed by Hony Capital Fund V GP Limited. Hony Fund VIII was managed by Hony Capital Fund VIII GP (Cayman) Limited. Both Hony Capital Fund V GP Limited and Hony Capital Fund VIII GP (Cayman) Limited were general partner companies of Hony Capital. Accordingly, Hony Fund VIII is a connected person of the Company pursuant to Chapter 14A of the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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

In addition, pursuant to Rule 28.05 of the Listing Rules, any alteration in the terms of convertible debt securities after issue must be approved by the Stock Exchange, except where the alteration takes effect automatically under the existing terms of such convertible debt securities. Accordingly, an application has been made by the Company to the Stock Exchange for the approval of the Vanguard Glory Alteration of Terms and the Hony Fund Alteration of Terms.

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Dang Jinxue, Mr. Shi Luwen and Mr. Zhou Xiangliang, has been established to give recommendations to the Independent Shareholders on the Vanguard Glory Deed of Amendment, the Vanguard Glory Alteration of Terms contemplated thereunder, the Hony Fund Deed of Amendment, the Hony Fund Alteration of Terms contemplated thereunder and the grant of the Vanguard Glory Specific Mandate and the Hony Fund Specific Mandate. We, Alliance Capital, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

As at the Latest Practicable Date, we did not have any interests or relationships with the Company that could be reasonably regarded as relevant to the independence of us, and hence are independent from the Company pursuant to Rule 13.84 of the Listing Rules. There was no engagement between the Group and us in the last two years and we are not aware of change in any circumstances that would affect our independence. Apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, no other arrangement exists whereby we have received or will receive any fees or benefits from the Company or any of its subsidiaries. Accordingly, we consider ourselves eligible to give independent advice in respect of the Vanguard Glory Deed of Amendment, the Vanguard Glory Alteration of Terms contemplated thereunder, the Hony Fund Deed of Amendment, the Hony Fund Alteration of Terms contemplated thereunder and the grant of the Vanguard Glory Specific Mandate and the Hony Fund Specific Mandate.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

BASIS OF OUR ADVICE

In formulating our recommendations, we have relied on the statements, information and representations contained in the Circular and the information and representations provided to us by the Directors and senior management (collectively, the “**Management**”) of the Company. We have assumed that all information and representations contained or referred to in the Circular and all information and representations which have been provided by the Management of the Company are true and accurate at the time they were made and will continue to be true and accurate as at the date of the despatch of the Circular.

The Management of the Company collectively and individually accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive and there are no other matters the omission of which would make any statement contained in the Circular misleading. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Management of the Company. We consider that we have been provided with sufficient information on which to form a reasonable basis for our opinion. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any facts or circumstances which would render the information provided and representations made to us untrue, inaccurate or misleading.

We consider that we have performed all the necessary steps to enable us to reach an informed view and to justify our reliance on the information provided to us so as to provide a reasonable basis for our opinion. We have not, however, carried out any independent verification of the information provided, opinion expressed or representations made by the Management of the Company, nor have we conducted an independent investigation into the business and affairs or the prospects of the Company or the Group.

This letter is issued as our opinion and recommendation to the Independent Board Committee and the Independent Shareholders solely for their consideration of whether the Vanguard Glory Deed of Amendment, the Vanguard Glory Alteration of Terms contemplated thereunder, the Hony Fund Deed of Amendment, the Hony Fund Alteration of Terms contemplated thereunder and the grant of the Vanguard Glory Specific Mandate and the Hony Fund Specific Mandate are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Independent Shareholders as a whole. Save for its inclusion in the Circular, this letter is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating and giving our opinion to the Independent Board Committee and the Independent Shareholders, we have taken into consideration the following principal factors:

1. Background of the Group

Information of the Group

The Group is principally engaged in the hospital management business and general hospital business in China.

The following tables summarise the financial results of the Group for each of the three financial years ended 31 December 2024 and for the six months ended 30 June 2023 and 2022 as extracted from the Company's respective annual and interim reports:

	Financial year ended 31 December		
	2022	2023	2024
	("FY2022")	("FY2023")	("FY2024")
	RMB'000	RMB'000	RMB'000
	(Audited)	(Audited)	(Audited)
Revenue	1,142,951	1,427,733	1,442,292
Gross profit	150,878	239,360	275,819
Profit/(loss) for the year/period	(528,597)	168,344	13,790

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

	As at 31 December		
	2022	2023	2024
	RMB'000	RMB'000	RMB'000
	(Audited)	(Audited)	(Audited)
Cash and cash equivalents	497,061	523,027	714,120
<i>Borrowings</i>			
– Repayable within one year	69,429	82,100	82,100
Non-current assets	1,592,551	1,547,791	1,484,046
Current assets	843,013	950,309	1,099,116
Total assets	2,435,564	2,498,100	2,583,162
Current (liabilities)	(1,785,729)	(1,662,559)	(1,810,869)
Net current assets/(liabilities)	(942,716)	(712,250)	(711,753)
Non-current (liabilities)	(206,407)	(244,338)	(196,614)
Total liabilities	(1,992,136)	(1,906,897)	(2,007,483)
Equity attributable to owners of the Company	255,710	337,711	379,094

FY2023 compared to FY2022

The revenue of the Group increased by approximately 24.9% from approximately RMB1,143.0 million for FY2022 to approximately RMB1,427.7 million for FY2023. As disclosed in the annual report for FY2023 (“**Annual Report 2023**”), the increase in the revenue was attributable to an increase of RMB276.9 million in the revenue from the provision of general hospital services by hospital to individual patients as a result of the increase in the number of out-patient and in-patient visits of hospital in 2023.

According to the Annual Report 2023, the Group recorded a net profit of approximately RMB168.3 million for FY2023, representing an increase of approximately RMB696.9 million from the net loss of approximately RMB528.6 million for FY2022. The increase in net profit was mainly due to (i) an increase in revenue from general hospital services provided by hospital to individual patients; and (ii) the increase in gain on extension of convertible bonds.

As at 31 December 2023, the Group’s total assets and total liabilities amounted to approximately RMB2,498.1 million (31 December 2022: approximately RMB2,435.6 million) and approximately RMB1,906.9 million (31 December 2023: approximately RMB1,992.1 million),

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

respectively. The Group's cash and cash equivalents increased by approximately 5.2% from approximately RMB497.1 million as at 31 December 2022 to approximately RMB523.0 million as at 31 December 2023. The reason for the increase in cash and cash equivalents was primarily attributable to the decrease in financial assets at fair value through profit or loss. The Group's borrowings increased by approximately 18.3% from approximately RMB69.4 million as at 31 December 2022 to approximately RMB82.1 million as at 31 December 2023. The reason for the increase in borrowings was primarily attributable to an one-year loan agreement of RMB20,000,000 with fixed interest rates of 3.400%.

Equity attributable to owners of the Company increased from approximately RMB255.7 million as at 31 December 2022 to approximately RMB337.7 million as at 31 December 2023. Such increase was primarily due to the profit attributable to owners of the Company of approximately RMB131.4 million recorded in FY2023.

FY2024 compared to FY2023

The revenue of the Group increased by approximately 1.0% from approximately RMB1,427.7 million for FY2023 to approximately RMB1,442.3 million for FY2024. According to the annual report for FY2024 ("**Annual Report 2024**"), the increase in revenue was mainly due to the increment in the revenue from comprehensive management services (such as hospital management services and supply chain services) received from hospital, which was offset by the decrease in the revenue from the provision of general hospital services by hospital to individual patients.

The Group recorded a net profit of approximately RMB13.8 million for FY2024, representing a decrease of approximately RMB154.5 million from the net profit of approximately RMB168.3 million for FY2023. As disclosed in the Annual Report 2024, the decrease in the net profit was mainly due to decrease in gain on extension of convertible bonds of approximately RMB222.9 million.

As at 31 December 2024, the Group's total assets and total liabilities amounted to approximately RMB2,583.2 million (31 December 2023: approximately RMB2,498.1 million) and approximately RMB2,007.5 million (31 December 2023: approximately RMB1,906.9 million), respectively. The Group's cash and cash equivalents increased by approximately 36.5% from approximately RMB523.0 million as at 31 December 2023 to approximately RMB714.1 million as at 31 December 2024. The reason for the increase in cash and cash equivalents was primarily attributable to the increase in cash flows from operating activities.

Equity attributable to owners of the Company decreased from approximately RMB379.1 million as at 31 December 2023 to approximately RMB337.7 million as at 31 December 2024. Such deterioration was primarily due to the loss attributable to owners of the Company of approximately RMB38.6 million recorded in FY2024.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Information on Vanguard Glory

Vanguard Glory was incorporated in the British Virgin Islands as a limited liability company. Vanguard Glory is an investment vehicle and has not conducted any operating activities since incorporation. As at the Latest Practicable Date, Vanguard Glory, being the direct Shareholder of 97,000,000 Shares (representing approximately 70.19% of the issued share capital of the Company as at the Latest Practicable Date), is a substantial shareholder of the Company. Accordingly, Vanguard Glory is a connected person of the Company pursuant to Chapter 14A of the Listing Rules.

Information on Hony Fund VIII

Hony Fund VIII is an exempted limited partnership formed under the laws of the Cayman Islands as an investment vehicle. Hony Fund VIII is an investment vehicle and has not conducted any operating activities since incorporation. As at the Latest Practicable Date, the Company was held as to 70.19% by Vanguard Glory, a subsidiary of Hony Fund V, and Hony Fund V was managed by Hony Capital Fund V GP Limited. Hony Fund VIII was managed by Hony Capital Fund VIII GP (Cayman) Limited. Both Hony Capital Fund V GP Limited and Hony Capital Fund VIII GP (Cayman) Limited were general partner companies of Hony Capital. Accordingly, Hony Fund VIII is a connected person of the Company pursuant to Chapter 14A of the Listing Rules.

Reasons for and benefits of the proposed Vanguard Glory Alteration of Terms and Hony Fund Alteration of Terms of Convertible Bonds

With reference to the letter from the Board, the Vanguard Glory Convertible Bonds and the Hony Fund VIII Convertible Bonds will mature on 30 September 2025, unless further extended. In the event that Vanguard Glory and Hony Fund VIII choose not to exercise their respective conversion rights, the Company would be expected to incur a substantial cash outflow amounting to HKD468,000,000 (being the principal amount of the Vanguard Glory Convertible Bonds) and HKD773,879,717 (being the principal amount of the Hony Fund VIII Convertible Bonds) in order to redeem the respective convertible bonds.

The extension of the respective maturity date of the Vanguard Glory Convertible Bonds and the Hony Fund VIII Convertible Bonds pursuant to the alteration of terms under the Vanguard Glory Deed of Amendment and the Hony Fund Deed of Amendment will enable the Company to postpone such substantial cash outflow and allow the Company to have more financial flexibility in the deployment of its working capital for its business operations and development, without having to incur additional financing costs to effect immediate repayment. In addition, given the uncertainty in the economic environment and fierce competition in the industry, the holding of sufficient funds will safeguard the Company's ability to cope with such complex environment and satisfy its potential investment needs, in particular, for its internal development such as equipment maintenance and renewal, talent introduction and training.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

According to the Annual Report 2024, the Group had approximately RMB714.1 million of cash and cash equivalents, which is far from sufficient for the redemption of the Vanguard Glory Convertible Bonds with the principal amount of HKD468,000,000 and the Hony Fund VIII Convertible Bonds with the principal amount of HKD773,879,717. Given that there is a significant cash shortfall of the principal amount of the Vanguard Glory Convertible Bonds and the Hony Fund VIII Convertible Bonds over the Group's cash position, the Vanguard Glory Convertible Bonds and the Hony Fund VIII Convertible Bonds bear no interest and the uncertainty in the economic environment and fierce competition in the industry, the Group is expected to retain available cash and working capital in order to maintain the business operations and development of the Company, we concur with the view of the Directors of the Company that it may not be beneficial to the Group to use the cash on hand to redeem the Vanguard Glory Convertible Bonds and the Hony Fund VIII Convertible Bonds in the short run. We also concur with the view of the Directors of the Company that the extension of the respective maturity date of the Vanguard Glory Convertible Bonds and the Hony Fund VIII Convertible Bonds pursuant to the alteration of terms under the Vanguard Glory Deed of Amendment and the Hony Fund Deed of Amendment would enable the Company to postpone such substantial cash outflow and allow the Company to have more financial flexibility in the deployment of its working capital for its business operations and development, without having to incur additional financing costs to effect immediate repayment. In addition, given the uncertainty in the economic environment and fierce competition in the industry, the holding of sufficient funds would safeguard the Company's ability to cope with such complex environment and satisfy its potential investment needs, in particular, for its internal development such as equipment maintenance and renewal, talent introduction and training.

Furthermore, the Company has explored other financing alternatives to raise funds required for redemption of the Vanguard Glory Convertible Bonds and/or the Hony Fund VIII Convertible Bonds if redemption is required, including but not limited to, bank borrowings and equity financing. However, the Board is of the view that bank borrowings will not improve the financial position of the Company but will incur high financial cost each year, while the Vanguard Glory Convertible Bonds and the Hony Fund VIII Convertible Bonds bear nil interest which allows the Company to keep the financial resources and liquidity to maintain its business operation. Therefore, it may not be a favourable option for the Group to obtain new debt financing in order to repay the Vanguard Glory Convertible Bonds and the Hony Fund VIII Convertible Bonds.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We have reviewed the average daily trading volume of the Shares of the Company and noted that the liquidity of Shares has been at a relatively low level over a prolonged period of time, with an average daily trading volume of 129 Shares, 2,590 Shares, and 2,306 Shares, for the 6 months period, 12 months period, and 24 months period up to and including the Last Trading Day. Given the low liquidity of Shares of the Company as abovementioned and the current volatile market condition under the impact of China-United States trade war, the procurement of any equity financing is likely to be difficult. Equity financing alternatives (such as placing of new shares and rights issue) was considered impractical due to the absence of suitable equity financing partners and the difficulty in reaching mutually acceptable financing terms within a short time frame, in addition to being time-consuming to execute and resulting in immediate dilution on the shareholding of the existing Shareholders, making the current convertible bond structure a more viable solution under the present circumstances. The extension of the respective maturity date of the Vanguard Glory Convertible Bonds and the Hony Fund VIII Convertible Bonds pursuant to the alteration of terms under the Vanguard Glory Deed of Amendment and the Hony Fund Deed of Amendment have no immediate dilution effect on the shareholding of the existing Shareholders and the initial Conversion Price of the Vanguard Glory Convertible Bonds and the Hony Fund VIII Convertible Bonds represent a premium over the closing price on the Last Trading Day. Furthermore, the initial Conversion Price of the Vanguard Glory Convertible Bonds and the Hony Fund VIII Convertible Bonds are above the closing price of the Shares for the past one year prior to and including the Last Trading Day. Therefore, we concur with the view of the Directors of the Company that the extension of the respective maturity date of the Vanguard Glory Convertible Bonds and the Hony Fund VIII Convertible Bonds pursuant to the alteration of terms under the Vanguard Glory Deed of Amendment and the Hony Fund Deed of Amendment are fair and reasonable.

Having considered the above, we are of the view that although the Vanguard Glory Deed of Amendment and the Hony Fund Deed of Amendment are not in the ordinary and usual course of business of the Company, it is in the interest of the Company and the Shareholders as a whole.

2. Principal terms of the Vanguard Glory Convertible Bonds and the Hony Fund VIII Convertible Bonds immediately after the Alteration of Terms

The Vanguard Glory Convertible Bonds

On 12 June 2025, in accordance with the terms and conditions of the Vanguard Glory Convertible Bonds, the Company and Vanguard Glory entered into the Vanguard Glory Deed of Amendment to extend the maturity date of the Vanguard Glory Convertible Bonds, subject to and effective from fulfilment of the Vanguard Glory Conditions Precedent. Pursuant to the Vanguard Glory Alteration of Terms, the maturity date of the Vanguard Glory Convertible Bonds shall be extended from 30 September 2025 to 30 September 2027 (i.e. the Extended Vanguard Glory CB Maturity Date). Save as revised by the Vanguard Glory Alteration of Terms, all of the terms and conditions of the Vanguard Glory Convertible Bonds remain unchanged and in full force.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below are the principal terms of the Vanguard Glory Convertible Bonds (as revised by the Previous Vanguard Glory Alteration of Terms and the Vanguard Glory Alteration of Terms):

Principal Amount: HKD468,000,000

Issue Price: 100% of the principal amount

Maturity Date: The Extended Vanguard Glory CB Maturity Date

The Company has no right to extend the maturity date of the Vanguard Glory Convertible Bonds, unless consent is obtained from the bondholder(s) of the Vanguard Glory Convertible Bonds to amend the Vanguard Glory Convertible Bond Instrument in accordance with the terms therein.

Interest: The Vanguard Glory Convertible Bonds do not bear any interest.

Redemption upon Maturity and Early Redemption: The Company will redeem all the outstanding Vanguard Glory Convertible Bonds at an amount of the principal amount of such outstanding Vanguard Glory Convertible Bonds on the Extended Vanguard Glory CB Maturity Date.

In the event that the Shares cease to be listed or admitted to trading on the Stock Exchange, each bondholder of the Vanguard Glory Convertible Bonds shall have the right, at such bondholder's option, to require the Company to redeem, in whole or in part, such bondholder's Vanguard Glory Convertible Bonds.

The Company has no early redemption right under the Vanguard Glory Subscription Agreement.

For further details of the principal terms of the Vanguard Glory Convertible Bonds, please refer to "Letter from the Board" in the Circular.

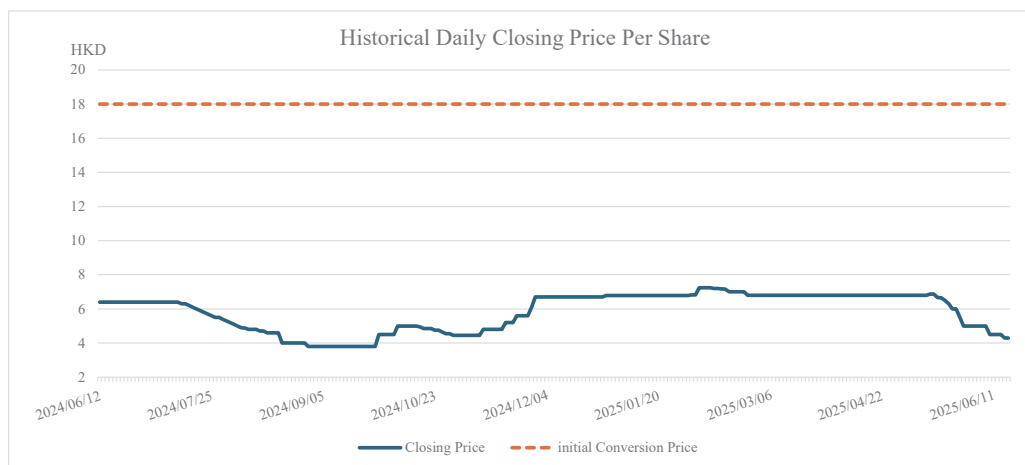
LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Comparison of Vanguard Glory Conversion Price with historical Share prices

The initial Vanguard Glory Conversion Price is HKD18.00 per Vanguard Glory Conversion Share (subject to adjustments). This represents:

- (a) a premium of approximately 318.60% over the closing price of HKD4.30 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a premium of approximately 307.24% over the average closing price of approximately HKD4.42 per Share as quoted on the Stock Exchange for the last five (5) consecutive Trading Days immediately prior to and including the Last Trading Day;
- (c) a premium of approximately 286.27% over the average closing price of approximately HKD4.66 per Share as quoted on the Stock Exchange for the last ten (10) consecutive Trading Days immediately prior to and including the Last Trading Day; and
- (d) a premium of approximately 211.51% over the average closing price of approximately HKD5.78 per Share as quoted on the Stock Exchange for the last thirty (30) consecutive Trading Days immediately prior to and including the Last Trading Day.

In order to assess the fairness and reasonableness of the initial Vanguard Glory Conversion Price, we reviewed the daily closing price of the Shares as quoted on the Stock Exchange from 12 June 2024 up to and including 11 June 2025 (i.e. the Last Trading Day) (the “**Share Price Review Period**”), being a period of approximately one year prior to and including the Last Trading Day, which we consider such period allows the Independent Shareholders to have a general understanding of recent share price performance of the Shares. The comparison of daily closing prices of the Shares and the initial Vanguard Glory Conversion Price is illustrated as follows:



Source: the Stock Exchange's website

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

During the Share Price Review Period, the highest and lowest closing prices of the Shares as quoted on the Stock Exchange were HKD7.24 recorded on each of the trading day during the period from 7 February 2025 to 12 February 2025 and HKD3.8 per Share recorded during the period from 30 August 2024 to 27 September 2024. From March 2025 to the Last Trading Day, the closing prices of the Shares had been relatively stable.

The initial Vanguard Glory Conversion Price of HKD18.00 is above the daily closing prices of the Shares as quoted on the Stock Exchange during the entire Share Price Review Period.

The Hony Fund VIII Convertible Bonds

On 12 June 2025, in accordance with the terms and conditions of the Hony Fund VIII Convertible Bonds, the Company and Hony Fund VIII entered into the Hony Fund Deed of Amendment to extend the maturity date of the Hony Fund VIII Convertible Bonds, subject to and effective from fulfilment of the Hony Fund Conditions Precedent. Pursuant to the Hony Fund Alteration of Terms, the maturity date of the Hony Fund VIII Convertible Bonds shall be extended from 30 September 2025 to 30 September 2027 (i.e. the Extended Hony Fund CB Maturity Date). Save as revised by the Hony Fund Alteration of Terms, all of the terms and conditions of the Hony Fund VIII Convertible Bonds remain unchanged and in full force.

Set out below are the principal terms of the Hony Fund VIII Convertible Bonds (as revised by the Previous Hony Fund Alteration of Terms and the Hony Fund Alteration of Terms):

Principal Amount:	HKD773,879,717
Issue Price:	100% of the principal amount
Maturity Date:	The Extended Hony Fund CB Maturity Date
	The Company has no right to extend the maturity date of the Hony Fund VIII Convertible Bonds.
Interest:	The Hony Fund VIII Convertible Bonds do not bear any interest.
Redemption upon Maturity and Early Redemption:	The Company will redeem the outstanding Hony Fund VIII Convertible Bonds at its principal amount on the Extended Hony Fund CB Maturity Date. The Company may not redeem the Hony Fund VIII Convertible Bonds at its option prior to the Extended Hony Fund CB Maturity Date except in the event that the Shares cease to be listed or admitted to trading on the Stock Exchange on which the Shares are then listed or quoted or dealt in.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

For further details of the principal terms of the Hony Fund VIII Convertible Bonds, please refer to “Letter from the Board” in the Circular.

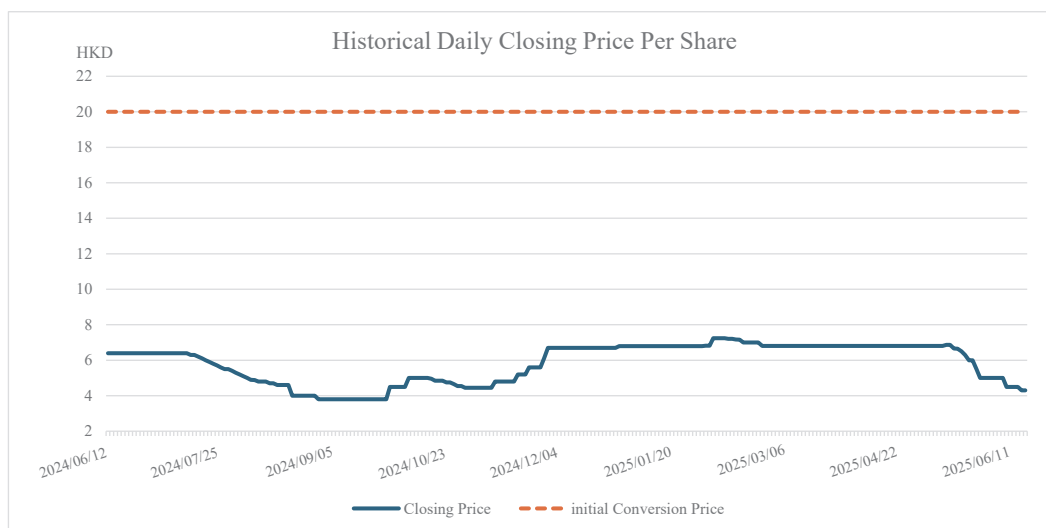
Comparison of Hony Fund Conversion Price with historical Share prices

The initial Hony Fund Conversion Price is HKD20.00 per Hony Fund Conversion Share (subject to adjustments). This represents:

- (a) a premium of approximately 365.12% over the closing price of HKD4.30 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a premium of approximately 352.49% over the average closing price of approximately HKD4.42 per Share as quoted on the Stock Exchange for the last five (5) consecutive Trading Days immediately prior to and including the Last Trading Day;
- (c) a premium of approximately 329.18% over the average closing price of approximately HKD4.66 per Share as quoted on the Stock Exchange for the last ten (10) consecutive Trading Days immediately prior to and including the Last Trading Day; and
- (d) a premium of approximately 246.12% over the average closing price of approximately HKD5.78 per Share as quoted on the Stock Exchange for the last thirty (30) consecutive Trading Days immediately prior to and including the Last Trading Day.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In order to assess the fairness and reasonableness of the initial Hony Fund Conversion Price, we reviewed the daily closing price of the Shares as quoted on the Stock Exchange during the Share Price Review Period, being a period of approximately one year prior to and including the Last Trading Day, which we consider such period allows the Independent Shareholders to have a general understanding of recent share price performance of the Shares. The comparison of daily closing prices of the Shares and the initial Hony Fund Conversion Price is illustrated as follows:



Source: the Stock Exchange's website

During the Share Price Review Period, the highest and lowest closing prices of the Shares as quoted on the Stock Exchange were HKD7.24 recorded on each of the trading day during the period from 7 February 2025 to 12 February 2025 and HKD3.8 per Share recorded during the period from 30 August 2024 to 27 September 2024. From March 2025 to the Last Trading Day, the closing prices of the Shares had been relatively stable.

The initial Hony Fund Conversion Price of HKD20.00 is above the daily closing prices of the Shares as quoted on the Stock Exchange during the entire Share Price Review Period.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Comparison with convertible bonds with extension of maturity date

We have reviewed the announcements on extension of convertible bonds for their respective maturity for one year prior and including 11 June 2025, being the date of the Last Trading Day, by companies listed on the Stock Exchange. We consider such period represented recent structure of the extension of convertible bonds in the capital market in Hong Kong and allows the Independent Shareholders to have a general understanding of recent extension of convertible bonds being conducted. We identified a list of 7 comparable companies (the “**Extension Comparables**”) and it is exhaustive as far as we are aware of. Summary of the Extension Comparables are set out as below:

No.	Company Name	Stock Code	Date of relevant announcement	Outstanding principal amount (HKD’ million)	Interest rate (% p.a.)	Month(s) of extension for the term of maturity
1	Carrianna Group Holdings Company Limited	126	31-Jul-24	67.4	7.0	12
2	CCT Fortis Holdings Limited	138	19-Aug-24	30.0	9.0	12
3	Renaissance Asia Silk Road Group Limited	274	2-Oct-24	3.0	6.0	24
4	Oriental Payment Group Holdings Limited	8613	30-Dec-24	11.9	7.0	24
5	Mobvista Inc.	1860	21-Jan-25	233.7 ^{Note}	3.5	12
6	China Aluminum Cans Holdings Limited	6898	21-Feb-25	139.8	–	60
7	Best Food Company Limited	1488	3-Apr-25	610.7	3.0	25
				Min	–	12
				Max	9.0	60
				Mean	5.1	24.1
				Median	6.0	24
				Vanguard		
				Glory	–	24
				Convertible Bonds		
				Hony Fund VIII	–	24
				Convertible Bonds		

Source: the announcement of relevant companies published on Stock Exchange’s website

Note: The amount was stated in United States dollars (“USD”) and was converted to HKD using the exchange rate of USD1.00 = HKD7.79

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

For the Extension Comparables, the extension of maturity ranged from 12 months up to 60 months. The proposed extension of the maturity of the Vanguard Glory Convertible Bonds and the Hony Fund VIII Convertible Bonds of about 24 months are within the range of the Extension Comparables.

Taking into account the principal terms of the Vanguard Glory Convertible Bonds and the Hony Fund VIII Convertible Bonds as highlighted above, we are of the view that the terms of the Vanguard Glory Deed of Amendment and the Hony Fund Deed of Amendment are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

Comparison with convertible bonds newly issued

We have reviewed issues of new convertible bonds announced by companies listed on the Stock Exchange for six months prior and including 11 June 2025 (the “**Review Period**”), being the Last Trading Day. We consider such period represented recent structure of the convertible bonds newly issued in the capital market in Hong Kong and allows the Independent Shareholders to have a general understanding of recent issues of convertible bonds being conducted. We identified a list of comparables (the “**Comparables**”) which met the said criteria and it is exhaustive as far as we are aware of. Shareholders should note that the businesses, operations and prospects of the Company are not the same as the subject companies of the Comparables.

No	Company Name	Stock Code	Date of relevant announcement	Principal amount	Conversion Price	Conversion Price	Interest rate	Term to maturity (Number of months)
					premium over/ (discount to) the closing price on the last trading day prior to the date of agreement	premium over/ (discount to) the closing price on the last five trading day prior to the date of agreement		
				(HKD' million)	(Approx. %)	(Approx. %)	(% p.a)	
1	Apollo Future Mobility Group Limited	860	6-Dec-24	300.0	231.2	231.9	5.0	24
2	Shanghai Qingpu Fire-Fighting Equipment Co., Ltd.	8115	8-Dec-24	918.0 ²	(19.8)	(22.0)	–	60
3	Tibet Water Resources Ltd.	1115	12-Dec-24	165.0	1.5	–	8.0	24

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

No	Company Name	Stock Code	Date of relevant announcement	Principal amount	Conversion Price	Conversion Price	Interest rate	Term to maturity (Number of months)
					premium over/ (discount to) the closing price on the last trading day prior to the date of agreement	premium over/ (discount to) the closing price on the last five trading day prior to the date of agreement		
				(HKD' million)	(Approx. %)	(Approx. %)	(% p.a)	
4	Shimao Group Holdings Limited ³	813	13-Dec-24	98,641.0	404.2	368.7	–	12
5	China Biotech Services Holdings Limited	8037	17-Dec-24	46.7	160.9	159.7	8.25	24
6	Basic House New Life Group Limited	8360	20-Dec-24	4.7	–	4.2	6.0	24
7	Eternity Investment Limited	764	23-Dec-24	4.0	4.6	4.0	5.0	24
8	China Silver Technology Holdings Limited	515	27-Dec-24	16.1	132.6	140.4	8.0	36
9	Zhidao International (Holdings) Limited	1220	13-Jan-25	11.0	22.2	0.4	–	13
10	CTF Services Limited	659	15-Jan-25	780.0	5.0	4.6	4.0	6
11	HKE Holdings Limited	1726	28-Jan-25	26.0	162.3	165.6	–	24
12	China Metal Resources Utilization Limited	1636	28-Jan-25	10.0	(90.6)	(90.6)	9.0	6
13	Xstep International Holdings Limited	1368	10-Feb-25	500.0	4.2	5.4	1.5	12
14	Tibet Water Resources Ltd.	1115	13-Feb-25	138.0	1.5	0.9	8.0	9
15	ClouDr Group Limited	9955	10-Mar-25	35.0 ¹	48.1	47.3	10.0	24
16	China Hongqiao Group Limited	1378	18-Mar-25	233.7 ¹	38.3	41.4	1.5	60
17	Venus Medtech (Hangzhou) Inc	2500	20-Mar-25	216.0 ²	35.5	137.6	10.0	12
18	Zhi Sheng Group Holdings Limited	8370	27-Mar-25	120.0	–	0.5	–	5
19	Ziyuanyuan Holdings Group Limited	8223	1-Apr-25	10.0	3.4	2.0	6.0	18
20	Eternity Investment Limited	764	2-Apr-25	9.0	3.3	1.1	5.0	24
21	Wai Chun Group Holdings Limited	1013	11-Apr-25	45.0	(5.3)	(16.4)	2.0	36
22	Wai Chun Bio- Technology Limited	660	14-Apr-25	15.0	(7.9)	(13.4)	2.0	36
23	China Ruyi Holdings Limited	136	15-Apr-25	2,341.0	17.1	21.4	3.95	60
24	Hybrid Kinetic Group Limited	1188	17-Apr-25	51.0	4.4	(11.8)	–	36

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

No	Company Name	Stock Code	Date of relevant announcement	Principal amount	Conversion Price	Conversion Price	Interest rate	Term to maturity
					(discount to) the closing price on the last trading day prior to the date of agreement	(discount to) the closing price on the last five trading day prior to the date of agreement		
				(HKD' million)	(Approx. %)	(Approx. %)	(% p.a)	(Number of months)
25	HK Asia Holdings Limited	1723	23-Apr-25	52.4	(19.8)	(2.9)	–	36
26	Polyfair Holdings Limited	8532	24-Apr-25	7.5	21.1	5.5	–	36
27	Vobile Group Limited	3738	2-May-25	155.8	14.5	20.0	–	36
28	Vobile Group Limited	3738	18-May-25	98.8	11.1	14.0	–	36
29	Meitu, Inc.	1357	20-May-25	1,947.5 ¹	1.7	4.1	1.0	36
30	Bilibili Inc.	9626	21-May-25	5,375.1 ¹	27.1	30.7	0.625	60
31	Sky Light Holdings Limited	3882	23-May-25	70.0	41.8	39.3	5.0	24
32	China Carbon Neutral Development Group Limited	1372	30-May-25	57.7	(83.5)	(80.1)	5.0	24
33	CROSSTEC Group Holdings Limited	3893	2-June-25	57.1	1.9	1.9	2.0	36
34	Ping An Insurance (Group) Company of China, Ltd.	2318	4-June-25	1,176.5	18.5	19.4	–	60
35	Icon Culture Global Company Limited	8500	5-June-25	13.0	–	1.4	6.0	36
36	Celestial Asia Securities Holdings Limited	1049	10-June-25	40.0	19.1	19.1	5.0	36
				Market range (excluding outlier) ³				
				Min	(90.6)	(90.6)	–	5.0
				Max	231.2	231.9	10.0	60.0
				Mean	23.0	25.3	3.7	30.1
				Median	4.6	4.2	4.0	24.0
				Vanguard Glory Convertible Bonds	318.6	307.2	–	24.0
				Hony Fund VIII Convertible Bonds	365.1	352.5	–	24.0

Source: the announcement of relevant companies published on Stock Exchange's website

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Note:

1. The amount was stated in USD and was converted to HKD using the exchange rate of USD1.00 = HKD7.79
2. The amount was stated in Renminbi and was converted to HKD using the exchange rate of Renminbi 1.00 = HKD1.08
3. Under a normal distribution, approximately 95% of the values would fall within the range of two standard deviations from the average. The premium of relevant transaction was exceptionally high which exceed two standard deviations from the average would be treated as outlier and would be excluded from our analysis in order to avoid the distortion of our analysis results and considered to be an outlier

(i) Conversion price

During the Review Period, the conversion prices of the Comparables represent a range of a discount of approximately 90.6% to a premium of approximately 231.2%, with an average and median of premiums of approximately 23.0% and 4.6% over the respective closing price per share on the last trading day prior to the date of the corresponding announcement in relation to the respective issue of Comparables. The initial Vanguard Glory Conversion Price of HKD18.00 per Conversion Share, which represents a premium of approximately 318.6% over the closing price of HKD4.30 per share as quoted on the Stock Exchange on the Last Trading Day, is above the conversion price premium range of the Comparables. The initial Hony Fund Conversion Price of HKD20.00 per Conversion Share, which represents a premium of approximately 365.1% over the closing price of HKD4.30 per share as quoted on the Stock Exchange on the Last Trading Day, is also above the conversion price premium range of the Comparables.

In addition, during the Review Period, the conversion price of the Comparables represent a range of a discount of approximately 90.6% to a premium of approximately 231.9%, with an average and median of premiums of approximately 25.3% and 4.2% over the respective closing price per share on the last five consecutive trading days prior to the date of the corresponding announcement in relation to the respective issue of convertible bonds. The initial Vanguard Glory Conversion Price of HKD18.00 per Conversion Share, which represents a premium of approximately 307.2% over the average closing price of HKD4.42 per share as quoted on the Stock Exchange on the last five consecutive Trading Days immediately prior to and including the Last Trading Day, is above the conversion price premium range of the Comparables. The initial Hony Fund Conversion Price of HKD20.00 per Conversion Share, which represents a premium of approximately 352.5% over the average closing price of HKD4.42 per share as quoted on the Stock Exchange on the last five consecutive Trading Days immediately prior to and including the Last Trading Day, is also above the conversion price premium range of the Comparables.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Given the Vanguard Glory Conversion Price and Hony Fund Conversion Price are above the range of the conversion price of the Comparables over the last trading day and the last five consecutive trading days, we are of the view that the Vanguard Glory Conversion Price and Hony Fund Conversion Price are favourable to the Company when compared to the prevailing market sentiment. Furthermore, it should be noted that, the above analysis may not be useful as a direct reference to the fairness and reasonableness of the terms of the Vanguard Glory Convertible Bonds and Hony Fund VIII Convertible Bonds and we have considered the results of the above analysis together with all other factors stated in this letter as a whole in forming our opinion.

(ii) Interest rate

As shown in the above table, the interest rates of the Comparables range from nil to approximately 10.0%, with respective average and median of approximately 3.7% and 4.0%. The Vanguard Glory Convertible Bonds and Hony Fund VIII Convertible Bonds are non-interest bearing. The zero coupon rate of the Vanguard Glory Convertible Bonds and the Hony Fund VIII Convertible Bonds are equivalent to the lowest of the interest rates of the Comparables. Therefore, we consider that the zero coupon rate of the Vanguard Glory Convertible Bonds and the Hony Fund VIII Convertible Bonds is fair and reasonable and is in the interest of the Company and the Shareholders as a whole.

(iii) Term to maturity

The terms to maturity of the Comparables range from 5.0 months to 60.0 months, with respective average and median of approximately 30.1 months and 24.0 months. According to the Vanguard Glory Deed of Amendment and the Hony Fund Deed of Amendment, the Maturity Date is proposed to be extended for 24.0 months, which are within the range of maturity of the Comparables.

Taking into account the principal terms of the Vanguard Glory Convertible Bonds and the Hony Fund VIII Convertible Bonds as highlighted above, we are of the view that the terms of the Vanguard Glory Deed of Amendment, the Vanguard Glory Alteration of Terms contemplated thereunder, the Hony Fund Deed of Amendment, the Hony Fund Alteration of Terms contemplated thereunder and the grant of the Vanguard Glory Specific Mandate and the Hony Fund Specific Mandate are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

3. Effects of shareholding structure

Assuming there being no change in the share capital and shareholding structure of the Company from the Latest Practicable Date other than the allotment and issue of the Vanguard Glory Conversion Shares and the Hony Fund Conversion Shares issuable under the Vanguard Glory Convertible Bonds and the Hony Fund VIII Convertible Bonds, respectively, the shareholding structure of the Company (i) as at Latest Practicable Date; (ii) immediately after the full conversion of the Vanguard Glory Convertible Bonds; (iii) immediately after and assuming full conversion of the Hony Fund VIII Convertible Bonds (assuming that there is no other change in the existing shareholding structure of the Company and no conversion of the Vanguard Glory Convertible Bonds); and (iv) immediately after the full conversion of the Vanguard Glory Convertible Bonds and Hony Fund VIII Convertible Bonds are as follows:

	As at the Latest Practicable Date		Immediately after the full conversion of the Vanguard Glory Convertible Bonds		Immediately after the full conversion of the Hony Fund VIII Convertible Bonds		Immediately after the full conversion of the Vanguard Glory Convertible Bonds and the Hony Fund VIII Convertible Bonds ¹	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
Shareholders								
Vanguard Glory ²	97,000,000	70.19	12,300,000	74.91	97,000,000	54.84	12,300,000	74.64
Hony Fund VIII ²	–	–	–	–	38,693,985	21.87 ⁴	582,000	0.37 ³
Public								
Shareholders								
Ms. Liu Lu ⁵	9,098,800	6.58	9,098,800	5.54	9,098,800	5.14	9,098,800	5.52
Other Public Shareholders ⁵	32,095,200	23.23	32,095,200	19.55	32,095,200	18.15	32,095,200	19.48
	41,194,000	29.81	41,194,000	25.09	41,194,000	23.29 ⁴	41,194,000	25.00 ⁵
Total	138,194,000	100	164,194,000	100	176,887,985	100	164,776,000	100

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Notes:

1. The shareholding structure is shown for illustration purpose only and may not be exhaustive. Pursuant to the conversion restrictions under the terms and conditions of the Vanguard Glory Convertible Bonds and the Hony Fund VIII Convertible Bonds, their respective conversion rights may only be exercised to the extent that, immediately after such conversion, the Company will continue to be able to satisfy the public float requirements under the Listing Rules.
2. As at the Latest Practicable Date, the Company is held as to approximately 70.19% by Vanguard Glory, a wholly-owned subsidiary of Hony Fund V, which is ultimately managed by Hony Capital Fund V GP Limited. Hony Fund VIII is ultimately managed by Hony Capital Fund VIII GP (Cayman) Limited. Both Hony Capital Fund V GP Limited and Hony Capital Fund VIII GP (Cayman) Limited are wholly-owned by Hony Group Management Limited and are general partner companies of Hony Capital.
3. Assuming that the Vanguard Glory Convertible Bonds is converted in full into 26,000,000 Vanguard Glory Conversion Shares pursuant to the terms and conditions of the Vanguard Glory Convertible Bonds. After the conversion right of the Vanguard Glory Convertible Bonds has been exercised in full, the conversion right of the Hony Fund VIII Convertible Bonds will only be exercised to the extent that, immediately after such conversion, the Company will continue to be able to satisfy the public float requirements under the Listing Rules.
4. Assuming the conversion rights attached to the Hony Fund VIII Convertible Bonds are exercised in full at the initial Hony Fund Conversion Price of HKD20.00 per Hony Fund Conversion Share, a number of 38,693,985 Hony Fund Conversion Shares will be issued upon conversion of the Hony Fund VIII Convertible Bonds (subject to adjustments), which represent approximately 21.87% of the issued share capital of the Company as enlarged by the allotment and issue of the Hony Fund Conversion Shares upon full conversion of the Hony Fund VIII Convertible Bonds, assuming that there is no other change in the existing shareholding structure of the Company and no conversion of the Vanguard Glory Convertible Bonds. In such case, public shareholders will hold, in aggregate, approximately 23.29% of the issued share capital of the Company. However, the conversion right of the Hony Fund VIII Convertible Bonds will only be exercised to the extent that the Company will continue to be able to satisfy the public float requirements under the Listing Rules.
5. Ms. Liu Lu is a non-executive Director. Ms. Liu Lu is one of the general partners of Hefei Kangyang Capital Management Partnership (Limited Partnership) (合肥康養資本管理合夥企業(有限合夥)) (“**Hefei Kangyang LP**”), which holds 55% of the equity interest in Anhui Zhong’an Health Investment Management Co., Ltd. (安徽中安健康投資管理有限公司) (“**Anhui Zhong’an**”). Anhui Zhong’an is the general partner of Anhui Zhong’an Health Elderly Care Services Industry Investment Partnership (Limited Partnership) (安徽省中安健康養老服務產業投資合夥企業(有限合夥)) (“**Anhui Zhong’an LP**”), which is a limited partnership formed under the laws of the PRC as an investment vehicle and holds approximately 6.58% of the issued share capital of the Company. Anhui Zhong’an, in its capacity as a general partner of Anhui Zhong’an LP, is interested in 1.36% of the paid-up capital of Anhui Zhong’an LP. Hefei Kangyang LP is a limited partner of Anhui Zhong’an LP which has not paid any capital contribution yet. Ms. Liu Lu, in her capacity as a general partner of Hefei Kangyang LP, is interested in 36.55% of the paid-up capital of Hefei Kangyang LP. Ms. Liu Lu is a director of Anhui Zhong’an. As such, Ms. Liu Lu is deemed to be interested in approximately 6.58% of the issued share capital of the Company for the purpose of Part XV of the SFO (the “**Deemed Interest**”). Notwithstanding the Deemed Interest, to the Company’s knowledge, Ms. Liu Lu (i) is not directly or indirectly interested so as to exercise or control the exercise of 30% or more of the voting power at a meeting of the investment committee of Anhui Zhong’an (the “**Investment Committee**”), which is the governance body that makes investment decisions in respect of Anhui Zhong’an LP; (ii) is not able to control the composition of a majority of the Investment Committee; (iii) does not have actual control over the investment decisions of Anhui Zhong’an LP; and (iv) is only effectively deemed to be interested in approximately 0.02% of the Company’s total issued share capital (the “**Effective Interest**”). For these reasons, Anhui Zhong’an LP does not fall within the meaning of “close associate” of Ms. Liu Lu under the Listing Rules and is therefore not a “core connected person” of the Company. Accordingly, all of the Shares held by Anhui Zhong’an LP have been counted towards the public float of the Company.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Pursuant to the conversion restrictions under the terms and conditions of the Vanguard Glory Convertible Bonds and the Hony Fund VIII Convertible Bonds, their respective conversion rights may only be exercised to the extent that, immediately after such conversion, the Company will continue to be able to satisfy the public float requirements under the Listing Rules. As shown in the above table, the shareholding interests of the existing public Shareholders would be diluted by approximately 16.14% (the “**Dilution**”) immediately after conversion of the whole principal amount of the Vanguard Glory Convertible Bonds and a portion of the principal amount of the Hony Fund VIII Convertible Bonds, having considered that the conversion right of the Hony Fund VIII Convertible Bonds is restricted to the full conversion on the maturity date in order to satisfy the public float requirement of 25%. Taking into account (i) the aforementioned reasons for the Vanguard Glory Deed of Amendment and the Hony Fund Deed of Amendment; (ii) the terms of the Vanguard Glory Deed of Amendment and the Hony Fund Deed of Amendment being fair and reasonable; and (iii) the redemption of the Vanguard Glory Convertible Bonds and the Hony Fund VIII Convertible Bonds due on 30 September 2025 would impose pressure on the liquidity and working capital of the Group, we are of the view that the Dilution is acceptable.

4. Financial effects of the Extension

(i) Effect on liquidity

As stated in Annual Report 2024, the consolidated net current liabilities of the Group amounted to approximately RMB711.8 million as at 31 December 2024. Cash and cash equivalents of the Group amounted to approximately RMB714.1 million as at 31 December 2024. The Vanguard Glory Alteration of Terms and the Hony Fund Alteration of Terms pursuant to the Vanguard Glory Deed of Amendment and the Hony Fund Deed of Amendment, respectively, would allow the Group to delay cash outflow of approximately HKD1,241.9 million as a result of redemption of the Vanguard Glory Convertible Bonds and the Hony Fund VIII Convertible Bonds. Having considered (i) the aggregate principal amount of the Vanguard Glory Convertible Bonds and the Hony Fund VIII Convertible Bonds of approximately HKD1,241.9 million represents approximately 1.4 times of the available cash position of the Group as at 31 December 2024 of approximately RMB714.1 million (equivalent to approximately HKD877.2 million); and (ii) the Hony Fund VIII Convertible Bonds in the aggregate principal amount of HKD773,879,717 and the Vanguard Glory Convertible Bonds in the aggregate principal amount of HKD468,000,000 will become mature in September 2025, we are of the view that the Vanguard Glory Alteration of Terms and the Hony Fund Alteration of Terms would alleviate the liquidity and working capital pressure of the Group triggered by the redemption of the Vanguard Glory Convertible Bonds and the Hony Fund VIII Convertible Bonds due on 30 September 2025.

(ii) Effect on earnings

The zero coupon rate of the Vanguard Glory Convertible Bonds and the Hony Fund VIII Convertible Bonds remains unchanged under the Vanguard Glory Alteration of Terms and the Hony Fund Alteration of Terms. According to applicable accounting standard, a non-cash imputed finance cost and fair value changes on derivative components of the Vanguard Glory Convertible Bonds and the Hony Fund VIII Convertible Bonds may be recorded in the consolidated statement of profit or loss and other comprehensive income during the extended period depending on the result of re-measurement of the fair values of the Vanguard Glory Convertible Bonds and the Hony Fund VIII Convertible Bonds as at 30 September 2025, as well as each subsequent reporting date by independent valuer.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(iii) Effect on net assets

There may be changes in the fair values of the Vanguard Glory Convertible Bonds and the Hony Fund VIII Convertible Bonds as a result of the Vanguard Glory Alteration of Terms and the Hony Fund Alteration of Terms. The possible changes will be subject to the valuation from the independent valuer and the review of the Company's independent auditors in the Group's subsequent financial statements.

RECOMMENDATION

Having taken into consideration of the factors and reasons as stated above, we are of the opinion that (i) the Vanguard Glory Deed of Amendment, the Vanguard Glory Alteration of Terms contemplated thereunder, the Hony Fund Deed of Amendment, the Hony Fund Alteration of Terms contemplated thereunder and the grant of the Vanguard Glory Specific Mandate and the Hony Fund Specific Mandate are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) although the Vanguard Glory Deed of Amendment and the Hony Fund Deed of Amendment are not in the ordinary and usual course of business of the Company, it is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the EGM to approve the Vanguard Glory Deed of Amendment, the Vanguard Glory Alteration of Terms contemplated thereunder, the Hony Fund Deed of Amendment, the Hony Fund Alteration of Terms contemplated thereunder and the grant of the Vanguard Glory Specific Mandate and the Hony Fund Specific Mandate and we recommend the Independent Shareholders to vote in favour of the resolution(s) in this regard.

Yours faithfully,
For and on behalf of
Alliance Capital Partners Limited
Alyssa Ng
Managing Director

Ms. Alyssa Ng is licensed person under the SFO to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities and has more than 20 years' experience in participation and advising in various initial public offerings and transactions involving companies listed in Hong Kong, including but not limited to the provision of independent financial advisory services regarding connected transactions.

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS OF DIRECTORS

As at the Latest Practicable Date, the interests or short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or (ii) to be entered into the register required to be kept by the Company pursuant to Section 352 of the SFO, or (iii) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the “**Model Code**”) were as follows:

Long positions in the Shares and underlying Shares of the Company

Name of Director	Capacity/Nature of interest	Number of Shares or underlying Shares	Approximate percentage of shareholding interests ⁽²⁾
Ms. Liu Lu	Interest of controlled corporation	9,098,800 ⁽¹⁾	6.58%

Notes:

(1) Ms. Liu Lu is one of the general partners of Hefei Kangyang LP, which holds 55% of the equity interest in Anhui Zhong'an. Anhui Zhong'an is the general partner of Anhui Zhong'an LP, which is a limited partnership formed under the laws of the PRC as an investment vehicle and holds approximately 6.58% of the issued share capital of the Company. Ms. Liu Lu is a director of Anhui Zhong'an.

(2) As at the Latest Practicable Date, the total number of issued shares of the Company was 138,194,000.

Save as disclosed above, as of the Latest Practicable Date, so far as is known to the Directors, none of the Directors or the chief executives of the Company had or was deemed to have any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or to be entered into the register required to be kept by the Company pursuant to Section 352 of the SFO, or to be notified to the Company and the Stock Exchange pursuant to the Model Code.

3. DISCLOSURE OF INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, the following persons (other than the Directors and chief executives of the Company) had or were deemed or taken to have an interest and/or short position in the shares or the underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept by the Company under Section 336 of the SFO, or who was, directly or indirectly, interested in 5% or more of the issued Shares of the Company:

Long positions in the Shares and underlying Shares of the Company

Name of Shareholder	Capacity/Nature of interest	Number of shares or underlying shares of the Company	Approximate percentage of shareholding interest ⁽⁶⁾
Vanguard Glory ⁽¹⁾	Beneficial owner	123,000,000	89.01%
Hony Capital Fund V, L.P. ⁽²⁾	Interest of controlled corporation	123,000,000	89.01%
Hony Capital Fund V GP, L.P. ⁽²⁾	Interest of controlled corporation	123,000,000	89.01%
Hony Capital Fund V GP Limited ⁽²⁾	Interest of controlled corporation	123,000,000	89.01%
Hony Group Management Limited ⁽²⁾⁽³⁾	Interest of controlled corporation	161,693,985	117.01%
Hony Managing Partners Limited ⁽²⁾⁽³⁾	Interest of controlled corporation	161,693,985	117.01%
Exponential Fortune Group Limited ⁽²⁾⁽³⁾	Interest of controlled corporation	161,693,985	117.01%
Hony Fund VIII ⁽³⁾	Beneficial owner	38,693,985	28.00%
Hony Capital Fund VIII GP (Cayman), L.P. ⁽³⁾	Interest of controlled corporation	38,693,985	28.00%

Name of Shareholder	Capacity/Nature of interest	Number of shares or underlying shares of the Company	Approximate percentage of shareholding interest ⁽⁶⁾
Hony Capital Fund VIII GP (Cayman) Limited ⁽³⁾	Interest of controlled corporation	38,693,985	28.00%
Mr. Zhao John Huan ⁽⁴⁾	Interest of controlled corporation	161,693,985	117.01%
Anhui Zhong'an LP ⁽⁵⁾	Beneficial owner	9,098,800	6.58%
Anhui Zhong'an ⁽⁵⁾	Interest of controlled corporation	9,098,800	6.58%
Hefei Kangyang LP ⁽⁵⁾	Interest of controlled corporation	9,098,800	6.58%
Anhui Chuanggu Equity Investment Fund Management Co., Ltd. (安徽創谷股權投資基金管理有限公司) ⁽⁵⁾	Interest of controlled corporation	9,098,800	6.58%
Mr. Niu Yang ⁽⁵⁾	Interest of controlled corporation	9,098,800	6.58%

Notes:

- (1) Vanguard Glory is a wholly-owned subsidiary of Hony Fund V, L.P. and holds (a) 97,000,000 shares of the Company and (b) convertible bonds issued by the Company, which can be converted into 26,000,000 shares of the Company and represent approximately 18.81% of the issued share capital of the Company as at the Latest Practicable Date.
- (2) Hony Capital Fund V, L.P. is an exempted limited partnership formed under the laws of the Cayman Islands as an investment vehicle. The general partner of Hony Capital Fund V, L.P. is Hony Capital Fund V GP, L.P., whose general partner is Hony Capital Fund V GP Limited. Hony Capital Fund V GP Limited is wholly-owned by Hony Group Management Limited, 80% equity interest of which is held by Hony Managing Partners Limited, which in turn is wholly-owned by Exponential Fortune Group Limited. Exponential Fortune Group Limited is held as to 49% by Mr. Zhao John Huan. Mr. Zhao John Huan is a director of Hony Capital Fund V GP Limited, Hony Group Management Limited, Hony Managing Partners Limited and Exponential Fortune Group Limited.

- (3) Hony Capital Fund VIII (Cayman), L.P. is an exempted limited partnership formed under the laws of the Cayman Islands as an investment vehicle. The general partner of Hony Capital Fund VIII (Cayman), L.P. is Hony Capital Fund VIII GP (Cayman), L.P., whose general partner is Hony Capital Fund VIII GP (Cayman) Limited. Hony Capital Fund VIII GP (Cayman) Limited is wholly-owned by Hony Group Management Limited, 80% equity interest of which is held by Hony Managing Partners Limited, which in turn is wholly-owned by Exponential Fortune Group Limited. Exponential Fortune Group Limited is held as to 49% by Mr. Zhao John Huan. Mr. Zhao John Huan is a director of Hony Capital Fund VIII GP (Cayman) Limited, Hony Group Management Limited, Hony Managing Partners Limited and Exponential Fortune Group Limited.
- (4) Mr. Zhao John Huan is deemed to be interested in a total of 161,693,985 shares that are held by his controlled corporations, Vanguard Glory and Hony Fund VIII. Vanguard Glory holds 97,000,000 shares of the Company and holds convertible bonds issued by the Company that can be converted into 26,000,000 shares of the Company. Hony Fund VIII holds convertible bonds issued by the Company that can be converted into 38,693,985 shares of the Company.
- (5) Anhui Zhong'an LP is a limited partnership formed under the laws of the PRC as an investment vehicle. The general partner of Anhui Zhong'an LP is Anhui Zhong'an, which is jointly held as to 55% by Hefei Kangyang LP and as to 45% by Anhui Chuangu Equity Investment Fund Management Co. Ltd. (安徽創谷股權投資基金管理有限公司). Mr. Niu Yang is one of the general partners of Hefei Kangyang LP. Ms. Liu Lu is a director of Anhui Zhong'an.
- (6) As at the Latest Practicable Date, the total number of issued shares of the Company was 138,194,000.

Saved as disclosed above, as at the Latest Practicable Date, the Company had not been notified by any person (other than Directors and chief executives of the Company) who had interests or short positions in the Shares and underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were entered in the register required to be kept under Section 336 of the SFO, or who was, directly or indirectly, interested in 5% or more of the issued Shares of the Company.

4. DIRECTORS' INTERESTS

As at the Latest Practicable Date:

- (a) none of the Directors was interested, directly or indirectly, in any assets which have been acquired or disposed of by or leased to any member of the Group, or which are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2024 (being the date to which the latest published audited consolidated financial statements of the Group were made up);
- (b) none of the Directors were materially interested in any contract or arrangement, which was subsisting and was significant in relation to the business of the Group; and
- (c) save as disclosed in this circular, none of the Directors was a director or employee of a company which had an interest or short position in the Shares, underlying Shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

5. DIRECTORS' SERVICE CONTRACTS

At the Latest Practicable Date, none of the Directors had entered or was proposing to enter into any service contract with any member of the Group which is not expiring or terminable by the employer within one year without payment of compensation other than statutory compensation.

6. COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors were aware, none of the Directors or their respective close associates had any interest in any businesses which competes or is likely to compete, either directly or indirectly, with the business of the Group.

7. EXPERT'S QUALIFICATIONS AND CONSENT

The following is the name and qualification of the expert who has given opinions contained in this circular:

Name	Qualification
Alliance Capital Partners Limited	a corporation licensed under the SFO to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities

Alliance Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter or opinion as set out in this circular and references to its name and logo in the form and context in which it appears in this circular.

The letter and recommendation from the Independent Financial Adviser are given as of the date of this circular for incorporation herein.

8. EXPERT'S INTERESTS

Alliance Capital has confirmed that as at the Latest Practicable Date:

- (a) it did not have any shareholding, directly or indirectly, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and

- (b) it did not have any direct or indirect interest in any asset which has been acquired or disposed of by or leased to any member of the Group, or which are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2024 (being the date up to which the latest published audited consolidated financial statements of the Group were made).

9. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2024 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

10. MISCELLANEOUS

- (a) The company secretary of the Company is Ms. Ho Wing Yan. Ms. Ho is an associate member of The Hong Kong Chartered Governance Institute (“**HKCGI**”) and The Chartered Governance Institute and a holder of the Practitioner’s Endorsement issued by HKCGI.
- (b) The registered address of the Company is at PO Box 309, Ugland House, Grand Cayman, KY1-1104 Cayman Islands.
- (c) The Hong Kong branch share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited, the address of which is Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong.
- (d) All references to times in this circular refer to Hong Kong times.
- (e) This circular is in both English and Chinese. In the event of inconsistency, the English text shall prevail over the Chinese text.

11. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (<http://www.hcclhealthcare.com>) for a period of 14 days from the date of this circular (both days inclusive):

- (a) the Vanguard Glory Deed of Amendment;
- (b) the Hony Fund Deed of Amendment;
- (c) the Hony Fund Convertible Bond Instrument;
- (d) the Vanguard Glory Convertible Bond Instrument; and
- (e) this circular.

NOTICE OF THE EGM



Hospital Corporation of China Limited

弘和仁愛醫療集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3869)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of the shareholders (the “**Shareholders**”) of Hospital Corporation of China Limited (the “**Company**”) will be held at 4th Floor, Air China Century Plaza, No. 40, Xiaoyun Road, Chaoyang District, Beijing, PRC on Monday, 30 June 2025 at 2:00 p.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolutions of the Company:

ORDINARY RESOLUTIONS

1. “**THAT:**

- (a) the deed of amendment dated 12 June 2025 (the “**Vanguard Glory Deed of Amendment**”) entered into between the Company and Vanguard Glory Limited (“**Vanguard Glory**”) and the alteration of terms of the convertible bonds in the aggregate principal amount of HKD468,000,000 issued by the Company to Vanguard Glory (the “**Vanguard Glory Convertible Bonds**”) contemplated thereunder (the “**Vanguard Glory Alteration of Terms**”), be and are hereby approved, confirmed and ratified;
- (b) the directors of the Company be and are hereby granted a specific mandate to exercise the powers of the Company to allot and issue such number of shares of the Company as may be required to be allotted and issued upon exercise of the conversion rights attaching to the Vanguard Glory Convertible Bonds; and
- (c) any one or more directors of the Company be and is/are hereby authorized for and on behalf of the Company to execute all such documents and agreements and do all such acts and things, as he/she may in his/her discretion consider necessary, expedient or desirable for the purpose of or in connection with the implementation of or giving effect to the Vanguard Glory Deed of Amendment or the Vanguard Glory Alteration of Terms and all matters incidental thereto or in connection therewith.”

NOTICE OF THE EGM

2. “THAT:

- (a) the deed of amendment dated 12 June 2025 (the “**Hony Fund Deed of Amendment**”) entered into between the Company and Hony Capital Fund VIII (Cayman), L.P. (“**Hony Fund VIII**”) and the alteration of terms of the convertible bonds in the aggregate principal amount of HKD773,879,717 issued by the Company to Hony Fund VIII (the “**Hony Fund VIII Convertible Bonds**”) contemplated thereunder (the “**Hony Fund Alteration of Terms**”), be and are hereby approved, confirmed and ratified;
- (b) the directors of the Company be and are hereby granted a specific mandate to exercise the powers of the Company to allot and issue such number of shares of the Company as may be required to be allotted and issued upon exercise of the conversion rights attaching to the Hony Fund VIII Convertible Bonds; and
- (c) any one or more directors of the Company be and is/are hereby authorized for and on behalf of the Company to execute all such documents and agreements and do all such acts and things, as he/she may in his/her discretion consider necessary, expedient or desirable for the purpose of or in connection with the implementation of or giving effect to the Hony Fund Deed of Amendment or the Hony Fund Alteration of Terms and all matters incidental thereto or in connection therewith.”

For and on behalf of the Board
Hospital Corporation of China Limited
弘和仁愛醫療集團有限公司
Chen Shuai
Chairman and Acting Chief Executive Officer

13 June 2025

Notes:

- 1. All resolutions at the EGM will be taken by poll (except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands) pursuant to The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). The results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Listing Rules.
- 2. Any Shareholder entitled to attend and vote at the EGM is entitled to appoint another person as his proxy to attend and vote in his stead. A Shareholder who is the holder of two or more shares in the Company may appoint more than one proxy to represent him and vote on his behalf at the EGM. A proxy need not be a shareholder of the Company.
- 3. In the case of joint holders of shares, any one of such joint holders may vote, either in person or by proxy, in respect of such shares as if he were solely entitled thereto, but if more than one of such joint holders are present at the EGM, personally or by proxy, then one of the said persons so present whose name stands first in the register in respect of such shares shall alone be entitled to vote in respect thereof.
- 4. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power of attorney or authority, must be deposited at the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Delivery of any instrument appointing a proxy shall not preclude a shareholder of the Company from attending and voting in person at the EGM or poll concerned and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

NOTICE OF THE EGM

5. For determining the entitlement of shareholders of the Company to attend and vote at the EGM, the register of members of the Company will be closed from Saturday, 28 June 2025 to Monday, 30 June 2025, both dates inclusive, during which period no transfer of shares will be registered. Shareholders whose name appears on the register of members of the Company on 30 June 2025 will be entitled to attend and vote at the EGM. In order to qualify as shareholders to attend and vote at the EGM, investors are required to lodge all transfer documents accompanied by the relevant share certificates with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 27 June 2025.

As at the date of this notice, the Directors of the Company are Mr. CHEN Shuai, Mr. PU Chengchuan and Ms. PAN Jianli being the executive Directors; Ms. LIU Lu and Ms. WANG Nan being the non-executive Directors; Mr. DANG Jinxue, Mr. SHI Luwen and Mr. ZHOU Xiangliang being the independent non-executive Directors.