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**遠東宏信有限公司**  
**FAR EAST HORIZON LIMITED**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 3360)**

**ISSUANCE OF U.S.\$200,000,000 ZERO COUPON GUARANTEED  
CONVERTIBLE BONDS DUE 2026 BY UNIVERSE TREK LIMITED AND  
GUARANTEED BY THE COMPANY**



***Sole Global Coordinator, Sole Bookrunner and Sole Lead Manager***

**ISSUANCE OF GUARANTEED CONVERTIBLE BONDS**

The Board is pleased to announce that on 20 July 2021 (after trading hours), the Issuer, the Company and the Manager entered into the Subscription Agreement in connection to the proposed Bond Issue. Subject to the terms and conditions of the Subscription Agreement, the Manager has agreed to subscribe and pay for, or to procure subscribers to subscribe and pay for, the Bonds to be issued by the Issuer in the aggregate principal amount of U.S.\$200,000,000 and the Company 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.

The Company intends to use the net proceeds from the Bond Issue for working capital and general corporate purposes.

The Bonds may be converted into Conversion Shares pursuant to the Conditions. Based on the initial conversion price of HK\$10.70 per Conversion Share and assuming full conversion of the Bonds, the Bonds will be convertible into 145,257,943 Conversion Shares, representing approximately 3.49% of the total number of Shares of the Company in issue as at the date of this announcement, and approximately 3.37% of the enlarged total number of issued Shares of the Company upon allotment and issue of such Conversion Shares (assuming that there is no other change to the issued share capital of the Company). The Bonds and the Conversion Shares have not been and will not be registered under the U.S. Securities Act and, subject to certain exceptions, may not be offered or sold within the United States. The Bonds are being offered and sold outside the United States in reliance on Regulation S under the U.S. Securities Act.

### **APPLICATION FOR LISTING**

The Issuer and the Company will apply to the Stock Exchange for the listing of, and permission to deal in the Bonds on the Stock Exchange by way of debt issues to professional investors (as defined in Chapter 37 of the Listing Rules) only. The Company will also apply for the listing of, and permission to deal in, the Conversion Shares which may fall to be issued upon exercise of the conversion right attaching to the Bonds.

### **GENERAL MANDATE**

The Bond Issue and the issue of the Conversion Shares are not subject to Shareholders' approval. The Conversion Shares will be issued pursuant to the General Mandate.

**Completion of the Bond Issue is subject to the satisfaction of the conditions precedent to the Subscription Agreement and may or may not materialise. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.**

On 20 July 2021 (after trading hours), the Issuer, the Company and the Manager entered into the Subscription Agreement in connection to the proposed Bond Issue.

### **THE SUBSCRIPTION AGREEMENT**

#### **Date**

20 July 2021

#### **Parties**

- a) Universe Trek Limited as the Issuer;
- b) the Company as the guarantor; and
- c) Huatai Financial Holdings (Hong Kong) Limited as the Manager.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Manager is not connected with the Issuer, the Company or its connected persons.

## Subscription

Subject to fulfilment of the conditions precedent set forth in the Subscription Agreement, some of which are set out under the section headed “Conditions to the Subscription Agreement” below, the Manager has agreed to subscribe and pay for, or to procure subscribers to subscribe and pay for, the Bonds to be issued by the Issuer in the aggregate principal amount of U.S.\$200,000,000 and the Company 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.

The Bonds and the Conversion Shares have not been and will not be registered under the U.S. Securities Act and, subject to certain exceptions, may not be offered or sold within the United States. The Bonds are being offered and sold outside the United States in reliance on Regulation S under the U.S. Securities Act.

## Subscribers

The Manager has informed the Company that they intend to offer and sell the Bonds to no less than six independent placees (who will be independent individual, corporate and/or institutional investors). To the best of the Directors’ knowledge, information and belief, each of the initial placees (and their respective ultimate beneficial owners) will be third parties independent of the Company and are not connected with the Company or its connected persons.

## Conditions to the Subscription Agreement

The obligations of the Manager to subscribe and pay for the Bonds are subject to the fulfilment or waiver of, among others, the following conditions on or prior to the Closing Date:

- a) **Due Diligence:** the Manager being satisfied with the results of its due diligence investigations with respect to the Issuer, the Company and their respective Subsidiaries for the purposes of preparation of the offering circular (the “**Offering Circular**”), and the Offering Circular having been prepared in form and content satisfactory to the Manager;
- b) **Other Contracts:** the execution and delivery (on or before the Closing Date) of the Trust Deed and the Agency Agreement, each in a form satisfactory to the Manager, by the respective parties;
- c) **Auditors’ Letters:** there having been delivered to the Manager letters, in form and substance satisfactory to the Manager, dated the date of the Offering Circular (the “**Publication Date**”) and the Closing Date (as appropriate), and addressed to the Manager from Ernst & Young, Certified Public Accountants to the Company;

- d) **Compliance:** at the Publication Date and on the Closing Date:
- i. the representations and warranties of the Issuer and the Company in the Subscription Agreement being true, accurate and correct at, and as if made on such date;
  - ii. each of the Issuer and the Company having performed all of their respective obligations under the Subscription Agreement to be performed on or before such date; and
  - iii. there having been delivered to the Manager certificate of a duly authorised officer of each of the Issuer and the Company confirming the matters listed in (i) and (ii) above in the form attached to the Subscription Agreement dated as of such date;
- e) **Material Adverse Change:** after the date of the Subscription Agreement up to and on the Closing Date, there shall not have occurred any change (nor any development or event involving a prospective change) which would, individually or in aggregate, have a material adverse effect on the financial condition, prospects, business or results of operations of the Issuer, the Company or the Group, or on the ability of each of the Issuer or the Company to perform its obligations under the Subscription Agreement, the Trust Deed and the Agency Agreement or the Bonds, or which are otherwise material in the context of the issue and offering of the Bonds or the giving of the guarantee;
- f) **Certificate regarding NDRC Quota:** a certificate dated the Closing Date, in the form attached to the Subscription Agreement, signed by a duly authorised officer of the Company, confirming reliance of the Company on the NDRC Quota and the issuance of the Bonds are within the NDRC Quota;
- g) **Other consents:** there shall have been delivered to the Manager copies of all consents and approvals required in relation to the issue of the Bonds, the giving of the guarantee of the Bonds and the performance of the obligations of the Issuer and the Company under the Trust Deed, the Agency Agreement and the Bonds (including any consents and approvals required from all lenders);
- h) **Listing:** listing approval from the Stock Exchange for the Bonds and the Conversion Shares issuable upon conversion of the Bonds having been obtained and the Stock Exchange having agreed, subject to any conditions reasonably satisfactory to the Manager, to list the Bonds and the Conversion Shares issuable upon conversion of the Bonds (or, in each case, the Manager being satisfied that such listing will be granted); and
- i) **Legal Opinions:** there having been delivered to the Manager opinions from various legal counsels, in form and substance reasonably satisfactory to the Manager, dated the Closing Date.

The Manager may, at its discretion and upon such terms as it thinks fit, waive compliance with the whole or any part of the conditions precedent.

## **Lock-up Undertaking of the Issuer and the Company**

Each of the Issuer and the Company has jointly and severally undertaken with the Manager that for a period from the date of the Subscription Agreement up to the date falling 90 days after the Closing Date, except for (i) the Bonds and the Conversion Shares issued on conversion of the Bonds, (ii) any Shares issued or options granted pursuant to the Share Option Schemes, and (iii) any Shares issued upon the conversion of the Existing Bonds, neither the Issuer, the Company nor any person acting on their behalf will, without the prior written consent of the Manager:

- 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.

## **Termination**

The Manager may, by notice to the Issuer and the Company given at any time prior to payment of the net subscription monies for the Bonds to the Issuer, terminate the Subscription Agreement in any of the following circumstances:

- a) if there shall have come to the notice of the Manager any breach of, or any event rendering untrue or incorrect in any respect, any of the warranties and representations contained in the Subscription Agreement or any failure to perform any of the Issuer's or the Company's undertakings or agreements in the Subscription Agreement;
- b) if any of the conditions precedent specified in the Subscription Agreement has not been satisfied or waived by the Manager on or prior to the Closing Date;
- c) if in the opinion of the Manager, there shall have been, since the date of the Subscription Agreement, any change or development involving a prospective change in national or international financial, political or economic conditions or currency exchange rates or foreign exchange controls such as would in their view, be likely to prejudice materially the success of the offering and distribution of the Bonds or dealings in the Bonds in the secondary market;

- d) if, in the opinion of the Manager, there shall have occurred, since the date of the Subscription Agreement, any of the following events: (i) a suspension or a material limitation in trading in securities generally on the New York Stock Exchange, Nasdaq Stock Market, Inc, the London Stock Exchange plc, and/or the Stock Exchange; (ii) a suspension for a period of five consecutive trading days (in Hong Kong) or a material limitation in trading in the Issuer's or the Company's securities on the Stock Exchange; (iii) a general moratorium on commercial banking activities in the United States, the PRC, Hong Kong, Singapore and/or the United Kingdom declared by the relevant authorities or a material disruption in commercial banking or securities settlement or clearance services in the United States, Hong Kong, Singapore, the PRC, the United Kingdom, Belgium or Luxembourg; or
- e) if, in the opinion of the Manager, there shall have occurred any event or series of events, whether or not in continuation (including without limitation the occurrence of any local, national or international outbreak or escalation of disaster, hostility, insurrection, armed conflict, act of terrorism, act of God or epidemic or pandemic) as would in the Manager's view be likely to prejudice materially the success of the offering and distribution of the Bonds or dealings in the Bonds in the secondary market.

## **PRINCIPAL TERMS OF THE BONDS**

The principal terms of the Bonds are summarised below:

Issuer:	Universe Trek Limited
Guarantor:	The Company
Principal amount of the Bonds:	U.S.\$200,000,000, convertible into fully paid ordinary shares in the issued and paid up capital of the Company
Issue price:	100.00% of the principal amount of the Bonds
Form and denomination of the Bonds:	The Bonds will be issued in registered form and in denominations U.S.\$200,000 each and integral multiples of U.S.\$1,000 in excess thereof.
Status of the Bonds:	The Bonds will constitute direct, unconditional, unsubordinated and subject to the Conditions, unsecured obligations of the Issuer and shall at all times rank <i>pari passu</i> among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable law and subject to the Conditions, at all times rank at least equally with all of its other present and future unsecured and unsubordinated obligations.

Status of guarantee: The due payment of all sums expressed to be payable by the Issuer and the due performance by the Issuer of its obligations under the Trust Deed and the Bonds have been unconditionally and irrevocably guaranteed by the Company. The payment obligations of the Company under the guarantee shall, save for such exceptions as may be provided by mandatory provisions of applicable law and subject to the Conditions, at all times rank at least equally with all of its other present and future unsecured and unsubordinated obligations.

Maturity: Unless previously redeemed, converted or purchased and cancelled as provided in the Conditions, the Issuer will be required to redeem each Bond at 110.46% of its principal amount on the Maturity Date. The Issuer may not redeem the Bonds at its option prior to that date except as provided in the Conditions.

Interest: The Bonds do not bear interest.

Conversion period: Subject to and upon compliance with the Conditions, each Bondholder may exercise the conversion right attaching to the Bonds at any time (a) on or after 15 September 2021 up to and including 3:00 p.m. (at the place where the certificate evidencing such Bond is deposited for conversion) on the 10th day prior to the Maturity Date (both days inclusive), or, (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 no later than 15 days (both days inclusive and in the place aforesaid) prior to the date fixed for redemption thereof or if notice requiring redemption has been given by the holder of such Bond pursuant to the Conditions then up to and including 3:00 p.m. (at the place aforesaid) on the day prior to the giving of such notice.



Conversion price:

The initial Conversion Price is HK\$10.70 per Conversion Share, subject to adjustment upon the occurrence of certain prescribed events, namely: (i) consolidation, subdivision or reclassification; (ii) capitalisation of profits or reserves; (iii) capital 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 or exchangeable 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; (x) Change of Control; or (xi) if the Company otherwise determines that an adjustment should be made to the Conversion Price (collectively, the “**Adjustment Events**”). Notwithstanding any of the Adjustment Events, no adjustment shall be made to the Conversion Price where Shares or other securities (including rights, warrants or options) are issued, offered, exercised, allotted, appropriated, modified or granted to or for the benefit of employees or former employees (including directors holding or formerly holding executive office) of the Company or any Subsidiary or any associated company of the Company pursuant to any employees’ share scheme or plan where such scheme or plan is in compliance with the Listing Rules.

Adjustment triggered by other offers to Shareholders:

If and whenever the Company or any of its Subsidiaries issues, sells or distributes any securities in connection with which 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 (i) rights issues of Shares or options over Shares at less than 95% of the Current Market Price per Share, (ii) rights issues of other securities, (iii) issues at less than 95% of the Current Market Price per Share and (iv) other issues of convertible or exchangeable securities at less than 95% of the Current Market Price per Share), the initial 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 of one Share on the Trading Day of 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 delivery of the securities.

Furthermore, it should be noted this adjustment event may be triggered by a spin-off listing of the Company's subsidiary. As disclosed in the announcement of the Company dated 30 June 2021, the Company proposed to spin-off and separately list the shares of Horizon Construction Development Limited, a subsidiary of the Company, on the Main Board of the Stock Exchange. On 30 June 2021, Horizon Construction Development Limited submitted a listing application form (Form A1) to the Stock Exchange to apply for the listing of, and permission to deal in, its shares on the Main Board of the Stock Exchange. Subject to certain conditions, the qualifying Shareholders will be provided with an assured entitlement to the shares of Horizon Construction Development Limited by way of a preferential application under the global offering. For more details, please refer to the announcement of the Company dated 30 June 2021. In this scenario where a spin-off offering to the qualifying Shareholders is to subscribe for the new spun-off entity's shares at the same price as its offer price, such right would not likely be assessed to carry any market value as the offer made to the Shareholders is at the same subscription price as the general public, and will result in a nil adjustment under this adjustment event.

Adjustment upon Change of Control:

If a Change of Control shall occur, the initial Conversion Price shall be adjusted in accordance with the following formula:

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

where:

“**NCP**” means the new Conversion Price.

“**OCP**” means the Conversion Price in effect on the relevant conversion date.

“**CP**” means 28.92 per cent. expressed as a fraction.

“**c**” means the number of days from and including the date the Change of Control occurs to but excluding the Maturity Date.

“**t**” means 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 adjustment event below the level permitted by applicable laws and regulations from time to time (if any).

Adjustment determined by the Company:	<p>If the Company determines that an adjustment should be made to the initial Conversion Price, the Issuer or the Company may request an Independent Financial Advisor, acting as expert, to determine as soon as practicable (i) what adjustment (if any) to the Conversion Price is fair and reasonable to take account thereto and is appropriate to give the result which the Independent Financial Advisor considers in good faith to reflect the intentions of the provisions of the Conditions; and (ii) the date on which such adjustment should take effect. The Company will comply with the applicable requirements under the Listing Rules in respect of such adjustment.</p>
Ranking of the Conversion Shares:	<p>The Conversion Shares to be issued upon exercise of the conversion right attaching to the Bonds will be fully paid and rank <i>pari passu</i> in all respects with the Shares then in issue on the date on which the name of the exercising Bondholder is registered as holder of the relevant Conversion Shares in the register of members of the Company.</p>
Redemption for taxation reasons:	<p>The Issuer may at its option, on giving not less than 30 nor more than 60 days' notice (a "<b>Tax Redemption Notice</b>") to the Principal Agent and the Trustee in writing and the Bondholders in accordance with the Conditions (which notice will be irrevocable), on the date specified in the Tax Redemption Notice for redemption, redeem in whole but not in part, the Bonds at the Early Redemption Amount, if the Issuer satisfies the Trustee immediately prior to the giving of such notice that (a) the Issuer (or, if the guarantee was called, the Company) has or will become obliged to pay additional tax as a result of any change in, or amendment to, the laws or regulations of the British Virgin Islands, or Hong Kong, 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 20 July 2021, and (b) such obligation cannot be avoided by the Issuer (or, if the guarantee was called, the Company) taking reasonable measures available to it.</p> <p>If the Issuer (or, if the guarantee is called, the Company) exercises its tax redemption right, each Bondholder shall have the right to elect that its Bonds shall not be redeemed. Upon a Bondholder electing not to have its Bonds redeemed in such circumstances, any payments due after the relevant date shall be made subject to any deduction or withholding of any tax required to be deducted or withheld.</p>

Redemption at the option of the Issuer:

The Issuer may at its option, on giving not less than 30 nor more than 60 days' notice to the Bondholders in accordance with the Conditions (which notice will be irrevocable) and in writing to the Trustee and the Principal Agent,

- (i) at any time after 5 August 2024 and prior to the Maturity Date redeem in whole, but not in part, the Bonds for the time being outstanding at the Early Redemption Amount, provided that the closing price of the Shares for each of 20 out of 30 consecutive Trading Days, the last of which occurs not more than 10 Trading Days prior to the date upon which notice of such redemption is published, was at least 125% of the applicable Early Redemption Amount for each Bond divided by the Conversion Ratio then in effect; or
- (ii) at any time prior to the Maturity Date redeem in whole, but not in part, the Bonds for the time being outstanding at the Early Redemption Amount, provided that prior to the date of such notice at least 90% in principal amount of the Bonds originally issued has already been converted, redeemed or purchased and cancelled.

Redemption at the option of the Bondholders:

Each Bondholder will have the right by notice given to the Paying Agent (which notice will be irrevocable), on 5 August 2024, to require the Issuer to redeem all or some only of such Bondholder's Bonds at 106.15% of their principal amount.

Redemption for relevant event:

Following occurrence of any of the following events, each Bondholder shall have the right to at such Bondholder's option, to require the Issuer to redeem all or some only of such Bondholder's Bonds at the Early Redemption Amount:

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

Each Bondholder will have the right by notice given to the Paying Agent not later than 30 days following any such event, or if later, 30 days following the giving of notice by the Issuer to the Bondholders of such event to require Issuer to redeem all or some only of such holder's Bonds on the 14th day following the expiry of such 30-day period.

Early Redemption Amount: The applicable Early Redemption Amount for each U.S.\$200,000 principal amount of Bonds is calculated by the Issuer in accordance with the following formula, rounded (if necessary) to two decimal places with 0.005 being rounded upwards (provided that if the relevant date for determination of the Early Redemption Amount (the “**Determination Date**”) is a Semi-annual Date (as set out below), such Early Redemption Amount shall be as set out in the table below in respect of such Semi-annual Date):

$$\text{Early Redemption Amount} = (\text{Previous Redemption Amount} \times (1+r/2)^{d/p})$$

Previous Redemption Amount = the Early Redemption Amount for each U.S.\$200,000 principal amount of the Bonds on the Semi-annual Date immediately preceding the relevant Determination Date (or if the Bonds are to be redeemed prior to 5 February 2022, U.S.\$200,000):

<b>Semi-annual Date</b>	<b>Early Redemption Amount</b> <i>(U.S.\$)</i>
5 February 2022	202,000.00
5 August 2022	204,020.00
5 February 2023	206,060.20
5 August 2023	208,120.80
5 February 2024	210,202.01
5 August 2024	212,304.03
5 February 2025	214,427.07
5 August 2025	216,571.34
5 February 2026	218,737.05

$r = 2.00\%$  expressed as a fraction.

$d$  = number of days from and including the immediately preceding Semi-annual Date (or if the Determination Date is before the first Semi-annual Date, from and including the Issue Date) to, but excluding, the Determination Date calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

$p = 180$ .

Negative pledge:	Each of the Issuer and the Company will undertake that, so long as any Bond remains outstanding, neither the Issuer nor the Company will, and the Issuer and the Company will ensure that none of their respective Subsidiaries will create, 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 such Bond the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as shall be approved by an extraordinary resolution of the Bondholders.
Listing:	The Issuer and the Company will apply to the Stock Exchange for the listing of the Bonds and the Conversion Shares.
Clearing systems:	Upon issue, the Bonds will be represented by a global certificate registered in the name of a nominee for, and deposited with, a common depository for Euroclear Bank SA/NV and Clearstream Banking S.A.
Transferability:	Transfers of interests in the Bonds evidenced by the global certificate will be effected in accordance with the rules of the relevant clearing systems.

## **CONVERSION PRICE AND CONVERSION SHARES**

The initial Conversion Price of HK\$10.70 per Conversion Share represents:

- (i) a premium of approximately 28.92% over the closing price of the Shares at HK\$8.30 per Share quoted on the Stock Exchange on 20 July 2021, which is the date of the Subscription Agreement;
- (ii) a premium of 29.85% over the average closing price of the Shares at approximately HK\$8.24 per Share for the last five consecutive Trading Days up to and including 20 July 2021; and
- (iii) a premium of 30.17% over the average closing price of approximately HK\$8.22 per Share for the last ten consecutive Trading Days up to and including 20 July 2021.

The initial Conversion Price was determined with reference to the prevailing market price of the Shares and the Subscription Agreement was negotiated on an arm's length basis between the Company and the Manager.

145,257,943 Conversion Shares will be issued upon exercise of the conversion right attaching to the Bonds in full based on the initial Conversion Price of HK\$10.70 per Conversion Share. The number of Conversion Shares issuable upon conversion of any Bond 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\$7.7713 = U.S.\$1.00) by the Conversion Price in effect on the relevant Conversion Date.

The 145,257,943 Conversion Shares represent:

- (i) approximately 3.49% of the total number of Shares of the Company in issue as at the date of this announcement; and
- (ii) approximately 3.37% of the enlarged total number of issued Shares of the Company upon allotment and issue of such Conversion Shares, assuming that there is no other change to the issued share capital of the Company.

The estimated net proceeds from the Bond Issue (being the gross proceeds after the deduction of commission and expenses) amount to approximately U.S.\$198.50 million. The net price for each Conversion Share is estimated to be approximately U.S.\$1.37. The Company intends to use the net proceeds for working capital and general corporate purposes.

## **GENERAL MANDATE**

The Bond Issue and the issue of the Conversion Shares are not subject to Shareholders' approval. The Conversion Shares will be issued pursuant to the General Mandate, subject to the limit of up to 832,831,366 Shares (representing 20% of the issued share capital of the Company on the date on which the General Mandate was granted). As at the date of this announcement, the Company has not issued any Shares pursuant to the General Mandate.

## **APPLICATION FOR LISTING**

The Issuer and the Company will apply to the Stock Exchange for the listing of, and permission to deal in the Bonds on the Stock Exchange by way of debt issues to professional investors (as defined in Chapter 37 of the Listing Rules) only. The Company will also apply for the listing of, and permission to deal in, the Conversion Shares which may fall to be issued upon exercise of the conversion right attaching to the Bonds.

## **REASONS FOR THE BOND ISSUE**

The Directors are of the view that the Bond Issue can provide the Company with additional funding at lower cost to repay its existing debts and optimise its financing structure, to further strengthen the working capital for the Company, as well as potentially enhance the equity base of the Company.

The Directors (including the independent non-executive Directors) consider that the terms and conditions of the Subscription Agreement and the Bonds are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

## FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Save for the fund raising activities mentioned below, the Company has not conducted any equity fund raising activities in the past twelve months immediately preceding the date of this announcement.

<b>Date of announcement</b>	<b>Fund raising activities</b>	<b>Net proceeds</b>	<b>Proposed use of the proceeds</b>
24 November 2020	Issue of convertible bonds	Approximately U.S.\$198.77 million	For working capital and general corporate purposes
27 May 2021	Issue of convertible bonds	Approximately U.S.\$246 million	For working capital and general corporate purposes

As at the date of this announcement, the Company has used all the net proceeds from the issue of above-mentioned convertible bonds as intended. The actual uses were as follows: (i) approximately U.S.\$198.77 million has been used for domestic business operations; and (ii) approximately U.S.\$246 million has been used for working capital and other general corporate purposes.

## EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The table below sets out (1) the Company's shareholding structure as at the date of this announcement; (2) the Company's shareholding structure assuming no outstanding amount of the Existing Bonds is converted and the Bonds are fully issued and converted into Conversion Shares at the initial Conversion Price of HK\$10.70 per Conversion Share; and (3) the Company's shareholding structure assuming the outstanding amount of the Existing Bonds is fully converted at the currently effective conversion price and the Bonds are fully issued and converted into Conversion Shares at the initial Conversion Price of HK\$10.70 per Conversion Share, on the assumptions that there will be no other change to the issued share capital of the Company from the date of this announcement until the completion of the conversion of the Bonds in full save for the issue of the Shares as a result of the conversion of the outstanding amount of the Existing Bonds and the Bonds in full.



Name of Shareholders	As at the date of this announcement		Assuming no outstanding amount of the Existing Bonds is converted and the Bonds are fully issued and converted into Conversion Shares at the initial Conversion Price of HK\$10.70 per Conversion Share		Assuming the outstanding amount of the Existing Bonds is fully converted at the currently effective conversion price and the Bonds are fully issued and converted into Conversion Shares at the initial Conversion Price of HK\$10.70 per Conversion Share	
	Number of Shares	Approximate % of total number of issued Share	Number of Shares	Approximate % of enlarged total number of issued Shares	Number of Shares	Approximate % of enlarged total number of issued Shares
Sinochem Group	919,914,440	22.09%	919,914,440	21.34%	919,914,440	19.10%
KONG Fanxing <sup>(1)</sup>	793,510,791	19.05%	793,510,791	18.41%	793,510,791	16.48%
LIU Haifeng David <sup>(1)(2)</sup>	409,429,100	9.83%	409,429,100	9.50%	409,429,100	8.50%
WANG Mingzhe <sup>(1)</sup>	6,421,406	0.15%	6,421,406	0.15%	6,421,406	0.13%
LIU Jialin <sup>(1)</sup>	250,000	0.01%	250,000	0.01%	250,000	0.01%
<b>Public Shareholders</b>						
Existing Bondholders	-	-	-	-	505,546,457	10.50%
Bondholders	-	-	145,257,943	3.37%	145,257,943	3.02%
Other Shareholders	2,035,131,530	48.87%	2,035,131,530	47.22%	2,035,131,530	42.26%
<b>Total</b>	<b>4,164,657,267</b>	<b>100.00%</b>	<b>4,309,915,210</b>	<b>100.00%</b>	<b>4,815,461,667</b>	<b>100.00%</b>

*Notes:*

- (1) KONG Fanxing, LIU Haifeng David, WANG Mingzhe and LIU Jialin are Directors of the Company; and
- (2) The interests include: (i) 1,067,000 Shares held by Liu Haifeng David; and (ii) 408,362,100 Shares held by DCP, Ltd., which is controlled as to 50% by Liu Haifeng David and 50% by Julian Juul Wolhardt.

**GENERAL**

**Completion of the Bond Issue is subject to the satisfaction of the conditions precedent to the Subscription Agreement and may or may not materialise. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.**

Investors in the Bonds Issue may seek to enter into potential hedging activities concerning the underlying equity securities or similar transactions. Any such hedging activities may impact the market price of the Shares.

## DEFINITIONS

“Agency Agreement”	the paying, conversion and transfer agency agreement (as amended or supplemented from time to time) between the Issuer, the Company, the Trustee and the agents to be named therein to be dated on or about the Closing Date
“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 Stock Exchange, the principal stock exchange or securities market on which the Shares are then listed or quoted or dealt in
“Board”	the board of Directors of the Company
“Bondholders”	holders of the Bonds
“Bonds”	the zero coupon guaranteed convertible bonds due 2026 in the aggregate principal amount of U.S.\$200,000,000 to be issued by the Issuer and unconditionally and irrevocably guaranteed by the Company
“Bond Issue”	the issue of the Bonds by the Issuer
“Change of Control”	the occurrence of any of the following events: <ul style="list-style-type: none"><li>(a) any person or persons other than the Permitted Holders (or persons who are controlled by the Permitted Holders) acting together acquires control of the Company if such person or persons does not or do not have, and would not be deemed to have, control of the Company on the Issue Date;</li><li>(b) the Issuer consolidates with or merges into or sells or transfers all or substantially all of its assets to any other person, unless the consolidation, merger, sale or transfer will not result in such other person or persons, other than the Permitted Holders (or persons who are controlled by the Permitted Holders), acquiring control over the Issuer or the successor entity; or</li><li>(c) the Company ceases to hold (either directly or indirectly) 100% of the issued shares of the Issuer</li></ul>
“Closing Date”	the closing date for the Bond Issue, which is expected to be on 5 August 2021 or such later date, not being later than 10 August 2021, as may be agreed by the Issuer, the Company and the Manager

“Company”	Far East Horizon Limited (遠東宏信有限公司), a company incorporated in Hong Kong whose shares are listed on the main board of the Stock Exchange and the sole shareholder of the Issuer
“Conditions”	the terms and conditions of the Bonds
“connected person”	has the meaning ascribed to it under the Listing Rules
“Conversion Price”	HK\$10.70 per Conversion Share subject to adjustments in the manner provided in the Conditions
“Conversion Ratio”	the principal amount of each Bond divided by the applicable Conversion Price (translated into U.S. dollars at the fixed rate of HK\$7.7713 = U.S.\$1.00)
“Conversion Shares”	Shares to be allotted and issued by the Company upon exercise of the conversion right attaching to the Bonds
“Current Market Price”	<p>in respect of a Share on a particular date, the average of the closing price quoted by the Stock Exchange or, as the case may be, by the Alternative Stock Exchange for one Share for the 20 consecutive Trading Days ending on the Trading Day immediately preceding such date; provided that if at any time during the said 20 Trading Day period the Shares shall have been quoted ex-dividend and during some other part of that period the Shares shall have been quoted cum-dividend then:</p> <p>(a) if the Shares to be issued in such circumstances do not rank for the dividend in question, the quotations on the dates on which the Shares shall have been quoted cum-dividend shall for the purpose of this definition be deemed to be the closing price thereof reduced by an amount equal to the Fair Market Value amount of that dividend per Share; or</p> <p>(b) if the Shares to be issued in such circumstances rank for the dividend in question, the quotations on the dates on which the Shares shall have been quoted ex-dividend shall for the purpose of this definition be deemed to be the closing price thereof increased by the Fair Market Value amount of that dividend per Share;</p> <p>and provided further that if the Shares on each of the said 20 Trading Days have been quoted cum-dividend in respect of a dividend which has been declared or announced but the Shares to be issued do not rank for that dividend, the closing price on each of 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</p>

“Directors”	the directors of the Company
“Early Redemption Amount”	an amount for each U.S.\$200,000 principal amount of the Bonds, determined to represent for the Bondholder on the Determination Date a gross yield of 2.00% per annum calculated on a semi – annual basis
“Existing Bondholders”	holders of the Existing Bonds
“Existing Bonds”	collectively, the 2.50% guaranteed convertible bonds due 2025 in the aggregate principal amount of U.S.\$300,000,000 issued by the Issuer on 8 July 2020 and unconditionally and irrevocably guaranteed by the Company, and the zero coupon guaranteed convertible bonds due 2026 in the aggregate principal amount of U.S.\$250,000,000 issued by the Issuer on 15 June 2021 and unconditionally and irrevocably guaranteed by the Company
“Fair Market Value”	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, provided that: <ul style="list-style-type: none"> <li>(a) the fair market value of a cash dividend paid or to be paid per Share shall be the amount of such cash dividend per Share determined as at the date of announcement of such dividend; and</li> <li>(b) where options, warrants or other rights are 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 shall equal the arithmetic mean of the daily closing prices of such options, warrants or other rights during the period of five Trading Days on the relevant market commencing on the first such Trading Day such options, warrants or other rights are publicly traded</li> </ul>
“General Mandate”	the general mandate granted to the Board by the Shareholders at the annual general meeting of the Company held on 9 June 2021, which authorised the Directors to allot, issue or otherwise deal with up to 832,831,366 Shares, representing 20% of the total number of Shares of the Company in issue as at that date
“Group”	the Company and its subsidiaries, including the Issuer, taken as a whole
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Independent Financial Advisor”	an independent investment bank or licensed financial advisor or institution of international repute, acting as an expert, selected and appointed by the Issuer or the Company at its own cost
“Issue Date”	on or about 5 August 2021, being the date on which the Bonds are constituted by the Trust Deed Universe Trek Limited (星旅有限公司), a BVI business company incorporated in the British Virgin Islands
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Manager”	Huatai Financial Holdings (Hong Kong) Limited
“Maturity Date”	on or about 5 August 2026
“NDRC”	the National Development and Reform Commission of the PRC or its local counterparts
“NDRC Quota”	the annual foreign debt issuance quota granted by the NDRC to Sinochem Group pursuant to the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (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(發改外資[2015]2044 號)) issued by the NDRC, which came into effect on 14 September 2015, and any implementation rules as issued by the NDRC from time to time
“Paying Agent”	The Hongkong and Shanghai Banking Corporation Limited
“Permitted Holders”	Sinochem Group and any person or persons controlled by it
“PRC”	the People’s Republic of China, excluding for the purpose of this announcement, Hong Kong, Macau Special Administrative Region and Taiwan
“Principal Agent”	The Hongkong and Shanghai Banking Corporation Limited
“Relevant Indebtedness”	any indebtedness incurred outside of the PRC which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which for the time being are, or are intended by the Issuer or the Company to be or capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market
“Share Option Schemes”	share option schemes disclosed in the annual report of the Company for the year ended 31 December 2020

“Shareholders”	holders of Shares from time to time
“Shares”	ordinary shares of the Company
“Sinochem Group”	Sinochem Group Co., Ltd, a PRC state-owned enterprise under the supervision of the State-owned Assets Supervision and Administration Commission of the State Council of the PRC
“Subscription Agreement”	the conditional subscription agreement dated 20 July 2021 entered into between the Issuer, the Company and the Manager in relation to the Bond Issue
“Subsidiary”	any entity whose financial statements at any time are required by law or in accordance with generally accepted accounting principles to be fully consolidated with those of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trading Day”	a day when the 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
“Trustee”	The Hongkong and Shanghai Banking Corporation Limited
“Trust Deed”	the trust deed (as amended or supplemented from time to time) made between, among others, the Issuer, the Company and the Trustee to be dated on or about the Closing Date
“U.S.\$”	United States dollars, the lawful currency of the United States of America
“U.S. Securities Act”	The United States Securities Act of 1933, as amended
“%”	per cent.

By order of the Board  
**Far East Horizon Limited**  
**KONG Fanxing**  
*Chief Executive Officer and Executive Director*

Hong Kong, 20 July 2021

*As at the date of this announcement, the executive directors of the Company are Mr. KONG Fanxing and Mr. WANG Mingzhe, the non-executive directors of the Company are Mr. NING Gaoning (Chairman), Mr. YANG Lin, Mr. LIU Haifeng David, Mr. KUO Ming-Jian and Mr. John LAW, and the independent non-executive directors of the Company are Mr. CAI Cunqiang, Mr. HAN Xiaojing, Mr. LIU Jialin and Mr. YIP Wai Ming.*