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China MeiDong Auto Holdings Limited

中國美東汽車控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1268)

**(1) PROPOSED ISSUE OF HK\$2,750,000,000
ZERO COUPON CONVERTIBLE BONDS DUE 2027
BY SAIL VANTAGE LIMITED AND
GUARANTEED BY THE COMPANY, CONVERTIBLE INTO
ORDINARY SHARES OF THE COMPANY
AND
(2) PLACING OF EXISTING SHARES AND TOP-UP SUBSCRIPTION
OF NEW SHARES UNDER GENERAL MANDATE**

**Joint Global Coordinators, Joint Lead Managers,
Joint Bookrunners and Placing Agents**

**Goldman
Sachs**

Morgan Stanley

PROPOSED ISSUE OF THE BONDS

The Board is pleased to announce that on 6 January 2022 (before trading hours), the Company and the Issuer entered into the CB Subscription Agreement with the CB Joint Bookrunners pursuant to which, on the terms and subject to the conditions of the CB Subscription Agreement, the Issuer has agreed to issue the Bonds, the Company has agreed to guarantee payment of all sums payable by the Issuer in relation to such Bonds, and the CB Joint Bookrunners have agreed to severally (and not jointly or jointly and severally) subscribe and pay for, or to procure subscribers to subscribe and pay for, the Bonds in an aggregate principal amount of HK\$2,750,000,000.

The Bonds are convertible into Shares at the initial Conversion Price (subject to adjustments) in the circumstances set out in the “Conversion Price” below.

The initial Conversion Price (subject to adjustments) will be HK\$46.75 per Share, representing (i) approximately 18.8% premium over the closing price of HK\$39.35 per Share as quoted on the Stock Exchange on 5 January 2022, being the Last Trading Date; (ii) approximately 17.4% premium over the average closing price of approximately HK\$39.83 per Share over the five consecutive trading days up to and including the Last Trading Date; and (iii) approximately 19.7% premium over the average closing price of approximately HK\$39.06 per Share over the 30 consecutive trading days up to the including the Last Trading Date.

The number of the Conversion Shares (being 58,823,529 Shares (subject to adjustments)) represents: (i) approximately 4.7% of the total number of Shares in issue as at the date of this announcement; and (ii) approximately 4.5% of the enlarged total number of Shares in issue upon the completion of the allotment and issue of all the Conversion Shares under the Bonds (assuming full conversion of the Bonds at the initial Conversion Price of HK\$46.75 per Share and there will be no change to the total number of Shares in issue from the date of this announcement to the full conversion).

The Bonds, the Conversion Shares and the Guarantee have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. The Bonds are being offered and sold outside the United States in reliance on Regulation S under the U.S. Securities Act.

The estimated net proceeds from the issue of the Bonds after deducting all applicable costs and expenses, including commission and levies will be approximately HK\$2,689.66 million.

The Conversion Shares will be allotted and issued by the Company upon conversion of the Bond pursuant to the General Mandate granted to the Directors pursuant to a resolution of the Shareholders passed on 17 May 2021. As such, the allotment and issue of the Conversion Shares is not subject to additional Shareholders' approval. The Conversion Shares, upon issue, will rank *pari passu* in all respects with the Shares then in issue on the relevant registration date. Application will be made to the Stock Exchange for approval of the listing of, and permission to deal in, the Bonds and application will be made to the Stock Exchange for approval for the listing of, and permission to deal in, the Conversion Shares to be allotted and issued upon conversion of the Bonds.

Completion of the issue of the Bonds is subject to the satisfaction and/or waiver (as the case may be) of the conditions precedent as set out in the CB Subscription Agreement. In addition, the CB Subscription Agreement may be terminated in certain circumstances. Please refer to the paragraph headed "The CB Subscription Agreement" below for further information.

PLACING OF EXISTING SHARES AND TOP-UP SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

The Board is pleased to announce that on 6 January 2022 (before trading hours), the Company, the Vendor and the Placing Agents entered into the Placing and Subscription Agreement, pursuant to which (i) the Vendor has agreed to appoint the Placing Agents, and the Placing Agents have agreed, each on a several (but not joint nor joint and several) basis, to act as the Vendor's agents, and to procure not less than six Placées to purchase, or failing which to purchase themselves in the Relevant Percentages, a total of 22,500,000 Placing Shares at the Placing Price; and (ii) the Vendor has agreed to subscribe for, and the Company has agreed to issue to the Vendor, 22,500,000 Subscription Shares at the Subscription Price (being the same as the Placing Price), in each case on the terms and subject to the conditions set out in the Placing and Subscription Agreement.

The number of the Placing Shares represents: (i) approximately 1.80% of the total number of Shares in issue as at the date of this announcement; and (ii) approximately 1.77% of the enlarged total number of Shares in issue upon the completion of the Subscription (assuming there will be no change to the total number of Shares in issue from the date of this announcement to the completion of the Subscription other than the issue by the Company of the Subscription Shares).

The Placing Price will be HK\$34.63 per Share, representing (i) approximately 12.0% discount of the closing price of HK\$39.35 per Share as quoted on the Stock Exchange on the Last Trading Date; (ii) approximately 13.1% discount of the average closing price of approximately HK\$39.83 per Share over the five consecutive trading days up to and including the Last Trading Date; and (iii) approximately 11.3% discount of the average closing price of approximately HK\$39.06 per Share over the 30 consecutive trading days up to the including the Last Trading Date.

The estimated net proceeds from the Subscription after deducting all applicable costs and expenses, including commission and levies will be approximately HK\$770.69 million.

The Subscription Shares are to be issued under the General Mandate granted to the Directors pursuant to a resolution of the Shareholders passed on 17 May 2021. As such, the allotment and issue of the Subscription Shares is not subject to additional Shareholders' approval. The Subscription Shares, upon issue, will rank *pari passu* in all respects with the Shares then in issue on the relevant registration date. Application will be made to the Stock Exchange for approval for the listing of, and permission to deal in, the Subscription Shares.

Completion of the transactions contemplated under the Placing and Subscription Agreement is subject to such agreement not being terminated in accordance with the terms thereof. In addition, completion of the Placing and the Subscription is subject to the satisfaction of conditions precedent under the Placing and Subscription Agreement. Please refer to the paragraph headed "Placing of Existing Shares and Top-Up Subscription of New Shares under General Mandate" below for further information.

USE OF PROCEEDS

The Company intends to use the estimated net proceeds of the Bonds and the Subscription for business expansion, working capital and other general corporate purposes, including strategic investments and acquisitions.

Shareholders and potential investors should note that (i) the issue of the Bonds may or may not be completed; (ii) the Bonds and/or the Conversion Shares may or may not be issued or listed; and (iii) the Placing and the Subscription may or may not proceed to completion. Shareholders and investors are urged to exercise caution when dealing in the securities of the Company.

A. PROPOSED ISSUE OF THE BONDS

The Board is pleased to announce that on 6 January 2022 (before trading hours), the Company and the Issuer entered into the CB Subscription Agreement with the CB Joint Bookrunners pursuant to which, on the terms and subject to the conditions of the CB Subscription Agreement, the Issuer has agreed to issue the Bonds, the Company has agreed to guarantee payment of all sums payable by the Issuer in relation to the Bonds, and the CB Joint Bookrunners have agreed to severally (and not jointly or jointly and severally) subscribe and pay for, or to procure subscribers to subscribe and pay for, the Bonds in an aggregate principal amount of HK\$2,750,000,000.

THE CB SUBSCRIPTION AGREEMENT

Date

6 January 2022 (before trading hours)

Parties

- (a) the Company;
- (b) the Issuer; and
- (b) the CB Joint Bookrunners.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, the CB Joint Bookrunners are Independent Third Parties.

Subscription

Subject to the satisfaction of the conditions set out below in the section headed "CB Conditions Precedent", the Issuer has agreed to issue the Bonds, the Company has agreed to guarantee payment of all sums payable by the Issuer in relation to such Bonds and the CB Joint Bookrunners have agreed to severally (and not jointly or jointly and severally) subscribe and pay for, or procure subscribers to subscribe and pay for, the Bonds on the CB Closing Date. The CB Joint Bookrunners have informed the Company and Issuer that they intend to offer and sell the Bonds to no fewer than six independent places. The Bonds will be offered and sold outside the United States in reliance on Regulation S under the U.S. Securities Act. None of the Bonds will be offered to the retail public in Hong Kong. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the places of the Bonds and their respective ultimate beneficial owners are Independent Third Parties.

CB Conditions Precedent

The obligations of the CB Joint Bookrunners to subscribe and pay for the Bonds are subject to the following CB Conditions Precedent:

- (a) the execution and delivery (on or before the CB Closing Date) of the Contracts in respect of the Bonds, each in a form satisfactory to the CB Joint Bookrunners, by the respective parties;
- (b) Mr. Ye Fan shall have executed and delivered to the CB Joint Bookrunners a valid, binding and enforceable lock-up agreement on or before the date of the CB Subscription Agreement in the form set out in the CB Subscription Agreement;
- (c) on the date of the CB Subscription Agreement and on the CB Closing Date, there having been delivered to the CB Joint Bookrunners comfort letters, in form and substance satisfactory to the CB Joint Bookrunners, dated the date of the CB Subscription Agreement in the case of the first letter and dated the CB Closing Date in the case of the subsequent letter, and addressed to the CB Joint Bookrunners from KPMG, independent auditors to the Company;
- (d) on the date of the CB Subscription Agreement, there having been delivered to the CB Joint Bookrunners a financial officer's certificate signed by the Chief Financial Officer of the Company, substantially in the form set out in the CB Subscription Agreement;
- (e) on the CB Closing Date:
 - (i) the representations and warranties of the Issuer and the Company in the CB Subscription Agreement being true, accurate and correct at, and as if made on such date;
 - (ii) the Issuer and the Company having performed all of their respective obligations under the CB Subscription Agreement expressed to be performed on or before such date; and
 - (iii) there having been delivered to the CB Joint Bookrunners a certificate confirming no material adverse change, in the form set out in the CB Subscription Agreement, dated as of such date, of a duly authorised officer of each of the Issuer and the Company to such effect;

- (f) on or prior to the CB Closing Date there shall have been delivered to the CB Joint Bookrunners copies of all consents and approvals required in relation to the issue of the Bonds and the performance of the Issuer's obligations and the Company's obligations under each of the Contracts and the Bonds (including, without limitation, any consents and approvals required from all lenders, relevant governmental and regulatory authorities);
- (g) the National Development and Reform Commission of the PRC having given its approval in respect of the issue of the Bonds and such approval remaining in full force and effect on the CB Closing Date, and a scanned copy of such approval having been given to the CB Joint Bookrunners;
- (h) the Stock Exchange having agreed to list the Conversion Shares upon conversion of the Bonds and the Stock Exchange having agreed, subject to any conditions satisfactory to the CB Joint Bookrunners, to list the Bonds (or, in each case, the CB Joint Bookrunners being satisfied that such listing will be granted);
- (i) after the date of the CB Subscription Agreement up to and on the CB Closing Date, there shall not have occurred any change (nor any development or event involving a prospective change), in the condition (financial or otherwise), prospects, results of operations, general affairs or properties of the Issuer, the Company or the Group, which, in the opinion of the CB Joint Bookrunners, is material and adverse in the context of the issue and offering of the Bonds;
- (j) on or before the CB Closing Date, there having been delivered to the CB Joint Bookrunners opinions, in form and substance satisfactory to the CB Joint Bookrunners, dated the CB Closing Date, of:
 - (i) legal advisers to the Company as to laws of the Cayman Islands;
 - (ii) legal advisers to the Issuer as to laws of the British Virgin Islands;
 - (iii) legal advisers to the Issuer and the Company as to PRC law;
 - (iv) legal advisers to the CB Joint Bookrunners as to PRC law; and
 - (v) legal advisers to the CB Joint Bookrunners as to English law and Hong Kong law,

and such other resolutions, consents, authorities and documents relating to the issue of the Bonds, as the CB Joint Bookrunners may require.

The CB Joint Bookrunners may, save for (a) and (g) above, at their discretion and upon such terms as they think fit, waive compliance with the whole or any part of the CB Conditions Precedent.

Termination

Notwithstanding anything contained in the CB Subscription Agreement, the CB Joint Bookrunners may, by notice to the Company and the Issuer given at any time on or prior to payment of the net subscription monies for the Bonds to the Issuer, terminate the CB Subscription Agreement in any of the following circumstances:

- (a) if there shall have come to the notice of the CB Joint Bookrunners any breach of, or any event rendering untrue or incorrect in any respect, any of the warranties and representations contained in the CB Subscription Agreement or any failure to perform, or breach of, any of the Issuer's or the Company's undertakings or agreements in the CB Subscription Agreement;
- (b) if any of the CB Conditions Precedent has not been satisfied or waived by the CB Joint Bookrunners on or prior to the CB Closing Date;
- (c) if in the opinion of the CB Joint Bookrunners, there shall have been, since the date of the CB Subscription Agreement, any change, or any development involving a prospective change, in monetary, financial, political or economic conditions in the United States, European Union, Hong Kong, the PRC, Singapore or the United Kingdom or the international financial markets (including any disruption to trading generally, or trading in any securities of the Issuer or the Company on any stock exchange or in any over-the-counter market) or currency exchange rates or foreign exchange controls such as would in the CB Joint Bookrunners' view, be likely to prejudice materially the success of the offering and distribution of the Bonds or dealings in the Bonds in the secondary market;
- (d) if, in the opinion of the CB Joint Bookrunners, there shall have occurred any of the following events: (i) a suspension or a material limitation in trading in securities generally on the New York Stock Exchange, the London Stock Exchange plc, the Shanghai Stock Exchange, the Singapore Stock Exchange and/or the Stock Exchange and/or any other stock exchange on which the Company's securities are traded; (ii) a suspension or a material limitation in trading in the Company's securities on the Stock Exchange and/or any other stock exchange or over-the-counter market on which the Company's securities are traded; (iii) a general moratorium on commercial banking activities in the United States, European Union, Hong Kong, the PRC, Singapore and/or the United Kingdom declared by the relevant authorities or a material disruption in commercial banking or securities settlement or clearance services in the United States, European Union, Hong Kong, the PRC, Singapore and/or the United Kingdom; or (iv) a change or development involving a prospective change in taxation or a prospective material adverse change in existing laws or regulations, affecting the Issuer, the Company, the Bonds, and the Conversion Shares or the transfer thereof;

- (e) if, in the opinion of the CB Joint Bookrunners, there shall have occurred any event or series of events (including without limitation the occurrence of any local, national or international outbreak or escalation of disaster, hostility, insurrection, armed conflict, riots, act of terrorism, act of God, pandemic or epidemic) as would in the CB Joint Bookrunners' view be likely to prejudice materially the success of the offering and distribution of the Bonds or dealings in the Bonds in the secondary market.

The Board is not aware of the occurrence of any of the above events as at the date of this announcement.

Lock-up

Neither the Issuer, the Company nor any person acting on their behalf will (a) issue, offer, sell, pledge, contract to sell or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any Shares or securities of the same class as the Bonds or the Shares or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Bonds, the Shares or securities of the same class as the Bonds, the Shares or other instruments representing interests in the Bonds, the Shares or other securities of the same class as them, (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of the Shares, (c) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (a), (b) or (c) is to be settled by delivery of Shares or other securities, in cash or otherwise or (d) announce or otherwise make public an intention to do any of the foregoing, in any such case without the prior written consent of the CB Joint Bookrunners between the date of the CB Subscription Agreement and the date which is 90 days after the CB Closing Date (both dates inclusive); except for (i) the Bonds and the Conversion Shares; (ii) any Shares or options granted or issuable pursuant to the share option scheme adopted by the Shareholders on 13 November 2013 (the "**Share Option Scheme**"); and (iii) the Shares to be issued under the Placing and Subscription Agreement;

Mr. Ye Fan has executed a lock-up undertaking on the date of the CB Subscription Agreement to the effect that, for a period commencing from the date of lock-up undertaking to 90 days after the CB Closing Date, without the prior written consent of the CB Joint Bookrunners, except for (i) the issue of the Bonds and the Conversion Shares; (ii) any Shares or options granted or issuable pursuant to the Share Option Scheme; and (iii) the Shares to be issued, placed or subscribed under the Placing and Subscription Agreement, he will not and shall procure that no person shall (a) issue, offer, sell, pledge, contract to sell or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any Lock-up Shares or securities of the same class as the Lock-up Shares or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Lock-up Shares or securities of the same class as Lock-up

Shares or other instruments representing interests in Lock-up Shares or other securities of the same class as them, (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of Lock-up Shares, (c) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (a), (b) or (c) is to be settled by delivery of Lock-up Shares or other securities, in cash or otherwise or (d) announce or otherwise make public an intention to do any of the foregoing. For the avoidance of doubt, nothing in the lock-up undertaking shall restrict the transfer of Lock-up Shares to any other discretionary trust set up by Mr. Ye Fan as settlor (a “**Transfer**”), provided that there is no change in the economic interest of the Lock-up Shares and Mr. Ye Fan continues to have control over the Lock-up Shares (including without limitation, the right to sell, pledge, contract to sell or otherwise dispose of the Lock-up Shares) and the ability to exercise all rights with respect to the Lock-up Shares. For the avoidance of doubt, the lock-up undertaking shall continue to apply to any such Shares notwithstanding any Transfer.

PRINCIPAL TERMS OF THE BONDS

The principal terms of the Bonds have been negotiated on an arm’s length basis and are summarised as follows:

Issuer	Sail Vantage Limited.
Guarantor	The Company.
Issue	Hong Kong dollar-denominated zero coupon guaranteed convertible bonds due 2027 in an aggregate principal amount of HK\$2,750,000,000, convertible into the Company’s Shares.
Interest	The Bonds will be zero coupon and will not bear interest, except a 4.25% per annum of default interest on the amount of unpaid principal improperly withheld or refused.
Issue Price	100.00 per cent. of the principal amount of the Bonds.
CB Closing Date	13 January 2022.
Maturity Date	13 January 2027.
Form and Denomination	The Bonds will be issued in registered form in the denomination of HK\$2,000,000 and integral multiples of HK\$1,000,000 in excess thereof without coupons attached.

Status of the Bonds

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

Guarantee

The Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Trust Deed and the Bonds. Its obligations in that respect (the “**Guarantee**”) are contained in the Trust Deed. The obligations of the Company under the Guarantee shall, save for such exceptions as may be provided by mandatory provisions of applicable law and subject to the negative pledge, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

Negative Pledge

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

Conversion Right

Subject to the terms and conditions of the Bonds, the bondholders have the right to convert their Bonds into Shares at any time during the Conversion Period referred to below.

Conversion Period

At any time (i) (subject to any applicable fiscal or other laws or regulations and as hereinafter provided), on or after the 41st day after the Closing Date up to (and including) the 10th day prior to the Maturity Date (but subject to any revival and/or survival after default of making redemption payment pursuant to the Bonds in no event thereafter), (ii) if such Bond is to be redeemed by the Issuer before the Maturity Date, then up to (and including) the seventh day prior to the date fixed for redemption thereof or (iii) if notice requiring redemption has been given by the holder of such Bond pursuant to the redemption option of the bondholders or the redemption for delisting or Change of Control under the terms and conditions of the Bonds, then up to (and including) the day falling immediately prior to the giving of such notice.

Conversion Price

HK\$46.75 per Share, subject to adjustment for, among other things, consolidation, subdivision, redesignation or reclassification of Shares, capitalisation of profits or reserves, capital distributions, rights issues of Shares or options over Shares at less than 95% of the current market price, rights issues of other securities, issues at less than 95% of the current market price, other issues at less than 95% of the current market price, modification of rights of conversion at less than 95% of the current market price, other offers to Shareholders, other events following consultation with the Calculation Agent and/or an adjustment upon a Change of Control pursuant to the terms and conditions of the Bonds.

Redemption at Maturity

Unless already being redeemed, converted or purchased and cancelled, the Issuer will redeem the Bonds at 111.8370 per cent. of the principal amount of the Bonds on the Maturity Date.

**Redemption for Taxation
Reasons**

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

If the Issuer gives a Tax Redemption Notice pursuant to the above-mentioned paragraph, each bondholder will have the right to elect that its Bond(s) shall not be redeemed and that the relevant provisions on taxation of the terms and conditions of the Bonds shall not apply in respect of any payment of principal, early redemption amount or premium (if any) to be made in respect of such Bond(s) which falls due after the relevant Tax Redemption Date, whereupon no additional amounts shall be payable by the Issuer in respect thereof pursuant to the relevant provisions on taxation of the terms and conditions of the Bonds and payment of all amounts by the Issuer to such bondholder in respect of such Bond shall be made subject to the deduction or withholding of any tax required to be deducted or withheld.

Redemption at the Option of the Issuer

On giving not less than 30 nor more than 60 days' notice to the bondholders, the Trustee, the Principal Agent and the Calculation Agent in writing, the Issuer:

- (i) may at any time after 13 January 2025 and prior to the Maturity Date redeem in whole, but not in part, the Bonds for the time being outstanding at a price per each HK\$1,000,000 principal amount of the Bonds equal to the early redemption amount as at the date fixed for redemption, provided that, on each of any 20 trading days within a period of 30 consecutive trading days (the last trading day of such 30 consecutive trading day period falling not more than five trading days prior to the date upon which notice of such redemption is published), the closing price of the Shares on such trading day was at least 130 per cent. of the early redemption amount on such trading day divided by the conversion ratio on such trading day; or
- (ii) may at any time prior to the Maturity Date redeem, on the date fixed for redemption as specified in such notice, in whole, but not in part, the Bonds for the time being outstanding at a price per each HK\$1,000,000 principal amount of the Bonds equal to the early redemption amount as at the date fixed for redemption, provided that prior to the date of such notice at least 90 per cent. in aggregate principal amount of the Bonds originally issued has already been converted, redeemed or purchased and cancelled.

Redemption at the Option of the Bondholders

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

Redemption for Delisting or Change of Control	If at any time (i) the Shares cease to be listed or admitted to trading or suspended for trading for a period equal to or exceeding 30 consecutive trading days on the Stock Exchange or, if applicable, the alternative stock exchange; or (ii) a Change of Control occurs, the holder of each Bond will have the right at such holder's option, to require the Issuer to redeem all or some only of such holder's Bonds on the relevant event redemption date at a price per each HK\$1,000,000 principal amount of the Bonds equal to the early redemption amount.
Clearing Systems	The Bonds will be represented by beneficial interests in the global certificate in registered form, which will be registered in the name of a nominee of, and deposited on the Issue Date with a common depository for, Euroclear Bank SA/NV (" Euroclear ") and Clearstream Banking S.A. (" Clearstream "). Beneficial interests in the global certificate will be shown on, and transfers thereof will be effected only through records maintained by, Euroclear and Clearstream. Except as described in the global certificate, certificates for Bonds will not be issued in exchange for beneficial interests in the global certificate. The Bonds are not issuable in bearer form.
Governing Law	The Bonds, the Contracts and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, the laws of England.
Jurisdiction	The courts of Hong Kong will have exclusive jurisdiction.
Trustee	DB Trustees (Hong Kong) Limited
Principal Agent and Transfer Agent	Deutsche Bank AG, Hong Kong Branch
Registrar	Deutsche Bank AG, Singapore Branch
Calculation Agent	Conv-Ex Advisors Limited

Listing

Application will be made to the Stock Exchange for (i) the listing of, and permission to deal in, the Bonds by way of debt issues to Professional Investors only; and (ii) the listing of, and permission to deal in, Conversion Shares to be allotted and issued upon conversion of the Bonds.

CONVERSION PRICE AND CONVERSION SHARES

The initial Conversion Price (subject to adjustments) will be HK\$46.75 per Share, representing (i) approximately 18.8% premium over the closing price of HK\$39.35 per Share as quoted on the Stock Exchange on 5 January 2022, being the Last Trading Date; (ii) approximately 17.4% premium over the average closing price of approximately HK\$39.83 per Share over the five consecutive trading days up to and including the Last Trading Date; and (iii) approximately 19.7% premium over the average closing price of approximately HK\$39.06 per Share over the 30 consecutive trading days up to the including the Last Trading Date.

The Conversion Price was determined with reference to the prevailing market price of the Shares, the subscription price per Share of the Subscription, and the terms and conditions of the Bonds, and was negotiated on an arm's length basis between the Company and the CB Joint Bookrunners after a book-building exercise.

The Directors consider that the Conversion Price is fair and reasonable on normal commercial terms based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

The number of the Conversion Shares (being 58,823,529 Shares (subject to adjustments) with an aggregate nominal value of HK\$5,882,352.9) represents: (i) approximately 4.7% of the total number of Shares in issue as at the date of this announcement; and (ii) approximately 4.5% of the enlarged total number of Shares in issue upon the completion of the allotment and issue of all the Conversion Shares under the Bonds (assuming full conversion of the Bonds at the initial Conversion Price of HK\$46.75 per Share and there will be no change to the total number of Shares in issue from the date of this announcement to the full conversion). The Conversion Shares will be allotted and issued by the Company upon conversion of the Bond pursuant to the General Mandate granted to the Directors pursuant to a resolution of the Shareholders passed on 17 May 2021. As such, the allotment and issue of the Conversion Shares is not subject to additional Shareholders' approval. The Conversion Shares, upon issue, will rank *pari passu* in all respects with the Shares then in issue on the relevant registration date.

The Conversion Shares have nominal value of HK\$0.10 per Share and an aggregate market value of approximately HK\$2,314.71 million, based on the closing price of the Shares of HK\$39.35 per Share as quoted on the Stock Exchange on the Last Trading Date. The net price of each Conversion Share to the Company based on the estimated net proceeds of approximately HK\$2,689.66 million and 58,823,529 Conversion Shares to be allotted resulting from the full conversion of the Bonds is estimated to be approximately HK\$45.72.

Completion of the issue of the Bonds is subject to the satisfaction and/or waiver (as the case may be) of the conditions precedent as set out in the CB Subscription Agreement. In addition, the CB Subscription Agreement may be terminated in certain circumstances. Please refer to the paragraph headed “The CB Subscription Agreement” above for further information.

EFFECT ON THE SHARE CAPITAL OF THE COMPANY AS A RESULT OF CONVERSION

	As at the date of this announcement		Assuming the Bonds are fully converted into new Shares at the initial Conversion Price of HK\$46.75 per Share	
	<i>Number of Shares</i>	<i>Approximate %⁽¹⁾</i>	<i>Number of Shares⁽³⁾</i>	<i>Approximate %⁽¹⁾</i>
Mr. YE Fan⁽²⁾	702,712,000	56.31	702,712,000	53.78
Directors:				
CHEN Guiyi	500,000	0.04	500,000	0.04
LUO Liuyu	48,000	0.0038	48,000	0.0037
WANG Michael Chou	238,000	0.02	238,000	0.02
Holders of the Bonds	0	0.00	58,823,529	4.50
Other public Shareholders	544,369,364	43.62	544,369,364	41.66
Total:	<u>1,247,867,364</u>	<u>100.00</u>	<u>1,306,690,893</u>	<u>100.00</u>

Notes:

- Percentage figures included in the above table have been subject to rounding adjustments.
- Mr. YE Fan is the settlor of the Ye Family Trust, a revocable discretionary family trust. The entire capital of Apex Holdings Enterprises Limited (“**Apex Holdings**”) is an asset of such family trust, and Apex Holdings holds the entire issued share capital of the Vendor, which in turn directly holds 702,712,000 Shares as at the date of this announcement.

3. The above table assumes (i) no Shares will be issued pursuant to share option scheme adopted by the Shareholders on 13 November 2013 or otherwise, (ii) no Shares will be repurchased by the Company, (iii) no Subscription Shares are issued and no Placing Shares are placed, in each case between the date of this announcement and the date the Bonds being fully converted into new Shares, (iv) there will be no other changes to the issued share capital of the Company between the date the date of this announcement and the date the Bonds being fully converted into Shares, save for the issue of the Conversion Shares; and (v) the holder of the Bonds do not and will not hold any Shares other than the Conversion Shares.

B. PLACING OF EXISTING SHARES AND TOP-UP SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

The Board is pleased to announce that on 6 January 2022 (before trading hours), the Company, the Vendor and the Placing Agents entered into the Placing and Subscription Agreement, pursuant to which (i) the Vendor has agreed to appoint the Placing Agents, and the Placing Agents have agreed, each on a several (but not joint nor joint and several) basis, to act as the Vendor's agents, and to procure not less than six Placees to purchase, or failing which to purchase themselves in the Relevant Percentages, a total of 22,500,000 Placing Shares at the Placing Price, and (ii) the Vendor has agreed to subscribe for, and the Company has agreed to issue to the Vendor, 22,500,000 Subscription Shares at the Subscription Price (being the same as the Placing Price), in each case on the terms and subject to the conditions set out in the Placing and Subscription Agreement. The principal terms of the Placing and Subscription Agreement are summarised below:

Date: 6 January 2022 (before trading hours)

Parties: (i) the Company;

(ii) Apex Sail Limited (the Vendor); and

(iii) Goldman Sachs (Asia) L.L.C. and Morgan Stanley & Co. International plc (collectively as the Placing Agents)

The Vendor

As at the date of this announcement, the Vendor holds an aggregate of 702,712,000 Shares, including the Placing Shares, representing approximately 56.31% of the total number of Shares in issue as at the date of this announcement.

The Placing Agents

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Placing Agents and their respective ultimate beneficial owners are Independent Third Parties.

Placees

It is expected that the Placing Shares will be placed to not less than six Placees who are professional, institutional or other investors: (i) independent of; and (ii) not connected with the Company.

The Placing Shares

The number of the Placing Shares represents: (i) approximately 1.80% of the total number of Shares in issue as at the date of this announcement; and (ii) approximately 1.77% of the enlarged total number of Shares in issue upon the completion of the Subscription (assuming there will be no change to the total number of Shares in issue from the date of this announcement to the completion of the Subscription, other than the issue by the Company of the Subscription Shares).

Placing Price

The Placing Price will be HK\$34.63 per Share, representing: (i) approximately 12.0% discount of the closing price of HK\$39.35 per Share as quoted on the Stock Exchange on 5 January 2022, being the Last Trading Date; (ii) approximately 13.1% discount of the average closing price of approximately HK\$39.83 per Share over the five consecutive trading days up to and including the Last Trading Date; and (iii) approximately 11.3% discount of the average closing price of approximately HK\$39.06 per Share over the 30 consecutive trading days up to and including the Last Trading Date.

The Placing Price was determined with reference to the prevailing market price of the Shares, the recent trading volume of the Shares and the prospects of the Group and was negotiated on an arm's length basis between the Company, the Vendor and the Placing Agents.

The Board (including the independent non-executive Directors) considers that the Placing Price and the terms of the Placing and Subscription Agreement are fair and reasonable and that the Placing is in the interests of the Company and the Shareholders as a whole.

Completion of the Placing

Completion of the Placing is expected to take place on 10 January 2022, subject to the conditions set out in the Placing and Subscription Agreement.

Conditions of the Placing

Completion of the Placing is conditional on, among other things:

- (a) before the completion of the Placing, there shall not have occurred:
 - (i) any material adverse change, or any development reasonably likely to involve a material adverse change, in the condition, financial or otherwise, or in the earnings, assets, business, operations or prospects of the Company, or the Company and its subsidiaries taken as a whole;
 - (ii) any suspension or limitation of trading (a) in any of the Company's securities by the Stock Exchange, or (b) generally on the Stock Exchange;
 - (iii) any outbreak or escalation of hostilities, act of terrorism, the declaration by Hong Kong, the PRC, Japan, Singapore, the United States, the United Kingdom or any other member of the EEA of a national emergency or war or other calamity or crisis;
 - (iv) any material disruption in commercial banking or securities settlement or clearance services in Hong Kong, the PRC, Japan, Singapore, the United States, the United Kingdom or any other member of the EEA and/or a general moratorium on commercial banking activities having been declared by the relevant authorities in Hong Kong, the PRC, Japan, Singapore, the United States, the United Kingdom or any other member of the EEA;
 - (v) any material adverse change or development involving a prospective material adverse change in or affecting the financial markets in Hong Kong, the PRC, Japan, Singapore, the United States, the United Kingdom or any other member of the EEA or in international financial, political or economic conditions, currency exchange rates, exchange controls or taxation,

that, in the sole judgment of the Placing Agents, would make the placement of the Placing Shares or the enforcement of contracts to purchase the Placing Shares impracticable or inadvisable, or would materially prejudice trading of the Placing Shares in the secondary market; and

- (b) the representations, warranties and undertakings given by the Vendor and the Company pursuant to the Placing and Subscription Agreement remaining true and accurate at and as at the date of completion of the Placing.

THE SUBSCRIPTION

Subscription Shares

The Vendor has agreed to subscribe for, and the Company has agreed to issue, 22,500,000 Subscription Shares at the Placing Price, free from all liens, claims, charges, encumbrances or third-party rights whatsoever, in consideration for the payment of the Subscription Monies by the Vendor to the Company, subject to the terms and conditions of the Placing and Subscription Agreement.

The number of the Subscription Shares (being 22,500,000 Shares with an aggregate nominal value of HK\$2,250,000) represents: (i) approximately 1.80% of the total number of Shares in issue as at the date of this announcement; and (ii) approximately 1.77% of the enlarged total number of Shares in issue upon completion of the Subscription (assuming there will be no change to the total number of Shares in issue from the date of this announcement to the date of completion of the Subscription other than the issue by the Company of the Subscription Shares).

Ranking of the Subscription Shares

The Subscription Shares shall, when fully paid, rank *pari passu* in all respects with the other Shares in issue or to be issued by the Company on or prior to the date of completion of the Subscription including the rights to all dividends and other distributions declared, made or paid at any time after the date of allotment and shall be free from all liens, claims, charges, encumbrances or third-party rights whatsoever.

The Subscription Shares are to be issued under the General Mandate granted to the Directors pursuant to a resolution of the Shareholders passed on 17 May 2021. As such, the allotment and issue of the Subscription Shares is not subject to additional Shareholders' approval. Application will be made to the Stock Exchange for approval for the listing of, and permission to deal in, the Subscription Shares.

Subscription Price

The Subscription Price is the same as the Placing Price.

The Company will bear the expenses incurred by the Vendor in relation to the Placing and the Subscription. The net price of each Subscription Share based on the estimated net proceeds of approximately HK\$770.69 million after deduction of such expenses and 22,500,000 Subscription Shares to be allotted is estimated to be approximately HK\$34.25 per Subscription Share.

Conditions of the Subscription

Completion of the Subscription by the Vendor is conditional upon:

- (i) the Listing Committee of the Stock Exchange having granted listing of and permission to deal in the Subscription Shares (and such listing and permission not subsequently revoked prior to the delivery of definitive share certificate(s) representing the Subscription Shares); and
- (ii) completion of the Placing having occurred pursuant to the terms of the Placing and Subscription Agreement.

Completion of the Subscription

Completion of the Subscription shall take place on the business day after the date upon which the last of the conditions set out above in the section headed “Conditions of the Subscription” to be satisfied shall have been so satisfied, provided that it shall take place on a date no later than a date falling 14 days after the date of the Placing and Subscription Agreement (or such other time and/or date as the Vendor, the Company and the Placing Agents may agree in writing).

If the conditions set out above in the section headed “Conditions of the Subscription” are not fulfilled within 14 days after the date of the Placing and Subscription Agreement, or such later date as may be agreed between the Company, the Vendor and the Placing Agents, the obligations and liabilities of the Vendor and the Company under the Subscription shall be null and void and neither the Company nor the Vendor shall have any claim against the other for costs, damages, compensation or otherwise provided that the Company shall reimburse the Vendor for any and all legal fees and out-of-pocket expenses which the Vendor shall be obliged to pay in connection with the Subscription and the Placing.

As the Vendor is a connected person of the Company and the Subscription constitutes a connected transaction of the Company exempt under Rule 14A.92(4) of the Listing Rules, if the Subscription is not completed within 14 days after the date of the Placing and Subscription Agreement, the Subscription will be regarded as a connected transaction, and in such case, the Company would need to issue a circular and hold an extraordinary general meeting to seek the approval of the independent Shareholders before the Subscription can be proceeded. Further announcement(s) will be made by the Company if this occurs.

Lock-up

The Vendor undertakes to the Placing Agents that (except for the sale of the Placing Shares pursuant to the Placing and Subscription Agreement, the Company's issue and the Vendor's subscription of the Subscription Shares pursuant to the Placing and Subscription Agreement, the issue of the Bonds, the issue of the Conversion Shares and/or any Shares or options granted or issuable pursuant to the existing share option scheme of the Company), during the period commencing on the date of the Placing and Subscription Agreement and ending on, and including, the date that is 90 days after the date of completion of the Placing, it will not and will procure that none of its nominees, companies controlled by it and trusts associated with them will:

- (i) offer, lend, pledge, issue, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares (including the Subscription Shares) or any interests therein beneficially owned or held by the Vendor or any securities convertible into or exercisable or exchangeable for or substantially similar to any such Shares or interests; or
- (ii) enter into any swap, option, derivative or similar agreement that transfers, in whole or in part, the economic risk of ownership of Shares, whether any such transaction described in (i) above or this (ii) is to be settled by delivery of Shares or such other securities, in cash or otherwise; or
- (iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above, or
- (iv) enter into any purchase and sale or sale and purchase of Shares or other securities of the Company with the effect of creating a short position or enter into any transaction with the same economic effect, unless with the prior written consent of the Placing Agents.

The Company undertakes to the Placing Agents, and the Vendor undertakes to the Placing Agents to procure, that, during the period commencing on the date of the Placing and Subscription Agreement and ending on, and including, the date that is 90 days after the date of completion of the Placing, the Company will not, except for the Subscription Shares and save pursuant to the terms of the existing share option scheme of the Company, the issue of the Bonds in accordance with their terms and conditions, and the issue of Conversion Shares:

- (a) allot or issue or offer to allot or issue or grant any option, right or warrant to subscribe for (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Share(s) or any interests in Shares or any securities convertible into or exercisable or exchangeable for or substantially similar to Shares or interest in Shares;
- (b) agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect as any of the transactions described in (a) above; or
- (c) announce any intention to enter into or effect any such transaction described in (a) or (b) above, without first having obtained the written consent of the Placing Agents.

Termination of the Placing and Subscription Agreement

Notwithstanding anything contained in the Placing and Subscription Agreement, if, at any time prior to 9:00 a.m. (Hong Kong time) on the date of completion of the Placing:

- (a) there develops, occurs or comes into force:
 - (i) any new law or regulation or any change or development involving a prospective change in existing laws or regulation in any relevant jurisdiction which in the opinion of the Placing Agents has or is likely to have a material adverse effect on the financial position of the Company and/or of the Group as a whole;
 - (ii) any significant change (whether or not permanent) in local, national or international monetary, economic, financial, political or military conditions which in the opinion of the Placing Agents is or would be materially adverse to the success of the Placing;
 - (iii) any significant change (whether or not permanent) in local, national or international securities market conditions or currency exchange rates or foreign exchange rates or foreign exchange controls which in the sole judgement of the Placing Agents is or would be materially adverse to the success of the Placing; or makes it impracticable or inadvisable or inexpedient to proceed therewith;

- (iv) a general moratorium on commercial banking activities in Hong Kong, the PRC, the European Union (or any member thereof) or New York declared by the relevant authorities or a material disruption in commercial banking or securities settlement or clearance services in Hong Kong, the PRC, the European Union (or any member thereof) or the United States;
 - (v) a change or development involving a prospective change in any form of taxation which constitutes a material adverse effect on the Group as a whole, the Placing Shares and/or the transfer thereof;
 - (vi) any outbreak or escalation of hostilities or act of terrorism involving Hong Kong, the PRC, the European Union (or any member thereof) or the United States or the declaration by Hong Kong, the PRC, the European Union (or any member thereof) or the United States of a national emergency or war;
 - (vii) any suspension of dealings in the Shares for any period whatsoever (other than as a result of the Placing and the Subscription) which in the opinion of the Placing Agents has or is likely to be materially adverse to the success of the Placing; or
 - (viii) any moratorium, suspension or material restriction on trading in shares or securities generally on the Stock Exchange due to exceptional financial circumstances or otherwise at any time prior to the date of completion of the Placing;
- (b) any breach of any of the representations, warranties and undertakings by the Company and/or the Vendor comes to the knowledge of the Placing Agents or any event occurs or any matter arises on or after the date of the Placing and Subscription Agreement and prior to the date of completion of the Placing which if it had occurred or arisen before the date of the Placing and Subscription Agreement would have rendered any of such representations, warranties and undertakings untrue or incorrect in any respect and any such breach or failure is material or (in the opinion of the Placing Agents) is or would materially and adversely affect the financial position or business of the Company and/or of the Group as a whole or is or would be materially adverse to the success of the Placing, or there has been a breach of, or failure to perform, any other provision of the Placing and Subscription Agreement on the part of the Vendor and/or the Company; or
- (c) there is any such adverse change, or development involving a prospective adverse change in the general affairs, condition, results of operations or prospects, management, business, stockholders' equity or in the financial or trading position of the Company and/or of the Group as a whole which in the opinion of the Placing Agents is materially adverse to the success of the Placing;

then and in any such case, the Placing Agents may terminate the Placing and Subscription Agreement without liability to the Vendor and/or the Company by giving notice in writing to the Vendor and the Company, which notice may be given at any time prior to 9.00 a.m. (Hong Kong time) on the date of completion of the Placing.

The Board is not aware of the occurrence of any of the above events as at the date of this announcement.

Completion of the transactions contemplated under the Placing and Subscription Agreement is subject to such agreement not being terminated in accordance with the terms thereof. In addition, completion of the Placing and the Subscription is subject to the satisfaction of conditions precedent under the Placing and Subscription Agreement. Please refer to the paragraph headed “Placing of Existing Shares and Top-Up Subscription of New Shares under the General Mandate” above for further information.

EFFECT OF THE PLACING AND THE SUBSCRIPTION

Shareholders	As at the date of this announcement		Immediately after completion of the Placing but before completion of the Subscription		Immediately after completion of the Placing and Subscription	
	<i>No. of Shares</i>	<i>Approximate %⁽¹⁾</i>	<i>No. of Shares</i>	<i>Approximate %⁽¹⁾</i>	<i>No. of Shares⁽³⁾</i>	<i>Approximate %⁽¹⁾</i>
Vendor⁽²⁾	702,712,000	56.31	680,212,000	54.51	702,712,000	55.32
Directors:						
CHEN Guiyi	500,000	0.04	500,000	0.04	500,000	0.04
LUO Liuyu	48,000	0.0038	48,000	0.0038	48,000	0.0038
WANG Michael Chou	238,000	0.02	238,000	0.02	238,000	0.02
Placees	0	0.00	22,500,000	1.80	22,500,000	1.77
Other public Shareholders	544,369,364	43.62	544,369,364	43.62	544,369,364	42.85
Total	<u>1,247,867,364</u>	<u>100.00</u>	<u>1,247,867,364</u>	<u>100.00</u>	<u>1,270,367,364</u>	<u>100.00</u>

Notes:

1. Certain percentage figures included in the above table have been subject to rounding adjustments.
2. Mr. YE Fan is the settlor of the Ye Family Trust, a revocable discretionary family trust. The entire capital of Apex Holdings is an asset of such family trust, and Apex Holdings holds the entire issued share capital of the Vendor, which in turn directly holds 702,712,000 Shares as at the date of this announcement.
3. The above table assumes (i) no Shares will be issued pursuant to share option scheme adopted by the Shareholders on 13 November 2013 or otherwise, (ii) no Shares will be repurchased by the Company, (iii) no Conversion Shares are issued pursuant to the conversion of the Bonds between the date of this announcement and the date of the completion of Subscription, (iv) there will be no other changes to the issued share capital of the Company between the date of this announcement and the completion of the Subscription save for the issue of the Subscription Shares; and (v) the Placees do not and will not hold any Shares other than the Placing Shares.

EFFECT OF THE CONVERSION OF THE BONDS AND PLACING AND THE SUBSCRIPTION

Shareholders	As at the date of this announcement		Immediately after completion of the Placing and Subscription but before the conversion of the Bonds		Immediately after completion of the Placing and Subscription and the full conversion of the Bonds	
	No. of Shares	Approximate % ⁽¹⁾	No. of Shares ⁽³⁾	Approximate % ⁽¹⁾	No. of Shares ⁽³⁾	Approximate % ⁽¹⁾
Vendor⁽²⁾	702,712,000	56.31	702,712,000	55.32	702,712,000	52.87
Directors:						
CHEN Guiyi	500,000	0.04	500,000	0.04	500,000	0.04
LUO Liuyu	48,000	0.0038	48,000	0.0038	48,000	0.0036
WANG Michael Chou	238,000	0.02	238,000	0.02	238,000	0.02
Placees	0	0.00	22,500,000	1.77	22,500,000	1.69
Holders of the Bonds	0	0.00	0	0.00	58,823,529	4.43
Other public Shareholders	544,369,364	43.62	544,369,364	42.85	544,369,364	40.95
Total	<u>1,247,867,364</u>	<u>100.00</u>	<u>1,270,367,364</u>	<u>100.00</u>	<u>1,329,190,893</u>	<u>100.00</u>

Notes:

1. Certain percentage figures included in the above table have been subject to rounding adjustments.
2. Mr. YE Fan is the settlor of the Ye Family Trust, a revocable discretionary family trust. The entire capital of Apex Holdings is an asset of such family trust, and Apex Holdings holds the entire issued share capital of the Vendor, which in turn directly holds 702,712,000 Shares as at the date of this announcement.
3. The above table assumes (i) no Shares will be issued pursuant to share option scheme adopted by the Shareholders on 13 November 2013 or otherwise, and (ii) no Shares will be repurchased by the Company, (iii) there will be no other changes to the issued share capital of the Company between the date of this announcement and the completion of the Subscription save for the issue of the Subscription Shares and/or the Conversion Shares (as the case may be); and (iv) the Placees and the holders of the Bonds do not and will not hold any Shares other than the Placing Shares or the Conversion Shares (as the case may be).

INFORMATION REGARDING THE GROUP

The Company is a limited liability company incorporated in the Cayman Islands and the Shares have been listed and traded on the Stock Exchange since 5 December 2013. The Group is principally engaged in the automobile dealership business authorised by the respective automobile manufacturers of a particular brand in the PRC including the sale of new passenger cars and spare parts, provision of after-sales service and survey services.

USE OF PROCEEDS OF THE ISSUANCE OF BONDS AND THE SUBSCRIPTION

The Directors (including the independent non-executive Directors) consider that the issuance of the Bonds and Placing and the Subscription will strengthen the capital base of the Company. The gross proceeds from the issuance of the Bonds are expected to be HK\$2,750.00 million and the estimated net proceeds from the issuance of the Bonds (after deducting all applicable costs and expenses, including commission and levies) will be approximately HK\$2,689.66 million. The gross proceeds from the Subscription are expected to be approximately HK\$779.18 million and the estimated net proceeds from the Subscription (after deducting all applicable costs and expenses, including commission and levies) will be approximately HK\$770.69 million.

The Company intends to use the estimated net proceeds of the Bonds and the Subscription for business expansion, working capital and other general corporate purposes, including strategic investments and acquisitions (the “**Intended Uses**”).

REASONS FOR THE ISSUE OF THE BONDS, THE PLACING, AND THE SUBSCRIPTION

The Directors consider that:

- (a) the issue of the Bonds is a cost-efficient way to raise capital to meet the capital need of the Intended Uses without putting a heavy short-term burden on the liquidity position of the Company; and
- (b) the Placing and the Subscription are being undertaken to enlarge the Shareholders’ equity base of the Company, optimize the capital structure of the Company and support a sustainable overall development and expansion of the Company.

GENERAL MANDATE

The Conversion Shares and Subscription Shares are to be issued under the General Mandate. By resolutions of the Shareholders passed at the annual general meeting of the Company held on 17 May 2021, the Company granted the General Mandate to the Directors to allot and issue up to 248,904,222 Shares, representing 20% of the total number of Shares of the Company in issue as at 17 May 2021.

As at the date of this announcement, the Company has not issued any Shares pursuant to the General Mandate and the number of new Shares that could be allotted and issued by the Company under the General Mandate is 248,904,222 Shares. As at the date of this announcement, assuming full conversion of the Bonds at the initial Conversion Price, the Bonds will be convertible into a maximum of 58,823,529 Conversion Shares, and 22,500,000 Subscription Shares will be subscribed by the Placees. The allotment and issue of the Conversion Shares and Subscription Shares will utilise approximately 32.7% of the General Mandate. As such, the allotment and issue of the Conversion Shares and Subscription Shares is not subject to additional Shareholders' approval.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not undertaken any equity fund raising exercise over the period of twelve months prior to the date of this announcement.

The Directors confirm that, immediately after completion of the Placing and the Subscription and the full conversion of the Bonds, the public float of the Company will be no less than 25% of the total number of Shares in issue as enlarged by the issue of the Subscription Shares (assuming there will be no change to the total number of Shares in issue from the date of this announcement to the completion of the Subscription other than the issue by the Company of the Subscription Shares) and the completion of the allotment and issue of all the Conversion Shares under the Bonds (assuming full conversion of the Bonds at the initial Conversion Price and there will be no change to the total number of Shares in issue from the date of this announcement to the full conversion).

The Directors (including the independent non-executive Directors) are of the view that the terms of the Bonds, and the Placing and Subscription Agreement are fair and reasonable and believe that the issuance of the Bonds, the Placing and the Subscription are in the best interests of the Company and the Shareholders as a whole.

The Directors (including the independent non-executive Directors) are further of the view that the 90-day lock-up period by the Company is fair and reasonable on the grounds that: (i) the lock-up period is only for 90 days which is in line with the market practice and is a result of the arm's length commercial negotiation between the Company and the Placing Agents or the CB Joint Bookrunners (as the case may be); and (ii) it will help ensure an orderly market of the Shares.

Shareholders and potential investors should note that (i) the issue of the Bonds may or may not be completed; (ii) the Bonds and/or the Conversion Shares may or may not be issued or listed; and (iii) the Placing and the Subscription may or may not proceed to completion. Shareholders and investors are urged to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“associates”	has the meaning as ascribed to it under the Listing Rules
“Board”	the board of directors of the Company
“Bonds”	the HK\$2,750,000,000 Zero Coupon Convertible Bonds due 2027 to be issued by the Issuer
“Calculation Agent”	Conv-Ex Advisors Limited
“CB Closing Date”	the date (expected to be on 13 January 2022 or such later date, not being later than 27 January 2022 as the Company and the CB Joint Bookrunners may agree) on which the Bonds are to be issued
“CB Conditions Precedent”	the conditions precedent of the obligations of the CB Joint Bookrunners to subscribe and pay for the Bonds
“CB Joint Bookrunners”	Goldman Sachs (Asia) L.L.C. and Morgan Stanley & Co. International plc
“CB Subscription Agreement”	the subscription agreement entered into between the Company, the Issuer and the CB Joint Bookrunners dated 6 January 2022 in connection with the issue and subscription of the Bonds

“Change of Control”	<p>the occurrence of one or more of the following events:</p> <ul style="list-style-type: none"> (i) the Permitted Holders together cease to Control the Company; (ii) the Permitted Holders together cease to be the single largest holder of voting rights in the Company; (iii) any Person or Persons acting together (other than the Permitted Holders) acquires Control of the Company; (iv) the Company consolidates with or merges into or sells or transfers all or substantially all of the Company’s assets to any other person, unless the consolidation, merger, sale or transfer will not result in the other person or persons (other than the Permitted Holders) acquiring Control over the Company or the successor entity; or (v) the Company ceases to hold (directly or indirectly) 100 per cent. of the issued shares of the Issuer
“Company”	China MeiDong Auto Holdings Limited, an exempted company incorporated with limited liability under the laws of the Cayman Islands, shares of which are listed on the Main Board of the Stock Exchange
“Contracts”	the trust deed (the “ Trust Deed ”), the agency agreement and the calculation agency agreement to be executed by the relevant professional parties, the Company and/or the Issuer in relation to the Bonds, on the CB Closing Date
“Control”	means (i) the right to appoint and/or remove all or the majority of the members of the relevant entity’s board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise; or (ii) the acquisition or control of more than 35 per cent. of the voting rights of the issued share capital of the relevant entity
“connected person(s)”	has the meaning ascribed to it under the Listing Rules

“Conversion Price”	the price at which the Shares will be issued upon conversion of the Bonds and the initial conversion price being HK\$46.75 per Share (subject to adjustments)
“Conversion Share(s)”	Share(s) to be issued and allotted pursuant to the conversion of the Bonds
“Director(s)”	the directors of the Company
“EEA”	the European Economic Area
“General Mandate”	the general mandate granted to the Directors by a resolution of Shareholders passed at the annual general meeting of the Company on 17 May 2021 to allot, issue and deal with up to 248,904,222 new Shares, being 20% of the total number of Shares in issue as at the date of the granting of the mandate
“Group”	the Company and its subsidiaries
“HK\$”	the Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	any entity or person who is not a connected person of the Company
“Issuer”	Sail Vantage Limited, a wholly-owned subsidiary of the Company incorporated in the British Virgin Islands
“Last Trading Date”	5 January 2022, being the trading day prior to which the CB Subscription Agreement and the Placing and Subscription Agreement were signed
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Lock-up Shares”	702,712,000 Shares, which is held directly by Mr. Ye Fan (or through nominees) or held indirectly by Mr. Ye Fan through trusts and/or companies controlled by him (or through their nominees)

“Permitted Holders”	the aggregate shareholding of Mr. Ye Fan, and: <ul style="list-style-type: none"> (i) any heir, estate, lineal descendant (or spouse thereof), spouse or parent of Mr. Ye Fan; or (ii) any trust, corporation, partnership or other entity, of which the direct or indirect beneficiaries, equity holders, partners or owners are any of Mr. Ye Fan and/or such other Persons referred to in paragraph (i) of this definition
“Person”	includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity)
“Placee”	any professional, institutional or other investor whom the Placing Agents have procured to purchase any Placing Shares pursuant to their respective obligations under the Placing and Subscription Agreement
“Placing”	the placing of the existing Placing Shares by the Vendor to Placees to be procured by the Placing Agents under the Placing and Subscription Agreement
“Placing and Subscription Agreement”	the placing and subscription agreement dated 6 January 2022 and entered into between the Company, the Vendor and the Placing Agents in respect of the Placing and the Subscription
“Placing Agent(s)”	Goldman Sachs (Asia) L.L.C. and Morgan Stanley & Co. International plc
“Placing Price”	HK\$34.63 per Share
“Placing Share(s)”	22,500,000 Shares currently owned by the Vendor and to be placed pursuant to the Placing and Subscription Agreement

“PRC”	the People’s Republic of China, and for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Principal Agent”	Deutsche Bank AG, Hong Kong Branch
“Professional Investor(s)”	has the meaning ascribed to it under Chapter 37 of the Rules Governing the Listing of Securities on the Stock Exchange
“Relevant Indebtedness”	any future or present indebtedness in the form of or represented by debentures, loan stock, bonds, notes, bearer participation certificates, depositary receipts, certificates of deposit or other similar securities or instruments or by bills of exchange drawn or accepted for the purpose of raising money which are, or are capable of being, quoted, listed, ordinarily dealt in or traded on any stock exchange or over the counter or on any other securities market. For the avoidance of doubt, “Relevant Indebtedness” does not include indebtedness under any bilateral, syndicated or club loan or credit facility or any trade payables
“Relevant Percentage(s)”	the relevant percentage(s) of the Placing Shares that each of the Placing Agents agreed to procure to be purchased, or failing which, each of them to purchase itself on a several (and not joint nor a joint and several) basis under the Placing and Subscription Agreement
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of nominal value of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subscription”	the subscription of the Placing Shares by the Vendor pursuant to the terms and conditions of the Placing and Subscription Agreement
“Subscription Monies”	such sum as is the aggregate of the Placing Price multiplied by the number of Placing Shares less the relevant expenses pursuant to the terms of the Placing and Subscription Agreement
“Subscription Price”	an amount equal to the Placing Price
“Subscription Shares”	an aggregate of 22,500,000 new Shares to be allotted and issued by the Company and subscribed by the Vendor under the Placing and Subscription Agreement
“Trustee”	DB Trustees (Hong Kong) Limited
“United States”	the United States of America, its territories and possessions and all areas subject to its jurisdiction
“U.S. Securities Act”	The United States Securities Act of 1933 (as amended)
“Vendor”	Apex Sail Limited, a company incorporated in the British Virgin Islands with limited liability, holding approximately 56.31% of the issued Shares of the Company as at the date of this announcement
“Ye Family Trust”	the Ye Family Trust 2012, a trust set up pursuant to a trust deed dated 27 July 2012 where Mr. YE Fan is the settlor, and Mr. YE Fan, Mr. YE Tao and certain of their respective family members are beneficiaries
“%”	per cent.

In this announcement, if there is any inconsistency between the Chinese names of the entities or enterprises established in the PRC and their English translations, the Chinese names shall prevail. The English text of this announcement shall otherwise prevail over the Chinese text in case of inconsistency.

By the order of the Board
China Meidong Auto Holdings Limited
YE FAN
Chairman

Hong Kong, 6 January 2022

As at the date of this announcement, the Board comprises:

Executive Directors:

Mr. YE Fan (*Chairman*)
Mr. YE Tao (*Chief Executive Officer*)
Ms. LUO Liuyu

Independent Non-executive Directors:

Mr. CHEN Guiyi
Mr. WANG Michael Chou
Mr. JIP Ki Chi