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**China VAST Industrial Urban Development Company Limited**

**中國宏泰產業市鎮發展有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 6166)**

**AMENDMENTS TO THE TERMS OF THE GUARANTEED  
CONVERTIBLE NOTES AND THE GUARANTEED NOTES AND  
DISCLOSURE PURSUANT TO RULE 13.18 OF THE LISTING RULES**

On 12 October 2022, the Company and the Initial Investor, among others, entered into a conditional Amendment Deed to amend certain terms in respect of the outstanding Convertible Notes in the principal amount of US\$50 million and the outstanding Notes in the principal amount of US\$16 million.

The Company has applied for the approval of the Hong Kong Stock Exchange for the 2022 Amendments in relation to the Convertible Notes under Rule 28.05 of the Listing Rules and the Hong Kong Stock Exchange has approved the same.

**Since the 2022 Amendments is subject to the fulfillment of the conditions as set out in the Amendment Deed, the 2022 Amendments may or may not become effective. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.**

Reference is made to the announcements of the Company dated 27 December 2017, 9 January 2018, 8 January 2021, 18 January 2021, 4 October 2021, 12 December 2021 and 31 December 2021 (collectively, the “**Announcements**”), as well as the circular of the Company dated 14 December 2021, in relation to, inter alia, the extension of maturity date and the amendments of certain terms of the Convertible Notes and the Notes and the grant of a specific mandate in relation to the Shares which may be issued under the Convertible Notes. Terms used herein shall have the same meanings as defined in the Announcements unless the context requires otherwise.

## AMENDMENTS TO THE TERMS OF THE CONVERTIBLE NOTES AND THE NOTES

In contemplation of the implementation of the pre-conditional proposal (the “**Proposal**”) for the privatisation of the Company by China Jinmao Holdings Group Limited (“**China Jinmao**”) by way of a scheme of arrangement under section 86 of the Companies Act (2022 Revision) of the Cayman Islands (the “**Scheme of Arrangement**”) and the withdrawal of the listing of the Shares on the Hong Kong Stock Exchange as further detailed in the joint announcement published by China Jinmao and the Company on 9 June 2022 (the “**Joint Announcement**”), the Company, Profit East, Shing Cheong, China Vast International, Sheng Shi International, King Billion, Ms. Zhao, Mr. Wang, China Jinmao and the Initial Investor entered into a conditional deed of amendment (the “**Amendment Deed**”) on 12 October 2022.

Pursuant to the Amendment Deed, the amendments to the terms of the Convertible Notes and the Notes (the “**2022 Amendments**”) shall be subject to the fulfillment of certain customary conditions including the delivery of relevant corporate authorisation documents by each of the Company, China Jinmao and the guarantors approving the 2022 Amendments. The 2022 Amendments shall take effect upon fulfillment or waiver of conditions to the Scheme of Arrangement, the satisfaction of which will render the Scheme of Arrangement becoming effective and binding on, amongst others, the Company and China Jinmao.

Pursuant to the Amendment Deed, the Company, the Initial Investor and other parties thereto agreed to amend the terms of the Note Subscription Agreement, the Convertible Notes and the Notes and the other relevant transaction documents (collectively, the “**Transaction Documents**”) which may not be complied with, or a breach or default of which may be triggered as a result of the implementation of the Proposal, and/or will no longer be applicable after the Scheme of Arrangement becomes effective, particulars of which are as follows:

Guarantee:

As a result of the 2022 Amendments, the obligations of the Company in respect of the Convertible Notes and the Notes will be guaranteed by Shing Cheong, China Vast International, Sheng Shi International and King Billion (collectively, the “**Subsidiary Guarantors**”) jointly and severally in full, by the controlling shareholders of the Company (i.e. Profit East and Ms. Zhao) and Mr. Wang jointly and severally up to their Ownership Percentage of the guaranteed obligation, and by China Jinmao severally up to its Ownership Percentage of the guaranteed obligation. Prior to the 2022 Amendments, the Convertible Notes and the Notes were guaranteed by the Subsidiary Guarantors jointly and severally in full, by Profit East, Ms. Zhao and Mr. Wang jointly and severally up to 70.1% and by China Jinmao severally up to 29.9%.

For the purpose of the forgoing paragraph, “**Ownership Percentage**” shall mean the percentage of the total issued share capital of the Company represented by the number of Shares or equity securities which the respective parties hold at such relevant time, which upon the Scheme of Arrangement becoming effective, is expected to be 90.1% in respect of China Jinmao and 9.9% in respect of Profit East.

Listing status, change of ownership and Share Custody Account:

Certain covenants, undertakings, repeated representations and warranties and other provisions under the Transaction Documents (including event of default provisions) (i) requiring the Company to maintain its status as a company listed on the Hong Kong Stock Exchange and its Shares being freely tradable on the Hong Kong Stock Exchange (and relevant references to the Listing Rules, other laws, regulations and requirements thereunder as well as relevant mechanisms and arrangements which are only applicable to companies whose shares are listed on the Hong Kong Stock Exchange), (ii) restricting changes to ownership of the Company, as well as (iii) setting out the requirements and restrictions related to the Share Custody Account are deleted as they can no longer be complied with upon the delisting and privatisation of the Company. Certain covenants, undertakings, repeated representations and warranties and other provisions under the Transaction Documents are also amended to reflect certain arrangements as agreed between the Company and its substantial shareholders in connection with the Proposal as well as the change to ownership of the Company upon the implementation of the Proposal.

Mechanisms for adjustment of the Conversion Price and payment of the cash settlement amount:

Certain provisions under the Transaction Documents requiring the Company to adjust the Conversion Price upon events affecting the share capital of the Company or to make cash settlement for the conversion rights underlying the Convertible Notes by taking reference to the market price of the Shares on the Hong Kong Stock Exchange are deleted as there will no longer be a closing price or market price upon the delisting and privatisation of the Company.

Save for the above, all other material terms and conditions of the Note Subscription Agreement, the Convertible Notes and the Notes (including the Conversion Price and Maturity Date) as disclosed in the Announcements will remain unchanged, and will continue in full force and effect.

## SHAREHOLDING STRUCTURE

The following table shows the shareholding of the Company (i) as at the date of this announcement; (ii) upon full conversion of the Convertible Notes (assuming there are no other changes to the issued share capital of the Company) and (iii) upon completion of the Scheme of Arrangement and full conversion of the Convertible Notes (assuming the 138,297,873 Shares to be issued pursuant to the Convertible Notes based on the existing Conversion Price of HK\$2.82 will not be subject to the Scheme of Arrangement and assuming there are no other changes to the issued share capital of the Company):

Shareholders	As of the date of this announcement		Upon full conversion of the Convertible Notes		Upon completion of the Scheme of Arrangement and full conversion of the Convertible Notes <sup>1</sup>	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
Profit East and Ms. Zhao <sup>2</sup>	727,845,654	44.08	727,845,654	40.67	163,472,511	9.13
China Jinmao <sup>3</sup>	493,720,010	29.90	493,720,010	27.59	1,487,764,980	83.14
Initial Investor <sup>4</sup>	8,060,000	0.49	146,357,873	8.18	138,297,873	7.73
Other public Shareholders	421,611,827	25.53	421,611,827	23.56	–	–
<b>Total</b>	<b>1,651,237,491</b>	<b>100.00</b>	<b>1,789,535,364</b>	<b>100.00</b>	<b>1,789,535,364</b>	<b>100.00</b>

### Notes:

- Assuming that no offer will be made for the Convertible Notes under the Scheme of Arrangement and the Shares to be issued pursuant to the Convertible Notes will not be subject to the Scheme of Arrangement.
- Represents 723,092,654 Shares directly held by Profit East and 4,753,000 Shares directly held by Tai Shing which Ms. Zhao Ying is indirectly interested in.
- China Jinmao is also the holder of the 6% guaranteed convertible bonds in the aggregate principal amount of US\$123,275,892 issued by the Company pursuant to a convertible bond subscription agreement dated 28 June 2021, which can be converted into 339,323,450 Shares based on the existing conversion price (assuming the availability of suitable mandate is obtained from the Shareholders), and the table above assumes that China Jinmao will not exercise such conversion rights.
- The conversion of the Convertible Notes is based on the assumption that (i) there is no adjustment to the existing Conversion Price of HK\$2.82; and (ii) there is no redemption of the Convertible Notes pursuant to the terms and condition of the Convertible Notes.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Initial Investor is an indirect wholly-owned subsidiary of China Construction Bank Corporation, whose H shares are listed on the Main Board of the Hong Kong Stock Exchange (stock code: 939) and A shares are listed on The Shanghai Stock Exchange (stock code: 601939), and the Initial Investor and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

## **REASONS FOR THE 2022 AMENDMENTS**

As set out in the Joint Announcement, upon completion of the Scheme of Arrangement, the Company will be privatised and delisted from the Hong Kong Stock Exchange and it will therefore be necessary for the Company to seek waivers and amendments of certain terms of the Convertible Notes and the Notes which may not be complied with, or a breach or default of which may be triggered as a result of the implementation of the Proposal, and/or will no longer be applicable after the Scheme of Arrangement becomes effective. In view of the above, the Directors consider that the terms and conditions of the Amendment Deed and the 2022 Amendments are fair and reasonable and they are in the interests of the Company and its Shareholders as a whole.

## **DISCLOSURE PURSUANT TO RULE 13.18 OF THE LISTING RULES**

As disclosed in the Company's announcement dated 12 December 2021, Profit East and Ms. Zhao shall, until all obligations under the Transaction Documents have been performed and discharged in full, (a) maintain an aggregate beneficial ownership (directly or indirectly) of not less than 34% of the entire issued capital of the Company; and (b) continue to be the single largest direct or indirect shareholder of the Company. A breach of any such covenant may constitute an event of default. Upon the 2022 Amendments taking effect, Profit East and Ms. Zhao will no longer be required to maintain the stipulated beneficial ownership in the Company or remain as the single largest direct or indirect shareholder of the Company.

## **IMPLICATIONS UNDER THE LISTING RULES**

Pursuant to Rule 28.05 of the Listing Rules, any alterations in the terms of convertible debt securities after issue must be approved by the Hong Kong Stock Exchange, except where the alterations take effect automatically under the existing terms of such convertible debt securities. The Company has applied for the approval of the Hong Kong Stock Exchange for the 2022 Amendments in relation to the Convertible Notes under Rule 28.05 of the Listing Rules and the Hong Kong Stock Exchange has approved the same.

The Convertible Notes and the Notes are severally guaranteed by the controlling shareholders, executive Director and substantial shareholder of the Company, which constitute financial assistance provided by connected persons of the Company. As (i) such guarantee is not secured by the assets of the Group, and (ii) the Directors consider that such guarantee is on normal commercial terms or better to the Group, the guarantee provided by the controlling shareholders, executive Director and substantial shareholder of the Company pursuant to the 2022 Amendments is fully exempt from reporting, announcement, circular, annual review and independent Shareholders' approval requirements under Rule 14A.90 of the Listing Rules.

**Since the 2022 Amendments is subject to the fulfillment of the conditions as set out in the Amendment Deed, the 2022 Amendments may or may not become effective. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.**

By Order of the Board  
**China VAST Industrial Urban Development Company Limited**  
**Song Liuyi**  
*Chairman*

Hong Kong, 12 October 2022

*As at the date of this announcement, the Board of Directors of Company comprises Mr. Song Liuyi (Chairman) as non-executive Director, Mr. Wang Jianjun, Mr. Zhao Lei, Mr. Yang Yun, Mr. Wang Yagang and Ms. Wang Wei as executive Directors, and Dr. Wong Wing Kuen, Albert, Ms. Hsieh Yafang and Professor Wang Yijiang as independent non-executive Directors. The Directors jointly and severally accept full responsibility for the accuracy of information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement by the Directors have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.*

*In the event of any inconsistency, the English text of this announcement shall prevail over the Chinese text.*