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Dr.Peng Holding Hongkong Limited
(鵬博士投資控股香港有限公司)
(incorporated in Hong Kong with limited liability)

US\$500,000,000 7.55 per cent. Guaranteed Notes originally due 2020 and extended to 2022
(Global Note ISIN: XS1611011922, Common Code: 161101192)
(the “Notes”)

Further Update Announcement

References are made to the announcements of Dr.Peng Holding Hongkong Limited (the “**Issuer**”) dated 26 November 2021 and 25 November 2021 (collectively, the “**Previous Announcements**”).

References are made to the Offshore Secured Notes referred to in the Previous Announcements. As at the date of this Announcement, the principal amount of the Offshore Secured Notes outstanding (including the capitalised amount of accrued interest) is approximately USD88.0 million. During recent times, the Group has not redeemed or paid principal and interest in cash on the Offshore Secured Notes. Interest on the Offshore Secured Debt has been capitalised. On 30 September 2021, with the consent of the holders of the Offshore Secured Notes (the “**Secured Noteholders**”), the maturity date of the Offshore Secured Notes was extended to 24 November 2021, subject to further extensions (the “**Further Extension**”) if certain conditions are satisfied. The Issuer has been informed by the Secured Noteholders that, unless the Issuer redeems the Offshore Secured Notes entirely by around the end of 2021 or suggests acceptable proposals, they will take enforcement actions against the Issuer.

In the past 18 months, the Issuer, Dr.Peng Telecom&Media Group Co., Ltd. (the “**Company**”) and their subsidiaries (the “**Group**”) have been engaged in the process of debt structuring and have arranged the divestitures of certain data centres and cloud network services in order to generate cash to cover its previous matured and upcoming maturing debts under the Notes. Such cash has not been used for the payment for the Offshore Secured Notes. On 1 March 2021, for the benefit of holders of the Notes (the “**Noteholders**”), the Issuer assigned in favour of the security trustee (the “**Assignment**”) by way of security of the Issuer’s rights, title and interest in respect of certain intercompany loans from the Issuer to Pacific Light Data Communication Co., Ltd. (“**PLDC**”) pursuant to a deed of assignment. However, the Assignment is subject to applicable subordination arrangements under or in relation to the Offshore Secured Notes. Pursuant to these subordination arrangements, before the redemption of the Offshore Secured Notes, the Issuer may not demand to be repaid under the intercompany loans without the requisite consent of the Secured Noteholders.

It is essential for holders of stakes that the Group preserves the value of offshore assets that can generate cash. The ability of the Group to make payments on or to redeem offshore debt (including the Offshore Secured Notes and the Notes) substantially depends on the outcome of the sale of the PLCN. Continued defaults may substantially reduce the amount of cash the Issuer can mobilise for payments under the Notes.

The Group and PLDC have been in discussions of the proposed sale of certain interests in the PLCN with several potential buyers (“**Potential Transactions**”). As of the date of this Announcement, certain term sheets have been signed or finalised and discussions are moving toward definitive agreements. However, potential purchasers will need to conduct legal, financial and management due diligence as well as agreeing to the terms of the documentation, before signing the definitive purchase agreements. Defaults and enforcement actions by offshore creditors may negatively and materially affect the sale process and the sale price. Furthermore, continued defaults under the Offshore Secured Notes will cause the default interest rates thereunder to be applicable henceforth. Therefore, continued defaults under the Offshore Secured Notes and the Notes will lower the possibility of payments under the Notes.

In order to address the mismatch between the offshore asset disposal plan and the Issuer’s upcoming payment obligations, the Issuer has launched a consent solicitation (the “**Consent Solicitation**”) for the Noteholders to consider and, if thought fit, approve one or more resolutions for the purposes of modifying certain terms and conditions of the Notes. Furthermore, the Issuer is negotiating with the Secured Noteholders relating to a further extension of maturity. The Issuer encourages the Noteholders to participate in the Consent Solicitation and looks forward to timely creditor support to ensure the long-term success of the Group’s business for the benefit of all holders of stakes. The Issuer believes that supporting the Consent Solicitation and providing the Company with time to complete potential transactions is the best way to protect the interests of Noteholders.

As at the date of this Announcement, neither the Issuer nor the Company has received communication from any legal counsel of Noteholders. It has come to the attention of the Issuer and the Company that statements from the legal counsel of certain Noteholders have been reported in the media. Those statements are not made on the basis of any communication between Noteholders or their legal counsel and the Issuer or the Company. The Issuer has retained Alvarez & Marsal Corporate Finance Limited to act as financial advisers (details to be found below), to whom holders may direct any queries.

Certain documents related to the consent solicitation, including the Notice of Meeting and Consent Solicitation Memorandum, are available on the consent website (<https://bonds.morrowsodali.com/drpeng>), subject to eligibility confirmation and registration. The latest time for Noteholders to participate in the Consent Solicitation and deliver a valid Consent Instruction is 5:00 p.m. (CET) 15 December 2021. The deadlines set by any intermediary or Clearing System will be earlier than the deadline specified above. The financial advisers and the information and tabulation agent for this Consent Solicitation can be contacted using the below details:

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Investors are reminded to exercise caution when dealing in the securities of the Issuer.

BY ORDER OF THE BOARD

DR.PENG HOLDING HONGKONG LIMITED

Sun Lisi

Company Director

10 December 2021