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CHINA LEON INSPECTION HOLDING LIMITED

中国力鸿检验控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1586)

NUMBER OF BONUS SHARES TO BE ISSUED AND ADJUSTMENTS TO SHARE OPTIONS AND CONVERTIBLE BONDS

NUMBER OF BONUS SHARES TO BE ISSUED

References are made to the circular of the Company dated 23 May 2023 (the “**Circular**”), the poll results announcement of the Company dated 16 June 2023 and the announcement of the Company dated 26 June 2023 in relation to the amendments to the terms of the Convertible Bonds (the “**Announcements**”). Unless otherwise indicated, capitalized terms used herein have the same meanings as those defined in the Circular and the Announcements.

As disclosed in the Circular and the Announcements, the Bonus Issue shall be made on the basis of one (1) Bonus Share for every ten (10) existing Shares in issue held on the Record Date, i.e. 4 July 2023, by the Qualifying Shareholders. As at 4 July 2023, there were in total 488,714,980 Shares in issue and, upon the Proposed Amendments (as defined in the announcement of the Company dated 26 June 2023 in relation to the amendments to the terms of the Convertible Bonds) becoming effective on 28 June 2023, outstanding Convertible Bonds convertible into 37,053,505 new Shares at the conversion price of US\$0.1730 per Share (i.e., the Convertible Bonds in the principal amount of US\$6,410,256.41) have been issued. The number of Bonus Shares to be issued under the Bonus Issue is 48,871,498 Shares.

Based on the register of members of the Company as at the Record Date, there were no Qualifying Shareholders with registered addresses which were outside Hong Kong. Therefore, all the Qualifying Shareholders were entitled to participate in the Bonus Issue, and there were no Prohibited Shareholders.

ADJUSTMENTS TO SHARE OPTIONS AND CONVERTIBLE BONDS

Pursuant to the terms of the share option scheme (the “**Share Option Scheme**”) adopted by the Company on 5 May 2017, the exercise price of the Share Options granted under the Share Option Scheme and the number of Shares to be allotted and issued upon full exercise of the subscription rights attaching to the 44,870,250 outstanding Share Options have been adjusted (the “**Share Option Adjustments**”) in the following manner as a result of the Bonus Issue:

Date of Grant	Before completion of the Bonus Issue		Upon completion of the Bonus Issue	
	Existing exercise price per Share (HK\$)	Existing number of Shares to be allotted and issued upon exercise in full of the outstanding Share Options	Adjusted exercise price per Share (HK\$)	Adjusted number of Shares to be allotted and issued upon exercise in full of the outstanding Share Options
4 July 2017	1.058	2,960,250	0.962	3,256,275
23 July 2018	1.168	3,630,000	1.062	3,993,000
15 July 2021	1.945	<u>38,280,000</u>	1.768	<u>42,108,000</u>
Total		<u>44,870,250</u>		<u>49,357,275</u>

Reference is made to the announcement of the Company dated 26 June 2023 in relation to the amendments to the terms of the Convertible Bonds. The Proposed Amendments became effective on 28 June 2023, and accordingly pursuant to the terms of the Convertible Bonds, the conversion price of the Convertible Bonds and the number of conversion Shares to be allotted and issued upon full conversion of the Convertible Bonds have been adjusted (the “**Convertible Bonds Adjustments**”) in the following manner as a result of the Bonus Issue:

Date of Issue	Before completion of the Bonus Issue		Upon completion of the Bonus Issue	
	Existing conversion price per Share (US\$)	Number of conversion Shares to be allotted and issued upon full conversion of the Convertible Bonds	Adjusted conversion price per Share (US\$)	Adjusted number of conversion Shares to be allotted and issued upon full conversion of the Convertible Bonds
11 June 2021	0.1730	37,053,505	0.1573	40,751,789

Baker Tilly Hong Kong Limited has performed certain factual finding procedures to assist the management of the Group to assess the accuracy of the calculations on the Share Option Adjustments and Convertible Bonds Adjustments.

The above procedures carried out by Baker Tilly Hong Kong Limited do not constitute an assurance engagement performed in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants.

The additional 3,698,284 Shares to be issued upon the conversion of the Convertible Bonds will be allotted and issued pursuant to the Issue Mandate granted to the Directors at the annual general meeting held on 16 June 2023. As at the date of this announcement, the Company has not exercised the power to allot and issue any Shares pursuant to the Issue Mandate. As such, the limit of the Issue Mandate is sufficient to cover the issue of such additional shares. Application has been made by the Company to the Stock Exchange for the listing of, and permission to deal in, the additional Shares as a result of the adjustments on the Stock Exchange.

By Order of the Board
China Leon Inspection Holding Limited
Yang Rongbing
Executive Director

Beijing, PRC, 7 July 2023

As at the date of this announcement, the Board of the Company comprises eight Directors:

Executive Directors:

Mr. Li Xiangli (*Chairman and CEO*)

Ms. Zhang Aiyong (*Vice President*)

Mr. Liu Yi (*Vice President*)

Mr. Yang Rongbing (*Vice Chairman*)

Non-executive Director:

Mr. Hao Yilei

Independent Non-executive Directors:

Mr. Wang Zichen

Mr. Zhao Hong

Mr. Liu Hoi Keung