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CIFI Holdings (Group) Co. Ltd.

旭輝控股（集團）有限公司

(Incorporated in the Cayman Islands with limited liability)

CIRCULAR

PUBLISHED ON THE STOCK EXCHANGE OF HONG KONG LIMITED

CIFI Holdings (Group) Co. Ltd. (the “**Company**”) published a circular on The Stock Exchange of Hong Kong Limited on 16 October 2025 (the “**Circular**”). Please refer to the attached Circular of the Company. The posting of this announcement on the website of the Singapore Exchange Securities Trading Limited is for the purpose of facilitating dissemination of information to investors in compliance with applicable laws, regulations and rules.

By order of the Board
CIFI Holdings (Group) Co. Ltd.
LIN Zhong
Chairman

Hong Kong, 16 October 2025

As at the date of this announcement, the Board comprises Mr. LIN Zhong, Mr. LIN Wei, Mr. RU Hailin, Mr. YANG Xin and Mr. GE Ming as executive Directors; and Mr. ZHANG Yongyue, Mr. TAN Wee Seng and Ms. LIN Caiyi as independent non-executive Directors.

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in CIFI Holdings (Group) Co. Ltd., you should at once hand this circular, together with the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company.

This circular is not, and does not form any part of, an offer to buy or sell or the solicitation of an offer to buy or sell any securities in the United States or any other jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. The securities referred to herein have not been and will not be registered under the U.S. Securities Act of 1933, and may not be offered, sold or otherwise transferred within the United States absent registration or an exemption from registration. Any public offering of securities to be made in the United States will be made by means of a prospectus that may be obtained from the Company and will contain detailed information about the Company and management, as well as financial statements. The Company does not intend to register any part of any offering referred to herein in the United States.



CIFI Holdings (Group) Co. Ltd.

旭輝控股（集團）有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00884)

(Debt Stock Codes: 05261, 40316, 40464, 40519, 40681, 40682)

**(1) POSSIBLE TRANSACTIONS IN CONNECTION WITH
THE RESTRUCTURING INVOLVING, AMONG OTHERS:
(A) ISSUE OF MANDATORY CONVERTIBLE BONDS UNDER
SPECIFIC MANDATE (INCLUDING CONNECTED TRANSACTIONS IN
RELATION TO THE ISSUE OF MANDATORY CONVERTIBLE BONDS
TO ROSY FORTUNE AND RAIN-MOUNTAIN);
(B) CONNECTED TRANSACTION IN RELATION TO
THE ISSUE OF SHAREHOLDER LOAN
CONVERSION SHARES UNDER SPECIFIC MANDATE;
(C) ADOPTION OF SHARE AWARD SCHEME;
(D) GRANT OF AWARDS;
(E) INCREASE IN AUTHORISED SHARE CAPITAL;
(F) TERMINATION OF EXISTING SHARE SCHEMES;
AND
(2) NOTICE OF EGM**

**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**



A letter from the Board is set out on pages 10 to 53 of this circular and a letter from the Independent Board Committee containing its recommendations to the Independent Shareholders is set out on pages 54 to 55 of this circular. A letter from Opus Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 56 to 109 of this circular.

A notice convening the EGM of the Company to be held at Contract Signing Room, 2/F, CIFI Centre, Lane 1088, No. 39 Shenhong Road, Minhang District, Shanghai, PRC on Friday, 31 October 2025 at 10:00 a.m. is set out on pages 137 to 140 of this circular. A form of proxy for use at the EGM is also enclosed. Such form of proxy is also published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.cifi.com.cn>).

Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM should you so wish.

Hong Kong, 16 October 2025

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DEFINITIONS

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

“Actual Selling Price”	the actual price at which the Awards Shares are sold (net of brokerage, Stock Exchange trading fee, SFC transaction levy and any other applicable costs) on vesting of an Award pursuant to the Share Award Scheme
“AHG”	an ad hoc group of the offshore noteholders of the Company
“alternative stock exchange”	when the Shares are not listed and traded on the Stock Exchange, such other internationally recognised stock exchange which is the principal stock exchange or securities market on which the Shares are then listed or quoted or dealt in
“Announcements”	the announcements of the Company dated 27 September 2024, 21 October 2024, 28 October 2024, 28 November 2024, 18 March 2025, 13 April 2025, 29 April 2025, 7 May 2025, 4 June 2025, 27 June 2025, 14 October 2025 and 16 October 2025 in relation to the possible transactions in connection with the Restructuring
“Articles”	the articles of association of the Company as amended, supplemented or otherwise modified from time to time
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Award(s)”	an award granted by the Board to a Selected Participant, by way of restricted share units, which may vest in the form of Award Shares or the Actual Selling Price of the Award Shares in cash, as the Board may determine in accordance with the terms of the Share Award Scheme Rules
“Award Letter”	has the meaning ascribed to it in Appendix I to this circular
“Award Period”	the period of ten years commencing on the Restructuring Effective Date
“Award Share(s)”	the Share(s) granted to a Selected Participant in an Award
“Board”	the board of Directors
“Business Day”	any day on which the Stock Exchange is open for the business of dealing in securities
“BVI”	the British Virgin Islands

DEFINITIONS

“Clearing Systems”	either or both of Euroclear Bank SA/NV and Clearstream Banking S.A. and each of their respective nominees and successors, and any other system designed for similar or analogous purposes, as appropriate
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“CoCom”	a coordination committee of the offshore bank lenders of the Company
“Company”	CIFI Holdings (Group) Co. Ltd. 旭輝控股(集團)有限公司, an exempted company incorporated with limited liability in the Cayman Islands and the Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholders”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholders Group”	includes Rosy Fortune, Ding Chang Limited, Eminent Talent Limited, Rain-Mountain, Towin Resources Limited, Mr. LIN Zhong, Mr. LIN Wei and Mr. LIN Feng, and their respective close associates
“core connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Court”	the High Court of Hong Kong and any court capable of hearing appeals therefrom
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held at Contract Signing Room, 2/F, CIFI Centre, Lane 1088, No. 39 Shenhong Road, Minhang District, Shanghai, PRC on Friday, 31 October 2025 at 10:00 a.m. or any adjournment thereof (as the case may be), the notice of which is set out on pages 137 to 140 of this circular

DEFINITIONS

“Eligible Person”	means any director (including executive Directors, non-executive Directors and independent non-executive Directors) or employee of the Group (whether full-time or part-time and including persons who are granted an Award under the Share Award Scheme as inducement to enter into employment or service contracts with the Group), who the Board considers, in its sole discretion, to have made or will make significant contributions to the Company’s business and operation, and performance of obligations under the new instruments following the Restructuring Effective Date; however, (a) no employee or director of the Group who have left the Group or are serving out their notice period as at the Restructuring Effective Date; (b) no individual who is resident in a place where the grant, acceptance or vesting of an Award pursuant to the Share Award Scheme is not permitted under the laws and regulations of such place or where, in the view of the Board, compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such individual, and (c) no service providers, shall be entitled to participate in the Share Award Scheme and such individual shall therefore be excluded from the term Eligible Person
“Existing Debt”	US\$8.1 billion, being the liabilities of the Company and the Existing Debt Obligors to be compromised under the Scheme
“Existing Debt Obligors”	the Company, the subsidiary guarantors and security providers under the Existing Debt
“Grants”	the grant of 2,441,286,035 Awards to four grantees under the Share Award Scheme (including the Specific Mandate Grants)
“Grant Date”	the date on which the grant of an Award is made to a Selected Participant, being the date of an Award Letter
“Grantees”	the grantees of the Grants
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Hong Kong Registrar of Companies”	the registrar of companies (including any deputy registrar and/or assistant registrar or similar) appointed under the Companies Ordinance, Chapter 622 of the Laws of Hong Kong
“Increase in Authorised Share Capital”	the proposed increase in the Company’s authorised share capital from HK\$2,000,000,000 divided into 20,000,000,000 Shares to HK\$5,000,000,000 divided into 50,000,000,000 Shares by creating an additional 30,000,000,000 unissued Shares
“Independent Board Committee”	the independent board committee established by the Board, comprising all the independent non-executive Directors, namely Mr. ZHANG Yongyue, Mr. TAN Wee Seng and Ms. LIN Caiyi, to advise the Independent Shareholders in respect of (i) the issue of MCB to Rosy Fortune and Rain-Mountain; and (ii) the Shareholder Loan Conversion
“Independent Financial Adviser” or “Opus Capital”	Opus Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of (i) the issue of MCB to Rosy Fortune and Rain-Mountain; and (ii) the Shareholder Loan Conversion
“Independent Shareholders”	the Shareholders who are not required to abstain from voting at the EGM for the resolutions with respect to the (i) the issue of MCB to Rosy Fortune and Rain-Mountain; and (ii) the Shareholder Loan Conversion
“Independent Third Party(ies)”	independent third party(ies) who is/are not connected person(s) of the Company and is/are independent of and not connected with the Company and Directors, chief executive, controlling shareholders and substantial shareholders of the Company or any of its subsidiaries or their respective associates
“Latest Practicable Date”	13 October 2025, being the latest practicable date prior to the finalisation of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time

DEFINITIONS

“MCB”	the zero coupon secured guaranteed mandatory convertible bonds to be issued by the Company on the Restructuring Effective Date pursuant to the MCB Trust Deed
“MCB Conversion Price”	MCB Ordinary Conversion Price or MCB Trigger Conversion Price, as applicable
“MCB Conversion Shares”	the Shares to be issued upon conversion of the MCB
“MCB Ordinary Conversion Price”	initially HK\$1.6 per Share (subject to adjustments) in respect of the MCB
“MCB Specific Mandate”	the specific mandate to be granted by the Shareholders at the EGM to issue the MCB Conversion Shares
“MCB Trigger Conversion Price”	initially HK\$5.0 per Share (subject to adjustments) in respect of the MCB
“MCB Trust Deed”	the trust deed to be entered into between, among others, the Company, the initial subsidiary guarantors named therein and the MCB Trustee pursuant to which the MCB are to be constituted
“MCB Trustee”	Madison Pacific Trust Limited, an independent third party service provider that provides agents and trust services, in its capacity as bonds trustee and security trustee to be appointed on the terms of the MCB Trust Deed that shall have regard to the general interests of the MCB holders as a class
“New Notes”	the US\$-denominated secured notes to be issued by the Company on the Restructuring Effective Date with an aggregate principal amount of US\$2,664,982,189
“PRC” or “China”	the People’s Republic of China which for the purpose of this circular does not include Hong Kong, the Macau Special Administrative Region and Taiwan
“Rain-Mountain”	Rain-Mountain Limited, a company wholly-held by the Sun-Mountain Trust, which is a family trust set up by Mr. LIN Feng, being a substantial shareholder of the Company, as settlor
“Record Date”	following the close of business (Hong Kong time) on 28 May 2025
“Reference Date”	30 June 2025

DEFINITIONS

“Related Income”	all cash income derived from the vested Award Shares (i.e., cash dividends declared and paid on the Award Shares) excluding any interest earned on such cash income and held on trust for the benefit of the Selected Participant, notwithstanding whether such vested Award Shares have been transferred to the Selected Participant
“Remuneration Committee”	the remuneration committee of the Board
“Restructuring”	the financial restructuring of certain offshore indebtedness of the Group in accordance with and as intended to be principally implemented through the Scheme
“Restructuring Documents”	all documents, agreements and instruments necessary to implement the Restructuring
“Restructuring Effective Date”	the effective date of the Restructuring
“Restructuring Support Agreement”	the restructuring support agreement dated 27 September 2024 entered into by the Company and the Consenting Creditors (as defined therein)
“Returned Shares”	such Award Shares that are not vested and/or are lapsed in accordance with the terms of the Share Award Scheme, or such Shares being deemed to be Returned Shares under the Share Award Scheme Rules
“Returned Trust Funds”	all cash income derived from the Returned Shares (i.e., cash dividends declared and paid on the Returned Shares) or otherwise derived pursuant to the Share Award Scheme, in either case excluding any interest earned on such cash income or otherwise and held on trust for the purpose of the Share Award Scheme
“RMB”	Renminbi, the lawful currency of the PRC
“Rosy Fortune”	Rosy Fortune Investments Limited, a substantial shareholder of the Company which is controlled by the LIN’s Family Trust
“Scheme”	the scheme of arrangement to be effected between the Company and certain of its creditors pursuant to Sections 670, 673 and 674 of the Companies Ordinance (Cap. 622) of Hong Kong for the purposes of implementing the Restructuring
“Scheme Creditors”	creditors whose claims under the Existing Debt are the subject of the Scheme

DEFINITIONS

“Scheme Meeting”	the meeting of the Scheme Creditors convened pursuant to an order of the High Court of Hong Kong for approving the Scheme
“Selected Participant(s)”	any Eligible Person approved for participation in the Share Award Scheme and who has been granted any Award
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“SGX-ST”	Singapore Exchange Securities Trading Limited
“Share(s)”	the ordinary shares of HK\$0.10 each in the share capital of the Company
“Share Award Scheme”	the share award scheme proposed to be adopted by the Company in accordance with the Share Award Scheme Rules
“Share Award Scheme Limit”	the total number of the Shares that may be issued in respect of Awards granted under the Share Award Scheme, representing 10% of the total number of Shares in issue (excluding treasury shares) as at the date of the EGM, except where separate Shareholders’ approval is obtained as further described in this circular
“Share Award Scheme Limit Reference Date”	means the date on which the Share Award Scheme is approved by the Shareholders in accordance with the Listing Rule
“Share Award Scheme Rules”	the rules set out in Appendix I to this circular relating to the Share Award Scheme as amended from time to time
“Shareholder(s)”	holder(s) of the Share(s)
“Shareholder Loan”	a non-interest bearing loan provided by Rosy Fortune to Spectron the total principal amount outstanding as at the Latest Practicable Date of which was US\$67,418,205
“Shareholder Loan Conversion”	the conversion of the Shareholder Loan into Shareholder Loan Conversion Shares
“Shareholder Loan Conversion Shares”	the 1,314,654,997 new Shares to be issued by the Company subject to the conditions under the Shareholder Loan Equitisation Agreement being fulfilled

DEFINITIONS

“Shareholder Loan Equitisation Agreement”	the shareholder loan equitisation agreement dated 15 October 2025 entered into by Rosy Fortune, Spectron and the Company
“Shareholder Loan Specific Mandate”	the specific mandate to be granted by the Shareholders at the EGM to issue the Shareholder Loan Conversion Shares
“Specific Mandate Grant(s)”	the grant(s) of 2,218,286,035 Awards to Mr. LIN Zhong, 95,000,000 Awards to Mr. RU Hailin, 80,000,000 Awards to Mr. YANG Xin, and 48,000,000 Awards to Mr. GE Ming, which is subject to the approval of the Independent Shareholders at the EGM
“Spectron”	Spectron Enterprises Limited, a wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	the Code on Takeovers and Mergers issued by the SFC
“Taxes”	as the meaning ascribed to it in Appendix I to this circular
“Trading Days”	a day when the Stock Exchange or, as the case may be an alternative stock exchange which is the principal stock exchange or securities market on which the Shares are listed or quoted or dealt in, is open for dealing business
“Trust”	the trust established by the Trustee and constituted by the Trust Deed (if any) to service the Share Award Scheme
“Trust Deed”	where applicable, the trust deed to be entered into between the Company and the Trustee in the context of establishment of the Trust (as may be restated, supplemented and amended from time to time)
“Trustee”	the trustee appointed by the Company for the purpose of administering the Trust
“US\$”	United States dollar, the lawful currency of the United States of America

DEFINITIONS

“Vesting Date”	the date or dates, as determined from time to time by the Board, on which the Award (or part thereof) is to vest in the relevant Selected Participant as set out in the relevant Award Letter, unless a different Vesting Date is deemed to occur in accordance with the Share Award Scheme Rules. For the avoidance of doubt, in accordance with the conditions of the Share Award Scheme, vesting of any Awards is subject to the Restructuring becoming effective and the Restructuring Effective Date having occurred
“Vesting Notice”	has the meaning ascribed to it in Appendix I to this circular
“%”	per cent

LETTER FROM THE BOARD



CIFI Holdings (Group) Co. Ltd.

旭輝控股（集團）有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00884)

(Debt Stock Codes: 05261, 40316, 40464, 40519, 40681, 40682)

Executive Directors:

Mr. LIN Zhong (*Chairman*)

Mr. LIN Wei (*Vice-chairman*)

Mr. RU Hailin (*Chief Executive Officer*)

Mr. YANG Xin (*Chief Financial Officer*)

Mr. GE Ming

Registered Office:

P.O. Box 309

Ugland House

Grand Cayman KY1-1104

Cayman Islands

Independent Non-executive Directors:

Mr. ZHANG Yongyue

Mr. TAN Wee Seng

Ms. LIN Caiyi

Principal Place of Business in Hong Kong:

Level 22, Five Pacific Place

No. 28 Hennessy Road

Wanchai

Hong Kong

16 October 2025

To the Shareholders

Dear Sir and Madam,

**(1) POSSIBLE TRANSACTIONS IN CONNECTION WITH
THE RESTRUCTURING INVOLVING, AMONG OTHERS:
(A) ISSUE OF MANDATORY CONVERTIBLE BONDS UNDER
SPECIFIC MANDATE (INCLUDING CONNECTED TRANSACTIONS IN
RELATION TO THE ISSUE OF MANDATORY CONVERTIBLE BONDS
TO ROSY FORTUNE AND RAIN-MOUNTAIN);
(B) CONNECTED TRANSACTION IN RELATION TO
THE ISSUE OF SHAREHOLDER LOAN
CONVERSION SHARES UNDER SPECIFIC MANDATE;
(C) ADOPTION OF SHARE AWARD SCHEME;
(D) GRANT OF AWARDS;
(E) INCREASE IN AUTHORISED SHARE CAPITAL;
(F) TERMINATION OF EXISTING SHARE SCHEMES;
AND
(2) NOTICE OF EGM**

1. INTRODUCTION

Reference is made to the Announcements.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among others, (a) details of the issuance of the MCB (including the issuance of the MCB Conversion Shares and the issuance of the MCB to Rosy Fortune and Rain-Mountain) under the MCB Specific Mandate; (b) details of the issuance of the Shareholder Loan Conversion Shares under the Shareholder Loan Specific Mandate; (c) details of the Share Award Scheme; (d) details of the Grants (including the Specific Mandate Grants); (e) details of the Increase in Authorised Share Capital; and (f) notice of the EGM.

2. BACKGROUND AND REASONS FOR THE RESTRUCTURING

Background and reasons for the Restructuring

The Group is a property developer and is principally engaged in property development, property investment and provision of property management services in the PRC. The Group, like many companies in the PRC real estate sector, has been severely and negatively affected by the downturn of the PRC real estate market since 2021 in various aspects:

- (a) the tightening of financing policies and reduced bank lending for real estate development have resulted in reduced access by PRC property developers to onshore capital;
- (b) the continued economic downturn in the PRC, reduced bank lending for mortgage finance for buyers, buyers' concerns about future income and property price movements and the ability of property developers to complete projects have resulted in reduced property sales for both the industry and the Group; and
- (c) the Group's other businesses have also been similarly and adversely affected owing to the overall downturn of the upstream real estate industry. Adverse reaction to these onshore events by offshore capital markets has limited the Group's funding sources to address upcoming maturities on its outstanding indebtedness.

Prior to the difficulties facing the PRC real estate sector, the Group had consistently robust operating fundamentals and liquidity, and met its debt servicing obligations as they came due. However, the confluence of the above factors has: (a) resulted in a significant deterioration of the Group's financial position, with the Group incurring losses in the last two financial years of approximately RMB6,326 million for the year ended 31 December 2024 and RMB8,679 million for the year ended 31 December 2023; and (b) affected the Group's ability to sustain its existing capital structure.

In light of the market conditions described above, and following a comprehensive consideration of the strategic options available to the Group, the Group considered that formulating a comprehensive restructuring of the Existing Debt to be the best option for, and in the best interest of, all stakeholders of the Group. In this regard, the Company has taken proactive steps to formulate and implement the Restructuring.

LETTER FROM THE BOARD

Apart from a comprehensive restructuring of the Existing Debt, the Group had also explored other options to generate sufficient cash flow to meet its financial commitments, including assets disposal and equity financing. However, these options have proven to be difficult and time-consuming to implement in light of the adverse market condition. The deteriorating financing and operational environment faced by the real estate industry in the PRC in which the Group operates have reduced both the options and amount of financing available to the Group.

As set out in further detail in the section headed “6. Existing Debt under the Scheme” in the letter from the Board to this circular, the Existing Debt comprises:

- (a) loans borrowed by the Company with an aggregate outstanding principal amount of approximately US\$2.31 billion as at 31 December 2024, comprising 12 Hong Kong law governed facilities and one PRC law governed facility; and
- (b) notes issued by the Company with an aggregate outstanding principal amount of approximately US\$4.49 billion as at 31 December 2024, comprising 10 series of New York law governed notes, two series of English law governed convertible bonds consolidated and forming a single series (the “**Existing Convertible Bonds**”) and one series of English law governed perpetual capital instruments (the “**Existing Perpetual Securities**”).

The Restructuring

The Restructuring contemplates the cancellation of the Existing Debt and the release of all the Existing Debt Obligors thereto in exchange for Scheme Creditors (other than sanctioned Scheme Creditors) being able to receive one or more of the various options under the Scheme. The options cater to the different preferences and needs of Scheme Creditors, while also delivering a revised capital structure that the Company’s financial modelling demonstrates it will be able to service.

The Scheme therefore contains mechanisms to fairly and equally reallocate Scheme Creditors’ elections in the event of over-subscription to certain options, or if there are too few Scheme Creditors electing for certain options such that it would not be necessary or appropriate to incur the costs of implementing such an option.

LETTER FROM THE BOARD

Set out below is an overview of the options under the Scheme and the new instruments that will be issued and documented on the Restructuring Effective Date:

Option	Cash payment on Restructuring Effective Date	Type of new instrument	Maturity date of new instrument	Interest on new instrument (% per annum)	Principal amount of new instrument immediately upon the occurrence of the Restructuring Effective Date (US\$ or RMB equivalent US\$ in the case of 5B) ¹
1A	No	US\$ denominated note instrument	30 June 2027, extendable to 30 June 2028	0	\$138,915,424
1B	No	US\$ denominated loan facility			\$0
2A	Yes (being a total of US\$2,631,489.38)	US\$ denominated mandatory convertible bond (i.e., the MCB)	30 June 2029	0	\$1,693,430,026
2B	Yes (being a total of US\$5,936,130.63)	US\$ denominated mandatory convertible bond (i.e., the MCB)			\$2,381,635,227
		US\$ denominated note instrument	30 December 2029	2.75	\$1,190,817,412
3	Yes (being a total of US\$283,741.99)	US\$ denominated note instrument	30 June 2031, extendable to up to 30 June 2034 under certain conditions	1.00, but subject to variation in certain circumstances	\$299,716,233
4A	No	US\$ denominated note instrument	30 December 2029, extendable to	1.00	\$0
4B	No	US\$ denominated loan facility	30 June 2030		\$0
5A	Yes (being a total of US\$382,506.52)	US\$ denominated tranche of loan facility	30 June 2031, extendable to up to 30 June 2034 under certain conditions	1.00, but subject to variation in certain circumstances	\$606,254,083
5B	Yes (being a total of US\$261,665.85)	RMB denominated tranche of loan facility			\$414,727,479
Total	US\$9,495,534.37				\$6,725,495,884

¹ The relevant thresholds for options 1B, 4A and 4B were not met and the claims of Scheme Creditors electing those options were reallocated in accordance with the terms of the Scheme. The new instruments under options 1B, 4A and 4B will therefore not be implemented or issued (as applicable).

LETTER FROM THE BOARD

The Restructuring is effected by way of (i) in the case of the Existing Convertible Bonds, a consent solicitation exercise to change the governing law so that the Scheme will be effective to restructure these instruments (the “**Existing Convertible Bonds Consent Solicitation**”); (ii) in the case of the Existing Perpetual Securities, a consent solicitation exercise to change the governing law so that the Scheme will be effective to restructure these instruments (the “**Existing Perpetual Securities Consent Solicitation**”); and (iii) the Scheme.

The Existing Convertible Bonds Consent Solicitation and the Existing Perpetual Securities Consent Solicitation were duly passed on 3 June 2025 and the changes of governing law of the Existing Convertible Bonds and the Existing Perpetual Securities will take place one hour before the occurrence of the Restructuring Effective Date.

The Scheme was approved by the requisite statutory majorities of Scheme Creditors at the Scheme Meeting on 3 June 2025 and sanctioned by the Court by an order made by the Court on 26 June 2025 (the “**Scheme Sanction Order**”). A sealed copy of the Scheme Sanction Order was delivered to the Hong Kong Registrar of Companies on 27 June 2025. The Scheme became effective in accordance with its terms and binding on all Scheme Creditors subject to it on 27 June 2025.

The terms of the Restructuring and the Scheme provide for the issuance of the MCB, the Shareholder Loan Conversion and the adoption of the Share Award Scheme. The Restructuring will therefore not be effective until the following conditions are satisfied in accordance with the Scheme:

- (a) the occurrence of the effective dates of (i) the Existing Convertible Bonds Consent Solicitation, and (ii) the Existing Perpetual Securities Consent Solicitation, and subsequently, the occurrence of the effective date of the change of governing law of (i) the Existing Convertible Bonds, and (ii) the Existing Perpetual Securities;
- (b) the occurrence of the date on which a sealed copy of the Scheme Sanction Order has been delivered to the Hong Kong Registrar of Companies for registration;
- (c) the satisfaction of each of the specific conditions precedent contained in each of the Restructuring Documents (had such Restructuring Documents become effective at the time of determination) save for any condition precedent to such Restructuring Documents that the Restructuring Effective Date should have occurred and unless otherwise waived by the relevant receiving party of any such condition precedent;
- (d) the Company obtaining of all relevant corporate authorisations, regulatory approvals, and/or other applicable consents for the Restructuring to take effect, including, without limitation, relevant listing approvals for the listing of, and/or permission to deal in, the new Shares, the New Notes and the MCB (and in the case of the Company having elected to establish a management incentive plan, the Company having obtained approval of the Shareholders);

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- (e) the Company having sufficient funds to pay, and having paid, or procured payment of, all of the payable amounts under the terms of the Scheme, together with the fees, costs, and expenses in respect of the Restructuring (including any professional fees, costs, and expenses of any adviser, and any other professional fees in relation to the Existing Debt), on or prior to the Restructuring Effective Date;
- (f) the AHG (or its advisers, on its behalf) and the Company having agreed a budget of the operational expenses to be incurred by the Group outside the PRC;
- (g) the appointment by the Company of (i) an independent service provider to be appointed as monitoring accountant, and (ii) provided that a suitable individual can be agreed between the members of the AHG holding (beneficially, as principal) in aggregate more than 50% in value of the aggregate principal amount of the claims under the Scheme held by the AHG at the time and the Company, the appointment of such individual as a non-executive director of the Company for an initial term of one (1) year following the Restructuring Effective Date by the Company;
- (h) each of the Restructuring Documents being in agreed form;
- (i) the necessary account(s) held in the name of the Company or any member of the Group having been successfully established for the purposes of the Scheme and remaining active, together with the deposit into such accounts of the relevant proceeds from the disposal of the relevant asset received by the Company or any other member of the Group (without duplication on a consolidated basis) in the form of cash or cash equivalents, pursuant to the terms of the Scheme; and
- (j) the Company having published an announcement on the Stock Exchange in respect of the designation of the Restructuring Effective Date.

As at the Latest Practicable Date, other than paragraph (b) above, none of the above conditions have been satisfied. In order for the conditions set out in paragraph (d) above to be satisfied, the resolutions to be proposed at the EGM must be passed by the Shareholders at the EGM. The longstop date for fulfilment of the conditions listed above is currently set at 31 October 2025, with the possibility of extension to no later than 31 December 2025. Where any substantive provision of the conditions listed above requires waiver, approval from the Court is required and as at the Latest Practicable Date, the Company does not expect to seek any waiver from the above conditions.

Benefits of the Restructuring

As at 31 December 2024, the Group had outstanding total indebtedness of approximately RMB86,653.8 million (equivalent to approximately US\$12,204.78 million), comprising bank and other borrowings of approximately RMB43,527.2 million (equivalent to approximately US\$6,130.60 million), onshore corporate bonds and medium-term notes

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with carrying amounts of approximately RMB12,710.9 million (equivalent to approximately US\$1,790.27 million), offshore convertible bond with a carrying amount of approximately RMB1,310.8 million (equivalent to approximately US\$184.62 million) and offshore senior notes with carrying amounts of approximately RMB29,105.0 million (equivalent to approximately US\$4,099.30 million).

On the Restructuring Effective Date, the Group's offshore debt obligations will reduce by an aggregate amount anticipated to be of approximately US\$1.4 billion (attributable to an aggregate amount of outstanding principal and accrued but unpaid interest of approximately US\$8.1 billion of Existing Debt being cancelled (comprising US\$6.8 billion of outstanding principal and US\$1.3 billion of accrued but unpaid interest) and an aggregate principal amount of approximately US\$6.7 billion of new instruments being issued and documented (being the aggregate amount of outstanding offshore debt on the Restructuring Effective Date) and with a cash payment of approximately US\$9.5 million). It should be noted that the MCB comprise approximately US\$4.1 billion of new instruments to be issued and the Group's offshore debt obligations will continue to reduce as the MCB are converted into Company Shares. Further, the remaining US\$2.6 billion will be new instruments in the form of short term, medium term and long term notes to be issued and lending facilities which will reduce the Group's offshore debt obligations as it repays those notes in accordance with their respective terms.

In view of the Group's financial position, available financing resources and cashflow, if the resolutions to be proposed at the EGM are not passed by the Shareholders at the EGM or should the Restructuring fail to be implemented for any other reason, the Company believes that:

- (a) it will be unable to comply with its obligations under the Existing Debt;
- (b) the Group will be unable to comply with the other outstanding indebtedness of the Group; and
- (c) there is a material risk that certain of the Scheme Creditors, as well as other creditors of the Group, will pursue enforcement actions against the Company and/or other members of the Group, which may lead to material adverse consequences to the Group.

In these circumstances, the Company anticipates that the members of the Group would likely be required to make, or cause the Company to make, an application to the Court and/or courts in other relevant jurisdictions, as applicable, to place the Company and other members of the Group into liquidation or other appropriate insolvency proceedings to facilitate an orderly winding-up and realisation of the Group's assets for the benefit of the creditors of the Company and the members of the Group ("**Group Liquidation Scenario**").

In a Group Liquidation Scenario, Scheme Creditors' recoveries from the Company and the Group have been independently assessed to be approximately 4.1% to 9.9%, which means that no liquidation proceeds will be available for distribution to Shareholders if the Restructuring is not implemented.

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In summary, the Restructuring will seek to: (i) provide the Company with a long-term, sustainable capital structure and a strengthened balance sheet that will allow the Group to comply with its debt obligations and liabilities and to trade on a going-concern basis moving forward; (ii) alleviate the liquidity pressures faced by the Company and align the debt servicing demands with the prevailing financial condition of the Group and the PRC property industry; and (iii) maximise value for all stakeholders (including the Shareholders) while ensuring their rights are adequately protected and they are treated fairly. Following the Restructuring, the Company plans to settle the remaining offshore debt obligations through sales from its operating activities, and/or onshore and offshore assets disposal.

For the reasons set out above, the Board considers the Restructuring and the Scheme to be in the best interests of the Company, its shareholders and its creditors as a whole. Accordingly, the Board recommends that Shareholders vote in favour of the resolutions to be proposed at the EGM to enable the Restructuring to be implemented.

3. ISSUE OF MCB UNDER SPECIFIC MANDATE

The principal terms of the MCB are set out below:

Issuer: The Company.

Principal amount: US\$4,075,065,253.

The principal amount of the MCB of US\$4,075,065,253 (in turn, the initial MCB Conversion Price) was determined and negotiated on an arm's length basis between the Company and the AHG having considered and with reference to (i) the Existing Debt, (ii) the unsatisfactory financial position of the Group with consecutive losses in the previous two financial years ended 31 December 2023 and 2024, (iii) the balance between the manageable theoretical dilution effect and significant debt reduction of the Scheme which the MCB forms part of in achieving the objective of implementing a holistic financial restructuring.

Status: The MCB constitute direct, unconditional, unsubordinated and secured obligations of the Company.

Currency: US\$

Form: Registered only.

Denomination: US\$1,000 each and integral multiples of US\$1 in excess thereof.

Issue date: Restructuring Effective Date. Conditions for the issue of MCB are the same as the conditions of the Restructuring.

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Maturity: 4 years from the Reference Date, with the outstanding principal amount of the MCB mandatorily and automatically converted into Shares at maturity at the MCB Ordinary Conversion Price.

Interest: The MCB are not interest bearing.

Conversion: **(a) Voluntary Conversion**

MCB holders will have the right, commencing from the Restructuring Effective Date, to initiate a voluntary conversion to convert all or part of their MCB into Shares at the MCB Ordinary Conversion Price.

(b) Periodic Mandatory Conversions

Should the aggregate principal amount of converted MCB on a cumulative basis during the specified “Relevant Periods” listed in the table below fail to meet the stipulated minimum thresholds, a relevant mandatory conversion will occur as set out in the below table. This will involve mandatorily converting the shortfall amount of the MCB into Shares at the MCB Ordinary Conversion Price on a *pro rata* basis in respect of all outstanding MCB to the extent no voluntary conversion notices have been delivered. All outstanding MCB, to the extent no voluntary conversion notices have been delivered, shall be converted into Shares at the MCB Ordinary Conversion Price) on the maturity date.

Relevant Period	Relevant minimum conversion amount on cumulative basis (% of the original issue amount)
Within one month from the Restructuring Effective Date	20% of the principal amount of the MCB (equivalent to approximately 3,973,188,621 Shares)
From the Restructuring Effective Date to and including the date falling the first anniversary following the Reference Date	40% of the principal amount of the MCB (equivalent to approximately 7,946,377,243 Shares)

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Relevant Period	Relevant minimum conversion amount on cumulative basis (% of the original issue amount):
From the Restructuring Effective Date to and including the date falling the second anniversary following the Reference Date	60% of the principal amount of the MCB (equivalent to approximately 11,919,565,864 Shares)
From the Restructuring Effective Date to and including the date falling the third anniversary following the Reference Date	80% of the principal amount of the MCB (equivalent to approximately 15,892,754,486 Shares)

(c) VWAP Trigger Event Conversion

If, at any time after the Restructuring Effective Date, the volume-weighted average price of the Shares for 90 Trading Days exceeds the MCB Trigger Conversion Price, all MCB that remains outstanding (in respect of which no voluntary conversion notices have been delivered and irrespective of how many MCB remain outstanding) shall be automatically and mandatorily converted into Shares at the MCB Trigger Conversion Price.

For the avoidance of doubt, the MCB Ordinary Conversion Price and the MCB Trigger Conversion Price are different because the MCB Trigger Price would only be applicable if the VWAP trigger event happens whereby the volume-weighted average price of the Shares for 90 Trading Days exceeds the MCB Trigger Conversion Price, reflecting that the performance of the Shares significantly exceeds the closing price of HK\$0.375 as quoted on the Stock Exchange on 27 September 2024, being the date of the Restructuring Support Agreement.

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Suspension of conversion:

The mandatory conversion at maturity and the periodic mandatory conversions shall be suspended under certain suspension events, including (i) the occurrence of an event of default of the MCB arising from voluntary or involuntary insolvency proceedings (until such event of default has been cured or waived by MCB holders), (ii) the occurrence of an event of default of the MCB within three months prior to (A) the end of a Relevant Period or (B) ten Trading Days prior to the maturity date of the MCB arising from any failure by the Company to meet any principal or interest payment obligation under any other new instruments issued for the Restructuring (until the earlier of (1) the end of the four-month period from and including the date on which notice is given to MCB holders and MCB Trustee on such event of default and (2) the date on which such event of default has been cured or waived by MCB holders), (iii) acceleration (as defined below) (until such acceleration is annulled and rescinded) or (iv) the trading suspension of the Shares on the Stock Exchange or, if applicable, an alternative stock exchange (until the Shares resume trading).

Events of default under the MCB include payment default, failure to deliver conversion shares, failure to create or maintain required collateral, breach of other covenants by the Company or a restricted subsidiary, cross-default, unpaid judgement, involuntary and voluntary proceedings or actions, guarantee repudiation or ineffectiveness, default or repudiation in respect of security documents and scheme payment default, each as further detailed in the MCB Trust Deed. When an event of default occurs and is continuing, the MCB Trustee may, and shall (if required by MCB holders representing not less than 25% in aggregate principal amount of MCB with required indemnity), give written notice to the Company to declare the MCB shall immediately become due and repayable at the principal amount (the “**acceleration**”).

The mandatory conversion at maturity and the periodic mandatory conversions shall be also suspended in respect of MCBs held by Rosy Fortune or Rain-Mountain if any such mandatory conversion will trigger an obligation for it or any member of the Controlling Shareholders Group to make a mandatory general offer for all the issued Shares and other securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

Any suspension event shall not affect any MCB holder’s right to request voluntary conversion.

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Conversion price: The initial MCB Ordinary Conversion Price is HK\$1.6 per Share. Such initial MCB Ordinary Conversion Price shall be subject to adjustments as set out below in the section headed “Adjustment Events”.

The initial MCB Ordinary Conversion Price of HK\$1.6 represents:

- (a) a premium of approximately 392.3% to the last traded price of HK\$0.325 per Share as quoted on the Stock Exchange on 26 September 2024, being the last Trading Day before the signing of the Restructuring Support Agreement;
- (b) a premium of approximately 517.2% to the average closing price of HK\$0.2592 per Share as quoted on the Stock Exchange for the five consecutive Trading Days of the Shares up to and including 26 September 2024, being the last Trading Day before the signing of the Restructuring Support Agreement;
- (c) a premium of approximately 617.5% to the closing price of HK\$0.223 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (d) a premium of approximately 596.9% to the average closing price of HK\$0.2296 per Share as quoted on the Stock Exchange for the five consecutive Trading Days of the Shares up to and including on the Latest Practicable Date.

The initial MCB Trigger Conversion Price is HK\$5.0 per Share. Such initial MCB Trigger Conversion Price shall be subject to adjustments as set out below in the section headed “Adjustment Events”.

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The initial MCB Trigger Conversion Price of HK\$5.0 represents:

- (a) a premium of approximately 1,438.5% to the last traded price of HK\$0.325 per Share as quoted on the Stock Exchange on 26 September 2024, being the last Trading Day before the signing of the Restructuring Support Agreement;
- (b) a premium of approximately 1,828.8% to the average closing price of HK\$0.2592 per Share as quoted on the Stock Exchange for the five consecutive Trading Days of the Shares up to and including 26 September 2024, being the last Trading Day before the signing of the Restructuring Support Agreement;
- (c) a premium of approximately 2,142.2% to the closing price of HK\$0.223 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (d) a premium of approximately 2,077.7% to the average closing price of HK\$0.2296 per Share as quoted on the Stock Exchange for the five consecutive Trading Days of the Shares up to and including on the Latest Practicable Date.

Based on the latest published audited consolidated financial statements, the Group recorded a net asset of RMB51,918,901,000 (approximately HK\$55,241,711,000) and 10,501,450,460 Shares were in issue as at 31 December 2024. The MCB Ordinary Conversion Price is at a discount of approximately 70% to the net asset value per Share as at 31 December 2024.

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The MCB Conversion Price was determined after arm's length negotiations between the Company and the AHG after taking into account, among other things, the share price performance of the Company and the assessment of acceptability of Scheme Creditors towards the terms of the Restructuring with a view to achieving a sustainable capital structure. Other factors considered include the economic compensation and recovery rate for creditors, the need to balance the dilution impact on the major Shareholders to maintain their reasonable control and interests in the Company, the other terms of the Restructuring, the valuation benchmarks for the Shares, including recent trading prices and future prospects, legal and regulatory requirements of the Listing Rules and bond conversion terms and that after the Restructuring, the Company is expected to emerge from its financial distress and the Share price is likely to see improvement, allowing Scheme Creditors and Shareholders to share in the future upside potential.

The Board considers that the key determination of the MCB conversion price was to ensure that Option 2 provides a fair level of economic incentives to the creditors, rather than being solely based on the Shares' net asset value. At the time of negotiation, the share price was approximately HK\$0.24, and the creditors agreed that setting the conversion price at a multiple of about six times the stock price reflected a reasonable and fair valuation.

Additionally, encouraging more creditors to participate in Option 2 enables the Company to achieve greater deleveraging, which aligns the interests of the Company and its shareholders as a whole. Therefore, despite the significant discount to net asset value, the Board believes the conversion price is fair, reasonable, and supports the long-term interests of all stakeholders.

The initial MCB Ordinary Conversion Price is at a premium to the closing price of HK\$0.375 as quoted on the Stock Exchange on 27 September 2024, being the date of the Restructuring Support Agreement, is value accretive for existing Shareholders and is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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Adjustment events: Subject to the terms of the MCB, the MCB Conversion Price shall be subject to adjustment (as determined by an independent calculation agent unless otherwise specified in the terms of the MCB) upon the occurrence of certain adjustment events including:

- (a) an alteration to the nominal value of the Shares as a result of consolidation, subdivision or reclassification, where the MCB Conversion Price shall be adjusted by multiplying the MCB Conversion Price in force immediately before such alteration by the following fraction:

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

where A is the nominal amount of one Share immediately after such alteration; B is the nominal amount of one Share immediately before such alteration;

- (b) an issue (other than in lieu of cash dividend and other than issue that would amount to capital distribution) of any Shares credited as fully paid to the Shareholders by way of capitalisation of profits or reserves including Shares paid up out of distributable profits or reserves and/or share premium account, where MCB Conversion Price shall be adjusted by multiplying the MCB Conversion Price in force immediately before such issue by the following fraction:

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

where A is the aggregate nominal amount of the issued Shares immediately before such issue; B is the aggregate nominal amount of the issued Shares immediately after such issue;

- (c) an issue of Shares by way of a scrip dividend where the current market price of such Shares exceeds 115% of the relevant cash dividend or the relevant part thereof and which would not have constituted a capital distribution, where MCB Conversion Price shall be adjusted by multiplying the MCB Conversion Price in force immediately before such issue by the following fraction:

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

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where A is the aggregate nominal amount of the issued Shares immediately before such issue; B is the aggregate nominal amount of Shares issued by way of such scrip dividend multiplied by a fraction of which (i) the numerator is the amount of the whole, or the relevant part, of the relevant cash dividend and (ii) the denominator is the current market price of the Shares issued by way of scrip dividend in respect of each existing Share in lieu of the whole, or the relevant part, of the relevant cash dividend; C is the aggregate nominal amount of Shares issued by way of such scrip dividend;

- (d) a distribution to the Shareholders, where the MCB Conversion Price shall be adjusted by multiplying the MCB Conversion Price in force immediately before such distribution by the following fraction:

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

where A is the current market price of one share on the last trading day preceding the date on which the distribution is publicly announced; B is the fair market value on the date of such announcement of the portion of the distribution attributable to one Share;

- (e) rights issues of Shares or options over Shares, where the MCB Conversion Price shall be adjusted by multiplying the MCB Conversion Price in force immediately before such issue or grant by the following fraction:

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

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

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- (f) rights issues of other securities, where the MCB Conversion Price shall be adjusted by multiplying the MCB Conversion Price in force immediately before such issue or grant by the following fraction:

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

where A is the current market price of one share on the last trading day preceding the date on which such issue or grant is publicly announced; B is the fair market value on the date of such announcement of the portion of the rights attributable to one Share;

- (g) issues at a price per Share which is less than 85% of the current market price per Share or modification of rights of conversion of such securities so that the consideration per Share is less than 85% of the current market price per Share, where the MCB Conversion Price shall be adjusted by multiplying the MCB Conversion Price in force immediately before such issue by the following fraction:

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

where A is the number of Shares in issue immediately before the issue of such additional Shares or the issue or grant of such options, warrants or other rights to subscribe for, purchase or otherwise acquire any Shares; B is the number of Shares which the aggregate consideration receivable for the issue of such additional Shares would purchase at such current market price per Share; C is the number of Shares in issue immediately after the issue of such additional Shares;

- (h) other offers to Shareholders; and
- (i) other events in respect of which the Company (in consultation with the calculation agent of the MCB) determines that an adjustment should be made.

Conversion shares: Based on the initial MCB Ordinary Conversion Price of HK\$1.6 per Share, the maximum number of MCB Conversion Shares to be issued is 19,865,943,108 Shares.

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Based on the initial MCB Trigger Conversion Price of HK\$5.0 per Share, the maximum number of MCB Conversion Shares to be issued is 6,357,101,794 Shares.

Fixed exchange rate: On any conversion into the Shares, each US\$1 in principal amount of the MCB shall be translated into Hong Kong dollars at the fixed rate of US\$1 = HK\$7.80.

Put option granted to holders of the MCB: The holder of each MCB will have the right to require the Company to redeem all or some only of that holder's MCBs at a redemption price equal to 100% of their principal amount following the occurrence of a Relevant Event.

“**Relevant Event**” occurs when:

- (a) the Shares cease to be listed or admitted to trading on the Stock Exchange or, if applicable, an alternative stock exchange;
- (b) after the date falling 36 months after 30 June 2025, the Shares are suspended for trading for a period equal to or exceeding 60 consecutive Trading Days on the Stock Exchange or, if applicable, an alternative stock exchange; or
- (c) a change of control of the Company occurs.

Call option: At any time prior to the maturity date of the MCB, the Company may redeem all or any part of the outstanding MCB at 100% of the principal amount of the MCB to be so redeemed subject to and in accordance with the terms and conditions of the MCB.

Security and guarantee: The MCB will be secured by certain assets of the Group, comprising interest in certain property, bank accounts, intercompany claim receivables and shares in certain companies (the “**Collateral**”). The Collateral will be shared on a *pari passu* basis among the MCB, the New Notes and new loans to be issued pursuant to the Scheme, subject to an intercreditor agreement.

The MCB will be jointly and severally guaranteed by certain specified subsidiary guarantors that will also guarantee the Company's payment obligations under the New Notes and the new loans to be issued pursuant to the Scheme.

Subject to terms of the MCB Trust Deed and the intercreditor agreement, the Collateral may be enforced upon the occurrence of an event of default that is continuing.

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The Company will assess the Listing Rules implications arising from any such enforcement based on the then prevailing facts and circumstances and comply with the relevant requirements under the Listing Rules, where applicable.

Enforcement of these securities and guarantees may have material operational and financial impacts, including potential restrictions on the use of secured assets, loss of control over pledged shares, or increased liabilities arising from enforcement actions. The specific nature and extent of such impacts, whether qualitative or quantitative, would depend significantly on the particular circumstances and terms of enforcement at the relevant time. Accordingly, it is not practicable to quantify the potential effects with certainty at this stage. In the event that enforcement is commenced in respect of the abovementioned securities and guarantees, the Company will assess the implications under the Listing Rules having regard to the prevailing facts and circumstances at that time. The Company will ensure compliance with any applicable requirements under the Listing Rules.

Clearance: The MCB will be cleared through the Clearing Systems. The Clearing Systems each facilitate the clearance and settlement of securities transactions by electronic book-entry transfer respective account holders.

Governing law: Hong Kong law.

Issue of MCB to Rosy Fortune

As at the Latest Practicable Date, Rosy Fortune (being a connected person of the Company) was a Scheme Creditor and held US\$3,000,000 of existing notes of the Company. Rosy Fortune had elected to receive option 2A under the Scheme (i.e. cash payment and MCB) and will be issued MCB with a principal amount of US\$2,939,006 on the Restructuring Effective Date, which is convertible into 14,327,654 Shares (representing 0.14% in the issued Shares as at the Latest Practicable Date) at the initial MCB Ordinary Conversion Price. Rosy Fortune has undertaken to only voluntarily convert its MCB if the conversion will not trigger an obligation for it or any member of the Controlling Shareholders Group to make a mandatory general offer for all the issued Shares and other securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

Issue of MCB to Rain-Mountain

As at the Latest Practicable Date, Rain-Mountain (being a connected person of the Company) was a Scheme Creditor and held US\$1,000,000 of existing notes of the Company. Rain-Mountain had elected to receive option 2A under the Scheme (i.e. cash

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payment and MCB) and will be issued MCB with a principal amount of US\$1,082,400 on the Restructuring Effective Date, which is convertible into 5,276,700 Shares (representing 0.050% in the issued Shares as at the Latest Practicable Date) at the initial MCB Ordinary Conversion Price. Rain-Mountain has undertaken to only voluntarily convert its MCB if the conversion will not trigger an obligation for it or any member of the Controlling Shareholders Group to make a mandatory general offer for all the issued Shares and other securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

MCB Specific Mandate

The MCB Conversion Shares will be issued under the MCB Specific Mandate proposed to be sought from the Shareholders at the EGM.

Application for listing

An application will be made by the Company to the Stock Exchange for listing of, and permission to deal in, the MCB Conversion Shares.

An application will be made by the Company to the SGX-ST for listing of, and permission to deal in, the MCB.

4. ISSUE OF SHAREHOLDER LOAN CONVERSION SHARES UNDER THE SHAREHOLDER LOAN SPECIFIC MANDATE

As at the Latest Practicable Date, the Shareholder Loan extended by Rosy Fortune to Spectron remained outstanding. On 15 October 2025, Rosy Fortune, Spectron and the Company entered into the Shareholder Loan Equitisation Agreement in respect of the Shareholder Loan Conversion.

The principal terms of the Shareholder Loan Equitisation Agreement are set out below:

Date: 15 October 2025

Parties: (a) Rosy Fortune, as lender
(b) Spectron, as borrower
(c) the Company, as the issuer

Subject: The parties have agreed that Spectron shall transfer by novation to the Company Spectron's rights and obligations under the Shareholder Loan. Following such transfer, the Shareholder Loan will be extinguished and Rosy Fortune intends to convert the outstanding Shareholder Loan into Shares on the terms set out in the Shareholder Loan Equitisation Agreement. Following the extinguishment of the Shareholder Loan but before the issuance of new Shares under the Shareholder Loan Equitisation Agreement, there will be a liability recorded in the accounts of the Company.

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Conversion:

Immediately following the novation of the Shareholder Loan by Spectron to the Company and subject to the Shareholder Loan Conversion not triggering an obligation for Rosy Fortune or any member of the Controlling Shareholders Group to make a mandatory general offer for all the issued Shares and other securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company, the Company shall issue new Shares, free and clear of all liens, claims, charges, guarantee, security, encumbrances or like interests to the escrow account as contemplated by the Restructuring and to Rosy Fortune in exchange for the cancellation of the Shareholder Loan, at a conversion price of HK\$0.40 per share (the “**Shareholder Loan Conversion Price**”).

The conversion of the Shareholder Loan into Shares shall be calculated by way of dividing the total amount of the Shareholder Loan by the Shareholder Loan Conversion Price. Following full conversion of the Shareholder Loan, 1,314,654,997 Shares will be issued.

If, at the time the relevant conditions of the Restructuring are satisfied and the novation of the Shareholder Loan by Spectron to the Company takes effect in accordance with the terms of the Shareholder Loan Equitisation Agreement, to the extent that the Shareholder Loan Conversion will trigger an obligation for Rosy Fortune or any member of the Controlling Shareholders Group to make a mandatory general offer for all the issued Shares and other securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company, the issuance of new Shares under the Shareholder Loan Equitisation Agreement shall not take place until such obligation no longer exists.

While there is no set timeframe during which Shares in respect of the Shareholder Loan Conversion shall be issued, it is expected that the full Shareholder Loan Conversion will be completed and all Shareholder Loan Conversion Shares will be issued once all the MCBs are converted into Shares.

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Conditions: The issuance of any new Shares under the Shareholder Loan Equitisation Agreement shall only take effect (i) upon the satisfaction of the conditions of the Restructuring (other than the issuance of the relevant Shares having been issued and the escrow arrangements as described below having taken effect) and (ii) to the extent that such issuance will not trigger an obligation for Rosy Fortune or any member of the Controlling Shareholders Group to make a mandatory general offer for all the issued Shares and other securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company, save for certain conditions relating to the change of the governing law of the Existing Convertible Bonds and the Existing Perpetual Securities.

Escrow arrangements: A proportion (being 76.92%) of the Shares issued pursuant to the Shareholder Loan Equitisation Agreement shall be deposited into an escrow account upon conversion. The Shares held in escrow will only be released to Rosy Fortune when there are no longer any MCB or New Notes to be issued in respect of option 2 outstanding.

The proportion to be deposited into the escrow account was contemplated and negotiated with the creditors on the basis that the creditors who elected equity option (Option 2) would require credit enhancement and assurance on the Shares by putting a proportionate amount of converted Shares from the Shareholder Loan Conversion into the escrow account, and will not be subject to any adjustment mechanism. Such amount is calculated by dividing the total Option 2 election amount by the total Scheme Creditor claim.

Reasons and benefits of the Shareholder Loan Conversion

To provide support to the Company, Rosy Fortune, Spectron and the Company entered into the Shareholder Loan Equitisation Agreement pursuant to which the Shareholder Loan will be novated from Spectron to the Company and then converted into Shares by way of the Shareholder Loan Conversion.

Under the terms of the new instruments, the Company will undertake to use its best efforts to procure Mr. LIN Zhong to elect to receive his entire entitlement to dividends or distributions on or with respect to his Shares in the form of Shares rather than cash while any of the new instruments to be issued under the Restructuring remain outstanding. Mr. LIN Zhong will also enter into an undertaking in favour of the Company to elect to receive any dividend or distribution in respect of his Shares in the form of Shares while any of the new instruments to be issued under the Restructuring remain outstanding. Therefore, Mr. LIN Zhong will be treated less favourably as compared to the other Shareholders in a way that benefits the Company by preserving its cash.

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The Shareholder Loan Conversion Price of HK\$0.4 represents:

- (a) a premium of approximately 23.1% to the last traded price of HK\$0.325 per Share as quoted on the Stock Exchange on 26 September 2024, being the last Trading Day before the signing of the Restructuring Support Agreement;
- (b) a premium of approximately 54.3% to the average closing price of HK\$0.2592 per Share as quoted on the Stock Exchange for the five consecutive Trading Days of the Shares up to and including 26 September 2024, being the last Trading Day before the signing of the Restructuring Support Agreement;
- (c) a premium of approximately 79.4% to the closing price of HK\$0.223 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (d) a premium of approximately 74.2% to the average closing price of HK\$0.2296 per Share as quoted on the Stock Exchange for the five consecutive Trading Days of the Shares up to and including on the Latest Practicable Date.

The Shareholder Loan Conversion Price of HK\$0.4 was determined after arm's length negotiations between the Company and the AHG after taking into account, among other things, the then prevailing trading prices of the Share during the period when the Company and AHG negotiated the terms of the Restructuring Support Agreement. Other factors considered include the need to balance the dilution impact on the major Shareholders to maintain their reasonable control and interests in the Company, other terms of the Restructuring, the prevailing Share price at the time of determining the conversion price, the valuation benchmarks for the Shares, including recent trading prices and future prospects, legal and regulatory requirements relating to Listing Rules and conversion terms. The Board is of the view that the dilution effect of the Shareholder Loan Conversion is fair and reasonable and in the interest to the Company and the Shareholders as a whole having considered balancing the dilution impact on Rosy Fortune after the Restructuring to maintain its reasonable equity interests and voting rights in the Company and that the terms of the Shareholder Loan Equitisation Agreement reflects Rosy Fortune's support for the Restructuring and the Company and a reasonable conversion price is necessary to incentivise such continued support. Although the discount to net asset value is notable, the amount involved is not material. Taking the above factors into account, the Board believes the Shareholder Loan Conversion Price is fair, reasonable, and in the interests of the Company and its shareholders as a whole.

Shareholder Loan Specific Mandate

The Shareholder Loan Conversion Shares will be issued under the Shareholder Loan Specific Mandate proposed to be sought from the Shareholders at the EGM.

Application for listing

An application will be made by the Company to the Listing Committee of the Stock Exchange for listing of, and permission to deal in, the Shareholder Loan Conversion Shares.

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Information on Rosy Fortune

Rosy Fortune is a company incorporated in the British Virgin Islands, which is controlled by the LIN's Family Trust. The LIN's Family Trust is a discretionary trust set up jointly by Mr. LIN Zhong, Mr. LIN Wei and Mr. LIN Feng as settlors. The beneficiaries of the LIN's Family Trust include certain family members of Mr. LIN Zhong, Mr. LIN Wei and Mr. LIN Feng.

5. EQUITY FUNDRAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not carried out any equity fund raising activities in the past 12 months immediately before the Latest Practicable Date.

6. EXISTING DEBT UNDER THE SCHEME

The Scheme Creditors comprise the persons who hold beneficial interests as principal in, or who are the lenders of record under, the following instruments as at the Record Date for the Scheme:

Part A — Existing Loans

- (a) HK\$500,000,000 and US\$64,516,000 dual currency term loan facility dated 19 June 2020, entered into between, among others, the Company as borrower and Tai Fung Bank Limited as lender;
- (b) US\$150,000,000 term loan facility dated 29 December 2020, entered into between, among others, the Company as borrower and Credit Suisse AG, Singapore Branch as lender;
- (c) HK\$400,000,000 term loan facility between, among others, the Company as borrower and Chong Hing Bank Limited as lender dated 17 March 2020 and countersigned on 25 March 2020;
- (d) US\$50,000,000 term loan facility dated 14 August 2019 entered into between, among others, the Company as borrower and Hang Seng Bank Limited as lender;
- (e) HK\$350,000,000 loan facility dated 14 October 2020, entered into between the Company as borrower and Luso International Banking Limited as lender;
- (f) RMB500,000,000 uncommitted loan facility dated 14 April 2021, entered into between, among others, the Company as borrower and 東亞銀行(中國)有限公司上海分行 (The Bank of East Asia (China) Limited, Shanghai Branch) as lender;
- (g) HK\$600,000,000 uncommitted revolving credit facility originally dated 29 June 2020 (as amended on 16 September 2021), entered into between, among others, the Company as borrower and Bank of Shanghai (Hong Kong) Limited as lender;

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- (h) US\$30,000,000 revolving loan facility between the Company as borrower and The Hongkong and Shanghai Banking Corporation Limited as lender dated 28 July 2021 and countersigned on 12 August 2021;
- (i) HK\$250,000,000 (upsized from HK\$200,000,000) revolving loan facility originally dated 21 May 2019 (as amended from time to time and most recently on 28 February 2022), entered into between the Company as borrower and The Industrial Bank Co., Ltd as lender;
- (j) HK\$2,798,000,000 syndicated facility dated 16 July 2021, entered into between, among others, the Company as borrower and The Hongkong and Shanghai Banking Corporation Limited as facility agent;
- (k) US\$235,000,000 and HK\$1,688,000,000 dual currency syndicated facility dated 28 December 2020, entered into between, among others, the Company as borrower and China CITIC Bank International Limited as facility agent;
- (l) US\$180,000,000 and HK\$2,545,000,000 dual currency syndicated facility dated 28 August 2019, entered into between, among others, the Company as borrower and China Construction Bank (Asia) Corporation as facility agent;
- (m) US\$489,000,000 and HK\$1,556,000,000 dual tranche syndicated facility dated 3 April 2020, entered into between, among others, the Company as borrower and The Hongkong and Shanghai Banking Corporation Limited as facility agent;

Part B — Existing Notes

- (n) US\$300,000,000 5.50% Senior Notes Due 2023 (ISIN: XS1750975200);
- (o) RMB1,200,000,000 5.85% Senior Notes Due 2023 (ISIN: XS2218700008);
- (p) US\$255,000,000 6.55% Senior Notes Due 2024 and US\$300,000,000 6.55% Senior Notes Due 2024, consolidated and forming a single series (ISIN: XS1969792800);
- (q) US\$400,000,000 6.45% Senior Notes Due 2024 and US\$100,000,000 6.45% Senior Notes Due 2024, consolidated and forming a single series (ISIN: XS2075784103);
- (r) US\$400,000,000 6.00% Senior Notes Due 2025 and US\$167,000,000 6.00% Senior Notes Due 2025, consolidated and forming a single series (ISIN: XS2099272846);
- (s) US\$300,000,000 5.95% Senior Notes Due 2025 and US\$200,000,000 5.95% Senior Notes Due 2025, consolidated and forming a single series (ISIN: XS2205316941);
- (t) US\$350,000,000 5.25% Senior Notes Due 2026 (ISIN: XS2251822727);
- (u) US\$350,000,000 4.45% Senior Notes Due 2026 and US\$150,000,000 4.45% Senior Notes Due 2026, consolidated and forming a single series (ISIN: XS2342908949);
- (v) US\$419,000,000 4.375% Senior Notes Due 2027 (ISIN: XS2280431763);

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- (w) US\$150,000,000 4.80% Senior Notes Due 2028 (ISIN: XS2342499592);
- (x) HK\$1,957,000,000 6.95% Convertible Bonds Due 2025 and HK\$588,000,000 6.95% Convertible Bonds Due 2025, consolidated and forming a single series (ISIN: XS2466214629); and
- (y) US\$300,000,000 Senior Perpetual Securities issued by the Company (ISIN: XS1653470721).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the Latest Practicable Date, save for Rosy Fortune which holds US\$3,000,000 of the existing notes and Rain-Mountain which holds US\$1,000,000 of the existing notes, each of the other Scheme Creditors was independent of the Company and not connected persons of the Company. The Company does not expect that any additional creditors to be included in the Scheme (if any) would be a connected person of the Company.

7. ADOPTION OF THE SHARE AWARD SCHEME

The Board proposes the adoption of the Share Award Scheme. Under the Share Award Scheme, the Company may grant Awards by way of restricted share units, which may vest in the form of Shares or in cash, as the Board may determine in accordance with the rules of the Share Award Scheme. Where the Awards are to be vested in the form of Shares, new Shares will be issued by the Company.

The purposes of the Share Award Scheme are (a) to align the interests of Eligible Persons with those of the Group through ownership of Shares, and (b) to encourage and incentivise Eligible Persons who have made and to continue to make significant contributions to the Company's business and operation, and performance of the Company's obligations under the new instruments following the Restructuring Effective Date.

The term of the Share Award Scheme is 10 years commencing from the Restructuring Effective Date, which allows the Company to have greater flexibility on setting the period upon which the Awards are vested in order to achieve the intended purposes of the Share Award Scheme.

The Share Award Scheme will take effect upon all of the following having been satisfied:

- (a) the passing of a resolution by the Shareholders to approve the Share Award Scheme in accordance with the Listing Rules;
- (b) the approval of the Stock Exchange for the listing of and permission to deal the Shares underlying the grants pursuant to the Share Award Scheme;
- (c) the passing of a resolution by the Shareholders to terminate (i) the share option scheme adopted by the Company on 27 April 2016; and (ii) the share award scheme adopted by the Company on 18 December 2017; and

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- (d) the approval of the Restructuring by the relevant Scheme Creditors and the Scheme having been sanctioned by the Court.

As at the Latest Practicable Date, save for condition (d) above, none of the conditions above have been satisfied.

As at the Latest Practicable Date, the issued share capital of the Company comprised 10,509,202,397 Shares. Assuming there is no change to the issued share capital of the Company in the period commencing from the Latest Practicable Date to the date of the EGM when the Shareholders will be asked to consider and, if thought fit, approve the resolution to adopt the Share Award Scheme, the total number of the Shares that may be issued in respect of Awards granted pursuant to the Listing Rule 17.03B(1) under the Share Award Scheme, when aggregated with the maximum number of Shares in respect of which options or awards may be granted under any other share scheme over Shares, will be 1,050,920,239 Shares, representing 10% of the total number of Shares in issue (excluding treasury shares) as at the date of the EGM, except where separate Shareholders' approval is obtained as further described in this circular.

Upon obtaining Shareholders' approval to adopt the Share Award Scheme, the Company proposes to enter into a trust deed to appoint a trustee for the administration of the Share Award Scheme. The trustee may not exercise any voting rights in respect of any Shares held by it under the Share Award Scheme that have not yet vested, except required and in accordance with the Listing Rules. None of the Directors will be a trustee of the Share Award Scheme.

Principal terms of the Share Award Scheme

A summary of the principal terms of the Share Award Scheme is set out in Appendix I to this circular. The full terms of the Share Award Scheme will be published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.cifi.com.cn from the date of this circular up to and including the date of the EGM (being not less than 14 days).

Under the Share Award Scheme:

- (a) *Participants* — the eligible persons of the Share Award Scheme are any director (including executive Directors, non-executive Directors and independent non-executive Directors) or employee of the Group (whether full-time or part-time and including persons who are granted an Award under the Share Award Scheme as inducement to enter into employment or service contracts with the Group), who the Board considers, in its sole discretion, to have made or will make significant contributions to the Group's business and operation, and performance of obligations under the new instruments following the Restructuring Effective Date; however, (i) no employee or director of the Group who have left the Group or are serving out their notice period as at the Restructuring Effective Date; (ii) no individual who is resident in a place where the grant, acceptance or vesting of an Award pursuant to the Share Award Scheme is not permitted under the laws and regulations of such place or where,

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in the view of the Board, compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such individual; and (iii) no service providers, shall be entitled to participate in the Share Award Scheme. In particular, as at the Latest Practicable Date, the Company had no specific plans or immediate intention to grant Awards to non-executive Directors, independent non-executive Directors and part-time employees of the Group. However, the Board supports including these categories of Eligible Persons for three key reasons: (i) equity-based compensation remains a vital tool for aligning shareholder interests with those of employees (regardless of the manner in which they are employed) and all Board members, including non-executive Directors and independent non-executive Directors; (ii) inclusion of these categories of Eligible Persons is a common practice among public companies and (iii) all Board members, including non-executive Directors and independent non-executive Directors, may provide crucial contributions to the Group's development and business through their knowledge, market experience, professional background and valuable insights and advice. The Board believes that having the flexibility to offer Awards to these categories of Eligible Persons, in addition to cash-based incentives, will enhance the Company's ability to maintain competitive remuneration packages for attracting talented employees, non-executive Directors and independent non-executive Directors, in order to make significant contributions to the Company's business and operation, and performance of the Company's obligations under the new instruments. The Company believes that the independence and impartiality of independent non-executive Directors will not be compromised by potential grants of Awards based on three key safeguards: (i) independent non-executive Directors must maintain compliance with the independence requirements set out in Rule 3.13 of the Listing Rules; (ii) independent Shareholders' approval must be obtained for any proposed grants of Awards to independent non-executive Directors or their respective associates if such grants would cause their total Shares allocation to exceed 0.1% of issued Shares (excluding treasury shares, if any) within any 12-month period; and (iii) the Board will be mindful of the recommended best practice E.1.9 of the Corporate Governance Code in Appendix C1 to the Listing Rules that issuers should generally not grant performance-linked equity-based remuneration to independent non-executive Directors, such that when granting any Awards to independent non-executive Directors, the Board will not impose any performance targets. It is also expected that any equity-based remuneration that may be granted to any independent non-executive Director will make reference to the prevailing market benchmark as well as the time and effort devoted by the independent non-executive Director and such grant (if any) will only form part of (but not the integral of) the independent non-executive Director's remuneration package. In all cases, any grant of Awards under the Share Award Scheme will be in compliance with the applicable requirements under the Listing Rules.

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- (b) *Vesting period* — the Board may from time to time while the Share Award Scheme is in force and subject to all applicable laws, determine such vesting criteria and conditions or periods for the Award to be vested, taking into account such factors that the Board in its sole discretion considers relevant. For the avoidance of doubt, in accordance with the conditions of the Share Award Scheme, vesting of any Awards is subject to the Restructuring becoming effective and the Restructuring Effective Date having occurred. In accordance with the Listing Rules, the vesting period shall not be less than 12 months, save that the vesting period may be less than 12 months in the following circumstances: (i) grants of “make-whole” Awards to Selected Participants who are new joiners to the Group in order to replace any share awards that they forfeited when leaving the previous employers; (ii) grant of Awards to Selected Participants whose employment is terminated due to death or disability or occurrence of any out of control event, where the vesting of the Awards may accelerate in accordance with the Share Award Scheme; (iii) where the grants of Award contains performance-based vesting conditions, and vesting takes place as a result of the satisfaction of such performance-based vesting conditions in lieu of time-based vesting criteria; (iv) grants of Awards that are made in batches during a year for administrative and/or compliance reasons, where the vesting period is then adjusted to reflect the time from which a grant would have been made; (v) grants of Awards with a mixed or accelerated vesting schedule (e.g. where vesting will take place evenly over a period of not less than 12 months); and (vi) grant of Awards with a total vesting and holding period of more than 12 months. The Board and the Remuneration Committee are of the view that shorter vesting period of less than 12 months under each of the exceptions is appropriate and in line with the purposes of the Share Award Scheme and market practice for the following reasons. In the case of circumstances (i), (ii) and (iii), there is an overall need for the Company to retain flexibility to reward exceptional performers and the Company should be allowed discretion to formulate its own talent recruitment and retention strategies in response to changing market conditions. A vesting period of less than 12 months will further allow the Company to provide a competitive remuneration package to attract and retain individuals to provide services to the Group in circumstance (i), to reward past contribution which may be neglected due to the automatic lapse of Awards upon termination of employment even for out of control events in circumstance (ii) and to reward exceptional performers with accelerated vesting and in other exceptional circumstances where justified in circumstance (iii). In the case of circumstances (iv), (v) and (vi), applying a strict 12-month vesting requirement would not work or would not be fair to certain Selected Participants. All in all, a shorter vesting period will only apply in these circumstances and for the employees of the Group, and will give the Company more flexibility to adapt and tailor the vesting conditions depending on the specific circumstances and to maximise the incentives for the relevant participants to contribute to the Restructuring.

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- (c) *Performance targets* — the vesting criteria and conditions for Awards will include performance criteria (save for Awards granted to independent non-executive Directors as mentioned in paragraph (a) above where the Board may exercise its discretion not to impose any performance criteria). These performance criteria will be linked to the business and/or financial performance of the Company and the Group, share price performance of the Company and/or the individual performance of the participants (including but not limited to their appraisal ratings which will be assessed based on the Company and the Group's regular performance review process). These factors will reflect the success of the Restructuring and the contributions of the participants to the same, and therefore the Board is of the view that these criteria will align with the purpose of the Share Award Scheme. The Board considers that it will not be practicable to expressly set out a generic set of performance targets in the Share Award Scheme, as each Selected Participant will play different roles and have different contributions to the Company and the Group. Under the Share Award Scheme, the Board and the committee of the Board or person(s) to which the Board has delegated its authority shall have the power to set the appropriate performance targets and determine whether the performance targets have been satisfied. In making such determinations, the Board (and the relevant committee and person with delegated authority) will have regard to the purpose of the Share Award Scheme and the appropriate corporate governance requirements (including the abstention from considering matters relating to himself/herself).
- (d) *Clawback mechanism* — the Board may claw back vested Awards or adjust Awards prior to vesting in certain circumstances, including (i) where granting and/or vesting of any Award was based on materially inaccurate financial statements or any other materially inaccurate performance indicators or criteria; (ii) the performance forming the basis on which grant or vesting of the Award has been proved not genuine; (iii) any term and condition set out in the rules of the Share Award Scheme and the relevant letter granting the Award was not satisfied; (iv) any circumstances in which the Board considers that the conduct of the participants has harmed the business or reputation of the Company or any member of the Group; or (v) any other circumstances as the Board considers appropriate. Clawing back of vested Awards will constitute recovering the remuneration, while adjustment of Awards prior to vesting will constitute withholding of remuneration, as each of these phrases has been referred to in Rule 17.03(19) of the Listing Rules. The Board is of the view that such provision is aligned with market practice, and will provide flexibility for the Board to adjust the Awards to align with the purposes of the Share Award Scheme. For example, where a clawback applies in case of a Selected Participant culpable of misconduct, it will be aligned with the purpose of the Share Award Scheme and the interest of the Shareholders as a whole.

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Specific grants to be approved by the Shareholders

In addition to the Share Award Scheme Limit, the following grants of Awards will require approval of the Shareholders in accordance with the Listing Rules:

- (a) Awards to any one person if such grant would result in the total number of Shares issued or to be issued in respect of all options and awards granted to such person under the Share Award Scheme and any other share scheme over Shares (excluding any options and awards lapsed in accordance with the rules of any other share schemes) in the 12-month period up to and including the date of the latest grant in aggregate to exceed 1% of the Shares in issue (excluding any treasury shares) from time to time (the “**Individual Limit**”);
- (b) Awards to a Director (other than an independent non-executive director) or chief executive of the Company or their respective associates which will result in the total number of Shares issued and to be issued in respect of all the awards granted under the Share Award Scheme and any other share scheme over Shares (excluding any award lapsed in accordance with the rules of any other share schemes) to such person in the 12-month period up to and including the date of such grant, in aggregate to exceed 0.1% of the Shares in issue (excluding any treasury shares) from time to time; and
- (c) Awards to a substantial shareholder of the Company or an independent non-executive Director or their respective associates which will result in the total number of Shares issued and to be issued in respect of all the options and awards granted under the Share Award Scheme and any other share scheme over Shares (excluding any options and award lapsed in accordance with the rules of any other share schemes) to such person in the 12-month period up to and including the date of such grant, in aggregate to exceed 0.1% of the Shares in issue (excluding any treasury shares) from time to time, such further grant of Awards must be approved by the Shareholders in general meeting in accordance with the Listing Rules.

Existing share schemes of the Company

As at the Latest Practicable Date, the Company had adopted (i) a share option scheme which was adopted on 27 April 2016 and is due to expire on 26 April 2026; and (ii) a share award scheme which was adopted on 18 December 2017 and is due to expire on 17 December 2027. There are no outstanding options or awards granted but not yet exercised under such schemes and, as at the Latest Practicable Date, the Company had no plans to issue any further options or awards under such schemes and will propose to terminate these schemes at the EGM.

8. GRANT OF AWARDS

The Board has decided to grant a total of 2,441,286,035 Awards to four Selected Participants, subject to the adoption of the Share Award Scheme by the Shareholders at the EGM. Details of the Specific Mandate Grants are set out as below:

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Date of grant:	The date of the adoption of the Share Award Scheme
Grantees:	Four grantees (all being Directors)
Number of Awards:	2,441,286,035 Awards, among which: (a) 2,218,286,035 Awards were granted to Mr. LIN Zhong; (b) 95,000,000 Awards were granted to Mr. RU Hailin; (c) 80,000,000 Awards were granted to Mr. YANG Xin; and (d) 48,000,000 Awards were granted to Mr. GE Ming. (the Grants referred to in paragraphs (a) to (d) above are referred to as the “Specific Mandate Grants”). Save as disclosed above, the Company has no current plans to grant any other Awards under the Share Award Scheme pursuant to specific mandate from the Shareholders in the next 12 months from the Latest Practicable Date.
Closing price of the Shares on the Latest Practicable Date:	HK\$0.223
Vesting period of the Awards:	Subject to the terms of the grant letter, the Awards granted to: (a) Mr. LIN Zhong will all vest on the first anniversary of the Restructuring Effective Date; and (b) Mr. RU Hailin, Mr. YANG Xin and Mr. GE Ming will vest on each of the first anniversary of the Restructuring Effective Date, 30 April 2027 and 30 April 2028 in equal number. The number of Awards to be vested to the relevant Grantee shall be adjusted such that no obligation to make a mandatory general offer for all the issued Shares and other securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company under Rule 26 will be triggered by virtue of such vesting. The reason for vesting all Awards to Mr. LIN Zhong on the first anniversary of the Restructuring Effective Date is to allow him to have voting rights at a level which is consistent with the voting rights percentage of founders of other property companies (which had completed financial restructuring in recent years) as early as possible. Please see below for further details.

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Performance targets: The Group achieving the following performance targets on the relevant vesting date:

- (a) for each of the grantees, the net cash from operating activities as shown in audited consolidated financial statements of the Group in the relevant financial year immediately before the vesting date being positive;
- (b) for Mr. LIN Zhong, for vesting in 2026, the profit attributable to the shareholders of the Company as shown in audited consolidated financial statements of the Group for the year ended 31 December 2025 reaching a minimum of RMB3 billion; and
- (c) for Mr. RU Hailin, Mr. YANG Xin and Mr. GE Ming (i) for vesting in 2026, the profit attributable to the shareholders of the Company as shown in audited consolidated financial statements of the Group for the year ended 31 December 2025 reaching a minimum of RMB3 billion; (ii) for vesting in 2027, the two-year average profit attributable to the shareholders of the Company as shown in audited consolidated financial statements of the Group for the years ended 31 December 2025 and 31 December 2026 reaching a minimum of RMB3 billion; and (iii) for vesting in 2028, the three-year average profit attributable to the shareholders of the Company as shown in audited consolidated financial statements of the Group for the years ended 31 December 2025, 31 December 2026 and 31 December 2027 reaching a minimum of RMB3 billion.

Other performance targets which may be contained in the relevant grant letter shall also be satisfied by the relevant Grantee in order for the relevant Awards to be vested on the vesting date.

Lock-up undertaking: A Grantee whose Awards are all vested in the first anniversary of the Restructuring Effective Date will be requested to sign a lock-up undertaking such that all vested Awards will be subject to a further lock-up period of three years. During the lock-up period, the relevant Shares representing the vested Awards cannot be disposed of by the relevant Grantees.

Subsequent to the Specific Mandate Grants, the total number of Shares available for future grants pursuant to the Share Award Scheme remains at 1,050,920,239 Shares (being the Share Award Scheme Limit). For the avoidance of doubt, the Awards under the Specific Mandate Grants will not count towards the Share Award Scheme Limit. Any such Awards, if lapsed or cancelled (as the case may be) in accordance with the terms of the Share Award

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Scheme, shall not be re-granted to any other Selected Participants. Any Returned Shares arising from the lapse or cancelation of the Awards under the Specific Mandate Grant shall not be applied for the purposes of satisfying any other grant of Awards. For the avoidance of doubt, subject to the Share Award Scheme becoming effective, the Board may make grant of Awards from time to time for so long as any such grants fall within the Share Award Scheme Limit and the aggregate Awards held by the relevant grantees are within the limit prescribed under the Listing Rules.

For the avoidance of doubt the Specific Mandate Grants will be made in compliance with the Share Award Scheme and Chapter 17 of the Listing Rules.

Reasons for and benefits of the Grants

The Board and the Remuneration Committee believe that the Grants which may be granted upon the Share Award Scheme becoming effective are to reward the Grantees for the following work they had done in the lead-up to the Restructuring: (i) attending extensive negotiations with the key Scheme Creditors for three years, (ii) achieving a significant reduction in the Group's offshore debt obligations in an aggregate amount of approximately US\$5.5 billion (attributable to the reduction on the Restructuring Effective Date which is anticipated to be approximately US\$1.4 billion and MCB of approximately US\$4.1 billion which will be issued and be mandatorily converted into Shares), (iii) deleveraging the Group's offshore debt by equitization of certain Existing Debt and achieving an initial MCB Ordinary Conversion Price at HK\$1.6 per Share, which represents approximately seven times of the Share price of the Company as at the Latest Practicable Date, (iv) achieving a Shareholder Loan Conversion Price at HK\$0.4 per Share, which represents 1.8 times of the Share price of the Company as at the Latest Practicable Date, (v) successfully defended the winding-up petition filed by certain creditors and other legal proceedings and therefore preserved value for all of the Group's creditors, the Shareholders and other stakeholders, and (vi) effectively extending the repayment terms of the other Existing Debt by six to seven years and reducing the amount of interest payable thereunder.

Following the Restructuring Effective Date, it is expected that the Grantees will need to continue with the following work to help the Company restore its equity value: (i) undertaking restructuring of onshore public bonds of the Group, (ii) resolving onshore liquidity issue and/or deleveraging onshore debt of the Group, (iii) realizing assets of the Group in an orderly manner to generate cash for the Group's operation, (iv) ensuring the delivering of property projects, and (v) getting and/or establishing new business for the Group.

It is believed that given the work done and the contributions to date, the Grantees deserve a cash bonus from the Company. However, given the cash constraints on the Company, the Grants will be able serve to reward the Grantees for their hard work and encourage and incentivise Grantees to continue to make significant contributions to the Company's business and operation, and performance of obligations under the new instruments following the Restructuring Effective Date, to motivate and retain them to strive for the future development and expansion of the Company (including but not

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limited to the future work as set out above) by aligning their interest with the interest of the Shareholders (which includes potential distribution of dividends by the Company in the future).

Therefore, the Board and the Remuneration Committee are of the view that the Grants which may be granted upon the Share Award Scheme becoming effective and under the Specific Mandate Grants are in line with the purposes of the Share Award Scheme. The Board and the Remuneration Committee also consider that the Grants which may be granted upon the Share Award Scheme becoming effective and under the Specific Mandate Grants are in line with the remuneration policy of the Company, taking into account the following factors: (i) the achievements made by each of the Grantees for the Company during the Restructuring and their significant contributions to the Group in realizing multiple key milestones in the operational and financial results during such hardship; (ii) the number of Awards underlying the Grants which may be granted upon the Share Award Scheme becoming effective and under the Specific Mandate Grants reflects the value and benefits to the Company considering their roles and contributions to the strategic and sustainable development of the Group; and (iii) the potential dilution effect of the MCB and Shareholder Loan Conversion Shares on the value of the Awards.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, (i) no amount is payable and no financial assistance has been provided by the Group to the Grantees for the acceptance of Awards under the Share Award Scheme; and (ii) save for the Grantees of the Specific Mandate Grants, none of the other Grantees is a participant with outstanding options and awards granted and to be granted exceeding the 1% Individual Limit as defined above.

LETTER FROM THE BOARD

The Remuneration Committee has specifically considered the grant of the Specific Mandate Grants and is of the view that such grants are in the interests of the Company and the Shareholders as a whole.

- In respect of the Specific Mandate Grant to Mr. LIN Zhong, our founder, the executive Director and Chairman of the Company, it is because he has been pivotal in, among other things, (i) leading the Restructuring, (ii) discussing and negotiating the terms and conditions of the Restructuring with the key Scheme Creditors, (iii) maintaining the relationships with the Scheme Creditors and other creditors of the Group, (iv) giving strategic directions to the senior management and the management team of the Group in connection with the development of the projects and operations of the Group, (v) steering the Group in the midst of the downturn of the PRC real estate sector as described in this circular, and (vi) helping to retain talents who are working hard in the Group during the difficult times as the Group was working through the Restructuring. The grant of the Awards to Mr. LIN is structured to incrementally increase his voting rights upon vesting to a level which aligns his interest with that of the Shareholders and the Company, which the Remuneration Committee believes is an important part of incentivizing him to stay focused on the critical work the Company is undertaking under the Restructuring and after the Restructuring Effective Date. As part of the process of deciding the number of Awards to be granted to Mr. LIN, the Remuneration Committee considered the shareholding percentage which the Controlling Shareholders Group will have immediately upon (i) the issuance of the Shareholder Loan Conversion Shares; and (ii) the full conversion of the MCBs at the initial MCB Ordinary Conversion Price of HK\$1.6 per Share and concluded that 17.16% shareholding in the Company does not align Mr. LIN Zhong's interest with that of the other Shareholders and the Company. The Board and the Remuneration Committee are of the view that it is important for the Chairman to have significant vested interest in the Company in order for him to continue to assume his role in the Company and manage the Group. With the significant dilution of Mr. LIN Zhong's interest in the Company from 39.13% prior to the Restructuring to 17.16% after the Restructuring (assuming the MCB is fully converted at the initial MCB Ordinary Conversion Price, the Shareholder Loan Conversion Shares are fully issued and prior to the vesting of the Awards under the Specific Mandate Grant), notwithstanding his fiduciary duties as a Director, Mr. LIN Zhong would be less incentivised to assume his managerial role and may be inclined to be a passive Shareholder instead. As such, with a view to incentivizing Mr. LIN Zhong to focus on the said critical work and help put the Company on the right track for future success (including but not limited to getting and/or establishing new business for the Group), the Remuneration Committee decided to grant 2,218,286,035 Awards to Mr. LIN Zhong, which will allow him to exercise 6.53% of the voting rights in the Company upon full vesting of the Awards, a level which is consistent with the voting rights percentage of founders of other property companies which had completed financial restructuring in recent years.

LETTER FROM THE BOARD

The following table sets forth the shareholding of founders of other property companies listed on the Stock Exchange which had completed financial restructuring in recent years with comparable shareholdings as Mr. LIN Zhong:

Name of listed issuer	Shareholding of founder pre- restructuring	Shareholding of founder post- restructuring ⁽¹⁾ on a fully diluted basis
Sunac China Holdings Limited	23.9%	21.8%
Yuzhou Group Holdings Company Limited	62.4%	38.7%
Shimao Group Holdings Limited	63.8%	28.5%
The Company ⁽²⁾	39.13%	22.44%

(1) Being their respective restructuring effective dates.

(2) Representing shareholding of Mr. LIN Zhong and entities controlled by him.

- In respect of the Specific Mandate Grant to Mr. RU Hailin, as Chief Executive Officer and Executive Director, Mr. RU made significant contribution by ensuring operational stability of the Group and corporate strategy execution in a consistent manner. He provided crucial support for the smooth implementation of the Restructuring plan, actively coordinated cross-function resources and provided practical, front-line operational advice on the feasibility of the Restructuring plan, which ensured its close alignment with the reality of the business operations of the Company. At the same time, he proactively adjusted management strategies and pre-allocated key resources, which ensured a seamless transition of the Group into the new structure and operational framework as required following the launch of the Restructuring. His tireless efforts in maintaining stable operation of the Company created a stable internal environment for the Restructuring negotiations led by the Chairman, which was the key bridge for the successful transformation of the Restructuring from “blueprint” into “reality”.
- In respect of the Specific Mandate Grant to Mr. YANG Xin, as Chief Financial Officer and Executive Director, Mr. YANG played an irreplaceable role in the Group’s debt restructuring with his exceptional professional expertise. His contributions were particularly prominent in the development and implementation of the offshore and onshore debt restructuring at the same time. He led the Company’s restructuring team and participated in multiple rounds of difficult negotiations with a large number of financial institutions, bondholders and other creditors, onshore and offshore together with the Chairman, and assisted the Chairman in developing a Restructuring plan tailored. He also engaged in direct and close communication with relevant onshore and offshore regulatory authorities, ensuring compliance and transparency throughout the restructuring process, which earned the Company valuable trust and support from such authorities. Through cash flow management and risk control in a

LETTER FROM THE BOARD

precise manner, Mr. YANG Xin not only effectively alleviated the Group's pressure arising from imminent debt repayment obligations but also strengthened the Group's financial resilience. His exceptional professionalism and communication skills were crucial to the smooth implementation of the Restructuring plan.

- In respect of the Specific Mandate Grant to Mr. GE Ming, as one of the Executive Directors, Mr. GE played a key role in maintaining the organizational stability of the Group during the time of its financial difficulties. Facing pressures from staff turnover on one hand and operational efficiency on the other hand, he optimised the organisational structure and enhanced the talent retention mechanisms to ensure cohesion and effectiveness within key teams at headquarters and in various regions in which the Group operates. He also led the meticulous management of administrative costs and expenses, effectively supported the overall cost and expense reduction and efficiency improvement goals. This has laid a solid foundation for organizational resilience during the onshore and offshore restructuring period, and played a crucial role in supporting the Group's smooth transition.

The Directors (including the independent non-executive Directors but excluding Mr. LIN Zhong, Mr. RU Hailin, Mr. YANG Xin or Mr. GE Ming in respect of the respective Grants to them and Mr. LIN Wei (a brother of Mr. LIN Zhong) in respect of the Grants to Mr. LIN Zhong) are of the view that the Grants (including the Specific Mandate Grants) are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favor of the ordinary resolutions in respect of the Specific Mandate Grants at the EGM.

9. EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The table below illustrates the shareholding structure of the Company assuming there are no changes to the share capital of the Company other than the issuance of the MCB Conversion Shares, the Shareholder Loan Conversion Shares and/or the Specific Mandate Grants in full (as the case may be):

- (a) as at the Latest Practicable Date;
- (b) immediately upon the full conversion of the MCB at the initial MCB Ordinary Conversion Price;
- (c) immediately upon (i) the issuance of the Shareholder Loan Conversion Shares; and (ii) the full conversion of the MCB at the initial MCB Ordinary Conversion Price of HK\$1.6 per Share; and
- (d) immediately upon (i) the issuance of the Shareholder Loan Conversion Shares; (ii) the vesting of the Award Shares under the Specific Mandate Grants; and (iii) the full conversion of the MCB at the initial MCB Ordinary Conversion Price of HK\$1.6 per Share.

LETTER FROM THE BOARD

	As at the Latest Practicable Date		Immediately upon the full conversion of the MCB at the initial MCB Ordinary Conversion Price		Immediately upon (i) the issuance of the Shareholder Loan Conversion Shares; and (ii) the full conversion of the MCB at the initial MCB Ordinary Conversion Price		Immediately upon (i) the issuance of the Shareholder Loan Conversion Shares; (ii) the vesting of the Award Shares under the Specific Mandate Grants; and (iii) the full conversion of the MCB at the initial MCB Ordinary Conversion Price	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Directors and substantial shareholders								
Rosy Fortune ⁽¹⁾	2,737,372,105	26.05	2,751,699,759	9.06	4,066,354,756 ⁽⁷⁾	12.83	4,066,354,756 ⁽⁷⁾	11.91
Ding Chang Limited ⁽²⁾	1,363,754,301	12.98	1,363,754,301	4.49	1,363,754,301	4.30	1,363,754,301	4.00
Eminent Talent Limited ⁽³⁾	504,452,194	4.80	504,452,194	1.66	504,452,194	1.59	504,452,194	1.48
Rain-Mountain ⁽⁴⁾	239,487,089	2.28	244,763,789 ⁽⁸⁾	0.81	244,763,789 ⁽⁸⁾	0.77	244,763,789 ⁽⁸⁾	0.72
Mr. LIN Zhong ⁽⁵⁾	10,401,321	0.10	10,401,321	0.03	10,401,321	0.03	2,228,687,356	6.53
Mr. LIN Feng ⁽⁶⁾	18,276,375	0.17	18,276,375	0.06	18,276,375	0.06	18,276,375	0.05
<i>Controlling Shareholder Group (being the Shareholders above)</i>								
	4,873,743,385	46.38	4,893,347,739	16.11	6,208,002,736	19.59	8,426,288,771	24.69
Mr. RU Hailin	2,805,120	0.03	2,805,120	0.01	2,805,120	0.01	97,805,120	0.29
Mr. YANG Xin	5,179,091	0.05	5,179,091	0.02	5,179,091	0.02	85,179,091	0.25
Mr. GE Ming	1,407,362	0.01	1,407,362	0.005	1,407,362	0.004	49,407,362	0.14
<i>Directors (other than those listed above) and their respective close associates</i>								
	4,078,193	0.04	4,078,193	0.01	4,078,193	0.01	4,078,193	0.01
Public Shareholders								
Holders of MCB	—	—	19,846,338,754	65.34	19,846,338,754	62.63	19,846,338,754	58.15
Other Shareholders	5,621,989,246	53.50	5,621,989,246	18.51	5,621,989,246	17.74	5,621,989,246	16.47
Total	<u>10,509,202,397</u>	<u>100.00</u>	<u>30,375,145,505</u>	<u>100.00</u>	<u>31,689,800,502</u>	<u>100.00</u>	<u>34,131,086,537</u>	<u>100.00</u>

Notes:

- (1) Rosy Fortune is wholly held by LIN's Family Trust, which is a family trust jointly set up by Mr. LIN Zhong, Mr. LIN Wei and Mr. LIN Feng as settlors. Mr. LIN Zhong, Mr. LIN Wei and Mr. LIN Feng are brothers and founders of the Group. A proportion of the Shares issued pursuant to the Shareholder Loan Equitisation Agreement will be deposited into an escrow account.
- (2) Ding Chang Limited is wholly held by Sun Success Trust, which is a family trust set up by Mr. LIN Zhong, being an executive Director, as settlor.
- (3) Eminent Talent Limited is wholly held by a family trust set up by Mr. LIN Wei, being an executive Director, as settlor.
- (4) Rain-Mountain is wholly held by Sun-Mountain Trust, which is a family trust set up by Mr. LIN Feng, being a substantial shareholder of the Company, as settlor.
- (5) These Shares are held by Mr. LIN Zhong, an executive Director, as beneficial owner or through interest of his spouse.

LETTER FROM THE BOARD

- (6) These Shares are held by Mr. LIN Feng, a substantial shareholder of the Company, as beneficial owner, and through his controlled corporation.
- (7) Represents (i) 2,737,372,105 Shares held by Rosy Fortune as at the Latest Practicable Date; (ii) 1,314,654,997 Shares to be issued to Rosy Fortune on the Restructuring Effective Date pursuant to the Shareholder Loan Conversion; and (iii) 14,327,654 Shares to be issued to Rosy Fortune upon the full conversion of the MCB held by it pursuant to the terms of the MCB set out in the section headed “3. Issue of MCB under Specific Mandate” above.
- (8) Represents (i) 239,487,089 Shares held by Rain-Mountain as at the Latest Practicable Date; and (ii) 5,276,700 Shares to be issued to Rain-Mountain upon the full conversion of the MCB held by it pursuant to the terms of the MCB set out in the section headed “3. Issue of MCB under Specific Mandate” above.
- (9) The aggregate of the percentage figures in the table above may not add up to the relevant sub-total or total percentage figures shown due to rounding of the percentage figures to two decimal places. Percentages may not add up to 100% due to rounding.

Based on the shareholding table above, it is expected that the public float of the Company upon (i) the issuance of the Shareholder Loan Conversion Shares; (ii) the vesting of the Award Shares under the Specific Mandate Grants; and (iii) the full conversion of the MCB at the initial MCB Ordinary Conversion Price of HK\$1.6 per Share will be at least 74.66% of the issued share capital of the Company. In addition, as can be seen from the shareholding table above, holders of MCB alone (excluding Rosy Fortune and Rain-Mountain) already constitute more than 58.15% of the issued share capital of the Company upon full conversion of the MCB. Based on information currently available to the Company, there were over 1,000 Scheme Creditors as at the Latest Practicable Date who will obtain MCB on the Restructuring Effective Date. Therefore, based on such currently available information (including the Company’s understanding that none of the Scheme Creditors who will obtain MCB will become a substantial shareholder of the Company upon conversion) and barring unforeseen circumstances, the Company is of the view that (i) the issuance of the Shareholder Loan Conversion Shares; (ii) the vesting of the Award Shares under the Specific Mandate Grants; and (iii) the full conversion of the MCB at the initial MCB Ordinary Conversion Price of HK\$1.6 per Share are unlikely to affect the public float compliance of the Company.

Even in the extreme and highly unlikely event that only the MCB held by Rosy Fortune and Rain-Mountain are converted into Shares but not those held by the other MCB holders, upon such conversion, the public float will be approximately 47.47% (i.e. well above 25%) and the minimum public float requirement will remain to be satisfied by the Company in such circumstance. Given that Rosy Fortune’s and Rain-Mountain’s shareholding in the Company will only increase by not more than 0.166% after the conversion of MCB, the Board is of the view that sufficient public float will be maintained at all times.

In any case, the Company will closely monitor its public float every month and will take such actions as may be necessary to restore public float if it is noted that there is insufficient public float at any point in time after the Restructuring Effective Date. Further, the Company will update its public float information on a monthly basis so that it will be in a position to ascertain whether to approve the MCB conversion by Rosy Fortune and Rain-Mountain and issue new Shares in respect of the Shareholder Loan Conversion and/or issue the Award Shares which can be vested.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the Company had outstanding convertible bonds that are convertible into 271,124,031 Shares. The conversion rights of such convertible bonds will be extinguished on the closing of the Restructuring and therefore have not been reflected in the shareholding table above. Save for such convertible bonds, the Company had no outstanding options, warrants or other convertible securities that are convertible into Shares as at the Latest Practicable Date.

10. LISTING RULES IMPLICATIONS

Issue of MCB

The MCB Conversion Shares will be issued under the MCB Specific Mandate to be sought from the Shareholders at the EGM. The issue of MCB and the transactions contemplated thereunder are subject to the passing of necessary resolution by the Shareholders at the EGM. The issue of the MCB Conversion Shares is conditional upon, among others, the Listing Committee of the Stock Exchange granting the listing of, and the permission to deal in, the MCB Conversion Shares.

Rosy Fortune is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the subscription of the MCB by Rosy Fortune as a Scheme Creditor constitutes a connected transaction for the Company and is subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Rain-Mountain is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the subscription of the MCB by Rain-Mountain as a Scheme Creditor constitutes a connected transaction for the Company and is subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Shareholder Loan Conversion

Rosy Fortune is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the issue of the Shareholder Loan Conversion Shares constitutes a connected transaction for the Company and is subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Adoption of Share Award Scheme

The Share Award Scheme constitutes a share award scheme governed by Chapter 17 of the Listing Rules and the adoption of the Share Award Scheme is subject to the approval of the Shareholders.

LETTER FROM THE BOARD

Specific Mandate Grants

The Grants have been approved by the Board (including the independent non-executive Directors) in accordance with Rule 17.04(1) of the Listing Rules. Each of Mr. LIN Zhong, Mr. RU Hailin, Mr. YANG Xin, and Mr. GE Ming has abstained from voting on relevant Board resolutions relating to the grant of Awards to himself. Mr. LIN Wei (a brother of Mr. LIN Zhong) has also abstained from voting on relevant Board resolutions relating to the grant of Awards to Mr. LIN Zhong.

Pursuant to Rules 17.04(2) and 17.04(4) of the Listing Rules, as the total number of Award Shares to be issued in respect of the Specific Mandate Grants (representing 23.23% of the total number of the Shares in issue as of the Grant Date and excluding treasury shares) would, in a 12-month period up to and including the date of such grant, represent over 0.1% of the total number of the Shares in issue (assuming there is no change in the number of issued Shares during the period between the Latest Practicable Date and the Grant Date and excluding treasury shares), the Specific Mandate Grants are subject to the approval by the Shareholders.

11. PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

The Board proposes to seek the approval by way of ordinary resolution at the EGM by the Shareholders of an increase in its authorised share capital from HK\$2,000,000,000 divided into 20,000,000,000 Shares to HK\$5,000,000,000 divided into 50,000,000,000 Shares by creating an additional 30,000,000,000 unissued Shares, such Shares shall rank *pari passu* in all respects.

In order to facilitate the transactions as contemplated in this circular, and taking into account that the Company's authorised share capital is insufficient to cover the new Shares to be issued pursuant to the aforementioned transactions as of the Latest Practicable Date, and to accommodate subsequent business development of the Group and to provide the Company with greater flexibility to raise funds in the future, the Board proposed the Increase in Authorised Share Capital. The Board believes the Increase in Authorised Share Capital is in the interests of the Company and the Shareholders as a whole.

12. EGM

At the EGM, ordinary resolutions will be proposed to approve, *inter alia*, (i) the issue of the MCB (including the issue of the MCB to Rosy Fortune and Rain-Mountain) and the MCB Specific Mandate; (ii) the issue of the Shareholder Loan Conversion Shares and the Shareholder Loan Specific Mandate; (iii) the adoption of the Share Award Scheme; (iv) the Specific Mandate Grants; (v) the Increase in Authorised Share Capital; and (vi) the termination of the existing share schemes of the Company. The notice of the EGM is set out on pages 137 to 140 of this circular.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less

LETTER FROM THE BOARD

than 48 hours before the time appointed for holding of the EGM or at any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM should you so wish.

Pursuant to Article 13.7 of the Articles, all resolutions put to votes of the Shareholders at the EGM shall be decided on a poll. The Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

As far as the Company is aware having made all reasonable enquiries, as at the Latest Practicable Date:

- (a) Prosperity Fountain (PTC) Limited (“**Prosperity Fountain**”) as trustee held a total of 19,178 Shares which have not been vested with the selected participants in accordance with the share award scheme of the Company adopted on 18 December 2017, representing approximately 0.0002% of the issued Shares. Pursuant to Rule 17.05A of the Listing Rules, Prosperity Fountain will abstain from voting on all resolutions at the EGM;
- (b) each of Mr. LIN Zhong, Mr. LIN Wei, Mr. LIN Feng and their respective associates (namely Ms. ZENG Yirong (being the spouse of Mr. LIN Zhong), Rosy Fortune, Ding Chang Limited, Eminent Talent Limited, Rain-Mountain and Towin Resources Limited (being a controlled corporation of Mr. LIN Feng) held a total of 4,873,743,385 Shares, representing approximately 46.38% of the issued Shares. As each of them are considered to have material interests in the MCB Specific Mandate and Shareholder Loan Conversion, each of them will abstain from voting on resolutions 1 and 2 approving the MCB Specific Mandate and Shareholder Loan Conversion at the EGM. Furthermore, Mr. LIN Zhong and Mr. LIN Wei has also abstained from voting at the relevant Board meeting for approving such resolutions to be proposed at the EGM;
- (c) no Shareholder had any material interest in the adoption of the Share Award Scheme. Accordingly, no Shareholder is required to abstain from voting on resolution 3 approving the adoption of the Share Award Scheme at the EGM;
- (d) pursuant to Rule 17.04(4) of the Listing Rules, each of Mr. LIN Zhong, Mr. RU Hailin, Mr. YANG Xin, and Mr. GE Ming and their respective associates and all other core connected persons of the Company (namely each of the Directors, Rosy Fortune, Ding Chang Limited, Ms. ZENG Yirong, Eminent Talent Limited, Rain-Mountain, Towin Resources Limited), shall abstain from voting on resolution 4 approving the Specific Mandate Grants at the EGM;
- (e) no Shareholder had any material interest in the Increase in Authorised Share Capital. Accordingly, no Shareholder is required to abstain from voting on resolution 5 approving the Increase in Authorised Share Capital at the EGM; and
- (f) no Shareholder had any material interest in the termination of the existing share schemes of the Company. Accordingly, no Shareholder is required to abstain from voting on resolution 6 approving the termination of the existing share schemes.

LETTER FROM THE BOARD

Save for the Shareholders disclosed above, to the best of the Directors' knowledge, information and belief, as at the Latest Practicable Date, no Shareholder is required to abstain from voting on the resolutions to be proposed at the EGM.

13. RECOMMENDATIONS

The Board is of the view that the terms of the issue of the MCB (including the issue of the MCB to Rosy Fortune and Rain-Mountain), the issue of the Shareholder Loan Conversion Shares, the Specific Mandate Grants and the transactions contemplated thereunder, which have been agreed after arm's length negotiations, are on normal commercial terms and such terms are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. The Board also considers that the adoption of the Share Award Scheme and the Increase in Authorised Share Capital are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors whose opinions on the issue of MCB to Rosy Fortune and Rain-Mountain and the Shareholder Loan Conversion are further set out in the letter from the Independent Board Committee contained in this circular) recommend the Shareholders and/or the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM. Each of Mr. LIN Zhong and Mr. LIN Wei has abstained from voting in respect of the Board resolutions relating to the issuance of MCB, the issuance of the Shareholder Loan Conversion Shares and the Specific Mandate Grant to Mr. LIN Zhong. Further, each of Mr. RU Hailin, Mr. YANG Xin, and Mr. GE Ming has abstained from voting on relevant Board resolutions relating to the Specific Mandate Grant to himself.

14. ADDITIONAL INFORMATION

Your attention is also drawn to the letter from the Independent Board Committee to the Independent Shareholders and the letter of advice from Opus Capital to the Independent Board Committee and the Independent Shareholders with respect to (i) the issue of the MCB to Rosy Fortune and Rain-Mountain; and (ii) the issue of the Shareholder Loan Conversion Shares, and the additional information as set out in the appendix to this circular.

Completion of the transactions set out in this circular is subject to the fulfilment or waiver of the conditions precedent as set out in this circular. The transactions set out in this circular may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company. If they are in any doubt, they should consult their professional advisers.

Yours faithfully
By order of the Board
CIFI Holdings (Group) Co. Ltd.
LIN Zhong
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of the letter of recommendation, prepared for the purpose of incorporation in this circular, from the Independent Board Committee to the Independent Shareholders in respect of approving the (i) the issue of the MCB to Rosy Fortune and Rain-Mountain; and (ii) the Shareholder Loan Conversion.



CIFI Holdings (Group) Co. Ltd.

旭輝控股(集團)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00884)

(Debt Stock Codes: 05261, 40316, 40464, 40519, 40681, 40682)

16 October 2025

To the Independent Shareholders

Dear Sir and Madam,

**(1) CONNECTED TRANSACTIONS IN RELATION TO
THE ISSUE OF MANDATORY CONVERTIBLE BONDS TO
ROSY FORTUNE AND RAIN-MOUNTAIN;
AND
(2) CONNECTED TRANSACTION IN RELATION TO
THE ISSUE OF SHAREHOLDER LOAN CONVERSION SHARES**

We refer to the circular dated 16 October 2025 (the “**Circular**”) issued by the Company to the Shareholders of which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as defined in the Circular.

We have been appointed by the Board as the Independent Board Committee to advise the Independent Shareholders as to whether, in our opinion, (i) the issue of the MCB to Rosy Fortune and Rain-Mountain; and (ii) the issue of the Shareholder Loan Conversion Shares are fair and reasonable, on normal commercial terms and are set under the ordinary and usual course of business of the Group and in the interests of the Group and the Shareholders as a whole, and how the Independent Shareholders should vote at the EGM, after taking into account the recommendation of Opus Capital Limited.

Opus Capital has been appointed by the Board as the Independent Financial Adviser to advise the Independent Board Committee and Independent Shareholders in connection with (i) the issue of the MCB to Rosy Fortune and Rain-Mountain; and (ii) the issue of the Shareholder Loan Conversion Shares. Details of the advice from Opus Capital, together with the reasons for its opinion, the key assumptions made and the factors taken into consideration in forming its opinion, are set out in its letter on pages 56 to 109 of the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Your attention is also drawn to the letter from the Board set out on pages 10 to 53 of the Circular and the general information set out in the Appendix II of the Circular.

Having considered the terms of (i) the issue of the MCB to Rosy Fortune and Rain-Mountain; and (ii) the issue of the Shareholder Loan Conversion Shares, the factors and reasons considered by, and the opinion of Opus Capital, we are of the view that the terms of (i) the issue of the MCB to Rosy Fortune and Rain-Mountain; and (ii) the issue of the Shareholder Loan Conversion Shares; are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM to approve (i) the issue of the MCB to Rosy Fortune and Rain-Mountain; and (ii) the issue of the Shareholder Loan Conversion Shares.

Yours faithfully

For and on behalf of
the Independent Board Committee
CIFI Holdings (Group) Co. Ltd.

Mr. ZHANG Yongyue
*Independent Non-executive
Director*

Mr. TAN Wee Seng
*Independent Non-executive
Director*

Ms. LIN Caiyi
*Independent Non-executive
Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below is the full text of a letter of advice from Opus Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of (i) the issue of MCB to Rosy Fortune and Rain-Mountain; and (ii) the Shareholder Loan Conversion for the purpose of inclusion in this circular.



18th Floor, EC Healthcare Tower (Central)
19–20 Connaught Road Central
Central, Hong Kong

16 October 2025

To: The Independent Board Committee and the Independent Shareholders of CIFI Holdings (Group) Co. Ltd.

Dear Sir or Madam,

**POSSIBLE TRANSACTIONS IN CONNECTION WITH THE
RESTRUCTURING INVOLVING, AMONG OTHERS:
(A) ISSUE OF MANDATORY CONVERTIBLE BONDS UNDER
SPECIFIC MANDATE (INCLUDING CONNECTED TRANSACTIONS
IN RELATION TO THE ISSUE OF MANDATORY CONVERTIBLE
BONDS TO ROSY FORTUNE AND RAIN-MOUNTAIN);
AND
(B) CONNECTED TRANSACTION IN RELATION TO THE ISSUE
OF SHAREHOLDER LOAN CONVERSION SHARES UNDER
SPECIFIC MANDATE**

INTRODUCTION

We refer to our appointment by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in connection with (i) the issues of MCB (the “**MCB Issue**”) to Rosy Fortune and Rain-Mountain (collectively the “**Connected Persons**”); and (ii) the Shareholder Loan Conversion (together with the MCB Issue are collectively the “**Controlling Shareholder Proposal**”), details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company to the Shareholders dated 16 October 2025 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless otherwise defined or the context requires otherwise.

As set out in the Circular, reference is made to the Announcements in relation to the proposed restructuring of certain offshore indebtedness of the Group. The Group proposed to implement the Restructuring through the Scheme.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Restructuring is effected by way of:

- (i) in the case of the Existing Convertible Bonds, a consent solicitation exercise to change the governing law so that the Scheme will be effective to restructure these instruments;
- (ii) in the case of the Existing Perpetual Securities, a consent solicitation exercise to change the governing law so that the Scheme will be effective to restructure these instruments; and
- (iii) the Scheme.

Under the Scheme, the Scheme Creditors were offered, at their election, various options, ranging from options 1A to 5B, the details of which were set out in the section headed “The Restructuring” in the Letter from the Board.

The Existing Convertible Bonds Consent Solicitation and the Existing Perpetual Securities Consent Solicitation were duly passed on 3 June 2025 and the changes of governing law of the Existing Convertible Bonds and the Existing Perpetual Securities will take place one hour before the occurrence of the Restructuring Effective Date. The Scheme became effective in accordance with its terms and binding on all Scheme Creditors subject to it on 27 June 2025.

The terms of the Restructuring and the Scheme provide for, amongst others, the issuance of the MCB and the Shareholder Loan Conversion. The Restructuring will therefore not be effective until the conditions as stated in the Letter from the Board are satisfied in accordance with the Scheme.

Both Rosy Fortune and Rain-Mountain are Scheme Creditors which held US\$3,000,000 and US\$1,000,000 of existing notes of the Company respectively. The Connected Persons had elected option 2A under the Scheme (i.e. cash payment and MCB). Rosy Fortune will be issued MCB with a principal amount of US\$2,939,006 on the Restructuring Effective Date, which is convertible into 14,327,654 Shares, whilst Rain-Mountain will be issued MCB with a principal amount of US\$1,082,400, which is convertible into 5,276,700 Shares. In addition, the Shareholder Loan extended by Rosy Fortune to Spectron with a principal amount of US\$67,418,205 remain outstanding. On 15 October 2025, Rosy Fortune, Spectron and the Company entered into the Shareholder Loan Equitisation Agreement in respect of the Shareholder Loan Conversion.

The MCB Conversion Shares will be issued under the MCB Specific Mandate to be sought from the Shareholders at the EGM. The issue of the MCB and the transactions contemplated thereunder are subject to the passing of necessary resolution by the Shareholders at the EGM.

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Rosy Fortune, being a substantial shareholder of the Company, and Rain-Mountain, being an associate of Mr. LIN Feng (a substantial shareholder of the Company) and therefore a connected person of the Company, holding 2,737,372,105 Shares and 239,487,089 Shares respectively, representing approximately 26.05% and 2.28% of the total issued Shares. Therefore, both Rosy Fortune and Rain-Mountain are connected persons of the Company under Chapter 14A of the Listing Rules. Accordingly, the subscription of the MCB by Rosy Fortune and Rain-Mountain as Scheme Creditors and the issue of the Shareholder Loan Conversion Shares to Rosy Fortune constitute connected transactions for the Company and is subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The EGM will be convened and held to approve the ordinary resolutions on, inter-alia, (i) the issue of the MCB (including the issue of the MCB to the Connected Persons) and the MCB Specific Mandate; and (ii) the issue of the Shareholder Loan Conversion Shares and the Shareholder Loan Specific Mandate.

As at the Latest Practicable Date, Prosperity Fountain (as defined in the Letter from the Board) as trustee held a total of 19,178 Shares which have not been vested with the selected participants in accordance with the share award scheme of the Company adopted on 18 December 2017, representing approximately 0.0002% of the issued Shares. Pursuant to Rule 17.05A of the Listing Rules, Prosperity Fountain will abstain from voting on all resolutions at the EGM.

Each of Mr. LIN Zhong, Mr. LIN Wei, Mr. LIN Feng and their respective associates (namely Ms. ZENG Yirong (being the spouse of Mr. LIN Zhong), Rosy Fortune, Ding Chang Limited, Eminent Talent Limited, Rain-Mountain and Towin Resources Limited (being a controlled corporation of Mr. LIN Feng)) held a total of 4,873,743,385 Shares, representing approximately 46.38% of the issued Shares. As each of them are considered to have material interests in the MCB Specific Mandate and Shareholder Loan Conversion, each of them will abstain from voting on resolutions 1 and 2 approving the MCB Specific Mandate and Shareholder Loan Conversion at the EGM. Furthermore, Mr. LIN Zhong and Mr. LIN Wei has also abstained from voting at the relevant Board meeting for approving such resolutions to be proposed at the EGM.

Save for the Shareholders disclosed above, to the best of the Directors' knowledge, information and belief, as at the Latest Practicable Date, no Shareholder is required to abstain from voting on the resolutions 1 and 2 approving the MCB Specific Mandate and Shareholder Loan Conversion to be proposed at the EGM.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. ZHANG Yongyue, Mr. TAN Wee Seng and Ms. LIN Caiyi, has been formed to advise the Independent Shareholders on whether (a) the MCB Issue and the Shareholder Loan Conversion (i) are conducted in the ordinary and usual course of business of the Group; (ii) are in the interests of the Company and the Shareholders as a whole; and (iii) whose terms are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned; and (b) how to vote on the resolutions at the EGM.

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Our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders has been approved by the Independent Board Committee in this respect.

OUR INDEPENDENCE

We do not have any relationship with, or interest in, the Group, Rosy Fortune, Rain-Mountain or other parties that could reasonably be regarded as relevant to our independence. During the two years immediately prior to this appointment, we have not (i) acted in the capacity as financial adviser or independent financial adviser to the Company; (ii) provided any services to the Company; or (iii) had any relationship with the Company. Apart from normal independent financial advisory fee paid or payable to us in connection with this appointment, no arrangements exist whereby we had received or will receive any fees or benefits from the Group, Rosy Fortune, Rain-Mountain or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider ourselves suitable to give independent advice to the Independent Board Committee in respect of the MCB Issue and the Shareholder Loan Conversion pursuant to Rule 13.84 of the Listing Rules.

BASIS OF OUR OPINION

In formulating our advice and recommendation to the Independent Board Committee and the Independent Shareholders, we have reviewed, amongst other things:

- (i) the Company's annual reports for the year ended 31 December (“FY”) 2023 (the “**2023 Annual Report**”) and 2024 (the “**2024 Annual Report**”);
- (ii) the Company's interim report for the six months ended 30 June (“HY”) 2025 (the “**2025 Interim Report**”);
- (iii) Restructuring Documents and Restructuring Support Agreement;
- (iv) Shareholder Loan Equitisation Agreement; and
- (v) other information as set out in the Circular.

We have relied on the truth, accuracy and completeness of the statements, information, opinions and representations contained or referred to in the Circular and the information and representations made to us by the Company, the Directors and the management of the Group (collectively, the “**Management**”). We have assumed that all information and representations contained or referred to in the Circular and provided to us by the Management, for which they are solely and wholly responsible, are true, accurate and complete in all respects and not misleading or deceptive at the time when they were provided or made and will continue to be so up to the Latest Practicable Date. Shareholders will be notified of material changes as soon as possible, if any, to the information and representations provided and made to us after the Latest Practicable Date and up to and including the date of the EGM.

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We have also assumed that all statements of belief, opinion, expectation and intention made by the Management in the Circular were reasonably made after due enquiries and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any such statement contained in the Circular misleading. We have no reason to suspect that any relevant information has been withheld, or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Management, which have been provided to us.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. However, we have not carried out any independent verification of the information provided by the Management, nor have we conducted any independent investigation into the business, financial conditions and affairs of the Group or its future prospects.

The Directors jointly and severally accept full responsibility for the accuracy of the information disclosed and confirm, having made all reasonable enquiries that to the best of their knowledge and belief, there are no other facts not contained in this letter, the omission of which would make any statement herein misleading.

This letter is issued to the Independent Board Committee and the Independent Shareholders solely in connection for their consideration of the Controlling Shareholder Proposal and except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purpose without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation in respect of the Controlling Shareholder Proposal, we have taken into consideration the following principal factors and reasons:

1. Background information of the Group

Business profile

The Company is a company incorporated in the Cayman Islands with limited liability. The Group is principally engaged in the property development, property investment business and provision of property management service in the PRC. It primarily focuses in mature segments in first- and second-tier cities as well as core cities in the PRC. Development projects cover various property types such as residential, office and commercial complexes.

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Financial information

The following is a summary of the audited financial results of the Group for FY2022, FY2023, FY2024, as extracted from the 2025 Interim Report, the 2024 Annual Report and the 2023 Annual Report:

Table 1: Highlights of the financial results of the Group

	HY2025	HY2024	FY2024	FY2023	FY2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
Revenue	12,281,324	20,206,011	47,788,740	71,832,556	47,440,141
— Sales of properties and other property related services	8,119,887	16,208,285	39,391,258	64,171,369	40,620,476
— Property investment	786,050	788,703	1,758,017	1,591,731	1,239,564
— Property management and other services	3,375,387	3,209,023	6,639,465	6,069,456	5,580,101
Cost of sales and services	(11,298,172)	(17,497,903)	(40,426,316)	(60,599,882)	(40,820,412)
Gross profit	983,152	2,708,108	7,362,424	11,232,674	6,619,729
Loss for the period/year attributable to equity owners of the Company	(6,357,763)	(4,939,432)	(7,075,859)	(8,983,274)	(13,049,088)

Source: 2025 Interim Report, 2024 Annual Report and 2023 Annual Report

HY2025 vs HY2024

During HY2025, the Group recorded revenue of approximately RMB12.3 billion, representing a decrease of approximately 39.22% from approximately RMB20.2 billion in HY2024. Revenue from the sales of properties and other property related services, constituting the majority of the total revenue at approximately 66.1%, decreased by approximately 49.9% to approximately RMB8.1 billion in HY2025. The revenue from the property investment segment decreased approximately 0.3% and the revenue from the property management and other services segment, on the other hand, experienced moderate increases of approximately 5.2% as compared to HY2024.

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Revenue recognised from sales of properties alone in HY2025 was approximately RMB7.9 billion, down by approximately 50.4% compared to HY2024 year-on-year, accounting for approximately 64.0% of total recognised revenue. The Group delivered approximately 714,522 square metre (“sq.m.”) of properties in gross floor area (“GFA”) in HY2025, dropped by approximately 42.7% compared to HY2024 year-on-year. The Group’s recognised average selling price (“ASP”) from sales of properties was approximately RMB11,004 per sq.m. in HY2025, representing a decline of approximately 13.4% from RMB12,705 per sq.m. in HY2024. The decrease in the Group’s revenue recognised from sales of properties in HY2025 was mainly attributable to the decrease in GFA delivered and the decrease in ASP.

In line with the revenue decline of the Group, its cost of sales and services for HY2025 dropped by approximately 35.4% to RMB11.3 billion in HY2025. The Group still recorded gross profit of approximately RMB983.2 million for HY2025, albeit a decrease of approximately 63.7% as compared to HY2024. Gross profit margin of the Group was 8.0% for HY2025 when compared to approximately 13.4% for HY2024.

The Group recorded loss attributable to equity owners of the Company at approximately RMB6.4 billion for HY2025, with its loss position further deteriorated by approximate 28.7% compared to HY2024. The major factors, amongst others, contributing to the increased loss in HY2025 include: (a) an approximately 82.1% increase in the fair value loss of investment properties, from approximately RMB371.0 million for HY2024 to approximately RMB675.5 million for HY2025; (b) an approximately 234.3% increase in shares of results of joint ventures and associates from a loss of approximately RMB80.7 million for HY2024 to approximately RMB269.8 million for HY2025; (c) an approximately 243.3% increase in allowance for expected credit losses from approximately RMB257.2 million for HY2024 to approximately RMB883.1 million for HY2025; and (d) an approximately 41.0% increase in other expenses (net), from approximately RMB371.5 million for HY2024 to approximately RMB523.8 million for HY2025.

FY2024 vs FY2023

During FY2024, the Group recorded revenue of approximately RMB47.8 billion, representing a decrease of approximately 33.5% from approximately RMB71.8 billion in FY2023. Revenue from the sales of properties and other property related services, constituting the majority of the total revenue at approximately 82.4%, decreased by approximately 38.6% from approximately RMB64.2 billion in FY2023 to approximately RMB39.4 billion in FY2024. The other two segments, namely property investment and property management and other services, on the other hand, experienced moderate increases of approximately 9.4% and 10.4% respectively as compared to FY2023.

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Revenue recognised from sales of properties alone in FY2024 was approximately RMB38.4 billion, down by approximately 39.2% year-on-year, accounting for approximately 80.4% of total recognised revenue. The Group delivered approximately 3,494,125 sq.m. of properties in GFA in FY2024, dropped by approximately 21.1% year-on-year. The Group's recognised ASP from sales of properties was approximately RMB11,001 per sq.m. in FY2024, representing a decline of approximately 23.0% from RMB14,283 per sq.m. in FY2023. The decrease in the Group's revenue recognised from sales of properties in FY2024 was mainly attributable to the decrease in GFA delivered, which aligned with deep adjustment in the real estate market in the PRC that saw significant year-on-year decline in transactions and continued weak market momentum.

In line with the revenue decline of the Group, its cost of sales and services for FY2024 dropped by approximately 33.3% to RMB40.4 billion in FY2024. The Group still recorded gross profit of approximately RMB7.4 billion for FY2024, albeit a decrease of approximately 34.5% as compared to FY2023. Gross profit margin of the Group remained stable at 15.4% for FY2024 when compared to approximately 15.6% for FY2023.

The Group recorded loss attributable to equity owners of the Company at approximately RMB7.1 billion for FY2024, registering an approximate 21.2% improvement from the loss position of approximately RMB9.0 billion registered for FY2023. A major factor contributing to the smaller loss in FY2024 was due to a significant 83.8% reduction in the write-down of properties held for sale and properties under development for sale, from approximately RMB8.7 billion to RMB1.4 billion in 2024.

FY2023 vs FY2022

The Group recorded an increase of approximately 51.4% in revenue, from approximately RMB47.4 billion in FY2022 to RMB71.8 billion in FY2023. Revenue segment from sales of properties and other property related services which domineered a significant 89.3% of total revenue witnessed a rise of approximately 58.0% to RMB64.2 billion in FY2023. Property investment and property management and other services segments continued to record moderate growth of approximately 28.4% and 8.8% respectively.

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Revenue recognised from sales of properties in FY2023 was approximately RMB63.2 billion, up by approximately 61.6% year-on-year, representing approximately 88.0% of total recognised revenue. This was mainly attributable to the Group delivering approximately 4,427,220 sq.m. of properties in GFA in FY2023, a rise by 49.0% year-on-year. The Group's recognised ASP from sales of properties also improved at approximately RMB14,283 per sq.m. in FY2023, representing an increase of approximately 8.4% from RMB13,172 per sq.m. in FY2022. The PRC real estate industry experienced a brief period of recovery in 2023 with central government continuously introducing easing policies that indirectly benefited the Group which focused on first- and second-tier cities while favourable policies in the third- and fourth-tier cities have basically been exhausted.

The Group's cost of sales and services for FY2023 increased by approximately 48.5% to RMB60.6 billion, which was generally in line with the revenue increase of the Group during the same period. The Group saw a slight improvement in the gross profit margin at approximately 15.6% for FY2023, as compared to 14.0% for FY2022. Accordingly the Group recorded an impressive 69.7% increase in gross profit of approximately RMB11.2 billion for FY2023.

The Group continued to see improvement in the loss attributable to equity owners of the Company at approximately RMB9.0 billion for FY2023, representing a reduction in the loss position of approximately 31.2% as compared to FY2022. Despite a 102.8% increase in the write-down of properties held for sale and properties under development for sale to RMB8.7 billion FY2023 from RMB4.3 billion in FY2022, this was mitigated by, among others, (i) decrease in administrative, selling and marketing expenses; (ii) decrease in fair value loss of investment properties; (iii) decrease in allowance for expected credit losses; and (v) a turnaround on the share of results of joint ventures and associates from a loss position in FY2022 to registering a profit in FY2023.

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The following is a summary of the audited financial positions of the Group as at 31 December 2024 and 31 December 2023 respectively, as extracted from the 2024 Annual Report and as at 30 June 2025 as extracted from the 2025 Interim Report:

Table 2: Highlights of the financial positions of the Group

	As at 30 June 2025 RMB'000 unaudited	As at 31 December 2024 RMB'000 audited	2023 RMB'000 audited
Non-current assets	78,453,990	78,912,643	83,262,672
Current assets	162,865,860	177,255,842	217,818,220
Non-current liabilities	25,219,739	27,950,040	27,991,290
Current liabilities	171,694,418	176,299,544	208,520,782
Total equity	44,405,693	51,918,901	64,568,820

Source: 2025 Interim Report and 2024 Annual Report

As at 30 June 2025, total assets and liabilities of the Group were approximately RMB241.3 billion and RMB196.9 billion respectively, as compared to total assets and liabilities of approximately RMB256.2 billion and RMB204.2 billion as at 31 December 2024 respectively, registering a respective decrease of approximately 5.8% and 3.6%. Total equity declined by approximately 14.5% to RMB44.4 billion as at 30 June 2025 following the continuous loss recorded.

As at 31 December 2024, total assets and liabilities of the Group were approximately RMB256.2 billion and RMB204.2 billion respectively, as compared to total assets and liabilities of approximately RMB301.1 billion and RMB236.5 billion as at 31 December 2023 respectively, registering a respective decrease of approximately 14.9% and 13.6%. Total equity declined by approximately 19.6% to RMB51.9 billion as at 31 December 2024 following the continuous loss recorded.

Material uncertainty related to going concern and the need for the Restructuring

It was noted from the 2024 Annual Report that, while the Board has prepared the consolidated financial statements of the Company as at 31 December 2024 on a going concern basis, the Company's auditor, Prism Hong Kong Limited (*formerly known as Prism Hong Kong and Shanghai Limited*) ("**Prism**"), has drawn attention to material uncertainty related to going concern, the condition indicated the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern (the "**Going Concern Issue**") and, therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business, details of which are summarised as follows:

- (i) the Group incurred a net loss attributable to the equity owners of the Company of approximately RMB7.1 billion for FY2024; and

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- (ii) as at 31 December 2024, the Group was unable to repay the principal and the interest of certain bank borrowings, offshore senior notes and the interest of convertible bonds and, as a result, certain bank borrowings, senior notes, convertible bonds (including debt and derivative components) and interest payables amounting to approximately RMB18.3 billion, RMB29.1 billion, RMB1.3 billion and RMB6.6 billion respectively became default or cross-default.

We note that it is not the first year that Prism has drawn attention to material uncertainty related to going concern of the Group. In fact, Prism highlighted material uncertainty related to going concern of the Group for each of FY2023 and FY2022 under very similar circumstances in its independent auditor's reports.

As stated in the 2024 Annual Report, whether the Group will be able to continue as a going concern would depend upon the Group's ability to generate adequate financing and operating cash flows through the following:

- (i) successfully completing the restructuring of its offshore financing arrangements;
- (ii) successfully negotiating with the Group's existing lenders for the renewal or extension for repayment of the Group's onshore bank borrowings;
- (iii) successfully securing project development loans for qualified project development timely;
- (iv) successfully obtaining of additional new sources of financing as and when needed;
- (v) successfully implementing measures to effectively control costs and expenses; and
- (vi) successfully disposing of the Group's non-core assets when suitable.

Should the Group fail to achieve the above mentioned plans and measures, it might not be able to continue to operate as a going concern. As stated in the 2024 Annual Report, the Board is of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its obligations and to meet its financial obligations as they fall due not less than twelve months from the date of approval for issuance of the consolidated financial statements for FY2024.

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With reference to the 2025 Interim Report, the Group incurred a net loss attributable to equity owners of the Company of approximately RMB6.4 billion during HY2025 and, as at 30 June 2025, the Group had net current liabilities of RMB8.8 billion. As at 30 June 2025, the Group was unable to repay the principal and the interest of certain bank borrowings, offshore senior notes and convertible bonds, as a result, certain bank borrowings, senior notes, convertible bonds (including debt and derivative components) and interest payables amounting to approximately RMB18.5 billion, RMB28.9 billion, RMB1.3 billion and RMB8.3 billion respectively became default or cross-default. The aforementioned condition indicates the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Prism's conclusion is not modified in respect of this matter.

Our assessment

We note that the Group has been registering consecutive loss for the year/period since FY2022 coupled with Going Concern Issue for the last three (3) financial years and six months ended 30 June 2025. The Company is facing significant pressure on its working capital and liquidity position. The challenging financial position also casts doubt on the Company as a going-concern. With the existence of the Going Concern Issue, it would be difficult for the Group to raise funds of a significant amount through equity or debt financing. It is critically important for the Group to reduce its gearing level such that it could strengthen the financial position of the Group and alleviate the Going Concern Issue. This will in turn place the Group in a better position to negotiate and obtain fund raising arrangements or debt financing for its business operations when necessary. Accordingly the Restructuring represents a feasible solution for the Group to achieve the above-mentioned objectives and provides a lifeline in preventing the Group from going into a liquidation scenario.

2. Background information of Rosy Fortune

Rosy Fortune is a company incorporated in the British Virgin Islands, which is controlled by the LIN's Family Trust. The LIN's Family Trust is a discretionary trust set up jointly by Mr. LIN Zhong, Mr. LIN Wei and Mr. LIN Feng as settlors. The beneficiaries of the LIN's Family Trust include certain family members of Mr. LIN Zhong, Mr. LIN Wei and Mr. LIN Feng.

3. Background and reasons for the Restructuring

As disclosed in the Letter from the Board, as at 31 December 2024, the Group had outstanding total indebtedness of approximately RMB86,653.8 million (equivalent to approximately US\$12,204.78 million), comprising bank and other borrowings of approximately RMB43,527.2 million (equivalent to approximately US\$6,130.60 million), onshore corporate bonds and medium-term notes with carrying amounts of approximately RMB12,710.9 million (equivalent to approximately US\$1,790.27 million), offshore convertible bond with a carrying amount of approximately RMB1,310.8 million (equivalent to approximately US\$184.62 million) and offshore senior notes with carrying amounts of approximately RMB29,105.0 million (equivalent to approximately US\$4,099.30 million).

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On the Restructuring Effective Date, the Group's offshore debt obligations will reduce by an aggregate amount anticipated to be of approximately US\$1.4 billion (attributable to an aggregate amount of outstanding principal and accrued but unpaid interest of approximately US\$8.1 billion of Existing Debt being cancelled (comprising US\$6.8 billion of outstanding principal and US\$1.3 billion of accrued but unpaid interest) and an aggregate principal amount of approximately US\$6.7 billion of new instruments being issued and documented (being the aggregate amount of outstanding offshore debt on the Restructuring Effective Date) and with a cash payment of approximately US\$9.5 million). It should be noted that the MCB comprise approximately US\$4.1 billion of new instruments to be issued and the Group's offshore debt obligations will continue to reduce as the MCB are converted into Shares. Further, the remaining US\$2.6 billion will be new instrument in the form of short term, medium term and long term notes to be issued and lending facilities which will reduce the Group's offshore debt obligations as it repays those notes in accordance with their respective terms.

In view of the Group's financial position, available financing resources and cash flow, if the resolutions to be proposed at the EGM are not passed by the Shareholders at the EGM or should the Restructuring fail to be implemented for any other reason, the Company believes that:

- (i) it will be unable to comply with its obligations under the Existing Debt;
- (ii) the Group will be unable to comply with the other outstanding indebtedness of the Group; and
- (iii) there is a material risk that certain of the Scheme Creditors, as well as other creditors of the Group, will pursue enforcement actions against the Company and/or other members of the Group, which may lead to material adverse consequences to the Group.

In these circumstances, the Company anticipates that the members of the Group would likely be required to make, or cause the Company to make, an application to the Court and/or courts in other relevant jurisdictions, as applicable, to place the Company and other members of the Group into liquidation or other appropriate insolvency proceedings to facilitate an orderly winding-up and realisation of the Group's assets for the benefit of the creditors of the Company and the members of the Group ("**Group Liquidation Scenario**").

In a Group Liquidation Scenario, Scheme Creditors' recoveries from the Company and the Group have been independently assessed to be approximately 4.1% to 9.9%, which means that no liquidation proceeds will be available for distribution to Shareholders if the Restructuring is not implemented.

In summary, the Restructuring will seek to: (i) provide the Company with a long-term, sustainable capital structure and a strengthened balance sheet that will allow the Group to comply with its debt obligations and liabilities and to trade on a going-concern basis moving forward; (ii) alleviate the liquidity pressures faced by the Company and align the debt servicing demands with the prevailing financial condition of the Group and

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the PRC property industry; and (iii) maximise value for all stakeholders (including the Shareholders) while ensuring their rights are adequately protected and they are treated fairly. Following the Restructuring, the Company plans to settle the remaining offshore debt obligations through sales from its operating activities, and onshore and offshore assets disposal.

For the reasons set out above, the Board considers the Restructuring and the Scheme to be in the best interests of the Company, its Shareholders and its creditors as a whole.

With reference to the 2025 Interim Report, the Group was facing a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and whether the Group will be able to continue as a going concern would depend upon the Group's ability to generate adequate financing and operating cash flows through plans and measures and the Restructuring is one of the measures. We consider that the Restructuring will serve to reduce the overall debt size and alleviate the liquidity pressure of the Group, restructure and enhance its net asset value and improve its overall financial position. Accordingly we concur with the views of the Board on implementing the Restructuring and the Scheme.

As stated in the Letter from the Board, the Group had also explored other options to generate sufficient cash flow to meet its financial commitments, including assets disposal and equity financing. However, these options have proven to be difficult and time-consuming to implement in light of the adverse market condition. The deteriorating financing and operational environment faced by the real estate industry in the PRC in which the Group operates have reduced both the options and amount of financing available to the Group.

We consider the Restructuring, which involves, amongst others, the issuance of the MCB and Shareholder Loan Conversion, is a suitable option to resolve the Group's liquidity pressure after taking into account of the following:

- (a) it is a practicable and expeditious way to reduce debts of the Group under adverse market condition after obtaining the consensus of the Scheme Creditors, since raising funds externally by a financially-distressed company with Going Concern Issue will prove to be very difficult and challenging;
- (b) the Connected Persons, being Scheme Creditors, are treated equally as the other Scheme Creditors, therefore the MCB that they will receive have the identical terms as the MCB to be issued to the other Scheme Creditors;
- (c) the Shareholder Loan Conversion Price (as defined herein) and the initial MCB Ordinary Conversion Price respectively represent a premium over the last traded price of the Share as quoted on the Stock Exchange on 26 September 2024, being the last Trading Day before the signing of the Restructuring Support Agreement. Further analysis and evaluation of the key terms of the MCB and Shareholder Loan Conversion is set out in section titled "6. Evaluation of the key terms of the MCB and Shareholder Loan Conversion" below;

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- (d) any form of equity financing exercise undertaken by the Company, such as rights issue, open offer or securities issue under specific mandate, will require the Company to price the issue price of the securities at an attractive discount, as compared to a premium currently represented by the Shareholder Loan Conversion Price (as defined herein) and the initial MCB Ordinary Conversion Price, to attract subscription by existing shareholders or potential investors. Furthermore a non-underwritten rights issue/open offer will not guarantee the Company is able to raise sufficient funds whilst an underwritten exercise will attract high underwriting commission by underwriters who are willing to underwrite, given the distressed condition of the Company, resulting in less proceeds obtained. This would result in even more Shares to be issued, aggravating the potential dilution effect of the Restructuring. Furthermore the implementation time taken to complete a rights issue/open offer is generally longer compared to the Restructuring which only requires shareholders' approval whilst time has to be allocated for the acceptance of the rights issue/open offer. However the time spent on lengthy discussion with potential underwriters on the underwriting arrangement with the negotiation process with Scheme Creditors on the Restructuring may be comparable;
- (e) the Going Concern Issue will definitely bring uncertainty to the success of any form of equity financing in view of the vulnerability of the financial position of the Group; and
- (f) asset disposal by the Group may attract fire-sale prices since it will generally be viewed as desperate attempts by the Group to raise funds to solve its debt-laden financial position.

4. Principal terms of the MCB

We outlined below the principal terms and conditions of the MCB as extracted from the Letter from the Board under the section headed “3. ISSUE OF MCB UNDER SPECIFIC MANDATE”:

Issuer: The Company.

Principal amount: US\$4,075,065,253.

The principal amount of the MCB of US\$4,075,065,253 (in turn, the initial MCB Conversion Price) was determined and negotiated on an arm's length basis between the Company and the AHG having considered and with reference to (i) the Existing Debt, (ii) the unsatisfactory financial position of the Group with consecutive losses in the previous two financial years ended 31 December 2023 and 2024, (iii) the balance between the manageable theoretical dilution effect and significant debt reduction of the Scheme which the MCB forms part of in achieving the objective of implementing a holistic financial restructuring.

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Status:	The MCB constitute direct, unconditional, unsubordinated and secured obligations of the Company.
Currency:	US\$
Form:	Registered only.
Denomination:	US\$1,000 each and integral multiplies of US\$1 in excess thereof.
Issue date:	Restructuring Effective Date. Conditions for the issue of MCB are the same as the conditions of the Restructuring.
Maturity:	4 years from the Reference Date, with the outstanding principal amount of the MCB mandatorily and automatically converted into Shares at maturity at the MCB Ordinary Conversion Price.
Interest:	The MCB are not interest bearing.
Conversion:	(a) Voluntary Conversion

MCB holders will have the right, commencing from the Restructuring Effective Date, to initiate a voluntary conversion to convert all or part of their MCB into Shares at the MCB Ordinary Conversion Price.

(b) Periodic Mandatory Conversions

Should the aggregate principal amount of converted MCB on a cumulative basis during the specified “Relevant Periods” listed in the table below fail to meet the stipulated minimum thresholds, a relevant mandatory conversion will occur as set out in the below table. This will involve mandatorily converting the shortfall amount of the MCB into Shares at the MCB Ordinary Conversion Price on a pro rata basis in respect of all outstanding MCB to the extent no voluntary conversion notices have been delivered. All outstanding MCB, to the extent no voluntary conversion notices have been delivered, shall be converted into Shares at the MCB Ordinary Conversion Price) on the maturity date.

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Relevant Period	Relevant minimum conversion amount on cumulative basis (% of the original issue amount)
Within one month from the Restructuring Effective Date	20% of the principal amount of the MCB (equivalent to approximately 3,973,188,621 Shares)
From the Restructuring Effective Date to and including the date falling the first anniversary following the Reference Date	40% of the principal amount of the MCB (equivalent to approximately 7,946,377,243 Shares)
From the Restructuring Effective Date to and including the date falling the second anniversary following the Reference Date	60% of the principal amount of the MCB (equivalent to approximately 11,919,565,864 Shares)
From the Restructuring Effective Date to and including the date falling the third anniversary following the Reference Date	80% of the principal amount of the MCB (equivalent to approximately 15,892,754,486 Shares)

(c) VWAP Trigger Event Conversion

If, at any time after the Restructuring Effective Date, the volume-weighted average price of the Shares for 90 Trading Days exceeds the MCB Trigger Conversion Price, all MCB that remains outstanding (in respect of which no voluntary conversion notices have been delivered and irrespective of how many MCB remain outstanding) shall be automatically and mandatorily converted into Shares at the MCB Trigger Conversion Price.

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For the avoidance of doubt, the MCB Ordinary Conversion Price and the MCB Trigger Conversion Price are different because the MCB Trigger Price would only be applicable if the VWAP trigger event happens whereby the volume-weighted average price of the Shares for 90 Trading Days exceeds the MCB Trigger Conversion Price, reflecting that the performance of the Shares significantly exceeds the closing price of HK\$0.375 as quoted on the Stock Exchange on 27 September 2024, being the date of the Restructuring Support Agreement.

Suspension of conversion:

The mandatory conversion at maturity and the periodic mandatory conversions shall be suspended under certain suspension events, including (i) the occurrence of an event of default of the MCB arising from voluntary or involuntary insolvency proceedings (until such event of default has been cured or waived by MCB holders), (ii) the occurrence of an event of default of the MCB within three months prior to (A) the end of a Relevant Period or (B) ten Trading Days prior to the maturity date of the MCB arising from any failure by the Company to meet any principal or interest payment obligation under any other new instruments issued for the Restructuring (until the earlier of (1) the end of the four-month period from and including the date on which notice is given to MCB holders and MCB Trustee on such event of default and (2) the date on which such event of default has been cured or waived by MCB holders), (iii) acceleration (as defined in the Letter from the Board)(until such acceleration is annulled and rescinded) or (iv) the trading suspension of the Shares on the Stock Exchange or, if applicable, an alternative stock exchange (until the Shares resume trading).

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Events of default under the MCB include payment default, failure to deliver MCB Conversion Shares, failure to create or maintain required collateral, breach of other covenants by the Company or a restricted subsidiary, cross-default, unpaid judgement, involuntary and voluntary proceedings or actions, guarantee repudiation or ineffectiveness, default or repudiation in respect of security documents and scheme payment default, each as further detailed in the MCB Trust Deed. When an event of default occurs and is continuing, the MCB Trustee may, and shall (if required by MCB holders representing not less than 25% in aggregate principal amount of MCB with required indemnity), give written notice to the Company to declare the MCB shall immediately become due and repayable at the principal amount.

The mandatory conversion at maturity and the periodic mandatory conversions shall be also suspended in respect of MCBs held by Rosy Fortune or Rain-Mountain if any such mandatory conversion will trigger an obligation for it or any member of the Controlling Shareholders Group to make a mandatory general offer for all the issued Shares and other securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

Any suspension event shall not affect any MCB holder's right to request voluntary conversion.

Conversion price:

The initial MCB Ordinary Conversion Price is HK\$1.6 per Share. Such initial MCB Ordinary Conversion Price shall be subject to adjustments as set out below in Letter from the Board under the section headed "Adjustment Events".

The initial MCB Ordinary Conversion Price of HK\$1.6 represents:

- (a) a premium of approximately 392.3% to the last traded price of HK\$0.325 per Share as quoted on the Stock Exchange on 26 September 2024, being the last Trading Day before the signing of the Restructuring Support Agreement;

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- (b) a premium of approximately 517.2% to the average closing price of HK\$0.2592 per Share as quoted on the Stock Exchange for the five consecutive Trading Days of the Shares up to and including 26 September 2024, being the last Trading Day before the signing of the Restructuring Support Agreement;
- (c) a premium of approximately 617.5% to the closing price of HK\$0.223 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (d) a premium of approximately 596.9% to the average closing price of HK\$0.2296 per Share as quoted on the Stock Exchange for the five consecutive Trading Days of the Shares up to and including on the Latest Practicable Date.

The initial MCB Trigger Conversion Price is HK\$5.0 per Share. Such initial MCB Trigger Conversion Price shall be subject to adjustments as set out in Letter from the Board under the section headed “Adjustment Events”.

The initial MCB Trigger Conversion Price of HK\$5.0 represents:

- (a) a premium of approximately 1,438.5% to the last traded price of HK\$0.325 per Share as quoted on the Stock Exchange on 26 September 2024, being the last Trading Day before the signing of the Restructuring Support Agreement;
- (b) a premium of approximately 1,828.8% to the average closing price of HK\$0.2592 per Share as quoted on the Stock Exchange for the five consecutive Trading Days of the Shares up to and including 26 September 2024, being the last Trading Day before the signing of the Restructuring Support Agreement;
- (c) a premium of approximately 2,142.2% to the closing price of HK\$0.223 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (d) a premium of approximately 2,077.7% to the average closing price of HK\$0.2296 per Share as quoted on the Stock Exchange for the five consecutive Trading Days of the Shares up to and including on the Latest Practicable Date.

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Based on the latest published audited consolidated financial statements, the Group recorded a net asset of RMB51,918,901,000 (approximately HK\$55,241,711,000) and 10,501,450,460 Shares were in issue as at 31 December 2024. The MCB Ordinary Conversion Price is at a discount of approximately 70% to the net asset value per Share as at 31 December 2024.

The MCB Conversion Price was determined after arm's length negotiations between the Company and the AHG after taking into account, among other things, the share price performance of the Company and the assessment of acceptability of Scheme Creditors towards the terms of the Restructuring with a view to achieving a sustainable capital structure. Other factors considered include the economic compensation and recovery rate for creditors, the need to balance the dilution impact on the major Shareholders to maintain their reasonable control and interests in the Company, the other terms of the Restructuring, the valuation benchmarks for the Shares, including recent trading prices and future prospects, legal and regulatory requirements relating to Listing Rules and bond conversion terms and that after the Restructuring, the Company is expected to emerge from its financial distress and the Share price is likely to see improvement, allowing Scheme Creditors and Shareholders to share in the future upside potential.

The Board considers that the key determination of the MCB Conversion Price was to ensure that Option 2 provides a fair level of economic incentives to the creditors, rather than being solely based on the Shares' net asset value. At the time of negotiation, the Share price was approximately HK\$0.24, and the creditors agreed that setting the conversion price at a multiple of about six times the stock price reflected a reasonable and fair valuation.

Additionally, encouraging more creditors to participate in Option 2 enables the Company to achieve greater de-leveraging, which aligns the interests of the Company and its Shareholders as a whole. Therefore, despite the significant discount to net asset value, the Board believes the MCB Conversion Price is fair, reasonable and supports the long-term interests of all stakeholders.

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The initial MCB Ordinary Conversion Price is at a premium to the closing price of HK\$0.375 as quoted on the Stock Exchange on 27 September 2024, being the date of the Restructuring Support Agreement, is value accretive for existing Shareholders and is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Adjustment events: Subject to the terms of the MCB, the MCB Conversion Price shall be subject to adjustment (as determined by an independent calculation agent unless otherwise specified in the terms of the MCB) upon the occurrence of certain adjustment events including:

- (a) an alteration to the nominal value of the Shares as a result of consolidation, subdivision or reclassification, where the MCB Conversion Price shall be adjusted by multiplying the MCB Conversion Price in force immediately before such alteration by the following fraction:

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

where A is the nominal amount of one Share immediately after such alteration; B is the nominal amount of one Share immediately before such alteration;

- (b) an issue (other than in lieu of cash dividend and other than issue that would amount to capital distribution) of any Shares credited as fully paid to the Shareholders by way of capitalisation of profits or reserves including Shares paid up out of distributable profits or reserves and/or share premium account, where MCB Conversion Price shall be adjusted by multiplying the MCB Conversion Price in force immediately before such issue by the following fraction:

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

where A is the aggregate nominal amount of the issued Shares immediately before such issue; B is the aggregate nominal amount of the issued Shares immediately after such issue;

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- (c) an issue of Shares by way of a scrip dividend where the current market price of such Shares exceeds 115% of the relevant cash dividend or the relevant part thereof and which would not have constituted a capital distribution, where MCB Conversion Price shall be adjusted by multiplying the MCB Conversion Price in force immediately before such issue by the following fraction:

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

where A is the aggregate nominal amount of the issued Shares immediately before such issue; B is the aggregate nominal amount of Shares issued by way of such scrip dividend multiplied by a fraction of which (i) the numerator is the amount of the whole, or the relevant part, of the relevant cash dividend and (ii) the denominator is the current market price of the Shares issued by way of scrip dividend in respect of each existing Share in lieu of the whole, or the relevant part, of the relevant cash dividend; C is the aggregate nominal amount of Shares issued by way of such scrip dividend

- (d) a distribution to the Shareholders, where the MCB Conversion Price shall be adjusted by multiplying the MCB Conversion Price in force immediately before such distribution by the following fraction:

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

where A is the current market price of one share on the last trading day preceding the date on which the distribution is publicly announced; B is the fair market value on the date of such announcement of the portion of the distribution attributable to one Share;

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- (e) rights issues of Shares or options over Shares, where the MCB Conversion Price shall be adjusted by multiplying the MCB Conversion Price in force immediately before such issue or grant by the following fraction:

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

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

- (f) rights issues of other securities, where the MCB Conversion Price shall be adjusted by multiplying the MCB Conversion Price in force immediately before such issue or grant by the following fraction:

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

where A is the current market price of one share on the last trading day preceding the date on which such issue or grant is publicly announced; B is the fair market value on the date of such announcement of the portion of the rights attributable to one Share;

- (g) issues at a price per Share which is less than 85% of the current market price per Share or modification of rights of conversion of such securities so that the consideration per Share is less than 85% of the current market price per Share, where the MCB Conversion Price shall be adjusted by multiplying the MCB Conversion Price in force immediately before such issue by the following fraction:

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

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where A is the number of Shares in issue immediately before the issue of such additional Shares or the issue or grant of such options, warrants or other rights to subscribe for, purchase or otherwise acquire any Shares; B is the number of Shares which the aggregate consideration receivable for the issue of such additional Shares would purchase at such current market price per Share; C is the number of Shares in issue immediately after the issue of such additional Shares;

- (h) other offers to Shareholders; and
- (i) other events in respect of which the Company (in consultation with the calculation agent of the MCB) determines that an adjustment should be made.

Conversion shares: Based on the initial MCB Ordinary Conversion Price of HK\$1.6 per Share, the maximum number of MCB Conversion Shares to be issued is 19,865,943,108 Shares.

Based on the initial MCB Trigger Conversion Price of HK\$5.0 per Share, the maximum number of MCB Conversion Shares to be issued is 6,357,101,794 Shares.

Fixed exchange rate: On any conversion into the Shares, each US\$1 in principal amount of the MCB shall be translated into Hong Kong dollars at the fixed rate of US\$1 = HK\$7.80.

Put option granted to holders of the MCB: The holder of each MCB will have the right to require the Company to redeem all or some only of that holder's MCBs at a redemption price equal to 100% of their principal amount following the occurrence of a Relevant Event.

“Relevant Event” occurs when:

- (a) the Shares cease to be listed or admitted to trading on the Stock Exchange or, if applicable, an alternative stock exchange;
- (b) after the date falling 36 months after 30 June 2025, the Shares are suspended for trading for a period equal to or exceeding 60 consecutive Trading Days on the Stock Exchange or, if applicable, an alternative stock exchange; or
- (c) a change of control of the Company occurs.

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Call option: At any time prior to the maturity date of the MCB, the Company may redeem all or any part of the outstanding MCB at 100% of the principal amount of the MCB to be so redeemed subject to and in accordance with the terms and conditions of the MCB.

Security and guarantee: The MCB will be secured by certain assets of the Group, comprising interest in certain property, bank accounts, intercompany claim receivables and shares in certain companies (the “**Collateral**”). The Collateral will be shared on a *pari passu* basis among the MCB, the New Notes and new loans to be issued pursuant to the Scheme, subject to an intercreditor agreement.

The MCB will be jointly and severally guaranteed by certain specified subsidiary guarantors that will also guarantee the Company’s payment obligations under the New Notes and the new loans to be issued pursuant to the Scheme.

Subject to terms of the MCB Trust Deed and the intercreditor agreement, the Collateral may be enforced upon the occurrence of an event of default that is continuing.

The Company will assess the Listing Rules implications arising from any such enforcement based on the then prevailing facts and circumstances and comply with the relevant requirements under the Listing Rules, where applicable.

Enforcement of these securities and guarantees may have material operational and financial impacts, including potential restrictions on the use of secured assets, loss of control over pledged shares, or increased liabilities arising from enforcement actions. The specific nature and extent of such impacts, whether qualitative or quantitative, would depend significantly on the particular circumstances and terms of enforcement at the relevant time. Accordingly, it is not practicable to quantify the potential effects with certainty at this stage. In the event that enforcement is commenced in respect of the abovementioned securities and guarantees, the Company will assess the implications under the Listing Rules having regard to the prevailing facts and circumstances at that time. The Company will ensure compliance with any applicable requirements under the Listing Rules.

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Clearance: The MCB will be cleared through the Clearing Systems. The Clearing Systems each facilitate the clearance and settlement of securities transactions by electronic book-entry transfer respective account holders.

Governing law: Hong Kong law.

Issue of MCB to Rosy Fortune

As at the Latest Practicable Date, Rosy Fortune (being a connected person of the Company) was a Scheme Creditor and held US\$3,000,000 of existing notes of the Company. Rosy Fortune had elected to receive option 2A under the Scheme (i.e. cash payment and MCB) and will be issued MCB with a principal amount of US\$2,939,006 on the Restructuring Effective Date, which is convertible into 14,327,654 Shares (representing 0.14% in the issued Shares as at the Latest Practicable Date) at the initial MCB Ordinary Conversion Price. Rosy Fortune has undertaken to only voluntarily convert its MCB if the conversion will not trigger an obligation for it or any member of the Controlling Shareholders Group to make a mandatory general offer for all the issued Shares and other securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

Issue of MCB to Rain-Mountain

As at the Latest Practicable Date, Rain-Mountain (being a connected person of the Company) was a Scheme Creditor and held US\$1,000,000 of existing notes of the Company. Rain-Mountain had elected to receive option 2A under the Scheme (i.e. cash payment and MCB) and will be issued MCB with a principal amount of US\$1,082,400 on the Restructuring Effective Date, which is convertible into 5,276,700 Shares (representing 0.050% in the issued Shares as at the Latest Practicable Date) at the initial MCB Ordinary Conversion Price. Rain-Mountain has undertaken to only voluntarily convert its MCB if the conversion will not trigger an obligation for it or any member of the Controlling Shareholders Group to make a mandatory general offer for all the issued Shares and other securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

MCB Specific Mandate

The MCB Conversion Shares will be issued under the MCB Specific Mandate proposed to be sought from the Shareholders at the EGM.

Application for listing

An application will be made by the Company to the Stock Exchange for listing of, and permission to deal in, the MCB Conversion Shares.

An application will be made by the Company to the SGX-ST for listing of, and permission to deal in, the MCB.

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5. Principal terms of the Shareholder Loan Equitisation Agreement

We outlined below the principal terms and conditions of the Shareholder Loan Equitisation Agreement as extracted from the Letter from the Board under the section headed “4. ISSUE OF SHAREHOLDER LOAN CONVERSION SHARES UNDER THE SHAREHOLDER LOAN SPECIFIC MANDATE”:

Date:	15 October 2025
Parties:	(a) Rosy Fortune, as lender (b) Spectron, as borrower (c) the Company, as the issuer
Subject:	The parties have agreed that Spectron shall transfer by novation to the Company Spectron’s rights and obligations under the Shareholder Loan. Following such transfer, the Shareholder Loan will be extinguished and Rosy Fortune intends to convert the outstanding Shareholder Loan into Shares on the terms set out in the Shareholder Loan Equitisation Agreement. Following the extinguishment of the Shareholder Loan but before the issuance of new Shares under the Shareholder Loan Equitisation Agreement, there will be a liability recorded in the accounts of the Company.
Conversion:	Immediately following the novation of the Shareholder Loan by Spectron to the Company and subject to the Shareholder Loan Conversion not triggering an obligation for Rosy Fortune or any member of the Controlling Shareholders Group to make a mandatory general offer for all the issued Shares and other securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company, the Company shall issue new Shares, free and clear of all liens, claims, charges, guarantee, security, encumbrances or like interests to the escrow account as contemplated by the Restructuring, and to Rosy Fortune in exchange for the cancellation of the Shareholder Loan, at a conversion price of HK\$0.40 per share (the “ Shareholder Loan Conversion Price ”).

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The conversion of the Shareholder Loan into Shares shall be calculated by way of dividing the total amount of the Shareholder Loan by the Shareholder Loan Conversion Price. Following full conversion of the Shareholder Loan, 1,314,654,997 Shares will be issued.

If, at the time the relevant conditions of the Restructuring are satisfied and the novation of the Shareholder Loan by Spectron to the Company takes effect in accordance with the terms of the Shareholder Loan Equitisation Agreement, to the extent that the Shareholder Loan Conversion will trigger an obligation for Rosy Fortune or any member of the Controlling Shareholders Group to make a mandatory general offer for all the issued Shares and other securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company, the issuance of new Shares under the Shareholder Loan Equitisation Agreement shall not take place until such obligation no longer exists.

While there is no set timeframe during which Shares in respect of the Shareholder Loan Conversion shall be issued, it is expected that the full Shareholder Loan Conversion will be completed and all Shareholder Loan Conversion Shares will be issued once all the MCBs are converted into Shares.

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Conditions:

The issuance of any new Shares under the Shareholder Loan Equitisation Agreement shall only take effect (i) upon the satisfaction of the conditions of the Restructuring (other than the issuance of the relevant Shares having been issued and the escrow arrangements as described below having taken effect) and (ii) to the extent that such issuance will not trigger an obligation for Rosy Fortune or any member of the Controlling Shareholders Group to make a mandatory general offer for all the issued Shares and other securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company, save for certain conditions relating to the change of the governing law of the Existing Convertible Bonds and the Existing Perpetual Securities.

Escrow arrangements:

A proportion (being 76.92%) of the Shares issued pursuant to the Shareholder Loan Equitisation Agreement shall be deposited into an escrow account upon conversion. The Shares held in escrow will only be released to Rosy Fortune when there are no longer any MCB or New Notes to be issued in respect of option 2 outstanding.

The proportion to be deposited into the escrow account was contemplated and negotiated with the creditors on the basis that the creditors who elected equity option (Option 2) would require credit enhancement and assurance on the Shares by putting a proportionate amount of converted Shares from the Shareholder Loan Conversion into the escrow account, and will not be subject to any adjustment mechanism. Such amount is calculated by dividing the total Option 2 election amount by the total Scheme Creditor claim.

As at the Latest Practicable Date, the Shareholder Loan extended by Rosy Fortune to Spectron remained outstanding.

Reasons and benefits of the Shareholder Loan Conversion

To provide support to the Company, Rosy Fortune, Spectron and the Company entered into the Shareholder Loan Equitisation Agreement pursuant to which the Shareholder Loan will be novated from Spectron to the Company and then converted into Shares by way of the Shareholder Loan Conversion.

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Under the terms of the new instruments, the Company will undertake to use its best efforts to procure Mr. LIN Zhong to elect to receive his entire entitlement to dividends or distributions on or with respect to his Shares in the form of Shares rather than cash while any of the new instruments to be issued under the Restructuring remain outstanding. Mr. LIN Zhong will also enter into an undertaking in favour of the Company to elect to receive any dividend or distribution in respect of his Shares in the form of Shares while any of the new instruments to be issued under the Restructuring remain outstanding. Therefore, Mr. LIN Zhong will be treated less favourably as compared to the other Shareholders in a way that benefits the Company by preserving its cash. As discussed with the Company, we were made to understand that the Company would consider declaring and paying dividend to its Shareholders in form of cash with a scrip option as and when it is financially capable to do so, allowing the Shareholders to make their election whether to receive the said dividend in the form of cash or Shares. Considering that other Shareholders have the right to elect to receive their respective entitlements to dividends or distributions on or with respect to their Shares in the form of Shares or cash, Mr. LIN Zhong will have to give up such right and is entitled to receive his entire entitlement to dividends or distributions in the form of Shares only, while any of the new instruments to be issued under the Restructuring remain outstanding. This disparity in treatment to Shareholders, who should generally be given equal treatment, indicate a less favourable treatment.

Our comment

The Shareholder Loan Conversion will enable the Group to settle the Shareholder Loan without any cash outlay, thereby preserving its internal financial resources for other purposes. This will lead to an improved financial position of the Group with an enlarged capital structure via issuance of new Shares. The Shareholder Loan Conversion also shows the solid commitment and strong support by the controlling shareholders to the Group and its future prospects. Furthermore the escrow arrangement where the Shareholder Loan Conversion Shares will only be released once all the MCBs are no longer outstanding also shows solidarity of the controlling shareholders towards the Group in its Share price performance. We also noted the undertaking that Mr. LIN Zhong will enter into in favour of the Company to elect to receive any dividend or distribution in respect of his Shares in the form of Shares while any of the new instruments to be issued under the Restructuring remain outstanding. This measure will further strengthen the liquidity position of Company in assisting the Company to preserve its cash balance and solidify his pledge in helping the Company by willingly to accept the less favourable treatment as compared to other Shareholders.

In view of (i) the enhanced financial position of the Group; (ii) the reasons and benefits attributable to the Shareholder Loan Conversion; (iii) the conversion price of HK\$0.4 represents a premium of approximately 79.4% to the closing price of HK\$0.223 per Share as quoted on the Stock Exchange on the Latest Practicable Date and (iv) the less favourable treatment in terms of the escrow arrangement attributable to Rosy Fortune and undertaking by Mr. LIN Zhong to elect to receive any dividend or distribution in respect of his Shares in the form of Shares, as stated above, we

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consider the Shareholder Loan Conversion Price is fair and reasonable as far as the Independent Shareholders are concerned and represents an opportunity for the Group to de-leverage.

Shareholder Loan Specific Mandate

The Shareholder Loan Conversion Shares will be issued under the Shareholder Loan Specific Mandate proposed to be sought from the Shareholders at the EGM.

Application for listing

An application will be made by the Company to the Listing Committee of the Stock Exchange for listing of, and permission to deal in, the Shareholder Loan Conversion Shares.

6. Evaluation of the key terms of the MCB and Shareholder Loan Conversion

(i) Share price comparisons

As set out in the Letter from the Board, the MCB Ordinary Conversion Price was determined after arm's length negotiations between the Company and the AHG after taking into account, among other things, the share price performance of the Company and the assessment of acceptability of Scheme Creditors towards the terms of the Restructuring with a view to achieving a sustainable capital structure. Other factors considered include the economic compensation and recovery rate for creditors, the need to balance the dilution impact on the major Shareholders to maintain their reasonable control and interests in the Company, the other terms of the Restructuring, the valuation benchmarks for the Shares, including recent trading prices and future prospects, legal and regulatory requirements relating to Listing Rules and bond conversion terms and that after the Restructuring, the Company is expected to emerge from its financial distress and the Share price is likely to see improvement, allowing Scheme Creditors and Shareholders to share in the future upside potential. The initial MCB Ordinary Conversion Price is at a premium to the closing price of HK\$0.375 as quoted on the Stock Exchange on 27 September 2024, being the date of the Restructuring Support Agreement, is value accretive for existing Shareholders and is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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The initial MCB Ordinary Conversion Price of HK\$1.6 represents:

- (a) a premium of approximately 392.3% to the last traded price of HK\$0.325 per Share as quoted on the Stock Exchange on 26 September 2024, being the last Trading Day before the signing of the Restructuring Support Agreement;
- (b) a premium of approximately 517.2% to the average closing price of HK\$0.2592 per Share as quoted on the Stock Exchange for the five consecutive Trading Days of the Shares up to and including 26 September 2024, being the last Trading Day before the signing of the Restructuring Support Agreement;
- (c) a premium of approximately 617.5% to the closing price of HK\$0.223 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (d) a premium of approximately 596.9% to the average closing price of HK\$0.2296 per Share as quoted on the Stock Exchange for the five consecutive Trading Days of the Shares up to and including on the Latest Practicable Date.

The Shareholder Loan Conversion Price of HK\$0.4 was determined after arm's length negotiations between the Company and the AHG after taking into account, among other things, the then prevailing trading prices of the Share during the period when the Company and AHG negotiated the terms of the Restructuring Support Agreement. Other factors considered include the need to balance the dilution impact on the major Shareholders to maintain their reasonable control and interests in the Company, other terms of the Restructuring, the prevailing Share price at the time of determining the conversion price, the valuation benchmarks for the Shares, including recent trading prices and future prospects, legal and regulatory requirements relating to Listing Rules and conversion terms. The Board is of the view that the dilution effect of the Shareholder Loan Conversion is fair and reasonable and in the interest to the Company and the Shareholders as a whole having considered balancing the dilution impact on Rosy Fortune after the Restructuring to maintain its reasonable equity interests and voting rights in the Company and that the terms of the Shareholder Loan Equitisation Agreement reflects Rosy Fortune's support for the Restructuring and the Company and a reasonable conversion price is necessary to incentivise such continued support. Although the discount to net asset value is notable, the amount involved is not material. Taking the above factors into account, the Board believes the Shareholder Loan Conversion Price is fair, reasonable and in the interests of the Company and its Shareholders as a whole.

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The Shareholder Loan Conversion Price of HK\$0.4 represents:

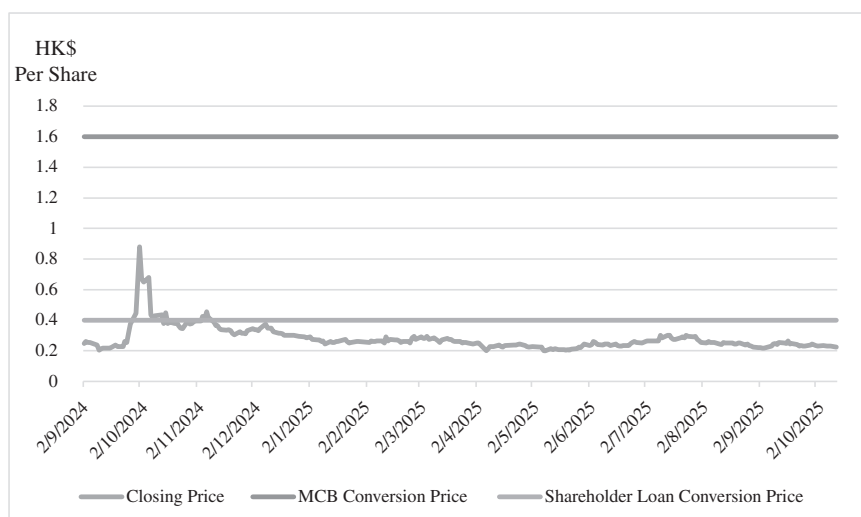
- (a) a premium of approximately 23.1% to the last traded price of HK\$0.325 per Share as quoted on the Stock Exchange on 26 September 2024, being the last Trading Day before the signing of the Restructuring Support Agreement;
- (b) a premium of approximately 54.3% to the average closing price of HK\$0.2592 per Share as quoted on the Stock Exchange for the five consecutive Trading Days of the Shares up to and including 26 September 2024, being the last Trading Day before the signing of the Restructuring Support Agreement;
- (c) a premium of approximately 79.4% to the closing price of HK\$0.223 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (d) a premium of approximately 74.2% to the average closing price of HK\$0.2296 per Share as quoted on the Stock Exchange for the five consecutive Trading Days of the Shares up to and including on the Latest Practicable Date.

(ii) Historical share price performance

In order to assess the fairness and reasonableness of the MCB Ordinary Conversion Price at HK\$1.60 for the MCB Conversion Shares and the Shareholder Loan Conversion Price at HK\$0.40 for the Shareholder Loan Conversion Shares, we have reviewed the daily closing prices of the Shares from 2 September 2024, being approximately one year prior to and including the Latest Practicable Date (the “**Review Period**”). We consider that the Review Period is adequate to illustrate the recent price movement of the Shares for conducting a reasonable comparison between the MCB Ordinary Conversion Price or the Shareholder Loan Conversion Price and the historical closing prices of the Shares and having factored in the capital market assessment of the Company for the Review Period. Such comparison is relevant for the assessment of the fairness and reasonableness of the MCB Ordinary Conversion Price or the Shareholder Loan Conversion Price. The following diagram sets out the daily closing prices of the Shares on the Stock Exchange during the Review Period:

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Chart 1: Movement of the closing prices of the Shares during the Review Period



Source: website of the Stock Exchange

During the Review Period, the Shares traded between a range of the lowest of HK\$0.20 on 9 May 2025 to the highest of HK\$0.88 on 2 October 2024 with an average closing Share price of approximately HK\$0.28 per Share. The MCB Ordinary Conversion Price represents premium of approximately 81.8%, 700.0% and 471.4% over the highest, lowest and the average closing Share prices respectively during the Review Period. The Shareholder Loan Conversion Price represents (i) premium of approximately 100.0% and 42.8% over the lowest and the average closing Share prices respectively; and (ii) a discount of approximately 54.5% to the highest closing Share price during the Review Period.

Apart from the customary announcements made by the Company in terms of its interim and/or annual results announcements, and the issue of interim and/or annual reports and circular for its annual general meeting during the Review Period, other notable events included announcements on the Restructuring and the negotiation progress and update with creditors on the terms of the Restructuring that spanned over 20 months from December 2022 to September 2024 when the Restructuring Support Agreement was signed.

As illustrated in chart 1 above, the closing prices of the Shares was on a general increasing trend from HK\$0.249 from 2 September 2024 to HK\$0.255 on 25 September 2024. The closing prices picked up the next few days and spiked to HK\$0.88 on 2 October 2024 from HK\$0.445 on the previous trading day. We note that the Company released (i) an inside information announcement on 27 September 2024 in relation to significant progress achieved regarding the restructuring of its offshore debts with the execution the Restructuring Support Agreement; and (ii) the interim report for 6 months ended 30 June 2024 of the Company on 30 September 2024, pursuant to which we noted the Company registered an improvement of approximately 51.4% in the loss for the period as compared to similar period in

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2023. This was despite an approximate 35.5% reduction in the revenue recorded. Thereafter the closing Share prices experienced a downward pressure and demonstrated a continuously declining trend from the highest closing Share price of HK\$0.88 on 2 October 2024 to the lowest closing Share price of HK\$0.20 on 9 May 2025. We note that the Company released the annual report for the year ended 31 December 2024 of the Company on 30 April 2025, pursuant to which we noted the Company recorded the loss for the year of approximately RMB6,325.6 million in 2024. The closing Share prices subsequently fluctuated between HK\$0.204 to HK\$0.3 from the period from 12 May 2025 to 13 October 2025.

As advised by the Management, other than the events mentioned above, the Management were not aware of any events that led to the fluctuation trend in the closing prices of the Shares during the Review Period.

In light of the above analysis, we note in particular the following for the Shareholder Loan Conversion Price:

- (a) despite the discount of approximately 54.5% to the highest closing Share price, the Shareholder Loan Conversion Price still represents a premium of approximately 100.0% over the lowest closing Share price and 42.8% over the average closing Share price respectively during the Review Period; and
- (b) the Shareholder Loan Conversion Price represents a premium of 79.4% over the closing Share price as at the Latest Practicable Date of HK\$0.223.

We also observed the following for the MCB Ordinary Conversion Price:

- (a) the MCB Ordinary Conversion Price (i.e. HK\$1.60) is significantly above the range of the Share closing prices during the Review Period;
- (b) the MCB Ordinary Conversion Price represents a premium of more than 471.4% over the average closing Share price during the Review Period of HK\$0.28; and
- (c) the MCB Ordinary Conversion Price represents a premium of 617.5% over the closing Share price as at the Latest Practicable Date of HK\$0.223.

In conclusion, the fact that the Shareholder Loan Conversion Price and MCB Ordinary Conversion Price respectively represents significant premiums over the closing Share prices during the Review Period and lead to a significant reduction of the principal amounts of the Existing Debt which enables the Company to achieve de-leveraging in a shorter period of time and retain a relatively sustainable and healthier capital structure, are considered a favourable feature to the Independent Shareholders.

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(iii) Trading liquidity of the Shares

The following table sets out the trading volume of the Shares during the Review Period:

Table 3: Trading volume of the Company

	Total trading volume	No. of trading days	Average daily trading volume	Average daily trading volume to the total number of Shares in issue	Average daily trading volume to the number of Shares held by public Shareholders
	(No. of Shares)		(No. of Shares)	(Approximate) Note 1	(Approximate) Note 2
2024					
September	2,409,901,904	19	126,836,942	1.2180%	2.2900%
October	5,537,916,232	21	263,710,297	2.5112%	4.6867%
November	1,921,221,224	21	91,486,725	0.8712%	1.6259%
December	655,716,530	20	32,785,827	0.3122%	0.5827%
2025					
January	467,514,475	19	24,606,025	0.2343%	0.4373%
February	927,927,321	20	46,396,366	0.4418%	0.8246%
March	642,274,684	21	30,584,509	0.2910%	0.5428%
April	595,642,346	19	31,349,597	0.2983%	0.5564%
May	493,957,670	20	24,697,884	0.2350%	0.4383%
June	628,704,860	21	29,938,327	0.2849%	0.5313%
July	837,548,432	22	38,070,383	0.3623%	0.6757%
August	552,918,492	21	26,329,452	0.2505%	0.4673%
September	653,930,825	22	29,724,128	0.2828%	0.5275%
October (up to and including the Latest Practicable Date)	106,629,914	7	15,232,845	0.1449%	0.2703%

Source: website of the Stock Exchange

Notes:

1. The calculation is based on the average of the daily trading volume of the Shares divided by the total number of Shares in issue in the relevant period.
2. The calculation is based on the average daily trading volume of the Shares divided by the number of Shares held by the public Shareholders (i.e. Shareholders other than the substantial shareholders of the Company).

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As illustrated in the table above, the average daily trading volume for the respective month/period during the Review Period ranged from approximately 15,232,845 Shares to approximately 263,710,297 Shares, representing: (i) approximately 0.1449% to approximately 2.5112% of the total number of issued Shares; and (ii) approximately 0.2703% to approximately 4.6867% of the number of Shares held by public Shareholders. The average daily trading volume during the Review Period was 60,189,762 Shares, representing approximately 1.0700% of the Shares held by the public Shareholders. The highest daily trading volume was recorded on 2 October 2024, where trading volume reached approximately 992.7 million Shares, representing approximately 17.64% of the number of Shares held by the public Shareholders.

According to the Management, given the relatively low trading volume of the Shares, it may possess difficulties for the Company to pursue other equity financing alternatives without providing incentives such as discount on issue price to investors, or to achieve sustainable capital structure that allow the Group to comply with its debt obligations and liabilities and to trade on a going-concern basis. In view of the limited trading activity of the Shares, we concur with the Management's view and consider that the issuance of MCB Conversion Shares and Shareholder Loan Conversion Shares at a premium over the average closing Share price during the Review Period is favourable to the Independent Shareholders.

(iv) Comparable Mandatory Convertible Bonds

To assess the fairness and reasonableness of the key terms of the MCB to the Connected Persons, including the interest rate, conversion price and term to maturity, we have conducted independent research of the proposed issue of mandatory convertible bonds/notes to either connected persons and/or independent third parties by companies listed on the Main Board of the Stock Exchange on which their circulars were issued during the period from 1 June 2022 and ending on the Latest Practicable Date, being a period of over three (3) years prior to the Latest Practicable Date (the “**Comparison Period**”). Based on the above selection criteria, we have identified a total of 10 mandatory convertible bonds/notes issues (the “**Comparable MCBs**”) to provide an assessment of the recent market practice in relation to the key terms of mandatory convertible bonds/notes under similar market conditions. We have considered the issuance of mandatory convertible bonds/notes to both connected persons and independent third parties in our research since MCB of the Company will be issued to both Connected Persons and the other independent Scheme Creditors, therefore it is fairly relevant in providing a reference to our evaluation of the terms of the MCB. We consider that the Comparison Period is appropriate since it provided, in our opinion, a reasonable and meaningful number of samples for our analysis purpose and the Comparable MCBs as a whole provides a fair and representative sample.

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Independent Shareholders should note that the principal businesses, market capitalisations, profitability and financial positions of the companies in relation to the Comparable MCBs may not be similar to those of the Company, and we have not conducted any in-depth investigation into respective businesses and operations of such companies. As the Comparable MCBs can provide a general reference of the key terms for similar transactions in Hong Kong under the current market conditions, we consider, to the best of our knowledge and ability, that the list of Comparable MCBs during the Comparison Period is exhaustive, fair and representative during the Comparison Period in assessing the fairness and reasonableness of the key terms of the MCB to the Connected Persons.

Table 4: Analysis of the Comparable MCBs

Date of circular	Stock code	Name of company	Issue to connected person	Principal amount (approx.)	Term to maturity (year)	Interest rate per annum (%)	Premium/(discount) of conversion price over/to ^{Note 1}	the closing price as at last trading day prior to/on date of announcement or date of the creditor/restructuring support agreement or date or effective date of the amended creditor/restructuring support agreement (%)	the average closing price of the last five (5) trading days up to and including the last trading day prior to/on date of announcement or date of the creditor/restructuring support agreement or date or effective date of the amended creditor/restructuring support agreement (%)	Dilution effect of existing public shareholders (excluding public mandatory convertible bond holders) for conversion of mandatory convertible bonds ^{Note 2} (%)
22 August 2025	1918	Sunac China Holdings Limited	To connected and non-connected persons							40.60
		— mcb 1		up to US\$9,710,670,612.75	0.50	0.00	330.38	347.96		
		— mcb 2		up to US\$2,412,500,000	2.50	0.00	143.67	153.62		
10 July 2025	1233	Times China Holdings Limited								17.69
		— mcb I	No	up to US\$1,008,700,000	1.50	0.00	1,900.00	1,740.49		
		— mcb II	No	up to US\$383,659,802	1.50	0.00	3,233.33	2,967.48		
15 May 2025	1396	Guangdong — Hong Kong Greater Bay Area Holdings Limited	No	up to US\$241,503,890	1.00	0.00	90.31	156.05		15.50

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Date of circular	Stock code	Name of company	Issue to connected person	Principal amount (approx.)	Term to maturity (year)	Interest rate per annum (%)	Premium/(discount) of conversion price over/to	the average closing price of the last five (5) trading days up to and	Dilution effect of existing public shareholders (excluding public mandatory convertible bond holders) for conversion of mandatory convertible bonds ^{Note 2}
							the closing price as at last trading day prior to/on date of announcement or date of the creditor/restructuring support agreement or date or effective date of the amended creditor/restructuring support agreement	including the last trading day prior to/on date of announcement or date of the creditor/restructuring support agreement or date or effective date of the amended creditor/restructuring support agreement	
							(%)	(%)	(%)
30 December 2024	813	Shimao Group Holdings Limited							29.60
		— controlling shareholder mandatory convertible bonds	Yes	US\$397,758,525	1.00	0.00	710.81	704.29	
		mandatory convertible bonds	No	up to US\$12,662,513,247	1.00	0.00	710.81	704.29	
29 November 2024	1638	Kaisa Group Holdings Ltd. ^(Note 3)							25.14
		— Tranche A	No	US\$300,000,000	0.29	0.00	4,103.54	4,202.54	
		— Tranche B	No	US\$400,000,000	1.29	0.00	4,103.54	4,202.54	
		— Tranche C	No	US\$500,000,000	2.29	0.00	4,103.54	4,202.54	
		— Tranche D	No	US\$800,000,000	3.30	0.00	3,484.07	3,568.48	
		— Tranche E	No	US\$800,000,000	4.30	0.00	3,484.07	3,568.48	
		— Tranche F	No	US\$1,000,000,000	5.30	0.00	3,484.07	3,568.48	
		— Tranche G	No	US\$1,000,000,000	6.30	0.00	3,484.07	3,568.48	
		— Tranche H	No	up to US\$2,092,219,129	7.30	0.00	3,484.07	3,568.48	
5 November 2024	1238	Powerlong Real Estate Holdings Limited	No	up to US\$558,166,990	4.00	0.00	378.57	388.34	6.75
1 November 2024	3377	Sino-Ocean Group Holding Limited		US\$4,018,000,000					18.77
		— Class A	No	US\$833,000,000	2.00	0.00	289.33	292.47	
		— Class B	To connected and non-connected persons	US\$1,450,000,000	2.00	0.00	1,412.00	1,424.19	
		— Class C	To connected and non-connected persons	US\$1,175,000,000	2.00	0.00	4,438.67	4,475.27	
		— Class D	No	US\$561,000,000	2.00	0.00	2,870.67	2,894.62	
15 December 2023	3883	China Aoyuan Group Limited	No	US\$143,000,000	5.00	0.00	(44.07)	(42.61)	18.13

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Date of circular	Stock code	Name of company	Issue to connected person	Principal amount (approx.)	Term to maturity (year)	Interest rate per annum (%)	Premium/(discount) of conversion price over/to ^{Note 1}			Dilution effect of existing public shareholders (excluding public mandatory convertible bond holders) for conversion of mandatory convertible bonds ^{Note 2} (%)
							the closing price as at last trading day prior to/on date of announcement or date of the creditor/restructuring support agreement or date or effective date of the	the average closing price of the last five (5) trading days up to and including the last trading day prior to/on date of announcement or date of the creditor/restructuring support agreement or date or effective date of the		
13 June 2023	1918	Sunac China Holdings Limited	No	US\$2,200,000,000	5.00	0.00	(12.66)	(14.89)		29.44
		— mandatory convertible bond	No	US\$2,200,000,000	5.00	0.00	(12.66)	(14.89)		
		— controlling shareholder bond	Yes	US\$450,000,000	5.00	0.00	(12.66)	(14.89)		
8 July 2022	1592	Anchorstone Holdings Limited ^{Note 7}	No	up to HK\$200,000,000	1.00 (or less)	2.00	(10.91)	(10.74)		8.85
				Maximum	7.30	2.00	4,438.67	4,475.27		40.60
				Minimum	0.29	0.00	(44.07)	(42.61)		6.75
				Average	2.81	0.08	1,923.30	1,942.33		21.05
	884	The Company								
		— MCB to the Connected Persons	Yes	US\$4,021,406	4.00	0.00	598.69	629.26		0.10 ^{Note 4}
		— MCB to the other Scheme Creditors apart from the Connected Persons	No	US\$4,071,043,847	4.00	0.00	598.69	629.26		34.98 ^{Note 5}
							Dilution effect of full conversion of MCB			34.99 ^{Note 6}

Source: website of the Stock Exchange

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Notes:

1. Conversion prices of respective Comparable MCBs are extracted from the respective conversion prices as stated in the section relating to effects on shareholding structure of respective companies in their respective circulars.
2. To provide meaningful references for dilution effect caused by conversion of the MCB to the Connected Persons and/or the MCB, dilution effect of conversion of the respective Comparable MCBs is calculated based on (i) the assumption of conversion of the respective Comparable MCBs only without taking into account the effects on the shareholding structure caused by other securities; (ii) all other applicable assumptions regarding respective Comparable MCBs as stated in the section relating to effects on the shareholding structure of respective companies in their respective circulars (the “**Respective Shareholding Structure Section**”); and (iii) if different scenarios were shown in the Respective Shareholding Structure Section, the maximum dilution effect under different scenarios shown in the Respective Shareholding Structure Section has been used for illustrative purpose. For illustrative purpose, the dilution effect percentage is calculated by taking the shareholding percentage of the public shareholders as at the latest practicable date as disclosed in the respective circulars and deduct the shareholding percentage of the public shareholders (excluding respective mandatory convertible bondholders who have been included as public shareholders after the conversion of the Comparable MCBs) assuming only full conversion of the Comparable MCBs respectively.
3. The terms to maturity of the mandatory convertible bonds of Kaisa Group Holdings Ltd. were calculated based on the issue date of the mandatory convertible bonds of Kaisa Group Holdings Ltd., which is the restructuring effective date (i.e. 15 September 2025) announced in the announcement of Kaisa Group Holdings Ltd. dated 15 September 2025.
4. Dilution effect of conversion of the MCB to the Connected Persons is calculated for illustration purpose only, based on the assumptions that (i) there is no other change in the issued share capital from the Latest Practicable Date up to the full conversion of the MCB to the Connected Persons; (ii) the principal amount of MCB to be issued to the Connected Persons is US\$4,021,406; and (iii) full conversion of the MCB to the Connected Persons only and none of the MCB to the other Scheme Creditors apart from the Connected Persons is converted.
5. Dilution effect of conversion of the MCB to the other Scheme Creditors apart from the Connected Persons is calculated for illustration purpose only, based on the assumptions that (i) there is no other change in the issued share capital from the Latest Practicable Date up to the full conversions of the MCB to the other Scheme Creditors apart from the Connected Persons; (ii) the principal amount of MCB to be issued to the other Scheme Creditors apart from the Connected Persons is US\$4,071,043,847; and (iii) full conversion of the principal amount of the MCB to the other Scheme Creditors apart from the Connected Persons and none of the MCB to the Connected Persons is converted.
6. Dilution effect of full conversion of MCB is calculated for illustration purpose only, based on the assumptions that (i) there is no other change in the issued share capital from the Latest Practicable Date up to the full conversions of the MCB to the Connected Persons and the MCB to the other Scheme Creditors apart from the Connected Persons; (ii) the aggregate amount of MCB to be issued is US\$4,075,065,253; and (iii) full conversion of both the MCB to the Connected Persons and the principal amount of the MCB to the other Scheme Creditors apart from the Connected Persons.
7. As interest rate is one of the factors for evaluation, therefore no specific interest rate level is stated when we consider the selection criteria for Comparable MCBs. The mandatory convertible notes issued by Anchorstone Holdings Limited has an interest rate of 2% per annum whilst the other nine (9) Comparable MCBs as well as the MCB to the Connected Persons have zero interest rate. Nonetheless we are of the view that Anchorstone Holdings Limited should still be included as a sample in the Comparable MCBs in the evaluation of the terms of the MCB since (a) it is an issue of mandatory convertible notes within the Comparison Period that fulfils our selection criteria; and (b) none of its term to maturity, its conversion price to the closing price as at the Comparable Reference Date (as defined below), its conversion price to the average closing price of the last five (5) trading days up to and including the Comparable Reference Date and its dilution effect is at the minimum or the maximum of the Comparable MCBs.

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Interest rate

As shown in the table above, we note that the interest rates of the Comparable MCBs ranged from nil to 2.00% per annum, with an average interest rate of approximately 0.08% per annum. As the MCB to the Connected Persons do not bear any interest (i.e. zero-coupon), we consider the zero-interest feature is in the interests of the Company and the Shareholders as a whole.

Term to maturity

The terms to maturity of the Comparable MCBs ranged from 0.29 year to 7.30 years, with an average term of approximately 2.81 years. The term to maturity of the MCB is four (4) years from the Reference Date, and falls within such range but is above the average term of the Comparable MCBs. Independent Shareholders should also note that despite the term to maturity of the MCB is four (4) years from the Reference Date with the outstanding principal amount of the MCB mandatorily and automatically converted into MCB Conversion Shares at maturity, (i) 20% of MCB will be converted into MCB Conversion Shares within one month from Restructuring Effective Date; and (ii) 40%, 60% and 80% of MCB will be converted into MCB Conversion Shares from Restructuring Effective Date to and including the date falling the first, second and third anniversary respectively following the Reference Date under its mandatory conversion feature.

In view of the fact that (a) the issue of the MCB to the Connected Persons is part of the MCB issuance and follows the same tenure and periodic mandatory conversion arrangement; and (b) issue of the MCB to the Connected Persons demonstrates the strong support of the Connected Persons for the Restructuring, we consider that the term to maturity of the MCB to the Connected Persons is justifiable, fair and reasonable. We view the periodic mandatory conversion and the automatic mandatory conversion at the maturity date of the MCB as a favourable arrangement to the Independent Shareholders because the sooner the MCB to the Connected Persons are converted, the faster the Group is de-leveraged.

MCB Ordinary Conversion Price

As set out in the table above, we note that the conversion price to: (i) the closing price as at the last trading day prior to/on date of announcement or date of the creditor/restructuring support agreement or date or effective date of the amended creditor/restructuring support agreement (the “**Comparable Reference Date**”) in relation to the respective Comparable MCBs ranged from a premium of approximately 4,438.67% to a discount of approximately 44.07%, with an average premium of approximately 1,923.30%; and (ii) the average closing price of the last five (5) trading days up to and including the Comparable Reference Date in relation to the respective Comparable MCBs ranged from a premium of approximately 4,475.27% to a discount of approximately 42.61%, with an average premium of approximately 1,942.33%. The MCB Ordinary Conversion Price is: (a) at a premium of approximately 598.69% over the

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closing price of HK\$0.229 per Share on 11 April 2025, which is the effective date of the latest amended Restructuring Support Agreement; and (b) at a premium of approximately 629.26% over the average closing price per Share for the last five (5) consecutive trading days up to and including the effective date of the latest amended Restructuring Support Agreement. Although such premiums as represented by the MCB Ordinary Conversion Price is below the respective average premiums of the Comparable MCBs, it is nonetheless within the respective range of the Comparable MCBs. Furthermore in view of the fact that the MCB to the Connected Persons is part of the MCB, therefore the MCB Ordinary Conversion Price is equally applicable to the MCB to Connected Persons as well as the MCB to the other Scheme Creditors. Accordingly we consider the MCB Ordinary Conversion Price is justifiable.

Independent Shareholders should further note that if at any time after the Restructuring Effective Date, the volume-weighted average price of the Shares for 90 Trading Days exceeds the MCB Trigger Conversion Price, all MCB that remains outstanding (in respect of which no voluntary conversion notices have been delivered and irrespective of how many MCB remain outstanding) shall be automatically and mandatorily converted into Shares at the MCB Trigger Conversion Price, which is at a much higher conversion price of HK\$5.0 per Share. The significantly higher MCB Trigger Conversion Price are also applicable to the MCB issued to both the Connected Persons and the other Scheme Creditors, which is fair and reasonable.

Adjustment events

Subject to the terms of the MCB, the MCB Conversion Price shall be subject to adjustment (as determined by an independent calculation agent unless otherwise specified in the terms of the MCB) upon the occurrence of certain adjustment events as stated under the heading of “adjustment events” as set out in section titled “4. Principal terms of the MCB” above.

The adjustment events mainly include corporate actions which will result in change in nominal value of the Shares or total number of issued Shares. Such adjustment events are equally applicable to all the MCB held by Scheme Creditors, regardless whether they are Connected Persons or the other independent Scheme Creditors. Furthermore the adjustments will be determined by an independent calculation agent to ensure fairness. In addition, a review of the Comparable MCBs reveals that clause on adjustment events is commonly featured as a term of the Comparable MCBs and although the adjustment events may not be identical, they are generally similar in nature. Therefore the adjustment clause is fair and reasonable.

Acceleration

Acceleration will only occur when an event of default happens and is continuing. The types of events of default are listed under the heading of “suspension of conversion” as set out in section titled “4. Principal terms of the MCB” above.

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When an event of default occurs and is continuing, the MCB Trustee may, and shall (if required by MCB holders representing not less than 25% in aggregate principal amount of MCB with required indemnity), give written notice to the Company to declare the MCB shall immediately become due and repayable at the principal amount.

The occurrence of acceleration is fair and reasonable since it indicates the failure of the Company to meet certain debt obligations as detailed in the MCB Trust Deed and therefore triggers an event of default. Under such circumstances, it is justifiable to expect holders of MCB to demand immediate payment of their MCB. Furthermore the right to acceleration is applicable to both Connected Persons and the other independent Scheme Creditors. In addition, a review of the Comparable MCBs reveals that more than 50% of the Comparable MCBs also have similar acceleration clause. Therefore the acceleration clause is fair and reasonable.

Dilution effect

We note that the dilution effect to the existing public shareholders (excluding mandatory convertible bondholders/noteholders who are considered as public) of the Comparable MCBs ranged from approximately 6.75% to approximately 40.60% with the average dilution effect of approximately 21.05%. As stated under the section headed “7. Possible dilution effect on the shareholding interests of the other Shareholders below, assuming full conversion of the MCB at the MCB Ordinary Conversion Price of HK\$1.6 per Share (assuming MCB in the aggregate principal amount of US\$4,075,065,253 will be issued by the Company), the shareholding interests of the other public Shareholders (excluding holders of MCB) would be diluted by approximately 34.99%, which is within the range and above the average of the Comparable MCBs. Independent Shareholders should however note that such significant dilution would not be solely caused by the MCB to the Connected Persons, in fact the principal amount of the MCB to the Connected Persons of US\$4,021,406 only represents a fraction (i.e. approximately 0.10%) of the aggregate principal amount of MCB of approximately US\$4,075,065,253. Most of the dilution would be caused by the full conversion of the MCB to the other Scheme Creditors apart from the Connected Persons, where the principal amounts of all the MCBs issued to the Connected Persons pale in comparison with that of the MCB to other Scheme Creditors. In view of the fact that (i) the MCB Ordinary Conversion Price represents a premium of approximately 598.69% over the closing price of HK\$0.229 per Share on 11 April 2025, being the effective date of the latest amended Restructuring Support Agreement; (ii) the dilution effect of the MCB to the Connected Person alone would be approximately 0.10% (assuming full conversion of the MCB to the Connected Persons and none of the MCB to the other Scheme Creditors is converted), which is below the minimum dilution effect of 6.75% of the Comparable MCBs, we consider that the dilution effect of the MCB to the Connected Persons is justifiable.

We also note that (i) the dilution effect of full conversion of the principal amount of the MCB of US\$4,075,065,253 (i.e. approximately 34.99%) at the initial MCB Ordinary Conversion Price of HK\$1.6 per Share; and (ii) the term to maturity of the MCB is four (4) years and (a) 20% of the principal amount of the MCB will be converted into MCB Conversion Shares within one month from Restructuring Effective Date; and (b) 40%, 60% and 80% of the principal amount of the MCB will be converted into MCB Conversion Shares from Restructuring Effective Date to and including the date falling the first, second and third anniversary respectively following the Reference Date under its mandatory conversion feature. This could enable the Company to achieve de-leveraging in a shorter period of time, retain a relatively sustainable and healthier capital structure and in turn benefits the Independent Shareholders. In view of the above, we consider that the dilution effect of conversion of the MCB is acceptable.

(v) Comparable transactions analysis of Shareholder Loan Conversion

To further assess the fairness and reasonableness of the Shareholder Loan Conversion Price, we have conducted an independent research, using our best endeavours, of recent loan/debt capitalisation and restructuring transactions involving issuance/subsorption of new shares to connected persons under specific mandate by companies listed on the Main Board of the Stock Exchange (the “**Comparable Loan Capitalisation**”). The selection criteria of the Comparable Loan Capitalisation is based on the following: (i) loan/debt capitalisation and restructuring transactions during the Review Period; (ii) companies listed on GEM of the Stock Exchange were excluded. Given that the Company is listed on the Main Board of the Stock Exchange, we are of the view that a list of Comparable Loan Capitalisation which is listed on the same market, with similar business scale, investor appetite and market capitalisation, is able to provide a fair and representative sample; and (iii) relevant transactions involving the issuance/subsorption of A shares and domestic shares that are not traded on the Stock Exchange were excluded.

Based on our best endeavours and as far as we are aware, an exhaustive list of a total of twelve (12) Comparable Loan Capitalisation, which met the said criteria in which the respective circulars were published during the Review Period (i.e. approximately one year from 2 September 2024 and up to and including the Latest Practicable Date), have been identified to provide a general reference for and to compare with the market practice in relation to the loan/debt capitalisation and restructuring transactions involving issuance/subsorption of new shares during the Review Period.

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Details of the Comparable Loan Capitalisation are set out in the table below.

Table 5: Analysis of the Comparable Loan Capitalisation

Date of circular (Note 1)	Company Name	Stock Code	Issue/ Subscription Price (HK\$)	Premium/(discount) of the issue/subscription price over/(to)			Dilution effect of public shareholders
				Last trading day prior to/on the date of the relevant announcement/ agreement	Last 5 consecutive trading days prior to/on the date of the relevant announcement/ agreement	Last 10 consecutive trading days prior to/on the date of the relevant announcement/ agreement (Note 2)	
24 September 2025	New Concepts Holdings Limited	2221	1.00	13.64%	14.94%	12.36%	4.93%
29 August 2025	Global Bio-chem Technology Group Company Limited	809	0.12	36.36%	34.23%	37.30%	8.61%
22 August 2025	DreamEast Group Limited (Note 3)	593	0.16	(91.88)%	(92.08)%	(92.42)%	89.97%
10 July 2025	New City Development Group Limited	456	0.442	(4.95)%	(7.53)%	(12.99)%	6.28%
19 June 2025	Zhongzheng International Company Limited	943	0.20	0.00%	0.00%	(1.00)%	23.90%
22 May 2025	China HK Power Smart Energy Group Limited	931	0.195	0.00%	(0.51)%	(4.41)%	3.48%
16 May 2025	Regent Pacific Group Limited	575	0.485	0.00%	16.00%	13.00%	8.73%
28 February 2025	CHK Oil Limited	632	0.415	5.06%	(5.03)%	(15.65)%	0.44%
28 January 2025	China NT Pharma Group Company Limited	1011	0.33	6.45%	13.79%	10.92%	28.14%
24 January 2025	IDT International Limited	167	0.6	(44.44)%	(54.95)%	(59.51)%	70.70%
9 January 2025	Kidsland International Holdings Limited	2122	0.07	94.44%	101.15%	97.74%	11.47%
20 December 2024	Bonjour Holdings Limited	653	0.158	0.00%	(1.00)%	(2.65)%	21.57%
			Maximum	94.44%	101.15%	97.74%	89.97%
			Minimum	(91.88)%	(92.08)%	(92.42)%	0.44%
			Average	1.22%	1.58%	(1.44)%	23.18%
	Shareholder Loan Conversion Price		0.4	23.10%	54.30%	65.63%	5.95%

Source: website of the Stock Exchange

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Notes:

1. The issuance of new shares under specific mandate under a restructuring transaction by Golden Wheel Tiandi Holdings Company Limited (stock code: 1232), whose circular was dated 31 March 2025, is excluded from the Comparable Loan Capitalisation and the relevant analysis as it appears to be an outlier as compared to the other companies under the Comparable Loan Capitalisation. The premium of its issue price represented (i) 3,930% over last trading day prior to/on the date of the relevant announcement/agreement; (ii) 3,800% over last five (5) consecutive trading days prior to/on the date of the relevant announcement/agreement; and (iii) 3,930% over last ten (10) consecutive trading days prior to/on the date of the relevant announcement/agreement, respectively. This may in turn provide a unreasonably high maximum value and high average value for comparison, and thus does not provide a meaningful analysis.

The issuance of new shares under specific mandate under a restructuring transaction by Times China Holdings Limited (stock code: 1233), whose circular was dated 10 July 2025, is excluded from the Comparable Loan Capitalisation and the relevant analysis as it appears to be an outlier as compared to the other companies under the Comparable Loan Capitalisation. The premium of its two issue prices under different assumption represented (i) 2,860.00% and 2,470.00% over last trading day prior to/on the date of the relevant announcement/agreement respectively; (ii) 2,538.96% and 2,173.93% over last five (5) consecutive trading days prior to/on the date of the relevant announcement/agreement respectively; and (iii) 2,354.49% and 2,014.98% over last ten (10) consecutive trading days prior to/on the date of the relevant announcement/agreement respectively. This may in turn provide an unreasonably high maximum value and high average value for comparison, and thus does not provide a meaningful analysis.

2. Save for Bonjour Holdings Limited (stock code: 653), New City Development Group Limited (stock code: 456) and Global Bio-chem Technology Group Company Limited (stock code: 809), the relevant announcements and circulars of the companies under the Comparable Loan Capitalisation did not disclose the respective premium/discount of the issue/subsorption price over/to the average closing price for the last 5 consecutive trading days and the last 10 consecutive trading days up to and including the last trading day respectively. Those respective discount/premium of the issue/subsorption price over the last 5 consecutive trading days and the last 10 consecutive trading days prior to the date of the relevant last trading day is calculated based on the market data published on the website of the Stock Exchange.
3. The respective premium/discount of the subscription price over/to the average closing price for last trading day, the last 5 consecutive trading days and the last 10 consecutive trading days up to and including the last trading day of DreamEast Group Limited (stock code: 593) is calculated based on the last full trading day before the suspension of trading in the shares on 11 March 2024.

As shown in the table above, the issue/subsorption prices of the Comparable Loan Capitalisation ranged from:

- (i) a discount of approximately 91.88% to a premium of approximately 94.44% to/over the respective closing prices of their shares on the last trading day prior to/on the date of the announcement/agreement in relation to the relevant share issuance/subsorption (the “**Last Trading Day Range**”), with an average premium of approximately 1.22% the (“**Last Trading Day Average**”);
- (ii) a discount of approximately 92.08% to a premium of approximately 101.15% to/over the average closing prices of their shares on the last five (5) consecutive trading days prior to/on the date of the announcement/

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agreement in relation to the relevant share issuance/subscription (the “**Five Days Range**”), with an average premium of approximately 1.58% (the “**Five Days Average**”); and

- (iii) a discount of approximately 92.42% to a premium of approximately 97.74% to/over the average closing prices of their shares on the last ten (10) consecutive trading days prior to/on the date of the announcement/agreement in relation to the relevant share issuance/subscription (the “**Ten Days Range**”), with an average discount of approximately 1.44% (the “**Ten Days Average**”).

We noted that the Shareholder Loan Conversion Price represents a premium of approximately 23.10%, 54.30% and 65.63% to the closing price of the Shares (a) on 26 September 2024, being the last Trading Day before signing of the Restructuring Support Agreement (the “**Last Trading Day**”), (b) for the last five (5) consecutive trading days immediately prior to and including the Last Trading Day; and (c) for the last ten (10) consecutive trading days immediately prior to and including the Last Trading Day, respectively. The respective premiums represented by the Shareholder Loan Conversion Price is within the Last Trading Day Range, Five Days Range and Ten Days Range respectively, and are significantly higher than the Last Trading Day Average, Five Days Average and Ten Days Average, respectively.

We noted that the Shareholder Loan Conversion Price of HK\$0.4 is significant lower than the initial MCB Ordinary Conversion Price of HK\$1.6, which were mainly due to different consideration when determining the Shareholder Loan Conversion Price and the initial MCB Ordinary Conversion Price. The different consideration is set out below:

- (a) The Shareholder Loan Conversion Price of HK\$0.4 was determined after arm’s length negotiations between the Company and the AHG after taking into account, among other things, the then prevailing trading prices of the Share during the period when the Company and AHG negotiated the terms of the Restructuring Support Agreement.

Other factors considered include the need to balance the dilution impact on the major Shareholders to maintain their reasonable control and interests in the Company, other terms of the Restructuring, the prevailing Share price at the time of determining the conversion price, the valuation benchmarks for the Shares, including recent trading prices and future prospects, legal and regulatory requirements relating to Listing Rules and conversion terms.

- (b) The MCB Conversion Price was determined after arm’s length negotiations between the Company and the AHG after taking into account, among other things, the Share price performance of the Company and the assessment of acceptability of Scheme Creditors towards the terms of the Restructuring with a view to achieving a sustainable capital structure.

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Other factors considered include the economic compensation and recovery rate for creditors, the need to balance the dilution impact on the major Shareholders to maintain their reasonable control and interests in the Company, the other terms of the Restructuring, the valuation benchmarks for the Shares, including recent trading prices and future prospects, legal and regulatory requirements of the Listing Rules and bond conversion terms and that after the Restructuring, the Company is expected to emerge from its financial distress and the Share price is likely to see improvement, allowing Scheme Creditors and Shareholders to share upside potential in the future.

Having taken into account the following:

- (i) the Shareholder Loan is non-interest bearing whilst the indebtedness of the Company owed to the Scheme Creditors that resulted in the issue of MCB would have been interest-bearing, hence the Shareholder Loan Conversion Price which is lower than initial MCB Ordinary Conversion Price can be viewed as a compensation to Rosy Fortune for its support to the Group all these years;
- (ii) the Shareholder Loan Conversion is an arrangement between the Company and Rosy Fortune (being a controlling shareholder of the Company) on the settlement of the outstanding Shareholder Loan, whilst the MCB is issued pursuant to the negotiation and agreement between the Company and the Scheme Creditors on the outstanding indebtedness;
- (iii) the MCB also needs to take into account the economic compensation and recovery rate of the Scheme Creditors;
- (iv) there is also some difference in the arrangement in which a proportion of the Shares shall subject to the escrow arrangement pursuant to the Shareholder Loan Equitisation Agreement;
- (v) both the Shareholder Loan Conversion Price and the initial MCB Ordinary Conversion Price are higher than the average closing Share price during the Review Period;
- (vi) the Shareholder Loan Conversion Price represents a premium of approximately 23.10%, 54.30% and 65.63% to the closing price of the Shares (a) on the Last Trading Day, (b) for the last five (5) consecutive trading days immediately prior to and including the Last Trading Day; and (c) for the last ten (10) consecutive trading days immediately prior to and including the Last Trading Day, respectively. Such respective premiums represented by the Shareholder Loan Conversion Price are within the Last Trading Day Range, Five Days Range and Ten Days Range respectively, and are significantly higher than the Last Trading Day Average, Five Days Average and Ten Days Average, respectively; and

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- (vii) Shareholder Loan Conversion is part of the Restructuring which will help to reduce the debt of the Group and reflects Rosy Fortune's support for the Restructuring,

we are of the view that Shareholder Loan Conversion Price is acceptable.

We also noted from the Comparable Loan Capitalisation that the relevant potential dilution effect to the public shareholders ranged from approximately 0.44% to approximately 89.97% with an average dilution effect of approximately 24.18%. The potential dilution effect of approximately 5.95% to the existing public Shareholders as contemplated under the Shareholder Loan Conversion falls within the range and is below the average dilution effect to the public shareholders of the Comparable Loan Capitalisation.

Having considered the fact that:

- (i) the Shareholder Loan Conversion Price of HK\$0.4 per Shareholder Loan Conversion Share is within the range of the closing prices of the Shares and represents a premium of approximately 100.0% over the lowest closing price of approximately HK\$0.20 during the Review Period;
- (ii) the premium of the Shareholder Loan Conversion Price is within the range of the Comparable Loan Capitalisation and the premium of the Shareholder Loan Conversion Price is significantly higher than the Last Trading Day Average, Five Days Average and Ten Days Average of the Comparable Loan Capitalisation respectively;
- (iii) the potential dilution effect of the Shareholder Loan Conversion to the shareholding of the existing public Shareholders is within the range of the Comparable Loan Capitalisation; and
- (iv) the Shareholder Loan Conversion is a preferred solution to satisfactorily solve the current indebtedness issues faced by the Group given the Company's predicament circumstances, comparing to other fundraising methods,

we consider that the Shareholder Loan Conversion Price is fair and reasonable so far as the Independent Shareholders are concerned.

7. Possible dilution effect on the shareholding interests of the other Shareholders

As illustrated by the shareholding table contained under the section headed "9. EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY" of the Letter from the Board,

- (i) the shareholding interests of the other Shareholders as at the Latest Practicable Date (being members of the public as defined in Rule 8.24 of the Listing Rules) would be diluted by approximately 5.95% immediately upon the issuance of the Shareholder Loan Conversion Shares; assuming no other change in issued share capital;

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- (ii) the shareholding interests of the other Shareholders as at the Latest Practicable Date (being members of the public as defined in Rule 8.24 of the Listing Rules) would be diluted by approximately 34.99% assuming full conversion of the MCB at the MCB Ordinary Conversion Price of HK\$1.60 per Share (assuming MCB in the aggregate principal amount of US\$4,075,065,253 will be issued by the Company) and no other change in issued share capital;
- (iii) the shareholding interests of the other Shareholders as at the Latest Practicable Date (being members of the public as defined in Rule 8.24 of the Listing Rules) would be diluted by approximately 35.76% assuming:
 - (a) issuance of the Shareholder Loan Conversion Shares;
 - (b) full conversion of the MCB at the initial MCB Ordinary Conversion Price of HK\$1.60 per Share (assuming MCB in the aggregate principal amount of US\$4,075,065,253 will be issued by the Company); and
 - (c) no other change in issued share capital.

In this regard, taking into account (i) the reasons for the Shareholder Loan Conversion and; the issue of the MCB; (ii) the premium of approximately 42.8% represented by the Shareholder Loan Conversion Price over the average closing price of the Shares over the Review Period; (iii) the premium of approximately 598.69% represented by the MCB Ordinary Conversion Price over the closing price of HK\$0.229 per Share on 11 April 2025, being the effective date of the latest amended Restructuring Support Agreement; (iv) preservation of shareholder value while reaching a resolution with the Company's Scheme Creditors; and (v) the terms of the Shareholder Loan Conversion and MCB to the Connected Persons being fair and reasonable as demonstrated in the analysis above, we are of the view that the impact of such level of dilution to the shareholding interests of the other Shareholders is acceptable.

8. Financial effects of the Shareholder Loan Conversion

(i) Effect on total liabilities and net asset value

According to the 2025 Interim Report, the unaudited total liabilities and net asset value of the Group was approximately RMB241.3 billion and RMB44.4 billion respectively as at 30 June 2025. Assuming the Group will not incur new borrowings and no other settlement will be made on the Group's liabilities from 30 June 2025 to completion of the Shareholder Loan Conversion, the Group's total liabilities will decrease by the amount of the Shareholder Loan of approximately US\$67,418,205 upon completion of the Shareholder Loan Conversion. In light of the decrease in total liabilities, the net asset value of the Group will also increase by the equivalent amount of the Shareholder Loan of approximately US\$67,418,205. We consider that the Shareholder Loan Conversion will result in an overall improvement on the Group's net assets position.

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(ii) Effect on net gearing ratio

According to the 2025 Interim Report, the Group's net debt to equity ratio (total indebtedness net of bank balances and cash divided by total equity) was approximately 166.8% as at 30 June 2025. Assuming (a) no new borrowings are incurred by the Group; and (b) no other settlement are made on the Group's liabilities, and (c) there is no change to the Group's bank balances and cash from 30 June 2025 to completion of the Shareholder Loan Conversion, upon completion of the Shareholder Loan Conversion, the Group's net debt to equity ratio is expected to improve to approximately 165.0% as the total indebtedness of the Group would decrease by approximately US\$67,418,205, being the amount of the Shareholder Loan and the total equity of the Group will be enlarged by the allotment and issue of the Shareholder Loan Conversion Shares. We therefore consider that the Shareholder Loan Conversion will have an overall improvement on the gearing ratio of the Group.

(iii) Effect on working capital

As the Shareholder Loan will be fully settled by way of allotment and issue of the Shareholder Loan Conversion Shares without incurring any cash outflow (save and except the professional fees in relation to the Shareholder Loan Conversion) by the Group, the Shareholder Loan Conversion would enable the Group to utilise the cash flow that would otherwise be used to repay the Shareholder Loan on its general working capital, for repayment of other borrowings and/or development of its business without affecting the working capital of the Group. Accordingly, the cash and liquidity positions of the Group are expected to improve upon completion of the Shareholder Loan Conversion.

OPINION AND RECOMMENDATION

Having considered the abovementioned principal factors and reasons, in particular:

- (i) the reasons for the Restructuring as discussed in the section headed "Background and reasons for the Restructuring" above, in particular in preventing the Group to enter into a liquidation scenario as well as assisting the Group to return to a strong financial position with the restructuring of its indebtedness;
- (ii) the Shareholder Loan Conversion by way of issuance of new Shares, and election by the Connected Persons (as Scheme Creditors) to choose MCB for debts owed to them by the Group which will result in periodic mandatory conversion of the MCB, enables the Group to mitigate substantial cash outflow, allowing the Company to retain working capital to achieve adequate financial flexibility and sufficient runway to stabilise the business and to protect the rights and interests for all stakeholders;
- (iii) that the Shareholder Loan Conversion Price is higher than the average closing Share price during the Review Period;

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- (iv) that the premiums represented by the Shareholder Loan Conversion Price are within the range of the Comparable Loan Capitalisation;
- (v) that the MCB Ordinary Conversion Price is generally higher than the closing Share prices over the Review Period;
- (vi) that the premiums represented by the MCB Ordinary Conversion Price are within the range of the Comparable MCBs;
- (vii) that both the interest rate and term to maturity of the MCB fall within the range of the Comparable MCBs; and
- (viii) that the potential dilutive effect on the shareholding interest of the other Shareholders arising from the Shareholder Loan Conversion and the conversion of the MCB is acceptable,

we are of the view that although (i) the proposed issue of the Shareholder Loan Conversion Shares; and (ii) the proposed issue of MCB to Rosy Fortune and Rain-Mountain and the issue of MCB Conversion Shares to them are not conducted in the ordinary and usual course of business of the Group, the principal terms of the Shareholder Loan Equitisation Agreement and the MCB are on normal commercial terms, fair and reasonable based on current market conditions so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the relevant resolutions approving the proposed issues of Shareholder Loan Conversion Shares, the proposed issue of MCB to Rosy Fortune and Rain-Mountain and the relevant MCB Conversion Shares to them at the EGM.

Yours faithfully,
For and on behalf of
Opus Capital Limited
Koh Kwai Yim
Managing Director

Ms. Koh Kwai Yim is the Managing Director of Opus Capital and is licensed under the SFO as a Responsible Officer to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. Ms. Koh has over 20 years of corporate finance experience in Asia and has participated in and completed various financial advisory and independent financial advisory transactions.

1. CONDITIONS

The Share Award Scheme shall take effect upon all of the following having been satisfied:

- (a) the passing of a resolution by the Shareholders of the Company to approve the Share Award Scheme in accordance with the Listing Rules;
- (b) the approval of the Listing Committee of the Stock Exchange for the listing of and permission to deal the Shares underlying the grants pursuant to the Share Award Scheme;
- (c) the passing of a resolution by the Shareholders to terminate (i) the share option scheme adopted by the Company on 27 April 2016; and (ii) the share award scheme adopted by the Company on 18 December 2017; and
- (d) the approval of the Restructuring by the Scheme Creditors and that the Scheme having been sanctioned by the court.

2. ELIGIBLE PERSON

“**Eligible Person**” means any director (including executive directors, non-executive directors and independent non-executive directors) or employee of the Group (whether full-time or part-time and including persons who are granted an Award under the Share Award Scheme as inducement to enter into employment or service contracts with the Group), who the Board considers, in its sole discretion, to have made or will make significant contributions to the to the Group’s business and operation, and performance of obligations under the new instruments following the Restructuring Effective Date. However, (a) no employee or director of the Group who have left the Group or are serving out their notice period as at the Restructuring Effective Date, (b) no individual who is resident in a place where the grant, acceptance or vesting of an Award pursuant to the Share Award Scheme is not permitted under the laws and regulations of such place or where, in the view of the Board, compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such individual, and (c) no service providers, shall be entitled to participate in the Share Award Scheme and such individual shall therefore be excluded from the term Eligible Person. For the avoidance of doubt, where a proposed grantee is both a director and a substantial shareholder of the Company, the more stringent requirements under the Listing Rules would be applicable to the proposed grant.

3. PURPOSES

The purposes of the Share Award Scheme are:

- (a) to align the interests of Eligible Persons with those of the Group through ownership of Shares; and

- (b) to encourage and incentivise Eligible Persons who have made and to continue to make significant contributions to the Company's business and operation, and performance of obligations under the new instruments following the Restructuring Effective Date.

4. DURATION

The term of the Share Award Scheme is 10 years commencing from the Restructuring Effective Date.

Subject to early termination in accordance with the Share Award Scheme Rules, the Share Award Scheme shall be valid and effective for the Award Period (after which no further Awards will be granted), and thereafter for so long as there are any non-vested Award Shares granted hereunder prior to the expiration of the Share Award Scheme, in order to give effect to the vesting of such Award Shares or otherwise as may be required in accordance with the provisions of the Share Award Scheme Rules.

5. OPERATION OF THE SHARE AWARD SCHEME

The Board may, from time to time, select any Eligible Person to be a Selected Participant and, subject to the Share Award Scheme Rules, grant an Award to such Selected Participant during the Award Period.

In determining the Selected Participants, the Board may take into consideration matters including the present and expected contribution of the relevant Selected Participant to the Restructuring and whether the Eligible Person has agreed to a material reduction or change in his/her respective remuneration packages.

Each grant of an Award to any director of the Company, chief executive or substantial shareholder of the Company, or any of their respective associates (each term as defined in the Listing Rules) shall be subject to the prior approval of the independent non-executive directors of the Company (excluding any independent non-executive director who is a proposed recipient of the grant of an Award) and shall be subject to compliance with the Listing Rules.

Notwithstanding the above, no grant of any Award Shares to any Selected Participant may be made:

- (a) in any circumstances where the requisite approval from any applicable regulatory authorities has not been granted;
- (b) in any circumstances that any member of the Group will be required under applicable securities laws, rules or regulations to issue a prospectus or other offer documents in respect of such Award or the Share Award Scheme, unless the Board determines otherwise;
- (c) where such Award would result in a breach by any member of the Group or its directors of any applicable securities laws, rules or regulations in any jurisdiction;

- (d) unless specific approval required under the Listing Rules has been granted in accordance with the Listing Rules, where such grant of Award would result in a breach of the Share Award Scheme Limit or the 25% (or such other percentage as approved or agreed by the Stock Exchange) minimum public float requirement as required under the Listing Rules;

and any such grant so made shall be null and void to the extent (and only to the extent) that it falls within the circumstances above.

6. TIMING OF AWARDS

No Award shall be made to Selected Participants, no share buybacks or new shares shall be issued pursuant to the Share Award Scheme, and no directions or recommendation shall be given to the Trustee with respect to a grant of an Award under the Share Award Scheme:

- (a) after inside information has become to the Company's knowledge until (and including) the Trading Day after the Company has announced the information;
- (b) during the period commencing 30-day immediately before the earlier of:
 - (i) the date of the Board meeting (as such date is first notified to the Stock Exchange under the Listing Rules) for approving the results of the Company for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
 - (ii) the deadline for the Company to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules),

and ending on the date of the results announcement. No Award shall be granted during any period of delay in publishing a results announcement.

- (c) in the case of an Award to any director of the Company:
 - (i) during the period of 60 days immediately preceding the publication of the annual results of the Company or, if shorter, the period from the end of the relevant financial year up to the publication of the results; or
 - (ii) during the period of 30 days immediately preceding the publication of the quarterly (if any) or half-yearly results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication of the results.

7. AWARD LETTER AND NOTIFICATION OF GRANT OF AWARDS

The Company shall issue a letter to each Selected Participant in such form as the Board may from time to time determine, specifying the Grant Date, the number of Award Shares underlying the Award, the vesting criteria and conditions, and the Vesting Date and such other details as the they may consider necessary (an “**Award Letter**”). Unless the Board decides otherwise and specifies the same in the Award Letter, no amount is payable on the grant of an Award.

Where a Trust has been established for the purposes of administering the Share Award Scheme, as soon as practicable after the grant of any Award to a Selected Participant, the Company shall notify the Trustee of:

- (a) the name of each such Selected Participant to whom such an Award has been made;
- (b) the number of Award Shares to which each such Award relates; and
- (c) the date or dates on which each such Award will vest.

The vesting criteria and conditions will include performance criteria to be satisfied by the Selected Participants and/or the Company and/or the Group before an Award can vest (save for Awards granted to independent non-executive Directors where no performance criteria will be imposed). These performance criteria will be linked to the business and/or financial performance of the Company and the Group, share price performance of the Company and/or the individual performance of the Selected Participant (including but not limited to the Selected Participant’s appraisal ratings).

8. ISSUE OF SHARES TO THE TRUSTEE

Where a Trust has been established for the purposes of administering the Share Award Scheme and if so determined by the Company, subject to the Share Award Scheme Rules, the Company shall, at such time as it considers appropriate prior to vesting of Awards and for the purposes of satisfying the grant of Awards, issue and allot Shares to the Trustee and/or instruct the Trustee, subject to the provision below in relation to Awards requiring specific approval by the Shareholders, whether or not to apply any Returned Shares. Where any Award is to be satisfied by an allotment and issue of new Shares to the Trustee, such allotment and issue should only be made upon fulfillment of the following conditions:

- (a) the total number of Shares to be allotted and issued to the Trustee under the Share Award Scheme shall not exceed the Share Award Scheme Limit, the Individual Limit or other limits (as applicable to the relevant Selected Participants) as specified below;
- (b) where applicable, the Listing Committee of the Stock Exchange having granted the listing of and permission to deal in the Shares which may be allotted and issued by the Company to the Trustee pursuant to the Share Award Scheme; and
- (c) the Selected Participants having been specified.

Save that the Board at its discretion may from time to time determine that any dividends declared and paid by the Company in relation to the Award Shares be paid to the Selected Participants even though the Award Shares have not yet vested, the Trustee shall hold the Award Shares, such dividends payable to the Selected Participants and Related Income (if any) on trust for the Selected Participant until the end of relevant vesting period. For the avoidance of doubt, the Selected Participants do not have any automatic right to any dividend in relation to the Award Shares prior to vesting (i.e. any dividend will be held on trust and the Selected Participants will only earn the dividend upon vesting, whereby the Trustee will then transfer such dividend on vesting).

The Trustee shall only be obliged to transfer Award Shares and Related Income (if any) to Selected Participants where vesting has taken place to the extent that Award Shares and Related Income (if any) are comprised in the Trust, unless the Board instructs otherwise.

The Company shall not issue or allot Shares, where such action (as applicable) is prohibited under the Listing Rules, the SFO or other applicable laws from time to time. Where such a prohibition causes the prescribed timing imposed by the Share Award Scheme Rules or the Trust Deed to be missed, such prescribed timing shall be treated as extended until as soon as reasonably practicable after the first (1st) Business Day on which the prohibition no longer prevents the relevant action.

9. VESTING OF AWARD

The Board may from time to time while the Share Award Scheme is in force and subject to all applicable laws, determine such vesting criteria and conditions or periods for the Award to be vested hereunder, taking into account such factors that the Board in its sole discretion considers relevant (including but not limited to the applicable key performance indicators as determined by the Board, the remuneration committee or the independent shareholders of the Company as the case may be, the ranking of the individual within the Group, the importance of the role of the Selected Participant and the contributions of the Selected Participant to the Restructuring). For the avoidance of doubt, in accordance with the conditions of the Share Award Scheme, vesting of any Awards is subject to the Restructuring becoming effective and the Restructuring Effective Date having occurred. In accordance with the Listing Rules, the vesting period shall not be less than 12 months, save that the vesting period may be less than 12 months for employees of the Group in the following circumstances:

- (a) grants of “make-whole” Awards to Selected Participants who are new joiners to the Group in order to replace any share awards that they forfeited when leaving the previous employers;
- (b) grant of Awards to Selected Participants whose employment is terminated due to death or disability or occurrence of any out of control event, where the vesting of the Awards may accelerate in accordance with the Share Award Scheme (including the circumstances as set out in the “LAPSE OF THE AWARD, CESSATION OF EMPLOYMENT AND OTHER EVENTS” section below);

- (c) where the grants of Award contains performance-based vesting conditions, and vesting takes place as a result of the satisfaction of such performance-based vesting conditions in lieu of time-based vesting criteria;
- (d) grants of Awards that are made in batches during a year for administrative and/or compliance reasons, where the vesting period is then adjusted to reflect the time from which a grant would have been made;
- (e) grants of Awards with a mixed or accelerated vesting schedule (e.g. where vesting will take place evenly over a period of not less than 12 months); and
- (f) grants of Awards with a total vesting and holding period of more than 12 months.

If the Vesting Date is not a Business Day, the Vesting Date shall, subject to any trading halt or suspension in the Shares, be the Business Day immediately thereafter.

Any non-statutory long leave of absence, as the Board may determine, may be taken into account such that the Awards that will vest to a Selected Participant will be pro-rated accordingly.

For the purposes of vesting of the Award, the Board may either:

- (a) direct and procure the Trustee to release from the Trust the Award Shares and Related Income, if any, to the Selected Participants by transferring the number of Award Shares and Related Income, if any, to the Selected Participants in such manner as determined by them from time to time; or
- (b) direct and procure the Trustee to sell, either at the time of the Board's instruction or the instruction of the relevant Selected Participant, on-market at the prevailing market price, the number of Award Shares so vested in respect of the Selected Participant and pay the Selected Participant the proceeds in cash arising from such sale based on the Actual Selling Price of such Award Shares and Related Income, if any, as set out in the Vesting Notice (as the Board in its absolute discretion considers appropriate, including where it is not practicable for the Selected Participant to receive the Award in Shares due to legal or regulatory restrictions with respect to the Selected Participant's ability to receive the Award in Shares or the Trustee's ability to give effect to any such transfer to the Selected Participant); or
- (c) settle the vested Award in cash in lieu of delivering Award Shares and Related Income at such cash amount determined by the Board with reference to the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Vesting Date.

Except in the circumstances as set out in the Share Award Scheme Rules (including where the Selected Participants did not satisfy his/her obligations relating to the Taxes), barring any unforeseen circumstances, within a reasonable time period as agreed between the Trustee and the Board from time to time prior to any Vesting Date, the Board shall send to the relevant Selected Participant a vesting notice (the "**Vesting Notice**"). The Board shall forward a copy

of the Vesting Notice to the Trustee and instruct the Trustee the extent to which the Award Shares held in the Trust shall be sold, transferred and/or released from the Trust to the Selected Participant in the manner as determined by the Board.

Except in the circumstances as set out in the Share Award Scheme Rules (including where the Selected Participants did not satisfy his/her obligations relating to the Taxes), subject to the receipt of the Vesting Notice and the instructions from the Board, the Trustee shall transfer and release the relevant Award Shares to the relevant Selected Participant in the manner as determined by the Board or sell the relevant Award Shares within any time stipulated above and pay the Actual Selling Price to the Selected Participant within a reasonable time period (in both cases with the Related Income, if any), in satisfaction of the Award.

Any stamp duty or other direct costs and expenses arising on vesting and transfer of the Award Shares and Related Income to or for the benefit of the Selected Participants, if any, shall be borne by the Company. Any duty or other direct costs and expenses arising on the sale of the Award Shares after the vesting shall be borne by the Selected Participant.

All costs and expenses in relation to all dealings with the Award Shares after vesting and transfer of the Award Shares to the Selected Participant (as the case may be) shall be borne by the Selected Participant and neither the Company nor the Trustee shall be liable for any such costs and expenses thereafter.

Other than the stamp duty to be borne by the Company in accordance with the above, all other taxes (including personal income taxes, professional taxes, salary taxes and similar taxes, as applicable), duties, social security contributions, impositions, charges and other levies arising out of or in connection with the Selected Participant's participation in the Share Award Scheme or in relation to the Award Shares, Related Income or cash amount of equivalent value of the Award Shares (the "**Taxes**") shall be borne by the Selected Participant and neither the Company nor the Trustee shall be liable for any Taxes. The Selected Participant will indemnify the Trustee and all Members of the Group/any Affiliate against any liability each of them may have to pay or account for such Taxes, including any withholding liability in connection with any Taxes. To give effect to this, the Trustee or any member of the Group may, notwithstanding anything else in the Share Award Scheme Rules (but subject to applicable law):

- (a) reduce or withhold the number of the Selected Participant's Award Shares underlying the Award or the amount of the Related Income (the number of Award Shares underlying the Award that may be reduced or withheld shall be limited to the number of Award Shares that have a fair market value on the date of withholding that, in the reasonable opinion of the Company is sufficient to cover any such liability);
- (b) sell, on the Selected Participant's behalf, such number of Shares to which the Selected Participant becomes entitled under the Share Award Scheme and retain the proceeds and/or pay them to the relevant authorities or government agency;

- (c) deduct or withhold, without notice to the Selected Participant, the amount of any such liability from any payment to the Selected Participant made under the Share Award Scheme or from any payments due from a member of the Group to the Selected Participant, including from the salary payable to the Selected Participant by any member of the Group; and/or
- (d) require the Selected Participant to remit to any member of the Group, in the form of cash or a certified bank cashier's check, an amount sufficient to satisfy any Taxes or other amounts required by any governmental authority to be withheld and paid over to such authority by any member of the Group on account of the Selected Participant or to otherwise make alternative arrangements satisfactory to the Company for the payment of such amounts.

The Trustee shall not be obliged to transfer any Award Shares (or pay the Actual Selling Price of such Award Shares in cash) or Related Income to a Selected Participant unless and until the Selected Participant satisfies the Trustee and the Company that such Selected Participant's obligations have been met.

10. LAPSE OF THE AWARD, CESSATION OF EMPLOYMENT AND OTHER EVENTS

Change of Control

If, following the Restructuring Effective Date, there is an event of change of control of the Company including by way of a merger, a privatisation of the Company by way of a scheme or by way of an offer, any Awards that are outstanding and unvested as at the date of such change of control shall immediately lapse and shall not vest. For this purpose, "control" shall have the meanings as specified in the Takeovers Code from time to time.

Change of Position

In the event the position of a Selected Participant is changed as a part of the Company or its Subsidiaries' normal course of business, the Awards granted to him or her, whether vested or not, will remain valid in accordance with the terms and conditions herein and set forth in the Award Letter.

Resignation and dismissal

In the event a Selected Participant ceases to be an Eligible Person of the Company by reason of:

- (a) the death or ill health of the Selected Participant;
- (b) the termination of the Selected Participant's employment, office or service by the Company or a member of the Group, other than in circumstances set out in (d) below;

- (c) the resignation of the Selected Participant of the Selected Participant's employment, office or service, other than by reason of ill health as agreed by the Company or a member of the Group in circumstances set out in(a) above; and
- (d) the termination of the Selected Participant's employment, office or service by the Company or a member of the Group, on any one or more of the grounds that the Selected Participant (1) has been guilty of gross misconduct; (2) has been convicted of any criminal offence involving his integrity or honesty that seriously impair the interests and benefits of the relevant member of the Group or (if so determined by the Board in its absolute discretion); (3) has committed any other misconduct or inappropriate behaviours; (4) has underperformed; and (5) on any other ground on which the relevant member of the Group would be entitled to terminate the Selected Participant's employment or office summarily at common law or pursuant to any applicable laws or under the Selected Participant's service contract with the relevant member of the Group. For the avoidance of doubt, this applies regardless of whether such termination is implemented by the Company or the relevant member of the Group with or without notice and whether or not the Selected Participant successfully challenges such termination, and a resolution of the Board or the board of directors of the relevant member of the Group to the effect that the employment, office or service of a Selected Participant has or has not been terminated on one or more of the grounds specified shall be conclusive,

then all Awards that are at the relevant time outstanding and unvested shall immediately lapse and shall not vest. The relevant time in the preceding sentence shall be the date of death or the date of termination of the Selected Participant's employment, office or service in the case of (a), (b) or (d); and the date that the Selected Participant gives notice of resignation (rather than, for the avoidance of doubt, the date of termination) of employment, office or service in the case of(c). In addition:

- (a) where the circumstances in (a) or (b) apply and as an exception to this, the Board, in its sole discretion, may (but is not obliged to) determine that all or part of the Awards granted to the relevant Selected Participant will instead continue to vest, in such manner and on such terms and conditions as communicated to the Selected Participant (or the Selected Participant's legal representative, as applicable); and
- (b) where the circumstances in (c) or (d) apply, as the Board may determine and to the extent it is practicable and permissible under the Listing Rules and any other applicable laws and regulations, the Company may require that all Shares (if any) acquired by the Selected Participant pursuant to any vested Awards shall be repurchased by the Company at the price equal to the amount actually paid by the Selected Participant (if any), and all other cash and benefits received by the Selected Participant (if any) under the granting and/or vesting of Awards (including, for the avoidance of doubt, the price of the Shares and

other Related Income as at the date that the Company exercises this right where any repurchase is not practicable or permissible) shall be repaid/returned to the Company or another member of the Group as determined by the Board.

Any Award, to the extent not vested, shall lapse automatically on the earliest of:

- (a) upon passing of an effective resolution for the voluntary winding-up of the Company or an order of the court being made for the winding-up of the Company;
- (b) where the Selected Participant is an Eligible Person of a member of the Group (other than the Company), if such member of the Group ceases to be a member of the Group;
- (c) where the Selected Participant commits a breach of the transferability provisions below;
- (d) where a general or partial offer (whether by way of take-over offer, share repurchase offer or otherwise in like manner other than by way of a scheme of arrangement) is made to all Shareholders (or all Shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or in concert with the offeror);
- (e) where, after the Restructuring Effective Date and for the avoidance of doubt the Restructuring will not trigger the application of this provision, any other compromise or arrangement of any nature between the Company and its members or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies, save that if for any reason such scheme is not approved by the court, the rights of the Selected Participants in respect of the Award shall with effect from the date of the making of the order by the court be restored in full and may be vested (but subject to the other terms of the Share Award Scheme, the Trust Deed or the Award Letter) as if such scheme had not been proposed by the Company and no claim shall lie against the Company or any of its officers for any loss or damage sustained by any Selected Participant as a result of the aforesaid process; or
- (f) the occurrence or non-occurrence of any event, expiry of any period, or non-satisfaction of any condition, as specified in the letter containing the offer or grant of the relevant Award.

Notwithstanding any other provision in the Share Award Scheme, the Trust Deed or any Award Letter, the Board may at any time and at its discretion cancel Awards previously granted to, but not yet lapsed or vested to a Selected Participant. Where the Company cancels Awards and makes a new grant of Award to the same Selected Participant, such new grant may only be made with available limits approved by the shareholders of the Company as mentioned below. In other words, such cancelled Award will be regarded as utilised for the purpose of calculating the relevant limits.

Malus and Clawback

If, following the vesting of an Award, the Board in its absolute discretion determines that any of the events described below has occurred, then, as the Board may determine and to the extent it is practicable and permissible under the Listing Rules and any other applicable laws and regulations, the Company may require that all Shares (if any) acquired by the Selected Participant pursuant to any vested Awards shall be repurchased by the Company at the price equal to the amount actually paid by the Selected Participant (if any), and all other cash and benefits received by the Selected Participant (if any) under the granting and/or vesting of Awards (including, for the avoidance of doubt, the price of the Shares and other Related Income as at the date that the Company exercises this right where any repurchase is not practicable or permissible) shall be repaid/returned to the Company or another member of the Group as determined by the Board.

If, before an Award vests, the Board determines that any of the events described in the below has occurred, the Board may direct that:

- (a) the Award shall lapse in whole or in part;
- (b) the vesting of the Award will be delayed for such period as the Board may determine; and/or
- (c) the vesting of the Award will be subject to any additional conditions imposed by the Board.

In addition, the Board may direct that vesting of an Award will be delayed while any investigation is carried out which could result in any disciplinary action against a Selected Participant or any lapse of an Award or the imposition of conditions under this provision. For the avoidance of doubt, vesting may occur at the end of the investigation of the relevant circumstances.

The events that may trigger the provisions above are as follows:

- (a) the granting and/or vesting of any Award was based on materially inaccurate financial statements (which includes, but is not limited to, statements or earnings, revenues or gains, or other key performance indicators) or any other materially inaccurate performance indicators or criteria;
- (b) the performance forming the basis on which grant or vesting of the Award has been proved not genuine (e.g. misstatement of data, failure to disclose material information, fraud, malfeasance or violation of policies);
- (c) any term and condition set out in the Share Award Scheme Rules and the Award Letter in respect of such Award was not satisfied;
- (d) any circumstances in which the Board considers that the conduct of the Selected Participant has harmed the business or reputation of the Company or any member of the Group; or

- (e) any other circumstances in respect of which the Board considers that the application or the operation of these provisions would otherwise be appropriate.

The Company will determine whether a financial statement or other performance metrics or criteria is materially inaccurate in accordance with the standards consistently adopted by the Group or any similar or successor standards applicable to the Group and in effect from time to time.

11. TRANSFERABILITY AND OTHER RIGHTS TO AWARD SHARES

Unless waiver has been obtained from the Stock Exchange in accordance with the Listing Rules and express written consent is obtained from the Board in respect of any vehicle (including a trust or a private company) that is wholly owned by the Selected Participant as at the date of the proposed transfer and the date of vesting of the Award, any Award granted hereunder but not yet vested shall be personal to the Selected Participant to whom it is made and shall not be assignable or transferable and no Selected Participant shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to any Award, or enter into any agreement to do so.

Any actual or purported breach of the above shall render any outstanding Award or part thereof granted to such Selected Participant as lapsed. For this purpose, a determination from the Board or such other person(s) who is delegated with this function by the Board, to the effect that the Selected Participant has or has not breached any of the foregoing shall be final and conclusive.

12. INTEREST IN THE ASSETS OF THE TRUST

For the avoidance of doubt:

- (a) a Selected Participant shall have only a contingent interest in the Award and Related Income (if any) subject to the vesting of such Award and Related Income (if any) in accordance with the Share Award Scheme Rules, unless the Board determines otherwise;
- (b) neither the Selected Participant nor the Trustee may exercise any voting rights in respect of any Award Shares that have not yet vested, except required and in accordance with the Listing Rules;
- (c) a Selected Participant shall have no right to any dividend of the Returned Shares or any of the Returned Shares, all of which shall be retained by the Trustee for the benefit of the Share Award Scheme; and
- (d) a Selected Participant shall have no rights in the balance of the fractional shares, rounded to the nearest whole share, arising out of consolidation of Shares (if any) and such Shares shall be deemed Returned Shares for the purposes of the Share Award Scheme.

13. ALTERATIONS TO THE SHARE CAPITAL

In the event of any capitalisation issue, rights issue, sub-division or consolidation of the Shares (other than an issue of Shares as consideration in respect of a transaction to which the Company is a party), the Board may make adjustments to the number of outstanding Award Shares that have been granted, provided that such adjustments must give the Selected Participant the same proportion of the share capital of the Company (rounded to the nearest whole Share), as that to which the Selected Participant was previously entitled and are made in accordance with the requirements of the Listing Rules (including the requirement for any confirmation from the independent financial advisor or the auditors of the Company).

Subject to the above principles and any further or updated guidance or interpretation of the Listing Rules from time to time, the default method of adjustment shall be made in accordance with FAQ13 No. 16 published by the Stock Exchange, as may be amended from time to time.

14. SHARE AWARD SCHEME LIMITS

The maximum number of Shares which may be allotted and issued in respect of all Awards that may be granted under the Share Award Scheme, when aggregated with the maximum number of Shares in respect of which options or awards may be granted under any other share scheme (as this term is defined in the Listing Rules) over Shares, shall not exceed 10 per cent of the issued capital of the same class of the Company (excluding any treasury shares) as of the Share Award Scheme Limit Reference Date (the “**Share Award Scheme Limit**”). Any Awards lapsed in accordance with the terms of the Share Award Scheme will not be regarded as utilised for the purpose of calculating the Share Award Scheme Limit.

The Share Award Scheme Limit may be refreshed subject to any applicable Shareholders’ approval requirements under the Listing Rules. For the avoidance of doubt, the total number of Shares that may underlie all grants made pursuant to the Share Award Scheme under the refreshed limit, and pursuant to any other share scheme of the Company (excluding those scheme(s) which have expired or terminated) following the date of approval must not exceed 10% of the number of Shares in issue (excluding any treasury shares) as at the relevant date of approval except where separate Shareholders’ approval is obtained as further described below.

The Company may seek separate Shareholders’ approval in general meeting for granting Awards beyond the Share Award Scheme Limit, provided that any such grants are only made to Selected Participants specifically identified by the Company before such approval is sought. The approval must be obtained in the manner prescribed by the Listing Rules.

No Award may be granted to any one person if such grant would result in the total number of Shares issued or to be issued in respect of all options and awards granted to such person under the Share Award Scheme and any other share scheme over Shares (excluding any options and awards lapsed in accordance with the rules of any other share schemes) in the 12-month period up to and including the date of the latest grant in aggregate to exceed 1% of the Shares in issue (excluding any treasury shares) from time to time (the “**Individual Limit**”). Where any grant of Award to a Selected Participant would exceed the Individual Limit, such grant must be separately approved by the Shareholders in general meeting (with any Selected

Participants and her/her associates or close associates, as the case may be, abstaining from voting) in the manner prescribed by the Listing Rules. The Company shall send a circular to its Shareholders containing the information required under the Listing Rules.

The approval of independent non-executive directors of the Company (excluding any independent non-executive director of the Company who is intended to be a Selected Participant of the Award) will be required for each grant of Awards to a director, chief executive, or substantial shareholder of the Company or any of their respective associates.

If a grant of Awards to a director of the Company (other than an independent non-executive director) or chief executive of the Company or their respective associates will result in the total number of Shares issued and to be issued in respect of all the awards granted under the Share Award Scheme and any other share scheme over Shares (excluding any award lapsed in accordance with the rules of any other share schemes) to such person in the 12-month period up to and including the date of such grant, in aggregate to exceed 0.1% of the Shares in issue (excluding any treasury shares) from time to time, such further grant of Awards must be approved by the Shareholders in general meeting in accordance with the Listing Rules.

If a grant of Awards to a substantial shareholder of the Company or an independent non-executive director of the Company or their respective associates will result in the total number of Shares issued and to be issued in respect of all the options and awards granted under the Share Award Scheme and any other share scheme over Shares (excluding any options and award lapsed in accordance with the rules of any other share schemes) to such person in the 12-month period up to and including the date of such grant, in aggregate to exceed 0.1% of the Shares in issue (excluding any treasury shares) from time to time, such further grant of Awards must be approved by the Shareholders in general meeting in accordance with the Listing Rules.

Where the above provisions relating to grant of Awards to directors, chief executive, substantial shareholder or independent non-executive director (or their respective associates) apply, the Company shall procure that all the requirements of the Listing Rules relating to sending a circular to Shareholders are complied with, and the Selected Participant, his/her associates and all core connected persons of the Company must abstain from voting in favour at the relevant general meeting.

Notwithstanding the Share Award Scheme Limit, all Awards exceeding the Individual Limit (or the relevant limits for specified persons as set out above) requiring specific approval by the Shareholders as appropriate in accordance with any of the above (as the case may be) will not count towards the Share Award Scheme Limit. However, any such Awards, if lapsed or cancelled (as the case may be) in accordance with the terms of the Share Award Scheme, shall not be re-granted to any other Selected Participants. Any Returned Shares arising from the lapse or cancellation of such Awards shall not be applied by the Trustee for the purposes of satisfying any other grant of Awards.

15. ALTERATION OF THE SHARE AWARD SCHEME

The Share Award Scheme may be altered in any respect by a resolution of the Board, save that alternations to the Share Award Scheme which are of a material nature or any alterations to the provisions relating to the matters set out in Rule 17.03 of the Listing Rule to the advantage of the Selected Participants must be approved by the Shareholders in general meeting.

Any change to the terms of any Award granted to a Selected Participant shall be subject to the approval of the Board, the remuneration committee, the independent non-executive directors of the Company and/or Shareholders of the Company in general meeting (as the case may be), if the initial grant of the Awards was approved by Board, the remuneration committee, the independent non-executive directors of the Company and/or Shareholders of the Company in general meeting (as the case may be). This requirement does not apply where the alterations take effect automatically under the existing terms of the Share Award Scheme. The terms of the Share Award Scheme or the Awards so altered must comply with Chapter 17 of the Listing Rules.

The powers and authority of the Board or administrator of the Share Award Scheme in relation to the alteration of any terms of the Share Award Scheme shall not be changed except with prior sanction of a resolution of the Company in general meeting.

16. TERMINATION

The Share Award Scheme shall terminate on the earlier of:

- (a) the end of the Award Period except in respect of any non-vested Award Shares granted hereunder prior to the expiration of the Share Award Scheme, for the purpose of giving effect to the vesting of such Award Shares or otherwise as may be required in accordance with the provisions of the Share Award Scheme; and
- (b) such date of early termination as determined by the Board provided that such termination shall not affect any subsisting rights of any Selected Participant hereunder; provided further that for the avoidance of doubt, the change in the subsisting rights of a Selected Participant in this provision refers solely to any change in the rights in respect of the Award Shares already granted to a Selected Participant.

On the Business Day following the settlement, lapse or cancellation (as the case may be) of the last outstanding Award made under the Share Award Scheme, the Trustee shall sell all the Shares remaining in the Trust within a reasonable time period as agreed between the Trustee and the Company upon receiving notice of the settlement, lapse or cancellation (as the case may be) of such last outstanding Award (or such longer period as the Company may otherwise determine), and remit all cash and net proceeds of such sale referred to in this provision and the Returned Trust Funds (after making appropriate deductions in respect of all disposal costs, expenses and other existing and future liabilities in accordance with the Trust

Deed) to the Company. For the avoidance of doubt, the Trustee shall not transfer any Shares to the Company nor may the Company otherwise hold any Shares whatsoever (other than the proceeds in the sale of such Shares pursuant to this provision).

1. RESPONSIBILITY STATEMENT

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

2. SHARE CAPITAL

Assuming there is no other change in the authorised and issued share capital of the Company since the Latest Practicable Date, the authorised and issued share capital of the Company (i) as at the Latest Practicable Date; and (ii) immediately upon the Increase in Authorised Share Capital, the full conversion of MCB at the initial MCB Ordinary Conversion Price of HK\$1.6 per Share, the Shareholder Loan Conversion and the vesting of the Award Shares under the Specific Mandate Grants, are as follows:

(a) As at the Latest Practicable Date

HK\$

Authorised capital:

<u>20,000,000,000</u> Shares of HK\$0.1 each	<u>2,000,000,000.0</u>
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Issued and fully paid or credited as fully paid:

<u>10,509,202,397</u> Shares of HK\$0.1 each	<u>1,050,920,239.7</u>
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- (b) Immediately upon the Increase in Authorised Share Capital, the full conversion of MCB at the initial MCB Ordinary Conversion Price of HK\$1.6 per Share, the Shareholder Loan Conversion and the vesting of the Award Shares under the Specific Mandate Grants

HK\$

Authorised capital:

<u>50,000,000,000</u> Shares of HK\$0.1 each	<u>5,000,000,000.0</u>
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Issued and fully paid or credited as fully paid:

10,509,202,397 Shares of HK\$0.1 each	1,050,920,239.7
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19,865,943,108 Shares of HK\$0.1 each (being the number of MCB Conversion Shares)	1,986,594,310.8
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1,314,654,997 Shares of HK\$0.1 each (being the number of Shareholder Loan Conversion Shares)	131,465,499.7
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2,441,286,035 Shares of HK\$0.1 each (being the number of Award Shares under the Specific Mandate Grant)	244,128,603.5
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<u>34,131,086,537</u> Shares of HK\$0.1 each	<u>3,413,108,653.7</u>
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3. DISCLOSURE OF INTERESTS

(a) Interests of Directors

As at the Latest Practicable Date, the Directors and chief executives of the Company had the following interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuer (the “**Model Code**”) set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange:

Long positions in the Shares

Name of Director	Nature of interest	Number of Shares/ underlying shares held	Approximate percentage of shareholding in the Company (%)
Mr. LIN Zhong	Founder of a discretionary trust ⁽¹⁾	1,363,754,301	12.98%
	Co-founder of a discretionary trust ⁽²⁾	2,737,372,105	26.05%
	Beneficial owner ⁽³⁾	1,321	0.00001%
	Interest of his spouse ⁽⁴⁾	10,400,000	0.10%
Mr. LIN Wei	Founder of a discretionary trust ⁽⁵⁾	504,452,194	4.80%
	Co-founder of a discretionary trust ⁽²⁾	2,737,372,105	26.05%
Mr. RU Hailin	Beneficial owner ⁽⁶⁾	2,805,120	0.03%
Mr. YANG Xin	Beneficial owner ⁽⁷⁾	3,552,711	0.03%
	Interest held jointly with another person ⁽⁸⁾	1,626,380	0.02%
Mr. GE Ming	Beneficial owner ⁽⁹⁾	1,407,362	0.01%
Mr. ZHANG Yongyue	Beneficial owner ⁽¹⁰⁾	2,245,591	0.02%
Mr. TAN Wee Seng	Beneficial owner ⁽¹¹⁾	1,632,602	0.02%
Ms. LIN Caiyi	Beneficial owner ⁽¹²⁾	200,000	0.002%

Notes:

- (1) These Shares are held by Ding Chang Limited (“**Ding Chang**”). The entire issued share capital of Ding Chang is wholly owned by Eternally Success International Limited (“**Eternally Success**”), the entire issued share capital of which is in turn held by Standard Chartered Trust (Singapore) Limited (“**Standard Chartered Trust**”) as the trustee of the Sun Success Trust via SCTS Capital Pte. Ltd. (“**SCTS Capital**”). The Sun Success Trust is a discretionary trust set up by Mr. LIN Zhong as settlor and Standard Chartered Trust as trustee on 11 May 2012. The beneficiary objects of the Sun Success Trust include certain family members of Mr. LIN Zhong. Mr. LIN Zhong as founder of the Sun Success Trust is taken to be interested in the 1,363,754,301 Shares held by Ding Chang pursuant to Part XV of the SFO.
- (2) These Shares are held by Rosy Fortune. The entire issued share capital of Rosy Fortune is wholly owned by Gentle Beauty Assets Limited (“**Gentle Beauty**”), the entire issued share capital of which is in turn held by Standard Chartered Trust as the trustee of the LIN’s Family Trust via SCTS Capital. The LIN’s Family Trust is a discretionary trust set up jointly by Mr. LIN Zhong, Mr. LIN Wei and Mr. LIN Feng as settlors and Standard Chartered Trust as trustee on 11 May 2012. The beneficiary objects of the LIN’s Family Trust include certain family members of Mr. LIN Zhong, Mr. LIN Wei and Mr. LIN Feng. Each of Mr. LIN Zhong, Mr. LIN Wei and Mr. LIN Feng as a co-founder of the LIN’s Family Trust is taken to be interested in the 2,737,372,105 Shares held by Rosy Fortune pursuant to Part XV of the SFO.
- (3) These Shares are directly held by Mr. LIN Zhong.
- (4) These Shares are directly held by the spouse of Mr. LIN Zhong.
- (5) Sun-Mountain Trust is a discretionary trust set up by Mr. LIN Feng as settlor and the beneficiary objects of the Sun-Mountain Trust include certain family members of Mr. LIN Feng. By virtue of the SFO, Mr. LIN Zhong is deemed to be interested in the 500,000 Shares held by Sun-Mountain Trust.
- (6) These Shares are directly held by Mr. RU Hailin.
- (7) These Shares are directly held by Mr. YANG Xin.
- (8) These Shares are directly and jointly held by Mr. YANG Xin and another person.
- (9) These Shares are directly held by Mr. GE Ming.
- (10) These Shares are directly held by Mr. ZHANG Yongyue.
- (11) These Shares are directly held by Mr. TAN Wee Seng.
- (12) These Shares are directly held by Ms. LIN Caiyi.

Interest in associated corporations

Name of Director	Associated corporation	Capacity/ nature of interest	Number of shares	Approximate percentage of shareholding interest (%)
Mr. LIN Zhong	LingYu International Group Co., Ltd. (“ LingYu International ”)	Interest of controlled corporation ⁽¹⁾	160,000	40%
	Shanghai Lvming Construction Technology Group Co., Ltd.* (“ Lvming Construction Technology ”)	Interest of controlled corporation ⁽²⁾	40,000,000	40%
	Ever Sunshine Services Group Limited (“ Ever Sunshine Services ”)	Interest of controlled corporation ⁽³⁾	273,180,000	15.80%
	Ever Sunshine Services	Interest of controlled corporation ⁽⁴⁾	406,820,000	23.54%
	Ever Sunshine Services	Co-founder of a discretionary trust ⁽⁵⁾	1,000,000	0.06%
	Ever Sunshine Services	Other ⁽⁶⁾	500,000	0.03%
Mr. LIN Wei	LingYu International	Interest of controlled corporation ⁽¹⁾	160,000	40%
	Ever Sunshine Services	Interest of controlled corporation ⁽⁴⁾	406,820,000	23.54%
	Ever Sunshine Services	Co-founder of a discretionary trust ⁽⁵⁾	1,000,000	0.06%
	Ever Sunshine Services	Other ⁽⁷⁾	273,680,000	15.83%
Mr. RU Hailin	Ever Sunshine Services	Beneficial owner ⁽⁸⁾	1,050,000	0.06%
Mr. YANG Xin	Ever Sunshine Services	Beneficial owner ⁽⁹⁾	700,000	0.04%
	Ever Sunshine Services	Interest held jointly with another person ⁽¹⁰⁾	400,000	0.02%
Mr. GE Ming	Ever Sunshine Services	Beneficial owner ⁽¹¹⁾	2,400,000	0.14%

Notes:

- (1) These shares of LingYu International include 100,000 shares held by Smart City Assets Limited and 60,000 shares held by Loyal Most Enterprises Limited of which Mr. LIN Zhong, together with Mr. LIN Wei and Mr. LIN Feng, are regarded to have control by virtue of the SFO.
- (2) These shares of Lvming Construction Technology are held by Shanghai Maofu Enterprise Development Group Co., Ltd.* (上海茂福企業發展集團有限公司) (formerly known as Shanghai Xuhui Enterprise Development Co., Ltd.* (上海旭輝企業發展有限公司)) of which Mr. LIN Zhong is regarded to have control by virtue of the SFO.
- (3) These shares of Ever Sunshine Services are held by Elite Force Development Limited (“**Elite Force Development**”). The entire issued share capital of Elite Force Development is owned as to 50% by Mr. LIN Zhong, 25% by Mr. LIN Wei and 25% by Mr. LIN Feng. Therefore, Mr. LIN Zhong is regarded to have control in these 273,180,000 shares of Ever Sunshine Services held by Elite Force Development by virtue of the SFO. With effect from 30 June 2020, Elite Force Development has entrusted Spectron to exercise voting rights of certain number of shares of Ever Sunshine Services. Elite Force Development continues to own such shares of Ever Sunshine Services as the beneficial owner and be entitled to the dividends, distributions and all other rights and benefits attaching to such shares.
- (4) These shares of Ever Sunshine Services are held by Spectron, the entire issued share capital of which is in turn held by Xu Sheng Limited which is a direct wholly-owned subsidiary of the Company. Therefore, each of Mr. LIN Zhong, Mr. LIN Wei and Mr. LIN Feng is taken to be interested in the 406,820,000 shares of Ever Sunshine Services held by Spectron pursuant to Part XV of the SFO. Regarding the entrusted voting arrangement, please refer to note 3 above.
- (5) These shares of Ever Sunshine Services are held by Rosy Fortune. The entire issued share capital of Rosy Fortune is wholly owned by Gentle Beauty, the entire issued share capital of which is in turn held by Standard Chartered Trust as the trustee of the LIN’s Family Trust via SCTS Capital. The LIN’s Family Trust is a discretionary trust set up jointly by Mr. LIN Zhong, Mr. LIN Wei and Mr. LIN Feng as settlors and Standard Chartered Trust as trustee on 11 May 2012. The beneficiary objects of the LIN’s Family Trust include certain family members of Mr. LIN Zhong, Mr. LIN Wei and Mr. LIN Feng. Each of Mr. LIN Zhong, Mr. LIN Wei and Mr. LIN Feng as a co-founder of the LIN’s Family Trust is taken to be interested in these 1,000,000 shares of Ever Sunshine Services held by Rosy Fortune pursuant to Part XV of the SFO.
- (6) These shares of Ever Sunshine Services are held by Rain-Mountain. Mr. LIN Zhong, Mr. LIN Wei and Mr. LIN Feng signed an acting in concert deed on 6 August 2018. By virtue of the SFO, Mr. LIN Zhong is deemed to be interested in the shares of Ever Sunshine Services held by Rain-Mountain.
- (7) These shares of Ever Sunshine Services are held by Rain-Mountain and Elite Force Development. Mr. LIN Zhong, Mr. LIN Wei and Mr. LIN Feng signed an acting in concert deed on 6 August 2018. By virtue of the SFO, Mr. LIN Wei is deemed to be interested in the 273,180,000 shares of Ever Sunshine Services held by Elite Force Development and the 500,000 shares of Ever Sunshine Services held by Rain-Mountain. With effect from 30 June 2020, Elite Force Development has entrusted Spectron to exercise voting rights of certain number of shares of Ever Sunshine Services. Elite Force Development continues to own such shares of Ever Sunshine Services as the beneficial owner and be entitled to the dividends, distributions and all other rights and benefits attaching to such shares.
- (8) These shares of Ever Sunshine Services are directly held by Mr. RU Hailin.
- (9) These shares of Ever Sunshine Services are directly held by Mr. YANG Xin.
- (10) These shares of Ever Sunshine Services are directly and jointly held by Mr. YANG Xin and another person.

Interests in Debentures of the Company and Associated Corporations

Name of Director	Name of corporation	Capacity/ nature of interest	Principal amount of relevant debentures held	Approximate percentage of aggregate principal amount of the relevant debentures issued (%)
Mr. LIN Zhong	The Company	Co-founder of a discretionary trust ⁽¹⁾⁽⁴⁾	US\$1 million	0.18%
	The Company	Co-founder of a discretionary trust ⁽²⁾⁽⁴⁾	US\$1 million	0.24%
	The Company	Co-founder of a discretionary trust ⁽³⁾⁽⁴⁾	US\$1 million	0.67%
Mr. LIN Wei	The Company	Co-founder of a discretionary trust ⁽¹⁾⁽⁴⁾	US\$1 million	0.18%
	The Company	Co-founder of a discretionary trust ⁽²⁾⁽⁴⁾	US\$1 million	0.24%
	The Company	Co-founder of a discretionary trust ⁽³⁾⁽⁴⁾	US\$1 million	0.67%
Mr. YANG Xin	CIFI Group Co., Ltd.* ("CIFI PRC")	Beneficial owner ⁽⁵⁾⁽⁷⁾	RMB5.9 million	0.20%
		Beneficial owner ⁽⁶⁾⁽⁷⁾	RMB1 million	0.05%

Notes:

- (1) The 6.0% senior notes due 2025 with the aggregate principal amount of US\$567 million were issued by the Company in January 2020, which are listed on the Stock Exchange.
- (2) The 4.375% senior notes due 2027 with the aggregate principal amount of US\$419 million were issued by the Company in January 2021, which are listed on the Stock Exchange.
- (3) The 4.8% senior notes due 2028 with the aggregate principal amount of US\$150 million were issued by the Company in May 2021, which are listed on the Stock Exchange.
- (4) Such senior notes were owned by Rosy Fortune. The entire issued share capital of Rosy Fortune is wholly owned by Gentle Beauty, the entire issued share capital of which is in turn held by Standard Chartered Trust as the trustee of the LIN's Family Trust via SCTS Capital. The LIN's Family Trust is a discretionary trust set up jointly by Mr. LIN Zhong, Mr. LIN Wei and Mr. LIN Feng as settlors and Standard Chartered Trust as trustee on 11 May 2012. The beneficiary objects of the LIN's Family Trust include certain family members of Mr. LIN Zhong, Mr. LIN Wei and Mr. LIN Feng. Each of Mr. LIN Zhong, Mr. LIN Wei and Mr. LIN Feng as a co-founder of the LIN's Family Trust is taken to be interested in such senior notes held by Rosy Fortune pursuant to Part XV of the SFO.

- (5) The second tranche of 2021 domestic corporate bonds with the principal amount of RMB3,000 million were issued by CIFI PRC, a wholly-owned subsidiary of the Company, in July 2021, which are listed on the Shanghai Stock Exchange.
- (6) The first tranche of 2020 domestic corporate bonds with the principal amount of RMB2,120 million were issued by CIFI PRC in May 2020, which are listed on the Shanghai Stock Exchange.
- (7) These domestic corporate bonds are directly held by Mr. YANG Xin.

Save from disclosed above, as at the Latest Practicable Date, none of the Directors nor chief executive of the Company had interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which are required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

(b) Interests of Substantial Shareholders

As at the Latest Practicable Date, to the best knowledge of the Directors, as indicated by the register recording share interests and short positions required to be kept under Section 336 of Part XV of the SFO, the persons (not being Directors or chief executives of the Company) listed in the following table had interest and/or short positions in the Shares or underlying shares of the Company:

Long positions in the Shares

Name of Shareholder	Nature of interest	Number of Shares	Approximate percentage of shareholding interest (%)
Gentle Beauty	Interest of controlled corporation ⁽¹⁾	2,737,372,105	26.05%
Rosy Fortune	Beneficial owner ⁽¹⁾	2,737,372,105	26.05%
Eternally Success	Interest of controlled corporation ⁽²⁾	1,363,754,301	12.98%
Ding Chang	Beneficial owner ⁽²⁾	1,363,754,301	12.98%
Standard Chartered Trust	Trustee ⁽³⁾	4,340,613,495	41.30%
SCTS Capital	Interest of controlled corporation ⁽³⁾	4,340,613,495	41.30%

Name of Shareholder	Nature of interest	Number of Shares	Approximate percentage of shareholding interest (%)
Mr. LIN Feng	Founder of a discretionary trust ⁽⁴⁾	239,487,089	2.28%
	Co-founder of a discretionary trust ⁽¹⁾⁽⁵⁾	2,737,372,105	26.05%
	Interest of controlled corporation ⁽⁶⁾	11,882,715	0.11%
	Beneficial owner ⁽⁷⁾	6,393,660	0.06%

Notes:

- (1) The entire issued share capital of Rosy Fortune is wholly owned by Gentle Beauty, the entire issued share capital of which is in turn held by Standard Chartered Trust as the trustee of the LIN's Family Trust via SCTS Capital. The LIN's Family Trust is a discretionary trust set up jointly by Mr. LIN Zhong, Mr. LIN Wei and Mr. LIN Feng as settlors and Standard Chartered Trust as trustee on 11 May 2012. The beneficiary objects of the LIN's Family Trust include certain family members of Mr. LIN Zhong, Mr. LIN Wei and Mr. LIN Feng.
- (2) The entire issued share capital of Ding Chang is wholly owned by Eternally Success, the entire issued share capital of which is in turn held by Standard Chartered Trust as the trustee of the Sun Success Trust via SCTS Capital. The Sun Success Trust is a discretionary trust set up by Mr. LIN Zhong as settlor and Standard Chartered Trust as trustee on 11 May 2012. The beneficiary objects of the Sun Success Trust include certain family members of Mr. LIN Zhong.
- (3) These include 2,737,372,105 Shares held by Rosy Fortune, 1,363,754,301 Shares held by Ding Chang and 239,487,089 Shares held by Rain-Mountain. The entire issued share capital of Rain Mountain is wholly owned by Beauty Fountain Holdings Limited ("**Beauty Fountain**"), the entire issued share capital of which is in turn held by Standard Chartered Trust as the trustee of the Sun Mountain Trust via SCTS Capital. The Sun-Mountain Trust is a discretionary trust set up by Mr. LIN Feng as settlor and Standard Chartered Trust as trustee on 11 May 2012. The beneficiary objects of the Sun-Mountain Trust include certain family members of Mr. LIN Feng.
- (4) These Shares are held by Rain-Mountain. The entire issued share capital of Rain-Mountain is wholly owned by Beauty Fountain, the entire issued share capital of which is in turn held by Standard Chartered Trust as the trustee of the Sun-Mountain Trust via SCTS Capital. The Sun-Mountain Trust is a discretionary trust set up by Mr. LIN Feng as settlor and Standard Chartered Trust as trustee on 11 May 2012. The beneficiary objects of the Sun-Mountain Trust include certain family members of Mr. LIN Feng. Mr. LIN Feng as founder of the Sun-Mountain Trust is taken to be interested in the 239,487,089 Shares held by Rain-Mountain pursuant to Part XV of the SFO.
- (5) These Shares are held by Rosy Fortune.
- (6) These Shares are held by Towin Resources Limited ("**Towin Resources**"). The entire issued share capital of Towin Resources is wholly owned by Mr. LIN Feng.
- (7) These Shares are directly held by Mr. LIN Feng.

Save as disclosed above, as at the Latest Practicable Date, the Directors or chief executive of the Company are not aware of any other person (other than the Directors or chief executives of the Company) having an interest or short position in the Shares or underlying Shares which would require to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or recorded in the register required to be kept by the Company under section 336 of SFO.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered, or proposed to enter into a service contract or service agreement with any member of the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

5. COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors or their respective close associates had any interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

6. MATERIAL CHANGE

The Directors confirm that there had been no material change in the financial or trading position the Group since 31 December 2024 (the date to which the latest audited consolidated financial statements of the Group were made up) and up to and including the Latest Practicable Date.

7. DIRECTORS' INTERESTS IN ASSETS, CONTRACTS OR ARRANGEMENTS

As at the Latest Practicable Date:

- (a) none of the Directors was materially interested in any contract or arrangement which was significant in relation to the business of the Group; and
- (b) none of the Directors had any direct or indirect interests in any assets which had been acquired or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to, any member of the Group since 31 December 2024, being the date to which the latest published audited consolidated financial statements of the Group were made up.

8. EXPERT AND CONSENT

The following is the qualification of the expert or professional adviser who has given its opinion or advice contained in this circular:

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

As at the Latest Practicable Date, the above expert had given and had not withdrawn its written consent to the issue of this circular with the inclusion of its letter and/or report and all referenced to its name in the form and context in which they are included.

As at the Latest Practicable Date, the above expert did not have any shareholding in any member of the Group and did not have the right to subscribe for or to nominate persons to subscribe for shares in any member of the Group. As at the Latest Practicable Date, the above expert did not have any interest, direct or indirect, in any assets which have been acquired or disposed of by or leased to any member of the Group, or which are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2024, being the date to which the latest published audited consolidated financial statements of the Company were made up.

9. DOCUMENTS ON DISPLAY

Copies of the following documents will be available on the Company's website (www.cifi.com.cn) and the HKEXnews website (www.hkexnews.hk) from the date of this circular until 14 days hereafter:

- (a) a copy of the Shareholder Loan Equitisation Agreement;
- (b) a copy of the rules of the Share Award Scheme;
- (c) the letter from Opus Capital, the text of which is set out in this circular; and
- (d) the written consent of Opus Capital referred to in the paragraph headed "Expert and Consent" in this paragraph.

10. MISCELLANEOUS

This circular and the accompanying proxy form have been prepared in both English and Chinese. In the event of discrepancies, the English text of this circular shall prevail over the Chinese text.

* For identification purpose only

NOTICE OF EGM



CIFI Holdings (Group) Co. Ltd.

旭輝控股（集團）有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00884)

(Debt Stock Codes: 05261, 40316, 40464, 40519, 40681, 40682)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of CIFI Holdings (Group) Co. Ltd. (the “**Company**”) will be convened and held at Contract Signing Room, 2/F, CIFI Center, Lane 1088, No.39 Shenhong Road, Minhang District, Shanghai, PRC on Friday, 31 October 2025 at 10:00 a.m. to consider and, if thought fit, approve, with or without modifications, the following resolutions. Unless otherwise defined, capitalised terms used herein shall have the same meanings as ascribed to them in the circular of the Company dated 16 October 2025 (the “**Circular**”).

ORDINARY RESOLUTION

1. “THAT

- (a) the issue of the MCB and the transactions contemplated thereunder including but not limited to the issue of zero coupon convertible bonds of the Company for a term of four years which are convertible into ordinary shares of the Company pursuant to the terms of the MCB (including the issue of the MCB with a principal amount of US\$2,939,006 to Rosy Fortune and US\$1,082,400 to Rain-Mountain), details of which are set out in the Circular, be and are hereby generally and unconditionally approved, confirmed and ratified;
- (b) any one director of the Company be and is hereby authorised to do all such acts and things and sign, ratify or execute all such documents and take all such steps as the director in his/her discretion may consider necessary, appropriate, desirable and expedient to implement, give effect to or in connection with the issue of the MCB and any of the transactions contemplated thereunder; and
- (c) the directors of the Company be and are hereby granted a specific mandate to exercise the powers of the Company to allot, issue and deal with the MCB Conversion Shares.”

2. “THAT

- (a) the Shareholder Loan Conversion and the transactions contemplated thereunder including but not limited to the conversion of the Shareholder Loan in the amount of US\$67,418,205 extended by Rosy Fortune to the Group in full into

NOTICE OF EGM

ordinary shares of the Company at the conversion price of HK\$0.4 per share, details of which are set out in the Circular, be and are hereby generally and unconditionally approved, confirmed and ratified;

- (b) any one director of the Company be and is hereby authorised to do all such acts and things and sign, ratify or execute all such documents and take all such steps as the director in his/her discretion may consider necessary, appropriate, desirable and expedient to implement, give effect to or in connection with the Shareholder Loan Conversion and any of the transactions contemplated thereunder; and
- (c) the directors of the Company be and are hereby granted a specific mandate to exercise the powers of the Company to allot, issue and deal with the Shareholder Loan Conversion Shares.”

3. “THAT

- (a) the adoption of the Share Award Scheme, details of which are set out in the Circular, be and are hereby generally and unconditionally approved, confirmed and ratified; and
- (b) subject to the adoption of the Share Award Scheme, the directors of the Company be and are hereby granted a mandate to handle matters pertaining to the Share Award Scheme.”

4. “THAT

- (a) subject to the adoption of the Share Award Scheme, the grant of 2,218,286,035 Awards to Mr. LIN Zhong be and is hereby approved, confirmed and ratified;
- (b) subject to the adoption of the Share Award Scheme, the grant of 95,000,000 Awards to Mr. RU Hailin be and is hereby approved, confirmed and ratified;
- (c) subject to the adoption of the Share Award Scheme, the grant of 80,000,000 Awards to Mr. YANG Xin be and is hereby approved, confirmed and ratified; and
- (d) subject to the adoption of the Share Award Scheme, the grant of 48,000,000 Awards to Mr. GE Ming be and is hereby approved, confirmed and ratified.”

5. “THAT

- (a) the authorised share capital of the Company be increased from HK\$2,000,000,000 divided into 20,000,000,000 shares of HK\$0.1 each (the “**Shares**”) to HK\$5,000,000,000 divided into 50,000,000,000 Shares by the creation of an additional 30,000,000,000 Shares (the “**Increase in Authorised Share Capital**”), such Shares shall rank *pari passu* in all respects; and

NOTICE OF EGM

- (b) any one director of the Company be and is hereby authorised to do all such acts and things and sign, ratify or execute all such documents and take all such steps as the director in his/her discretion may consider necessary, appropriate, desirable and expedient to implement, give effect to or in connection with the Increase in Authorised Share Capital and any of the transactions contemplated thereunder.”

6. **“THAT**

- (i) the share option scheme adopted by the Company on 27 April 2016; and (ii) the share award scheme adopted by the Company on 18 December 2017 be terminated with effect from the conclusion of the EGM such that no further options and awards may be granted thereunder.”

By order of the Board
CIFI Holdings (Group) Co. Ltd.
LIN Zhong
Chairman

Hong Kong, 16 October 2025

Notes:

- (a) The EGM will be held in the form of a physical meeting. A member is entitled to attend and vote at the EGM and is entitled to appoint one or more (if the member holds more than one Share) proxies to attend and vote on his behalf. A proxy need not be a member of the Company but must attend the EGM in person to represent the member.
- (b) Where there are joint holders of any Share(s), any one of such joint holders may vote at the EGM either in person or by proxy, in respect of such Share(s) as if he were solely entitled thereto; but if more than one of such joint holders are present at the EGM in person or by proxy, that one of such joint holders so present whose name stands first on the register of members of the Company in respect of such Share(s) shall alone be entitled to vote in respect thereof.
- (c) To be valid, a form of proxy, together with the power of attorney or other authority (if any) under which it is signed (or a notarially certified copy of that power of attorney or authority), must be deposited at the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding of the EGM (or at any adjournment thereof).
- (d) The register of members of the Company will be closed from Tuesday, 28 October 2025 to Friday, 31 October 2025, both days inclusive, during which period no transfer of Shares will be effected. In order to determine the identity of members who are entitled to attend and vote at the EGM, all share transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 27 October 2025.
- (e) Pursuant to article 13.7 of the articles of association of the Company, all resolutions put to votes of shareholders of the Company at the general meeting shall be decided on a poll.

NOTICE OF EGM

As at the date of this announcement, the Board comprises Mr. LIN Zhong, Mr. LIN Wei, Mr. RU Hailin, Mr. YANG Xin and Mr. GE Ming as executive Directors; and Mr. ZHANG Yongyue, Mr. TAN Wee Seng and Ms. LIN Caiyi as independent non-executive Directors.