

## IMPORTANT NOTICE

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**IMPORTANT: You must read the following disclaimer before continuing.** The following disclaimer applies to the attached offering circular (this “Offering Circular”) following this page, and you are therefore advised to read this disclaimer carefully before reading, accessing or making any other use of this Offering Circular. In accessing this Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from the Issuer or the Guarantor as a result of such access.

**NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.**

**THIS OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY ADDRESS IN THE UNITED STATES. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.**

**Confirmation of your Representation:** In order to be eligible to view this Offering Circular or make an investment decision with respect to the securities, investors must be addressees outside the United States (as defined in Regulation S under the Securities Act. This Offering Circular is being sent at your request and by accepting the electronic mail and accessing this Offering Circular, you shall be deemed to have represented to the Issuer (as defined in this Offering Circular), the Guarantor (as defined in this Offering Circular), J.P. Morgan Securities (Asia Pacific) Limited, UBS AG Hong Kong Branch, Morgan Stanley Asia Limited and CLSA Limited (together, the “Joint Lead Managers”) that the electronic mail address that you gave the Issuer (as defined in this Offering Circular) or the Guarantor (as defined in this Offering Circular) to which this electronic mail has been delivered is not located in the United States and that you consent to delivery of such Offering Circular by electronic transmission.

You are reminded that this Offering Circular has been delivered to you on the basis that you are a person into whose possession this Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver this Offering Circular to any other person.

**Restrictions:** This Offering Circular is being furnished in connection with an offering exempt from registration under the Securities Act solely for the purpose of enabling a prospective investor to consider the purchase of the securities described herein.

The materials relating to the offering of securities to which this Offering Circular relates do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the underwriters or any affiliate of the underwriters is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the underwriters or such affiliate on behalf of the Issuer or the Guarantor in such jurisdiction.

This Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently, none of the Issuer, the Guarantor or the Joint Lead Managers or any person who controls the Joint Lead Managers or any director, officer, employee or agent of the Joint Lead Managers or any affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between this Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Joint Lead Managers.

**Actions that You May Not Take:** You should not reply by e-mail to this communication, and you may not purchase any securities by doing so. Any reply through e-mail communications, including those you generate by using the “Reply” function on your e-mail software, will be ignored or rejected.

You are responsible for protecting against viruses and other destructive items. Your use of this electronic mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

**Notification under Section 309B(1)(c) of the Securities and Futures Act 2001 of Singapore** (the “SFA”) – The Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Bonds are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

**ANLLIAN Capital 2 Limited**  
(incorporated in the British Virgin Islands with limited liability)

**Euro 1,500,000,000 Zero Coupon Guaranteed Convertible Bonds due 2029**  
**unconditionally and irrevocably guaranteed by**



**ANTA Sports Products Limited**  
**安踏體育用品有限公司**  
(Incorporated in the Cayman Islands with limited liability)  
**Stock Codes: 2020 (HKD counter) and 82020 (RMB counter)**  
**Issue Price: 100.00 per cent.**

The Zero Coupon Guaranteed Convertible Bonds due 2029 in the aggregate principal amount of €1,500,000,000 (the “**Bonds**”) will be issued by ANLLIAN Capital 2 Limited (the “**Issuer**”), a direct wholly-owned subsidiary of ANTA Sports Products Limited (the “**Guarantor**” or the “**Company**”). The Guarantor will unconditionally and irrevocably guarantee the due payment of all sums expressed to be payable by the Issuer under the Trust Deed (as defined in the terms and conditions of the Bonds (the “**Terms and Conditions**” or the “**Conditions**”)) and the Bonds. Its obligations in that respect (the “**Guarantee**”) are contained in the Trust Deed. The issue price will be 100.00 per cent. of the aggregate principal amount of the Bonds.

The Bonds will constitute direct, unconditional, unsubordinated and (subject to Condition 4(A) (*Negative Pledge*) of the Terms and Conditions) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference or priority among themselves. The Guarantee will constitute direct, unconditional, unsubordinated and (subject to Condition 4(A) (*Negative Pledge*) of the Terms and Conditions) unsecured obligations of the Issuer under the Bonds and of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by mandatory provisions of applicable legislation and subject to Condition 4(A) (*Negative Pledge*) of the Terms and Conditions, at all times rank at least equally with all of its other present and future unsecured and unsubordinated obligations.

Each Bond will, at the option of the holder, be convertible (unless previously redeemed, converted or purchased and cancelled) on or after the date which is 41 days after 5 December 2024 (the “**Issue Date**”) up to and including 3:00 p.m. (at the place where the certificate evidencing such Bond is deposited for conversion) on the date falling 10 days prior to 5 December 2029 (the “**Maturity Date**”) (both days inclusive) into fully paid ordinary shares with a par value of HK\$0.10 each of the Guarantor (the “**Shares**”) at an initial conversion price of HK\$104.02 per Share. The conversion price is subject to adjustment in the circumstances described under “*Terms and Conditions of the Bonds – Conversion*”. The Closing Price (as defined in the Terms and Conditions) of the Shares on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**” or the “**HKEX**”) on 26 November 2024 was HK\$77.05 per Share.

The Bonds will be zero coupon and will not bear interest unless, upon due presentation thereof, payment of principal is improperly withheld or refused.

Unless previously redeemed, converted or purchased and cancelled as provided in the Terms and Conditions, the Issuer will redeem each Bond at its principal amount on the Maturity Date. On giving not less than 30 nor more than 60 days’ notice to the Trustee and the Principal Agent (as defined in the Terms and Conditions) in writing and to the holders of the Bonds (the “**Bondholders**”), the Issuer may redeem the Bonds in whole, but not in part, at their principal amount at any time if, prior to the date the relevant Optional Redemption Notice (as defined in the Terms and Conditions) is given, 90 per cent. or more in aggregate principal amount of the Bonds originally issued (which shall for this purpose include any further bonds issued in accordance with Condition 17 (*Further Issues*) of the Terms and Conditions and consolidated and forming a single series therewith) has already been converted, redeemed or purchased and cancelled. The Bonds may also be redeemed, at the option of the Issuer (or, if the Guarantee was called, the Guarantor) in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days’ notice to the Trustee and the Principal Agent in writing and to the Bondholders, at their principal amount in the event of certain changes relating to taxation of the British Virgin Islands, the Cayman Islands or the PRC, as further described in the Terms and Conditions, subject to the non-redemption option of each holder after the exercise by the Issuer (or, if the Guarantee was called, the Guarantor) of its tax redemption option as described in the Terms and Conditions. The holder of each Bond will have the right at such holder’s option, to require the Issuer to redeem all or some only of such holder’s Bonds at their principal amount following the occurrence of a Relevant Event (as defined in the Terms and Conditions). In addition, on 5 December 2027 (the “**Optional Put Date**”), the holder of each Bond will have the right at such holder’s option, to require the Issuer to redeem all or some only of such holder’s Bonds on the Optional Put Date at their principal amount. See “*Terms and Conditions of the Bonds – Redemption, Purchase and Cancellation*”.

With reference to the Administrative Measures for the Review and Registration of Medium- and Long-Term Foreign Debts of Enterprises (《企業中長期外債審核登記管理辦法(國家發展和改革委員會令第56號)》) (“**Order 56**”) issued by the PRC National Development and Reform Commission (the “**NDRC**”) and effective from 10 February 2023, and any implementation rules, reports, certificates, approvals or guidelines as issued by the NDRC from time to time, the Guarantor has registered the issuance of the Bonds with the NDRC and obtained a certificate from the NDRC on 6 November 2024 evidencing such registration which remains valid and in full force and effect. The Guarantor will undertake to file or cause to be filed the requisite information and documents within the relevant prescribed timeframes after the Issue Date to the NDRC or its competent local counterparts in accordance with Order 56 and any implementation rules, reports, certificates, approvals or guidelines as issued by the NDRC from time to time (the “**NDRC Post-Issuance Filing**”, which term for the avoidance of doubt, includes the Initial NDRC Post-Issuance Filing (as defined below)).

The Guarantor will undertake to file or cause to be filed with the China Securities Regulatory Commission (the “**CSRC**”) within the relevant prescribed timeframes after the Issue Date the requisite information and documents in respect of the Bonds in accordance with the CSRC Filing Rules (as defined in the Terms and Conditions) (the “**CSRC Post-Issuance Filings**”, which term for the avoidance of doubt, includes the Initial CSRC Post-Issuance Filing (as defined below)) and comply with the continuing obligations under the CSRC Filing Rules and any implementation rules as issued by the CSRC from time to time. The Guarantor shall file or cause to be filed (a) the initial NDRC Post-Issuance Filing with the NDRC or its competent local counterpart of the information and documents relating to the issue of the Bonds that are required to be filed in accordance with Order 56 within ten Registration Business Days (as defined in the Terms and Conditions) after the Issue Date (the “**Initial NDRC Post-Issuance Filing**”) and (b) the CSRC Filing Report (as defined in the Terms and Conditions) and other requisite information and documents in respect of the Bonds that are required to be filed with the CSRC within three Registration Business Days after the Issue Date in accordance with the CSRC Filing Rules (the “**Initial CSRC Post-Issuance Filing**”).

Approval in-principle has been received from the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for the listing of and quotation for the Bonds on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Approval in-principle for the listing and quotation of the Bonds on the SGX-ST is not to be taken as an indication of the merits of the Issuer or the Guarantor, their respective subsidiaries or associated companies, the Bonds or the Shares. The Bonds will be traded on the SGX-ST in a minimum board lot size of €200,000 for so long as any of the Bonds remains listed on the SGX-ST and the rules of the SGX-ST so require. Conditional approval for the listing of the Shares to be issued on conversion of the Bonds on the Hong Kong Stock Exchange has been granted by the Hong Kong Stock Exchange.

The Company has been rated “A3” by Moody’s Investors Service, Inc. (“**Moody’s**”). A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

**Investing in the Bonds, the Guarantee and the Shares involves certain risks. See “*Risk Factors*” beginning on page 31 for a discussion of certain factors to be considered in connection with the investment in the Bonds, the Guarantee and the Shares.**

**The Bonds, the Guarantee, and the Shares to be issued upon conversion of the Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”), or other securities laws and, subject to certain exemptions, may not be offered or sold within the United States. The Bonds are being offered and sold only outside the United States in reliance on Regulation S under the Securities Act (“**Regulation S**”). For a description of these and certain further restrictions on offers and sales of the Bonds and the Shares to be issued upon conversion of the Bonds and the distribution of this Offering Circular, see “*Subscription and Sale*”.**

The Bonds will be represented by beneficial interests in a global certificate (the “**Global Certificate**”) in registered form, which will be registered in the name of a nominee of, and shall be deposited on or about the Issue Date with, a common depository for Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream**”). Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream. Except as described in the Global Certificate, certificates for the Bonds will not be issued in exchange for interests in the Global Certificate.

The Bonds are not intended to be initially placed and may not be initially placed to “connected persons” of the Issuer or the Guarantor as defined in the Listing Rules (as defined below) (“**Connected Persons**”). Each holder of the Bonds (and the beneficial owners of the Bonds, if applicable) will be deemed to have represented to the Issuer, the Guarantor, J.P. Morgan Securities (Asia Pacific) Limited, UBS AG Hong Kong Branch, Morgan Stanley Asia Limited and CLSA Limited (the “**Joint Lead Managers**”) that it is not a Connected Person of the Issuer or the Guarantor, and will not after completion of the subscription of the Bonds be a Connected Person of the Issuer or the Guarantor. Each prospective investor will be deemed to have agreed with the Issuer, the Guarantor and the Joint Lead Managers that it may, to the extent required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and/or the Hong Kong Stock Exchange and/or the Hong Kong Securities and Futures Commission (the “**SFC**”), disclose information about such potential investor (including but not limited to its name, company registration number and the number of Bonds allotted to it) to certain parties.

**Joint Lead Managers**

J.P.Morgan

**UBS** 瑞銀集團

Morgan Stanley

**CITIC SECURITIES**

The date of this Offering Circular is 2 December 2024.

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## NOTICE TO INVESTORS

This Offering Circular includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Issuer, the Guarantor and the Bonds. Each of the Issuer and the Guarantor accepts full responsibility for the accuracy of the information contained in this Offering Circular and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

Each of the Issuer and the Guarantor having made all reasonable enquiries confirms that (i) this Offering Circular contains all information with respect to the Issuer, the Guarantor, and the Guarantor and its subsidiaries taken as a whole (collectively, the “**Group**”), and to the Shares, the Bonds and the Guarantee which is material in the context of the issue and offering of the Bonds (including any information (if any) which is required by applicable laws of the British Virgin Islands, the Cayman Islands, the PRC and according to the particular nature of the Issuer, the Guarantor, the Group, the Shares and the Bonds, is necessary to enable investors and their investment advisers to make an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of the Issuer, the Guarantor, the Group and of the rights attaching to the Guarantee, the Shares and the Bonds); (ii) the statements contained in this Offering Circular relating to the Issuer, to the Guarantor and to the Group are in every material particular true and accurate and not misleading; (iii) the opinions and intentions expressed in this Offering Circular with regard to the Issuer, to the Guarantor and to the Group, are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions; (iv) there are no other facts in relation to the Issuer, the Guarantor, the Group or the Shares or the Bonds or the Guarantee the omission of which would, in the context of the issue and offering of the Bonds make any statement in this Offering Circular misleading in any material respect; (v) all reasonable enquiries have been made by the Issuer and the Guarantor to ascertain such facts and to verify the accuracy of all such information and statements in this Offering Circular; and (vi) this Offering Circular does not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements herein, in the light of the circumstances under which they are made, not misleading. Further, all reasonable enquiries have been made by the Issuer and the Guarantor to ascertain such facts and to verify the accuracy of all such information and statements. Where information contained in this Offering Circular includes extracts from summaries of information and data from various published and private sources, each of the Issuer and the Guarantor has taken reasonable care in reproducing or extracting the statistical, industry and market-related data included in this Offering Circular from various sources and accept responsibility for accurately reproducing such summaries and data only.

This Offering Circular does not constitute an offer or an invitation by or on behalf of the Joint Lead Managers, the Issuer or the Guarantor to subscribe for or purchase any of the Bonds or the Shares. The distribution of this Offering Circular and the offering of the Bonds in certain jurisdictions may be restricted by law in such jurisdictions where such an offer and sales is not permitted. Persons into whose possession this Offering Circular comes are required by the Issuer, the Guarantor and the Joint Lead Managers to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the Bonds or the

distribution of this document in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Bonds and the circulation of documents relating thereto, in certain jurisdictions including the United States, the United Kingdom, Hong Kong, Singapore, Japan, the PRC, European Economic Area (the “EEA”), the British Virgin Islands and the Cayman Islands, and to persons connected therewith. For a description of certain further restrictions on offers and sales of the Bonds, and distribution of this Offering Circular, see “*Subscription and Sale*”. The Issuer and the Guarantor have prepared this Offering Circular solely for use in connection with the proposed offering of the Bonds described in this Offering Circular. This Offering Circular is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire any of the Bonds. Distribution of this Offering Circular to any person other than the prospective investor and any person retained to advise such prospective investor with respect to its purchase is unauthorised. Each prospective investor, by accepting delivery of this Offering Circular, agrees to the foregoing and to make no photocopies of this Offering Circular or any documents referred to in this Offering Circular.

None of the Joint Lead Managers, The Bank of New York Mellon, London Branch (the “**Trustee**”) or the Agents (as defined in the Terms and Conditions) or any of their respective directors, officers, employees, agents, advisers, representatives or affiliates has separately verified the information contained in this Offering Circular. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted, by the Joint Lead Managers, the Trustee or the Agents or any of their respective directors, officers, employees, agents, advisers, representatives or affiliates as to the accuracy or completeness of the information contained in this Offering Circular or any other information supplied in connection with the Bonds, the Guarantee or the Shares, and nothing contained in this Offering Circular is, or shall be relied upon as, a promise, representation or warranty, express or implied, by the Joint Lead Managers, the Trustee, the Agents or any of their respective directors, officers, employees, agents, advisers, representatives or affiliates. Each person receiving this Offering Circular acknowledges that such person has not relied on the Joint Lead Managers, the Trustee or the Agents or any of their respective directors, officers, employees, agents, advisers, representatives or affiliates in connection with its investigation of the accuracy of such information or its investment decision, and each such person must rely on its own examination of the Issuer, the Guarantor and the Group and the merits and risks involved in investing in the Bonds.

To the fullest extent permitted by law, none of the Joint Lead Managers, the Trustee or the Agents or any of their respective directors, officers, employees, agents, advisers, representatives or affiliates accepts any responsibility for the contents of this Offering Circular. The Joint Lead Managers, the Trustee and the Agents and their respective directors, officers, employees, agents, advisers, representatives and affiliates accordingly disclaim all and any liability whether arising in tort or contract or otherwise which it or they might otherwise have in respect of this Offering Circular or any such statement. None of the Joint Lead Managers, the Trustee or the Agents or any of their respective directors, officers, employees, agents, advisers, representatives or affiliates undertakes to review the Issuer’s, the Guarantor’s or the Group’s business, financial condition, operations, prospects or affairs during the life of the arrangements contemplated by this Offering Circular or to advise any investor or potential investor in the Bonds of any

information coming to the attention of the Joint Lead Managers, the Trustee or the Agents or any of their respective directors, officers, employees, agents, advisers, representatives or affiliates.

Listing of the Bonds on the SGX-ST is not to be taken as an indication of the merits of the Issuer, the Guarantor, their respective subsidiaries or associated companies, the Bonds or the Shares. In making an investment decision, prospective investors must rely on their examination of the Issuer, the Guarantor, the Group and the terms of this offering, including the merits and risks involved. The Bonds have not been approved or recommended by the SGX-ST, any Hong Kong or other regulatory authority. Furthermore, the contents of this Offering Circular have not been reviewed by the SGX-ST, any Hong Kong or other regulatory authority. The foregoing authorities have not passed upon or endorsed the merits of the offering or confirmed the accuracy or determined the adequacy of this Offering Circular. Prospective investors should not construe anything in this Offering Circular as legal, business or tax advice. Each prospective investor should determine for itself the relevance of the information contained in this Offering Circular and consult its own legal, business and tax advisers as needed to make its investment decision and determine whether it is legally able or advisable to purchase the Bonds under applicable laws or regulations.

No person is authorised to give any information or to make any representation not contained in this Offering Circular and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Issuer, the Guarantor, the Joint Lead Managers, the Trustee or the Agents or any of their respective directors, officers, employees, agents, advisers, representatives or affiliates. The delivery of this Offering Circular at any time does not imply that the information contained in it is correct as at any time subsequent to its date.

The Bonds are not intended to be initially placed and may not be initially placed to any Connected Person. Each holder of Bonds (and the beneficial owners of the Bonds, if applicable) will be deemed to have represented to the Issuer, the Guarantor and the Joint Lead Managers that it is not a Connected Person of the Issuer or the Guarantor, and will not after completion of the subscription of the Bonds be a Connected Person of the Issuer or the Guarantor. Each prospective investor will be deemed to have agreed with the Issuer, the Guarantor and the Joint Lead Managers that it may, to the extent required by the Listing Rules and/or the Hong Kong Stock Exchange and/or the SFC, disclose information about such potential investor (including but not limited to its name, company registration number and the number of Bonds allotted to it) to certain parties.

Where acting as agent on behalf of a disclosed or undisclosed client when purchasing, or making or accepting an offer to purchase, any Bonds (or any beneficial interests therein) from the Issuer, the Guarantor and/or the Joint Lead Managers, the foregoing representations, warranties, agreements and undertakings will be given by and be binding upon both of their agent and their underlying client.



## **Notice to Capital Market Intermediaries and Prospective Investors Pursuant to Paragraph 21 of the Hong Kong Securities and Futures Commission Code of Conduct – Important Notice to Prospective Investors**

Prospective investors should be aware that certain intermediaries in the context of this offering of the Bonds, including the initial purchasers, are “capital market intermediaries” (“**CMIs**”) subject to Paragraph 21 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (the “**SFC Code**”). This notice to prospective investors is a summary of certain obligations the SFC Code imposes on such CMIs, which require the attention and cooperation of prospective investors. Certain CMIs may also be acting as overall coordinators” (“**OCs**”) for this offering and are subject to additional requirements under the SFC Code.

Prospective investors who are the directors, employees or major shareholders of the issuer, a CMI or its group companies would be considered under the SFC Code as having an association (“**association**”) with the issuer, the CMI or the relevant group company. Prospective investors associated with the issuer or any CMI (including its group companies) should specifically disclose this when placing an order for the Bonds and should disclose, at the same time, if such orders may negatively impact the price discovery process in relation to this offering. Prospective investors who do not disclose their associations are hereby deemed not to be so associated. Where prospective investors disclose their associations but do not disclose that such order may negatively impact the price discovery process in relation to this offering, such order is hereby deemed not to negatively impact the price discovery process in relation to this offering.

Prospective investors to whom the allocation of the Bonds will be subject to restrictions or require prior consent from the Hong Kong Stock Exchange under the Hong Kong Listing Rules and other regulatory requirements or guidance issued by the Hong Kong Stock Exchange from time to time (the “**Hong Kong Stock Exchange Requirements**”) would be considered as “Restricted Investors”. The Bonds may only be allocated to Restricted Investors in accordance with applicable Hong Kong Stock Exchange Requirements. Prospective Investors who are Restricted Investors should specifically disclose whether they are Restricted Investors when placing an order for the Bonds. Prospective investors who do not disclose they are Restricted Investors are hereby deemed not to be Restricted Investors.

Prospective investors should ensure, and by placing an order prospective investors are deemed to confirm, that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e., two or more corresponding or identical orders placed via two or more CMIs). If a prospective investor is an asset management arm affiliated with any initial purchaser(s), such prospective investor should indicate when placing an order if it is for a fund or portfolio where the initial purchaser(s) or its group company has more than 50% interest, in which case it will be classified as a “proprietary order” and subject to appropriate handling by CMIs in accordance with the SFC Code and should disclose, at the same time, if such “proprietary order” may negatively impact the price discovery process in relation to this offering. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a “proprietary order”. If a prospective investor is otherwise affiliated with any initial purchaser(s), such that its order may be considered to be a “proprietary order” (pursuant to the SFC Code), such prospective investor should indicate to the

relevant initial purchaser(s) when placing such order. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a “proprietary order”. Where prospective investors disclose such information but do not disclose that such “proprietary order” may negatively impact the price discovery process in relation to this offering, such “proprietary order” is hereby deemed not to negatively impact the price discovery process in relation to this offering.

Prospective investors should be aware that certain information may be disclosed by CMIs (including private banks) which is personal and/or confidential in nature to the prospective investor. By placing an order, prospective investors are deemed to have understood and consented to the collection, disclosure, use and transfer of such information by the initial purchaser(s) and/or any other third parties as may be required by the SFC Code, including to the issuer, any OCs, relevant regulators and/or any other third parties as may be required by the SFC Code, it being understood and agreed that such information shall only be used for the purpose of complying with the SFC Code, during the book-building process for this offering. Failure to provide such information may result in that order being rejected.

#### **PRIIPs REGULATION/PROHIBITION OF SALES TO EEA RETAIL INVESTORS –**

The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); (ii) a customer within the meaning of Directive (EU) 2016/97 (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (the “**PRIIPs Regulation**”) for offering or selling the Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**UK PRIIPs REGULATION/PROHIBITION OF SALES TO UK RETAIL INVESTORS** – The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (the “**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “**EUWA**”); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the “**FSMA**”) and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.



## CERTAIN DEFINITIONS, CONVENTIONS AND CURRENCY PRESENTATION

This Offering Circular has been prepared using a number of conventions, which you should consider when reading the information herein. The term the “**Issuer**” is referring to ANLLIAN Capital 2 Limited, the term the “**Company**” or the “**Guarantor**” is referring to ANTA Sports Products Limited and the term the “**Group**” is referring to the Guarantor and its subsidiaries taken as a whole. The terms “**we**”, “**us**”, “**our**” and words of similar import are referring to the Guarantor or the Group, as the context requires.

Market data and certain industry forecasts used throughout this Offering Circular have been obtained by the Group based on internal surveys, market research, publicly available information and industry publications. Industry publications generally state that the information that they contain has been obtained from sources the Group believed to be reliable but that the accuracy and completeness of that information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified, and neither the Group nor the Joint Lead Managers makes any representation as to the reliability or accuracy and completeness of that information. In addition, third-party information providers may have obtained information from market participants and such information may not have been independently verified. This Offering Circular summarises certain documents and other information, and investors should refer to them for a more complete understanding of what is discussed in those documents. In making an investment decision, each investor must rely on its own examination of us and the terms of the offering and the Bonds, including the merits and risks involved.

The statistics set forth in this Offering Circular relating to the PRC and the sportswear industry in the PRC were taken or derived from various government and private publications. Neither the Group nor the Joint Lead Managers makes any representation as to the accuracy of such statistics, which may not be consistent with other information compiled within or outside the PRC. Due to possibly inconsistent collection methods and other problems, the statistics herein may be inaccurate and should not be unduly relied upon.

Unless otherwise specified or the context requires, references herein to “**Hong Kong dollars**”, “**HK dollars**”, “**HK\$**” and “**HKD**” are to the lawful currency of the Hong Kong Special Administrative Region of the People’s Republic of China (“**Hong Kong**”), references herein to “**U.S.\$**” and “**U.S. dollars**” are to the lawful currency of the United States of America (the “**United States**” or the “**U.S.**”), references herein to “**Renminbi**” and “**RMB**” are to the lawful currency of the People’s Republic of China (the “**PRC**” or “**China**”) and references herein to “**Euros**”, “**Euro**” and “**€**” refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Community, as amended.

Unless otherwise stated in this Offering Circular, all translations from Renminbi amounts to Euros were made at the rate of RMB7.784 to €1.00 (being the noon buying rate in New York City on 30 June 2024 as set forth in H.10 statistical release of the Federal Reserve Board). All such translations in this Offering Circular are provided solely for each investor’s convenience and no representation is made that the Renminbi amounts referred to herein have been, could

have been or could be converted into Euros, or vice versa, at any particular rate or at all. For further information relating to the exchange rates, see “*Exchange Rate Information*”.

References to the “**PRC**” and “**China**”, for the purposes of this Offering Circular, except where the context requires, do not include Hong Kong, the Macao Special Administrative Region of the People’s Republic of China (“**Macao**”), or Taiwan. “**PRC government**” or “**State**” means the central government of the PRC, including all political subdivisions (including provincial, municipal and other regional or local governmental entities) and instrumentalities thereof, or, where the context requires, any of them.

The English names of PRC nationals, entities, departments, facilities, laws, regulations, certificates, titles and the like are translations of their Chinese names and are included for identification purposes only. In the event of any inconsistency, the Chinese name prevails.

In this Offering Circular, unless the context otherwise requires, all references to “**affiliate**” are to a person or entity directly or indirectly controlled by, or under the direct or indirect common control of, another person or entity; all references to “**subsidiary**” are used with the meaning ascribed to it in the Listing Rules.

Unless the context otherwise requires, references to “**2022**” and “**2023**” in this Offering Circular are to the Group’s financial years ended 31 December 2022 and 2023, respectively.

## FORWARD-LOOKING STATEMENTS

This Offering Circular includes “forward-looking statements”. All statements contained in this Offering Circular that are not statements of historical fact constitute “forward-looking statements”. Some of these statements can be identified by forward-looking terms, such as “anticipate”, “believe”, “can”, “could”, “estimate”, “expect”, “intend”, “may”, “plan”, “will” and “would”, or similar words or the negatives thereof. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding the Group’s expected financial condition, operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to the Group’s business strategies, revenue and profitability, planned projects and other matters discussed in this Offering Circular regarding matters that are not historical fact. These forward-looking statements and any other projections contained in this Offering Circular (whether made by the Group or by any third party) involve known and unknown risks, including those disclosed under the caption “*Risk Factors*”, uncertainties and other factors that may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. Important factors that could cause the Issuer’s, the Guarantor’s or the Group’s actual results, performance or achievements to differ materially from those in the forward-looking statements include, among others, the following:

- the Group’s business and operating strategies;
- the Group’s capital expenditure plans;
- various business opportunities that the Group may pursue;
- the Group’s operations and business prospects;
- the Group’s financial condition and results of operations;
- availability of and changes to bank loans and other forms of financing;
- the industry outlook generally;
- capital market developments;
- the Group’s ability to expand and manage its growth, both within the PRC and abroad;
- future developments in and the performance of the sportswear market in the PRC and abroad;
- changes in political, economic, legal and social conditions in the PRC, as well as regulations with respect to the Group’s corporate structure and related corporate and business operations arrangements;

- possible disruptions to commercial activities due to natural and human-induced disasters, including, but not limited to, floods, earthquakes, epidemics, terrorist attacks and armed conflict;
- changes in competitive conditions and the Group's ability to compete under these conditions;
- changes in currency exchange control and rates; and
- other factors beyond the Group's control.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed in "*Risk Factors*" and elsewhere in this Offering Circular. The Issuer and the Guarantor caution investors not to place undue reliance on these forward-looking statements which reflect their managements' view only as at the date of this Offering Circular. Each of the Issuer and the Guarantor undertakes any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this Offering Circular might not occur.

## PRESENTATION OF FINANCIAL INFORMATION AND INCORPORATION BY REFERENCE

The consolidated financial statements of the Guarantor for the years ended 31 December 2022 and 2023, including the notes thereto (as disclosed in the Guarantor’s 2022 annual report and 2023 annual report, respectively), have been audited by KPMG (“**KPMG**”), the independent auditors of the Guarantor, in accordance with the Hong Kong Standards on Auditing, and are incorporated by reference in this Offering Circular. The condensed consolidated financial statements of the Guarantor for the six months ended 30 June 2023 and 2024, including the notes thereto (as disclosed in the Guarantor’s 2023 interim report and 2024 interim report, respectively), have been reviewed by KPMG in accordance with the Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, and are incorporated by reference in this Offering Circular. The Guarantor prepared its consolidated financial statements for the years ended 31 December 2022 and 2023 in accordance with the IFRS Accounting Standards (the “**IFRS Accounting Standards**”) issued by the International Accounting Standards Board (the “**IASB**”) and Hong Kong Financial Reporting Standards (“**HKFRS**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). The Guarantor prepared its condensed consolidated financial statements for the six months ended 30 June 2024 in accordance with the International Accounting Standard 34, *Interim Financial Reporting*, (“**IAS 34**”) issued by the IASB and Hong Kong Accounting Standard 34, *Interim Financial Reporting*, (“**HKAS 34**”) issued by the HKICPA. Copies of the Guarantor’s 2022 annual report, 2023 annual report (which includes the latest audited consolidated financial statements of the Guarantor for the year ended 31 December 2023), 2023 interim report and 2024 interim report can be downloaded from the website of the Hong Kong Stock Exchange at <http://www.hkexnews.hk> and our website at <https://ir.anta.com/> (the other contents of these websites do not form part of this Offering Circular). See also “*Selected Consolidation Financial Information and Other Data*” for details.

Certain amounts and percentages included in this Offering Circular have been rounded. Accordingly, in certain instances, the sum of the numbers in a column may not exactly equal the total figure for that column. You should not construe any exchange rate translations as representations that the relevant exchange and amounts could actually be converted into the amounts expressed.

## SUMMARY

*The summary below is intended only to provide a limited overview of information described in more detail elsewhere in this Offering Circular. As it is a summary, it does not contain all the information that may be important to investors. Terms defined elsewhere in this Offering Circular shall have the same meanings when used in this summary. Prospective investors should therefore read this Offering Circular in its entirety, including “Risk Factors”, to determine whether an investment in the Bonds is appropriate.*

## OVERVIEW

The ANTA brand was established in the PRC in 1991 while the Company was incorporated as the holding company of the Group in 2007 and in the same year the Company was listed on the Hong Kong Stock Exchange (stock code: 2020 (HKD counter) and 82020 (RMB counter)). The Group is a widely recognised global sportswear company which engages in design, research and development (“R&D”), manufacturing, marketing and sales of professional sports products including footwear, apparel and accessories. Over the years, the Company formed three brand groups: Performance Sports Brands, Fashion Sports Brands and Outdoor Sports Brands. By embracing an all-round brand portfolio that includes, among others, ANTA, FILA, DESCENTE, KOLON SPORT and MAIA ACTIVE, the Company aims to unlock the potential of both mass and high-end sportswear markets. The Group is also the largest shareholder of Amer Sports, Inc., a global group of iconic sports and outdoor brands, including Arc’teryx, Salomon, Wilson, Peak Performance and Atomic, whose shares were listed on the New York Stock Exchange (NYSE: AS).

For the years ended 31 December 2022 and 2023 and for the six months ended 30 June 2023 and 2024, the Group’s revenue was RMB53,651 million, RMB62,356 million, RMB29,645 million and RMB33,735 million, respectively. For the years ended 31 December 2022 and 2023 and for the six months ended 30 June 2023 and 2024, the Group’s gross profit was RMB32,318 million, RMB39,028 million, RMB18,755 million and RMB21,618 million, respectively.

The Group adopts a “Multi-brand” strategy to target different consumer segments, constantly expand product offerings, continuously differentiate stores and channels, in order to cater to a wide range of customer needs and expand the Group’s overall market share. The Group has three brand groups: its Performance Sports Brands consist of ANTA (including ANTA KIDS); its Fashion Sports Brands consist of FILA(including FILA KIDS and FILA FUSION); and its Outdoor Sports Brands primarily comprise DESCENTE and KOLON SPORT. They represent the three major growth curves of the Group.

## RECENT DEVELOPMENTS

### Share Repurchase Plan

In August 2024, the Company announced plans to utilise up to HKD10 billion for repurchasing its shares on the open market from time to time from 27 August 2024 for a period of 18 months (the “**Share Repurchase Plan**”). The Company will finance such repurchase using its existing available cash reserves, and any shares repurchased under the Share Repurchase Plan



will be cancelled. The Share Repurchase Plan aims to promote the interests of the Company's shareholders and Company's capital enhancement in the medium-to-long term.

### **Re-selection into the Hang Seng Corporate Sustainability Benchmark Index**

In August 2024, the Company was re-selected into the Hang Seng Corporate Sustainability Benchmark Index. The Company remains the sole company in the Chinese sportswear industry to achieve this distinction, underscoring the Group's leading position in sustainable development and earning recognition from authoritative institutions. The Index selects the top 20% of companies listed in Hong Kong based on their ESG performance, providing an excellent benchmark for corporate sustainability.

### **Collaboration with WWF to Launch a New Three-year Global Strategic Cooperation**

In August 2024, the Company and World Wildlife Fund kicked off a new three-year global strategic partnership. The two parties committed to working together to implement the United Nations' 2030 Sustainable Development Goals and to contribute to reversing the loss of biodiversity by focusing on conservation and the efficient use of water resources in their operations and supply chain systems.

### **Leading the Establishment of the "Sportswear Industry Innovation Alliance"**

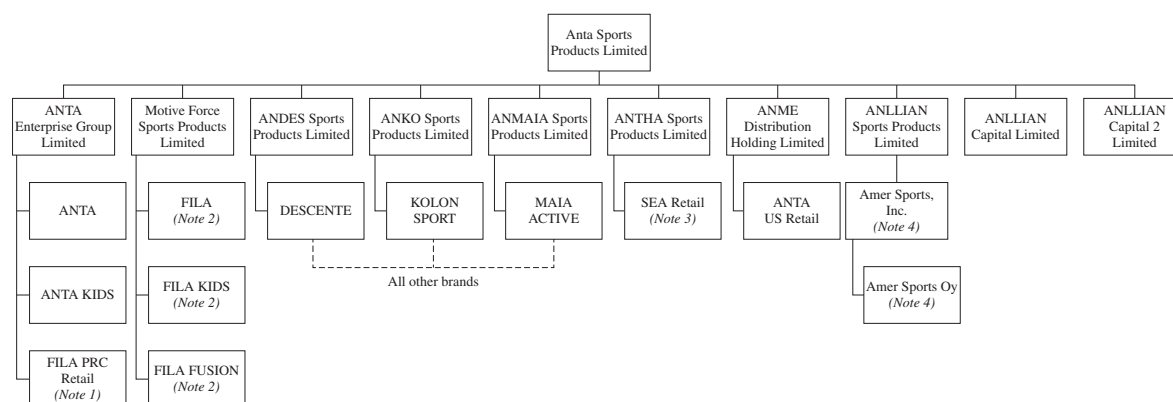
In October 2024, the Company spearheaded the establishment of the "Sportswear Industry Innovation Alliance" in collaboration with the China Institute of Sport Science. The alliance aims to streamline the application of technological advancements within China's sportswear industry, establishing an innovative closed-loop process from the laboratory to the market. It will focus on cooperation between industry, academia, and research institutions, exploring efficient mechanisms and processes for key technology lists, technology transfer roadmaps, and intellectual property patents, while addressing the needs of industry stakeholders.

### **Enhancement of the Transparency and Sustainability of Supply Chain Operations**

In October 2024, the Company announced progress in supply chain sustainability. The Company has launched energy-saving and emission reduction projects in its factories while enhancing raw material traceability. Additionally, it has implemented internal management systems to uphold human rights and labor standards. As of 30 September 2024, all 267 first-tier suppliers of the Company had undergone rigorous labor audits to ensure compliance with international standards, protecting workers' rights and welfare.

## SIMPLIFIED CORPORATE STRUCTURE

A simplified structure chart below sets forth the principal subsidiaries of the Group and the respective brands they operate under as at the date of this Offering Circular.



### Notes:

- (1) ANTA Enterprise Group Limited operates the retail business of the FILA brand in the Mainland China.
- (2) Motive Force Sports Products Limited operates the wholesale business of the FILA brand in the Mainland China and the retail business of the FILA brand in Hong Kong, Macao and Singapore.
- (3) ANTHA Sports Products Limited operates mainly the retail business of ANTA brand, FILA brand and DESCENTE brand in certain Southeast Asia countries.
- (4) Amer Sports, Inc., the only associate of the Company, was listed on the New York Stock Exchange (NYSE: AS). Amer Sports Oy is a wholly-owned subsidiary of Amer Sports, Inc. and a sporting goods company with internationally recognised brands including Arc'teryx, Salomon, Wilson, Peak Performance and Atomic.

## THE OFFERING

*The following is a general summary of the terms of the offering of the Bonds. This summary is partly derived from and should be read in conjunction with, the full text of the Terms and Conditions (see “Terms and Conditions of the Bonds”), the Trust Deed and the Agency Agreement relating to the Bonds. The Conditions, the Trust Deed and the Agency Agreement will prevail to the extent of any inconsistency with the terms set out in this summary. Defined terms used in this summary that are not defined herein shall have the meanings accorded to them in the Conditions.*

<b>Issuer</b> .....	ANLLIAN Capital 2 Limited.
<b>Guarantor</b> .....	ANTA Sports Products Limited.
<b>Issue</b> .....	€1,500,000,000 Zero Coupon Guaranteed Convertible Bonds due 2029 convertible at the option of the holder thereof into fully paid ordinary shares of the Guarantor.
<b>Shares</b> .....	Ordinary shares of HK\$0.10 each in the share capital of the Guarantor.
<b>Issue Price</b> .....	100.00 per cent. of the principal amount of the Bonds.
<b>Form and Denomination of the Bonds</b> .....	The Bonds will be issued in registered form in the denomination of €100,000 and integral multiples thereof.
<b>Interest</b> .....	The Bonds will be zero coupon and will not bear interest unless, upon due presentation thereof, payment of principal is improperly withheld or refused. See “ <i>Terms and Conditions of the Bonds – Interest</i> ”.
<b>Issue Date</b> .....	5 December 2024
<b>Maturity Date</b> .....	5 December 2029

<b>Negative Pledge</b> .....	So long as any Bond remains outstanding (as defined in the Trust Deed), neither the Issuer nor the Guarantor will, and each of the Issuer and the Guarantor will ensure that none of their respective Principal Subsidiaries (as defined in Condition 10 ( <i>Events of Default</i> ) of the Terms and Conditions) will, create, permit to subsist or arise, or have outstanding, any mortgage, charge, lien, pledge or other security interest upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness, or any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Bonds the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity equally and rateably or such other security as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders. See “ <i>Terms and Conditions of the Bonds – Covenants – Negative Pledge</i> ”.
<b>Status of the Bonds</b> .....	The Bonds shall constitute direct, unconditional, unsubordinated and (subject to Condition 4(A) ( <i>Negative Pledge</i> ) of the Terms and Conditions) unsecured obligations of the Issuer and shall rank <i>pari passu</i> and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable legislation and subject to Condition 4(A) ( <i>Negative Pledge</i> ) of the Terms and Conditions, at all times rank at least equally with all of its other present and future unsecured and unsubordinated obligations. See “ <i>Terms and Conditions of the Bonds – Status – Status of the Bonds</i> ”.
<b>Status of the Guarantee</b> .....	The Guarantor will unconditionally and irrevocably guarantee the due payment of all sums expressed to be payable by the Issuer under the Trust Deed and the Bonds. The Guarantee will constitute direct, unconditional, unsubordinated and (subject to Condition 4(A) ( <i>Negative Pledge</i> ) of the Terms and Conditions) unsecured obligations of the Guarantor and shall at all times rank at least equally with all of its other present and future unsecured and unsubordinated obligations. See “ <i>Terms and Conditions of the Bonds – Status – Status of Guarantee</i> ”.

<b>Taxation</b> .....	<p>All payments made by or on behalf of the Issuer (or the Guarantor, as the case may be) in respect of the Bonds or the Guarantee shall be made free from any restriction or condition and be made without deduction or withholding for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the British Virgin Islands, the Cayman Islands or the PRC or, in each case, any authority thereof or therein having power to tax, unless deduction or withholding is required by law. Where such withholding or deduction is made by the Issuer or, as the case may be, the Guarantor by or within the PRC up to and including the aggregate rate applicable on 26 November 2024 (the “<b>Applicable Rate</b>”), the Issuer will increase the amounts paid by it to the extent required, so that the net amount received by Bondholders equals the amounts which would otherwise have been receivable by them had no such withholding or deduction been required. If the Issuer or, as the case may be, the Guarantor is required to make a deduction or withholding (i) by or within the PRC in excess of the Applicable Rate or (ii) by or within the Cayman Islands or the British Virgin Islands, the Issuer or, as the case may be, the Guarantor shall pay such additional amounts as will result in the receipt by the Bondholders of such amounts as would have been received by them had no such deduction or withholding been required, except in circumstances specified in Condition 9 (<i>Taxation</i>) of the Terms and Conditions. See “<i>Terms and Conditions of the Bonds – Taxation</i>”.</p>
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**Conversion Right and Period** . . . Subject as provided in the Terms and Conditions, each Bond shall entitle the holder to convert such Bond into Shares credited as fully paid at any time during the Conversion Period referred to below (the “**Conversion Right**”). Subject to and upon compliance with the Terms and Conditions, the Conversion Right in respect of a Bond may be exercised, at the option of the Bondholder, at any time (a) on or after the date which is 41 days after the Issue Date up to and including 3:00 p.m. (at the place where the Certificate evidencing such Bond is deposited for conversion) on the date falling 10 days prior to the Maturity Date (both days inclusive) (but, except as provided in Condition 6(A)(iii) (*Revival and/or Survival after Default*) of the Terms and Conditions, in no event thereafter), (b) if such Bond shall have been called for redemption by the Issuer before the Maturity Date, then up to and including 3:00 p.m. (at the place aforesaid) on a date falling no later than 10 days (in the place aforesaid) prior to the date fixed for redemption thereof (both days inclusive) or (c) if notice requiring redemption has been given by the Bondholder pursuant to Condition 8(D) (*Redemption for Relevant Event*) or Condition 8(E) (*Redemption at the option of the Bondholders*) of the Terms and Conditions, up to and including 3:00 p.m. (at the place aforesaid) on the business day (in the place aforesaid) prior to the giving of such notice (both dates inclusive) (the “**Conversion Period**”). See “*Terms and Conditions of the Bonds – Conversion – Conversion Right*”.



<b>Conversion Price</b> .....	<p>The initial Conversion Price is HK\$104.02 per Share, subject to adjustment upon the occurrence of certain prescribed events, namely: (i) consolidation, subdivision, redesignation or reclassification; (ii) capitalisation of profits or reserves; (iii) distributions; (iv) rights issues of Shares or options over Shares at less than 95% of the Current Market Price per Share; (v) rights issues of other securities; (vi) issues at less than 95% of the Current Market Price per Share; (vii) other issues of convertible securities at less than 95% of the Current Market Price per Share; (viii) modification of rights of conversion at less than 95% of the Current Market Price per Share; (ix) other offers to shareholders of the Company; (x) Change of Control; or (xi) if Issuer otherwise determines that an adjustment should be made to the Conversion Price (collectively, the “<b>Adjustment Events</b>”). Notwithstanding any of the Adjustment Events, no adjustments to the Conversion Price shall be made where Shares or other securities are issued, offered, exercised, allotted or granted to, or for the benefit of, among others, employees and/or former employees of the Company or any of its Subsidiaries pursuant to any employees’ share scheme or plan that is in compliance with the listing rules of the Hong Kong Stock Exchange or the alternative stock exchange, provided that the number of Shares which may be issued upon exercise under such scheme or plan shall be lower than 3% per annum of the average number of issued and outstanding Shares of the Company during the 12-month period up to and including the date of such grant. See “<i>Terms and Conditions of the Bonds – Conversion – Adjustments to Conversion Price</i>”.</p>
<b>Final Redemption</b> .....	<p>Unless previously redeemed, converted or purchased and cancelled as provided in the Terms and Conditions, the Issuer will redeem each Bond at its principal amount on the Maturity Date. See “<i>Terms and Conditions of the Bonds – Redemption, Purchase and Cancellation – Maturity</i>”.</p>

**Redemption for Taxation Reasons**

The Bonds may be redeemed, at the option of the Issuer (or, if the Guarantee was called, the Guarantor) in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice (a "**Tax Redemption Notice**") to the Trustee and the Principal Agent in writing and to the Bondholders in accordance with Condition 11 (*Notices*) of the Terms and Conditions (which notice shall be irrevocable), on the date specified in the Tax Redemption Notice for redemption (the "**Tax Redemption Date**") at their principal amount, if the Issuer (or, if the Guarantee was called, the Guarantor) satisfies the Trustee immediately prior to the giving of such notice that (i) it has or will become obliged to pay Additional Tax Amounts as provided or referred to in Condition 9 (*Taxation*) of the Terms and Conditions as a result of any change in, or amendment to, the laws or regulations of the British Virgin Islands or the PRC (in the case of a payment by the Issuer), or the Cayman Islands or the PRC (in the case of a payment by the Guarantor), or in any such case, any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 26 November 2024, and (ii) such obligation cannot be avoided by the Issuer (or, if the Guarantee was called, the Guarantor) taking reasonable measures available to it, provided that no Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Issuer (or, if the Guarantee was called, the Guarantor) would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds then due. If the Issuer (or, if the Guarantee was called, the Guarantor) exercises its tax redemption right, each Bondholder will have the right to elect that his Bond(s) shall not be redeemed and that the provisions of Condition 9 (*Taxation*) of the Terms and Conditions shall not apply in respect of any payment to be made in respect of such Bond(s) which falls due after the Tax Redemption Date, whereupon no Additional Tax Amounts shall be payable in respect thereof pursuant to Condition 9 (*Taxation*) of the Terms and Conditions and payment of all amounts shall be made subject to the deduction or withholding of any taxation required to be withheld or deducted. See "*Terms and Conditions of the Bonds – Redemption, Purchase and Cancellation – Redemption for Taxation Reasons*".

<b>Redemption at the Option of the Issuer</b> .....	<p>On giving not less than 30 nor more than 60 days' notice to the Trustee and the Principal Agent in writing and to the Bondholders in accordance with Condition 11 (<i>Notices</i>) of the Terms and Conditions, the Bonds may be redeemed by the Issuer in whole, but not in part, on the date (the “<b>Optional Redemption Date</b>”) specified in the Optional Redemption Notice at their principal amount, at any time if, prior to the date the relevant Optional Redemption Notice is given, Conversion Rights shall have been exercised and/or purchases (and corresponding cancelations) and/or redemptions effected in respect of 90 per cent. or more in aggregate principal amount of the Bonds originally issued (which shall for this purpose include any further bonds issued in accordance with Condition 17 (<i>Further Issues</i>) of the Terms and Conditions and consolidated and forming a single series therewith). See “<i>Terms and Conditions of the Bonds – Redemption, Purchase and Cancellation – Redemption at the Option of the Issuer</i>”.</p>
<b>Redemption for Relevant Event</b> .....	<p>Following the occurrence of a Relevant Event, the holder of each Bond will have the right at such holder's option, to require the Issuer to redeem all or some only of such holder's Bonds on the Relevant Event Put Date (as defined in the Terms and Conditions) at their principal amount.</p> <p>A “<b>Relevant Event</b>” occurs:</p> <ul style="list-style-type: none"> <li>(i) when the Shares cease to be listed or admitted to trading or are suspended from trading for a period equal to or exceeding 30 consecutive Trading Days on the Hong Kong Stock Exchange or, if applicable, the Alternative Stock Exchange; or</li> <li>(ii) when there is a Change of Control (as defined in the Terms and Conditions).</li> </ul> <p>Except as described above with respect to a Change of Control, there are no provisions that permit the Bondholders to require that the Issuer or the Guarantor repurchase or redeem the Bonds or to have any participating rights in the event of a takeover, recapitalization or similar transaction.</p> <p>See “<i>Terms and Conditions of the Bonds – Redemption, Purchase and Cancellation – Redemption for Relevant Event</i>”.</p>

<b>Redemption at the Option of the Bondholders</b> .....	<p>On 5 December 2027 (the “<b>Optional Put Date</b>”), the holder of each Bond will have the right at such holder’s option, to require the Issuer to redeem all or some only of such holder’s Bonds on the Optional Put Date at their principal amount. To exercise such right, the holder of the relevant Bond must deposit during normal business hours (being between 9:00 a.m. and 3:00 p.m.) at the specified office of any Paying Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable during normal business hours (being between 9:00 a.m. and 3:00 p.m.) from the specified office of any Paying Agent, together with the certificate evidencing the Bonds to be redeemed not earlier than 60 days and not later than 30 days prior to the Optional Put Date.</p> <p>See “<i>Terms and Conditions of the Bonds – Redemption, Purchase and Cancellation – Redemption at the option of the Bondholders</i>”.</p>
<b>Company and Shareholder Lock-up</b> .....	<p>Each of Mr. Ding Shizhong, Mr. Ding Shijia and Anta International Group Holdings Limited, each a substantial shareholder of the Guarantor, has executed a shareholder lock-up undertaking dated 26 November 2024. For details of the shareholder lock-up undertaking, see “<i>Subscription and Sale</i>”.</p>
<b>Cross Acceleration</b> .....	<p>The Bonds may be accelerated in the event of, <i>inter alia</i>, a default relating to the Issuer, the Guarantor or any of their respective Subsidiaries (as defined in the Terms and Conditions) for or in respect of indebtedness which equals or exceeds €100,000,000 or its equivalent in any other currency. For a description of certain other events that will permit acceleration of repayment of the principal amount, see “<i>Terms and Conditions of the Bonds – Events of Default</i>”.</p>
<b>Further Issues</b> .....	<p>The Issuer may from time to time without the consent of the Bondholders create and issue further bonds having the same terms and conditions as the Bonds in all respects (or in all respects except for the issue date and the timing for complying with the requirements set out in the Terms and Conditions in relation to the Initial NDRC Post-issuance Filing and the Initial CSRC Post-Issuance Filing) and so that such further issue shall be consolidated and form a single series with the outstanding Bonds. See “<i>Terms and Conditions of the Bonds – Further Issues</i>”.</p>

<b>Clearing Systems</b> .....	The Bonds will be represented by beneficial interests in the Global Certificate, which will be registered in the name of a nominee of, and deposited on the Issue Date with a common depositary for, Euroclear and Clearstream. Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream. Except as described the Global Certificate, definitive certificates for Bonds will not be issued in exchange for interests in the Global Certificate.
<b>Governing Law</b> .....	The Bonds, the Trust Deed and the Agency Agreement and any non-contractual obligations arising out of or in connection with them will be governed by and will be construed in accordance with English law.
<b>Legal Entity Identifier</b> .....	529900ESV3CEMDZ51067
<b>ISIN/Common Code</b> .....	XS2944027726/294402772
<b>Listing of the Bonds</b> .....	Approval in-principle has been received from the SGX-ST for the listing of and quotation for the Bonds on the Official List of the SGX-ST. Approval in-principle for the listing and quotation of the Bonds on the SGX-ST is not to be taken as an indication of the merits of the Issuer or any other subsidiary or associated company of the Issuer, the Guarantor, the Bonds, the Guarantee or the Shares. The Bonds will be traded on the SGX-ST in a minimum board lot size of €200,000 for so long as any of the Bonds remains listed on the SGX-ST and the rules of the SGX-ST so require.
<b>Listing of Shares</b> .....	Conditional approval for the listing of the new Shares to be issued upon conversion of the Bonds on the Hong Kong Stock Exchange has been granted by the Hong Kong Stock Exchange.
<b>Trustee</b> .....	The Bank of New York Mellon, London Branch.
<b>Registrar and Transfer Agent</b> ...	The Bank of New York Mellon SA/NV, Dublin Branch.
<b>Principal Paying Agent and Principal Conversion Agent</b> ...	The Bank of New York Mellon, London Branch.
<b>Rating</b> .....	The Company has been rated “A3” by Moody’s. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating agency.

<b>Selling Restrictions</b> . . . . .	There are restrictions on the offer, sale and transfer of the Bonds in, among others, the United States, the United Kingdom, Hong Kong, Singapore, Japan, the PRC, EEA, the British Virgin Islands and the Cayman Islands. For a description of the selling restrictions on offers, sales and deliveries of the Bonds, see “ <i>Subscription and Sale</i> ”.
<b>Global Certificate</b> . . . . .	For as long as the Bonds are represented by the Global Certificate and the Global Certificate is deposited with a common depositary for Euroclear and Clearstream, payments of principal in respect of the Bonds represented by the Global Certificate will be made without presentation and, if no further payment falls to be made in respect of the Bonds, against surrender of the Global Certificate to or to the order of the Principal Agent or such other Paying Agent as shall have been notified to Bondholders for such purpose. The Bonds which are represented by the Global Certificate will be transferable only in accordance with the rules and procedures for the time being of the relevant Clearing System.
<b>Concurrent Repurchase</b> . . . . .	Concurrent with the offering of the Bonds, J.P. Morgan Securities (Asia Pacific) Limited, UBS AG Hong Kong Branch, Morgan Stanley Asia Limited and CLSA Limited (in their capacities as joint deal managers) have assisted the Issuer and the Guarantor with the repurchase by the Issuer and the Guarantor (the “ <b>Concurrent Repurchase</b> ”) of its existing Euro 1,000,000,000 Zero Coupon Guaranteed Convertible Bonds due 2025 (the “ <b>Existing Bonds</b> ”) for cash. The Concurrent Repurchase was conducted concurrently with the Offering and is conditioned on, and expected to occur simultaneously with, the closing and settlement of the offering of the Bonds. The Concurrent Repurchase was not conducted within the United States, nor was it offered to the United States or to any person located or resident in the United States.
<b>Use of Proceeds</b> . . . . .	See “ <i>Use of Proceeds</i> ”.
<b>Risk Factors</b> . . . . .	For a discussion of certain factors that should be considered in evaluating an investment in the Bonds, see “ <i>Risk Factors</i> ”.



**SELECTED CONSOLIDATED FINANCIAL INFORMATION  
AND OTHER DATA**

*The consolidated financial information of the Guarantor as at and for the years ended 31 December 2022 and 2023 included in this Offering Circular have been extracted from the audited consolidated financial statements as at and for the years ended 31 December 2022 and 2023 of the Guarantor which are incorporated by reference in this Offering Circular. The audited consolidated financial statements of the Guarantor as at and for the years ended 31 December 2022 and 2023 have been prepared in accordance with the IFRS Accounting Standards and the HKFRS and have been audited by KPMG, the independent auditor of the Guarantor.*

*The consolidated financial information of the Guarantor as at and for the six months ended 30 June 2023 and 2024 included in this Offering Circular have been extracted from the unaudited condensed consolidated financial statements as at and for the six months ended 30 June 2023 and 2024 of the Guarantor which are incorporated by reference in this Offering Circular. The unaudited condensed consolidated financial statements of the Guarantor as at and for the six months ended 30 June 2023 and 2024 have been prepared in accordance with IAS 34 and HKAS 34 and have been reviewed by KPMG, the independent auditor of the Guarantor.*

# **CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	Year ended 31 December		Six months ended 30 June	
	2023	2022	2024	2023
	(RMB'million)	(RMB'million)	(unaudited) (RMB'million)	(RMB'million)
Revenue . . . . .	62,356	53,651	33,735	29,645
Cost of sales . . . . .	(23,328)	(21,333)	(12,117)	(10,890)
<b>Gross profit</b> . . . . .	<b>39,028</b>	<b>32,318</b>	<b>21,618</b>	<b>18,755</b>
Other net income . . . . .	1,705	2,128	809	637
Selling and distribution expenses . . . . .	(21,673)	(19,629)	(11,796)	(10,074)
Administrative expenses . . . . .	(3,693)	(3,587)	(1,971)	(1,695)
<b>Profit from operations</b> . . . . .	<b>15,367</b>	<b>11,230</b>	<b>8,660</b>	<b>7,623</b>
Net finance income . . . . .	991	97	710	356
Share of (loss)/profit of a joint venture . . . . .	(718)	28	–	(516)
Share of loss of an associate . . . . .	–	–	(19)	–
Gain arising from equity dilution under the Amer Sports Listing . . . . .	–	–	1,579	–
<b>Profit before taxation</b> . . . . .	<b>15,640</b>	<b>11,355</b>	<b>10,930</b>	<b>7,463</b>
Taxation . . . . .	(4,363)	(3,110)	(2,511)	(2,169)
<b>Profit for the year/period</b> . . . . .	<b>11,277</b>	<b>8,245</b>	<b>8,419</b>	<b>5,294</b>
<b>Other comprehensive income/(loss) for the year/period</b>				
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation differences . . . . .	531	741	983	1,009
Share of other comprehensive (loss)/income of a joint venture . . . . .	(63)	(21)	138	(75)
Share of other comprehensive loss of an associate . . . . .	–	–	(113)	–
Items that will not be reclassified to profit or loss:				
Equity investments at fair value through other comprehensive income – net movement in fair value reserve (non-recycling) . . . . .	20	(63)	14	1
Share of other comprehensive (loss)/income of a joint venture . . . . .	(28)	35	44	(56)
Share of other comprehensive loss of an associate . . . . .	–	–	(10)	–
<b>Total comprehensive income for the year/period</b> . . . . .	<b>11,737</b>	<b>8,937</b>	<b>9,475</b>	<b>6,173</b>
<b>Profit attributable to:</b>				
Equity shareholders of the Company . . . . .	10,236	7,590	7,721	4,748
Non-controlling interests . . . . .	1,041	655	698	546
<b>Profit for the year/period</b> . . . . .	<b>11,277</b>	<b>8,245</b>	<b>8,419</b>	<b>5,294</b>
<b>Total comprehensive income attributable to:</b>				
Equity shareholders of the Company . . . . .	10,694	8,282	8,774	5,627
Non-controlling interests . . . . .	1,043	655	701	546
<b>Total comprehensive income for the year/period</b> . . . . .	<b>11,737</b>	<b>8,937</b>	<b>9,475</b>	<b>6,173</b>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 December		As at 30 June
	2023	2022	2024
	(RMB'million)	(RMB'million)	(unaudited) (RMB'million)
<b>Non-current assets</b>			
Property, plant and equipment . . . . .	4,143	3,716	4,006
Right-of-use assets . . . . .	8,085	8,015	7,860
Construction in progress . . . . .	822	1,058	1,234
Other non-current assets . . . . .	567	544	581
Intangible assets . . . . .	2,089	1,480	2,029
Investment in a joint venture . . . . .	9,283	9,343	—
Investment in an associate . . . . .	—	—	12,802
Other investments . . . . .	1,896	1,065	3,835
Pledged deposits . . . . .	—	—	241
Fixed deposits held at banks with maturity over three months . . . . .	11,836	—	19,747
Deferred tax assets . . . . .	1,367	1,378	1,316
<b>Total non-current assets . . . . .</b>	<b>40,088</b>	<b>26,599</b>	<b>53,651</b>
<b>Current assets</b>			
Inventories . . . . .	7,210	8,490	8,013
Trade receivables . . . . .	3,732	2,978	3,363
Other current assets . . . . .	3,135	2,822	2,557
Amounts due from related parties . . . . .	49	—	57
Other investments . . . . .	1,333	618	1,692
Pledged deposits . . . . .	5	5	155
Fixed deposits held at banks with maturity over three months . . . . .	21,448	10,305	18,585
Cash and cash equivalents . . . . .	15,228	17,378	9,105
<b>Total current assets . . . . .</b>	<b>52,140</b>	<b>42,596</b>	<b>43,527</b>
<b>Total assets . . . . .</b>	<b>92,228</b>	<b>69,195</b>	<b>97,178</b>

	As at 31 December		As at 30 June
	2023	2022	2024
	(RMB'million)	(RMB'million)	(unaudited) (RMB'million)
<b>Current liabilities</b>			
Borrowings	3,996	12,198	11,552
Trade payables	3,195	2,750	3,751
Other current liabilities	7,813	6,145	7,166
Payable to non-controlling interests	29	53	–
Lease liabilities	2,701	2,867	2,801
Amounts due to related parties	32	25	66
Current taxation	2,825	2,169	2,016
<b>Total current liabilities</b>	<b>20,591</b>	<b>26,207</b>	<b>27,352</b>
<b>Net current assets</b>	<b>31,549</b>	<b>16,389</b>	<b>16,175</b>
<b>Total assets less current liabilities</b>	<b>71,637</b>	<b>42,988</b>	<b>69,826</b>
<b>Non-current liabilities</b>			
Borrowings	10,948	492	3,882
Payable to non-controlling interests	–	28	–
Lease liabilities	3,824	3,938	3,514
Deferred tax liabilities	855	691	800
<b>Total non-current liabilities</b>	<b>15,627</b>	<b>5,149</b>	<b>8,196</b>
<b>Total liabilities</b>	<b>36,218</b>	<b>31,356</b>	<b>35,548</b>
<b>Net assets</b>	<b>56,010</b>	<b>37,839</b>	<b>61,630</b>
<b>Equity</b>			
Share capital	272	262	272
Reserves	51,188	34,138	57,034
<b>Total equity attributable to equity shareholders of the Company</b>	<b>51,460</b>	<b>34,400</b>	<b>57,306</b>
<b>Non-controlling interests</b>	<b>4,550</b>	<b>3,439</b>	<b>4,324</b>
<b>Total liabilities and equity</b>	<b>92,228</b>	<b>69,195</b>	<b>97,178</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended 31 December	
	2023	2022
	(RMB'million)	(RMB'million)
<b>Operating activities</b>		
Profit before taxation	15,640	11,355
Adjustments for:		
– Depreciation of property, plant and equipment	1,018	860
– Depreciation of right-of-use assets	3,844	3,481
– Amortisation of intangible assets	125	123
– Dividend income	(3)	(2)
– Interest expenses	521	511
– Interest income	(1,470)	(609)
– Net loss on disposal of property, plant and equipment	1	2
– Net gain on disposal of right-of-use assets	(34)	(29)
– Impairment loss/(reversal of impairment loss) of trade receivables	5	(4)
– (Reversal of write-down)/write-down of inventories	(20)	414
– Share of loss/(profit) of a joint venture	718	(28)
– COVID-19-related rent concessions received	–	(59)
– Equity-settled share-based payment transactions	215	250
– Net foreign exchange (gain)/loss	(42)	1
Changes in working capital		
– Decrease/(increase) in inventories	1,339	(1,260)
– (Increase)/decrease in trade receivables and other current assets	(1,189)	1,196
– Increase in amounts due from related parties	(49)	–
– Increase in other non-current assets	(31)	(494)
– Increase/(decrease) in trade payables and other current liabilities	1,582	(1,038)
– Increase/(decrease) in amounts due to related parties	7	(2)
<b>Cash generated from operations</b>	<b>22,177</b>	<b>14,668</b>
Income tax paid	(3,584)	(3,046)
Interest received	1,041	525
<b>Net cash generated from operating activities</b>	<b>19,634</b>	<b>12,147</b>

	Year ended 31 December	
	2023	2022
	(RMB'million)	(RMB'million)
<b>Investing activities</b>		
Payments for purchase of property, plant and equipment . . .	(744)	(974)
Payments for construction in progress . . . . .	(417)	(647)
Payments for purchase of intangible assets . . . . .	(160)	(115)
Net payments of other investments . . . . .	(1,497)	(206)
Placements of pledged deposits . . . . .	–	(1)
Placements of fixed deposits held at banks with maturity over three months . . . . .	(42,801)	(21,574)
Uplift of fixed deposits held at banks with maturity over three months . . . . .	20,313	18,737
Payments for acquisition of a subsidiary, net of cash acquired . . . . .	(481)	–
Other cash flows derived from investing activities . . . . .	(6)	6
<b>Net cash used in investing activities . . . . .</b>	<b>(25,793)</b>	<b>(4,774)</b>
<b>Financing activities</b>		
Drawdown of new bank loans . . . . .	2,500	2,805
Repayments of bank loans . . . . .	(2,058)	(4,208)
Payments of interest expenses on bank loans . . . . .	(59)	(33)
Net proceeds from bills payable (financing in nature) . . . . .	1,900	–
Net proceeds from issuance of medium term notes . . . . .	–	500
Repayments of medium term notes . . . . .	(1,000)	–
Payments of interest expense on medium term notes . . . . .	(54)	(40)
Payments of lease liabilities . . . . .	(4,151)	(3,138)
Payments for shares purchased under share award scheme . .	(113)	–
Dividends paid to equity shareholders of the Company . . . .	(4,022)	(3,752)
Capital contribution by non-controlling interests of subsidiaries . . . . .	259	242
Dividends paid to non-controlling interests of subsidiaries . .	(228)	(198)
Net proceeds from shares allotted and issued under a placing and subscription agreement . . . . .	10,497	–
Other cash flows derived from financing activities . . . . .	–	(19)
<b>Net cash received from/(used in) financing activities . . . .</b>	<b>3,471</b>	<b>(7,841)</b>
<b>Net decrease in cash and cash equivalents . . . . .</b>	<b>(2,688)</b>	<b>(468)</b>
<b>Cash and cash equivalents as at 1 January . . . . .</b>	<b>17,378</b>	<b>17,592</b>
<b>Effect of foreign exchange rate changes . . . . .</b>	<b>538</b>	<b>254</b>
<b>Cash and cash equivalents as at 31 December . . . . .</b>	<b>15,228</b>	<b>17,378</b>



# **CONSOLIDATED STATEMENT OF CASH FLOWS**

	Six months ended 30 June	
	2024	2023
	<i>(unaudited)</i>	
	<i>(RMB'million)</i>	<i>(RMB'million)</i>
<b>Operating activities</b>		
Cash generated from operations	11,190	11,851
Income tax paid	(3,325)	(2,433)
Interest received	637	746
<b>Net cash generated from operating activities</b>	<b>8,502</b>	<b>10,164</b>
<b>Investing activities</b>		
Capital expenditures paid	(891)	(664)
Net placements of pledged deposits	(386)	–
Net placements of fixed deposits held at banks with maturity over three months	(4,331)	(8,685)
Payment for the Amer Sports Cornerstone Investment	(1,595)	–
Net payments of other investments	(2,147)	(11)
Other cash flows derived from investing activities	31	23
<b>Net cash used in investing activities</b>	<b>(9,319)</b>	<b>(9,337)</b>
<b>Financing activities</b>		
Net (repayments of)/proceeds from bank loans	(87)	521
Payments of interest expense on bank loans	(77)	(18)
Net proceeds from bills payable (financing in nature)	567	–
Payments of lease liabilities	(2,034)	(1,968)
Payments for shares purchased under share award scheme	(56)	–
Dividends paid to equity shareholders of the Company	(3,044)	(1,852)
Dividends paid to non-controlling interests of subsidiaries	(706)	(118)
Net proceeds from shares allotted and issued under a placing and subscription agreement	–	10,497
Other cash flows derived from financing activities	29	245
<b>Net cash (used in)/received from financing activities</b>	<b>(5,408)</b>	<b>7,307</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(6,225)</b>	<b>8,134</b>
<b>Cash and cash equivalents as at 1 January</b>	<b>15,228</b>	<b>17,378</b>
<b>Effect of foreign exchange rate changes</b>	<b>102</b>	<b>317</b>
<b>Cash and cash equivalents as at 30 June</b>	<b>9,105</b>	<b>25,829</b>

## RISK FACTORS

*Investors should carefully consider together with all other information contained in this Offering Circular, the risks and uncertainties described below. The business, financial condition or operations of the Issuer, the Guarantor and the Group may be materially adversely affected by any of these risks. The risks described below are not the only ones relevant to the Issuer, the Guarantor the Group or the Bonds. Additional risks and uncertainties not presently known to the Issuer, the Guarantor or the Group, or which the Issuer, the Guarantor or the Group currently deems immaterial, may also have an adverse effect on an investment in the Bonds. The market price of the Bonds could decline due to any of these risks and investors may lose all or part of their investments.*

### RISKS RELATING TO OUR BUSINESS

#### **The Group's operations may be adversely affected if it fails to promote its brands and maintain their leading positions in the consumer market**

The success of the Group depends significantly on the success of the sportswear brands in its portfolio. The Group positions its brands, including, among others, ANTA, FILA, DESCENTE, KOLON SPORT and MAIA ACTIVE, in different segments in the consumer market for their respective targeted consumers and accordingly adopt different business models and strategies. The Group promotes its brands through different marketing activities and channels and the popularity of such brands is dependent on the success of such marketing activities and coverage of the relevant channels. If such marketing activities are not well received by the targeted customers or the marketing channels are not effective in reaching them, the popularity of the Group's brands may lose its momentum and that may adversely affect the Group's operations.

The success of the Group's brands also in some aspects depends on the market perception of such brands. Negative publicity about the Group's brands, its products or other factors, such as publicity on product defects or scandals involving endorsed celebrities or athletes or business partners, could materially and adversely affect the public perception of such brands, and hence have an adverse effect on operations of the Group. And since some of the Group's brands have their origin from overseas countries, any national sentiment against the home countries of such brands will adversely affect the sales of such brands' products and may in turn materially and adversely affect the Group's operation and financial condition.

#### **As the Group grows through investments and acquisitions, its financial results will be impacted by the operations and financial performance of its invested or acquired businesses or entities**

As the Group grows through investments and acquisitions, its financial results will be impacted by the operations and financial performance of its invested or acquired businesses or entities. Furthermore, the management of such invested or acquired businesses or entities may determine that it is in shareholders' interests and in line with its development strategy to pursue new business ventures or dispose of any existing operations. There can be no assurance that such business ventures or disposals will be successful or attain the expected results envisaged by the

management of such invested or acquired businesses or entities. For example, Amer Sports, Inc. is a global group of iconic sports and outdoor brands, including Arc'teryx, Salomon, Wilson, Peak Performance and Atomic, whose shares were listed on the New York Stock Exchange (NYSE: AS). As at the date of this Offering Circular, the Group indirectly held 43.33% of the total issued shares of Amer Sports, Inc. The Group accounted for Amer Sports, Inc. as an investment in an associate under the applicable financial reporting standards. For details, see “Description of the Group – Amer Sports, Inc.”. Therefore, the operations and financial performance of Amer Sports, Inc. will have an impact on the Group’s financial results and performance. In addition, the management of Amer Sports, Inc. may determine that it is in shareholders’ interests of Amer Sports, Inc. or in line with the overall development and strategy of Amer Sports, Inc. to effect any reorganisation, disposals, acquisitions or other business activities, and there is no assurance that such business activities will be successful.

**The Group’s future success depends on its ability to anticipate and respond in a timely manner to ever-evolving consumer tastes and preferences for sportswear products**

The success and popularity of the Group’s products depend, in large part, upon its ability to identify fashion trends and consumer preferences and design products that appeal to the targeted markets. Fashion trends and consumer preferences, however, may change frequently. The Group is unable to guarantee that it can anticipate and respond in a timely manner to the changes in fashion trends and consumer preferences. If the Group is unable to successfully adjust to such changes, the demand for the Group’s products may decrease and the Group’s business, financial condition and results of operations may be adversely affected.

In addition, the cyclical nature of the fashion industry and uncertainty over future economic prospects and consumer spending could have a material adverse effect on the Group’s operations. Consumption of apparel, footwear and related lifestyle products tend to decline during recessionary periods. Sales may fluctuate for a variety of other reasons, including changes in fashion trends and the introduction of new products or pricing changes by the Group’s competitors. Uncertainties regarding future economic prospects may affect consumer-spending habits and could have an adverse effect on the Group’s operations. Weak economic conditions have had a material adverse effect on the Group’s operations at times in the past and could have a material adverse effect on its operations in the future as well.

**The Group’s sales network is established on a network of retail stores in the PRC and failure to identify and secure suitable locations for new stores or renew existing store leases on commercially acceptable terms may adversely affect our expansion and growth prospects**

The extensive network of the retail stores operated by the Group directly and the authorised retail outlets operated by the Group’s distributors and franchisees are crucial in the sales of the Group’s products. As at 30 June 2024, the retail network of stores for the Group’s products included 9,904 ANTA stores (including standalone ANTA and ANTA KIDS stores), 1,981 FILA stores (including standalone FILA, FILA KIDS and FILA FUSION stores), 197 DESCENTE stores and 160 KOLON SPORT stores. It is important for the Group and its distributors and franchisees to secure prime locations at shopping malls, department stores and street-level locations with easy accessibility and good retail traffic for the sales performance and growth in business. There is no assurance that the Group and its distributors and franchisees are or will

continue to be able to secure such suitable locations for new stores or renew existing store leases on commercially acceptable terms, or at all, and such failure may adversely affect our expansion and growth prospectus.

**The Group is subject to supplier management risk and if the Group fails to maintain an effective quality assurance and control system, its business and results of operations could be materially and adversely affected**

The Group places great emphasis on product quality and adheres to stringent quality assurance and control measures. The Group's quality control department conducts a number of safety tests based on internal product quality inspection standards before delivering products to distributors, franchisees, retail stores or end-customers. If products with quality or safety defects are discovered after shipment, the Group has implemented its internal procedures to recall the defective products and ensures that refunds or replacement are handled properly. However, any failure to maintain an effective quality assurance and control system may result in a decrease in the demand for the Group's products, or the cancellation or loss of future orders from the Group's distributors, franchisees and end-customers. Moreover, the Group's reputation and brand image could be impaired. As a result, the Group's business and results of operations could be materially and adversely affected.

Despite the Group's strict selection mechanisms and quality control system, its business may be affected by numerous external factors relating to its suppliers, including the quality of raw materials provided, the status of product deliveries, transportation capabilities and management capabilities, among others. Cases where the quality of raw materials fails to meet the Group's requirements; products are not delivered on time, to the right location or in the right quantity; and products are lost or damaged during delivery would all have adverse impacts on the Group's operations. Furthermore, the Group's ability to manage operations effectively will also be adversely affected if suppliers' credit conditions deteriorate due to their financial position.

**The Group is subject to various risks from product transportation**

The Group primarily relies on third-party logistics companies to transport goods, and because there are a number of logistics companies that the Group works with, there is a certain degree of difficulty in terms of managing them. If part of the supply chain was delayed or adversely impacted, or if products were damaged due to negligence or mistakes on the part of one or more of the logistics companies used by the Group, the Group's operations would be affected. Should any accidents occur, such as traffic accidents, natural disasters or strikes, among other issues, the supply of its products may be temporarily interrupted, meaning that the Group would not be able to deliver products to the distributors and franchisees in time. In such circumstances, the Group's business and results of operations could be materially and adversely affected.

**The successful implementation of the Group’s product development is subject to significant business, economic and competitive uncertainties**

The Group has continuously placed emphasis on product development principally through external and in-house research and development efforts. In the past five years, the Group has not only continuously strengthened its designer team, but also increased its investment in product research and development. The Group has established numerous R&D and design centers in various locations, including the United States, Europe, Japan and Korea, among others. The Group also collaborated with numerous domestic and international universities and research institutions on research and development projects. Moreover, the Group formed strategic partnerships with multiple universities in China, including Tsinghua University and Donghua University, providing an expansive stage for professional talents. For the year ended 31 December 2022 and 2023 and the six months ended 30 June 2023 and 2024, the Group’s research and development costs accounted for 2.4%, 2.6%, 2.3% and 2.7% of its total revenue, respectively. However, the successful implementation of product development is subject to significant business, economic and competitive uncertainties, including product development risks, the availability of funding, competition and regulation, and may need to be re-evaluated from time to time based on current regulations, government policies and the continuing growth of the consumer market in the PRC. In addition, consumer preferences for fabrics and clothing styles change at a rapid pace and the Group’s ability to adapt to these preferences will determine the success of its sales. There can be no guarantee that the Group will be able to maintain product innovation to successfully adapt to changing consumer preferences in a timely manner or at all. A failure by the Group to adapt successfully to such changing preferences could materially and adversely affect the Group’s business, financial condition and results of operations.

**Operating results may be adversely affected by increases in the market prices of raw materials if the Group’s unable to pass on the increased cost of raw materials to its customers through higher prices for its products**

The Group’s manufacturing operations depend on obtaining adequate supplies of raw materials. The Group purchases all of its materials on an order-by-order basis. The prices of certain key raw materials, such as artificial leather, are subject to fluctuations in crude oil prices. The Group may also experience difficulty in obtaining other acceptable quality materials on a timely basis and the prices that the Group pays for such materials may increase due to increased industry demand. If the Group is unable to pass on the increased cost to its customers, its business, financial condition and results of operations may be adversely affected.

**Failure to adequately protect the Group’s intellectual property rights which could harm the Group’s business**

The Group’s principal intellectual property rights include “ANTA”, “FILA”, “DESCENTE”, “KOLON SPORT” and “MAIA ACTIVE” trademarks, as well as the patents for technologies or product features or designs. The Group is currently applying for the registration of patents for a number of other designs and product features. The success of a trademark or patent application depends upon a number of factors, and it cannot be guaranteed that the Group will be successful in obtaining trademarks and patents for technologies or product features currently under

application or which it may develop in the future. The Group depends to a significant extent on PRC laws to protect its trademarks, patents or other intellectual property rights.

Brand is a key consideration that consumers take into account when purchasing sportswear products. There are a number of unscrupulous manufacturers that counterfeit well-known brands and sell them illegally, which has an adverse impact on the brands they replicate. The Group has discovered counterfeit versions of its products on the market in the past years. As the Group's sportswear products and brands are well-regarded in the domestic market, the Group has proactively adopted a number of different safeguards to protect independent intellectual property rights; but the Group also recognises that it is difficult to identify every infringement of its brand at any one time. Furthermore, the Group's efforts to enforce or defend its intellectual property rights may not be adequate and may require significant attention from its management and may be costly. The outcome of any legal actions to protect intellectual property rights may be uncertain. If the Group's products were counterfeited on a mass scale in the future and the Group was unable to adequately protect or safeguard its intellectual property rights, the Group's business, financial condition and results of operations may be adversely affected.

**The Group's business could be adversely affected by intellectual property rights disputes or proceedings with third parties for possible infringement of their intellectual property rights**

It is possible that third parties, including the Group's competitors, may seek to bring claims against the Group that its products infringe their trademarks, copyrights, patents or other intellectual property rights, and, as a result, the Group might be required to devote substantial management time and resources to defend such claims. The risk of being subject to such claims will increase as the Group continues to expand and diversify its product mix. Because patent applications in the PRC are confidential, and many new patent applications are currently under review in the PRC, the Group may be unable to determine whether any of its products, their features or their design or appearance infringe, or will infringe, upon the patent rights of others. If the Group is unsuccessful in defending any claim against it for infringement of others' intellectual property rights, the Group may be required to take certain actions including paying monetary damages, modifying its products or suspending its production and sale of such products, any of which could materially and adversely affect the Group's business, financial condition and results of operations.

**Loss of any of key executive personnel or any failure to attract such personnel in the future will adversely impact the Group's business and growth prospects**

The Group's future success depends upon the continued service of the Group's senior management, and in particular the executive Directors. Their talent, effort, experience and leadership are critical to the Group's operations and financial performance. The promotion of the Group's brands, the digitalisation of the Group's operations and the optimisation of the Group's supply chain require many talented employees who specialise in product planning, information management and supply chain management. There is no assurance that the Group will be able to retain its existing key executives or attract additional qualified personnel in the future. In addition, the Group may need to offer higher compensation and other benefits in order to attract and retain key personnel. A failure by the Group to retain or replace its senior management

could materially and adversely affect the Group's business, financial condition and results of operations.

**Increases in labour costs in China may adversely affect the Group's business and profitability**

The sportswear manufacturing industry is labour intensive. Labour costs in China have been increasing recently, and there is no assurance that the cost of labour in China will not continue to increase in the future or that the Group will be able to increase the prices of the products to offset such increases. If labour costs in China continue to increase, production and administration costs will increase. If the Group is unable to pass these increases on to its customers, the Group's business, financial condition and results of operations will be adversely affected.

**Potential production safety hazards and risks may negatively impact the Group's operations and failure to have a sufficient insurance coverage to cover the potential hazards and risks may have a material adverse effect on its business, financial condition and results of operations**

The Group's operations are subject to hazards and risks normally associated with manufacturing operations, which may cause damage to persons or property. Due to the particularity of the sporting goods and manufacturing industry, fire prevention is especially important. The glue the Group uses during the production process and semi-finished products are flammable, and a fire during the production process of any of the Group's products would directly and negatively impact the Group's operations.

In addition, the Group currently maintains insurance policies in respect of damage to real estate property, employer liability for personal injury of employees, third party liability for vehicle-related accidents and product liability for some of its products. The Group does not have insurance coverage for product liability for its products under all its brands and therefore, it may be exposed to product liability claims in the event that any of the products not covered by such insurance is alleged to have caused bodily injury or other adverse effects. Further, the Group only maintains limited business interruption insurance or third-party liability insurance against claims for property damage, personal injury and environmental liabilities. The occurrence of any of these events may result in interruption of its operations and subject the Group to significant losses or liabilities. Any losses or liabilities that are not covered by the Group's current insurance policies may have a material adverse effect on its business, financial condition and results of operations.

**The Group's brands may be damaged if contract manufacturers or suppliers violate any relevant laws, rules or regulations, particularly in respect of labour and environmental protection**

The Group places great emphasis on brand building and the promotion of the Group's products. In order to protect the reputation of the Group's brands, the Group strives to adhere to all relevant laws, rules and regulations, particularly in respect of labour and environmental protection. However, the Group does not exercise control over the operations of its contract



manufacturers and suppliers and is therefore not able to ensure their compliance with applicable laws and regulations. There is therefore no assurance that the contract manufacturers and suppliers will fully comply with all applicable labour and environmental laws, rules and regulations. In the event that such contract manufacturers or suppliers violate any of these laws, rules or regulations, any resulting negative publicity may damage the value of the Group's brands. As a result, the Group's business and profitability may be adversely affected.

**The Group is subject to environmental, labour, health and safety laws and regulations, and therefore, may incur substantial costs to comply with the current or future regulatory regimes. Failure to comply with such laws and regulations could subject the Group to significant fines or penalties**

The Group is subject to a number of environmental, labour, health and safety laws and regulations, including, but not limited to, the treatment and discharge of pollutants into the environment in the connection with the Group's business operations. As the requirements imposed by such laws and regulations may change and more stringent laws or regulations may be adopted, the Group may have to incur substantial costs to comply with the current or future regulatory regime.

If the Group fails to comply with applicable environmental protection laws and regulations, it could be subject to rectification orders, substantial fines, potentially significant monetary damages, or production suspensions in its business operations. In addition, although the Group strives to provide, and procure its supply chain to provide, a safe and desirable working environment to its employees to prevent occupational hazards, it may be subject to liability claims, negative publicity and investigations or interventions from governmental organisations or pressure groups in relation to workplace safety or occupational hazards, in particular in the event of personal injuries or casualties. Such incidents could worsen the Group's relationship with its employees and damage its brand image and reputation.

Furthermore, the Group may be required to incur substantial costs to comply with the current or future environmental, labour, health and safety laws and regulations. These current or future laws and regulations may further increase the compliance costs of the Group. Failure to comply with these laws and regulations also may result in substantial fines, penalties, trade restrictions or other sanctions. Any of the foregoing could materially adversely affect its business, financial condition, results of operations and prospects.

**Failure to estimate accurately the demand for the Group's products may lead to significant excess inventories**

The Group holds stocks of branded products to meet distributors' and franchisees' delivery requirements and end-customers' demands. The Group actively communicates with its distributors and franchisees on a regular basis and continuously monitors retail sales data in order to estimate end-customers' demand for products. However, if the Group misjudges the market for products and is unable to digest excess inventories through alternative distribution channels, the Group may face significant excess inventories for some products and miss opportunities for others. In addition, weak sales and hence markdown for slow-moving inventories could have a material adverse effect on the Group's operations.

**Any failure by the Group to maintain business relationship with distributors or any failure by the Group to ensure third party franchisees appointed by such distributors adhere to the Group's established standard for retail policies could impact its business and financial performance**

Although the Group adopts the self-operated business of direct-to-consumer (“DTC”) model as well as e-commerce model to sell a majority of its products, it has been relying on and expects to continue to rely on distributors for a small proportion of the sales of the Group's ANTA products. For the years ended 31 December 2022 and 2023 and the six months ended 30 June 2023 and 2024, the revenue contribution from traditional wholesale and others models accounted for less than 10% of the Group's total revenue. The Group's business relationship with the distributors and the performance of the distributors and franchisees appointed by them and their respective ability to expand their business and sales networks could impact the Group's business and financial performance. Further, the Group relies on the contractual obligations contained in the distributorship agreements entered into with the distributors to impose its standards for retail policies on these distributors in respect of the authorised ANTA retail outlets directly operated by such distributors or on the franchisees indirectly managed by them. However, as the Group does not enter into any agreements with third-party franchisees, the Group relies on the distributors to manage these authorised ANTA retail outlets and to ensure that they operate in accordance with the Group's standards for retail policies. There is no assurance that the distributors or the franchisees will comply with, or that the distributors will enforce, the Group's standards for retail policies. In such event, the Group may not be able to effectively manage the ANTA sales network or maintain a uniform brand image, and it cannot guarantee that such authorised ANTA retail outlets would continue to offer quality services to consumers. The Group may be unable to replace them in a timely manner. As a result, the Group's business, results of operations and financial condition may be adversely affected.

**Cross-regional operations could lead to increasing demands on management**

Purchasing power and consumer preferences among different consumer groups and in different regional markets can vary significantly. Currently, the Group's business is located in multiple areas in China as well as some overseas markets. The fast development of the Group's cross-regional business operations and the continuous expansion of its asset scale could bring in higher requirements on the Group's organisational structure and managerial system, thereby, diverting management's attention and leading to possible internal management risks.

**The Group may not be successful in sustaining its growth and profitability**

The Group's revenue increased from RMB53,651 million for the year ended 31 December 2022 to RMB62,356 million for the year ended 31 December 2023, and from RMB29,645 million for the six months ended 30 June 2023 to RMB33,735 million for the six months ended 30 June 2024, recording a growth of 16.2% and 13.8%, respectively. Such historical growth may not be indicative of the Group's future performance and there is no assurance that the Group is able to maintain its growth rate or profitability. Factors such as decreasing consumer spending, increasing competition from industry peers, slower growth in retail industry in the PRC and changes in general economic conditions could slow or halt the Group's growth. In addition, the Group's profitability depends on its ability to control costs and operating expenses, which may

increase as its business expands. If the Group fails to continue the growth in business, or to effectively control the costs or operating expenses, its operations and financial performance may be adversely affected.

## **RISKS RELATING TO THE INDUSTRY THE GROUP OPERATES IN**

### **Global economic conditions, and their impact on consumer spending patterns, could adversely affect the Group's operations**

The sportswear industry is vulnerable to volatile economic cycles. In recent years, a downturn in domestic and international economies has weakened the retail market environment and forced consumers to spend less, which has left the traditional fashion industry generally weaker with lower sales. In particular, the Group's operations are particularly sensitive to changes in the disposable income and the spending patterns of consumers. Consumer purchases of discretionary and fashion items generally decline during periods when disposable income is adversely affected or there is economic uncertainty. If this volatile economic cycle persists and leads to continued sluggish downstream consumer demand, it could have a material and adverse impact on the Group's business, financial condition and results of operations.

### **Future performance is dependent on the PRC economy and, in particular, the level of growth of the PRC consumer market**

As the Group derives a substantial amount of turnover from sales of its products in the PRC, the success of the Group's business depends on the condition and growth of the PRC consumer market, which in turn depends on macro-economic conditions and individual income levels in the PRC. The Group believes that consumer spending habits may be adversely affected during a period of recession in the economy or that uncertainties regarding future economic prospects could also affect consumer spending habits, all of which may have an adverse effect on certain enterprises operating within the consumer and retail sectors, including the Group. There can be no assurance that projected growth rates of the PRC economy and the PRC consumer market will be realised. Any future slowdowns or declines in the PRC economy or consumer spending may materially and adversely affect the Group's business, financial condition and results of operations.

### **Increasingly tense competition in the sportswear industry may adversely affect the Group's brand loyalty and operations**

The sportswear industry is highly competitive in the PRC and worldwide. Industry players compete with one another based on, among other things, brand loyalty, product variety, product design, product quality and price. There is no assurance that the Group will be able to compete with others in the future in light of the changing and competitive market environment. In particular, the Group's athletic footwear and apparel products compete with international and domestic sportswear brands such as Nike, Adidas and Li Ning. These and other competitors may also have equally strong financial resources, distribution and retail capabilities and brand recognition. Increasing competition in the sportswear industry is reflected in the expanding scale and continuous concentration of the industry, and the proliferation of international clothing brands across China. The nature of this competition has shifted from a focus on quantity and

price to new attributes such as state of the art technology and product ranges that add value. Such increasing competition in the industry may pose challenges to the Group's market share and reduce sales, prices and margins and adversely affect the Group's brand loyalty which in turn would materially and adversely affect the Group's business, financial condition and results of operations.

## **RISKS RELATING TO THE PRC**

### **Changes in the economic, political and social conditions in the PRC and policies adopted by the PRC government could adversely affect the Group's business**

The substantial majority of the assets of the Group are located in the PRC. Therefore, the Group's operations, financial condition and prospects are, to a significant degree, affected by the economic, political, legal developments and government policies in the PRC. Although the PRC's economy has been transitioning from a planned economy to a more market-oriented economy for more than three decades, a substantial portion of productive assets in the PRC is still owned by the PRC government. The PRC government also exercises macro-level control over the economic growth of the PRC through allocating resources, regulating foreign exchange, setting monetary policy and providing preferential treatments to particular industries or companies. In recent years, the PRC government has implemented economic reforms emphasising the use of market forces to drive economic development. These reforms may be adjusted or modified or applied inconsistently among different industries, or across different regions of the PRC. As a result, some of these measures may benefit the overall PRC economy, but may have a negative effect on the sportswear industry.

The PRC has been one of the world's fastest growing economies as measured by gross domestic product in recent years. However, no assurance can be given that the PRC economy would continue to grow at such rate. The PRC economy has experienced a slowdown in growth in recent years. To stimulate the growth of the PRC economy, the PRC government has implemented various monetary and economic measures to expand investments in infrastructure, increase liquidity in the credit markets and create more employment opportunities. Although the PRC economy has been recovering, there is no assurance that such recovery would be sustainable. Any macroeconomic control measures or slowdown of the PRC or global economy may reduce the demands for the Group's products and the speed at which domestic or international capacity grows may slow down significantly, which would have an adverse impact on the Group's business, financial condition and results of operations.

### **The trade dispute between China and the United States creates uncertainties and challenges to the global economy, and may adversely affect the Group's business, financial condition and results of operations**

It is not known when or whether the two governments will resolve their differences in the ongoing negotiation. Sustained tension between the United States and China over trade policies could significantly undermine the stability of the global economy. Any severe or prolonged slowdown or instability may materially or adversely affect the Group's business, financial condition and results of operations. The United States and China have recently been involved in disputes over trade barriers that have escalated into a trade war between the countries. Both

countries have implemented tariffs on certain imported products from the other, casting uncertainty over tariffs and barrier to entry for products on both sides. The two governments have entered into an initial phase one agreement to resolve the disputes on 15 January 2020. However, there are uncertainties when and whether the phase two negotiations will begin and whether the two governments will fulfil their respective obligations under the phase one agreement. The Group is unable to assess the potential for future action by governments with respect to any product category in the event that the quantity of imported apparel significantly disrupts the footwear market. Future action by governments in response to a disruption in trade could limit the Group's ability to import apparel and increase costs. In addition, as the Group sources products from third party suppliers, these third party suppliers may be subject to government regulations in the countries in which they operate. Any change to the relevant government regulations or policies, whether relating to labour safety, tax treatment, environmental protection or any other aspects, may directly affect the operating costs of these manufacturers. This may in turn increase the costs of their products or other fees charged to us. In such circumstances, costs of sales may increase, thereby adversely affecting the Group's business and results of operations.

#### **Interpretation and enforcement of the laws and regulations in the PRC may involve uncertainties**

Since 1979, the PRC Government has begun to promulgate a comprehensive system of laws and has introduced many new laws and regulations to provide general guidance on economic and business practices in the PRC and to regulate foreign investment. Progress has been made in the promulgation of laws and regulations dealing with economic matters, such as corporate organisation and governance, foreign investment, commerce, taxation and trade. The promulgation of changes to existing laws and the abrogation of local regulations by national laws could have a negative impact on the business and prospects of the Group. In addition, as these laws, regulations and legal requirements are relatively recent, their interpretation and enforcement may involve a degree of uncertainty. The PRC legal system is also based, in part, on government policies and internal rules (some of which are not published on a timely basis). As a result, the Group may not be aware of the Group's violation of these policies and rules until some time after the violation. Any consequent litigation in the PRC may be protracted and result in substantial costs and diversion of resources and management's attention.

The relatively new legal system and regulations and the uncertainty of the interpretation and effective enforcement of PRC law and regulations may cause significant uncertainties to the Group's operations.

As a substantial part of the Group's businesses are conducted, and the relevant assets are located, in the PRC, the Group's operations are governed principally by PRC laws and regulations. The PRC legal system is based on written statutes while prior court decisions can only be cited as reference. However, the PRC has not developed a fully integrated legal system and has recently enacted laws and regulations that may not sufficiently cover all aspects of economic activities in the PRC.

**Any failure to complete the relevant filings under the Order 56 within the prescribed time frame following the completion of the issue of the Bonds may have adverse consequences for the Issuer, the Guarantor and/or the investors in the Bonds**

Effective from 10 February 2023, the NDRC issued Order 56 which have superseded the Notice on Promoting the Reform of the Filing and Registration System for Issuance of Foreign Debt by Corporates (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知) (Fa Gai Wai Zi [2015] No. 2044). Under Order 56, the Guarantor shall (i) obtain a Certificate of Review and Registration of Enterprise Borrowing of Foreign Debt from the NDRC (the “**NDRC Review and Registration Certificate**”), (ii) file or report or cause to be filed or reported with the NDRC or its competent local counterpart the requisite information and documents within ten PRC business days after each foreign debt issuance the expiration of the NDRC Review and Registration Certificate in accordance with Order 56, (iii) file or report or cause to be filed or reported with the NDRC or its competent local counterpart the requisite information and documents within five PRC business days before the end of January and the end of July each year and (iv) file or report or cause to be filed or reported with the NDRC or its competent local counterpart the requisite information and documents upon the occurrence of any material event that may affect the enterprise’s due performance of its debt obligations.

On 12 July 2024, the NDRC released the Notice on Supporting High-Quality Enterprises to Borrow Medium and Long-Term Foreign Debt to Promote the High-Quality Development of the Real Economy (《關於支持優質企業借用中長期外債促進實體經濟高質量發展的通知》) (Fa Gai Wai Zi [2024] No. 1037) (the “**1037 Notice**”), which came into effect on 29 July 2024. Under the 1037 Notice, the NDRC actively supports high-quality enterprises with prominent industry status, good credit and leading role in promoting the high-quality development of the real economy to borrow foreign debts. For high-quality enterprises applying for foreign debt examination and registration, the NDRC will, on the basis of current management, implement special examination, appropriately simplify relevant requirements and accelerate the handling process.

The Guarantor obtained an NDRC Review and Registration Certificate on 6 November 2024 in accordance with Order 56. Failure to comply with the NDRC post-issue and continuing obligations (including post-issue reporting, pre-issuance approval expiration reporting and periodical reporting and major event reporting, among others) under articles 24 and 26 of Order 56 may result in the relevant entities being ordered to make corrections within a time limit, and in the case of aggravating circumstances or in the case that such corrections are not made within the prescribed time limit, relevant entities and their main person-in-charge will be warned. The aforesaid regulatory violations committed by enterprises shall be publicised on the “Credit China” website and the national enterprise credit information publicity system, among others.

The Issuer and the Guarantor will undertake to file or report or cause to be filed or reported the requisite information and documents within the relevant prescribed timeframes after the Issue Date to the NDRC in accordance with Order 56 and comply with the continuing obligations under Order 56 and other applicable PRC laws and regulations in relation to the issue of the Bonds.



However, Order 56 is new, and its implementation may involve significant uncertainty. The administration and enforcement of Order 56 may be subject to executive and policy discretion of the NDRC.

**There may be filing or other requirements of the CSRC or other PRC government authorities in relation to our proposed issuance of the Bonds or further capital raise activities**

On 17 February 2023, the CSRC released the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) and supporting guidelines (together, the “**CSRC Filing Rules**”), which came into effect on 31 March 2023. The CSRC Filing Rules will regulate both direct and indirect overseas offering and listing of PRC domestic companies’ securities by adopting a filing-based regulatory regime. The CSRC Filing Rules state that, any post-listing follow-on offering by an issuer in an overseas market, including issuance of shares, convertible bonds and other similar securities, shall be subject to filing requirement within three business days after the completion of the offering. In connection with the CSRC Filing Rules, on 17 February 2023 the CSRC also published the Notice on the Administrative Arrangements for the Filing of Overseas Securities Offering and Listing by Domestic Enterprises (《關於境內企業境外發行上市備案管理安排的通知》) (the “**Notice on Overseas Listing Measures**”). According to the Notice on Overseas Listing Measures, issuers that have already been listed in an overseas market by 31 March 2023, the date the Overseas Listing Measures became effective, are not required to make any immediate filing and are only required to comply with the filing requirements under the CSRC Filing Rules when it subsequently seeks to conduct a follow-on offering. We have been advised that we are required to go through filing procedures with the CSRC after the completion of this offering of the Bonds and for our future offerings and listing of our securities in an overseas market under the CSRC Filing Rules for this offering. The CSRC Filing Rules provide that an overseas offering and listing, including the follow-on offering of convertible bonds, is prohibited under any of the following circumstances: if (i) such securities offering and listing is explicitly prohibited by provisions in laws, administrative regulations and relevant state rules; (ii) the intended securities offering and listing may endanger national security as reviewed and determined by competent authorities under the State Council in accordance with law; (iii) the domestic company intending to make the securities offering and listing, or its controlling shareholder(s) and the actual controller, have committed relevant crimes such as corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy during the latest three years; (iv) the domestic company intending to make the securities offering and listing is currently under investigation for suspicion of criminal offences or major violations of laws and regulations, and no conclusion has yet been made thereof; or (v) there are material ownership disputes over equity held by the domestic company’s controlling shareholder(s) or by other shareholder(s) that are controlled by the controlling shareholder(s) and/or actual controller (the “**Forbidden Circumstance**”). In addition, in the process of filing, where the issuer may be under any of the Forbidden Circumstances, the CSRC may solicit the opinions of the competent government authorities under the State Council.

We will comply with applicable filing requirements as appropriate. However, there remains substantial uncertainty as to the interpretation, application and enforcement of the CSRC Filing Rules and how they will affect our operations and our future financing. We cannot assure you



that we are able to meet such requirements, obtain such permit from the relevant government authorities, or complete such filing in a timely manner or at all. In addition, we cannot guarantee that new rules or regulations promulgated in the future will not impose any additional requirements on us. If it is determined that we are subject to any approval, filing, other governmental authorisation or requirements from the CSRC or other PRC government authorities, we may fail to obtain such approval or meet such requirements in a timely manner or at all. Such failure may subject us to fines, penalties or other sanctions which may have a material adverse effect on our business and financial condition.

**Adverse changes in political, social and economic policies of the PRC Government could have a material and adverse effect on the overall economic growth of the PRC, which could in turn affect the Group's business and prospects**

The PRC economy differs from the economies of most developed countries in many respects, including government involvement, level of development, economic growth rate, control of foreign exchange, and allocation of resources. The PRC economy has been transitioning from a planned economy to a more market-oriented economy. In recent years, the PRC Government has implemented measures emphasising market forces for economic reform, the reduction of state ownership of productive assets and the establishment of sound corporate governance in business enterprises. However, a large portion of productive assets in the PRC is still owned by the PRC Government. The PRC Government continues to play a significant role in regulating industrial development, the allocation of resources, production, pricing and management, and there can be no assurance that economic reforms would not have any adverse effect on the Group's business.

The Group's operations and financial results could also be materially and adversely affected by changes in political, economic and social conditions or relevant policies of the PRC government, such as changes in laws and regulations (or the interpretation thereof). The Group's operating results and financial condition may also be materially and adversely affected by other changes in taxation and changes in state policies affecting the industries in which the Group operates. In addition, the growth of the Group's business operations depends heavily on economic growth. If the PRC's economic growth slows down or if the PRC economy experiences a recession, the Group's business prospects may be materially and adversely affected. The Group's operations and financial results, as well as its ability to satisfy its obligations under the Bonds, could also be materially and adversely affected by changes in measures which might be introduced to control inflation, changes in the rate or method of taxation, the imposition of additional restrictions on currency conversion and the imposition of additional import restrictions.

**Any force majeure events, including the outbreak, or threatened outbreak, of any severe communicable disease in the PRC, could materially and adversely affect the Group's business and results of operations**

Any force majeure events, including the outbreak, or threatened outbreak, of any severe communicable disease (such as severe acute respiratory syndrome or avian influenza) in the PRC, could materially and adversely affect the overall business sentiment and environment in the PRC, particularly if such outbreak is inadequately controlled. Over the past few decades, the

PRC has suffered health epidemics related to the outbreak of avian influenza, H1N1 virus, severe acute respiratory syndrome (“SARS”) and COVID-19. Any adverse public health developments in the PRC could materially and adversely affect domestic transportation, consumption, labour supply and, possibly, the overall gross domestic product growth of the PRC. The Group’s revenue is currently mainly derived from the PRC and any labour shortages or slowdown in the growth of domestic transportation or consumption in the PRC could materially and adversely affect the Group’s business, financial condition and results of operations. In addition, if any of the Group’s employees are affected by any severe communicable disease, it could adversely affect or disrupt production levels and operations of the Group and materially and adversely affect the Group’s business, financial condition and results of operations, which may also involve a closure of the Group’s sportswear manufacturing facilities to prevent the spread of the disease. The spread of any severe communicable disease in the PRC may also affect the operations of the Group’s students and teachers, which could materially and adversely affect the Group’s operations. Moreover, acts of war or terrorism, riots or disturbances may also injure or cause deaths to our employees, and disrupt our business network and operations. Any of these factors and other factors beyond the Group’s control could have an adverse effect on the overall business environment, cause uncertainties in the regions where we conduct business, cause our business to suffer in ways that we cannot predict and materially and adversely affect its business, financial condition and results of operations.

**It may be difficult to enforce any judgments obtained from non-PRC courts against the Group or its directors and senior management who reside in the PRC**

A substantial part of the Group’s assets and the Group’s members are located within the PRC. In addition, most of the Group’s directors and senior management reside in the PRC, and their assets may also be located in the PRC. As a result, it may not be possible to effect service of process outside China upon most of the Group’s directors and senior management, including for matters arising under applicable securities law. A judgment of a court of another jurisdiction may be reciprocally recognised or enforced if the jurisdiction has a treaty with China or if judgments of the PRC courts have been recognised before in that jurisdiction, subject to the satisfaction of other requirements. However, China does not have treaties or agreements providing for the reciprocal recognition and enforcement of judgments awarded by courts of many countries, including Japan, the United States and the United Kingdom. Therefore, it may be difficult for investors to recognise and enforce any judgments obtained from non-PRC courts against the Group or any of its directors or senior management in the PRC.

Moreover, it is understood that the enforcement of foreign judgments in the PRC is still subject to uncertainties. In addition, the mechanisms for enforcement of rights under the corporate governance framework to which the Group is subject are also relatively undeveloped and untested. The PRC has not entered into treaties or arrangements providing for the recognition and enforcement of judgments made by the courts in most other jurisdictions. Therefore, it may not be possible for investors to effect service of process upon the Group or its management in the PRC.

On 18 January 2019, the Supreme People’s Court of the PRC and the Hong Kong government signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and the Hong Kong Special

Administrative Region (關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排) (the “**2019 Arrangement**”). The 2019 Arrangement has been implemented in Hong Kong by the Mainland Judgments in Civil and Commercial Matters (Reciprocal Enforcement) Ordinance (Cap. 645), which came into operation on 29 January 2024. In the Mainland, the Supreme People’s Court promulgated a judicial interpretation to implement the 2019 Arrangement on 25 January 2024 (the “**Judicial Interpretation**”). The 2019 Arrangement applies to judgments made on or after 29 January 2024.

Unlike other bonds issued in the international capital markets where holders of such bonds would typically not be required to submit to an exclusive jurisdiction, the Bondholders will be deemed to have submitted to the exclusive jurisdiction of the Hong Kong courts. Thus, the Bondholders’ ability to initiate a claim outside Hong Kong will be limited.

Under the 2019 Arrangement, where the Hong Kong court has given a legally effective judgement in a civil and commercial matter, any party concerned may apply to the relevant People’s Court of the Mainland for recognition and enforcement of the judgement, subject to the provisions, limits, procedures and other terms and requirements of the 2019 Arrangement and the Judicial Interpretation. The recognition and enforcement of a Hong Kong court judgement could be refused if the relevant People’s Court of the Mainland consider that the enforcement of such judgement is contrary to the basic principles of law of the Mainland or the social and public interests of the Mainland. While it is expected that the relevant People’s Courts of the Mainland will recognise and enforce a judgement given by a Hong Kong court and governed by English law, there can be no assurance that such courts will do so for all such judgments as there is no established practice in this area.

#### **The PRC Government’s control over foreign currency conversion may limit the Group’s foreign exchange transactions**

The PRC government imposes controls on the convertibility of Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China. Under existing PRC foreign exchange regulations, payments of certain current account items, including profit distributions, interest payments and expenditures from trade related transactions, can be made in foreign currencies without prior approval from the State Administration of Foreign Exchange of the PRC (“SAFE”) by complying with certain procedural requirements. However, approval from SAFE or its local branch is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of bank loans denominated in foreign currencies. The PRC government may also at its discretion restrict access in the future to foreign currencies for current account transactions.

In addition, any insufficiency of foreign exchange may restrict the Group’s ability to obtain sufficient foreign exchange to satisfy any other foreign exchange requirements. If the Group fails to obtain approval from SAFE to convert RMB into any foreign exchange for any of the above purposes, its capital expenditure plans, and even the business, financial repayment, operating results and financial condition of the Group, may be materially and adversely affected.

**The Group's labour costs may increase for reasons such as the implementation of the PRC Labour Contract Law or inflation in the PRC**

The PRC Labour Contract Law (《中華人民共和國勞動合同法》) became effective on 1 January 2008 in the PRC and was amended on 28 December 2012. It imposes more stringent requirements on employers in relation to entry into fixed-term employment contracts and dismissal of employees. Pursuant to the PRC Labour Contract Law, the employer is required to make compensation payment to a fixed-term contract employee in certain circumstances including when the term of their employment contract expires, unless the employee does not agree to renew the contract even though the conditions offered by the employer for renewal are the same as or better than those stipulated in the current employment contract. In general, the amount of compensation payment is equal to the monthly wage of the employee multiplied by the number of full years that the employee has worked for the employer. A minimum wage requirement has also been incorporated into the PRC Labour Contract Law. In addition, unless otherwise prohibited by the PRC Labour Contract Law or objected to by the employees themselves, the employer is required to enter into non-fixed-term employment contracts with employees who have previously entered into fixed-term employment contracts for two consecutive terms.

In addition, under the Regulations on Paid Annual Leave for Employee (《職工帶薪年休假條例》), which became effective on 1 January 2008, employees who have worked continuously for more than one year are entitled to paid annual leave ranging from 5 to 15 days, depending on the length of the employees' work time. Employees who consent to waive such vacation at the request of employers shall be compensated an amount equal to three times their normal daily salaries for each vacation day being waived. Under the National Leisure and Tourism Outline 2013–2020 (《國民旅遊休閒綱要2013–2020》) which became effective on 2 February 2013, all workers must receive paid annual leave by 2020. As a result of the PRC Labour Contract Law, the Regulations on Paid Annual Leave for Employees and the National Leisure and Tourism Outline 2013–2020, the Group's labour costs may increase. In addition, under the PRC Labour Contract Law, when an employer terminates its PRC employees' employment, the employer may be required to compensate them for such amount which is determined based on their length of service with the employer, and the employer may not be able to efficiently terminate non-fixed-term employment contracts under the PRC Labour Contract Law without cause. In the event the Group decides to significantly change or decrease its workforce, the PRC Labour Contract Law could adversely affect its ability to effect these changes in a cost-effective manner or in the manner that the Group desires, which could result in an adverse impact on the Group's businesses, financial condition and results of operations.

Further, if there is a shortage of labour or for any reason the labour cost in the PRC rises significantly, the operating costs of the Group may also increase. This may in turn affect the selling prices of the Group's services, which may then affect the demand of such services and thereby adversely affect the Group's sales and financial condition. In addition, inflation in the PRC increases the costs of labour. In such circumstances, the profit margin may decrease and the financial results may be adversely affected.

In addition, inflation in the PRC has increased in recent years. Inflation in the PRC increases the costs of labour and the costs of raw materials the Group must purchase for

production. Rising labour costs may increase the Group's operating costs and partially erode the cost advantage of the Group's PRC-based operations and therefore negatively impact the Group's profitability.

## **RISKS RELATING TO THE BONDS, THE GUARANTEE AND THE SHARES**

### **The Bonds are unsecured obligations**

The Bonds will constitute direct, unconditional, unsubordinated and (subject to Condition 4(A) (*Negative Pledge*) of the Terms and Conditions) unsecured obligations of the Issuer ranking *pari passu* and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds, save for such exceptions as may be provided by mandatory provisions of applicable law and subject to the negative pledge contained in Condition 4(A) (*Negative Pledge*) of the Terms and Conditions rank at least equally with all of its other present and future unsecured and unsubordinated obligations. The Guarantee similarly constitutes direct, unconditional, unsubordinated and (subject to Condition 4(A) (*Negative Pledge*) of the Terms and Conditions) unsecured obligations of the Guarantor and shall at all times rank at least equally with all of its other present and future unsecured and unsubordinated obligations. Therefore, the Bonds and the Guarantee are unsecured obligations of the Issuer and the Guarantor, respectively. The payment obligations under the Bonds and the Guarantee may be adversely affected if:

- the Issuer or the Guarantor enters into bankruptcy, liquidation, rehabilitation or other winding-up proceedings;
- there is a default in payment under the Issuer's or the Guarantor's future secured indebtedness or other unsecured indebtedness; or
- there is an acceleration of any of the Issuer's or the Guarantor's indebtedness.

If any of the above events occurs, the Issuer's or the Guarantor's assets may not be sufficient to pay amounts due on the Bonds or the Guarantee.

### **The Trustee may request the Bondholders to provide an indemnity and/or security and/or prefunding to its satisfaction**

In certain circumstances (including, without limitation, being requested or directed by the Bondholders pursuant to Conditions 10 (*Events of Default*) and 15 (*Enforcement*) of the Terms and Conditions), the Trustee may request Bondholders to provide an indemnity and/or security and/or prefunding to its satisfaction before it takes steps and/or actions and/or initiates proceedings on behalf of Bondholders. The Trustee shall not be obliged to take any such steps and/or actions and/or initiate proceedings if it is not first indemnified and/or secured and/or prefunded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or prefunding could be a lengthy process and may affect when such actions can be taken. The Trustee may not be able to take steps and/or actions and/or to initiate proceedings, notwithstanding the provision of an indemnity or security or prefunding to it, in breach of the terms of the Trust Deed and in such circumstances, or where there is uncertainty or dispute as to

the applicable law or regulations, to the extent permitted by the agreements and the applicable law and regulations, it would be for the Bondholders to take such steps and/or actions and/or initiate proceedings directly.

**Bondholders will have no rights as holders of the Shares prior to conversion of the Bonds**

Unless and until the Bondholders acquire the Shares upon conversion of the Bonds, Bondholders will have no rights with respect to the Shares, including any voting rights or rights to receive any regular dividends or other distributions with respect to the Shares. Upon conversion of the Bonds, these holders would be entitled to exercise the rights of holders of the Shares only as to actions for which the applicable record date occurs after the date of conversion.

**Securities law restrictions on the resale and conversion of the Bonds may limit Bondholders' ability to sell the Bonds in the United States**

The Bonds and the Shares into which the Bonds are convertible have not been and will not be registered under the Securities Act, any state securities laws or the securities laws of any other jurisdiction. Unless and until they are registered, the Bonds and the Shares issuable upon conversion may not be offered, sold or resold except pursuant to an exemption from registration under the Securities Act and applicable state laws or in a transaction not subject to such laws. The Bonds are being offered and sold outside the United States in reliance on Regulation S under the Securities Act. Hence, future resales of the Bonds and the Shares into which the Bonds are convertible may only be made pursuant to an exemption from registration under the Securities Act and applicable state laws or in a transaction not subject to such laws.

**The Bondholders may be subject to tax on their income or gain from the Bonds**

Prospective purchasers of the Bonds are advised to consult their own tax advisers concerning the overall tax consequences of the acquisition, ownership or disposition (including upon conversion of the Bonds) of the Bonds or the Shares. See “*Taxation*” for certain Cayman Islands, British Virgin Islands, PRC and Hong Kong tax consequences.

**Gains on the transfer of the Bonds may be subject to income tax under PRC tax laws**

The Issuer is a British Virgin Islands company and the Guarantor is a Cayman Islands holding company with substantially most of the Group's operations conducted through its operating subsidiaries and associates in China. Under the Enterprise Income Tax Law of the PRC (the “**EIT Law**”) that came into effect on 1 January 2008 and amended on 24 February 2017 and 29 December 2018 and its implementation rules, enterprises organised under the laws of a jurisdiction outside China with their “de facto management bodies” located in China will be considered PRC resident enterprises and be subject to PRC corporate income tax at a rate of 25% on their worldwide income. Under the implementation rules of the EIT Law, “de facto management bodies” are defined as bodies that have material and overall management and control over the production, business, personnel, accounts and properties of the enterprise. In April 2009, the State Administration of Taxation specified certain criteria for the determination of the “de facto management bodies” for foreign enterprises that are controlled by PRC



enterprises. However, no definition of “de facto management body” has been provided for enterprises established offshore by individuals or foreign enterprises such as the Company. It is unclear under the PRC tax law whether the Guarantor will be deemed as a PRC “de facto management body” located in China for PRC tax purposes. As a majority of the members of the Group’s management team are based in China, the Guarantor may be treated as a PRC resident enterprise for corporate income tax purposes and be subject to corporate income tax at the rate of 25% on the Group’s worldwide income (possibly excluding dividends received from the Group’s PRC subsidiaries). The tax consequences of such treatment are currently unclear, as they will depend on how local tax authorities apply or enforce the EIT Law and its implementation rules. In addition, if the Guarantor or the Issuer were treated as a PRC resident enterprise, the Guarantor or the Issuer generally would be obligated to withhold PRC income tax at a rate of 10% on payments of interest and possibly any premium on the Bonds to investors that are non-resident enterprises, or at a rate of 20% on payments to investors that are non-resident individuals, if such income were regarded as being derived from sources within the PRC. If the Guarantor or the Issuer fails to make proper withholdings, the Guarantor or the Issuer may be subject to fines and other penalties. If the Guarantor or the Issuer were treated as a PRC resident enterprise, any gain realised by a non-resident investor from the transfer of the Bonds may be regarded as being derived from sources within the PRC and accordingly may be subject to a 10% PRC tax for non-resident enterprise investors or a 20% PRC tax for non-resident individuals. The Guarantor and the Issuer currently take the position that both of them are not PRC resident enterprises, but there can be no assurance that the relevant PRC tax authorities will accept their position. If the Guarantor or the Issuer were a PRC resident enterprise and were required under the EIT Law to withhold PRC income tax on interest payable to non-resident holders of the Bonds, the Guarantor or the Issuer would be required, subject to certain exceptions, to pay such additional amounts as would result in receipt by a holder of the Bonds of such amounts as would have been received by the holder had no such withholding been required. The requirement to pay additional amounts will increase the cost of servicing interest payments on the Bonds, and could have a material adverse effect on the Group’s profitability and cash flow. In addition, if a holder of the Bonds is required to pay PRC income tax on the transfer of the Bonds, the value of such holder’s investment in the Bonds may be materially and adversely affected.

### **The market value of the Bonds may fluctuate**

Trading prices of the Bonds are influenced by numerous factors, including the operations and/or financial condition and business strategy (in particular further issuance of debt or corporate events such as share sales, reorganisations, takeovers or share buybacks) of the Group and/or the subsidiaries and/or associated companies of the Group, political, economic, financial, regulatory and any other factors that can affect the capital markets, the industry, the Group and/or the subsidiaries and/or associated companies of the Group generally. Adverse economic developments in the PRC could have a material and adverse effect on the operations and/or the financial condition of the Group and/or the subsidiaries and/or associated companies of the Group.

In addition, the market price of the Bonds is expected to be affected by fluctuations in the market price of the Shares. There can be no certainty as to the effect, if any, that future issues or sales of Shares, or the availability of such Shares for future issue or sale, would have on the

market price of the Shares prevailing from time to time and therefore on the market price of the Bonds. Disposals of Shares by shareholders or a perception in the market that such disposals could occur, may adversely affect the prevailing market price of the Shares and the Bonds.

In addition, investment in the Bonds, which carry a fixed rate of interest, involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds.

**The return on the Bonds may decrease due to inflation**

Bondholders may suffer erosion on the return of their investments due to inflation. Bondholders would have an anticipated rate of return based on expected inflation rates on the purchase of the Bonds. An unexpected increase in inflation could reduce the actual returns.

**An active trading market for the Bonds may not develop**

The Bonds are a new issue of securities for which there is currently no trading market. Approval in-principle has been received from the SGX-ST for the listing of and quotation for the Bonds on the SGX-ST. However, no assurance can be given that an active trading market for the Bonds would develop or as to the liquidity or sustainability of any such market, the ability of Bondholders to sell their Bonds or the price at which Bondholders would be able to sell their Bonds. If an active market for the Bonds fails to develop or be sustained, the trading price of the Bonds could fall.

If an active trading market were to develop, the Bonds could trade at prices that may be lower than their initial offering price. Whether or not the Bonds would trade at lower prices depends on many factors, including:

- prevailing interest rates and the markets for similar securities;
- the price of the Shares;
- the market prices of the Bonds;
- the publication of earnings estimates or other research reports and speculation in the press or the investment community;
- changes in the Group's industry and competition; and general market and economic conditions; or
- the Group's financial condition and historical financial performance and future prospects.



### **The Bonds may not be a suitable investment for all investors**

Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained in this Offering Circular or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact the Bonds will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including where the currency for principal payments is different from the potential investor's currency;
- understand thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Bonds are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Bonds unless he/she has the expertise (either alone or with a financial adviser) to evaluate how the Bonds will perform under changing conditions, the resulting effects on the value of the Bonds and the impact this investment will have on the potential investor's overall investment portfolio.

### **The Bonds contain provisions regarding modification and waivers, which could affect the rights of Bondholders**

The Terms and Conditions contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority. There is a risk that the decision of the majority of holders of the Bonds may be adverse to the interest of individual holders of the Bonds.

The Terms and Conditions also provide that the Trustee may, without the consent of the holders of the Bonds, agree to any modification (other than in respect of certain reserved matters) to, or the waiver or authorisation of any breach or proposed breach of, the Bonds, the Agency Agreement and/or the Trust Deed which in the opinion of the Trustee would not be

materially prejudicial to the interests of the holders of the Bonds and to any modification of the Bonds, the Agency Agreement or the Trust Deed which in the Trustee's opinion is of a formal, minor or technical nature or is to correct a manifest error or to comply with mandatory provisions of law.

In addition, the Trustee may, without the consent of the Bondholders, determine any Event of Default or a Potential Event of Default (both terms as defined in the Trust Deed) should not be treated as such, provided that in the opinion of the Trustee, the interests of the Bondholders will not be materially prejudiced thereby.

**A change in English law which governs the Bonds may adversely affect Bondholders**

The Terms and Conditions of the Bonds are governed by English law. No assurance can be given as to the impact of any possible judicial decision or change English law or administrative practice after the date of issue of the Bonds.

**If any of the Issuer, the Guarantor or any of their respective subsidiaries is unable to comply with the restrictions and covenants in their respective debt agreements, there could be a default under the terms of these agreements, which could cause repayment of its debt to be accelerated**

If the Issuer, the Guarantor or any of their respective subsidiaries is unable to comply with the restrictions and covenants in their respective current or future debt obligations and other agreements, there could be a default under the terms of these agreements. In the event of a default under these agreements, the holders of the debt could terminate their commitments to lend, accelerate repayment of the debt and declare all outstanding amounts due and payable or terminate the agreements, as the case may be. As a result, a default under one debt agreement may cause the acceleration of repayment of not only such debt but also other debt, including the Bonds, or result in a default under the Issuer's, the Guarantor's or such subsidiary's other debt agreements. If any of these events occur, there is no assurance that the Issuer or the Guarantor would have sufficient assets and cash flow to repay in full all of its indebtedness, or that the Issuer or the Guarantor would be able to find alternative financing. Even if the Issuer or the Guarantor could obtain alternative financing, it could not guarantee that it would be on terms that are favourable or acceptable to the Issuer or the Guarantor.

**Renminbi is not freely converted into foreign currency and remitted out of China, which may limit our ability to utilise its revenue effectively and affect the value of your investment**

We expect that a substantial majority of our future revenues will be denominated in Renminbi. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior SAFE approval as long as certain routine procedural requirements are fulfilled. Therefore, our PRC subsidiaries are allowed to pay dividends in foreign currencies to us without prior SAFE approval by following certain routine procedural requirements. However, approval from or registration with competent government authorities is required where the Renminbi is to be converted into foreign currency and remitted

out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. The PRC government may at its discretion restrict access to foreign currencies for current account transactions in the future.

#### **Exchange rate risks and exchange controls may affect an investor's returns on the Bonds**

The Group will pay the principal on the Bonds in Euros. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the “**Investor's Currency**”) other than Euros. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Euros or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to Euros would decrease (i) the Investor's Currency-equivalent yield on the Bonds; (ii) the Investor's Currency-equivalent value of the principal payable on the Bonds; and (iii) the Investor's Currency-equivalent market value of the Bonds. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less principal than expected, or no principal.

#### **Legal investment considerations may restrict certain investments**

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent:

- the Bonds are legal investments for it;
- the Bonds can be used as collateral for various types of borrowing; and
- any other restrictions apply to its purchase or pledge of the Bonds.

Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Bonds under any applicable risk-based capital or similar rules.

#### **The Issuer's ability to make payments under the Bonds depends on timely payments by the Guarantor or its subsidiaries and affiliates under the on-lent loans**

The Issuer is a direct wholly-owned subsidiary of the Guarantor with limited operations of its own and will on-lend the entire proceeds from the issue of the Bonds to the Guarantor or its subsidiaries and affiliates. The Issuer has limited net assets other than such loans and its ability to make payments under the Bonds depends on timely payments under such loans. In the event that the Guarantor or its subsidiaries and affiliates do not make such payments, due to the Guarantor's lack of available cashflow or other factors, the Issuer's ability to make payments under the Bonds may be adversely affected. Further, certain loan agreements in relation to the bank loans entered into by some the Company's PRC subsidiaries and lender banks may contain

provisions that restrict or prohibit the payment or declaration of dividends or distributions, which would restrict the Issuer's ability to satisfy its obligations under the Bonds.

**The obligations of the Guarantor under the Guarantee are structurally subordinated to the liabilities and obligations of its subsidiaries and affiliates**

The Guarantor owns a number of subsidiaries and associates, and the Guarantor's ability to perform its obligations under the Guarantee is effectively dependent on the cash flow of its subsidiaries and associates. Any claim by the Trustee against the Guarantor in relation to the Guarantee will be effectively subordinated to all existing and future obligations of the Guarantor's subsidiaries and associates, and all claims by creditors of any such subsidiary or associate will have priority to the assets of such entities over the claims of the Trustee under the Guarantee.

**The insolvency laws of the British Virgin Islands, the Cayman Islands and other local insolvency laws may differ from those of any other jurisdiction with which holders of the Bonds are familiar**

As the Issuer is established under the laws of the British Virgin Islands, and the Guarantor is established under the laws of the Cayman Islands, an insolvency proceeding relating to the Issuer or the Guarantor, even if brought in other jurisdictions, would likely involve the British Virgin Islands or the Cayman Islands (as the case may be) insolvency laws, the procedural and substantive provisions of which may differ from comparable provisions of bankruptcy law in other jurisdictions.

**Bondholders have limited anti-dilution protection**

The conversion price of the Bonds will be adjusted only in the situations and only to the extent provided in "*Terms and Conditions of the Bonds – Conversion – Adjustments to Conversion Price*". There is no requirement that there should be an adjustment for every corporate or other event that may affect the value of the Shares. In particular, unless provided for in the Terms and Conditions, there is no conversion price adjustment where Shares or other securities are issued, offered, exercised, allotted or granted to, or for the benefit of, among others, employees and/or former employees of the Company or any of its Subsidiaries pursuant to any employees' share scheme or plan that is in compliance with the listing rules of the Hong Kong Stock Exchange or the Alternative Stock Exchange, provided that the number of Shares which may be issued upon exercise under such scheme or plan shall be lower than 3% per annum of the average number of issued and outstanding Shares of the Company during the 12 month period up to and including the date of such grant. Events in respect of which no adjustment is made may adversely affect the value of the Shares and therefore, adversely affect the value of the Bonds.

## **The conversion of some or all of the Bonds will dilute the ownership interests of existing Shareholders**

The conversion of some or all of the Bonds will dilute the ownership interests of existing Shareholders of the Guarantor. Any sales in the public market of the Shares issuable upon such conversion could affect prevailing market prices for the Shares.

## **The Issuer and the Guarantor may not have the ability to redeem the Bonds**

Bondholders may require the Issuer, subject to certain conditions, to redeem for cash some or all of their Bonds at the option of the Bondholders upon a Relevant Event as described under “*Terms and Conditions of the Bonds – Redemption, Purchase and Cancellation – Redemption for Relevant Event*” or on the Optional Put Date as described under “*Terms and Conditions of the Bonds – Redemption, Purchase and Cancellation – Redemption at the option of the Bondholders*”. The Issuer or the Guarantor (whom will be required to make payments pursuant to the Guarantee) may not have sufficient funds or other financial resources to make the required redemption in cash at such time or the ability to arrange necessary financing on acceptable terms, or at all. The Issuer’s and the Guarantor’s ability to redeem the Bonds in such events may also be limited by the terms of other debt instruments. Failure to repay, repurchase or redeem tendered Bonds by the Issuer or the Guarantor would constitute an event of default under the Bonds, which may also constitute a default under the terms of other indebtedness held by the Issuer or the Guarantor.

## **The Bonds may be early redeemed at the Issuer’s option**

The Issuer may, on giving not less than 30 nor more than 60 days’ notice, redeem the Bonds in whole, but not in part, on the date specified in the Optional Redemption Notice (as defined in the Terms and Conditions) at their principal amount, at any time if, prior to the date the relevant Optional Redemption Notice is given, Conversion Rights shall have been exercised and/or purchases (and corresponding cancellations) and/or redemptions effected in respect of 90 per cent. or more in principal amount of the Bonds originally issued (which shall for this purpose include any further bonds issued in accordance with Condition 17 (*Further Issues*) of the Terms and Conditions and consolidated and forming a single series therewith). In addition, the Bonds may be redeemed at the option of the Issuer in whole, on giving not less than 30 days nor more than 60 days’ notice, at their principal amount if the Issuer becomes obliged to pay Additional Tax Amounts (as defined in the Terms and Conditions) as a result of certain events set out in the Terms and Conditions and such obligation cannot be avoided by the Issuer taking reasonable measures available to it. As a result, the trading price of the Bonds may be affected when the redemption options of the Issuer become exercisable. Accordingly, Bondholders may not be able to sell their Bonds at an attractive price, thereby having a material adverse effect on the trading price and liquidity of the Bonds. In addition, the proceeds from the redemption of the Bonds may be reinvested by the Bondholders and the Bondholders may thereby be subject to additional risks associated with such reinvestment.

**Bondholders will bear the risk of fluctuations in the price of Shares**

The market price of the Bonds at any time will be affected by fluctuations in the price of the Shares. The Shares are currently primarily listed on the Hong Kong Stock Exchange. There can be no certainty as to the effect, if any, that future issues or sales of Shares, or the availability of such Shares for future issue or sale, would have on the market price of the Shares prevailing from time to time and therefore on the market price of the Bonds. Sales of substantial numbers of Shares in the public market, or a perception in the market that such sales could occur, could adversely affect the prevailing market price of the Shares and the Bonds. The market price of the Shares will also be influenced by the Group's operational results (which in turn are subject to the various risks to which the Group's business and results of operations are subject) and by other factors such as changes in the regulatory environment that may affect the markets in which the Group operates and the capital markets in general. Corporate events such as reorganisations, takeovers or share buy-backs may also adversely affect the market price of the Shares. Any decline in the market price of the Shares could adversely affect the market price of the Bonds.

**Short selling of the Shares could materially and adversely affect the market price of the Shares and the Bonds**

We used to be, and may in the future be, subject to reports published by short seller activists which encourage or have recommended market participants to take a short position in the Shares, and create downward pressure on the market price of the Shares and the Bonds. The issuance of the Bonds may result in downward pressure on the market price of the Shares. Further, investors in convertible securities may also seek to hedge their exposure in the underlying equity securities, often through short selling of the underlying equity securities or similar transactions, which may also impact the market price for those securities. Any short selling, whether in connection with hedging, short seller reports, or otherwise, could place significant downward pressure on the market price of the Shares, thereby having a material adverse effect on the market value of the Shares owned by an investor as well as on the trading price of the Bonds.

**Future issuances of Shares or equity-related securities may depress the trading price of the Shares**

Any issuance of the Company's equity securities after this offering could dilute the interest of the existing shareholders and could substantially decrease the trading price of the Shares. The Company may issue equity securities in the future for a number of reasons, including to finance its operations and business strategy (including in connection with acquisitions, strategic collaborations or other transactions), to adjust its ratio of debt-to-equity, to satisfy its obligations upon the exercise of outstanding warrants, options or other convertible bonds or for other reasons. Sales of a substantial number of Shares or other equity-related securities in the public market (or the perception that such sales may occur) could depress the market price of the Shares. The Company cannot predict the effect that future sales of the Shares or other equity-related securities would have on the market price of the Shares. In addition, the price of the Shares could be affected by possible sales of the Shares by investors who view the Bonds as

a more attractive means of obtaining equity participation in the Company and by hedging or engaging in arbitrage trading activity involving the Bonds.

**The Bonds will initially be represented by a Global Certificate and holders of a beneficial interest in the Global Certificate must rely on the procedures of the relevant Clearing System**

The Bonds will initially be represented by beneficial interests in a Global Certificate. Such Global Certificate will be deposited with a common depositary for Euroclear and Clearstream (each of Euroclear and Clearstream, a “**Clearing System**”). Except in the circumstances described in the Global Certificate, investors will not be entitled to receive definitive Bonds. The relevant Clearing System will maintain records of the beneficial interests in the Global Certificate. While the Bonds are represented by the Global Certificate, investors will be able to trade their beneficial interests only through the Clearing Systems.

While the Bonds are represented by a Global Certificate, the Issuer will discharge its payment obligations under the Bonds by making payments to the common depositary for Euroclear and Clearstream, for distribution to their account holders. A holder of a beneficial interest in the Global Certificate must rely on the procedures of the relevant Clearing System to receive payments under the Bonds. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificate.

Holders of beneficial interests in a Global Certificate will not have a direct right to vote in respect of the Bonds. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant Clearing System to appoint appropriate proxies.

## **USE OF PROCEEDS**

The gross proceeds and the net proceeds (after deducting estimated fees, commissions and expenses) from the issuance of the Bonds will be €1,500 million and approximately €1,487 million, respectively. The estimated net proceeds will be used for (i) settlement of the Concurrent Repurchase; (ii) share repurchase, which may be conducted by the Company over a long-term horizon, and which will be separate and beyond the share repurchase plan announced by the Company on 27 August 2024, subject to applicable laws and regulations; and (iii) general corporate purposes.



## EXCHANGE RATE INFORMATION

### RMB

The People's Bank of China (the "PBOC") sets and publishes daily a central parity exchange rate with reference primarily to the supply and demand of Renminbi against a basket of currencies in the market during the prior day. The PBOC also takes into account other factors, such as the general conditions existing in the international foreign exchange markets. From 1994 to 20 July 2005, the conversion of Renminbi into foreign currencies had been based on rates set by the PBOC, which were set daily based on the previous day's interbank foreign exchange market rates and current exchange rates in the world financial markets. Although Chinese governmental policies were introduced in 1996 to reduce restrictions on the convertibility of Renminbi into foreign currency for current account items, conversion of Renminbi into foreign exchange for capital items, such as foreign direct investment, loans or securities, requires the approval of the SAFE and other relevant authorities. On 21 July 2005, the PRC government introduced a managed floating exchange rate system to allow the value of the Renminbi to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. The PRC government has since made, and in the future may make, further adjustments to the exchange rate system.

The following table sets forth the Euro to RMB exchange rates for the time periods indicated, as published by the China Foreign Exchange Trading System.

Period	Low	Average <sup>(1)</sup>	High	Period End
2017 .....	7.2334	7.6579	7.9773	7.8023
2018 .....	7.4074	7.8113	8.0658	7.8473
2019 .....	7.4990	7.7181	7.8916	7.8155
2020 .....	7.5571	7.9065	8.2882	8.0250
2021 .....	7.1668	7.6186	8.0095	7.2197
2022 .....	6.7506	7.0985	7.4461	7.4229
2023 .....	7.2535	7.6689	8.0879	7.8592
2024				
January .....	7.7150	7.7702	7.8218	7.7153
February .....	7.6609	7.6984	7.7320	7.7249
March .....	7.6765	7.7448	7.7915	7.6765
April .....	7.5873	7.6482	7.7402	7.6458
May .....	7.6632	7.7171	7.7528	7.7322
June .....	7.6501	7.6974	7.7787	7.6617
July .....	7.6787	7.7621	7.8253	7.7439
August .....	7.7246	7.8610	7.9616	7.8807
September .....	7.8267	7.8572	7.8859	7.8267
October .....	7.6868	7.7217	7.7643	7.7368
November (Through 27 November) .....	7.5613	7.6531	7.7421	7.5739

*Note:*

- (1) For 2017–2023: Determined by averaging the rates on the last available business day of each month during the relevant year, except for the monthly average rates, which are determined by averaging the daily rates during respective months. From January 2024 to November 2024: Determined by averaging the rates of all trading days in each month.

## MARKET PRICE INFORMATION

The Shares have been listed on the Hong Kong Stock Exchange (stock code: 2020 (HKD counter) and 82020 (RMB counter)) since the Company's initial public offering in 2007. Prior to that time, there was no public market for the Company's Shares.

The table below sets forth, for the periods indicated, the high and low closing prices per Share, as reported on the Hong Kong Stock Exchange:

Year	Closing Share Price	
	High	Low
	(HK\$)	(HK\$)
<b>2022</b>		
First quarter ended 31 March 2022 .....	129.900	86.600
Second quarter ended 30 June 2022 .....	98.500	78.100
Third quarter ended 30 September 2022 .....	99.150	82.700
Fourth quarter ended 31 December 2022 .....	103.000	69.000
<b>2023</b>		
First quarter ended 31 March 2023 .....	124.000	99.700
Second quarter ended 30 June 2023 .....	113.100	78.600
Third quarter ended 30 September 2023 .....	91.300	77.300
Fourth quarter ended 31 December 2023 .....	94.250	71.900
<b>2024</b>		
First quarter ended 31 March 2024 .....	83.550	64.150
Second quarter ended 30 June 2024 .....	93.950	75.000
Third quarter ended 30 September 2024 .....	94.450	65.900

## CAPITALISATION AND INDEBTEDNESS OF THE COMPANY

As at the date of this Offering Circular, the authorised share capital of the Company was HK\$500,000,000 divided into 5,000,000,000 shares of HK\$0.10 each. As at 30 June 2024, the total number of shares issued by the Company was 2,832,623,500 shares.

The following table sets forth the Company's consolidated capitalisation and indebtedness as at 30 June 2024 and as adjusted to give effect to the issue of the Bonds and the receipt of the net proceeds of approximately €1,487 million, after deducting estimated fees, commissions and expenses of approximately €13 million. The table should be read in conjunction with the financial statements and the accompanying notes incorporated by reference in this Offering Circular.

	As at 30 June 2024			
	Actual		As adjusted	
	<i>(unaudited)</i>			
	<i>(RMB'million)</i>	<i>(€'million)<sup>(1)</sup></i>	<i>(RMB'million)</i>	<i>(€'million)<sup>(1)</sup></i>
<b>Total indebtedness</b>				
– <b>current portion</b>				
Bank loans	83	11	83	11
Bills payable (financing in nature)	3,500	449	3,500	449
Convertible bonds	7,955	1,022	7,955	1,022
Medium term notes	14	2	14	2
	<u>11,552</u>	<u>1,484</u>	<u>11,552</u>	<u>1,484</u>
<b>Total indebtedness</b>				
– <b>non-current portion</b>				
Bank loans	3,383	435	3,383	435
Medium term notes	499	64	499	64
Bonds to be issued <sup>(2)</sup>	–	–	11,575	1,487
	<u>3,882</u>	<u>499</u>	<u>15,457</u>	<u>1,986</u>
<b>Total indebtedness</b>	<u>15,434</u>	<u>1,983</u>	<u>27,009</u>	<u>3,470</u>
<b>Equity</b>				
Share capital	272	35	272	35
Reserves	57,034	7,327	57,034	7,327
<b>Total equity attributable to equity shareholders of the Company</b>	<u>57,306</u>	<u>7,362</u>	<u>57,306</u>	<u>7,362</u>
<b>Total capitalisation<sup>(3)</sup></b>	<u><u>72,740</u></u>	<u><u>9,345</u></u>	<u><u>84,315</u></u>	<u><u>10,832</u></u>

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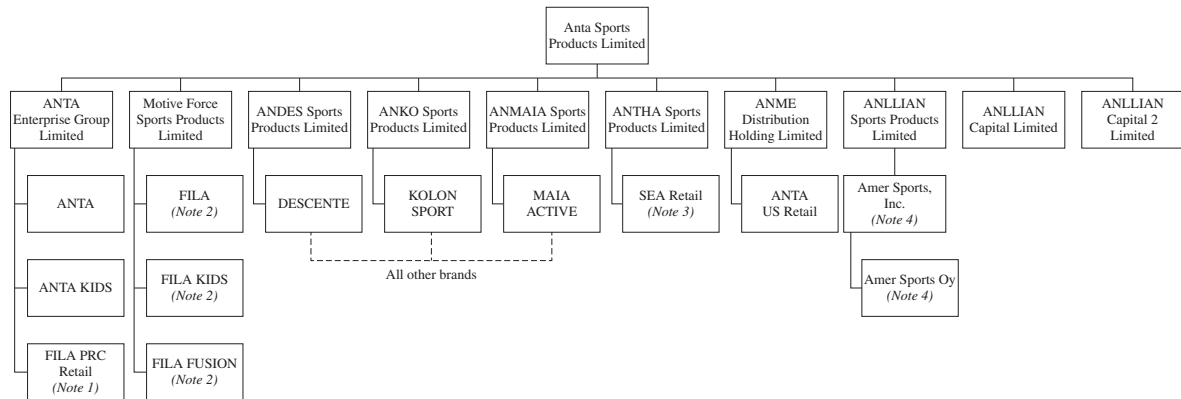
*Notes:*

- (1) Euro translations are provided for indicative purposes only and are unaudited. These translations were calculated based on an exchange rate of RMB7.784 to €1.00 on 30 June 2024 as set forth in H.10 statistical release of the Federal Reserve Board.
- (2) In accordance with IAS 32, *Financial Instruments: Presentation*, a convertible bond that can be converted to equity shares at the option of the holder which is accounted for as compound financial instruments contains both a liability component and an equity component. For illustrative purpose, the aggregate net proceeds the Group is expecting to receive from the issue of the Bonds (after deducting offering discount, underwriting, management and selling commissions and other estimated transaction expenses relating to the issuance of the Bonds) will be assumed as the liability component and no allocation to the equity component will be made.
- (3) Total capitalisation is the sum of total indebtedness and total equity attributable to equity shareholders of the Company.

Other than as disclosed in this Offering Circular, there have been no material changes in the capitalisation and indebtedness of the Group since 30 June 2024.

## CORPORATE STRUCTURE

The following chart sets forth the Group's simplified corporate structure as at the date of this Offering Circular:



*Notes:*

- (1) ANTA Enterprise Group Limited operates the retail business of the FILA brand in the Mainland China.
- (2) Motive Force Sports Products Limited operates the wholesale business of the FILA brand in the Mainland China and the retail business of the FILA brand in Hong Kong and Macao.
- (3) ANTHA Sports Products Limited operates mainly the retail business of ANTA brand, FILA brand and DESCENTE brand in certain Southeast Asia counties.
- (4) Amer Sports, Inc., the only associate of the Company, was listed on the New York Stock Exchange (NYSE: AS). Amer Sports Oy is a wholly-owned subsidiary of Amer Sports, Inc. and a sporting goods company with internationally recognised brands including Arc'teryx, Salomon, Wilson, Peak Performance and Atomic.

## **DESCRIPTION OF THE ISSUER**

ANLLIAN Capital 2 Limited is an investment holding company incorporated under the laws of the British Virgin Islands with limited liability on 24 July 2018, formerly known as ANSAC Sports Products Limited, and is a direct wholly-owned subsidiary of the Guarantor. The sole director of the Issuer is Mr. LAI Shixian.

As at the date of this Offering Circular, the Issuer has issued five shares of par value US\$1.00 each, which were held solely by the Guarantor.

## DESCRIPTION OF THE GROUP

### OVERVIEW

The ANTA brand was established in the PRC in 1991 while the Company was incorporated as the holding company of the Group in 2007 and in the same year the Company was listed on the Hong Kong Stock Exchange (stock code: 2020 (HKD counter) and 82020 (RMB counter)). The Group is a widely recognised global sportswear company that engages in the design, R&D, manufacturing, marketing and sales of professional sports products, including footwear, apparel and accessories. Over the years, the Company formed three major brand groups: Performance Sports Brands, Fashion Sports Brands and Outdoor Sports Brands. By embracing an all-round brand portfolio that includes, among others, ANTA, FILA, DESCENTE, KOLON SPORT and MAIA ACTIVE, the Company aims to unlock the potential of both the mass and high-end sportswear markets. The Group is the largest shareholder of Amer Sports, Inc., a global group of iconic sports and outdoor brands, including Arc'teryx, Salomon, Wilson, Peak Performance and Atomic, whose shares were listed on the New York Stock Exchange (NYSE: AS).

For the years ended 31 December 2022 and 2023 and for the six months ended 30 June 2023 and 2024, the Group's revenue was RMB53,651 million, RMB62,356 million, RMB29,645 million and RMB33,735 million, respectively. For the years ended 31 December 2022 and 2023 and for the six months ended 30 June 2023 and 2024, the Group's gross profit was RMB32,318 million, RMB39,028 million, RMB18,755 million and RMB21,618 million, respectively.

The Group adopts a “Multi-brand” strategy to target different consumer segments, constantly expand product offerings, differentiate store and channel differentiation, in order to cater to a wide range of customer needs and expand the Group's overall market share. The Group's Performance Sports Brands consist of ANTA (including ANTA KIDS); its Fashion Sports Brands consist of FILA (including FILA KIDS and FILA FUSION); and its Outdoor Sports Brands primarily comprise DESCENTE and KOLON SPORT. They represent the three major growth curves of the Group. The table below sets out the revenue of ANTA, FILA and all other brands of the Group for the six months ended 30 June 2023 and 2024:

	Six months ended 30 June			
	2024		2023	
	(unaudited)			
	(RMB'million)	(% of revenue)	(RMB'million)	(% of revenue)
ANTA <sup>(1)</sup> . . . . .	16,077	47.7	14,170	47.8
FILA <sup>(2)</sup> . . . . .	13,056	38.7	12,229	41.3
All other brands . . . . .	4,602	13.6	3,246	10.9
Total . . . . .	33,735	100.0	29,645	100.0

Notes:

(1) Includes ANTA and ANTA KIDS.

(2) Includes FILA, FILA KIDS and FILA FUSION.



The table below sets out the gross profit and gross profit margin of ANTA, FILA and all other brands of the Group for the six months ended 30 June 2023 and 2024:

	Six months ended 30 June			
	2024		2023	
	(unaudited)			
	Gross profit	Gross profit	Gross profit	Gross profit
	(RMB'million)	margin	(RMB'million)	margin
		(%)		(%)
ANTA <sup>(1)</sup> . . . . .	9,106	56.6	7,912	55.8
FILA <sup>(2)</sup> . . . . .	9,168	70.2	8,461	69.2
All other brands . . . . .	3,344	72.7	2,382	73.4
Total . . . . .	21,618	64.1	18,755	63.3

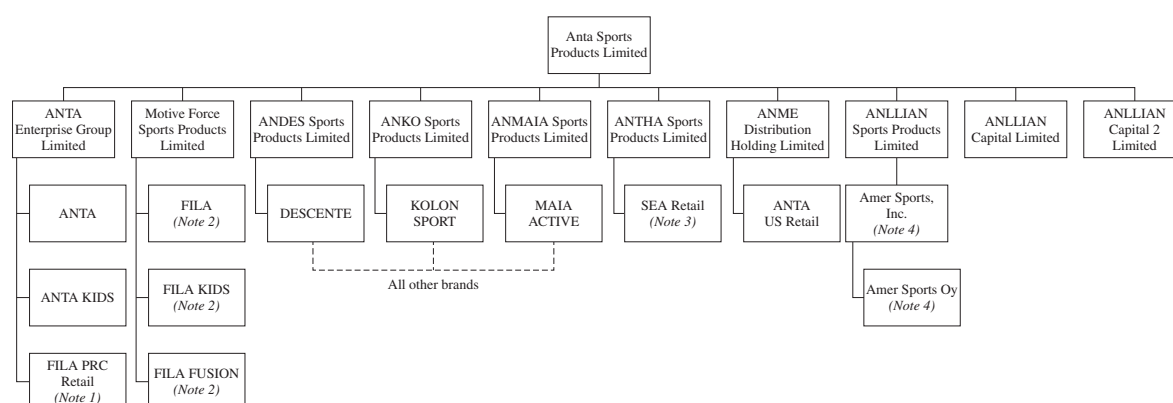
Notes:

(1) Includes ANTA and ANTA KIDS.

(2) Includes FILA and FILA KIDS and FILA FUSION.

Amer Sports, Inc. is a global group of iconic sports and outdoor brands, including Arc'teryx, Salomon, Wilson, Peak Performance and Atomic, whose shares were listed on the New York Stock Exchange (NYSE: AS). The Group is the largest shareholder of Amer Sports, Inc., which held 43.33% of equity interests as at the date of this Offering Circular. For details, see “– Amer Sports, Inc.” in this section.

A simplified structure chart below sets forth the principal subsidiaries of the Group and the respective brands they operate under as at the date of this Offering Circular.



Notes:

(1) ANTA Enterprise Group Limited operates the retail business of the FILA brand in the Mainland China.

- (2) Motive Force Sports Products Limited operates the wholesale business of the FILA brand in the Mainland China and the retail business of the FILA brand in Hong Kong, Macao and Singapore.
- (3) ANTHA Sports Products Limited operates mainly the retail business of ANTA brand, FILA brand and DESCENTE brand in certain Southeast Asia counties.
- (4) Amer Sports, Inc., the only associate of the Company, was listed on the New York Stock Exchange (NYSE: AS). Amer Sports Oy is a wholly-owned subsidiary of Amer Sports, Inc. and a sporting goods company with internationally recognised brands including Arc'teryx, Salomon, Wilson, Peak Performance, Atomic and etc.

The table below sets forth the number of stores for each brand as at 30 June 2024:

Brand	Number of Stores
ANTA and ANTA KIDS .....	9,904
FILA, FILA KIDS and FILA FUSION .....	1,981
DESCENTE .....	197
KOLON SPORT .....	160

## ANTA BRANDS AND PRODUCTS

### 1. ANTA

#### ANTA

Through its ANTA brand, the Group aims to provide functional and value-for-money sporting products for Chinese consumers through transformation and exploration in brand resource deployment and IP product development. The Group caters to a broad spectrum of sports categories ranging from popular sports to professional and niche sports, including running, training, basketball, and outdoor sports. As at 30 June 2024, over 80% of ANTA and ANTA KIDS stores in China have adopted the DTC model, while the remaining stores have operated under the wholesale model. Under the DTC model, the Group directly operated around 42% of approximately 5,600 ANTA stores, while the remaining 58% were operated by franchisees adhering to its operating standards.

Since 2009, ANTA has been the official partner of the Chinese Olympic Committee, providing sports equipment to 28 Chinese national teams. In 2019, ANTA became an official sportswear uniform supplier of International Olympic Committee. In 2023, ANTA extended its contract with the International Olympic Committee (the “**IOC**”) to be the Official Sportswear Uniform Supplier to 2027, and will continue to supply the IOC Members and staff with apparel, footwear and sports equipment. In 2023, ANTA showcased its dedication to supporting Chinese sports by creating the winning outfits for the Chinese Sports Delegation at the Hangzhou 2022 Asian Games. To elevate athletes’ performance on the playing field, Anta introduced “Tan Ding” in 2023, the world’s first weightlifting shoes with a propulsion structure, tailor-made for the Chinese national weightlifting team. In addition, in 2024, ANTA continued optimising its basketball product portfolio. Collaborating with the brand ambassador and Chief Creative Officer, Kyrie Irving, ANTA launched Kyrie’s first signature basketball shoe – the ANTA KAI 1, which gained

tremendous traction. ANTA also upgraded its other basketball shoe series, introducing the SCALPEL 1 and SHOCK WAVE.

Keeping up with technology and market trends is the key to the Group's success. ANTA has fortified its professional running shoe offerings by expanding our core series into different price ranges and diverse product types to address the needs of various scenarios, including racing competitions, speed training, cushioning and protection, and off-road outdoor activities. At the same time, ANTA has established a new product portfolio of basketball shoes to appeal to a broader consumer base. In addition, ANTA partnered with Donghua University to jointly develop "AEROVENT", high-performance waterproof and breathable membrane to be used in premium-quality gear that is waterproof, windproof, and insulating. ANTA established a long-term partnership with China National Geographic to create a brand-new outdoor experience for consumers. ANTA's windbreaker jacket line "Storm Mecha" and down jacket line "Ice-shield Mecha" have been well received by consumers, particularly outdoor sports enthusiasts.

ANTA is committed to achieving differentiation in its channel matrix by categorising stores into different tiers and creating diverse business formats and product categories based on regional demands and varying consumer needs. The new store formats include Arena, Palace, Elite, Standard and Basic formats. In October 2023, ANTA opened its first Arena store in Beijing's Wangfujing. ANTA opened its first Palace store in Shenyang, Liaoning Province, in early 2024.

ANTA is further expanding its presence in the Southeast Asian market, having opened its first directly-operated retail store in Singapore and a specialized store in Thailand. The brand continues to expand into promising markets such as the Philippines and Malaysia. Additionally, in September 2024, ANTA partnered with Foot Locker and Dick's Sporting Goods to sell the Kyrie series in the United States.

### **ANTA KIDS**

Established in 2008, ANTA KIDS is a children's professional sports brand which is dedicated to providing high-quality, professional and technology-driven sports products that cater to the diverse needs of children aged from 1 to 14 years old. As at 30 June 2024, similar to the operation model of ANTA brand, the Group directly operated around 64% of approximately 2,300 ANTA KIDS stores, while the remaining 36% were operated by franchisees. In order to tap into the immense growth potential of the kids sports market in China, ANTA KIDS aims to support the healthy growth of the new generation in China by addressing various scenarios, such as professional competitions, trainings, physical education classes, outdoor sports, running, basketball, and balance bikes, among others, in order to tap into the immense growth potential of the kids sports market in China. With evolving market dynamics and changing consumer preferences, parents now have higher expectations for quality and seek functional products. They give priority to sportswear that suits specific occasions and offers playful experiences. The kids sports market continues to experience robust demand and presents substantial growth potential.

ANTA KIDS focuses on proprietary R&D in children's sports technologies, solidifying its reputation as a professional children's sports brand in the minds of consumers. In 2023, to expand the consumer base, ANTA KIDS launched a new range of professional sportswear for youth, ANTA T-AGE. This range features various categories such as skating, artistic gymnastics, skiing, outdoor, and running, with the goal of enhancing the sports performance of young athletes. In the first half of 2024, ANTA T-AGE unveiled the ANTA KAI 1 Kids Edition, as well as an outdoor adventure-themed series in collaboration with China National Geographic that blends low-carbon principles with technology, including products such as "ANTA Storm Mecha LT" and the "ANTA T-AGE parachute pants". In addition, ANTA KIDS explored emerging markets like girls' sports, such as artistic gymnastics and skating, while also outfitting physical training classes, dance, children's yoga and more. Focusing on kid's balance bikes, the brand developed specialised cycling jerseys suitable for both professional riding and daily training with the tight-fitting and highly breathable "Flying Rider Pro series". In 2024, ANTA KIDS continued to optimise and advance its proprietary technology "Resilient Elastic", specifically designed for children, further improving the cushioning and resilience of its running shoes. The launch of its 6th generation of the "Wind-Riding" running shoes was aimed to enhance the children's experience.

To cultivate a youth sports community, ANTA KIDS partnered with Tiktok to produce a parent-child outdoor discovery series in 2023, featuring actors learning new skills with outdoor experts. The outdoor settings aligned perfectly with ANTA KIDS' product scenarios, showcasing the functionality of its products. ANTA KIDS also organised the "ANTA KIDS Ice Festival" and "ANTA KIDS Snow Champion Camp". These events provided young participants with the opportunity to train while wearing ANTA T-AGE ski suits. In 2024, ANTA KIDS continued to build a sports community that encompasses children of all ages, through both online and offline channels. For online community, ANTA KIDS leveraged social platforms such as TikTok to host numerous themed activities focused on children's sports. For offline community, ANTA KIDS consistently facilitated children's engagement in sports by organising the "Play Makes Your Day" training camp and a diverse array of sports classes, including running, basketball, outdoor sports and balance bikes, among others.

## **2. FILA, FILA KIDS and FILA FUSION**

### ***FILA***

FILA, along with FILA KIDS and FILA FUSION, is positioned as a high-end athletic fashion brand that targets high-end consumers across a wide range of age groups. The brand upholds its core strategy of "Top-notch Products, Top-notch Brands and Top-notch Channels". The Group acquired FILA's business in the PRC in 2009 and subsequently expanded the brand in the PRC, Hong Kong, Macao and Singapore. FILA's brand positioning as "high-end fashion sports" aligned with various cross-style trends in the market, such as "Athflow", "Outdoor", "Techwear" and "Business casual". This allowed FILA to cater to consumers with different stylistic preferences and demands.

As the brand evolved over the years, FILA continued to expand its product offerings that blend design, fashion and professionalism. It closely monitored the demands of high-end users in first and second-tier cities while focusing on three elite sporting segments, including golf, tennis and running. In terms of core product offerings, FILA focused on four types of sports, including tennis, golf, skiing and outdoor sports, actively optimising the differentiation among various series to meet the needs of different customer groups. In 2023, FILA's popular "Dad Shoes" – the "Cat Claw Shoes" and "Mars Shoes" both achieved annual sales of over one million pairs. The retail sales of its footwear products also exceeded RMB10 billion for the first time. To deepen consumers' perceptions of FILA as a professional and fashionable sports brand, in 2023, FILA partnered with the V&A Museum in the UK, and the "Dad Shoes" guru David Tourniaire-Beauciel to release crossover collections. FILA GOLF collaborated with the British supercar brand McLaren. In 2024, FILA introduced the "NUVOLE" running shoes and the "LYNX" trail running shoes, establishing an initial presence in the running shoes market.

In terms of channel deployment, FILA continued optimising its existing stores by upgrading spaces and images while also expanding into premium shopping areas. FILA strategically grew its e-commerce business through increasing penetration into high-growth live streaming and social platforms. This drove notable breakthroughs and tremendous growth in the brand's online business. During Double 11 in 2024, FILA ranked among the top in Tmall's footwear and apparel sports category, showcasing its robust sales performance in the fiercely competitive online retail environment.

### ***FILA KIDS***

FILA KIDS inherited FILA's sporting DNA, focusing on high-end children's apparel and footwear. While maintaining elegant design and high-quality fabrics, FILA KIDS places greater emphasis on functionality. The brand is dedicated to developing professional children's sporting products and occupies a leading position in the high-end children's sportswear market by focusing on sporting categories that showcase individuality and style, including tennis, skiing and golf. In collaboration with the French National Museum in 2024, FILA KIDS released a tennis collection in tribute to the famous Dutch painter, Mondrian, reinforcing the brand's fusion of fashionable artistry and professional sports DNA.

To continuously expand the brand's influence and visibility in several key sports sectors, such as tennis, skiing and other winter sports, FILA KIDS actively cooperates with leading professional events and competitions for children. This included sponsoring events such as the FILA KIDS Diamond Cup Junior Tennis Challenge, organising the FILA KIDS Tennis Challenge, partnering with National Alpine Skiing Youth Championship and sponsoring National Snowboarding Parallel Events Youth Championship. In 2024, FILA KIDS sponsored the 2024 FILA KIDS Diamond Cup Junior Tennis Challenge during the financial period, promoting youth tennis development in China.

## ***FILA FUSION***

FILA FUSION is a youth lifestyle brand that embodies trendy sports as its core style. It focuses on trendy sports that resonate with the lifestyle of Generation Z, including skateboarding and street dance. FILA FUSION focuses on two main categories: FUSION X and FUSION LIFE. FUSION X emphasizes a distinctive street style and functional outdoor sports, aiming to resonate with the latest trends among young individuals. FUSION LIFE, on the other hand, centers on urban lifestyle and integrates trendy elements into sports culture. In 2023, FILA FUSION adjusted its positioning and introduced a new brand concept of “STAY IN FUSION”, emphasising the brand’s attributes of trendy sports and its diverse and innovative characteristics.

Since 2023, FILA FUSION has served as the official partner and sports equipment sponsor of the China National Skateboarding Team, designing footwear and apparel for the Chinese National Skateboarding Team. To solidify its fashionable and cutting-edge brand image, FILA FUSION collaborated with various international fashion brands to create joint collections. Such collaboration included the “DONG” capsule collection with TEAM WANG design as well as the creative workwear apparel and exclusive NOLLIE Shoes in collaboration with the Asian men’s casualwear brand BEAMS. These collaborations showcase FILA FUSION’s diversity and trendy attributes, enhancing consumer freshness and expanding the brand’s visibility and influence in the market.

### **3. ALL OTHER BRANDS**

#### ***DESCENTE***

The Group has exclusively operated and engaged in the design, sale and operation of products bearing the “DESCENTE” trademark in Mainland China since 2016. With a brand legacy of nearly 90 years, DESCENTE positions itself as a high-end and professional sports brand. DESCENTE has proactively expanded its professional sports product portfolio, focusing on the three elite sports – skiing, triathlon and golf, so as to further elevate its professional image. In 2023, DESCENTE successfully captivated key target customers’ appreciation of high-tech materials and top-notch craftsmanship products through strengthening its product offerings and expanding into additional performance sports fields. As a result, its store efficiency experienced significant growth and its retail sales surpassed RMB5 billion for the first time. In 2024, DESCENTE continued to develop a high-quality and diversified product portfolio to address the needs of diverse professional sports segments.

With roots in skiing, DESCENTE hosted the “All Starts with Skiing” launch event at the Jiangjun Mountain ski resort in Altay, Xinjiang in 2023. The event marked the announcement of partnerships with the Chinese National Snowboard Halfpipe Team and the Chinese National Alpine Ski Team. Furthermore, DESCENTE GOLF launched standalone stores at China’s 100 greatest golf courses, enabling precise targeting of its desired customer base while elevating its overall brand image. In addition, DESCENTE developed its own event IP, “AWAKEN Cycling and Running Competition” and upgraded the AWAKEN collection to precisely serve the triathlon customer base.

DESCENTE launched brand collaborations to increase brand awareness and continued to develop differentiated products that can strengthen brand salience. In 2023, DESCENTE renewed our partnership with the sports car brand Lamborghini, leveraging DESCENTE's professional patterns and technical fabrics. To further enhance its innovation capabilities in fabric and design, DESCENTE established an Innovation Center in China, focusing on the design iteration, and the research and development of breathable and sun-protective fabrics.

DESCENTE remains focused on enhancing the end-to-end shopping experience and refining its multi-format retail strategy. In addition to establishing flagship stores in premium shopping areas, the brand will also strengthen its presence with additional specialty stores at golf courses and ski resorts to cast a wider net to reach customers in various sports scenarios. While upgrading the premium experience, DESCENTE will also focus on more exclusive membership operations and offer a range of exclusive services to meet member demands and foster brand loyalty.

### ***KOLON SPORT***

KOLON SPORT is an outdoor lifestyle and sports brand which was established in 1973. The Group has exclusively operated and engaged in the design, sale and operation of products bearing the "KOLON SPORT" trademark in Mainland China since 2017. Since its establishment, KOLON SPORT was committed to establishing itself as a premium outdoor lifestyle brand that seamlessly blends fashionable design and functionality. The Group has sought to increase the proportion of natural outdoor sports and city outdoor products under the KOLON SPORT brand.

KOLON SPORT benefits from a notable proportion of female customers. The brand is focused on broadening its product lines to cater specifically to young and female consumers. The brand introduced OBLIK, its first storm breaker jacket which draws inspiration from tent design, providing a boost to two core scenarios including hiking and camping. In addition, KOLON SPORT has accelerated its efforts to upgrade its stores' images and curate a new retail experience. The brand unveiled its inaugural Cultural Centre Flagship Store, "KOLON 1973", located in Shangsheng Xinsuo, Shanghai and stands as the largest stand-alone store in the Chinese market. In addition, KOLON SPORT has been expanding its channel and strengthening its market presence. While focusing on consolidating its consumer base in Eastern and Northern China, the brand actively pursues opportunities to engage potential customers in Southern China, with the goal of increasing market recognition. In addition, in 2024, KOLON SPORT enhanced its product portfolio, focusing on both camping and hiking segments to establish an exclusive range of all-terrain, all-altitude waterproof jackets to meet various outdoor needs, from extreme snow mountains, mountain hikes, and forest camping to daily commuting.

### ***AMER SPORTS, INC.***

Amer Sports, Inc. is a global group of iconic sports and outdoor brands, including Arc'teryx, Salomon, Wilson, Peak Performance and Atomic, whose shares were listed on the New York Stock Exchange (NYSE: AS).



On 4 January 2024, Amer Sports, Inc. filed a registration statements with the U.S. Securities and Exchange Commission (the “SEC”) in connection with a proposed initial public offering and the listing of its ordinary shares on the New York Stock Exchange (the “**Amer Sports Listing**”). On 1 February 2024, the Group had been informed by Amer Sports, Inc. that the latest version of its registration statement in respect of the Amer Sports Listing has been declared effective by the SEC and trading in its ordinary shares commenced on 1 February 2024. Under the Amer Sports Listing, 105,000,000 ordinary shares were initially offered by Amer Sports, Inc. at the final offer price of US\$13.00 per share. The Group subscribed a total of 16,923,076 ordinary shares of Amer Sports, Inc. with an aggregated investment amount of US\$220 million (equivalent to RMB1,595 million) as a cornerstone investor under the Amer Sports Listing (the “**Amer Sports Cornerstone Investment**”). An additional 15,750,000 ordinary shares were subsequently issued pursuant to the exercise of an over-allotment option granted by Amer Sports, Inc. to the underwriters (the “**Issuance of Over-Allotment Option**”).

With the Amer Sports Listing, Amer Sports Cornerstone Investment, the post-listing reorganisation at the shareholder level of Amer Sports, Inc. on 9 February 2024 (the “**Amer Sports Shareholding Reorganisation**”) and the Issuance of Over-Allotment Option, the Group held a total of 218,915,443 ordinary shares, representing 43.33% of the total issued shares of Amer Sports, Inc. Therefore, the Group accounted for Amer Sports, Inc. as an investment in an associate using equity method in the consolidated financial statements of the Group under the applicable financial reporting standards.

For further details on Amer Sports, Inc., please refer to filings of Amer Sports, Inc. with the SEC and its official website at <http://www.amersports.com>.

## **SALES AND DISTRIBUTION OF ANTA PRODUCTS**

### **Omni-Channel Management**

The Group has implemented a consumer-centric strategy and has sought to improve its wholesale and retail management capabilities to cope with the ever-changing market. The Group conducts research on its target customers to find out more about their specific desires as well as to create a more comfortable shopping environment within its stores. In addition, for retail business, the Group operates a customer membership system to provide members with a more personalised retail experience. The Group is dedicated to providing customers with a more comfortable, personalised shopping experience. Attractive store designs and a unique shopping experience play an important role in improving retail efficiency and increasing customer traffic, which enhance sales and store efficiency. The Group categorises its stores into different tiers, and creating diverse business formats and product categories based on regional demands and varying consumer needs. The new store formats include Arena, Palace, Elite, Standard and Basic formats.

The Group adopted a hybrid operation model to fully capitalise on the advantages and positionings of its different brands. On the one hand, under the wholesale and franchise business of ANTA’s DTC model, the Group leverages its distributors, franchisees and their local knowledge to sell ANTA’s products to end customers through authorised retail stores they

operate. On the other hand, under the self-operated business of ANTA's DTC model as well as the direct retail model of FILA and other brands, the Group directly operates retail stores, allowing itself to be more sensitive to the changes in consumer demands and preferences.

As at 30 June 2024, the total number of ANTA stores (including standalone ANTA and ANTA KIDS standalone stores) was 9,904. The total number of FILA stores (including standalone FILA, FILA KIDS and FILA FUSION stores) was 1,981 stores. In addition, as at the same date, the total number of DESCENTE store was 197 stores, and the total number of KOLON SPORT stores was 160 stores.

The Group believes that the sustainability of its distribution network and the quality of the stores, including location, size, efficiency and interior decoration, are more important than the actual number of stores. The Group has therefore sought to advise its distributors and franchisees to close down smaller and less efficient stores, and replace them with larger and more attractive stores in prime locations to improve the overall performance of stores.

## **E-COMMERCE**

As the status of e-commerce is on the rise, the Group has strategically increased its investment in e-commerce business to capitalise the flourishing online market in China. The Group and its distributors and franchisees have successfully expanded and improved its e-commerce business, providing exclusive online products and in-season products in order to meet the diversified shopping needs of online consumers. It also strengthened the collaboration with traditional e-commerce platforms including Tmall and JD, among others, to further boost the performance of the e-commerce business while actively exploring emerging channels, paving the way for the robust development of its e-commerce business. At the same time, the Group assembled a dedicated live broadcast team to create compelling content promoting popular products on these platforms, thereby enhancing brand reputation and driving rapid growth for e-commerce business. In the years ended 31 December 2022 and 2023 and the six months ended 30 June 2023 and 2024, the Group's e-commerce business contributed over 30% of its total revenue in each year/period.

In e-commerce, in addition to enhancing its presence on existing platforms, the Group also extended its presence to emerging ones to broaden its market reach. It has established flagship and specialty stores across these platforms, curated e-commerce-exclusive products, and introduced differentiated offerings to meet varied consumer needs. Furthermore, the Group has also collaborated with well-known e-commerce IPs, such as "Super Brand Day" and "Hey Box", to increase brand visibility and generate buzz around events.

The Group believes that it must adapt swiftly to cope with the rising importance of e-commerce. The Group's experienced online sales team has been working steadily to attract more online shoppers, using various methods to achieve this goal. For example, the Group optimised its e-store interface partly, improved product descriptions and presentations, and enhanced its product search and cataloguing functions. By standardising all its online product launch schedules, priorities and styles, the Group promoted synergy among its online and offline retailers.

In addition, the Group provides comprehensive customer services through its e-commerce platform, including a secure payment system, well-established supply chain, fast and reliable delivery services, VIP membership and product return guarantees. The Group believes that positive feedback from its customers will help it in establishing a solid brand reputation as the Group builds its brand image.

## **SUPPLY CHAIN MANAGEMENT**

### **Raw Material Procurement/Fabric Sourcing**

As a leading sportswear company in the PRC, the Group understands the importance of effective supply chain management. Suppliers must develop alongside with the Group to achieve highly efficient operations. In addition to implementing a strict partner and supplier selection regime, the Group is also committed to providing assistance to suppliers and partners to enhance their governance, production and operation standards.

The Group assesses suppliers in many aspects, including the performance of credibility, good faith, capital and environmental protection during the selection process. The Group evaluates in terms of products, prices, company sizes and other factors, to see if they meet the Group's basic requirements. At the same time, the Group ensures that their capabilities in research and development, production management, corporate social responsibility and quality management systems reach industry standards, including ISO international standards. The Group strengthened its supply chain to effectively produce differentiated products. For instance, the Group continuously optimise its supply chain risk control and supervision system, implementing end-to-end management for the admission, audit, rectification, and exit of all suppliers. Through supplier communication and training, the Group establishes a cooperative partnership information sharing mechanism, creating an environment-friendly, safe, efficient and collaborative resilient supply chain. In 2024, the Group joined the Leather Working Group (LWG) and Cascale, a sustainable apparel coalition. This ensures that the leather used in ANTA and FILA's footwear products, along with their respective leather suppliers, are all 100% LWG Gold certified, with over 90% of the leather materials traceable back to their origin. In addition, the Group joined the Zero Discharge of Hazardous Chemicals (ZDHC) organisation and has developed and disclosed the "ANTA Sports Chemical Management Manual". In 2024, the Group released a supplier list to improve the disclosure and management system of the supply chain.

Apart from maintaining close contact with suppliers, the Group also hosts training camps and annual meetings with them to share its plans and trends within the industry. These initiatives could encourage suppliers to produce more innovative products. Supported by high-quality OEMs, the Group's in-house manufacturing facilities have extra capacity to efficiently and flexibly meet unexpected demand in a cost-effective manner. The Group has also further improved its supply chain to shorten production lead times, allowing it to be punctual in meeting consumer demand. In addition, the Group fully supports its supply chain partners' efforts to enhance quality control and workflow efficiency, as well as improve their responsiveness to changing market conditions.

## **In-house/Outsource Production**

The Group has also strategically combined in-house and outsourced production to better respond to market conditions and changes in consumer preferences. To be more flexible in fulfilling replacement orders and maintain its cost advantage, the Group has further optimised the efficiency of its production process. For the six months ended 30 June 2024, ANTA's self-produced footwear and apparel accounted for 29.4% and 11.0% of total quantities, respectively, compared to 18.7% and 9.7% for the six months ended 30 June 2023, respectively.

## **PRODUCT MANAGEMENT**

The Group believes that technological innovation, original design and product safety are the keys to product differentiation. Only when products are continuously innovative could they offer the Group better and healthier development in the future. In addition to continuously strengthening designer resources, the ratio of research and development by the Group has also steadily increased year by year. For the six months ended 30 June 2023 and 2024, the Group's research and development costs accounted for 2.3% and 2.7% of the Group's revenue, respectively. The Group has a science laboratory in Jinjiang, Fujian Province in Mainland China and design offices in Mainland China, the United States, Japan and South Korea, among others.

The Group actively enhanced production efficiency through digital management. Its consumer-centric digital strategy shaped brand-specific sales approaches around people, goods, and stores, focusing on improving operational efficiency, reducing costs, addressing consumer needs, and driving growth. The Group digitally empowered its closed-loop management system for store operation analysis, identifying pain points, and implementing improvement measures, thereby reducing store inspection time and enhancing management efficiency. Through centralised and nationwide inventory monitoring, the Group consolidated product demands across various regions to recommend suitable items to consumers.

To enhance product and service quality, the Group integrated AI technology into its daily operations, focusing on product design and live-streaming. In product design, AI-powered prototype printing significantly reduced physical prototyping needs, boosting R&D efficiency. For live-streaming, the Group deployed AI-powered virtual hosts to conduct real-time audience engagement, in order to enhance consumer experience and conversion rates.

## **QUALITY CONTROL**

The Group always believes that quality control is an important part of the daily operations. In a highly competitive industry environment, designing and producing comfortable, safe and high-quality sporting goods for consumers is fundamental to increase market share. The Group uses a comprehensive evaluation mechanism to select partners and require them to obtain a number of production and quality system certifications to meet ISO international standards.

The Group strictly controls the quality of all its products. The quality inspection department conducts a number of safety tests based on the Group's internal product quality inspection standards before sending the products to distributors and franchisees. If products with quality or safety defects are discovered after shipment, the Group's employees strictly follow the

“Product Recall Management System” to recall the defective products and ensure they are handled properly, which significantly reduces the negative impact of selling defective products.

In the meantime, most of the Group’s non-manufacturing systems have obtained ISO 27001 certification in information security management system, and the Group has established a comprehensive information safety and management system.

## **HUMAN RESOURCES MANAGEMENT**

The Group’s business is considered a highly labour-intensive industry and as of 30 June 2024, the Group had approximately 62,000 employees in total. The safety and well-being of the Group’s employees are critical to its operational efficiency and corporate image.

It is the Group’s responsibility to ensure a safe and harmonious working environment for its employees. Through implementing various safety policies and procedures, the Group is committed to minimising potential workplace risks and avoiding workplace injuries. The Group provides suitable protective equipment according to its employees’ different job functions. The Group also arranges relevant safety training to make sure its employees understand the potential risks of their work. The training sessions provide guidelines on how to operate machines properly to avoid accidents. Furthermore, to ensure the Group’s employees strictly follow rules and regulations, the Group not only provides timely safety training, but also occasionally arranges for supervisors to inspect the production line, making sure the Group’s employees’ behaviours are aligned with the Group’s safety regulations. The Group provides employees with comprehensive benefits and protections, as well as sophisticated training programs, to offer them opportunities to unleash their talents and potential. The Group has also obtained ISO 45001 certification in occupational health and safety management and ISO 14001 international certification standard on environmental management.

In terms of equal opportunities, the Group values the individual preferences of its employees, regardless of their gender, age, religion or race, and the Group provide opportunities based on their talent and merit.

## **INTELLECTUAL PROPERTY RIGHTS**

The Group regards its utility patent, design patent, trademarks and other intellectual property as being a significant factor of the brand recognition. The Group is currently applying for the registration of trademarks and patents for a number of other designs and product features.

The Group also relies upon its trade secrets and know-how. Its intellectual property is protected through a variety of methods, including trademark laws, as well as confidentiality agreements with distributors, franchisees, suppliers and others who have access to its proprietary information.

## **LEGAL COMPLIANCE AND PROCEEDINGS**

After due inquiry, Global Law Office and Jingtian & Gongcheng, PRC legal advisers in this offering (collectively, the “**PRC Legal Counsels**”) have found some insignificant defects of

certain PRC subsidiaries of the Group in PRC legal respects, and the PRC Legal Counsels are of the opinion that such insignificant defects will not have any material adverse impact on the issuance of the Bonds, the giving of the Guarantee or the issuance of the Shares.

Based on the best knowledge of the Company's directors and management, as at the date of the Offering Circular, the Company is not aware of any non-compliance of laws and regulations, which would have a material adverse effect on its business, financial condition and results of operations.

As at the date of this Offering Circular, to the best knowledge and belief of the Directors, the Group is not involved in any litigation or arbitration proceedings which would have a material adverse effect on its business, financial condition and results of operations or the offering of the Bonds, nor is the Group aware that any such proceedings are pending or threatened.

## DIRECTORS AND SENIOR MANAGEMENT

### DIRECTORS

Our board of Directors of the Company (the “**Board**”) consists of ten Directors, four of whom are independent non-executive Directors:

Name	Age	Position
Ding Shizhong	53	Chairman and Executive Director
Ding Shijia	60	Executive Director and Deputy Chairman
Lai Shixian	50	Executive Director and Co-Chief Executive Officer
Wu Yonghua	53	Executive Director and Co-Chief Executive Officer
Zheng Jie	56	Executive Director
Bi Mingwei	52	Executive Director and Chief Financial Officer
Yiu Kin Wah Stephen	64	Independent Non-Executive Director
Lai Hin Wing Henry Stephen	67	Independent Non-Executive Director
Wang Jiaqian	45	Independent Non-Executive Director
Xia Lian	46	Independent Non-Executive Director

### Executive Directors

**Mr. Ding Shizhong** (丁世忠), aged 53, is the Board Chairman and an Executive Director of the Company. He plays a core leadership role in the Group’s corporate strategy, talent build-up, corporate culture and operational supervision, and directly oversees the Group’s mergers and acquisitions initiatives. He is the co-founder of the Group and has dedicated to leading the Group to expand and promote the domestic and overseas businesses. Mr. Ding is the chair of the board of directors of Amer Sports, Inc. (NYSE: AS), which is listed on the New York Stock Exchange and is an associated corporation (as defined under the SFO) of the Company. In recent years, he has been awarded honors by various sectors of society, including China’s Top 50 Most Influential Business Leaders in 2023 by Fortune China, 100 Best-Performing CEOs in China by Harvard Business Review, and the Philanthropist of the Year in 2022 by China Charity Ranking. He is currently a vice chairman of All-China Federation of Industry and Commerce, a vice chairman of China Sporting Goods Federation, a board member of Samaranch Foundation, an adviser of the Chinese Basketball Association and a member of the Chinese Olympic Committee. Mr. Ding is the younger brother of Mr. Ding Shijia and the brother-in-law of Mr. Lai Shixian, both being the Company’s Executive Directors. He is also a director of Anta International Group Holdings Limited, a substantial shareholder of the Company.

**Mr. Ding Shijia** (丁世家), aged 60, is the Board Deputy Chairman and an Executive Director of the Company. He oversees the Group’s manufacturing operation. He is the co-founder of the Group and has over 30 years of experience in the sporting goods industry in China. In 2002 and 2004, he was awarded the title of Eminent Young Entrepreneur of Quanzhou. Mr. Ding is the elder brother of Mr. Ding Shizhong and the brother-in-law of Mr. Lai Shixian,



both being the Company's Executive Directors. He is also a director of Anta International, a substantial shareholder of the Company.

**Mr. Lai Shixian (賴世賢)**, aged 50, is an Executive Director and one of the Co-CEOs of the Company. He is in charge of ANTA brand, all other brands except FILA brand, group procurement and a number of the Group's functions including human resources, legal, investor relations and administration. He joined the Group in March 2003 and has over 20 years of experience in administrative and financial management. Mr. Lai holds an EMBA degree from China Europe International Business School. Mr. Lai is the brother-in law of Mr. Ding Shizhong and Mr. Ding Shijia, both being the Company's Executive Directors. He is also a director of Anta International, a substantial shareholder of the Company. Mr. Lai is an independent non-executive director of China Lilang Limited (stock code: 1234), a company listed on the Hong Kong Stock Exchange.

**Mr. Wu Yonghua (吳永華)**, aged 53, is an Executive Director and one of the Co-CEOs of the Company. He is in charge of FILA brand, the Group's overseas businesses, including Southeast Asia international business, and a number of the Group's functions, including strategy, digitalisation, technological innovation, product quality control, corporate culture and public relations. He joined the Group in October 2003 and has over 20 years of experience in sales and marketing in China market.

**Mr. Zheng Jie (鄭捷)**, aged 56, is an Executive Director of the Company. He is primarily responsible for Amer Sports related business. Mr. Zheng is the chief executive officer and a director of Amer Sports, Inc. (NYSE: AS), which is listed on the New York Stock Exchange and is an associated corporation (as defined under the SFO) of the Company. He joined the Group in October 2008 and has over 20 years of experience in the field of marketing management, including over 8 years in the China division of an international sportswear brand as the sales vice president and the general manager. Mr. Zheng holds a bachelor's degree in management science from Fudan University in Shanghai. He is also a past co-chair and a current vice chair of the World Federation of The Sporting Goods Industry (WFSGI).

**Mr. Bi Mingwei (畢明偉)**, aged 52, is an Executive Director and the CFO of the Company. He is primarily responsible for the Group's financial management functions and a number of middle-and-back-office functions including business process management and logistics management. He joined the Group in May 2007 and has over 20 years of experience in financial management and the sportswear industry. Mr. Bi is a director of Amer Sports, Inc. (NYSE: AS), which is listed on the New York Stock Exchange and is an associated corporation (as defined under the SFO) of the Company. Mr. Bi holds a bachelor's degree of accounting from the University of International Business and Economics in China and is a non-practicing member of the Chinese Institute of Certified Public Accountants.

#### **Independent Non-Executive Directors**

**Mr. Yiu Kin Wah Stephen JP (姚建華)**, aged 64, is an Independent Non-Executive Director of the Company and joined the Board in June 2018. He received a professional diploma in accountancy from The Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) in 1983, and holds a master's degree in business administration from the University

of Warwick in the United Kingdom. Mr. Yiu is a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. He is currently a board member of the Airport Authority Hong Kong, the chairman and a non-executive director of the Insurance Authority, a member of the Exchange Fund Advisory Committee, a director of Hong Kong Academy of Finance, a member of the Independent Commission Against Corruption Complaints Committee and the treasurer and a council member of The Hong Kong University of Science and Technology. Mr. Yiu is an independent non-executive director of China Mobile Limited (stock code: 941), which is listed on the Hong Kong Stock Exchange, and an independent director of Amer Sports, Inc. (NYSE: AS), which is listed on the New York Stock Exchange and is an associated corporation (as defined under the SFO) of the Company. Mr. Yiu joined the global accounting firm KPMG in Hong Kong in 1983 and was seconded to KPMG London, the United Kingdom from 1987 to 1989. Mr. Yiu became a partner of KPMG in 1994, served as the partner in charge of audit of KPMG from 2007 to 2010, and served as the chairman and chief executive officer of KPMG China and Hong Kong as well as a member of the executive committee and the board of KPMG International and KPMG Asia Pacific from April 2011 to March 2015. Mr. Yiu formerly also served as a member of the Audit Profession Reform Advisory Committee and the Mainland Affairs Committee of the Hong Kong Institute of Certified Public Accountants. He was an independent non-executive director of Hong Kong Exchanges and Clearing Limited (stock code: 388), which is listed on the Hong Kong Stock Exchange, from April 2017 to April 2023.

**Mr. Lai Hin Wing Henry Stephen (賴顯榮)**, aged 67, is an Independent Non-Executive Director of the Company and joined the Board in November 2020. He received a bachelor's degree in law from The University of Hong Kong and was admitted as a solicitor in Hong Kong SAR, England and Wales and the State of Victoria, Australia. He is currently a partner and co-chairman of Messrs. P. C. Woo & Co., a firm of solicitors and notaries in Hong Kong SAR, and has been practicing in the legal field for more than 40 years. Mr. Lai is a Notary Public and a China Appointed Attesting Officer in Hong Kong SAR. He is currently the past chairman, and an honorary council member, fellow member and the Corporate Governance Policies Committee chairman of The Hong Kong Institute of Directors, a member of the Process Review Panel for the Securities and Futures Commission of Hong Kong and a member of the Resolution Compensation Tribunal, a member of the Consents Committee of the Law Society of Hong Kong, a member of the Association of China-Appointed Attesting Officers Limited Disciplinary Tribunal Panel and a member of the Board of Governors of The Hang Seng University of Hong Kong. Mr. Lai is a non-executive director of Winfull Group Holdings Limited (stock code: 183), and an independent non-executive director of China Resources Beer (Holdings) Company Limited (stock code: 291), which all are listed on the Hong Kong Stock Exchange. He was a nonexecutive director of China Medical & HealthCare Group Limited (stock code: 383), which is listed on the Hong Kong Stock Exchange, from November 2020 to October 2023.

**Ms. Wang Jiaqian (王佳茜)**, aged 45, is an Independent Non-Executive Director of the Company and joined the Board in July 2021. She holds a bachelor's degree in English from the Nanjing University and a master's degree in finance from the Peking University in China. She is currently Director of Planning and Governance of Chanel Asia Pacific, APAC Transformation Team Lead, and a member of Executive Leadership Committee of Chanel Mainland China of Chanel Limited, leading strategic planning cycle and client-centric data transformation businesses. Ms. Wang was employed by Boston Consulting Group, a global management

consulting firm, from September 2010 to June 2019 with her last position as Managing Director and Global Partner. She has over 15 years of experience in strategy and business consulting in retail and consumer products sector.

**Ms. Xia Lian (夏蓮)**, aged 46, is an Independent Non-Executive Director of the Company and joined the Board in July 2022. She holds a bachelor's degree in marketing from the Peking University in China and a master's degree in executive master in change from European Institute of Business Administration (INSEAD). She is currently an executive director and the general manager of Vista Education Technology (Shenzhen) Co., Ltd.\* (遠見教育科技(深圳)有限公司), and has over 20 years of experience in business administration and business consultancy. Ms. Xia was employed by Cheung Kong Graduate School of Business from April 2007 to August 2020 with her last position as an assistant dean. Ms. Xia is an independent nonexecutive director of Luye Pharma Group Ltd. (stock code: 2186), a company listed on the Hong Kong Stock Exchange, and an independent director of Shanying International Holding Co., Ltd.\* (山鷹國際控股股份公司) (stock code: 600567), a company listed on the Shanghai Stock Exchange.

## **AUDIT COMMITTEE**

The Board established an audit committee with written terms of reference in line with the code provisions of the Corporate Governance Code and Corporate Governance Report set out in Appendix C1 to the Listing Rules (the “**Code**”). The audit committee is responsible for monitoring the integrity of the Group's financial statements, annual and interim reports and focus on the Group's financial reporting integrity, ensuring the compliance with the applicable accounting principles and practices for a balanced, clear and comprehensible assessment of the Group's performance, position and prospects, and ensuring the compliance with any applicable laws and the listing rules of the stock exchange on which the shares of the Company are listed. The committee maintains an appropriate relationship with the Company's external auditor, and makes recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal.

Currently, members of the audit committee comprise Mr. Yiu Kin Wah Stephen (committee chairman), Mr. Lai Hin Wing Henry Stephen, Ms. Wang Jiaqian and Ms. Xia Lian, all of whom are independent non-executive Directors.

## **REMUNERATION COMMITTEE**

The Board established a remuneration committee with written terms of reference in line with the code provisions of Code. The remuneration committee is responsible for making recommendations to the Board on the policy and structure for remuneration of all Directors and senior management of the Group and other matters relating to remuneration, for the purpose of motivating, retaining and attracting the best talent for the Group in order to maximise shareholder value. The remuneration of all Directors is subject to regular monitoring by the Remuneration Committee to ensure that their remuneration and compensation are reasonable.

\* For identification purpose only

Currently, members of the remuneration committee comprise Ms. Xia Lian (committee chairman), Mr. Lai Hin Wing Henry Stephen and Ms. Wang Jiaqian, all of whom are independent non-executive Directors.

## **NOMINATION COMMITTEE**

The Board established a nomination committee with written terms of reference in line with the code provisions of Code. The nomination committee is responsible for recommending suitable candidates to the Board for directorship, after considering the independence and competence of the nominees, to ensure that all nominations are fair and transparent. The committee evaluates and assesses the optimal composition of the Board, taking into account the Company's culture, strategies and objectives. In identifying suitable candidates, the nomination committee considers candidates on merit and against the objective criteria, with due regard for the benefits of diversity on the Board. The nomination committee also reviews the structure, size and composition of the Board and assesses the independence of the Independent Non-Executive Directors.

Currently, members of the nomination committee comprise Mr. Lai Hin Wing Henry Stephen (committee chairman), Mr. Yiu Kin Wah Stephen, Ms. Wang Jiaqian and Ms. Xia Lian, all of whom are independent non-executive Directors.

## **RISK MANAGEMENT COMMITTEE**

The Board established a risk management committee, being delegated (with relevant authorities) by the Board, is responsible for assisting the Board (i) to evaluate and determine the nature and extent of the risks the Board is willing to take in achieving the Group's strategic objectives; (ii) to ensure that the Group has established and maintained appropriate and effective risk management and internal control systems; and (iii) to oversee management in the design, implementation and monitoring of the risk management and internal control systems.

Currently, members of the risk management committee comprise Ms. Wang Jiaqian (committee chairman), Mr. Yiu Kin Wah Stephen, Mr. Lai Hin Wing Henry Stephen and Ms. Xia Lian, all of whom are independent non-executive Directors, and Mr. Bi Mingwei, an executive Director.

## **SUSTAINABILITY COMMITTEE**

The Board established a sustainability committee, being delegated (with relevant authorities) by the Board, is responsible for assisting the Board (i) to conduct effective governance and oversight of ESG matters; (ii) to formulate and review the Group's strategic objectives for sustainable development; (iii) to lead and promote each department to improve its mindsets and operation initiatives in various business processes from the perspective of sustainability; (iv) to identify, assess and manage material ESG risks; and (v) to coordinate and standardise the collection of ESG related data and information to improve the quality of ESG information disclosure.

Currently, members of the sustainability committee comprise Mr. Lai Shixian (committee chairman) and Mr. Wu Yonghua, both of whom are executive Directors, Mr. Yiu Kin Wah Stephen, Mr. Lai Hin Wing Henry Stephen, Ms. Wang Jiaqian and Ms. Xia Lian, all of whom are independent non-executive Directors, and Mr. Yiu Wai Hung (CEO of the Fashion Sports Brands) and Mr. Tsui Yeung (CEO of the Performance Sports Brands).

## **SENIOR MANAGEMENT**

Various businesses of the Group are respectively under the direct responsibility of the executive Directors, as named above. Only executive Directors, co-chief executive officers and chief financial officer are regarded as members of the Group's senior management.

## SUBSTANTIAL SHAREHOLDERS

As at 30 June 2024, the persons or corporations (not being a Director or chief executive of the Company) who had an interest or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the Securities and Futures Ordinance were as follows:

Substantial shareholders	Capacity/ Nature of interest	Number of Shares/ underlying Shares interested	Approximate percentage of interest in the Company <sup>(3)</sup>
HSBC International Trustee Limited . . . . .	Trustee <sup>(1)</sup>	1,487,961,400 (L)	52.53%
Top Bright Assets Limited . . .	Interest in controlled corporation <sup>(1)</sup>	1,486,946,000 (L)	52.49%
Shine Well (Far East) Limited . . . . .	Interest in controlled corporation <sup>(1)</sup>	1,477,500,000 (L)	52.16%
	Beneficial owner <sup>(1)</sup>	9,446,000 (L)	0.33%
Allwealth Assets Limited . . . .	Interest in controlled corporation <sup>(1)</sup>	1,478,500,000 (L)	52.20%
Talent Trend Investment Limited . . . . .	Interest in controlled corporation <sup>(1)</sup>	1,477,500,000 (L)	52.16%
	Beneficial owner <sup>(1)</sup>	1,000,000 (L)	0.04%
Anta International Group Holdings Limited . . . . .	Beneficial owner <sup>(2)</sup>	1,201,125,000 (L)	42.40%
	Interest in controlled corporation <sup>(2)</sup>	276,375,000 (L)	9.76%
Anda Holdings International Limited . . . . .	Beneficial owner	160,875,000 (L)	5.68%

(L) – Long Position

*Notes:*

- (1) The interests of HSBC International Trustee Limited (“**HSBC Trustee**”) in the Company were held through Anta International Group Holdings Limited (“**Anta International**”), Anda Holdings International Limited (“**Anda Holdings**”), Anda Investments Capital Limited (“**Anda Investments**”), Shine Well (Far East) Limited (“**Shine Well**”) and Talent Trend Investment Limited (“**Talent Trend**”), representing approximately 42.40%, 5.68%, 4.08%, 0.33% and 0.04% of the issued Shares, respectively. In addition, HSBC Trustee also held 15,400 Shares as trustee for persons unrelated to the substantial shareholders.

HSBC Trustee was the trustee of the DSZ Family Trust, the DSJ Family Trust, the WYH Family Trust and the DYL Family Trust, and it held the entire issued shares of Top Bright Assets Limited (“**Top Bright**”) and Allwealth Assets Limited (“**Allwealth**”), which in turn held the entire issued shares of Shine Well and Talent Trend, respectively. Each of Shine Well and Talent Trend was entitled to exercise or control the exercise of one third or more of the voting power at general meeting of Anta International and therefore each of them was deemed to be interested in all the 1,201,125,000 Shares directly held by Anta International. Anta International held the entire issued shares of each of Anda Holdings and Anda Investments and therefore was deemed to be interested in the 160,875,000 Shares and the 115,500,000 Shares directly held by Anda Holdings and Anda Investments, respectively. Accordingly, HSBC Trustee, Top Bright, Allwealth, Shine Well and Talent Trend were deemed to be interested in the total

1,477,500,000 Shares held by Anta International and its wholly-owned subsidiaries. 9,446,000 Shares were held by Shine Well directly. Accordingly, HSBC Trustee and Top Bright were also deemed to be interested in the 9,446,000 Shares held by Shine Well. 1,000,000 Shares were held by Talent Trend directly. Accordingly, HSBC Trustee and Allwealth were also deemed to be interested in the 1,000,000 Shares held by Talent Trend.

The DSZ Family Trust was an irrevocable discretionary trust set up by Mr. Ding Shizhong as settlor and HSBC Trustee as trustee on 23 May 2007. The beneficiaries under the DSZ Family Trust are Mr. Ding Shizhong and his family members. Mr. Ding Shizhong as founder of the DSZ Family Trust was deemed to be interested in the total 1,486,946,000 Shares held by Anta International and Shine Well and 503,172,690 shares of Anta International held by Shine Well.

The DSJ Family Trust was an irrevocable discretionary trust set up by Mr. Ding Shijia as settlor and HSBC Trustee as trustee on 23 May 2007. The beneficiaries under the DSJ Family Trust are Mr. Ding Shijia and his family members. Mr. Ding Shijia as founder of the DSJ Family Trust was deemed to be interested in the total 1,478,500,000 Shares held by Anta International and Talent Trend and the 495,300,570 shares of Anta International held by Talent Trend.

- (2) 1,201,125,000 Shares were directly held by Anta International. 160,875,000 Shares and 115,500,000 Shares were directly held by Anda Holdings and Anda Investments, respectively. Each of Anda Holdings and Anda Investments was wholly-owned by Anta International and therefore was a controlled corporation of Anta International. Accordingly, Anta International was deemed to be interested in the 160,875,000 Shares held by Anda Holdings and the 115,500,000 Shares held by Anda Investments.
- (3) Based on 2,832,623,500 Shares (excluding treasury shares) in issue as at 30 June 2024.

Save as disclosed above, as at 30 June 2024, the Directors were not aware of any other person or corporation having an interest or short positions in shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.



## RELATED PARTY TRANSACTIONS

The following discussion describes certain material related party transactions between the Company and its consolidated subsidiaries and the Company's directors, executive officers and principal shareholders and, in each case, the companies with whom they are affiliated. Each of the Company's related party transactions was entered into in the ordinary course of business, on fair and reasonable commercial terms, in the Company's interests and the interests of the Company's shareholders.

### **PACKAGING MATERIAL SUPPLY AGREEMENT WITH MR. DING SHIZHONG, MR. DING SHIJIA, MR. LAI SHIXIAN AND MR. WANG WENMO (COLLECTIVELY "FAMILY DIRECTORS")**

On 15 December 2021, the Company and the Family Directors entered into a packaging material supply agreement (the "**2022 PMSA**") for a term of three years from 1 January 2022 to 31 December 2024 in relation to the supply of paper packaging materials (including but not limited to cardboard cases, paper bags and shoe boxes, "**PPM**"). Each Family Director shall, and shall procure his relevant associates to, supply PPM to the relevant member(s) of the Group from time to time on normal commercial terms which are no less favourable than those terms made available to the Group from independent third-party suppliers. Each of the Company and the Family Directors shall, and shall procure the relevant member(s) of the Group and the Family Directors' relevant associates respectively to, enter into a separate sub-agreement for each of the recurring transactions. The detailed terms of a specific transaction shall be set out in such sub-agreement (which is ancillary to and subject to the terms and conditions of the 2022 PMSA) entered or to be entered into. Associates of the Family Directors are companies principally engaged in the manufacture and sales of packaging materials in the Mainland China.

Under the 2022 PMSA, the prices for PPM shall be agreed upon from time to time after arm's length negotiations between (i) the relevant member(s) of the Group and (ii) the Family Directors and/or their relevant associates, and shall be comparable to and no less favourable than market prices of similar PPM offered by independent third-party suppliers to the Group. The general credit period shall be 30 to 60 days, which shall be comparable to and no less favourable than such terms offered by other independent suppliers to the Group in relation to similar PPM, or such other credit period as agreed in the specific sub-agreement ancillary to the 2022 PMSA.

As at the date of the 2022 PMSA, each of the Family Directors, being Mr. Ding Shizhong, Mr. Ding Shijia (the elder brother of Mr. Ding Shizhong), Mr. Lai Shixian (a brother-in-law of Mr. Ding Shizhong and Mr. Ding Shijia) and Mr. Wang Wenmo (a cousin of Mr. Ding Shizhong and Mr. Ding Shijia), was a Director, and thus a connected person of the Company. Mr. Wang Wenmo ceased to be a director of the Company on 1 July 2022. He is an associate of Mr. Ding Shizhong and Mr. Ding Shijia, and thus a connected person of the Company. Therefore, the 2022 PMSA and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

For the years ended 31 December 2022 and 2023 and the six months ended 30 June 2023 and 2024, the Group's purchase of PPM from the Family Directors (and their associates)

amounted to approximately RMB101 million, RMB96 million, RMB47 million and RMB42 million, respectively.

## **MASTER SERVICES AGREEMENT WITH FAMILY DIRECTORS**

On 15 December 2021, the Company and Family Directors entered into a master service agreement (the “**2022 MSA**”) for a term of three years from 1 January 2022 to 31 December 2024 for the provision of Relevant Services (as defined below). “Relevant Services” are the leasing of transportation vehicles, land and properties (including leases of land, factory premises, warehouses, staff quarters, retail stores and offices), and provision of warehouse management services and logistic services by the Family Directors and/or their relevant associates to the Group subject to the terms and conditions of the 2022 MSA. Each Family Director shall, and shall procure his relevant associates to, provide the Relevant Services to the relevant member(s) of the Group at prevailing market price with reference to the nature and the scope of the Relevant Services provided or to be provided by such Family Director and/or his relevant associates (including but not limited to property location and area, ancillary facilities and equipment, and transportation network, and/or service nature) from time to time on normal commercial terms which are no less favourable than those terms made available to the Group from independent third-party suppliers. Each of the Company and the Family Directors shall, and shall procure the relevant member(s) of the Group and the Family Directors’ relevant associates respectively to, enter into a separate sub-agreement for each of the recurring transactions. The detailed terms of a specific transaction shall be set out in such sub-agreement (which is ancillary to and subject to the terms and conditions of the 2022 MSA) entered or to be entered into.

Under the 2022 MSA, the rents and/or service fees for the Relevant Services shall be agreed upon from time to time after arm’s length negotiations between (i) the relevant member(s) of the Group and (ii) the Family Directors and/or their relevant associates, and shall be comparable to and no less favourable than (i) the fair market rents or market prices of leases or services offered to the Group by independent third-party suppliers that are similar to the Relevant Services; and (ii) the rents and/or service fees charged by the Family Directors and/or their relevant associates against independent third parties for leases or services that are similar to the Relevant Services. The general credit period shall be 30 to 60 days, which shall be comparable to and no less favourable than such terms offered by other independent third-party suppliers to the Group in relation to leases or services similar to the Relevant Service, or such other credit period as agreed in the specific sub-agreement ancillary to the 2022 MSA.

As at the date of the 2022 MSA, each of the Family Directors, being Mr. Ding Shizhong, Mr. Ding Shijia (the elder brother of Mr. Ding Shizhong), Mr. Lai Shixian (a brother-in-law of Mr. Ding Shizhong and Mr. Ding Shijia) and Mr. Wang Wenmo (a cousin of Mr. Ding Shizhong and Mr. Ding Shijia), was a Director, and thus a connected person of the Company. Mr. Wang Wenmo ceased to be a director of the Company on 1 July 2022. He is an associate of Mr. Ding Shizhong and Mr. Ding Shijia, and thus a connected person of the Company. Therefore, the 2022 MSA and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

For the years ended 31 December 2022 and 2023 and the six months ended 30 June 2023 and 2024, service fees for the provision of the Relevant Services to the Group by Family Directors (and their associates) amounted to approximately RMB24 million, RMB23 million, RMB11 million and RMB10 million, respectively.

For other material related party transactions, please refer to Note 31 to the audited consolidated financial statements for the year ended 31 December 2023 included in the Company's 2023 Annual Report and Note 24 to the unaudited condensed consolidated financial statements for the six months ended 30 June 2024 included in the Company's 2024 Interim Report.

## TERMS AND CONDITIONS OF THE BONDS

*The following, subject to completion and amendment, and save for the paragraphs in italics, is the text of the Terms and Conditions of the Bonds.*

The issue of the €1,500 million aggregate principal amount of zero coupon guaranteed convertible bonds due 2029 (the “**Bonds**”, which term shall include, unless the context requires otherwise, any further bonds issued in accordance with Condition 17 and consolidated and forming a single series therewith) of ANLLIAN Capital 2 Limited (the “**Issuer**”) and the right of conversion into Shares (as defined in Condition 6(A)(iv)) was authorised by the board of directors of the Issuer on 26 November 2024. The giving of the Guarantee (as defined below) was authorised by resolutions of the board of directors of ANTA Sports Products Limited (the “**Guarantor**”) passed on 26 November 2024. The Bonds are constituted by the trust deed (as amended and/or supplemented from time to time, the “**Trust Deed**”) dated 5 December 2024 (the “**Issue Date**”) between the Issuer, the Guarantor and The Bank of New York Mellon, London Branch (the “**Trustee**”, which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the holders (as defined below) of the Bonds. These terms and conditions (these “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bonds. The Bondholders (as defined below) are entitled to the benefit of, and are bound by, and are deemed to have notice of, all of the provisions of the Trust Deed, and are deemed to have notice of those provisions applicable to them of the agency agreement dated 5 December 2024 (as amended and/or supplemented from time to time, the “**Agency Agreement**”) relating to the Bonds between the Issuer, the Guarantor, the Trustee, The Bank of New York Mellon, London Branch as principal paying agent and principal conversion agent (collectively in those capacities, the “**Principal Agent**”, which expression shall include any successor principal agent appointed from time to time in connection with the Bonds), The Bank of New York Mellon SA/NV, Dublin Branch as registrar (the “**Registrar**”, which expression shall include any successor registrar appointed from time to time in connection with the Bonds) and as transfer agent (the “**Transfer Agent**”, which expression shall include any additional or successor transfer agent appointed from time to time in connection with the Bonds) and the other paying agents, conversion agents and transfer agents appointed under it (each a “**Paying Agent**”, a “**Conversion Agent**” or a “**Transfer Agent**”, as applicable, and together with the Registrar and the Principal Agent, the “**Agents**”) relating to the Bonds. References to the “**Paying Agents**” and the “**Conversion Agents**” each include the Principal Agent. References to the “**Principal Agent**”, the “**Registrar**”, the “**Transfer Agent**” and the “**Agents**” below are references to the principal agent, the registrar, the transfer agent and the agents for the time being for the Bonds.

Copies of the Trust Deed and of the Agency Agreement (i) are available for inspection at all reasonable times during normal business hours (being between 9:00 a.m. and 3:00 p.m. on a business day) at the principal office for the time being of the Trustee (being at the Issue Date at 160 Queen Victoria Street, London EC4V 4LA, United Kingdom) and at the specified office for the time being of the Principal Agent and (ii) may be provided by email to any Bondholder, in each case, following prior written request and proof of holding and identity to the satisfaction of the Trustee or, as the case may be, the Principal Agent.

Unless otherwise defined, terms used in these Conditions have the meanings specified in the Trust Deed. In these Conditions, “**Bondholder**” and (in relation to a Bond) “**holder**” mean the person in whose name a Bond is registered.

## **1 FORM, DENOMINATION AND TITLE**

### **(A) Form and Denomination**

The Bonds are in registered form in the denomination of €100,000 and integral multiples thereof (an “**Authorised Denomination**”). A bond certificate (each a “**Certificate**”) will be issued to each Bondholder in respect of its registered holding of Bonds. Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register of Bondholders (the “**Register**”) which the Issuer will procure to be kept by the Registrar.

*Upon issue, the Bonds will be represented by a global certificate (the “**Global Certificate**”) registered in the name of a nominee of, and deposited with, a common depositary for Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream**”). The Conditions are modified by certain provisions contained in the Global Certificate. See “Description of the Global Certificate”.*

*Except in the limited circumstances described in the Global Certificate, owners of interests in Bonds represented by the Global Certificate will not be entitled to receive definitive Certificates in respect of their individual holdings of Bonds. The Bonds are not issuable in bearer form.*

### **(B) Title**

Title to the Bonds will pass only by transfer and registration in the Register as described in Condition 3. The holder of any Bond will (except as otherwise required by law or as ordered by a court of competent jurisdiction) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or any writing (other than the endorsed form of transfer) on, or the theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating the holder.

## **2 STATUS**

### **(A) Status of the Bonds**

The Bonds constitute direct, unconditional, unsubordinated and (subject to Condition 4) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable legislation and subject to Condition 4, at all times rank at least equally with all of its other present and future unsecured and unsubordinated obligations.

## **(B) Status of Guarantee**

The Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Trust Deed and the Bonds. Its obligations in that respect (the “**Guarantee**”) are contained in the Trust Deed. The Guarantee constitutes direct, unconditional, unsubordinated and (subject to Condition 4) unsecured obligations of the Guarantor and shall at all times rank at least equally with all of its other present and future unsecured and unsubordinated obligations.

## **3 TRANSFERS OF BONDS; ISSUE OF CERTIFICATES**

### **(A) Register**

The Issuer will cause the Register to be kept at the specified office of the Registrar outside the United Kingdom and in accordance with the terms of the Agency Agreement on which shall be entered the names and addresses of the holders of the Bonds and the particulars of the Bonds held by them and of all transfers, redemptions and conversions of the Bonds. Each Bondholder shall be entitled to receive only one Certificate in respect of its entire holding of Bonds.

### **(B) Transfer**

Subject to Condition 3(E), Condition 3(F) and the terms of the Agency Agreement, the Bonds may be transferred in whole or in part in an Authorised Denomination by delivery of the Certificate issued in respect of that Bond, with the form of transfer on the back duly completed and signed by the holder or his attorney duly authorised in writing, to the specified office of the Registrar or any of the Transfer Agents and with any other evidence as the Registrar or such Transfer Agent may require to prove the title of the transferor and the authority of the individuals who have executed such form of transfer. No transfer of a Bond will be valid or effective unless and until entered on the Register.

*Transfers of interests in the Bonds evidenced by the Global Certificate will be effected in accordance with the rules and procedures of the relevant clearing systems.*

### **(C) Delivery of New Certificates**

Each new Certificate to be issued upon a transfer of Bonds will, within seven business days of receipt by the Registrar or, as the case may be, any Transfer Agent of the original Certificate and the form of transfer duly completed and signed and provision of any other evidence required by the Registrar or the relevant Transfer Agent as contemplated in Condition 3(B), be made available for collection at the specified office of the Registrar or such Transfer Agent or, if so requested in the form of transfer, be mailed by uninsured mail at the risk of the holder entitled to the Bonds (but free of charge to the holder and at the expense of the Issuer, failing whom the Guarantor) to the address specified in the form of transfer.

*Except in the limited circumstances described in the Global Certificate, owners of interests in the Bonds will not be entitled to receive delivery of definitive Certificates.*

Where only part of a principal amount of the Bonds (being that of one or more Bonds) in respect of which a Certificate is issued is to be transferred, converted, redeemed or repurchased, a new Certificate in respect of the Bonds not so transferred, converted, redeemed or repurchased will, within seven business days of delivery of the original Certificate and provision of any other evidence required by the Registrar or the relevant Transfer Agent as contemplated in Condition 3(B) to the Registrar or, as the case may be, any Transfer Agent, be made available for collection at the specified office of the Registrar or such Transfer Agent or, if so requested in the form of transfer, be mailed by uninsured mail at the risk of the holder of the Bonds not so transferred, converted, redeemed or repurchased (but free of charge to the holder and at the expense of the Issuer, failing whom the Guarantor) to the address of such holder appearing on the Register.

For the purposes of this Condition 3 and Condition 6, “**business day**” means a day (other than a Saturday, Sunday or public holiday) on which commercial banks are open for business in the city in which the specified office of the Registrar or the relevant Transfer Agent, as the case may be, with whom a Certificate is deposited in connection with a transfer or conversion is located.

#### **(D) Formalities Free of Charge**

Registration of a transfer of Bonds and issuance of new Certificates will be effected without charge by or on behalf of the Issuer or any Agent subject to (i) the person making such application for transfer paying or procuring the payment (or the giving of such indemnity and/or security and/or pre-funding as the Issuer or any Agent may require) of any taxes, duties and other governmental charges in connection therewith, (ii) the Registrar or the relevant Transfer Agent (as the case may be) being satisfied in its absolute discretion with the documents of title and/or identity of the person making the application and (iii) the Registrar or the relevant Transfer Agent (as the case may be) being satisfied that the Regulations (as defined below) have been complied with.

#### **(E) Restricted Transfer Periods**

No Bondholder may require the transfer of a Bond to be registered (i) during the period of 15 days ending on (and including) the dates for payment of any principal pursuant to these Conditions (including any date of redemption pursuant to Condition 8(B) or Condition 8(C)); (ii) after a Conversion Notice (as defined in Condition 6(B)(i)) has been delivered with respect to a Bond; or (iii) after a Relevant Event Put Exercise Notice (as defined in Condition 8(D) or an Optional Put Exercise Notice (as defined in Condition 8(E))) has been deposited in respect of such Bond pursuant to Condition 8(D). Each such period is a “**Restricted Transfer Period**”.



## **(F) Regulations**

All transfers of Bonds and entries on the Register will be made subject to the detailed regulations concerning transfer of Bonds, the initial form of which is scheduled to the Agency Agreement (the “**Regulations**”). The Regulations may be changed by the Issuer, with the prior written approval of the Trustee and the Registrar, or by the Registrar, with the prior written approval of the Trustee. A copy of the current Regulations will be made available (free of charge to the Bondholder and at the Issuer’s expense) by the Registrar to any Bondholder following written request and satisfactory proof of holding and identity and is available for inspection following written request and proof of holding and identity satisfactory to the Registrar at all reasonable times during normal business hours at the specified office of the Registrar.

## **4 COVENANTS**

### **(A) Negative Pledge**

So long as any Bond remains outstanding (as defined in the Trust Deed), neither the Issuer nor the Guarantor will, and each of the Issuer and the Guarantor will ensure that none of their respective Principal Subsidiaries (as defined in Condition 10) will, create, permit to subsist or arise, or have outstanding, any mortgage, charge, lien, pledge or other security interest upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness, or any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Bonds the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity equally and rateably or such other security as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders.

### **(B) Notification to NDRC**

The Guarantor undertakes that it will within the relevant prescribed timeframes after the Issue Date file or cause to be filed with the NDRC the requisite information and documents in respect of the Bonds in accordance with the Administrative Measures for Examination and Registration of Medium- and Long-Term Foreign Debts of Enterprises (企業中長期外債審核登記管理辦法(國家發展和改革委員會令第56號)) (the “**Order 56**”) issued by the NDRC and effective from 10 February 2023 and any implementation rules, reports, certificates, approvals or guidelines as issued by the NDRC from time to time, including but not limited to, the Initial NDRC Post-Issuance Filing (as defined below).

### **(C) CSRC Post-Issuance Filings**

The Guarantor undertakes to file or cause to be filed with the CSRC (as defined below) within the relevant prescribed timeframes after the Issue Date the requisite information and documents in respect of the Bonds in accordance with the CSRC Filing Rules (as defined below) (the “**CSRC Post-Issuance Filings**”, which term for the avoidance of doubt, includes the Initial CSRC Post-Issuance Filing (as defined below)) and



comply with the continuing obligations under the CSRC Filing Rules and any implementation rules as issued by the CSRC from time to time.

**(D) Notification of Submission of Initial NDRC Post-Issuance Filing and Initial CSRC Post-Issuance Filing**

The Guarantor shall:

- (i) file or cause to be filed (I) the initial NDRC post-issuance filing with the NDRC or its competent local counterpart of the information and documents relating to the issue of the Bonds that are required to be filed in accordance with Order 56 within ten Registration Business Days after the Issue Date (the “**Initial NDRC Post-Issuance Filing**”) and (II) the CSRC Filing Report and other requisite information and documents in respect of the Bonds that are required to be filed with the CSRC within three Registration Business Days after the Issue Date in accordance with the CSRC Filing Rules (the “**Initial CSRC Post-Issuance Filing**”), and
- (ii) within ten Registration Business Days after the later of (a) the submission of the Initial NDRC Post-Issuance Filing, and (b) the submission of the Initial CSRC Post-Issuance Filing, provide the Trustee with (A) a certificate (substantially in the form scheduled to the Trust Deed) in English signed by an Authorised Signatory (as defined in the Trust Deed) confirming (x) the submission of the Initial NDRC Post-Issuance Filing, and (y) the submission of the Initial CSRC Post-Issuance Filing; and (B) copies of the relevant documents evidencing (x) the Initial NDRC Post-Issuance Filing (if any), and (y) the Initial CSRC Post-Issuance Filing (if any) and other documents (if any) evidencing the completion of the Initial NDRC Post-Issuance Filing and the Initial CSRC Post-Issuance Filing (the documents in (A) and (B) of this Condition 4(D)(ii) together, the “**Registration Documents**”). In addition, the Guarantor shall, within ten Registration Business Days after the Registration Documents are delivered to the Trustee, give notice to the Bondholders (in accordance with Condition 11) confirming the submission of the Initial NDRC Post-Issuance Filing and the Initial CSRC Post-Issuance Filing.

The Trustee shall have no obligation or duty to monitor or assist with or ensure the Initial NDRC Post-Issuance Filing or the Initial CSRC Post-Issuance Filing is submitted or completed, respectively, or to verify the accuracy, validity and/or genuineness of any documents in relation to or in connection with the Initial NDRC Post-Issuance Filing, the Initial CSRC Post-Issuance Filing and/or the Registration Documents or to translate or procure the translation into English of the Registration Documents or documents in relation to or in connection with the Initial NDRC Post-Issuance Filing, the Initial CSRC Post-Issuance Filing or to give notice to the Bondholders confirming the completion of the Initial NDRC Post-Issuance Filing and the Initial CSRC Post-Issuance Filing, and shall not be liable to Bondholders or any other person for not doing so.

## **(E) Definitions**

In these Conditions:

“**CSRC**” means the China Securities Regulatory Commission.

“**CSRC Filing Report**” means the filing report of the Issuer in relation to the issuance of the Bonds which will be submitted to the CSRC within three Registration Business Days after the Issue Date pursuant to the CSRC Filing Rules.

“**CSRC Filing Rules**” means the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (境內企業境外發行證券和上市管理試行辦法) and supporting guidelines issued by the CSRC on 17 February 2023, as amended, supplemented or otherwise modified from time to time.

“**NDRC**” means the National Development and Reform Commission of the PRC.

“**PRC**” means the People’s Republic of China, which shall for the purpose of these Conditions only, exclude Hong Kong Special Administrative Region of the People’s Republic of China, the Macau Special Administrative Region of the People’s Republic of China and Taiwan.

“**Registration Business Day**” means a day, other than a Saturday, Sunday or public holiday, on which commercial banks are generally open for business in Beijing.

“**Relevant Indebtedness**” means any future or present indebtedness incurred outside the PRC which is in the form of or represented by debentures, loan stock, bonds, notes, bearer participation certificates, depositary receipts, certificates of deposit or other similar securities which for the time being are, or are issued with the intention on the part of the issuer thereof that they should be, or are capable of being, quoted, listed, dealt in or traded on any stock exchange or over-the-counter or other securities market (whether or not initially distributed by way of private placement). For the avoidance of doubt, “Relevant Indebtedness” does not include indebtedness under any bilateral, syndicated or club loans or credit facilities.

a “**Subsidiary**” of any person means (i) any company or other business entity of which that person owns or controls (either directly or through one or more other Subsidiaries) more than 50 per cent. of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such company or other business entity, or (ii) any company or other business entity which at any time has its accounts consolidated with those of that person or which, under the law, regulations or generally accepted accounting principles of the jurisdiction of incorporation of such person from time to time, should have its accounts consolidated with those of that person, except that solely for the purposes of these Conditions, ANLLIAN Holdco (BVI) Limited and its Subsidiaries shall not be deemed Subsidiaries of the Guarantor.

## 5 DEFAULT INTEREST

The Bonds are zero coupon and do not bear interest unless, upon due presentation thereof, payment of principal is improperly withheld or refused. If the Issuer or the Guarantor (as the case may be) fails to pay any sum in respect of the Bonds when the same becomes due and payable under these Conditions, interest shall accrue on the overdue sum at the rate of one per cent. per annum from the due date up to whichever is the earlier of (A) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant holder and (B) the day falling seven days after the Trustee or the Principal Agent has notified the Bondholders of receipt of all sums due in respect of all the Bonds up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions). If interest is required to be calculated for a period of less than one year, it will be calculated on the basis of a 360-day year consisting of twelve months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

## 6 CONVERSION

### (A) Conversion Right

- (i) **Conversion Period:** Subject as provided in these Conditions, each Bond shall entitle the holder to convert such Bond into Shares (as defined in Condition 6(A)(iv)) credited as fully paid at any time during the Conversion Period referred to below (the “**Conversion Right**”).

Subject to and upon compliance with these Conditions, the Conversion Right in respect of a Bond may be exercised, at the option of the holder thereof, at any time (a) on or after the date which is 41 days after the Issue Date up to and including 3:00 p.m. (at the place where the Certificate evidencing such Bond is deposited for conversion) on the date falling 10 days prior to the Maturity Date (as defined in Condition 8) (both days inclusive) (but, except as provided in Condition 6(A)(iii), in no event thereafter), (b) if such Bond shall have been called for redemption by the Issuer before the Maturity Date, then up to and including 3:00 p.m. (at the place aforesaid) on a date falling no later than 10 days (in the place aforesaid) prior to the date fixed for redemption thereof (both days inclusive) or (c) if notice requiring redemption has been given by the holder of such Bond pursuant to Condition 8(D) or Condition 8(E), up to and including 3:00 p.m. (at the place aforesaid) on the business day (in the place aforesaid) prior to the giving of such notice (both dates inclusive) (the “**Conversion Period**”).

A Conversion Right may not be exercised (a) in respect of a Bond where the holder shall have exercised his right, by delivering or depositing the relevant notice, to require the Issuer to redeem or repurchase such Bond pursuant to Condition 8(D) or Condition 8(E) or (b) except as provided in Condition 6(A)(iii), following the giving of notice by the Trustee pursuant to Condition 10.

The price at which Shares will be issued upon exercise of a Conversion Right (the “**Conversion Price**”) will initially be HK\$104.02 per Share, but will be subject to adjustment in the circumstances described in Conditions 6(C) and 6(D).

The number of Shares to be issued on exercise of a Conversion Right shall be determined by dividing the principal amount of the Bonds to be converted (translated into Hong Kong dollars at the fixed rate of HK\$8.1541 = €1.00 (the “**Fixed Exchange Rate**”)) by the Conversion Price in effect on the relevant Conversion Date (as defined in Condition 6(B)(i)). A Conversion Right may only be exercised in respect of one or more Bonds. If more than one Bond held by the same holder is converted at any one time by the same holder, the number of Shares to be issued upon such conversion will be calculated on the basis of the aggregate principal amount of the Bonds to be converted.

- (ii) ***Fractions of Shares***: Fractions of Shares will not be issued on conversion and no cash payment or other adjustment will be made in lieu thereof. However, if the Conversion Right in respect of more than one Bond is exercised at any one time such that Shares to be issued on conversion are to be registered in the same name, the number of such Shares to be issued in respect thereof shall be calculated on the basis of the aggregate principal amount of such Bonds being so converted and rounded down to the nearest whole number of Shares. Notwithstanding the foregoing, in the event of a consolidation or re-classification of Shares by operation of law or otherwise occurring after 26 November 2024 which reduces the number of Shares outstanding, the Issuer (failing whom, the Guarantor) will upon conversion of Bonds pay in cash (in Euros) a sum equal to such portion of the principal amount of the Bond or Bonds evidenced by the Certificate deposited in connection with the exercise of Conversion Rights, aggregated as provided in Condition 6(A)(i), as corresponds to any fraction of a Share not issued as a result of such consolidation or re-classification aforesaid, provided that such sum exceeds €10. Any such sum shall be paid by the Issuer (failing whom, the Guarantor) not later than five Stock Exchange Business Days (as defined in Condition 6(B)(i)) after the relevant Conversion Date by a Euro denominated dollar cheque drawn on, or by transfer to a Euro account maintained by the payee with, a bank in a city in which banks have access to the Trans-European Automated Real-Time Gross Settlement Express Transfer System (the “**TARGET2 System**”), in accordance with instructions given by the relevant Bondholder in the Conversion Notice.
- (iii) ***Revival and/or Survival after Default***: Notwithstanding the provisions of Condition 6(A)(i), if (a) the Issuer or the Guarantor shall default in making payment in full in respect of any Bond which shall have been called or put for redemption on the date fixed for redemption thereof; (b) any Bond has become due and payable prior to the Maturity Date by reason of the occurrence of any of the events under Condition 10; or (c) any Bond is not redeemed on the Maturity Date in accordance with Condition 8(A), the Conversion Right attaching to such Bond will revive and/or will continue to be exercisable up to, and including, the

close of business (at the place where the Certificate evidencing such Bond is deposited for conversion) on the date upon which the full amount of the moneys payable in respect of such Bond has been duly received by the Principal Agent or the Trustee and notice of such receipt has been duly given to the Bondholders in accordance with Condition 11 and notwithstanding the provisions of Condition 6(A)(i), any Bond in respect of which the Certificate and the Conversion Notice (as defined in Condition 6(B)(i)) are deposited for conversion prior to such date shall be converted on the relevant Conversion Date (as defined in Condition 6(B)(i)) notwithstanding that the full amount of the moneys payable in respect of such Bond shall have been received by the Principal Agent or the Trustee before such Conversion Date or that the Conversion Period may have expired before such Conversion Date.

- (iv) **Meaning of “Shares”:** As used in these Conditions, the expression “**Shares**” means ordinary shares of par value HK\$0.10 each of the Guarantor or shares of any class or classes resulting from any subdivision, consolidation or re-classification of those shares, which as between themselves have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation or dissolution of the Guarantor.

**(B) Conversion Procedure**

- (i) **Conversion Notice:** Conversion Rights may be exercised by a Bondholder during the Conversion Period by delivering the relevant Certificate to the specified office of any Conversion Agent during normal business hours (being between 9:00 a.m. and 3:00 p.m. on a business day) at the place where the Certificate evidencing such Bond is deposited for conversion accompanied by a duly completed and signed notice of conversion (a “**Conversion Notice**”) in the form (for the time being current) obtainable from any Conversion Agent, together with (a) the relevant Certificate; and (b) any amounts required to be paid by the Bondholder under Condition 6(B)(ii).

If such delivery is made after 3:00 p.m. on any business day or on a day which is not a business day in the place of the specified office of the relevant Conversion Agent, such delivery shall be deemed for all purposes of these Conditions to have been made on the next following such business day.

Any determination as to whether any Conversion Notice has been duly completed and properly delivered shall be made by the relevant Conversion Agent and shall, save in the case of manifest error, be conclusive and binding on the Issuer, the Guarantor, the Conversion Agents and the relevant Bondholder.

Conversion Rights may only be exercised in respect of an Authorised Denomination. A Conversion Notice, once delivered, shall be irrevocable and may not be withdrawn unless the Issuer consents in writing to such withdrawal.

The conversion date in respect of a Bond (the “**Conversion Date**”) must fall at a time when the Conversion Right attaching to that Bond is expressed in these Conditions to be exercisable (subject to the provisions of Condition 6(A)(iv)) and will be deemed to be the Stock Exchange Business Day (as defined in this Condition 6(B)(i)) immediately following the later of the date of the surrender of the Certificate in respect of such Bond and delivery of such Conversion Notice (if they are not surrendered and delivered on the same day) and, if applicable, the date of making any payment or giving any indemnity and/or security and/or pre-funding to be given under these Conditions in connection with the exercise of such Conversion Right. “**Stock Exchange Business Day**” means any day (other than a Saturday, Sunday or public holiday) on which the Relevant Stock Exchange (as defined in Condition 6(F)) is open for trading of securities.

- (ii) **Stamp Duty etc.:** A Bondholder exercising Conversion Rights must pay directly to the relevant authorities any taxes and/or capital, stamp, issue and registration and transfer taxes and duties (“**Duties**”) arising on such exercise (other than any Duties payable in the British Virgin Islands, Cayman Islands and, if relevant, in the place of the Alternative Stock Exchange, by the Issuer or the Guarantor in respect of the allotment and issue of Shares and listing of the Shares on the Relevant Stock Exchange on conversion, being the “**Issuer Duties**”) (such Duties and such Issuer Duties are collectively referred to as the “**Taxes**”). The Issuer (failing whom, the Guarantor) will pay all other expenses arising on the issue of Shares on conversion of Bonds and all charges of the Agents and the share transfer agent for the Shares. The Bondholder (and, if different, the person to whom the Shares are to be issued) must declare in the relevant Conversion Notice that any amounts payable to the relevant tax authorities in settlement of Duties payable pursuant to this Condition 6(B)(ii) have been, or (where permitted by law) will be, paid.

If the Issuer or the Guarantor shall fail to pay any amount payable for which it is responsible as provided above, the relevant Bondholder shall be entitled to tender and pay the same and the Issuer and the Guarantor as a separate and independent stipulation, jointly and severally covenant to reimburse and indemnify each Bondholder in respect of any payment thereof and any penalties payable in respect thereof.

Such Bondholder must also pay all, if any, taxes imposed on it and arising by reference to any disposal or deemed disposal of a Bond or interest therein in connection with the exercise of Conversion Rights by it.

Neither the Trustee nor any of the Agents shall be responsible for paying any Taxes, expenses or other amounts referred to in this Condition 6(B)(ii) or for determining whether such Taxes, expenses and other amounts are payable or the amount thereof and none of them shall be responsible or liable for any failure by the Issuer, the Guarantor or any Bondholder or any other person to pay such Taxes, expenses or other amounts.

- (iii) **Registration:** Upon exercise by a Bondholder of its Conversion Right and compliance with Conditions 6(B)(i) and 6(B)(ii) the Guarantor will, as soon as practicable, and in any event not later than five Stock Exchange Business Days after the Conversion Date, register the person or persons designated for the purpose in the Conversion Notice as holder(s) of the relevant number of Shares in the Guarantor's share register and will, if the Bondholder has also requested in the Conversion Notice and to the extent permitted under applicable law and the rules and procedures of the Central Clearing and Settlement System of Hong Kong ("CCASS") effective from time to time, take all necessary action to procure that Shares are delivered through CCASS for so long as the Shares are listed on the Hong Kong Stock Exchange; or will make such certificate or certificates available for collection at the office of the Guarantor's share registrar in Hong Kong (currently Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong) notified to Bondholders in accordance with Condition 11 or, if so requested in the relevant Conversion Notice, will cause its share registrar to mail (at the risk, and, if sent at the request of such person otherwise than by ordinary mail, at the expense, of the person to whom such certificate or certificates are sent) such certificate or certificates to the person and at the place specified in the Conversion Notice, together (in either case) with any other securities, property or cash required to be delivered upon conversion of the Bonds and such assignments and other documents (if any) as may be required by law to effect the transfer thereof, in which case a single share certificate will be issued in respect of all Shares issued on conversion of Bonds subject to the same Conversion Notice and which are to be registered in the same name.

The delivery of the Shares to the converting Bondholder (or such person or persons designated in the relevant Conversion Notice) in the manner contemplated above in this Condition 6(B)(iii) will be deemed to satisfy the obligation of the Issuer and the Guarantor to pay the principal on such converted Bonds.

The person or persons specified for that purpose in the Conversion Notice will become the holder of record of the number of Shares issuable upon conversion with effect from the date he is or they are registered as such in the Guarantor's register of members (the "**Registration Date**").

The Shares issued upon exercise of Conversion Rights will be fully paid and will in all respects rank *pari passu* with the fully paid Shares in issue on the relevant Registration Date except for any right excluded by mandatory provisions of applicable law and except that such Shares will not rank for (or, as the case may be, the relevant holder shall not be entitled to receive) any rights, distributions or payments the record or other due date for the establishment of entitlement for which falls prior to the relevant Registration Date.



If (i) the Registration Date in relation to the conversion of any Bond shall be on or after the record date for any issue, distribution, grant, offer or other event that gives rise to the adjustment of the Conversion Price pursuant to Condition 6(C), and (ii) the Conversion Date in relation to such exercise shall be before the date on which such adjustment to the Conversion Price becomes effective under the relevant Condition (any such adjustment, a “**Retroactive Adjustment**”), upon the relevant adjustment to the Conversion Price becoming effective under the relevant Condition, the Guarantor shall procure the issue to the converting Bondholder (in accordance with the instructions contained in the Conversion Notice (subject to any applicable laws or regulations)), such additional number of Shares (“**Additional Shares**”) as, together with the Shares issued or to be issued on conversion of the relevant Bond, is equal to the number of Shares which would have been required to be issued on conversion of such Bond if the relevant adjustment to the Conversion Price under the relevant Condition had been made and become effective on or immediately prior to the relevant Conversion Date and in such event and in respect of such Additional Shares, references in this Condition 6(B)(iii) to the Conversion Date shall be deemed to refer to the date upon which the Retroactive Adjustment becomes effective (notwithstanding that the date upon which it becomes effective falls after the end of the Conversion Period).

**(C) Adjustments to Conversion Price**

The Conversion Price will be subject to adjustment as follows:

- (1) Consolidation, Subdivision, Redesignation or Reclassification:** If and whenever there shall be an alteration to the nominal value of the Shares as a result of consolidation, subdivision, redesignation or reclassification, the Conversion Price shall be adjusted by multiplying the 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; and

B is the nominal amount of one Share immediately before such alteration.

Such adjustment shall become effective on the date such consolidation, subdivision, redesignation or reclassification takes effect.

**(2) Capitalisation of Profits or Reserves:**

- (i) If and whenever the Guarantor shall issue any Shares credited as fully paid to the holders of Shares (“**Shareholders**”) by way of capitalisation of profits or reserves (including Shares paid up out of distributable profits or reserves and/or share premium account (except any Scrip Dividend)) and which would not have constituted a Distribution, the Conversion Price shall be adjusted by multiplying the 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; and

B is the aggregate nominal amount of the issued Shares immediately after such issue.

Such adjustment shall become effective on the date of issue of such Shares or if a record date is fixed therefor, immediately after such record date.

- (ii) In the case of an issue of Shares by way of a Scrip Dividend where the aggregate value of such Shares issued by way of Scrip Dividend as determined by reference to the Current Market Price per Share on the date of announcement of the terms of such Scrip Dividend exceeds the amount of the Relevant Cash Dividend or the relevant part thereof and which would not have constituted a Distribution, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the issue of such Shares 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 for which Shareholders have elected to receive as Shares

issued by way of Scrip Dividend, and (ii) the denominator is the aggregate value of such Shares issued by way of Scrip Dividend as determined by reference to the Current Market Price per Share; and

C is the aggregate nominal amount of Shares issued by way of such Scrip Dividend.

Such adjustment shall become effective on the date of issue of such Shares or if a record date is fixed therefor, immediately after such record date.

(3) **Distributions:** If and whenever the Guarantor shall pay or make any Distribution to the Shareholders (except to the extent that the Conversion Price falls to be adjusted under Condition 6(C)(2)), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such Distribution by the following fraction:

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

Where:

A is the Current Market Price per Share on the date on which the Distribution is first publicly announced; and

B is the Fair Market Value on the date of such announcement of the portion of the Distribution attributable to one Share.

Such adjustment shall become effective on the date that such Distribution is actually made or, if earlier, a record date is fixed therefor, immediately after such record date. For the purpose of the above, Fair Market Value shall (subject as provided in the definition of “**Fair Market Value**”) be determined as at the date on which the Distribution is first publicly announced or, if later, the first date on which the Fair Market Value of the relevant Distribution is capable of being determined as provided herein.

In making any calculation pursuant to this Condition 6(C)(3), such adjustments (if any) shall be made as an Independent Financial Advisor may consider appropriate to reflect (a) any consolidation or subdivision of the Shares, (b) issues of Shares by way of capitalisation of profits or reserves, or any like or similar event, (c) the modification of any rights to dividends of Shares or (d) any change in the fiscal year of the Guarantor.

- (4) **Rights Issues of Shares or Options over Shares:** If and whenever the Guarantor shall issue Shares to all or substantially all Shareholders as a class by way of rights, or issue or grant to all or substantially all Shareholders as a class by way of rights, options, warrants or other rights to subscribe for, purchase or otherwise acquire any Shares, in each case at less than 95 per cent. of the Current Market Price per Share on the date of the first public announcement of the terms of the issue or grant, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue or grant by the following fraction:

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

Where:

- A is the aggregate number of Shares in issue immediately before such announcement;
- B is the number of Shares which the aggregate consideration receivable for the Shares issued by way of rights or for the options or warrants or other rights issued or granted by way of rights and for the total number of Shares comprised therein would subscribe for, purchase or otherwise acquire at such Current Market Price per Share; and
- C is the aggregate number of Shares issued or, as the case may be, comprised in the issue or grant.

Such adjustment shall become effective on the date of issue of such Shares or issue or grant of such options, warrants or other rights (as the case may be) or where a record date is set, the first date on which the Shares are traded ex-rights, ex-options or ex-warrants, as the case may be.

- (5) **Rights Issues of Other Securities:** If and whenever the Guarantor shall issue any securities (other than Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire Shares) to all or substantially all Shareholders as a class by way of rights, or issue or grant to all or substantially all Shareholders as a class by way of rights, options, warrants or other rights to subscribe for, purchase or otherwise acquire any securities (other than Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire Shares), the Conversion Price shall be adjusted by multiplying the 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 per Share on the date on which such issue or grant is publicly announced; and
- B is the Fair Market Value per Share on the date of such announcement of the portion of the rights attributable to one Share.

Such adjustment shall become effective on the date of issue of the securities or the issue or grant of such rights, options or warrants (as the case may be) or where a record date is set, the first date on which the Shares are traded ex-rights, ex-options or ex-warrants, as the case may be. For the purpose of the above, Fair Market Value shall (subject as provided in the definition of “**Fair Market Value**”) be determined as at the date on which the terms of such issue or grant are publicly announced, or if later, the first date on which the Fair Market Value of the aggregate rights attributable to the Shares in relation to such issue or grant is capable of being determined as provided herein.

- (6) **Issues at less than Current Market Price:** If and whenever the Guarantor shall issue (otherwise than as mentioned in Condition 6(C)(4)) any Shares (other than Shares issued on the exercise of Conversion Rights or on the exercise of any other rights of conversion into, or exchange or subscription for, Shares) or issue or grant (otherwise than as mentioned in Condition 6(C)(4)) options, warrants or other rights (other than the Conversion Rights under the Bonds, which excludes any further bonds issued pursuant to Condition 17) to subscribe for, purchase or otherwise acquire Shares in each case at a price per Share which is less than 95 per cent. of the Current Market Price on the date of the first public announcement of the terms of such grant or issue, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

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

Where:

- A is the aggregate number of Shares in issue immediately before the issue of such additional Shares or the 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 the maximum number of Shares to be issued or the exercise of such options, warrants or other rights would purchase at such Current Market Price per Share; and
- C is the aggregate number of Shares in issue immediately after the issue of such additional Shares.

References to additional Shares in the above formula shall, in the case of an issue by the Guarantor of options, warrants or other rights to subscribe or purchase Shares, mean such Shares to be issued assuming that such options, warrants or other rights are exercised in full at the initial exercise price on the date of issue or grant of such options, warrants or other rights.

Such adjustment shall become effective on the date of issue of such additional Shares or, as the case may be, the issue or grant of such options, warrants or other rights.

- (7) **Other Issues at less than Current Market Price:** Save in the case of an issue of securities arising from a conversion or exchange of other securities in accordance with the terms applicable to such securities themselves falling within this Condition 6(C)(7), if and whenever the Guarantor or any of its Subsidiaries (otherwise than as mentioned in Conditions 6(C)(4), 6(C)(5) or 6(C)(6)), or (at the direction or request of or pursuant to any arrangements with the Guarantor or any of its Subsidiaries) any other company, person or entity shall issue any securities (other than the Bonds, which excludes any further bonds issued pursuant to Condition 17) which by their terms of issue carry rights of conversion into, or exchange or subscription for, Shares to be issued by the Guarantor upon conversion, exchange or subscription at a consideration per Share which is less than 95 per cent. of the Current Market Price on the date of the first public announcement of the terms of issue of such securities, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

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

Where:

- A is the aggregate number of Shares in issue immediately before such issue;
- B is the number of Shares which the aggregate consideration receivable by the Guarantor for the Shares to be issued on conversion or exchange or on exercise of the right of subscription attached to such securities would purchase at such Current Market Price per Share; and
- C is the maximum number of Shares to be issued on conversion or exchange of such securities or on the exercise of such rights of subscription attached thereto at the initial conversion, exchange or subscription price or rate on the issue date of such securities.

Such adjustment shall become effective on the date of issue of such securities.



- (8) Modification of Rights of Conversion etc.:** If and whenever there shall be any modification of the rights of conversion, exchange or subscription attaching to any such securities as are mentioned in Condition 6(C)(7) (other than in accordance with the terms of such securities) so that the consideration per Share (for the number of Shares available on conversion, exchange or subscription following the modification) is less than 95 per cent. of the Current Market Price on the date of the first public announcement of the proposals for such modification, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such modification by the following fraction:

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

Where:

- A is the aggregate number of Shares in issue immediately before such modification;
- B is the maximum number of Shares which the aggregate consideration receivable by the Guarantor for the Shares to be issued on conversion or exchange or on exercise of the right of subscription attached to the securities so modified would purchase at such Current Market Price per Share or, if lower, the existing conversion, exchange or subscription price of such securities; and
- C is the maximum number of Shares to be issued on conversion or exchange of such securities or on the exercise of such rights of subscription attached thereto at the modified conversion, exchange or subscription price or rate but giving credit in such manner as an Independent Financial Advisor considers appropriate (if at all) for any previous adjustment under this Condition 6(C)(8) or Condition 6(C)(7).

Such adjustment shall become effective on the date of modification of the rights of conversion, exchange or subscription attaching to such securities.

- (9) **Other Offers to Shareholders:** If and whenever the Guarantor or any of its Subsidiaries or (at the direction or request of or pursuant to any arrangements with the Guarantor or any of its Subsidiaries) any other company, person or entity issues, sells or distributes any securities in connection with an offer pursuant to which the Shareholders generally are entitled to participate in arrangements whereby such securities may be acquired by them (except where the Conversion Price falls to be adjusted under Conditions 6(C)(4), 6(C)(5), 6(C)(6) or 6(C)(7)), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue, sale or distribution by the following fraction:

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

Where:

- A is the Current Market Price per Share on the date on which such issue, sale or distribution is publicly announced; and
- B is the Fair Market Value on the date of such announcement of the portion of the rights attributable to one Share.

Such adjustment shall become effective on the date of issue, sale or distribution of the securities. For the purpose of the above, Fair Market Value shall (subject as provided in the definition of “**Fair Market Value**”) be determined as at the date on which the terms of such issue, sale or distribution of securities are first publicly announced or, if later, the first date on which the Fair Market Value of the portion of the aggregate rights attributable to the Shares is capable of being determined as provided herein.

- (10) **Other Events:** If the Issuer determines that an adjustment should be made to the Conversion Price as a result of one or more events or circumstances not referred to in this Condition 6, the Issuer shall, at the expense of the Issuer, failing whom the Guarantor, and acting reasonably, consult an Independent Financial Advisor to determine as soon as practicable what adjustment (if any) to the Conversion Price is fair and reasonable to take account thereof, if the adjustment would result in a reduction in the Conversion Price, and the date on which such adjustment should take effect and upon such determination by the Independent Financial Advisor such adjustment (if any) shall be made and shall take effect in accordance with such determination, provided that where the events or circumstances giving rise to any adjustment pursuant to this Condition 6 have already resulted or will result in an adjustment to the Conversion Price or where the events or circumstances giving rise to any adjustment arise by virtue of events or circumstances which have already given rise or will give rise to an adjustment to the Conversion Price, such modification (if any) shall be made to the operation of the provisions of this Condition 6 as may be advised by the Independent Financial Advisor to be in its opinion appropriate to give the

intended result. Notwithstanding the foregoing, the per Share value of any such adjustment shall not exceed the per Share value of the dilution in the Shareholders' interest in the Guarantor's equity caused by such events or circumstances.

- (11) **Adjustment upon Change of Control:** If a Change of Control shall have occurred, the Issuer (failing whom, the Guarantor) shall give to Bondholders notice of that fact (a “**Change of Control Notice**”) in accordance with Condition 11 within 14 days after it becomes aware of such Change of Control (with a copy to the Trustee). Following the giving of a Change of Control Notice, upon any exercise of Conversion Rights such that the relevant Conversion Date falls within 30 days following a Change of Control, or, if later, 30 days following the date on which the Change of Control Notice is given to Bondholders (such period, the “**Change of Control Conversion Period**”), the Conversion Price shall be adjusted in accordance with the following formula:

$$NCP = \frac{OCP}{1 + (CP \times \frac{c}{t})}$$

Where:

NCP is the new Conversion Price after such adjustment;

OCP is the Conversion Price before such adjustment. For the avoidance of doubt, OCP shall be the Conversion Price in effect on the relevant Conversion Date;

CP is the conversion premium of 35 per cent. expressed as a fraction;

c is the number of days from and including the first day of the Change of Control Conversion Period to but excluding the Maturity Date; and

t is the number of days from and including the Issue Date to but excluding the Maturity Date,

provided that the Conversion Price shall not be reduced pursuant to this Condition 6(C)(11) below the level permitted by applicable laws and regulations from time to time (if any).

If the last day of a Change of Control Conversion Period shall fall during a Restricted Transfer Period, the Change of Control Conversion Period shall be extended such that its last day will be the fifteenth day following the last day of the Restricted Transfer Period.

On the business day immediately following the last day of the Change of Control Conversion Period, the Conversion Price shall be re-adjusted to the Conversion

Price in force immediately before the adjustment to the Conversion Price during the Change of Control Conversion Period.

**(D) Undertakings**

Each of the Issuer and the Guarantor undertakes that so long as any Bond remains outstanding, save with the approval of an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders:

- (i) it will use all reasonable endeavours (a) to maintain a listing for all the issued Shares on the Hong Kong Stock Exchange, and (b) to obtain and maintain a listing for all the Shares issued on the exercise of the Conversion Rights on the Hong Kong Stock Exchange, and if the Issuer and/or the Guarantor is unable to obtain or maintain such listing, having used such endeavours, to use all reasonable endeavours to obtain and maintain a listing for all the issued Shares on an Alternative Stock Exchange as the Issuer and/or the Guarantor may from time to time determine and will forthwith give notice to the Bondholders in accordance with Condition 11 of the listing or delisting of the Shares (as a class) by any such stock exchange;
- (ii) it will use all reasonable endeavours to maintain the listing of the Bonds on the Singapore Exchange Securities Trading Limited (the “**Singapore Stock Exchange**”) and if the Issuer and/or the Guarantor is unable to maintain such listing, having used such endeavours, or if the maintenance of such listing is unduly onerous, to use all reasonable endeavours to obtain and maintain a listing on another stock exchange, as is commonly used for the quotation or listing of debt securities, as the Issuer and/or the Guarantor may from time to time determine and will forthwith give notice to the Bondholders in accordance with Condition 11 of the listing or delisting of the Bonds by any such stock exchange;
- (iii) it will pay the expenses of the issue of, and all expenses of obtaining a listing for, Shares arising on conversion of the Bonds (save for any Duties payable by the relevant Bondholder specified in Condition 6(B)(ii)); and
- (iv) it will not make any reduction of its ordinary share capital or any uncalled liability in respect thereof or of any share premium account or capital redemption reserve fund except, in each case, where the reduction is permitted by applicable law and results in (or would, but for the provision of these Conditions relating to rounding or the carry forward of adjustments, result in) an adjustment to the Conversion Price or is otherwise taken into account for the purposes of determining whether such an adjustment should be made provided always that the Guarantor shall not be prohibited from purchasing its Shares to the extent permitted by law.

In the Trust Deed, the Guarantor has also undertaken with the Trustee that so long as any Bond remains outstanding:

- (I) it will reserve, free from any other pre-emptive or other similar rights, out of its authorised but unissued ordinary share capital the full number of Shares liable to be issued on conversion of the Bonds from time to time remaining outstanding and shall ensure that all Shares delivered on conversion of the Bonds will be duly and validly issued as fully-paid; and
- (II) it will not make any offer, issue, grant or distribute or take any action the effect of which would be to reduce the Conversion Price below the par value of the Shares, provided always that the Guarantor shall not be prohibited from purchasing its Shares to the extent permitted by law.

Each of the Issuer and the Guarantor has also given certain other undertakings in the Trust Deed for the protection of the Conversion Rights.

**(E) Provisions Relating to Changes in Conversion Price**

- (i) *Minor adjustments:* On any adjustment, the resultant Conversion Price, if not an integral multiple of one Hong Kong cent, shall be rounded down to the nearest Hong Kong cent. No adjustment shall be made to the Conversion Price if such adjustment (rounded down if applicable) would be less than one per cent. of the Conversion Price then in effect. Any adjustment not required to be made, and/or any amount by which the Conversion Price has been rounded down, shall be carried forward and taken into account in any subsequent adjustment, and such subsequent adjustment shall be made on the basis that the adjustment not required to be made had been made at the relevant time and/or, as the case may be, that the relevant rounding down had not been made. Notice of any adjustment shall be given by the Issuer to Bondholders in accordance with Condition 11 and to the Trustee and the Conversion Agent in writing promptly after the determination thereof.
- (ii) *Decision of an Independent Financial Advisor:* If any doubt shall arise as to whether an adjustment falls to be made to the Conversion Price or as to how an adjustment to the Conversion Price under Condition 6(C) should be made, and following consultation between the Issuer, the Guarantor and an Independent Financial Advisor, a written opinion of such Independent Financial Advisor in respect thereof shall be conclusive and binding on the Issuer, the Guarantor, the Bondholders, the Trustee and the Agents, save in the case of manifest error. Notwithstanding the foregoing, the per Share value of any such adjustment shall not exceed the per Share value of the dilution in the Shareholders' interest in the Guarantor's equity caused by such events or circumstances.
- (iii) *Minimum Conversion Price:* Notwithstanding the provisions of this Condition 6, each of the Issuer and the Guarantor undertakes that: (a) the Conversion Price shall not in any event be reduced to below the nominal or par value of the Shares

as a result of any adjustment hereunder unless under applicable law then in effect the Bonds may be converted at such reduced Conversion Price into legally issued, fully paid and non-assessable Shares; and (b) it shall not take any action, and shall procure that no action is taken, that would otherwise result in an adjustment to the Conversion Price to below such nominal or par value or any minimum level permitted by applicable laws or regulations.

- (iv) *Reference to “fixed”*: Any references herein to the date on which a consideration is “fixed” shall, where the consideration is originally expressed by reference to a formula which cannot be expressed as an actual cash amount until a later date, be construed as a reference to the first day on which such actual cash amount can be ascertained.
- (v) *Multiple events*: Where more than one event which gives or may give rise to an adjustment to the Conversion Price occurs within such a short period of time that in the opinion of an Independent Financial Advisor, the foregoing provisions would need to be operated subject to some modification in order to give the intended result, such modification shall be made to the operation of the foregoing provisions as may be advised by such Independent Financial Advisor to be in its opinion appropriate in order to give such intended result.
- (vi) *Upward/downward adjustment*: No adjustment involving an increase in the Conversion Price will be made, except in the case of a consolidation or re-classification of the Shares as referred to in Condition 6(C)(1). The Issuer may at any time and for a specified period of time only, following notice being given to the Trustee in writing and to the Bondholders in accordance with Condition 11, reduce the Conversion Price, subject to Condition 6(E)(iii).
- (vii) *Trustee and Agents not obliged to Monitor*: Neither the Trustee nor any Agent shall be under any duty to monitor whether any event or circumstance has happened or exists which may require an adjustment to be made to the Conversion Price or to make any determination or calculation (or any verification of any determination or calculation) in connection with the Conversion Price and none of them will be responsible to Bondholders or any other person for any loss arising from any failure by it to do so or for any delay by the Issuer, the Guarantor or any Independent Financial Advisor in making a determination or calculation or any erroneous determination or calculation in connection with the Conversion Price.
- (viii) *Notice of Change in Conversion Price*: The Issuer shall give notice to the Bondholders in accordance with Condition 11 and to the Trustee and the Principal Agent in writing and, for so long as the Bonds are listing on the Singapore Stock Exchange and the rules of the Singapore Stock Exchange so require, the Issuer shall also give notice to the Singapore Stock Exchange. Any such notice relating to a change in the Conversion Price shall set forth the event giving rise to the adjustment, the Conversion Price prior to such adjustment, the adjusted Conversion Price and the effective date of such adjustment.

- (ix) *Share Scheme Shares/Options*: Notwithstanding any provision in this Condition 6, no adjustment will be made to the Conversion Price when Shares or other securities (including rights or options) are issued, offered, exercised, allotted or granted to, or for the benefit of, among others, employees and/or former employees (including directors and/or former directors) of the Guarantor or any of its Subsidiaries pursuant to any share option, share award, restricted share or employee share incentive scheme or plan (and which such scheme or plan is in compliance with the listing rules of the Relevant Stock Exchange) (“**Share Scheme Shares/Options**”) unless any grant or issue of Share Scheme Shares/Options (which, but for this provision, would have required adjustment pursuant to Condition 6) would result in the total number of Shares which may be issued upon exercise of such Share Scheme Shares/Options granted during any 12-month period up to and including the date of such grant representing, in aggregate, over 3.0 per cent. of the average number of issued and outstanding Shares during such 12-month period, in which case only such portion of the grant or issue of Share Scheme Shares/Options that exceeds 3.0 per cent. of the average number of issued and outstanding Shares during the relevant 12-month period shall be taken into account in determining any adjustment of the Conversion Price pursuant to Condition 6.

#### **(F) Definitions**

For the purposes of these Conditions:

“**Affiliate**” means, with respect to any person, any other person directly or indirectly controlling, controlled by, or under direct or indirect common control with, such person. For purposes of this definition, the terms “**controlling**,” “**controlled by**” and “**under common control with**”, as applied to any person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such person, whether through the ownership of voting securities, by contract or otherwise;

“**Alternative Stock Exchange**” means at any time, in the case of the Shares, if they are not at that time listed and traded on the Hong Kong Stock Exchange, the principal stock exchange or securities market on which the Shares are then listed or quoted or dealt in;

“**Capital Stock**” means, with respect to any person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) in equity of such person, whether outstanding on the Issue Date or issued thereafter, including, without limitation, all Common Stock and Preferred Stock, but excluding debt securities convertible into such equity;



a “**Change of Control**” means the occurrence of one or more of the following events:

- (i) the Guarantor ceases to hold (either directly or indirectly) 100 per cent. of the issued share capital of the Issuer;
- (ii) Anta International Group Holdings Limited ceases (directly or indirectly) to hold at least 40 per cent. of the issued share capital of the Guarantor; or
- (iii) the Permitted Holders together cease (directly or indirectly) to hold at least 50 per cent. of the issued share capital of Anta International Group Holdings Limited;

“**Closing Price**” means, in respect of a Share for any Trading Day, the price published in the Daily Quotation Sheet published by the Hong Kong Stock Exchange or, as the case may be, the equivalent quotation sheet of an Alternative Stock Exchange for such Trading Day;

“**Common Stock**” means, with respect to any person, any and all shares, interests or other participations in, and other equivalents (however designated and whether voting or non-voting) of such person’s common stock or ordinary shares, whether or not outstanding on the Issue Date, and include, without limitation, all series and classes of such common stock or ordinary shares;

“**Current Market Price**” means, in respect of a Share on a particular date, the average of the daily Closing Prices of one Share on each of the 20 consecutive Trading Days ending on and including (i) the Trading Day immediately preceding such date or (ii) if the relevant announcement was made after the close of trading on such date (being a Trading Day), such date of announcement; provided that if at any time during such 20 Trading Day period the Shares shall have been quoted ex-dividend (or ex-any other entitlement) and during some other part of that period the Shares shall have been quoted cum-dividend (or cum-any other entitlement) then:

- (i) if the Shares to be issued in such circumstances do not rank for the dividend (or entitlement) in question, the Closing Price on the dates on which the Shares shall have been quoted cum-dividend (or cum-any other entitlement) shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of that dividend per Share; or
- (ii) if the Shares to be issued in such circumstances rank for the dividend or entitlement in question, the Closing Price on the dates on which the Shares shall have been quoted ex-dividend (or ex-any other entitlement) shall for the purpose of this definition be deemed to be the amount thereof increased by the Fair Market Value of that dividend per Share;

and provided further that if on each of the said 20 Trading Days the Shares have been quoted cum-dividend (or cum-any other entitlement) in respect of a dividend (or other entitlement) which has been declared or announced but the Shares to be issued do not rank

for that dividend (or other entitlement), the Closing Price on each of such dates shall for the purposes of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of that dividend per Share;

**“Distribution”** means, on a per Share basis,

- (i) the aggregate distribution of assets *in specie* by the Guarantor for any financial period whenever paid or made and however described (and for these purposes a distribution of assets *in specie* includes, without limitation, an issue of Shares or other securities credited as fully or partly paid by way of capitalisation of reserves, but excludes any Shares credited as fully paid to the extent an adjustment to the Conversion Price is made in respect hereof under Condition 6(C)(2)(i) and a Scrip Dividend adjusted for under Condition 6(C)(2)(ii)); and
- (ii) the aggregate cash dividend or distribution on a gross basis (including, without limitation, the relevant cash amount of a Scrip Dividend) of any kind by the Guarantor for any financial period (whenever paid and however described),

provided that a purchase or redemption of Shares by or on behalf of the Guarantor (or a purchase of Shares by or on behalf of a Subsidiary of the Guarantor) shall not constitute a Distribution, unless the weighted average price or consideration (before expenses) on any one day in respect of such purchases exceeds the Current Market Price of the Shares by more than five per cent. either (a) on that date, or (b) where an announcement has been made of the intention to purchase Shares at some future date at a specified price, on the Trading Day immediately preceding the date of such announcement and, if in the case of either (a) or (b) of this definition, the relevant day is not a Trading Day, the immediately preceding Trading Day, in which case such purchase or redemption shall be deemed to constitute a Distribution in an amount equal to the amount by which the aggregate consideration paid (before expenses) in respect of such Shares purchased or redeemed exceeds the product of (i) 105 per cent. of such Current Market Price and (ii) the number of Shares so purchased or redeemed;

**“Fair Market Value”** means, with respect to any asset, security, option, warrant or other right on any date, the fair market value of that asset, security, option, warrant or other right as determined by an Independent Financial Advisor on the basis of commonly accepted market valuation method and taking into account such factors as it considers appropriate, provided that an Independent Financial Advisor will not be required to determine the fair market value where (i) the Distribution is paid in cash, in which case the fair market value of such cash Distribution per Share shall be the amount of such cash Distribution per Share, (ii) any other amounts are paid in cash, in which case the fair market value of such cash amount shall be the amount of cash, and (iii) options, warrants or other rights or securities are or will upon issuance be publicly traded in a market of adequate liquidity (as determined by such Independent Financial Advisor), the fair market value of such options, warrants or other rights or securities shall equal the arithmetic mean of the daily closing price of such options, warrants or other rights or securities during the period of five trading days on the relevant market commencing on the first such trading day such options, warrants or other rights or securities are publicly traded. Such amounts, if

expressed in a currency other than Hong Kong dollars shall be translated into Hong Kong dollars at the Prevailing Rate on such date. In addition, in the case of provisos (i) and (ii) above of this definition, the Fair Market Value shall be determined on a gross basis and disregarding any withholding or deduction required to be made for or on account of tax and disregarding any associated tax credit;

“**Hong Kong Stock Exchange**” means The Stock Exchange of Hong Kong Limited or its successor thereto;

“**Independent Financial Advisor**” means an independent investment bank or licensed financial advisor or institution of international repute (acting as an expert) selected and appointed by the Issuer and the Guarantor and notified in writing to the Trustee. The Trustee shall not be responsible for or under any obligation to appoint an Independent Financial Advisor and shall have no responsibility or liability for verifying any calculation, determination, certification, advice or opinion made, given or reached by it;

“**Permitted Holders**” means any of the following:

- (i) (a) Mr. Ding Shizhong, any of his heir, lineal descendent (or spouse thereof), spouse or parent of Mr. Ding Shizhong (together, the “**immediate family members**”), or any trust established by any of them for their own benefit or for the benefit of any of the immediate family members; (b) any Affiliate of Mr. Ding Shizhong; and (c) any person both the Capital Stock and the Voting Stock of which (or in the case of a trust, the beneficial interests in which) are owned 50 per cent. by persons specified in (a) or (b) of this paragraph (i); or
- (ii) (a) Mr. Ding Shijia, his spouse or immediate family members or any trust established by any of them for their own benefit or for the benefit of any of the immediate family members; (b) any Affiliate of Mr. Ding Shijia; and (c) any person both the Capital Stock and the Voting Stock of which (or in the case of a trust, the beneficial interests in which) are owned 50 per cent. by persons specified in (a) or (b) of this paragraph (ii);

a “**person**” includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity);

“**Preferred Stock**” as applied to the Capital Stock of any person means Capital Stock of any class or classes that by its term is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such person, over shares of Capital Stock of any other class of such person;

“**Prevailing Rate**” means, in respect of any currency on any day, the bid exchange rate between the relevant currencies prevailing as at or about 12:00 noon (Hong Kong time) on that date as appearing on or derived from the Relevant Page or, if such a rate cannot be determined at such time, the rate prevailing as at or about 12:00 noon (Hong Kong time) on the immediately preceding day on which such rate can be so determined;

**“Relevant Cash Dividend”** means the aggregate cash dividend or distribution declared by the Guarantor, including any cash dividend in respect of which there is any Scrip Dividend;

a **“Relevant Event”** occurs:

- (i) when the Shares cease to be listed or admitted to trading or are suspended from trading for a period equal to or exceeding 30 consecutive Trading Days on the Hong Kong Stock Exchange or, if applicable, the Alternative Stock Exchange; or
- (ii) when there is a Change of Control;

**“Relevant Page”** means the relevant Bloomberg “BFIX” EURHKD page (or its successor page) or, if there is no such page, on the relevant Reuters page (or its successor page) or such other information service provider that displays the relevant information;

**“Relevant Stock Exchange”** means at any time, in respect of the Shares, the Hong Kong Stock Exchange or the Alternative Stock Exchange;

**“Scrip Dividend”** means any Shares issued in lieu of the whole or any part of any Relevant Cash Dividend, being a dividend which the Shareholders concerned would or could otherwise have received (and for the avoidance of doubt, to the extent that an adjustment is made under Condition 6(C)(3) in respect of the Relevant Cash Dividend, no adjustment is to be made for the amount by which the Current Market Price of the Shares exceeds the Relevant Cash Dividend or part thereof for which an adjustment is already made under Condition 6(C)(2)(ii));

**“Trading Day”** means a day when the Hong Kong Stock Exchange or, as the case may be an Alternative Stock Exchange, is open for dealing business, provided that if no closing price is reported for one or more consecutive dealing days such day or days will be disregarded in any relevant calculation and shall be deemed not to have been dealing days when ascertaining any period of dealing days; and

**“Voting Stock”** means, with respect to any person, Capital Stock of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such person.

References to any issue or offer or grant to Shareholders **“as a class”** or **“by way of rights”** shall be taken to be references to an issue or offer or grant to all or substantially all Shareholders, other than Shareholders by reason of the laws of any territory or requirements of any recognised regulatory body or any other stock exchange or securities market in any territory or in connection with fractional entitlements, it is determined not to make such issue or offer or grant.

## 7 PAYMENTS

### (A) Method of Payment

Payment of principal and default interest (if any) and any other amount due will be made by transfer to the registered account of the Bondholder. Such payment will only be made after surrender of the relevant Certificate at the specified office of any of the Agents.

If an amount which is due on the Bonds is not paid in full, the Registrar will annotate the Register with a record of the amount (if any) in fact paid.

*So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear, Clearstream or an Alternative Clearing System (each, a “**relevant clearing system**”), each payment of principal of, and any other amounts due under, the Bonds evidenced by the Global Certificate will be made to the person shown as the holder in the Register at the close of business of the relevant clearing system on the Clearing System Business Day before the due date for such payments, where “**Clearing System Business Day**” means a weekday (Monday to Friday, inclusive) except 25 December and 1 January.*

### (B) Registered Accounts

For the purposes of this Condition 7, a Bondholder’s registered account means the Euro account maintained by or on behalf of it with a bank in a city in which banks have access to the TARGET2 System, details of which appear on the Register at the close of business on the second Payment Business Day (as defined in Condition 7(F)) before the due date for payment, and a Bondholder’s registered address means its address appearing on the Register at that time.

### (C) Payments Subject to Fiscal Laws

All payments are subject in all cases to (i) any applicable fiscal or other laws, regulations and directives in the place of payment but without prejudice to the provisions of Condition 9 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 9 any law implementing an intergovernmental approach thereto). No commissions or expenses shall be charged to the Bondholders in respect of such payments.

### (D) Payment Initiation

Payment instructions (for value on the due date or, if that is not a Payment Business Day (as defined in Condition 7(F)), for value on the first following day which is a Payment Business Day) will be initiated on the due date for payment (or, if it is not a Payment Business Day, the immediately following Payment Business Day) or, in the case of a

payment of principal, if later, on the Payment Business Day on which the relevant Certificate is surrendered at the specified office of an Agent.

**(E) Delay in Payment**

Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due if the due date is not a Payment Business Day, if the Bondholder is late in surrendering its Certificate (if required to do so).

**(F) Payment Business Day**

In this Condition 7, “**Payment Business Day**” means a day other than a Saturday or Sunday on which commercial banks are open for business in Hong Kong and the city in which the specified office of the Principal Agent is located and, in the case of the surrender of a Certificate, in the place where the Certificate is surrendered, and also on which the TARGET2 System is operating.

**(G) Agents**

The initial Agents and their initial specified offices are listed below. The Issuer and the Guarantor reserve the right at any time, with the prior written approval of the Trustee, to vary or terminate the appointment of any Agent and appoint additional or replacement Agents, provided that they will maintain (i) a Principal Agent, (ii) a Registrar with a specified office outside the United Kingdom, and (iii) an Agent having a specified office in a major financial centre in Europe. Notice of any changes in any Agent or their specified offices will be given to the Bondholders as soon as reasonably practicable.

**8 REDEMPTION, PURCHASE AND CANCELLATION**

**(A) Maturity**

Unless previously redeemed, converted or purchased and cancelled as provided herein, the Issuer will redeem each Bond at its principal amount on 5 December 2029 (the “**Maturity Date**”). The Issuer may not redeem the Bonds at its option prior to that date except as provided in Conditions 8(B) or 8(C) (but without prejudice to Conditions 8(D), 8(E) and 10).

**(B) Redemption for Taxation Reasons**

The Bonds may be redeemed, at the option of the Issuer (or, if the Guarantee was called, the Guarantor) in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days’ notice (a “**Tax Redemption Notice**”) to the Trustee and the Principal Agent in writing and to the Bondholders in accordance with Condition 11 (which notice shall be irrevocable), on the date specified in the Tax Redemption Notice for redemption (the “**Tax Redemption Date**”) at their principal amount, if the Issuer (or, if the Guarantee was called, the Guarantor) satisfies the Trustee immediately prior to the giving of such notice that (i) it has or will become obliged to pay Additional Tax Amounts as provided or

referred to in Condition 9 as a result of any change in, or amendment to, the laws or regulations of the British Virgin Islands or the PRC (in the case of a payment by the Issuer), or the Cayman Islands or the PRC (in the case of a payment by the Guarantor), or in any such case, any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 26 November 2024, and (ii) such obligation cannot be avoided by the Issuer (or, if the Guarantee was called, the Guarantor) taking reasonable measures available to it, provided that no Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Issuer (or, if the Guarantee was called, the Guarantor) would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds then due. Prior to the publication of any Tax Redemption Notice pursuant to this Condition 8(B), the Issuer (or, if the Guarantee was called, the Guarantor) shall deliver to the Trustee (a) a certificate signed by an Authorised Signatory (as defined in the Trust Deed) of the Issuer (or, if the Guarantee was called, the Guarantor) stating that the obligation referred to in (i) above of this Condition 8(B) cannot be avoided by the Issuer (or, if the Guarantee was called, the Guarantor) taking reasonable measures available to it and (b) an opinion of independent legal or tax advisers of recognised standing to the effect that such change or amendment as is referred to in (i) above of this Condition 8(B) has occurred (irrespective of whether such amendment or change is then effective), and the Trustee shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out above in (i) and (ii) of this Condition 8(B), in which event the same shall be conclusive and binding on the Bondholders and the Trustee shall be protected and incur no liability to any Bondholder for or in respect of any action taken, omitted or suffered in reliance upon such certificate and opinion.

On the Tax Redemption Date, the Issuer (failing whom, the Guarantor) (subject to the following paragraph of this Condition 8(B)) shall redeem the Bonds at their principal amount.

If the Issuer (or, if the Guarantee was called, the Guarantor) issues a Tax Redemption Notice, each Bondholder will have the right to elect that his Bond(s) shall not be redeemed and that the provisions of Condition 9 shall not apply in respect of any payment to be made in respect of such Bond(s) which falls due after the relevant Tax Redemption Date, whereupon no Additional Tax Amounts shall be payable in respect thereof pursuant to Condition 9 and payment of all amounts shall be made subject to the deduction or withholding of any taxation required to be withheld or deducted. To exercise such a right, the relevant Bondholder must complete, sign and deposit during normal business hours (being between 9:00 a.m. and 3:00 p.m.) at the specified office of any Paying Agent a duly completed and signed notice of election, in the form for the time being current, obtainable during normal business hours (being between 9:00 a.m. and 3:00 p.m.) from the specified office of any Paying Agent (a **“Tax Option Exercise Notice”**) together with the Certificate evidencing the Bonds to be redeemed, on or before the day falling 10 days prior to the Tax Redemption Date. A Tax Option Exercise Notice, once delivered, shall be irrevocable and may not be withdrawn without the Issuer’s consent.



### **(C) Redemption at the Option of the Issuer**

On giving not less than 30 nor more than 60 days' notice (an "**Optional Redemption Notice**") to the Trustee and the Principal Agent in writing and to the Bondholders in accordance with Condition 11, the Bonds may be redeemed by the Issuer in whole, but not in part, on the date (the "**Optional Redemption Date**") specified in the Optional Redemption Notice at their principal amount, at any time if, prior to the date the relevant Optional Redemption Notice is given, Conversion Rights shall have been exercised and/or purchases (and corresponding cancellations) and/or redemptions effected in respect of 90 per cent. or more in aggregate principal amount of the Bonds originally issued (which shall for this purpose include any further bonds issued in accordance with Condition 17 and consolidated and forming a single series therewith).

### **(D) Redemption for Relevant Event**

Following the occurrence of a Relevant Event (as defined in Condition 6(F)), the holder of each Bond will have the right at such holder's option, to require the Issuer to redeem all or some only of such holder's Bonds on the Relevant Event Put Date at their principal amount. To exercise such right, the holder of the relevant Bond must deposit during normal business hours (being between 9:00 a.m. and 3:00 p.m.) at the specified office of any Paying Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable during normal business hours (being between 9:00 a.m. and 3:00 p.m.) from the specified office of any Paying Agent (a "**Relevant Event Put Exercise Notice**"), together with the Certificate evidencing the Bonds to be redeemed by not later than 60 days following a Relevant Event, or, if later, 60 days following the date upon which notice thereof is given to Bondholders by the Issuer in accordance with Condition 11. The "**Relevant Event Put Date**" shall be the fourteenth day after the expiry of such period of 60 days as referred to above in this Condition 8(D).

A Relevant Event Put Exercise Notice, once delivered, shall be irrevocable and may not be withdrawn without the Issuer's consent. The Issuer shall redeem the Bonds the subject of the Relevant Event Put Exercise Notice (subject to delivery of the relevant Certificate as aforesaid) on the Relevant Event Put Date.

Neither the Agents nor the Trustee shall be required to monitor or to take any steps to ascertain whether a Relevant Event or any event which could lead to a Relevant Event has occurred or may occur and each of them shall be entitled to assume that no such event has occurred until it has received written notice to the contrary from the Issuer. The Agents and the Trustee will not be responsible or liable to Bondholders or any other person for any loss arising from any failure by it to do so.

The Issuer (failing whom, the Guarantor) shall give notice to the Trustee and the Principal Agent in writing and to Bondholders in accordance with Condition 11 by not later than 14 days following the first day on which it becomes aware of the occurrence of a Relevant Event, which notice shall specify the procedure for exercise by holders of their rights to require redemption of the Bonds pursuant to this Condition 8(D) and shall give brief details of the Relevant Event.

#### **(E) Redemption at the option of the Bondholders**

On 5 December 2027 (the “**Optional Put Date**”), the holder of each Bond will have the right at such holder’s option, to require the Issuer to redeem all or some only of such holder’s Bonds on the Optional Put Date at their principal amount. To exercise such right, the holder of the relevant Bond must deposit during normal business hours (being between 9:00 a.m. and 3:00 p.m.) at the specified office of any Paying Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable during normal business hours (being between 9:00 a.m. and 3:00 p.m.) from the specified office of any Paying Agent (an “**Optional Put Exercise Notice**”), together with the Certificate evidencing the Bonds to be redeemed not earlier than 60 days and not later than 30 days prior to the Optional Put Date.

An Optional Put Exercise Notice, once delivered, shall be irrevocable and may not be withdrawn without the Issuer’s consent. The Issuer shall redeem the Bonds the subject of Optional Put Exercise Notices delivered as aforesaid on the Optional Put Date.

#### **(F) Purchase**

The Issuer, the Guarantor or any of their respective Subsidiaries may, subject to applicable laws and regulations, at any time and from time to time purchase Bonds at any price in the open market or otherwise.

#### **(G) Cancellation**

All Bonds which are redeemed, converted or purchased by the Issuer, the Guarantor or any of their respective Subsidiaries, will forthwith be cancelled. Certificates in respect of all Bonds cancelled will be forwarded to or to the order of the Registrar and such Bonds may not be reissued or resold.

#### **(H) Redemption Notices**

All notices to Bondholders given by or on behalf of the Issuer or the Guarantor pursuant to this Condition 8 will be irrevocable and will be given in accordance with Condition 11 specifying: (i) the Conversion Price as at the date of the relevant notice; (ii) the last day on which Conversion Rights may be exercised; (iii) the Closing Price of the Shares on the latest practicable date prior to the publication of the notice; (iv) the applicable redemption amount; (v) the date for redemption; (vi) the manner in which redemption will be effected; and (vii) the aggregate principal amount of the Bonds outstanding as at the latest practicable date prior to the publication of the notice.

If more than one notice of redemption is given (being a notice given by either the Issuer or a Bondholder pursuant to this Condition 8), the first in time shall prevail. Neither the Trustee nor any of the Agents shall be responsible for calculating or verifying any calculations of any amounts payable under these Conditions and none of them shall be liable to the Bondholders or any other person for not doing so.

## 9 TAXATION

All payments made by or on behalf of the Issuer (or the Guarantor, as the case may be) in respect of the Bonds or the Guarantee shall be made free from any restriction or condition and be made without deduction or withholding for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied collected, withheld or assessed by the British Virgin Islands, the Cayman Islands or the PRC or, in each case, any authority thereof or therein having power to tax, unless such deduction or withholding is required by law.

Where such withholding or deduction is made by the Issuer or, as the case may be, the Guarantor by or within the PRC up to and including the aggregate rate applicable on 26 November 2024 (the “**Applicable Rate**”), the Issuer will increase the amounts paid by it to the extent required, so that the net amount received by Bondholders equals the amounts which would otherwise have been receivable by them had no such withholding or deduction been required.

If the Issuer or, as the case may be, the Guarantor is required to make a deduction or withholding (i) by or within the PRC in excess of the Applicable Rate or (ii) by or within the Cayman Islands or the British Virgin Islands, the Issuer or, as the case may be, the Guarantor shall pay such additional amounts (“**Additional Tax Amounts**”) as will result in the receipt by the Bondholders of such amounts as would have been received by them had no such deduction or withholding been required, except that no Additional Tax Amounts shall be payable in respect of any Bond:

- (a) *Other connection:* to a holder (or to a third party on behalf of a holder) who is subject to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of his having some connection with the British Virgin Islands, the Cayman Islands or the PRC otherwise than by the mere holding of the Bond or by the receipt of amounts in respect of the Bond; or
- (b) *Presentation more than 30 days after the relevant date:* (in the case of a payment of principal) if the Certificate in respect of such Bond is surrendered more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on surrendering the relevant Certificate for payment on the last day of such period of 30 days.

For the purposes hereof, “**Relevant Date**” means whichever is the later of (a) the date on which such payment first becomes due and (b) if the full amount payable has not been received by the Trustee or the Principal Agent on or prior to such due date, the date on which, the full amount having been so received, notice to that effect shall have been given to the Bondholders and payment made.

References in these Conditions to principal and default interest (if any) shall be deemed also to refer to any additional amounts which may be payable under this Condition 9 or any undertaking or covenant given in addition thereto or in substitution therefor pursuant to the Trust Deed.

The provisions of this Condition 9 shall not apply in respect of any payments which fall due after the relevant Tax Redemption Date in respect of any Bonds which are the subject of a Bondholder election pursuant to Condition 8(B).

Neither the Trustee nor any Agent shall be responsible for paying any tax, duty, charges, withholding or other payment referred to in this Condition 9 or for determining whether such amounts are payable or the amount thereof, and none of them shall be responsible or liable for any failure by the Issuer, the Guarantor, any Bondholder or any third party to pay such tax, duty, charges, withholding or other payment in any jurisdiction or to provide any notice or information to the Trustee or any Agent that would permit, enable or facilitate the payment of any principal or other amount under or in respect of the Bonds or the Guarantee without deduction or withholding for or on account of any tax, duty, charge, withholding or other payment imposed by or in any jurisdiction.

## 10 EVENTS OF DEFAULT

If any of the following events (each an “**Event of Default**”) occurs, the Trustee at its discretion may, and if so requested in writing by the holders of not less than 25 per cent. in aggregate principal amount of the Bonds then outstanding, or if so directed by an Extraordinary Resolution, shall (subject to being indemnified and/or secured and/or pre-funded by the holders to its satisfaction), give notice to the Issuer that the Bonds are, and they shall become immediately due and repayable at their principal amount (subject as provided below and without prejudice to the right of Bondholders to exercise the Conversion Right in respect of their Bonds in accordance with Condition 6):

- (A) *Non-Payment*: there has been a failure to pay the principal on the Bonds when due unless such failure is due to a technical or administrative error and is remedied by the Issuer or the Guarantor within one business day; or
- (B) *Failure to deliver Shares*: any failure by the Guarantor to deliver any Shares as and when the Shares are required to be delivered following Conversion of Bonds unless such failure is due to a technical or administrative error and is remedied by the Guarantor within one business day; or
- (C) *Breach of Other Obligations*: the Issuer or the Guarantor does not perform or comply with any one or more of its other obligations in the Bonds or the Trust Deed which default is in the opinion of the Trustee incapable of remedy or, if in the opinion of the Trustee capable of remedy, is not remedied within 20 business days after written notice of such default shall have been given to the Issuer or the Guarantor by the Trustee; or
- (D) *Cross-Acceleration*: (i) any other present or future indebtedness of the Issuer, the Guarantor or any of their respective Subsidiaries for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), (ii) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, or (iii) the Issuer, the Guarantor or any of their respective Subsidiaries fails to

pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised, provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 10(D) have occurred equals or exceeds €100,000,000 or its equivalent (as determined on the basis of the middle spot rate for the relevant currency against Euros as quoted by any leading bank on the day on which such indebtedness becomes due and payable or is not paid or any such amount becomes due and payable or is not paid under any such guarantee or indemnity); or

- (E) *Enforcement Proceedings*: a distress, attachment, execution or other legal process is levied, enforced or sued out on or against all or any material part of the property, assets or revenues of the Issuer, the Guarantor or any of their respective Principal Subsidiaries and is not discharged or stayed within 20 business days; or
- (F) *Security Enforced*: any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer, the Guarantor or any of their respective Principal Subsidiaries becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person) against all or any material part of the property, assets or revenue of the Issuer, the Guarantor or any of their respective Principal Subsidiaries and is not discharged or stayed within 20 business days; or
- (G) *Winding-up*: an order is made or an effective resolution passed for the winding-up or dissolution, judicial management or administration of the Issuer, the Guarantor or any of their respective Principal Subsidiaries (except for a members' voluntary solvent winding-up of a Subsidiary), or the Issuer, the Guarantor or any of their respective Principal Subsidiaries ceases or threatens to cease to carry on all or substantially all of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by an Extraordinary Resolution of the Bondholders, or (ii) in the case of a Principal Subsidiary, whereby the undertaking and assets of such Principal Subsidiary are transferred to or otherwise vested in the Issuer, the Guarantor or another of their respective Subsidiaries; or
- (H) *Insolvency*: the Issuer, the Guarantor or any of their respective Principal Subsidiaries is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a substantial part of its debts, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all or a substantial part of its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any such debts or a moratorium is agreed or declared in respect of or affecting all or any part of the debts of the Issuer, the Guarantor or any of their respective Principal Subsidiaries; an administrator or liquidator of the Issuer, the Guarantor or any of their respective Principal Subsidiaries or the whole or any substantial part of the assets and turnover of the Issuer, the Guarantor or any of their respective Principal Subsidiaries is appointed; or

- (I) *Nationalisation*: (i) any step is taken by any competent governmental authority with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a substantial part of the assets of the Issuer, the Guarantor or any of their respective Principal Subsidiaries or (ii) the Issuer, the Guarantor or any of their respective Principal Subsidiaries is prevented by any competent governmental authority from exercising normal control over all or a substantial part of its property, assets and turnover; or
- (J) *Authorisation and Consents*: any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer and the Guarantor lawfully to enter into, exercise its rights and perform and comply with its obligations under the Bonds and the Trust Deed, (ii) to ensure that those obligations are legally binding and enforceable, and (iii) to make the Bonds and the Trust Deed admissible in evidence in the courts of Hong Kong is not taken, fulfilled or done; or
- (K) *Illegality*: it is or will become unlawful for the Issuer or the Guarantor to perform or comply with any one or more of its obligations under any of the Bonds or the Trust Deed; or
- (L) *Analogous Events*: any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of Conditions 10(E) to 10(H) (both inclusive).

In this Condition 10:

“**business day**” means a day (other than a Saturday, Sunday or public holiday) on which commercial banks are generally open for business in London;

“**Principal Subsidiary**” means any Subsidiary of the Issuer or the Guarantor:

- (a) whose revenue or (in the case of a Subsidiary which itself has Subsidiaries) consolidated revenue, as shown by its latest audited income statement are at least five per cent. of the consolidated revenue as shown by the latest audited consolidated income statement of the Issuer or the Guarantor and their respective Subsidiaries, taken as a whole; or
- (b) whose total assets or (in the case of a Subsidiary which itself has Subsidiaries) consolidated total assets, as shown by its latest audited balance sheet are at least five per cent. of the consolidated total assets of the Issuer or the Guarantor and their respective Subsidiaries as shown by the latest audited consolidated balance sheet of the Issuer or the Guarantor and their respective Subsidiaries including, for the avoidance of doubt, the investment of the Issuer or the Guarantor in each Subsidiary whose accounts are not consolidated with the consolidated audited accounts of the Issuer or the Guarantor and after adjustment for minority interests; or

- (c) to which is transferred the whole or substantially the whole of the assets of a Subsidiary which immediately prior to such transfer was a Principal Subsidiary, provided that (i) the Principal Subsidiary which so transfers its assets shall forthwith upon such transfer cease to be a Principal Subsidiary and the Subsidiary to which the assets are so transferred shall become a Principal Subsidiary and (ii) on or after the date on which the first available audited accounts (consolidated, if appropriate) of the Issuer or the Guarantor prepared as of a date later than such transfer are issued, whether such transferor Subsidiary or such transferee Subsidiary is or is not a Principal Subsidiary shall be determined on the basis of such accounts by virtue of the provisions of paragraphs (a) or (b) or (c) above of this definition,

*provided that*, in relation to paragraphs (a) and (b) above of this definition:

- (I) in the case of a corporation or other business entity becoming a Subsidiary after the end of the financial period to which the latest consolidated audited accounts of the Issuer or the Guarantor relate, the reference to the then latest consolidated audited accounts of the Issuer or the Guarantor for the purposes of the calculation above shall, until consolidated audited accounts of the Issuer or the Guarantor for the financial period in which the relevant corporation or other business entity becomes a Subsidiary are published be deemed to be a reference to the then latest consolidated audited accounts of the Issuer or the Guarantor adjusted to consolidate the latest audited accounts (consolidated in the case of a Subsidiary which itself has Subsidiaries) of such Subsidiary in such accounts;
- (II) if at any relevant time in relation to the Issuer, the Guarantor or any of their respective Subsidiaries which itself has Subsidiaries no consolidated accounts are prepared and audited, revenue or total assets of the Issuer, the Guarantor and/or any such Subsidiary shall be determined on the basis of *pro forma* consolidated accounts prepared for this purpose by the Issuer or the Guarantor;
- (III) if at any relevant time in relation to any Subsidiary of the Issuer or the Guarantor, no accounts are audited, its revenue or total assets (consolidated, if appropriate) shall be determined on the basis of *pro forma* accounts (consolidated, if appropriate) of the relevant Subsidiary prepared for this purpose by the Issuer or the Guarantor; and
- (IV) if the accounts of any subsidiary (not being a Subsidiary referred to in proviso (I) above) are not consolidated with those of the Issuer or the Guarantor, then the determination of whether or not such subsidiary is a Principal Subsidiary shall be based on a *pro forma* consolidation of its accounts (consolidated, if appropriate) with the consolidated accounts (determined on the basis of the foregoing) of the Issuer or the Guarantor.

A certificate in English in substantially the form scheduled to the Trust Deed prepared and signed by an Authorised Signatory of the Issuer or the Guarantor that, in the opinion of the Issuer or the Guarantor, a Subsidiary is or is not, or was or was not, a Principal Subsidiary of the Issuer or the Guarantor shall be conclusive and binding on the Bondholders and all parties in the absence of manifest error. The certificate shall, if there is a dispute as to whether any



Subsidiary of the Issuer or the Guarantor is or is not a Principal Subsidiary, be accompanied by a report by a nationally recognised firm of public accountants addressed to the Issuer or the Guarantor as to proper extraction of the figures used by the Issuer or the Guarantor in determining the Principal Subsidiaries of the Issuer or the Guarantor and mathematical accuracy of the calculation.

## **11 NOTICES**

All notices to Bondholders shall be validly given if mailed to them at their respective addresses in the Register or published in a leading newspaper having general circulation in Asia. Any such notice shall be deemed to have been given on the later of the date of such publication or the seventh day after being so mailed, as the case may be.

*So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear or Clearstream or the Alternative Clearing System (as defined in the form of the Global Certificate), notices to Bondholders shall be given by delivery of the relevant notice to Euroclear or Clearstream or the Alternative Clearing System, for communication by it to entitled accountholders in substitution for notification as required by the Conditions, and such notice shall be deemed to be received by the Bondholders on the date of delivery of such notice to Euroclear or Clearstream or the Alternative Clearing System.*

## **12 PRESCRIPTION**

Claims in respect of amounts due in respect of the Bonds will become prescribed and become void unless made as required by Condition 7 within 10 years (in the case of principal) and five years (in the case of default interest) from the appropriate Relevant Date.

## **13 REPLACEMENT OF CERTIFICATES**

If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Registrar or any Transfer Agent, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence and indemnity and/or security as the Issuer, the Guarantor, the Registrar or such Transfer Agent may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

## **14 MEETINGS OF BONDHOLDERS, MODIFICATION AND WAIVER**

### **(A) Meetings of Bondholders**

The Trust Deed contains provisions for convening meetings of Bondholders to consider matters affecting their interests, including without limitation the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed or the Agency Agreement. Such a meeting may be convened by the Issuer, the Guarantor or the Trustee and shall be convened by the Trustee if requested in writing to do so by Bondholders holding not less than 10 per cent. in aggregate principal amount of the Bonds for the time being outstanding and if it is indemnified and/or secured and/or

pre-funded to its satisfaction against all costs and expenses. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing more than 50 per cent. in aggregate principal amount of the Bonds for the time being outstanding or, at any adjourned such meeting, two or more persons being or representing Bondholders whatever the aggregate principal amount of the Bonds held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to modify the maturity of the Bonds or the Optional Redemption Date, (ii) to modify the circumstances in which the Issuer or Bondholders are entitled to redeem the Bonds pursuant to Conditions 8(B), 8(C), 8(D) or 8(E), (iii) to reduce or cancel the principal amount or other amount payable in respect of the Bonds, (iv) to change the currency of denomination or payment of the Bonds, (v) to modify (except by a unilateral and unconditional reduction in the Conversion Price) or cancel the Conversion Rights, (vi) to modify or cancel the Guarantee (other than as provided in Condition 14(B)) or (vii) to modify the provisions concerning the quorum required at any meeting of the Bondholders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum will be two or more persons holding or representing not less than 66 per cent., or at any adjourned meeting not less than 33 per cent., in aggregate principal amount of the Bonds for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on all Bondholders (whether or not they were present at the meeting at which such resolution was passed).

The Trust Deed provides that (a) a written resolution signed by or on behalf of the holders of not less than 90 per cent. of the aggregate principal amount of Bonds outstanding or (b) passed by Electronic Consent (as defined in the Trust Deed) shall be as valid and effective as a duly passed Extraordinary Resolution of the Bondholders. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders.

#### **(B) Modification and Waiver**

The Trustee may (but shall not be obliged to) agree, without the consent of the Bondholders, to (i) any modification of any of the provisions of the Trust Deed, the Agency Agreement, the Bonds or these Conditions (together the “**Documentation**”) which in the Trustee’s opinion is of a formal, minor or technical nature, or is made to correct a manifest error, or to comply with mandatory provisions of law, and (ii) any other modification to the Documentation (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Documentation which is, in the opinion of the Trustee, not materially prejudicial to the interests of the Bondholders. The Trustee may, without the consent of the Bondholders, determine any Event of Default or a Potential Event of Default (as defined in the Trust Deed) should not be treated as such, provided that in the opinion of the Trustee, the interests of Bondholders will not be materially prejudiced thereby. Any such modification, authorisation or waiver shall be binding on the Bondholders and, unless the Trustee otherwise agrees, any such modification and any authorisation or waiver which is in writing shall be notified by the Issuer (failing whom the Guarantor) to the Bondholders promptly in accordance with Condition 11.

### **(C) Entitlement of the Trustee**

In connection with the exercise of its functions, rights, powers and/or discretions (including but not limited to those referred to in this Condition 14) the Trustee shall have regard to the interests of the Bondholders as a class and shall not have regard to the consequences of such exercise for individual Bondholders and the Trustee shall not be entitled to require, nor shall any Bondholder be entitled to claim, from the Issuer, the Guarantor or the Trustee any indemnification or payment in respect of any tax consequences of any such exercise upon individual Bondholders.

In the event of the passing of an Extraordinary Resolution in accordance with Condition 14(A), a modification, waiver or authorisation in accordance with Condition 14(B), the Issuer (failing whom, the Guarantor) will procure that the Bondholders be notified in accordance with Condition 11.

## **15 ENFORCEMENT**

The Trustee may, at any time, at its discretion and without further notice, take such steps and/or actions and/or institute such proceedings against the Issuer and/or the Guarantor as it may think fit to enforce the terms of the Trust Deed, the Agency Agreement and the Bonds, but it needs not take any such steps and/or actions and/or institute any such proceedings unless (A) it shall have been so directed by an Extraordinary Resolution or shall have been so requested in writing by the holders of not less than 25 per cent. in aggregate principal amount of the Bonds then outstanding and (B) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction. No Bondholder may proceed directly against the Issuer or the Guarantor unless the Trustee, having become bound so to proceed, fails to do so within a reasonable period and such failure is continuing.

## **16 INDEMNIFICATION OF THE TRUSTEE**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility. The Trustee is entitled to be indemnified and/or secured and/or pre-funded to its satisfaction and to be relieved from responsibility and liability in certain circumstances including without limitation provisions relieving it from taking steps and/or actions and/or instituting proceedings to enforce payment or taking other actions unless first indemnified and/or secured and/or prefunded to its satisfaction and to be paid its fees, costs, expenses, indemnity payments and other amounts in priority to the claims of the Bondholders. The Trustee is entitled to enter into business transactions with the Issuer, the Guarantor and any entity (directly or indirectly) related to the Issuer or the Guarantor without accounting for any profit.

The Trustee may rely conclusively and without liability to the Issuer, the Guarantor, the Bondholders or any other person on any report, information, confirmation or certificate from or any opinion or any advice of any accountants, lawyers, auditors, financial advisers, financial institution, valuers, auctioneers, surveyors, brokers or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or any other person or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be

entitled to rely on any such report, information, confirmation, certificate, opinion or advice, in which case such report, information, confirmation, certificate, opinion or advice shall be binding on the Issuer, the Guarantor and the Bondholders.

Whenever the Trustee is required or entitled by the terms of the Trust Deed, the Agency Agreement or these Conditions to exercise any discretion or power, take or refrain from taking any action, make any decision or give any direction, the Trustee is entitled, prior to exercising any such discretion or power, taking or refraining from taking any such action, making any such decision or giving any such direction, to seek directions or clarifications of any directions from the Bondholders by way of an Extraordinary Resolution, and the Trustee shall not be responsible for any loss or liability incurred by the Issuer, the Guarantor, the Bondholders or any other person as a result of any delay in it exercising such discretion or power, taking or refraining from taking such action, making such decision or giving such direction as a result of seeking such direction or clarifications of any directions from the Bondholders or in the event that no direction is given to the Trustee by the Bondholders.

None of the Trustee or any of the Agents shall be responsible or liable for the performance by the Issuer, the Guarantor and any other person appointed by the Issuer or the Guarantor in relation to the Bonds of the duties and obligations on their part expressed in respect of the same and, unless it has written notice from the Issuer to the contrary, the Trustee and each Agent shall be entitled to assume that the same are being duly performed.

None of the Trustee or any Agent shall be liable to any Bondholder, the Issuer, the Guarantor or any other person for any action taken by the Trustee or such Agent in accordance with the instructions, direction or request of the Bondholders. The Trustee shall be entitled to rely on any instruction, direction, request or resolution of Bondholders given by Bondholders holding the requisite principal amount of Bonds outstanding or passed at a meeting of Bondholders convened and held in accordance with the Trust Deed.

Neither the Trustee nor any of the Agents shall have any obligation to monitor compliance with the provisions of the Trust Deed, the Agency Agreement or these Conditions or to ascertain or monitor whether an Event of Default or a Potential Event of Default or a Relevant Event or a Change of Control has occurred, and shall not be responsible or liable to the Issuer, the Guarantor, the Bondholders or any other person for not doing so.

Each Bondholder shall be solely responsible for making and continuing to make its own independent appraisal and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer, the Guarantor and/or any of their respective Subsidiaries. The Trustee shall not at any time have any responsibility for the same and each Bondholder shall not rely on the Trustee in respect thereof.

## **17 FURTHER ISSUES**

The Issuer may from time to time without the consent of the Bondholders create and issue further bonds having the same terms and conditions as the Bonds in all respects (or in all respects except for the issue date and the timing for complying with the requirements set out in these Conditions in relation to the Initial NDRC Post-Issuance Filing and the Initial CSRC

Post-Issuance Filing) and so that such further issue shall be consolidated and form a single series with the outstanding Bonds. References in these Conditions to the Bonds include (unless the context requires otherwise) any other bonds issued pursuant to this Condition 17 and consolidated and forming a single series with the Bonds. Any further bonds consolidated and forming a single series with the outstanding Bonds constituted by the Trust Deed or any deed supplemental to it shall, and any other bonds may (with the consent of the Trustee), be constituted by a deed supplemental to the Trust Deed.

## **18 CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

No person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Act 1999 except to the extent contemplated in Conditions 10 and 15 or as otherwise expressly provided for in these Conditions and/or in the Trust Deed.

## **19 GOVERNING LAW AND SUBMISSION TO JURISDICTION**

### **(A) Governing Law**

The Bonds, the Trust Deed and the Agency Agreement and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.

### **(B) Jurisdiction**

Each of the Issuer and the Guarantor irrevocably submits to the exclusive jurisdiction of the courts of Hong Kong to settle any disputes which may arise out of or in connection with the Bonds, the Trust Deed and the Agency Agreement and accordingly any legal action or proceedings arising out of or in connection with the Bonds, the Trust Deed and the Agency Agreement (“**Proceedings**”) may be brought against the Issuer and/or the Guarantor in such courts.

### **(C) Agent for Service of Process**

Pursuant to the Trust Deed, each of the Issuer and the Guarantor has agreed to receive service of process in any Proceedings in Hong Kong in relation to the Bonds at the Guarantor’s principal place of business in Hong Kong, currently at 16/F, Manhattan Place, 23 Wang Tai Road, Kowloon Bay, Kowloon, Hong Kong.

### **(D) Waiver of Immunity**

Each of the Issuer and the Guarantor hereby waives any right to claim sovereign or other immunity from jurisdiction or execution and any similar defence, and irrevocably consents to the giving of any relief or the issue of any process, including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment made or given in connection with any Proceedings.

## **DESCRIPTION OF THE GLOBAL CERTIFICATE**

The Bonds will be represented by beneficial interests in the Global Certificate in registered form, which will be registered in the name of a nominee of, and shall be deposited on or about the Issue Date with, a common depository for Euroclear and Clearstream. Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream. Except as described in the Global Certificate, certificates for the Bonds will not be issued in exchange for interests in the Global Certificate.

Under the Global Certificate, the Issuer, for value received, will promise to pay such principal, interest and premium (if any) on the Bonds to the holder of the Bonds in arrear at the rates, on the dates for payment, and in accordance with the method of calculation provided for in the Conditions, save that the calculation will be made in respect of the total aggregate amount of the Bonds represented by the Global Certificate together with such other sums and additional amounts (if any) as may be payable under the Conditions, in accordance with the Conditions.

The Global Certificate will contain provisions which apply to the Bonds in respect of which the Global Certificate is issued, some of which will modify the effect of the Terms and Conditions set out in this Offering Circular. Terms defined in the Terms and Conditions will have the same meaning in the paragraphs below.

The following is a summary of those provisions:

### **MEETINGS**

For the purposes of any meeting of Bondholders, the holder of the Bonds represented by the Global Certificate shall (unless the Global Certificate represents only one Bond) be treated as two persons for the purposes of any quorum requirements of a meeting of Bondholders and as being entitled to one vote in respect of each €100,000 in principal amount of Bonds for which the Global Certificate is issued.

### **CANCELLATION**

Cancellation of any Bond following its redemption, conversion or purchase by the Issuer will be effected by a reduction in the principal amount of the Bonds in the register of Bondholders.

### **TRUSTEE'S POWERS**

In considering the interests of Bondholders while the Global Certificate is registered in the name of a nominee for a clearing system, the Trustee may, to the extent it considers it appropriate to do so in the circumstances, but without being obligated to do so, (a) have regard to any information as may have been made available to it by or on behalf of the relevant clearing system or its operator as to the identity of its accountholders (either individually or by way of category) with entitlements in respect of the Bonds and (b) consider such interests on the basis that such accountholders were the holders of the Bonds in respect of which the Global Certificate is issued.

## CONVERSION

Subject to the requirements of Euroclear and Clearstream (or any alternative clearing system), the Conversion Right attaching to a Bond in respect of which the Global Certificate is issued may be exercised by the presentation thereof to or to the order of the Principal Agent of one or more conversion notices duly completed by or on behalf of a holder of a book-entry interest in such Bond. Deposit of the Global Certificate with the Principal Agent together with the relevant conversion notice(s) shall not be required. The exercise of the Conversion Right shall be notified by the Principal Agent to the Registrar and the holder of the Global Certificate.

## PAYMENT

Payments of principal and premium (if any) in respect of Bonds represented by the Global Certificate will be made without presentation or if no further payment falls to be made in respect of the Bonds, against presentation and surrender of the Global Certificate to or to the order of the Principal Agent or such other Paying Agent as shall have been notified to the Bondholders for such purpose.

So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear, Clearstream or any other clearing system (each, a “**relevant clearing system**”), each payment of principal of, and any other amounts due under, the Bonds evidenced by the Global Certificate will be made to the person shown as the holder in the Register at the close of business of the relevant clearing system on the Clearing System Business Day before the due date for such payments, where “**Clearing System Business Day**” means a weekday (Monday to Friday, inclusive) except 25 December and 1 January.

## NOTICES

So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear and Clearstream or any alternative clearing system, notices to holders of the Bonds shall be given by delivery of the relevant notice to Euroclear and Clearstream or such alternative clearing system, for communication by it to accountholders entitled to an interest in the Bonds in substitution for notification as required by the Terms and Conditions.

## BONDHOLDER’S REDEMPTION

The Bondholder’s redemption options in Condition 8(D) (*Redemption for Relevant Event*) and Condition 8(E) (*Redemption at the option of the Bondholders*) of the Terms and Conditions may be exercised by the holder of the Global Certificate giving notice to the Principal Agent of the principal amount of Bonds in respect of which the option is exercised within the time limits specified in the Terms and Conditions.

## REDEMPTION AT THE OPTION OF THE ISSUER

The options of the Issuer provided for in Condition 8(B) (*Redemption for Taxation Reasons*) and Condition 8(C) (*Redemption at the Option of the Issuer*) of the Terms and



Conditions shall be exercised by the Issuer giving notice to the Bondholders within the time limits set out in and containing the information required by the Terms and Conditions.

## **EXCHANGE OF BONDS REPRESENTED BY GLOBAL CERTIFICATES**

Owners of interests in the Bonds in respect of which the Global Certificate is issued will be entitled to have title to the Bonds registered in their names and to receive individual definitive Certificates if either Euroclear or Clearstream or any other clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so. In such circumstances, the Issuer will cause sufficient individual definitive Certificates to be executed and delivered to the Registrar for completion, authentication and dispatch to the relevant holders of the Bonds. A person with an interest in the Bonds in respect of which the Global Certificate is issued must provide the Registrar not less than 30 days' notice at its specified office of such holder's intention to effect such exchange and a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such individual definitive Certificates.

## **TRANSFERS**

Transfers of interests in the Bonds will be effected through the records of Euroclear and Clearstream (or any alternative clearing system) and their respective participants in accordance with the rules and procedures of Euroclear and Clearstream (or any alternative clearing system) and their respective direct and indirect participants.

## DESCRIPTION OF THE SHARES

The following is a description of the Shares, including summaries of material relevant provisions of the Company's second amended and restated memorandum of association (the "**Memorandum**") and the third amended and restated articles of association (the "**Articles of Association**") and the Companies Act (As Revised) of the Cayman Islands (the "**Companies Act**"). These summaries do not purport to be complete and are qualified in their entirety by reference to the full Articles of Association.

### GENERAL

The Company incorporated in the Cayman Islands as an exempted company with limited liability on 8 February 2007 under the Companies Act. The current authorised share capital of the Company is HK\$500,000,000 divided into 5,000,000,000 Shares of HK\$0.10 each.

### ALTERATION OF CAPITAL

The Company may from time to time by ordinary resolution in accordance with the relevant provisions of the Companies Act:

- (a) increase its capital by such sum, to be divided into shares of such amounts as the resolution shall prescribe;
- (b) consolidate and divide all or any of its capital into shares of larger amount than its existing shares;
- (c) divide its shares into several classes and without prejudice to any special rights previously conferred on the holders of existing shares attach thereto respectively any preferential, deferred, qualified or special rights, privileges, conditions or restrictions in general meeting or as the directors may determine provided always that where the Company issues shares which do not carry voting rights, the words "non-voting" shall appear in the designation of such shares and where the equity capital includes shares with different voting rights, the designation of each class of shares, other than those with the most favorable voting rights, must include the words "restricted voting" or "limited voting";
- (d) sub-divide its shares or any of them into shares of smaller amount than is fixed by its Memorandum, subject nevertheless to the provisions of the Companies Act, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as we have power to attach to unissued or new shares; or

- (e) cancel any shares which, at the date of passing of the resolution, have not been taken, or agreed to be taken by any person, and diminish the amount of its capital by the amount of the shares so cancelled, or in the case of shares, without par value, diminish the number of shares into which its capital is divided.

The Company may by special resolution reduce its share capital or any capital redemption reserve or other undistributable reserve in any manner authorised and subject to any conditions prescribed by the Companies Act.

## **VARIATION OF RIGHTS OF EXISTING SHARES OR CLASSES OF SHARES**

All or any of the special rights for the time being attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of the shares of that class), subject to the provisions of the Companies Act, be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting all the provisions of the Articles of Association relating to general meetings shall *mutatis mutandis* apply, but so that the quorum for the purposes of any such separate meeting shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjournment thereof, two holders present in person or by proxy whatever the number of shares held by them shall be a quorum. Every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him.

The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be varied, modified or abrogated by the creation or issue of further shares ranking *pari passu* therewith.

## **TRANSFER OF SHARES**

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by the stock exchange on which the shares of the Company are listed or quoted and where such stock exchange deems such listing or quotation to be the primary listing or quotation of the shares of the Company (the “**Designated Stock Exchange**”) or in such other form as the Board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the Board may approve from time to time.

Notwithstanding the abovementioned, for so long as any shares of the Company are listed on the Designated Stock Exchange, titles to such listed shares may be evidenced and transferred in accordance with the laws applicable to and the rules of the Designated Stock Exchange that are or shall be applicable to such listed shares. The register of members of the Company in respect of its listed shares (whether the principal register or a branch register) may be kept by recording the particulars required by section 40 of the Companies Act in a form otherwise than legible if such recording otherwise complies with the laws applicable to and the rules of the Designated Stock Exchange that are or shall be applicable to such listed shares.

The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the Board may dispense with the execution of the instrument of transfer by the transferee in any case in which it thinks fit, in its discretion, to do so and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect thereof. The Board may also resolve either generally or in any particular case, upon request by either the transferor or the transferee, to accept mechanically executed transfers.

The Board in so far as permitted by any applicable law may, in its absolute discretion, at any time and from time to time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless the Board otherwise agrees, no shares on the principal register shall be transferred to any branch register nor may shares on any branch register be transferred to the principal register or any other branch register. All transfers and other documents of title shall be lodged for registration and registered, in the case of shares on a branch register, at the relevant registration office and, in the case of shares on the principal register, at the registered office in the Cayman Islands or such other place at which the principal register is kept in accordance with the Companies Act.

The Board may, in its absolute discretion, and without giving any reason therefor, refuse to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or any share issued under any share incentive scheme for employees upon which a restriction on transfer imposed thereby still subsists, and it may also refuse to register any transfer of any share to more than four joint holders or any transfer of any share (not being a fully paid up share) on which the Company has a lien.

The Board may decline to recognise any instrument of transfer unless a fee of such maximum sum as the Designated Stock Exchange may determine to be payable or such lesser sum as the Directors may from time to time require is paid to us in respect thereof, the instrument of transfer, if applicable, is properly stamped, is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers or of any class of shares may, after notice has been given by announcement or by electronic communication or by advertisement in any newspapers or by any other means in accordance with the requirements of any Designated Stock Exchange, at such times and for such periods as the board may determine and either generally or in respect of any class of shares. The register of members shall not be closed for periods exceeding in the whole thirty (30) days in any year provided that such thirty (30) days period may be extended in respect of any year if approved by the members by ordinary resolution.

## **POWER TO PURCHASE THE COMPANY'S OWN SHARES**

The Company is empowered to purchase its own shares subject to the Companies Act and the Articles of Association and the Directors may only exercise this power on the Company's behalf subject to the authority of its members in general meeting as to the manner in which they do so and to any applicable requirements imposed from time to time by the Designated Stock Exchange.

## **POWER OF ANY SUBSIDIARY TO OWN SHARES**

There are no provisions in the Articles of Association relating to the ownership of shares by a subsidiary.

## **ANNUAL GENERAL MEETINGS**

An annual general meeting of the Company shall be held in each financial year and such annual general meeting must be held within six (6) months after the end of the Company's financial year (unless a longer period would not infringe the rules of any Designated Stock Exchange) at such time and place as may be determined by the Board.

## **NOTICE OF GENERAL MEETINGS AND BUSINESS TO BE CONDUCTED THEREAT**

An annual general meeting must be called by not less than twenty-one (21) clear days' notice and an extraordinary general meeting must be called by notice of not less than fourteen (14) clear days' notice. The notice convening an annual general meeting shall specify the meeting as such. Notice of every general meeting shall be given to the auditors, to each of the Directors and all the members (other than those who, under the provisions of the Articles of Association or the terms of issue of the shares they hold, are not entitled to receive such notice).

Notwithstanding that a meeting is called by shorter notice than that mentioned above, if permitted by the rules of the Designated Stock Exchange, it shall be deemed to have been duly called if it is so agreed:

- (a) in the case of a meeting called as an annual general meeting, by all members entitled to attend and vote thereat; and
- (b) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together representing not less than ninety-five per cent (95)% of the voting rights at the meeting of all members.

The notice of every general meeting shall specify (a) the time and date of the meeting, (b) save for an electronic meeting, the place of the meeting and if there more than one meeting location, the principal place of the meeting, (c) if the general meeting is to be a hybrid meeting or an electronic meeting, the notice shall include a statement to that effect and with details of the electronic facilities for attendance and participation by electronic means at the meeting or where such details will be made available by the Company prior to the meeting, and (d) particulars of resolutions to be considered at the meeting.

All business shall be deemed special that is transacted at an extraordinary general meeting and also all business shall be deemed special that is transacted at an annual general meeting with the exception of the following, which shall be deemed ordinary business:

- (a) the declaration and sanctioning of dividends;
- (b) the consideration and adoption of the accounts and balance sheet and the reports of the Board and the auditors and other documents required to be annexed to the balance sheet;
- (c) the election of directors whether by rotation or otherwise in place of those retiring;
- (d) the appointment of auditors and other officers;
- (e) the fixing of remuneration of the directors and the auditors;
- (f) the granting of any mandate or authority to the Directors to offer, allot, grant options over or otherwise dispose of the unissued shares of the Company representing not more than twenty per cent. (20%) in nominal value of its then existing issued share capital; and
- (g) the granting of any mandate or authority to the Directors to repurchase securities of the Company.

#### **QUORUM FOR MEETINGS AND SEPARATE CLASS MEETINGS**

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

Save as otherwise provided by the Articles of Association, two members entitled to vote and present in person or by proxy or for quorum purposes only, two persons appointed by the clearing house as authorised representative or proxy shall form a quorum for all purposes. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

A corporation being a member shall be deemed for the purpose of the Articles of Association to be present in person if represented by its duly authorised representative being the person appointed by resolution of the directors or other governing body of such corporation to act as its representative at the relevant general meeting or at any relevant general meeting of any class of members.

#### **SPECIAL RESOLUTION – MAJORITY REQUIRED**

A “special resolution” is defined in the Articles of Association to mean majority of not less than three-fourths of the votes cast by such members vote in person or, in the case of such

members as are representatives or, where proxies are allowed, by proxy at fourteen (14) clear days' notice, specifying the intention to propose the resolution as resolution, has been duly given. Provided that, except in the case of an annual general meeting, if it is so agreed by a majority in number of the members having a right to attend and vote at such meeting, being a majority together holding not less than ninety-five per cent. (95%) of the total voting rights at the meeting of all members and, in the case of an annual general meeting, if it is so agreed by all members entitled to attend and vote thereat, a resolutions may be proposed and passed as a special resolution at a meeting of which less than fourteen (14) clear days' notice has been given.

An "ordinary resolution" is defined in the Articles of Association to mean a resolution passed by a simple majority of the votes of such members as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the Articles of Association.

## **VOTING RIGHTS**

Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with the Articles of Association, at any general meeting on a poll, every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll provided that in the case of a physical meeting, the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. In the case of a physical meeting where a show of hands is allowed, before or on the declaration of the result of the show of hands, a poll may be demanded in accordance with the Articles of Association. On a show of hands, every member present in or by proxy shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorization shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)) including, where a show of hands is allowed, the right to vote individually on a show of hands.

Where the Company has any knowledge that any shareholder is, under the rules of the Designated Stock Exchange, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the

Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

## **PROXIES**

Any member entitled to attend and vote at a meeting of us is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. On a poll or on a show of hands, votes may be given either in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

## **DIVIDENDS AND OTHER METHODS OF DISTRIBUTIONS**

Subject to the Companies Act, the Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the Board.

The Articles of Association provide dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Act.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the Board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the members entitled thereto will be entitled to elect to receive such dividend (or part thereof if the Board so determines) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit. The Company may also upon the recommendation of the Board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly



in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of us in respect of the shares at his address as appearing in the register or addressed to such person and at such address as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to us. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in that respect. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the Board and shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against us.

## **INSPECTION OF REGISTER OF MEMBERS**

Pursuant to the Articles of Association, the register and branch register of members shall be open to inspection for at least two (2) hours during business hours by members without charge, or by any other person upon a maximum payment of HK\$2.50 or such lesser sum specified by the Board, at the registered office or such other place at which the register is kept in accordance with the Companies Act or, upon a maximum payment of HK\$1.00 or such lesser sum specified by the board, at the Registration Office (as defined in the Articles), unless the register is closed in accordance with the Articles of Association.

## **CALLS ON SHARES AND FORFEITURE OF SHARES**

Subject to the Articles of Association and to the terms of allotment, the Board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or installment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20)% per annum as the Board may agree to accept

from the day appointed for the payment thereof to the time of actual payment, but the Board may waive payment of such interest wholly or in part. The Board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the Board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the Board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited. If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the Board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty (20)% per annum as the Board determines.

## **RIGHTS OF MINORITIES IN RELATION TO FRAUD OR OPPRESSION**

There are no provisions in the Articles of Association concerning the rights of minority shareholders in relation to fraud or oppression.

## **PROCEDURE ON LIQUIDATION**

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares (i) if the Company shall be wound up and the assets available for distribution amongst the members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst the members in proportion to the capital paid up at the commencement of the winding up on the shares held by them respectively and (ii) if the Company shall be wound up and the assets available for distribution amongst the members shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company shall be wound up (whether the liquidation is voluntary or by the court), the liquidator may with the authority of a special resolution and any other sanction required by the Companies Act, divide amongst the members in specie or kind the whole or any part of the assets of the Company (whether they shall consist of properties of the same kind or not) and may, for such purpose, set such value as he deems fair upon any class of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of the members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other properties in respect of which there is a liability.

#### **UNTRACEABLE MEMBERS**

Pursuant to the Articles of Association, the Company may sell any of the shares of a member who is untraceable if (i) all cheque(s) or warrants in respect of dividends of the shares in question (being not less than three in total number) for any sum payable in cash to the holder of such shares have remained uncashed for a period of twelve (12) years; (ii) upon the expiry of the twelve (12) year period, the Company has not during that time received any indication of the existence of the member; and (iii) the Company has given notice of its intention to sell such shares to, and caused an advertisement in daily newspapers to be published in accordance with the rules of the Designated Stock Exchange and a period of three (3) months, or such shorter period as may be permitted by the Designated Stock Exchange, has elapsed since the date of such advertisement and the Designated Stock Exchange has been notified of such intention. The net proceeds of any such sale shall belong to us and upon receipt by us of such net proceeds, it shall become indebted to the former member for an amount equal to such net proceeds.

## DIVIDENDS

Subject to the laws of the Cayman Islands and the Articles of Association of the Company, the Company may distribute dividends to shareholders out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the Directors determine is no longer needed. Generally the share premium account and retained profits of the Company would be applied for payment of distributions or dividends to shareholders provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company is able to pay its debts as they fall due in the ordinary course of business. The Company may distribute dividends in any currency to be paid to the shareholders. Under favourable circumstances, the Company may distribute interim dividends in cash as appear to the Board to be justified by the profits of the Company. Pursuant to the Articles of Association, any dividend unclaimed after a period of one year after having been declared may be invested or otherwise made use of by the Board for the benefit of the Company until claimed. Any dividend unclaimed after a period of six years from the date of declaration shall be forfeited by the board of directors of the Company and shall revert to the Company.

The table below sets out certain statistics on ordinary dividends paid on Shares since 2019:

Year ended 31 December	Interim Dividend per Share	Final Dividend per Share	Special Dividend per Share	Total Dividend per Share	Interim Dividend	Final Dividend	Special Dividend	Total Dividend
	(HK cents)	(HK cents)	(HK cents)	(HK cents)	(RMB'million)	(RMB'million)	(RMB'million)	(RMB'million)
2024 . . . . .	118	— <sup>(1)</sup>	— <sup>(1)</sup>	118	3,079	— <sup>(1)</sup>	— <sup>(1)</sup>	3,079
2023 . . . . .	82	115	—	197	2,170	3,044	—	5,214
2022 . . . . .	62	72	—	134	1,508	1,852	—	3,360
2021 . . . . .	60	68	30	158	1,357	1,578	666	3,601
2020 . . . . .	21	47	—	68	501	1,054	—	1,555
2019 . . . . .	31	36	—	67	764	903	—	1,667

*Note:*

- (1) Final dividend and special dividend (if any) for the year ending 31 December 2024 have not been considered by the Board as at the date of this Offering Circular.

## TAXATION

*The following summary of certain the British Virgin Islands, the Cayman Islands, the PRC and Hong Kong tax consequences of the purchase, ownership and disposition of the Bonds is based upon applicable laws, regulations, rulings and decisions in effect as at the date of this Offering Circular, all of which are subject to change (possibly with retroactive effect). This summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Bonds and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Neither these statements nor any other statements in this Offering Circular are to be regarded as advice on the tax position of any holder of the Bonds or any person acquiring, selling or otherwise dealing in the Bonds or on any tax implications arising from the acquisition, sale or other dealings in respect of the Bonds. Persons considering the purchase of the Bonds should consult their own tax advisers concerning the tax consequences of the purchase, ownership and disposition of the Bonds.*

### THE BRITISH VIRGIN ISLANDS

As a company incorporated under British Virgin Islands Business Companies Act 2004 (as amended) of the British Virgin Islands, the Issuer is exempt from all provisions of the Income Tax Act (as amended) of the British Virgin Islands (“**Income Tax Act of the BVI**”) (including with respect to all dividends, interests, rents, royalties, compensation and other amounts payable by the Issuer to persons who are not persons resident in the British Virgin Islands). Capital gains realised with respect to any shares, debt obligations or other securities of the Issuer by persons who are not persons resident in the British Virgin Islands are also exempt from all provisions of the Income Tax Act of the BVI.

No estate, inheritance, succession or gift tax, rate, duty, levy or other charge is payable by persons who are not persons resident in the British Virgin Islands with respect to any shares, debt obligations or other securities of the Issuer.

No stamp duty is payable in the British Virgin Islands on a transfer of shares, debt obligations or other securities of the Issuer provided that the Issuer and its subsidiaries (if any) do not own an interest in any land in the British Virgin Islands.

### THE CAYMAN ISLANDS

Under the laws of the Cayman Islands, payments of interest, additional amounts (if any), principal (including Early Redemption Amounts) and premium on the Bonds and dividends and capital in respect of the Shares will not be subject to taxation and no withholding will be required on the payment of principal and premium to any holder of the Bonds or the Shares, as the case may be, nor will gains derived from the disposal of the Bonds or the Shares be subject to Cayman Islands income or corporation tax. The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty.

No stamp duty is payable in respect of the issue of the Bonds or the Shares. An instrument of transfer in respect of a Bond or certificates representing the Bonds is stampable if executed in or brought into the Cayman Islands. No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

Pursuant to section 6 of the Tax Concessions Law (1999 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet:

- that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Company or its operations; and
- in addition, that no tax be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable:
  - (i) on or in respect of the shares, debentures or other obligations of the Company; or
  - (ii) by way of withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Law (1999 Revision).

The undertaking for the Company is for a period of twenty years from 27 February 2007.

## **PRC**

*The following summary describes the principal PRC tax consequences of ownership of the Bonds by beneficial owners who, or which, are not residents of mainland China for PRC tax purposes (the “**non-PRC Holders**”). The following summary of certain PRC tax consequences of the purchase, ownership and disposition of the Bonds to non-resident holders is based upon applicable laws, rules and regulations in effect as at the date of this offering circular all of which are subject to change (possibly with retroactive effect). This discussion does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Bonds and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. In considering whether to invest in the Bonds, investors should consult their individual tax advisers with regard to the application of PRC tax laws to their particular situations as well as any tax consequences arising under the laws of any other tax jurisdiction.*

## **Taxation of the Bonds**

### ***Taxation on Interest and Capital Gains***

Under the EIT Law and the implemented regulations, if the Issuer is deemed as a PRC “resident enterprise”, PRC income tax at a rate of 10% (or a lower treaty rate, if any) would be required to be withheld from interest payments to Holders that are “non-resident enterprises” and that do not have an establishment or place of business in the PRC, or that have such establishment or place of business but the relevant interest income is not effectively connected

with such establishment or place of business, if such interest is treated as income from sources within the PRC. The EIT Law also imposes a withholding tax at the rate of 20% (or a lower treaty rate, if any) on interest from PRC source paid to non-resident individual holders. In addition, any gain realised on the transfer of the Bonds by such holders would be subject to PRC income tax at the rate of 10% for non-resident enterprise holders or 20% for non-resident individual holders (or a lower treaty rate, if any) if such gain is regarded as income derived from sources within the PRC. If the Issuer is deemed as a PRC “resident enterprise”, the interest it may pay in respect of the Bonds, and the gain any non-resident Holder may realise from the transfer of the Bonds, may be treated as income derived from sources within the PRC and be subject to the PRC tax described above. See *“Risk Factors – Risk Relating to Bonds, the Guarantee and the Shares – The Bondholders may be subject to tax on their income or gain from the Bonds-Gains on the transfer of the Bonds may be subject to income tax under PRC tax laws”*.

### **Stamp duty**

No PRC stamp duty will be chargeable to non-PRC Holders of the Bonds and non-PRC shareholders of Shares upon the issue, conversion or transfer of the Bonds or Shares (if the register of the Holders is maintained outside the PRC, as is expected to be the case).

## **HONG KONG**

### **Withholding tax**

No withholding tax is payable in Hong Kong in respect of payments of principal or interest on the Bonds or in respect of any capital gains arising from the sale of the Bonds.

No tax is payable in Hong Kong by withholding or otherwise in respect of payments of dividends on the Shares.

### **Profits tax**

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

Under the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong), or the Inland Revenue Ordinance, as it is currently applied, Hong Kong profits tax may be charged on revenue profits arising on the sale, disposal, conversion or redemption of the Bonds where such sale, disposal, conversion or redemption is or forms part of a trade, profession or business carried on in Hong Kong.

Interest on the Bonds may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong in the following circumstances:

- (i) interest on the Bonds is derived from Hong Kong and is received by or accrues to a corporation carrying on a trade, profession or business in Hong Kong;



- (ii) interest on the Bonds is derived from Hong Kong and is received by or accrues to a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business;
- (iii) interest on the Bonds is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance (Cap. 112) of Hong Kong (the “**IRO**”)) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or
- (iv) interest on the Bonds is received by or accrues to a corporation, other than a financial institution, and arises through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO).

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal and redemption of Bonds will be subject to Hong Kong profits tax. Sums received by or accrued to a corporation, other than a financial institution, by way of gains or profits arising through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO) from the sale, disposal or other redemption of Bonds will be subject to Hong Kong profits tax.

In addition, the Inland Revenue (Amendment) (Taxation on Specified Foreign-sourced Income) Ordinance 2022 of Hong Kong (the “**Amendment Ordinance**”) came into effect on 1 January 2023. Under the Amendment Ordinance, certain foreign-sourced interest on the Bonds accrued to an MNE entity (as defined in the Amendment Ordinance) carrying on a trade, profession or business in Hong Kong is regarded as arising in or derived from Hong Kong and subject to Hong Kong profits tax when it is received in Hong Kong. The Amendment Ordinance also provides for relief against double taxation in respect of certain foreign-sourced income and transitional matters.

Sums derived from the sale, disposal or redemption of Bonds will be subject to Hong Kong profits tax where received by or accrued to a person, other than a financial institution, who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source unless otherwise exempted. The source of such sums will generally be determined by having regard to the manner in which the Bonds are acquired and disposed of.

In certain circumstances, Hong Kong profits tax exemptions (such as concessionary tax rates) may be available. Investors are advised to consult their own tax advisers to ascertain the applicability of any exemptions to their individual position.

### **Stamp Duty**

No Hong Kong stamp duty will be chargeable upon the issuance or transfer of a Bond or issue of Shares upon conversion of the Bond.

## SUBSCRIPTION AND SALE

The Issuer and the Guarantor have entered into a subscription agreement with the Joint Lead Managers dated 26 November 2024 (the “**Subscription Agreement**”), pursuant to which and subject to certain conditions contained therein, the Issuer has agreed to sell to the Joint Lead Managers, and each of the Joint Lead Managers has agreed to severally (but not jointly) subscribe and pay for, or to procure subscribers to subscribe and pay for, the aggregate principal amount of the Bonds set forth opposite its name below:

<u>Joint Lead Manager</u>	<u>Principal amount of the Bonds to be subscribed</u>
J.P. Morgan Securities (Asia Pacific) Limited .....	€300,000,000
UBS AG Hong Kong Branch .....	€600,000,000
Morgan Stanley Asia Limited .....	€300,000,000
CLSA Limited .....	€300,000,000
	<u>€1,500,000,000</u>

To the best of the Issuer’s and the Guarantor’s directors’ knowledge, information and belief, having made all reasonable enquiries, each of the Joint Lead Managers is a third party independent of the Issuer and the Guarantor and is not a connected person (as defined in the Listing Rules) of the Issuer or the Guarantor.

To the best of the Issuer’s and the Guarantor’s directors’ knowledge, information and belief, none of the initial placees (and their ultimate beneficial owners) will be connected persons (as defined in the Listing Rules) of the Issuer and the Guarantor.

Each of the Issuer and the Guarantor has undertaken with the Joint Lead Managers that neither the Issuer, the Guarantor nor any person acting on their behalf will (a) issue, offer, sell, pledge, contract to sell or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any Shares or securities of the same class as the Bonds or the Shares or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Bonds, the Shares or securities of the same class as the Bonds, the Shares or other instruments representing interests in the Bonds, the Shares or other securities of the same class as them, (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of the Shares, (c) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (a), (b) or (c) is to be settled by delivery of Shares or other securities, in cash or otherwise or (d) announce or otherwise make public an intention to do any of the foregoing, in any such case without the prior written consent of the Joint Lead Managers between the date of the Subscription Agreement and the date which is 90 days after the closing date (both dates inclusive); except for (i) the Bonds and the New Shares issued on conversion of the Bonds and (ii) any Shares or options granted or issuable pursuant to the (x) share option scheme adopted by the Guarantor on 10 May 2023, (y) share award scheme adopted by the

Guarantor on 19 October 2018 and amended by the Guarantor on 10 May 2023, and (z) share award scheme adopted by the Guarantor on 10 May 2023.

Each of Mr. Ding Shizhong, Mr. Ding Shijia and Anta International Group Holdings Limited, each a substantial shareholder of the Guarantor, has executed a shareholder lock-up undertaking dated 26 November 2024. Each of Mr. Ding Shizhong, Mr. Ding Shijia and Anta International Group Holdings Limited has undertaken in favour of the Joint Lead Managers that, for a period from the date of the undertaking until 90 days after the closing date, he/it will not without the prior written consent of the Joint Lead Managers (i) issue, offer, sell, contract to sell or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any Lock-up Shares or securities of the same class as the Lock-up Shares or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Lock-up Shares or securities of the same class as Lock-up Shares or other instruments representing interests in Lock-up Shares or other securities of the same class as them, (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of Lock-up Shares, (c) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (a), (b) or is to be settled by delivery of Lock-up Shares or other securities, in cash or otherwise or (d) announce or otherwise make public an intention to do any of the foregoing, other than, in respect of the undertaking signed by Mr. Ding Shizhong and Mr. Ding Shijia, the transfer of equity interests in Anta International Group Holdings Limited held by entities controlled by the discretionary trust set up by Mr. Ding Shizhong or Mr. Ding Shijia (as the case may be) as settlor(s), provided that Mr. Ding Shizhong together with Mr. Ding Shijia (in respect of the undertaking signed by Mr. Ding Shizhong) and Mr. Ding Shijia together with Mr. Ding Shizhong (in respect of the undertaking signed by Mr. Ding Shijia) continue to have control over the Lock-up Shares (including without limitation, the right to sell, pledge, contract to sell or otherwise dispose of the Lock-up Shares) and the ability to exercise all rights with respect to the Lock-up Shares. “**Lock-up Shares**” in respect of the undertaking signed by Mr. Ding Shizhong means the 1,486,946,000 Shares held directly (or through nominees) or indirectly through trusts and/or companies controlled by him, as at the date of the undertaking; in respect of the undertaking signed by Mr. Ding Shijia means the 1,478,500,000 Shares held directly (or through nominees) or indirectly through trusts and/or companies controlled by him, as at the date of the undertaking and in respect of the undertaking signed by Anta International Group Holdings Limited means the 1,477,500,000 Shares held directly (or through nominees) or indirectly through trusts and/or companies controlled by it, as at the date of the undertaking.

The Subscription Agreement provides that the obligations of the Joint Lead Managers are subject to certain conditions precedent, and entitles the Joint Lead Managers to terminate it in certain circumstances prior to payment being made to the Issuer. Each of the Issuer and the Guarantor, jointly and severally, has agreed to indemnify the Joint Lead Managers against certain liabilities in connection with the offer and sale of the Bonds.

The Joint Lead Managers and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities (“**Banking Services or Transactions**”). The Joint Lead Managers and

their respective affiliates may have, from time to time, performed, and may in the future perform, various Banking Services or Transactions with the Issuer the Guarantor or their respective subsidiaries or affiliates for which they have received, or will receive, fees and expenses.

The Joint Lead Managers and their respective affiliates, the Issuer's affiliates, or the Guarantor's affiliates, may purchase Bonds for their own account (without a view to distributing such Bonds) and enter into transactions, including (i) credit derivatives, including asset swaps, repackaging and credit default swaps relating to the Bonds and/or the Issuer's or the Guarantor's securities or (ii) equity derivatives and stock loan transactions relating to the Shares at the same time as the offer and sale of the Bonds or in secondary market transactions. Such entities may hold or sell such Bonds or purchase further Bonds for their own account in the secondary market or deal in any of the Issuer's or the Guarantor's other securities, and therefore, they may offer or sell the Bonds or other securities otherwise than in connection with the offering. Accordingly, references herein to the Bonds being 'offered' should be read as including any offering of the Bonds to the Joint Lead Managers and their respective affiliates, the affiliates of the Issuer or the Guarantor for their own account. Such entities are not expected to disclose such transactions or the extent of any such investment, otherwise than in accordance with any legal or regulatory obligation to do so. Furthermore, it is possible that only a limited number of investors may subscribe for a significant proportion of the Bonds. If this is the case, liquidity of trading in the Bonds may be constrained. The Issuer, the Guarantor and the Joint Lead Managers are under no obligation to disclose the extent of the distribution of the Bonds amongst individual investors.

In the ordinary course of their various business activities, the Joint Lead Managers and their respective affiliates make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve the Issuer's or the Guarantor's securities and instruments, including the Bonds. Typically, the Joint Lead Managers and their respective affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the Issuer's or the Guarantor's securities, including potentially the Bonds offered hereby. Any such short positions could adversely affect future trading prices of the Bonds offered hereby. The Joint Lead Managers and their respective affiliates may make investment recommendations and/or publish or express independent research views (positive or negative) in respect of the Bonds or the Issuer's or the Guarantor's other financial instruments, and may recommend to their clients that they acquire long and/or short positions in the Bonds or other financial instruments.

**NOTICE TO CAPITAL MARKET INTERMEDIARIES AND PROSPECTIVE INVESTORS  
PURSUANT TO PARAGRAPH 21 OF THE HONG KONG SECURITIES AND FUTURES  
COMMISSION CODE OF CONDUCT – IMPORTANT NOTICE TO CMIS (INCLUDING  
PRIVATE BANKS AND BROKING COMPANIES)**

This notice to CMIs (including Private Banks and Broking Companies) is a summary of certain obligations the Code imposes on CMIs, which require the attention and cooperation of

other CMIs (including Private Banks and Broking Companies). Certain CMIs may also be acting as “overall coordinators” (OCs) for this offering and are subject to additional requirements under the Code.

Paragraph 21.3.3(c) of the SFC Code requires that a CMI should take all reasonable steps to identify whether investors may have any associations with the issuer and provide sufficient information to the OCs to enable it to assess whether orders placed by these investors may negatively impact the price discovery process.

Prospective investors who are the directors, employees or major shareholders of the issuer, a CMI or its group companies would be considered under the SFC Code as having an association with the issuer, the CMI or the relevant group company (as the case may be). CMIs should specifically disclose whether their investor clients have any Association when submitting orders for the relevant Bonds. In addition, private banks should take all reasonable steps to identify whether their investor clients may have any associations with the issuer, or any CMI (including its group companies) and inform the initial purchasers accordingly.

Prospective investors to whom the allocation of the Bonds will be subject to restrictions or require prior consent from the Hong Kong Stock Exchange under the Hong Kong Listing Rules and other Hong Kong Stock Exchange Requirements would be considered as “Restricted Investors”. The Bonds may only be allocated to Restricted Investors in accordance with applicable Hong Kong Stock Exchange Requirements. CMIs should specifically disclose whether their investor clients are Restricted Investors when submitting orders for the Bonds. In addition, Private Banks and Broking Companies should take all reasonable steps to identify whether their investor clients are Restricted Investors and inform the Joint Lead Managers accordingly.

CMIs are informed that the marketing and investor targeting strategy for this offering includes institutional investors, long-only investors, sovereign wealth funds, pension funds, hedge funds, corporates, private banks/ broking companies, family offices and high net worth individuals, in each case, subject to the applicable SEHK Requirements and the selling restrictions set out in this Offering Circular.

CMIs should ensure that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). CMIs should enquire with their investor clients regarding any orders which appear unusual or irregular. CMIs should disclose the identities of all investors when submitting orders for the Securities (except for omnibus orders where underlying investor information should be provided to the OCs when submitting orders). Failure to provide underlying investor information for omnibus orders, where required to do so, will result in that order being rejected. CMIs should not place “X-orders” into the order book.

CMIs should segregate and clearly identify their own proprietary orders (and those of their group companies, including Private Banks and Broking Companies as the case may be) in the order book and book messages. Proprietary orders may only be allowed subject to the SEHK Requirements.

CMI (including Private Banks and Broking Companies) should not offer any rebates to prospective investors or pass on any rebates provided by the Issuer. In addition, CMI (including Private Banks and Broking Companies) should not enter into arrangements which may enable any of its investor clients to pay for each of the Bonds allocated.

The Code requires that a CMI disclose complete and accurate information in a timely manner on the status of the order book and other relevant information it receives to targeted investors for them to make an informed decision. In order to do this, those Managers in control of the order book should consider disclosing order book updates to all CMIs.

When placing an order for the Securities, Private Banks should disclose, at the same time, if such order is placed other than on a “principal” basis (whereby it is deploying its own balance sheet for onward selling to investors). Private Banks who do not provide such disclosure are hereby deemed to be placing their order on such a “principal” basis. Private Banks who disclose that they are placing their order other than on a “principal” basis (i.e. they are acting as an agent) should note that such order may be considered to be an omnibus order pursuant to the Code. Private Banks should be aware that if any of their group companies is a CMI of this offering, placing an order on a “principal” basis may require the Joint Lead Managers to apply the “proprietary orders” requirements of the Code to such order.

In relation to omnibus orders, when submitting such orders, CMIs (including Private Banks and Broking Companies) are requested to provide the following underlying investor information, preferably in Excel Workbook format, in respect of each order constituting the relevant omnibus order (failure to provide such information will result in that order being rejected). To the extent information being disclosed by CMIs and investors is personal and/or confidential in nature, CMIs (including Private Banks and Broking Companies) agree and warrant: (A) to take appropriate steps to safeguard the transmission of such information to the OCs; (B) that they have obtained the necessary consents from the underlying investors to disclose such information to the OCs. By submitting an order and providing such information to the OCs, each CMI (including Private Banks and Broking Companies) further warrants that they and the underlying investors have understood and consented to the collection, disclosure, use and transfer of such information by the OCs and/or any other third parties as may be required by the Code, including to the Issuer, relevant regulators and/or any other third parties as may be required by the Code, for the purpose of complying with the Code, during the bookbuilding process for this offering. CMIs that receive such underlying investor information are reminded that such information should be used only for submitting orders in this offering. The Joint Lead Managers may be asked to demonstrate compliance with their obligations under the Code, and may request other CMIs (including Private Banks and Broking Companies) to provide evidence showing compliance with the obligations above (in particular, that the necessary consents have been obtained). In such event, other CMIs (including Private Banks and Broking Companies) are required to provide the OCs with such evidence within the timeline requested.

To: Asian\_ECM\_Syndicate@jpmorgan.com; ol-asia-syndicate-core@ubs.com

CMI's submitting orders should send ALL of the below information, at the same time as such order is submitted, to EACH OC contact set out above. Failure to do so will result in such order being rejected.

Offering: ..... Euro 1,500,000,000 Zero Coupon Guaranteed Convertible Bonds due 2029

Date:

Name of prospective investor:

Type of unique identification of prospective investor: ..... For **individual investor clients**, indicate one of the following:

- (i) HKID card; or
- (ii) national identification document; or
- (iii) passport.

For **corporate investor clients**, indicate one of the following:

- (i) legal entity identifier (LEI) registration; or
- (ii) company incorporation identifier; or
- (iii) business registration identifier; or
- (iv) other equivalent identity document identifier.

Unique identification number of prospective investor: ..... Indicate the unique identification number which corresponds with the above "type" of unique identification.

Order size (and any price limits):

Other information:

– Association ..... Identify any "Associations" (as defined above) and, if any Associations identified, provide sufficient information to enable the OCs to assess whether such order may negatively impact the price discovery process.



– Proprietary Orders . . . . .	Identify if this order is a “Proprietary Order” (as used in the SFC Code) and, if so, provide sufficient information to enable the OCs to assess whether such order may negatively impact the price discovery process.
– Duplicated Orders (i.e., two or more corresponding or identical orders placed via two or more CMIs) . . . . .	If the prospective investor has placed an/any order(s) via other CMIs in this offering, identify if this order is (i) a separate/unique order or (ii) a duplicated order.
Contact information of CMI submitting the order: . . . . .	Provide 24-hour contact details (telephone and email) of relevant individual(s) who may be contacted in relation to this order.

By placing an order, prospective investors (including any underlying investors in relation to omnibus orders) are deemed to represent to the initial purchasers that it is not a Sanctions Restricted Person. A “Sanctions Restricted Person” means an individual or entity (a “**Person**”): (a) that is, or is directly or indirectly owned or controlled by a Person that is, described or designated in (i) the most current “Specially Designated Nationals and Blocked Persons” list or (ii) the Foreign Sanctions Evaders List or (iii) the most current “Consolidated list of persons, groups and entities subject to EU financial sanctions”; or (b) that is otherwise the subject of any asset freeze or sanctions administered or enforced by any Sanctions Authority to the extent such asset freeze or sanctions would prohibit the provision of services to an investor by any participating CMI in respect of this offering; or (c) that is located, organized or a resident in a comprehensively sanctioned country or territory, including Cuba, Iran, North Korea, Syria, the Crimea region of Ukraine, the so-called Donetsk’s People’s Republic, the so-called Luhansk People’s Republic or the non-government controlled areas of the Zaporizhzhia and Kherson Regions. “Sanctions Authority” means: (a) the United Nations; (b) the United States; (c) the European Union (or any of its member states); (d) the United Kingdom; (e) the People’s Republic of China; (f) any other equivalent governmental or regulatory authority, institution or agency which administers economic, financial or trade sanctions; and (g) the respective governmental institutions and agencies of any of the foregoing including, without limitation, the Office of Foreign Assets Control of the U.S. Department of the Treasury, the United States Department of State, the United States Department of Commerce and His Majesty’s Treasury.

## GENERAL

The distribution of this Offering Circular or any offering material and the offering, sale or delivery of the Bonds is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Offering Circular or any offering material are advised to consult their own legal advisers as to what restrictions may be applicable to them and to observe such restrictions. This Offering Circular may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised.

No action has been or will be taken in any jurisdiction by the Issuer, the Guarantor or the Joint Lead Managers that would permit a public offering, or any other offering under circumstances not permitted by applicable law, of the Bonds, or possession or distribution of this

Offering Circular, any amendment or supplement thereto issued in connection with the proposed resale of the Bonds or any other offering or publicity material relating to the Bonds, in any country or jurisdiction where action for that purpose is required. Accordingly, the Bonds may not be offered or sold, directly or indirectly, and neither this Offering Circular nor any other offering material or advertisements in connection with the Bonds may be distributed or published, by the Issuer, the Guarantor or the Joint Lead Managers, in or from any country or jurisdiction, except in circumstances which will result in compliance with all applicable rules and regulations of any such country or jurisdiction and will not impose any obligations on the Issuer, the Guarantor or the Joint Lead Managers.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Joint Lead Managers or any affiliate of the Joint Lead Managers is a licenced broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Joint Lead Managers or such affiliate on behalf of the Issuer or the Guarantor in such jurisdiction.

## UNITED STATES

The Bonds and the Shares to be issued upon conversion of the Bonds have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Each of the Joint Lead Managers has represented and warranted that it has not offered or sold, and agrees that it will not offer or sell, any Bonds constituting part of its allotment within the United States except in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Bonds or the Shares to be issued upon conversion of the Bonds. Terms used in this paragraph have the meaning given to them by Regulation S.

## EUROPEAN ECONOMIC AREA

Each of the Joint Lead Managers has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds which are the subject of the offering contemplated by this Offering Circular in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision, the expression “**retail investor**” means a person who is one (or more) of the following:

- (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); or
- (ii) a customer within the meaning of Directive (EU) 2016/97 (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

## UNITED KINGDOM

Each of the Joint Lead Managers has represented, warranted and agreed that:

- (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the “FSMA”)) received by it in connection with the issue or sale of any Bonds in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Guarantor;
- (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom; and
- (iii) it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds to any retail investor in the United Kingdom. For the purposes of this provision the expression “retail investor” means a person who is one (or more) of the following:
  - a. a retail client, as defined in point (8) of Article 2 of Regulation (EU) No. 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “EUWA”); or
  - b. a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the “FSMA”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

## HONG KONG

Each of the Joint Lead Managers has represented, warranted and agreed that:

- (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Bonds other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “SFO”) and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions Ordinance (Cap. 32) of Hong Kong (the “C(WUMP)O”) or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and
- (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Bonds, which is directed at, or the contents of which are likely to be accessed or read by, the public of

Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under the SFO.

## **SINGAPORE**

Each of the Joint Lead Managers has acknowledged that this Offering Circular has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each of the Joint Lead Managers has represented, warranted and agreed that it has not offered or sold Bonds and/or Shares or caused the Bonds and/or Shares to be made the subject of an invitation for subscription or purchase and will not offer or sell Bonds and/or Shares or cause the Bonds and/or Shares to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds and/or Shares, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA 8, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Bonds are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (i) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (ii) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Bonds pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;

- (iv) as specified in Section 276(7) of the SFA; or
- (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Any reference to the SFA is a reference to the Securities and Futures Act 2001 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

**Notification under Section 309(B)(1)(c) of the SFA:** The Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Bonds are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

## **JAPAN**

The Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the “**Financial Instruments and Exchange Act**”). Accordingly, each of the Joint Lead Managers has represented, warranted and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Bonds in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

## **PRC**

Each of the Joint Lead Managers has represented, warranted and agreed that the Bonds are not being offered or sold and may not be offered or sold, directly or indirectly, in the PRC (for such purposes, not including the Hong Kong and Macao Special Administrative Regions or Taiwan), except as permitted by the laws of the PRC.

## **THE CAYMAN ISLANDS**

Each of the Joint Lead Managers has represented, warranted and agreed that the offer to sell the Bonds is private and not intended for the public and, further that it has not made and will not make any invitation to the public in the Cayman Islands or to residents of the Cayman Islands to offer or sell the Bonds.

## **THE BRITISH VIRGIN ISLANDS**

Each of the Joint Lead Managers has represented and agreed that it has not made and will not make any invitation to the public in the British Virgin Islands or a natural person who is a British Virgin Islands resident or citizen to purchase the Bonds and the Bonds may not be offered or sold, directly or indirectly, in the British Virgin Islands.

## **GENERAL INFORMATION**

### **CLEARING SYSTEMS AND SETTLEMENT**

The Bonds have been accepted for clearance through Euroclear and Clearstream under Common Code number 294402772 and the International Securities Identification Number for the Bonds is XS2944027726.

### **LEGAL ENTITY IDENTIFIER**

The Legal Entity Identifier (LEI) of the Issuer is 529900ESV3CEMDZ51067.

### **AUTHORISATIONS**

The Issuer and the Guarantor have obtained all necessary consents, approvals and authorisations in connection with the issue of and performance of its obligations under the Bonds, the Trust Deed and the Agency Agreement. The issue of the Bonds was authorised by the board of directors of the Issuer on 26 November 2024.

The Guarantor has obtained all necessary consents, approvals and authorisations in connection with the giving and performance of the Guarantee under the Trust Deed. The giving of such Guarantee and the performance of the Guarantee (including the issue of Shares upon conversion of the Bonds) were authorised by the board of directors of the Guarantor on 26 November 2024. The Shares to be issued upon conversion of the Bonds are to be issued pursuant to the general mandate granted at the annual general meeting of the Guarantor held on 8 May 2024.

### **NO MATERIAL ADVERSE CHANGE**

There has been no material adverse change, or any development or event likely to involve a prospective change, in the condition (financial or otherwise), trading position, prospects, operations, business or general affairs of the Issuer, the Guarantor or the Group since 30 June 2024.

### **LITIGATION**

From time to time, the Issuer, the Guarantor and other members of the Group may be involved in litigation or other disputes that arise in the ordinary course of business. See “*Description of the Group – Legal Compliance and Proceedings*”. However, none of the Issuer, the Guarantor or any member of the Group is currently involved in any litigation, disputes or arbitration proceedings which the Group believes are material in the context of the Bonds, and the Issuer and Guarantor are not aware of any material litigation, disputes or arbitration proceedings that are currently pending or threatened.



## **LISTING OF SHARES**

Application has been made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Shares to be issued on conversion of the Bonds. Conditional approval for the listing of the Shares to be issued upon conversion of the Bonds on the Hong Kong Stock Exchange has been granted by the Hong Kong Stock Exchange.

## **LISTING OF BONDS**

Approval in-principle has been received from the SGX-ST for the listing of and quotation for the Bonds on the SGX-ST.

So long as the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require, the Issuer shall appoint and maintain a paying agent in Singapore, where the Bonds may be in definitive form or are presented or surrendered for payment or redemption. In addition, in the event that any of the Global Certificates is exchanged for Bonds in definitive form, announcement of such exchange shall be made by or on behalf of the Issuer through the SGX-ST and such announcement will include all material information with respect to the delivery of the Bonds in definitive form, including details of the paying agent in Singapore.

## **AVAILABLE DOCUMENTS**

So long as any of the Bonds are outstanding, copies of the following documents will be available for inspection from the Issue Date at all reasonable times during usual business hours (being between 9:00 a.m. and 3:00 p.m. on a business day) (i) at the principal place of business of the Guarantor (being at the date of this Offering Circular at 16/F, Manhattan Place, 23 Wang Tai Road, Kowloon Bay, Kowloon, Hong Kong) and (ii) in the case of the last two documents mentioned below, at the principal place of business of the Trustee (being at the date of this Offering Circular at 160 Queen Victoria Street, London EC4V 4LA, United Kingdom) and at the specified office for the time being of the Principal Agent, following prior written request and proof of holding and identity satisfactory to the Trustee or, as the case may be, the Principal Agent:

- Articles of Association of the Guarantor;
- copies of the audited consolidated financial statements of the Guarantor as at and for the years ended 31 December 2022 and 2023;
- copies of the unaudited condensed consolidated financial statements of the Guarantor as at and for the six months ended 30 June 2023 and 2024;
- the Agency Agreement; and
- the Trust Deed.

## **INDEPENDENT AUDITORS**

The Guarantor's audited consolidated financial statements as at and for the years ended 31 December 2022 and 2023, which are incorporated by reference in this Offering Circular, have been audited by KPMG, the independent auditor of the Guarantor.

The Guarantor's unaudited condensed consolidated financial statements as at and for the six months ended 30 June 2024, which are incorporated by reference in this Offering Circular, have been reviewed by KPMG.

The independent auditors of the Guarantor has agreed to the incorporation by reference in this Offering Circular herein of, and all references to, (i) their name, (ii) their audit reports on the consolidated financial statements of the Guarantor for the years ended 31 December 2022 and 2023 and (iii) their review reports on the unaudited condensed consolidated financial statements of the Guarantor for the six months ended 30 June 2023 and 2024.

## REGISTERED OFFICES OF THE ISSUER

### Registered Office

**ANLLIAN Capital 2 Limited**  
Vistra Corporate Services Centre  
Wickhams Cay II, Road Town  
Tortola, VG1110,  
British Virgin Islands

### Principal Place of Business

**ANLLIAN Capital 2 Limited**  
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Kowloon Bay, Kowloon  
Hong Kong

## REGISTERED OFFICES OF THE GUARANTOR

### Registered Office

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KY1-1111, Cayman Islands

### Principal Place of Business

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## TRUSTEE

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160 Queen Victoria Street  
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United Kingdom

## PRINCIPAL PAYING AGENT AND PRINCIPAL CONVERSION AGENT

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United Kingdom

## REGISTRAR AND TRANSFER AGENT

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