

6 May 2024

To the Shareholders

Dear Sir/Madam,

**(1) CONNECTED TRANSACTION
CONVERTIBLE LOAN INVOLVING THE ISSUE OF CONVERSION SHARES
UNDER SPECIFIC MANDATE
AND
(2) SUPPLEMENTAL NOTICE OF ANNUAL GENERAL MEETING**

1. INTRODUCTION

Reference is made to the announcement of the Company dated 5 April 2023 in relation to, among others, the entering into of the Convertible Facility Agreement involving the issue of the Conversion Shares, which constitutes a connected transaction on the part of the Company under Chapter 14A of the Listing Rules.

The purpose of this supplemental circular is to provide you with further information regarding (i) the resolution to be proposed at the Annual General Meeting relating to the Convertible Facility Agreement and the transaction contemplated thereunder and the grant of the Specific Mandate; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Convertible Facility Agreement involving the issue of the Conversion Shares and the grant of the Specific Mandate; and (iii) the letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders in relation to the Convertible Facility Agreement and the transactions contemplated thereunder and the grant of the Specific Mandate, and to give you a supplemental notice of Annual General Meeting and the Second Proxy Form.

2. PROPOSED CONVERTIBLE LOAN INVOLVING THE ISSUE OF CONVERSION SHARES UNDER SPECIFIC MANDATE

To repay the 2026 Convertible Bonds (of which approximately US\$448 million remains outstanding), the Board is pleased to announce that on 5 April 2024, the Company entered into the Convertible Facility Agreement with, among others, the Original Lenders pursuant to which the Original Lenders agreed to make available to the Company a US Dollars convertible term loan facility in an aggregate principal amount of US\$150,000,000 at an interest rate of 5.75% per annum, with the Accordion Option to increase the Total Commitments by an aggregate principal amount of up to US\$50,000,000 (the Total Commitments will be US\$200,000,000 if the Accordion Option is exercised in full).

Meanwhile, the Company has also been actively engaged in negotiations with several financial institutions. The Board further announces that, as at the Latest Practicable Date, the Company is expected to obtain more than US\$300 million credit support provided by financial institutions for the repayment of all outstanding amounts of the 2026 Convertible Bonds.

Set forth below are the principal terms of the Convertible Facility Agreement:

Date: 5 April 2024

Parties:

- (i) the Company, as borrower
- (ii) the Original Lenders, as lenders
- (iii) the Agent, as agent of the Finance Parties (other than itself); and
- (iv) the Conversion Agent, as conversion agent

Certain members of the management of the Company (including director(s) of subsidiaries of the Company and thus a connected person(s) of the Company) may also directly or indirectly participate as one of the Lenders and assume commitments under the Convertible Facility Agreement in an aggregate amount of up to US\$5 million.

The identities of the Lenders under the Convertible Facility Agreement may change from time to time due to syndication, assignment or other transfer of rights and interest relating to the Convertible Facility in accordance with the provisions of the Convertible Facility Agreement.

Total Commitments: US\$150,000,000, subject to any increase pursuant to the Accordion Option.

Accordion Option: Original Lender A may, at any time after the first Utilisation Date but on or prior to the Accordion Increase Arrangement Deadline, arrange for the Total Commitments to be increased by an aggregate amount of up to US\$50,000,000 in accordance with, and subject to the terms of, the Convertible Facility Agreement.

- Interest: The outstanding principal of each Convertible Loan will bear interest at a rate of 5.75% per annum. Interest period of a Convertible Loan shall be a period of six months in each case beginning on the Utilisation Date or (if a Convertible Loan has already been made) on the last day of the preceding interest period of such Convertible Loan. An interest period shall not extend beyond the Final Repayment Date. Accrued interest on each Loan shall be paid on the last day of each interest period or on the date falling five Business Days after the conversion date in respect of accrued interest on any Loan Participation in respect of which conversion rights have been exercised in accordance with the Convertible Facility Agreement.
- Utilisation: The Company may utilise the Convertible Facility by delivering to the Agent, at least 12 Business Days prior to the proposed Utilisation Date, a Utilisation Request. The amount of the proposed Convertible Loan must be a principal amount equal to the Available Facility.
- Conditions Precedent: Subject to the instructions of the Majority Lenders (including waiver of any of the following conditions precedent), the Company may not deliver a Utilisation Request unless the Agent has received, among other things:
- (i) a copy of certain board and shareholders resolutions evidencing the approval and authorisation of the terms of, and the transactions contemplated by, the Finance Documents by the parties thereto, and a copy of their respective constitutional documents and (if applicable) statutory register;
 - (ii) a copy of each of the duly executed Finance Documents required by the Agent (acting on the instructions of the Majority Lenders) to be executed on or before the first Utilisation Date;
 - (iii) certain legal opinions in relation to the laws of various jurisdictions addressed to each Finance Party;
 - (iv) evidence that any process agent referred to in any Finance Document has accepted its appointment;
 - (v) the audited consolidated financial statements of the Group for the financial year ended 31 December 2023 and the management accounts of each Guarantor for the financial year ended 31 December 2023;

- (vi) a copy of each of (i) the NDRC Certificate and (ii) an approval issued by the NDRC to the Company of an amendment to the NDRC Certificate pursuant to the Order 56 showing that the Company has obtained approval from the NDRC in relation to the borrowing of the Total Commitments and the Utilisations contemplated under the Convertible Facility;
- (vii) evidence that loans in an aggregate amount of US\$25,000,000 have been advanced by any Original Lender (other than Jumbo Glorious) and/or any of its affiliates to (A) certain members of the management of the Company (the “**Management**”) or their special purpose vehicles and (B) Jumbo Glorious to enable each Management, each such special purpose vehicle and/or Jumbo Glorious to fund its participation of the Convertible Loans, and certain credit enhancement arrangements in connection with such loans have been implemented;
- (viii) evidence that each Guarantor does not have material liabilities;
- (ix) evidence that Original Lender C has transferred all of its rights and obligations under the Finance Documents which relate to its commitment (or part thereof) under the Convertible Facility Agreement in an aggregate principal amount equal to US\$5,000,000 to the Management and/or their special purpose vehicles; and
- (x) evidence that the Company has freely and immediately available capital and/or has entered into committed and definitive financing arrangements in an aggregate principal amount that, when added to the amount of the Total Commitments, such amount is sufficient to repay all outstanding amounts under the 2026 Convertible Bonds in full and (in the case of any financing arrangement) any condition precedent to the availability of such financing arrangement has been satisfied.

As of the Latest Practicable Date, no conditions have been fulfilled or waived under the Convertible Facility Agreement.

The Lenders will only be obliged to make their respective participations in each Convertible Loan available if:

- (i) on the date of the Utilisation Request and on the proposed Utilisation Date:
 - (a) no default is continuing or would result from the proposed Convertible Loan and no Relevant Event has occurred; and
 - (b) certain representations and warranties made by each Obligor under the Convertible Facility Agreement remain true in all material respects; and
- (ii) the Agent has received:
 - (a) on or prior to the date falling two Business Days before the proposed Utilisation Date, a copy of the listing approval from the Hong Kong Stock Exchange for the Conversion Shares issuable upon a conversion pursuant to the terms of the Convertible Facility Agreement; and
 - (b) on or prior to the date falling three Business Days before the proposed Utilisation Date, evidence that the approval of the independent shareholders of the Company has been obtained at a general meeting of the Company by way of a poll for the entering into of the Convertible Facility Agreement and the transactions contemplated thereunder in accordance with the Listing Rules.

For the avoidance of doubt, the Company will not proceed with the transactions contemplated under the Convertible Facility Agreement unless the approval of the independent Shareholders has been obtained at a general meeting of the Company by way of a poll.

Final Repayment Date: The date falling 60 months from the first Utilisation Date.

Repayment: Subject to the terms of the Convertible Facility Agreement, the Company shall repay each Convertible Loan in full on the Final Repayment Date, together with all interest, any Redemption Premium Amount and any accrued but unpaid amounts payable to the Lenders under the Finance Documents.

Prepayment: Without prejudice to certain clauses in the Convertible Facility Agreement, the Company shall:

- (i) following the occurrence of an Illegality Event, prepay the relevant Lender's participation in all outstanding Convertible Loans (together with all interest, any Redemption Premium Amount (only to the extent that such Illegality Event is caused by the Company) and any accrued but unpaid amounts payable to such Lender under the Finance Documents) in accordance with the Convertible Facility Agreement;
- (ii) with no less than 10 Business Days' notice from the Agent, following the occurrence of a Relevant Event, if a Lender so requires and notifies the Agent in writing within 10 Business Days of the Company notifying the Agent of the Relevant Event, prepay the relevant Lender's participation in all Convertible Loans (together with all interest, any Redemption Premium Amount and any accrued but unpaid amounts payable to such Lender under the Finance Documents) in accordance with the Convertible Facility Agreement;
- (iii) with no less than 10 Business Days' notice in writing from a Lender to the Agent and the Company, on the third anniversary of the first Utilisation Date, prepay the relevant Lender's participation in all Convertible Loans (together with all interest, any Redemption Premium Amount and any accrued but unpaid amounts payable to such Lender under the Finance Documents) in accordance with the Convertible Facility Agreement (being a "**Lender Prepayment Event**");
- (iv) with no less than 30 but not more than 60 days' written notice in writing from the Company to the Agent, at any time after the third anniversary of the first Utilisation Date but prior to the Final Repayment Date, prepay all outstanding Convertible Loans (together with all interest, any Redemption Premium Amount and any accrued but unpaid amounts payable to the Lenders under the Finance Documents) in accordance with the Convertible Facility Agreement, **provided that** the closing price of the Shares for each of any 20 trading days within a period of 30 consecutive trading days, the last of which occurs not more than 5 trading days prior to the publishing date of such notice, is at least 130 per cent of the Conversion Price, subject to further adjustments in accordance with the Convertible Facility Agreement (being a "**Borrower Prepayment Event**");

- (v) following the occurrence of a Performance Breach, if so required by the Agent (acting on the instructions of the Majority Lenders) by not less than 10 Business Days' notice to the Company, apply an amount equal to US\$50,000,000 towards prepayment of the Convertible Loans and payment of all accrued interest on the amount so prepaid and any Redemption Premium Amount, in accordance with the Convertible Facility Agreement; and
- (vi) upon receipt by the Company or any of its Subsidiaries of any cash proceeds in connection with any Relevant Disposal, within 10 Business Days from the date of its receipt of such cash proceeds, apply an amount equal to the net disposal proceeds in respect of that Relevant Disposal towards prepayment of the Convertible Loans, together with all accrued interest on the amount so prepaid and any Redemption Premium Amount, in accordance with the Convertible Facility Agreement.

The Company shall not repay or prepay all or any part of the Convertible Loans or cancel all or any part of the commitment except at the times and in the manner expressly provided for in the Convertible Facility Agreement or the other mandatory prepayment provisions in the Security Trust Deed.

Without prejudice to certain clauses in the Convertible Facility Agreement, the Company may, if any sum payable to any Lender by the Company is required to be increased in accordance with the tax gross-up provisions in the Convertible Facility Agreement, or any Lenders claims indemnification from the Company in accordance with the tax indemnity or increased costs provisions in the Convertible Facility Agreement, whilst the circumstance giving rise to the requirement for such increase or indemnification continues, give the Agent written notice of cancellation of the commitment of that Lender and its intention to procure the prepayment of that Lender's Loan Participations or give the Agent notice of its intention to replace that Lender in accordance with the Convertible Facility Agreement.

Conversion:

Subject to the terms of the Convertible Facility Agreement, each Lender has the right to convert all or any portion of its Loan Participation into Conversion Shares at the Conversion Price (initially being HK\$7.46 per Share, subject to adjustments as set out in the Convertible Facility Agreement) at any time on or after the relevant Utilisation Date up to (i) the close of business (being 3:00 p.m.) in Hong Kong on the tenth HK Business Day prior to the Final Repayment Date (both days inclusive) (but, subject only to the proviso below, in no event thereafter); (ii) (in respect of that Lender's conversion right) if the Company exercises its right of prepayment and cancellation in relation to that Lender to prepay any of that Lender's Loan Participation before the Final Repayment Date, then up to the close of business (being 3:00 p.m.) in Hong Kong on a date no later than 15 HK Business Days (both days inclusive) prior to the date fixed for prepayment thereof or (iii) (in respect of that Lender's conversion right) if notice requiring prepayment has been given by the Agent (for and on behalf of a Lender) in respect of that Lender's Loan Participation (or part thereof) in accordance with, and subject to the terms of, the Convertible Facility Agreement, then up to the close of business (being 3:00 p.m.) in Hong Kong on a date prior to the giving of such notice, provided that if (A) the Company defaults in making payment in full in respect of any Loan Participation of a Lender on the date fixed for payment or prepayment thereof in accordance with the terms of the Convertible Facility Agreement or (B) any Loan Participation of a Lender has become due and payable prior to the Final Repayment Date by reason of the occurrence of any of events of default under the Convertible Facility Agreement, that Lender may continue to exercise its right to convert all or any Loan Participation (or part thereof) up to and including the close of business (being 3:00 p.m.) in Hong Kong on the date upon which the full amount of the moneys payable in respect of that Loan Participation has been duly received by the Agent and notice of such receipt has been duly given to the Lenders.

The number of Conversion Shares issuable upon conversion of any Loan Participation (or part thereof) shall be determined by dividing the principal amount of such part of that Loan Participation to be converted (translated into Hong Kong Dollars at the fixed rate of HK\$7.8285 = U.S.\$1.00 (the "**Fixed Exchange Rate**")) by the Conversion Price in effect on the relevant conversion date and if such number is not a whole number, it shall be rounded down to the nearest whole number of Conversion Shares.

Conversion Price:

The Conversion Price is initially HK\$7.46 per Share, subject to adjustments for, amongst others, consolidation, subdivision or reclassification of Shares, capitalisation of profits or reserves, distributions, rights issues of Shares or options over Shares at less than the then current market price, rights issues of other securities, issues of Shares or other options over Shares at less than the then current market price, issues of securities or other options over securities at less than the then current market price, modification of rights of conversion at less than the then current market price and other offers to Shareholders as set forth in the Convertible Facility Agreement. The Company may, at its own expense, request an independent investment bank, acting as expert, to ascertain the appropriate operation of the adjustment provisions under the Convertible Facility Agreement. Set forth below is the exhaustive list of the relevant adjustment events:

- (a) *Consolidation, Subdivision or Reclassification*: If and whenever there shall be an alteration to the nominal value of the Shares as a result of consolidation, subdivision 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 the alteration takes effect.

(b) *Capitalisation of Profits or Reserves:*

- (i) If and whenever the Company shall issue any Shares credited as fully paid to the holders of the Shares by way of capitalisation of profits or reserves including Shares paid up out of distributable profits or reserves and/or share premium account issued, save where Shares are issued in lieu of the whole or any part of a specifically declared cash dividend (the “**Relevant Cash Dividend**”), being a dividend which the Shareholders concerned would or could otherwise have received (a “**Scrip Dividend**”) and which would not have constituted a distribution (as defined in the Convertible Facility Agreement), 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 the number of such Shares is fixed on announcement and 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 current market price (as defined in the Convertible Facility Agreement) of such Shares on the last trading day preceding the date of announcement of the terms of such issue 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 and (ii) the denominator is the current market price of the Shares issued by way of Scrip Dividend in respect of each existing Share in lieu of the whole, or the relevant part, of the Relevant Cash Dividend; 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.

(c) *Distributions:*

- (i) Subject to paragraph (b)(ii) above, if and whenever the Company shall pay or make any distribution to the Shareholders other than in cash only (except to the extent that the Conversion Price falls to be adjusted under paragraph (b) above), 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 of one Share on the date on which the distribution is publicly announced; and

“**B**” is the fair market value (as defined in the Convertible Facility Agreement) 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 later, the first date upon which the fair market value of the distribution is capable of being determined as provided in the Convertible Facility Agreement.

- (ii) If and whenever the Company shall pay or make any distribution in cash only to the Shareholders, 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 of one Share on the date on which the distribution is publicly announced; and

“**B**” is the amount of cash so distributed attributable to one Share.

Such adjustment shall become effective on the date on which such distribution in cash is actually made or if a record date is fixed therefore, immediately after such record date.

- (d) *Rights Issues of Shares or Options over Shares:* If and whenever the Company shall issue Shares to all or substantially all Shareholders as a class by way of rights issue, or issue or grant to all or substantially all Shareholders as a class, by way of rights issue, of options, warrants or other rights to subscribe for or purchase any Shares, in each case at less than the current market price per Share on the last trading day preceding the date of the 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 number of Shares in issue immediately before such announcement;

“**B**” is the number of Shares which the aggregate amount (if any) payable for the Shares issued by way of rights issue or for the options or warrants or other rights issued or granted by way of rights issue and for the total number of Shares comprised therein would subscribe, purchase or otherwise acquire at such current market price per Share; 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.

- (e) *Rights Issues of Other Securities:* If and whenever the Company shall issue any securities (other than Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire any Shares) to all or substantially all Shareholders as a class, by way of rights issue, or the grant to all or substantially all Shareholders as a class by way of rights issue, 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 of one Share on the date on which such issue or grant 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 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.

- (f) *Issues at less than Current Market Price:* If and whenever the Company shall issue (otherwise than as mentioned in paragraph (d) above) 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 paragraph (d) above) options, warrants or other rights to subscribe for, purchase or otherwise acquire any Shares, in each case at a price per Share which is less than the current market price per Share on the date of announcement of the terms of such 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 number of Shares in issue immediately before the issue of such additional Shares or the issue or grant of such options, warrants or other rights to subscribe for, purchase or otherwise acquire any Shares;

“B” is the number of Shares which the aggregate consideration receivable for the issue of such additional Shares would purchase at such current market price per Share; and

“C” is the 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 or grant by the Company of options, warrants or other rights to subscribe for, purchase or otherwise acquire Shares, mean such Shares to be issued assuming that such options, warrants or other rights are exercised in full at the initial exercise price (if applicable) 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.

- (g) *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 the Convertible Facility Agreement if and whenever the Company or any of its subsidiaries (otherwise than as mentioned in paragraphs (d), (e) or (f) above or (at the direction or request of or pursuant to any arrangements with the Company or any of its subsidiaries), any other company, person or entity shall issue wholly for cash any securities which by their terms of issue carry rights of conversion into, or exchange or subscription for, Shares to be issued by the Company upon conversion, exchange or subscription at a consideration per Share which is less than the current market price per Share on the date of announcement of the terms of issue of such securities.

In such an event, 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 number of Shares in issue immediately before such issue;

“**B**” is the number of Shares which the aggregate consideration (if any) receivable by the Company 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.

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

- (h) *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 paragraph (g) above (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 the current market price per Share on the date of announcement of the proposals for such modification.

In such an event, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such modification by the following fraction:

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

where:

“**A**” current market price of one share on the date on which such modification is announced; and

“**B**” is the difference on a per Share basis between fair market value of the modification on the date of such announcement and the consideration received for such modification (if any).

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

- (i) *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 paragraphs (d), (e), (f) and (g) above, 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 of one 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 or, in relation to a qualifying IPO (as defined in the Convertible Facility Agreement), the date at which the IPO price is announced or if a record date is fixed therefor, immediately after such record date.

Such adjustment shall become effective on the date of issue, sale or delivery of the securities, or in relation to a qualifying IPO, the date immediately after the date at which the IPO price is 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.

Adjustment upon
Change of Control:

If a Change of Control shall have occurred, the Company shall give notice of that fact to the Lenders (the “**Change of Control Notice**”) within 7 days after it becomes aware of such Change of Control. Following the giving of a Change of Control Notice, upon any exercise of conversion rights such that the relevant conversion date falls within the period of 30 days following the later of (1) the relevant Change of Control and (2) the date on which the Change of Control Notice is given to the Lenders, the Conversion Price shall be adjusted in accordance with the following formula:

$$NCP = OCP / (1 + (CP \times (c/t)))$$
, where:

NCP = the Conversion Price after such adjustment;

OCP = the Conversion Price in effect on the relevant conversion date;

CP (or Conversion Premium) = 25% expressed as a fraction;

c = the number of days from and including the date the Change of Control occurs to but excluding the Final Repayment Date; and

t = the number of days from and including the first Utilisation Date to but excluding the Final Repayment Date.

Ranking of the Conversion Shares:	The Conversion Shares issued upon conversion will be fully-paid and in all respects, subject to mandatory provisions of applicable law, rank pari passu with the Shares in issue on the relevant registration date. Save as set out in the Convertible Facility Agreement, a holder of Shares issued on conversion shall not be entitled to any rights the record date for which precedes the relevant registration date.
Guarantee:	Each of the Guarantors and the US Propco will grant guarantee in connection with the Convertible Facility Agreement.
Security:	The Convertible Loans will be secured by, among others, the following: <ul style="list-style-type: none"> (i) assignment by way of security of certain intercompany loan(s) by the Company; (ii) security over a property held by the US Propco; and (iii) share mortgage in respect of all issued shares of each Guarantor by the Company.

Mandate to issue the Conversion Shares

The Conversion Shares will be allotted and issued pursuant to the Specific Mandate to be sought from the Shareholders at the Annual General Meeting.

Application for listing

Application will be made by the Company to the listing committee of the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Conversion Shares on the Hong Kong Stock Exchange.

Use of proceeds

The net proceeds of the Convertible Facility (after deducting the fees and expenses in relation to the obtaining of the Convertible Facility) are estimated to be approximately US\$145.08 million (assuming no Accordion Option is exercised) or approximately US\$195.08 million (assuming the Accordion Option is exercised in full). On such basis, the net price received by the Company for each Conversion Share is approximately HK\$7.2151 (assuming no Accordion Option is exercised) or HK\$7.2763 (assuming the Accordion Option is exercised in full). The Company intends to use the net proceeds of the Convertible Facility to repay the outstanding amounts under the 2026 Convertible Bonds, pay all fees, costs and expenses under or in connection with the Finance Documents, and (if any proceeds of the Convertible Facility are available after payment of the above) fund the general corporate purposes of the Group.

Conversion Price and Conversion Shares

The initial Conversion Price of HK\$7.46 per Share represents:

- (i) a premium of approximately 10.19% over the closing price of HK\$6.77 per Share as quoted on the Hong Kong Stock Exchange on 5 April 2024 (being the date of the Convertible Facility Agreement) (the “**Last Trading Day**”);
- (ii) a premium of approximately 18.53% over the average closing price of HK\$6.294 per Share as quoted on the Hong Kong Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day; and
- (iii) a premium of approximately 14.89% over the average closing price of HK\$6.493 per Share as quoted on the Hong Kong Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day.

The initial Conversion Price of HK\$7.46 per Share was determined with reference to the prevailing market price of the Shares and the terms and conditions of the Convertible Facility Agreement and was negotiated on an arm’s length basis between the Company and the Lenders. The Directors consider that the Conversion Price is fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

Effect on the share capital of the Company as a result of the conversion

Assuming that Convertible Loans in an aggregate principal amount equal to Initial Total Commitments of US\$150,000,000 (translated into Hong Kong dollars at the Fixed Exchange Rate) would be converted into Conversion Shares in full at the initial Conversion Price of HK\$7.46 per Share, such Convertible Loans are convertible into approximately 157,409,517 Conversion Shares, which represent approximately 8.58% of the issued share capital of the Company as at the Latest Practicable Date and approximately 7.90% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares.

Assuming that the Accordion Option is exercised in full, Convertible Loans in an aggregate principal amount equal to the Maximum Increased Total Commitments (translated into Hong Kong dollars at the Fixed Exchange Rate) would be converted into Conversion Shares in full at the initial Conversion Price of HK\$7.46 per Share, such Convertible Loans are convertible into approximately 209,879,356 Conversion Shares, which represent approximately 11.44% of the issued share capital of the Company as at the Latest Practicable Date and approximately 10.27% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares.

To the best of the Directors’ knowledge, information and belief after having made all reasonable enquiries, assuming that there is no change in the issued share capital of the Company prior to the conversion of Convertible Loans in an aggregate principal amount equal to the Initial Total Commitments or, as the case may be, the Maximum Increased Total Commitments, the shareholding structure of the Company (i) as at the Latest Practicable

Date; (ii) assuming conversion of Convertible Loans in an aggregate principal amount equal to the Initial Total Commitments at the initial Conversion Price of HK\$7.46 per Share and (iii) assuming conversion of Convertible Loans in an aggregate principal amount equal to the Maximum Increased Total Commitments at the initial Conversion Price of HK\$7.46 per Share, will be as follows:

Shareholder	Existing (as of the Latest Practicable Date)		Assuming Convertible Loans in an aggregate principal amount equal to the Initial Total Commitments are converted into Shares at the initial conversion price of HK\$7.46 per Share		Assuming Convertible Loans in an aggregate principal amount equal to the Maximum Increased Total Commitments are converted into Shares at the initial conversion price of HK\$7.46 per Share	
	No. of Shares	Approximate % of issued share capital of the Company	No. of Shares	Approximate % of issued share capital of the Company	No. of Shares	Approximate % of issued share capital of the Company
Directors and substantial shareholders <i>(Notes 3, 4 and 5)</i>						
Otsuka Medical Devices Co., Ltd <i>(Note 1)</i>	382,994,120	20.88	382,994,120	19.23	382,994,120	18.73
Maxwell Maxcare Science Foundation Limited (“Maxwell”) and its controlled corporations <i>(Note 2)</i>	290,444,827	15.83	290,444,827	14.58	290,444,827	14.21
Lenders	–	–	157,409,517	7.90	209,879,356	10.27
Other public Shareholders	<u>1,161,038,467</u>	<u>63.29</u>	<u>1,161,038,467</u>	<u>58.29</u>	<u>1,161,038,467</u>	<u>56.79</u>
Total	<u>1,834,477,414</u>	<u>100.00</u>	<u>1,991,886,931</u>	<u>100.00</u>	<u>2,044,356,770</u>	<u>100.00</u>

Notes:

- Otsuka Holdings Co., Ltd. holds the entire issued share capital of Otsuka Medical Devices Co., Ltd., and therefore, is deemed to be interested in the same number of Shares held by Otsuka Medical Devices Co., Ltd..
- Maxwell holds 100% interest of We’Tron Capital Limited, and therefore, is deemed to be interested in the same number of Shares and share interests held by We’Tron Capital Limited. Maxwell is also the beneficial owner of 3,299,119 Shares. In addition to the foregoing, Maxwell is further interested in 58,271,736 underlying Shares of the Company by virtue of the options, which are not included for the purpose of presentation in the above table.
- Dr. Zhaohua Chang (an executive Director), Mr. Bo Peng (a non-executive Director), Dr. Guoen Liu (an independent non-executive Director) and Mr. Chunyang Shao (an independent non-executive Director) are interested in 49,047,671, 6,068,630, 161,290 and 161,290 underlying Shares of the Company respectively by virtue of the options granted to them under the share option scheme(s) of the Company.
- Dr. Qiyi Luo (a non-executive Director) is interested in (i) 3,393,729 underlying Shares of the Company by virtue of the options granted to him under the share option scheme(s) of the Company and (ii) 6,408,703 Shares of the Company; and Mr. Jonathan H. Chou (an independent non-executive

Director) is interested in (i) 161,290 underlying Shares of the Company by virtue of the options granted to him under the share option scheme(s) of the Company and (ii) 6,300 Shares of the Company.

5. The information set out in this table is for illustrative purpose only.

Reasons for and benefits of entering into the Convertible Facility Agreement

The net proceeds of the Convertible Loan will be fully utilised to repay the outstanding amounts under the 2026 Convertible Bonds, pay all fees, costs and expenses under or in connection with the Finance Documents, and (if any proceeds of the Convertible Facility are available after payment of the above) fund the general corporate purposes of the Group.

The Directors (including the independent non-executive Directors) consider that the terms of the Convertible Facility Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Equity fund raising activities of the Company in the past twelve months

The Company has not conducted any equity fund raising activities in the past twelve months prior to the Latest Practicable Date, except the issuance of the 2028 Convertible Bonds (as defined below), as disclosed in the announcements of the Company dated 6 December 2023 and 19 December 2023.

On 5 December 2023, the Company and J.P. Morgan Securities plc, China International Capital Corporation Hong Kong Securities Limited, Citigroup Global Markets Limited and Merrill Lynch (Asia Pacific) Limited entered into a subscription agreement (the “**Subscription Agreement**”) pursuant to which the Company agreed to issue 5.75 per cent convertible bonds due 2028 (the “**2028 Convertible Bonds**”) with an aggregate principal amount of US\$220 million. The 2028 Convertible Bonds may be convertible into Shares at the initial conversion price of HK\$12.7790 per Share. Assuming full conversion of the 2028 Convertible Bonds, the 2028 Convertible Bonds will be convertible into 134,537,601 Shares (the “**Conversion Shares of 2028 Convertible Bonds**”), representing approximately 7.3% of the issued share capital of the Company as at the date of the Subscription Agreement and approximately 6.8% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares of 2028 Convertible Bonds. The net issue price of the Conversion Shares of 2028 Convertible Bonds is approximately HK\$12.58 per Share. The net proceeds from the issue of the 2028 Convertible Bonds in the amount of approximately US\$216.6 million were mostly intended to be applied for refinancing the Company’s medium and long term offshore debts. The issue of the 2028 Convertible Bonds has been completed and the 2028 Convertible Bonds are listed on the Hong Kong Stock Exchange (Stock Code: 40168). As at the Latest Practicable Date, such proceeds were fully utilized for the intended purpose.

Information on the Group and the Parties to the Convertible Facility Agreement

The Group is a leading medical device group focusing on innovating, manufacturing and marketing high-end medical devices globally in a broad range of business segments including cardiovascular, orthopedics, cardiac rhythm management, endovascular, neurovascular, heart valve, surgical robot and other businesses.

Each of Original Lender A, Original Lender B and Original Lender C is a company incorporated under the laws of Singapore with limited liability. Each of them is solely managed and controlled by Hillhouse Investment Management, Ltd. (“**Hillhouse Investment**”). Founded in 2005, Hillhouse Investment is dedicated to investing in high-quality businesses for the long-term. With nearly two decades of experience, Hillhouse Investment collaborates with industry-defining enterprises, aiming to establish alignment with sustainable, forward-thinking companies across healthcare, business services, consumer, and industrial sectors. Hillhouse Investment is a diversified asset manager. The firm manages capital for global institutions, including non-profit foundations, endowments, and pensions.

Jumbo Glorious is principally engaged in investment holding. As at the Latest Practicable Date, Jumbo Glorious was wholly-owned by an associate of Dr. Zhaohua Chang who is the Chairman, executive Director and Chief Executive Officer of the Company.

The Agent and the Conversion Agent are principally engaged in the provision of trust, agency and escrow services in the Asia-Pacific market. To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, as at the Latest Practicable Date, the Agent and the Conversion Agent and their ultimate beneficial owners are third parties independent of the Company and its connected persons.

Listing Rules implications

As at the Latest Practicable Date, (i) each of Original Lender A, Original Lender B and Original Lender C is solely managed and controlled by Hillhouse Investment. Hillhouse Investment is also the sole management company of Hillhouse Fund IV, L.P., which in turns owns SPR-VI Holdings Limited. SPR-VI Holdings Limited is a substantial shareholder of MicroPort Cardiac Rhythm Management Limited, a non-wholly owned subsidiary of the Company, and thus a connected person of the Company. Accordingly, each of Original Lender A, Original Lender B and Original Lender C is an associate of SPR-VI Holdings Limited and thus a connected person of the Company; and (ii) Jumbo Glorious, being one of the Original Lender, was wholly-owned by an associate of Dr. Zhaohua Chang who is the Chairman, executive Director and Chief Executive Officer of the Company. Accordingly, Jumbo Glorious is an associate of Dr. Zhaohua Chang and thus a connected person of the Company.

Accordingly, the Convertible Facility Agreement and the transactions contemplated thereunder constitute connected transactions of the Company and are subject to reporting, announcement, annual review, circular (including independent financial advice) and independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

3. SUPPLEMENTAL NOTICE OF ANNUAL GENERAL MEETING AND SECOND PROXY FORM

The Company will convene the Annual General Meeting at 1601 Zhangdong Road, Zhangjiang Hi-Tech Park, Shanghai 201203, the People's Republic of China on Wednesday, 22 May, 2024 at 10:00 a.m.. Since the AGM Notice and the First Proxy Form sent together with the Circular do not contain the proposed resolution relating to the Convertible Facility Agreement and the transactions contemplated thereunder and the issue of the Convertible Shares under the Specific Mandate, a supplemental notice of Annual General Meeting has been set out on pages 72 to 73 of this supplemental circular and the Second Proxy Form is enclosed with this supplemental circular to include such resolution.

Second Proxy Form

The Second Proxy Form for use at the Annual General Meeting is enclosed with this supplemental circular, and the Second Proxy Form is also published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (www.microport.com). The Second Proxy Form is the supplemental form of proxy for the purpose of the supplemental resolution set out in the supplemental notice of Annual General Meeting and only serves as a supplement to the First Proxy Form for the Annual General Meeting. It will not affect the validity of the First Proxy Form in respect of the resolutions set out in the AGM Notice which was enclosed with the Circular.

To be valid, the Second Proxy Form must be completed and signed in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority at the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not later than 48 hours before the time appointed for the Annual General Meeting (i.e. not later than 10:00 a.m. on Monday, 20 May 2024) or the adjourned meeting (as the case may be). Completion and delivery of the Second Proxy Form will not preclude you from attending and voting at the Annual General Meeting if you so wish and in such event, your Second Proxy Form shall be deemed to be revoked.

Voting by Poll

Pursuant to the Listing Rules and the Articles of Association, any vote of Shareholders at a general meeting must be taken by poll except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands. Article 13.7 of the Articles of Association provides that, at any general meeting a resolution put to the vote of the meeting shall be decided on a poll. According to Article 14.1 of the Articles of Association, every Shareholder present in person or by proxy shall have one vote for each Share registered in his name in the register. An explanation of the detailed procedures of voting by poll will be provided to the Shareholders at the Annual General Meeting. The Company will publish an

announcement of the poll results on the websites of Hong Kong Exchanges and Clearing Limited and the Company after the Annual General Meeting in accordance with Rule 13.39(5) of the Listing Rules.

An Independent Board Committee comprising all the independent non-executive Directors has been established to consider, and to advise the Independent Shareholders regarding the Convertible Facility Agreement and the transactions contemplated thereunder and the grant of the Specific Mandate, and as to whether the Convertible Facility Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

As at the Latest Practicable Date, (i) Hillhouse Capital Advisors, Ltd. and its associates are interested in 153,694,000 Shares, representing approximately 8.38% of the total number of issued Shares and (ii) Dr. Zhaohua Chang is interested in 49,047,671 underlying Shares (representing approximately 2.67% of the total number of issued Shares) by virtue of the options granted to him under the share option schemes of the Company, and Dr. Zhaohua Chang and his associates are not otherwise interested in, nor do they hold, any other Shares. Save that Hillhouse Capital Advisors, Ltd., Dr. Zhaohua Chang and their respective associates, being interested in the transactions contemplated under the Convertible Facility Agreement, shall abstain from voting for the resolution to approve the Convertible Facility Agreement and the transactions contemplated thereunder and the grant of the Specific Mandate at the Annual General Meeting, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no other Shareholders are required to abstain from voting for the resolution regarding the Convertible Facility Agreement and the transactions contemplated thereunder and the grant of the Specific Mandate at the Annual General Meeting.

4. RESPONSIBILITY STATEMENT

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

5. RECOMMENDATION

Dr. Zhaohua Chang, Chairman, executive Director and Chief Executive Officer of the Company, has interests in the transactions contemplated under the Convertible Facility Agreement and thus has abstained from voting on the relevant resolutions of the Board approving the Convertible Facility Agreement. Except for Dr. Zhaohua Chang, none of the

other Directors has material interests in the transactions contemplated under the Convertible Facility Agreement and thus no Director has abstained from voting on the relevant resolutions of the Board approving the Convertible Facility Agreement. The Directors (including the independent non-executive Directors whose views have been set out in this supplemental circular after taking into consideration the advice of Gram Capital) are of the view that terms of the Convertible Facility Agreement were determined after arm's length negotiations, and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Accordingly, the Directors recommend the Shareholders to vote in favour of the supplemental resolution to be proposed at the Annual General Meeting as set out in the supplemental notice of Annual General Meeting on pages 72 to 73 of this supplemental circular.

6. GENERAL

Your attention is also drawn to the letter from the Independent Board Committee, the letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders, the additional information as set out in the Appendix I to this supplemental circular and the supplemental notice of Annual General Meeting.

Yours faithfully,
For and on behalf of the Board

Dr. Zhaohua Chang
Chairman