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**联想控股**  
**LEGEND HOLDINGS**  
BUILDING GREAT COMPANIES

**联想控股股份有限公司**  
**Legend Holdings Corporation**

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

**(Stock Code: 03396)**

## **Connected Transaction**

### **Proposed Alteration of Terms of the Convertible Bonds**

Reference is made to the announcements of the Company dated December 21, 2018, January 16, 2019 and February 27, 2019 in relation to the subscription of the Convertible Bonds of Hospital Corporation by Leap Wave, a wholly-owned subsidiary of the Company, in the aggregate principal amount of HK\$800 million.

On August 12, 2021 (after trading hours), in accordance with the terms and conditions of the Convertible Bonds, upon the approval of Leap Wave (as the sole Bondholder), the Hospital Corporation executed a Deed of Amendment to amend certain terms of the Convertible Bonds in relation to early redemption, subject to and effective from the fulfilment of certain conditions precedent.

#### **IMPLICATIONS UNDER THE LISTING RULES**

Mr. ZHAO, the non-executive Director of the Company, is a connected person of the Company under Chapter 14A of the Listing Rules, who controls over 30% interest in Hospital Corporation. Therefore, Hospital Corporation is deemed an associate of Mr. ZHAO. As the case may be, the exercising of the right of Leap Wave to early redeem the Convertible Bonds constitutes a connected transaction of the Company under the Listing Rules. As the applicable percentage ratios in respect of the early redemption amount exceed 0.1% but are less than 5%, it is subject to the reporting and announcement requirements, but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Reference is made to the announcements of the Company dated December 21, 2018 (the "Announcement"), January 16, 2019 and February 27, 2019 in relation to the subscription of the Convertible Bonds of Hospital Corporation by Leap Wave Limited ("Leap Wave"), a wholly-owned subsidiary of the Company, in the aggregate principal amount of HK\$800 million. Unless otherwise defined, all capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

## 1. INTRODUCTION

As disclosed in the Announcement, the outstanding Convertible Bonds may be redeemed in whole by Hospital Corporation prior to the maturity at the principal amount of such outstanding Convertible Bonds plus 6% per annum simple interest accrued, if both Hospital Corporation and Leap Wave have mutual prior written consent to do so. As at the date of this announcement, the Convertible Bonds remain outstanding in full (i.e. the principal amount of HK\$800 million) and will mature on February 27, 2024 (the “Maturity Date”). Details of the principal terms of the Convertible Bonds have been set out on pages 5 to 8 of the Announcement.

## 2. DEED OF AMENDMENT AND ALTERATION OF TERMS OF CONVERTIBLE BONDS

On August 12, 2021 (after trading hours), in accordance with the terms and conditions of the Convertible Bonds, upon the approval of Leap Wave (as the sole Bondholder), Hospital Corporation executed a deed of amendment (the “Deed of Amendment”) to amend certain terms of the Convertible Bonds in relation to early redemption, subject to and effective from the fulfilment of certain conditions precedent as set out below.

Pursuant to the Deed of Amendment, the terms of the Convertible Bonds shall be amended as follows (collectively, the “Alteration of Terms”):

- (i) The relevant existing arrangements for early redemption of the Convertible Bonds shall be amended as follows:

With prior written consent of Hospital Corporation and Leap Wave, the outstanding Convertible Bonds may be redeemed in whole by the Hospital Corporation prior to the Maturity Date at an amount mutually agreed between the parties (the “Early Redemption Amount”), which shall be calculated in accordance with the following formula:

Early Redemption Amount = principal amount of outstanding Convertible Bonds as of the redemption date x 98%.

- (ii) The following payment arrangements with respect to early redemption shall be added:

With prior written consent of Hospital Corporation and Leap Wave, in the event of an early redemption, Hospital Corporation may pay the Early Redemption Amount to Leap Wave in instalments. The detailed payment instalment schedules shall be agreed between Hospital Corporation and Leap Wave and set out in the redemption notice to be served by Hospital Corporation to Leap Wave. No interest shall accrue on any unpaid Early Redemption Amount during the instalment period, unless where Hospital Corporation fails to pay the agreed instalments on the corresponding payment dates, default interest (i.e. 5% per annum) shall accrue on the overdue amount in accordance with the existing terms of the Convertible Bonds.

Save for aforesaid amendments, the rights of Leap Wave to require the Company to redeem in whole the Convertible Bonds (1) on the Maturity Date and (2) upon occurrence of the following events: (a) there is a change of control in Hospital Corporation (except for a change of control in the Company due to conversion of the Convertible Bonds or the subscription of issued shares of Hospital Corporation by Leap Wave and/or any person acting in concert with Leap Wave) or (b) the Hospital Corporation's issued shares cease to be listed or admitted for trading on the Stock Exchange (as set out in the first and second paragraphs on page 8 of the Announcement) shall remain unchanged and in full force and effect.

#### Conditions Precedent

The Deed of Amendment and the Alteration of Terms contemplated thereunder will only become effective upon all of the following conditions having been fulfilled:

- (1) Hospital Corporation having obtained from its shareholders all necessary approvals required under its articles, applicable laws and the Listing Rules in respect of the Alteration of Terms; and
- (2) the Stock Exchange having approved the Alteration of Terms.

If any of the above conditions cannot be fulfilled, the Deed of Amendment shall automatically terminate and (without prejudice to the rights and/or obligations occurred prior to the termination) Hospital Corporation and Leap Wave shall be released and discharged from their respective obligations under the Deed of Amendment.

Save for the above Alteration of Terms, all of the other terms and conditions of the Convertible Bonds remain unchanged and in full force and effect.

### **3. REASONS AND FINANCIAL EFFECTS FOR THE PROPOSED ALTERATION OF TERMS**

The proposed Alteration of Terms in effect enables the Company, with the written consent of Hospital Corporation, to redeem the Convertible Bonds prior to the Maturity Date. The aggregate Early Redemption Amount to be received by the Company (which may be in instalments) shall be the principal amount of the outstanding Convertible Bonds as of the redemption date x 98% and without any interest. The Company recognized the Convertible Bonds as financial assets measured at fair value through profit or loss in its consolidated financial statements, the book value of the Convertible Bonds was recorded as HK\$819 million as at December 31, 2020. Assuming that HK\$784 million Early Redemption Amounts (i.e. HK\$800 million x 98%) will be later on received from Hospital Corporation, the Company and its subsidiary are expected to record an investment loss of approximately HK\$35 million (approximately RMB30 million), the resulting financial impact of which will not be material. The actual financial impacts will be subject to audit by the Company's auditors after the completion of the early redemption.

At present Legend Holdings is strategically focusing on its core businesses and accelerating the return of its resources by exiting non-core businesses. Hospital Corporation is engaged in the business of hospital management and comprehensive services for hospitals. As the current share price of Hospital Corporation is far below the conversion price (HK\$20) of the Convertible Bonds and its businesses do not fall within the Company's core businesses, the Company intends to exercise its rights of early redemption of the Convertible Bonds.

The Company regularly conducts prudent internal risk assessments on its investment projects to optimize its assets portfolios. The valuation of the Convertible Bonds by an independent third-party valuation agency was HK\$819 million as at December 31, 2020. On such basis and after having considered factors including the fluctuating market environments, the uncertainty of the ongoing pandemic, the financial positions and share price performance of Hospital Corporation, the Company and Hospital Corporation conducted arms-length negotiations to agree on the proposed Alteration of Terms for early redemption of the Convertible Bonds.

Considering all the above, the Directors (including the independent non-executive directors) are of the view that the terms and conditions of the Deed of Amendments are fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders as a whole and that the risks associated with the proposed Alteration of Terms are reasonable and controllable.

#### **4. INFORMATION OF THE RELEVANT PARTIES**

Legend Holdings was incorporated in China as a joint-stock company with limited liability, the H shares of which have been listed on the Stock Exchange since June 29, 2015 (stock code: 3396). Legend Holdings is a leading industrial investments and operations company in China. It builds up a unique two-wheel-drive business model of "strategic investments + financial investments" and focuses on the real economy and scientific & technological innovation areas. Through values creation and values discovery, the Company cultivates and manages outstanding asset portfolios with high growth potentials, driving sustainable value growths. Strategic investments aim at holding over a long term and focus on strategic sectors to build and optimize the portfolios while fostering pillar businesses. Financial investments are driven by financial returns with a proper mix of products or target portfolios. As at the date of this announcement, the single largest shareholder of the Company, Chinese Academy of Science Holdings Co., Ltd. holds approximately 29.04% equity interest in the Company.

Leap Wave is a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company. Its principal activities are investment holdings.

Hospital Corporation 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 March 16, 2017 (stock code: 3869). Hospital Corporation and its subsidiaries are principally engaged in the hospital management business and general hospital business in China. As at the date of this announcement, Mr. ZHAO John Huan ("Mr. ZHAO") is the single largest shareholder holding 49% equity interest in Exponential Fortune Group Limited, which indirectly holds 80% equity interest in Hony Capital Fund V GP Limited. Hony Capital Fund V GP Limited is the general partner of Hony Capital Fund V GP, L.P., which is the general partner of Hony Capital Fund V, L.P.. Hony Capital Fund V, L.P., through Vanguard Glory Limited (譽鋒有限公司), holds 70.19% issued share capital of Hospital Corporation.

## 5. IMPLICATIONS UNDER THE LISTING RULES

Mr. ZHAO, the non-executive Director of the Company, is a connected person of the Company under Chapter 14A of the Listing Rules, who controls over 30% interest in Hospital Corporation. Therefore, Hospital Corporation is deemed an associate of Mr. ZHAO. As the case may be, the exercising of the right of Leap Wave to early redeem the Convertible Bonds (the “Exercise of Redemption”) constitutes a connected transaction of the Company under the Listing Rules. As the applicable percentage ratios in respect of the Early Redemption Amount to be received exceed 0.1% but are less than 5%, it is subject to the reporting and announcement requirements, but are exempt from the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules.

Mr. ZHAO has abstained from voting on the resolutions of the Board approving the Alteration of Terms and the Exercise of Redemption. Save as disclosed above, no other Director has any material interest in the Alteration of Terms and the Exercise of Redemption and is required to abstain from voting on the relevant resolutions of the Board. Once the Exercise of Redemption proceeds after the completion of the Deed of Amendments, the Company shall comply with the requirements for connected transactions of Chapter 14A of the Listing Rules and make further announcement on the details of the transaction contemplated as and when necessary.

By order of the Board  
**Legend Holdings Corporation**  
**NING Min**  
*Chairman*

August 12, 2021

*As at the date of this announcement, the Executive Directors of the Company are Mr. NING Min and Mr. LI Peng; the Non-executive Directors are Mr. ZHU Linan, Mr. ZHAO John Huan, Mr. SUO Jishuan and Mr. YANG Jianhua; and the Independent Non-executive Directors are Mr. MA Weihua, Ms. HAO Quan and Mr. YIN Jian'an.*