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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

**If you have sold or transferred** all your shares in Sinolink Worldwide Holdings Limited (the “**Company**”), you should at once hand this circular together with the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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

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百仕達控股有限公司\*

SINOLINK WORLDWIDE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1168)

**(1) PROPOSED CAPITAL REORGANISATION;  
(2) CONNECTED TRANSACTION  
IN RELATION TO SUBSCRIPTION OF THE CONVERTIBLE BONDS;  
AND  
(3) NOTICE OF SPECIAL GENERAL MEETING**

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



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| NO refreshments, NO food and beverage service and NO handing out of corporate gifts, gift coupons or cake vouchers. |
|---|

A letter from the Board is set out on pages 6 to 22 of this circular and a letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 23 to 24 of this circular. A letter from Lego Corporate Finance Limited, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 25 to 46 of this circular.

A notice convening a special general meeting (the “**SGM**”) of the Company to be held at R3, United Conference Centre, 10/F., United Centre, 95 Queensway, Admiralty, Hong Kong on Wednesday, 3 July 2024 at 11:00 a.m. is set out on pages SGM-1 to SGM-4 of this circular. Whether or not you intend to attend the SGM, you are requested to complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company’s branch share registrar and transfer office 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 and in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof if you so wish and in such event the instrument appointing a proxy shall be deemed to be revoked.

\* For identification purposes only

11 June 2024

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## DEFINITIONS

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*In this circular (including the cover page), unless the content otherwise requires, the following expressions shall have the following meanings:*

|                      |  |
|----------------------|--|
| “Announcements”      | the First Announcement and the Second Announcement   |
| “Asia Pacific”       | Asia Pacific Promotion Limited, a company incorporated in the BVI, which is wholly-owned by Mr. Ou, a controlling Shareholder  |
| “associate(s)”       | has the same meaning ascribed thereto under the Listing Rules  |
| “Board”              | the board of the Directors   |
| “BVI”                | the British Virgin Islands   |
| “Business Day”       | means a day on which licensed banks in Hong Kong are open for business throughout their normal business hours, other than (i) a Saturday, a Sunday or a public holiday in Hong Kong; or (ii) a day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is hoisted or remains hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.  |
| “Bye-laws”           | the bye-laws for the time being adopted by the Company and as amended from time to time  |
| “Capital Diminution” | subject to and immediately upon the Capital Reduction taking effect, the proposed cancellation of all authorised but unissued share capital of the Company (which shall include, without limitation, the authorised but unissued share capital arising from the Capital Reduction) in its entirety resulting in the diminution of the authorised share capital of the Company by such amount representing the amount of Shares cancelled |
| “Capital Increase”   | immediately upon the Capital Diminution, the increase in the authorised share capital of the Company to HK\$1,500,000,000 by the creation of such number of additional New Shares as shall be sufficient to increase the authorised share capital of the Company to HK\$1,500,000,000 divided into 150,000,000,000 New Shares of par value of HK\$0.01 each  |
| “Capital Reduction”  | the proposed reduction in the issued share capital of the Company as detailed in the section headed “Capital Reduction” in the letter from the Board of this circular  |

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## DEFINITIONS

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|--------------------------------|--|
| “Capital Reorganisation”       | collectively, the Capital Reduction, the Capital Diminution and the Capital Increase   |
| “CCASS”                        | the Central Clearing and Settlement System established and operated by HKSCC   |
| “CCASS Operational Procedures” | the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as amended from time to time |
| “Companies Act”                | the Companies Act 1981 of Bermuda (as amended from time to time)   |
| “Company”                      | Sinolink Worldwide Holdings Limited (stock code: 1168), a company incorporated in Bermuda with limited liability whose issued Shares are listed on the Stock Exchange                                      |
| “Completion Date”              | the date of the Subscription Completion  |
| “connected person(s)”          | has the same meaning ascribed thereto under the Listing Rules  |
| “Convertible Bonds”            | the 0% coupon convertible bonds in the aggregate principal amount of HK\$200,000,000 to be issued by the Company to the Subscriber pursuant to the terms of the Subscription Agreement                     |
| “Conversion Price”             | the initial conversion price of HK\$0.085 per New Share (subject to adjustment as set out in the terms and conditions of the Convertible Bonds, from time to time, if any)                                 |
| “Conversion Rights”            | the rights attached to the Convertible Bonds to convert the same or a part thereof into Conversion Shares pursuant to the terms and conditions of the Convertible Bonds                                    |
| “Conversion Shares”            | the New Shares to be allotted and issued by the Company upon exercise by a holder of the Convertible Bonds of its Conversion Rights  |
| “Director(s)”                  | the director(s) of the Company   |
| “Existing Share(s)”            | ordinary share(s) of par value of HK\$0.10 each in the share capital of the Company prior to the Capital Reorganisation becoming effective   |
| “First Announcement”           | the announcement of the Company dated 30 April 2024 in relation to, among other things, the Subscription   |

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## DEFINITIONS

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|                                 |   |
|---------------------------------|---|
| “General Rules of CCASS”        | the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures  |
| “Group”                         | the Company and its subsidiaries  |
| “HK” or “Hong Kong”             | the Hong Kong Special Administrative Region of the PRC  |
| “HKSCC”                         | Hong Kong Securities Clearing Company Limited   |
| “HK\$”                          | Hong Kong dollars, the lawful currency of Hong Kong   |
| “Independent Board Committee”   | the independent committee of the Board, comprising all the independent non-executive Directors, namely Ms. Chen Hui, Mr. Tian Jin and Mr. Xin Luo Lin, established for the purpose of advising the Independent Shareholders in relation to the Subscription   |
| “Independent Financial Adviser” | Lego Corporate Finance Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activities under the SFO, appointed by the Company as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Subscription |
| “Independent Shareholders”      | Shareholders other than the Subscriber and his associates, and those who are interested in the Subscription   |
| “Latest Practicable Date”       | 5 June 2024, being the latest practicable date for ascertaining certain information referred to in this circular prior to the printing of this circular   |
| “Listing Committee”             | has the meaning ascribed to it under the Listing Rules  |
| “Listing Rules”                 | the Rules Governing the Listing of Securities on the Stock Exchange   |
| “New Shares”                    | ordinary share(s) with par value of HK\$0.01 each in the share capital of the Company immediately after the Capital Reorganisation becoming effective   |
| “PRC”                           | the People’s Republic of China, and for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region and Taiwan   |
| “Record Date”                   | being 3 July 2024, for the purpose of ascertaining Shareholders’ eligibility to attend and vote at the SGM  |

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## DEFINITIONS

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|                           |   |
|---------------------------|---|
| “Second Announcement”     | the announcement of the Company dated 31 May 2024 in relation to, among other things, the Capital Reorganisation and the Supplemental Agreement   |
| “SGM”                     | the special general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve the Capital Reorganisation, the Subscription Agreement and the transactions contemplated thereunder  |
| “Share(s)”                | the Existing Share(s) or the New Share(s) (as the case may be)  |
| “Shareholder(s)”          | holder(s) of the Existing Share(s) or the New Share(s) (as the case may be)   |
| “Stock Exchange”          | The Stock Exchange of Hong Kong Limited   |
| “Subscription”            | the subscription of the Convertible Bonds by the Subscriber pursuant to the Subscription Agreement  |
| “Subscription Agreement”  | the conditional subscription agreement dated 30 April 2024 (as amended and supplemented by the Supplemental Agreement) entered into between the Company and the Subscriber pursuant to which the Company has conditionally agreed to issue, and the Subscriber has conditionally agreed to subscribe for, or procure his nominee(s) to subscribe for, the Convertible Bonds |
| “Subscription Completion” | completion of the issue of and subscription for the Convertible Bonds   |
| “Subscriber” or “Mr. Ou”  | Mr. Ou Yaping, a controlling Shareholder  |
| “Supplemental Agreement”  | the supplemental agreement to the Subscription Agreement dated 31 May 2024 entered into between the Company and the Subscriber pursuant to which the Company and the Subscriber agreed to amend and supplement certain terms of the Subscription Agreement  |
| “Takeovers Code”          | the Hong Kong Code on Takeovers and Mergers   |
| “%”                       | per cent.   |

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## EXPECTED TIMETABLE

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The expected timetable for the implementation of the Capital Reorganisation is as follows:

| Event(s)  | Time and date 2024   |
|---|--|
| Latest date and time for lodging transfer(s) of the Existing Shares in order to qualify for attending and voting at the SGM ..... | 4:30 p.m. on Thursday, 27 June   |
| Closure of register of members of the Company for determining the entitlement to attend and vote at the SGM .....                 | from Friday, 28 June to<br>Wednesday, 3 July<br>(both dates inclusive) |
| Latest date and time for lodging forms of proxy for the SGM .....   | 11:00 a.m. on Monday, 1 July   |
| Record date for attendance and voting at the SGM .....  | Wednesday, 3 July  |
| Expected time and date of the SGM .....   | 11:00 a.m. on Wednesday, 3 July  |
| Publication of announcement of the poll results of the SGM .....  | Wednesday, 3 July  |
| Register of members of the Company re-opens .....   | Thursday, 4 July   |

**The following events are conditional on the fulfilment of the conditions for the implementation of the Capital Reorganisation and therefore the dates are tentative:**

|   |                             |
|---|-----------------------------|
| Expected effective date of the Capital Reorganisation ..... | 9:00 a.m. on Friday, 5 July |
| Dealing in the New Shares commences .....                   | 9:00 a.m. on Friday, 5 July |

*The expected timetable set out above is subject to the results of the SGM and fulfillment of the conditions of the Capital Reorganisation and is therefore for indicative purpose only. All times and dates in this circular refer to Hong Kong local times and dates. Any change(s) to the expected timetable will be announced in a separate announcement by the Company as and when appropriate.*

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LETTER FROM THE BOARD

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百仕達控股有限公司\*

SINOLINK WORLDWIDE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1168)

**Executive Director:**

Mr. TANG Yui Man Francis

(Chairman and Chief Executive Officer)

**Non-Executive Directors:**

Mr. OU Jin Yao Norris

Mr. OU Jin Yi Hugo

**Independent Non-executive Directors:**

Ms. CHEN Hui

Mr. TIAN Jin

Mr. XIN Luo Lin

**Head Office and Principal**

**Place of Business:**

28th Floor, Infinitus Plaza,  
199 Des Voeux Road Central,  
Hong Kong

**Registered Office in Bermuda:**

Clarendon House,  
2 Church Street,  
Hamilton HM 11,  
Bermuda

11 June 2024

To the Shareholders

Dear Sir or Madam,

**(1) PROPOSED CAPITAL REORGANISATION;  
(2) CONNECTED TRANSACTION  
IN RELATION TO SUBSCRIPTION OF THE CONVERTIBLE BONDS;  
AND  
(3) NOTICE OF SPECIAL GENERAL MEETING**

**INTRODUCTION**

Reference is made to the Announcements in relation to, among other things, the Capital Reorganisation and the Subscription.

\* For identification purpose only



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## LETTER FROM THE BOARD

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The purpose of this circular is to provide you with information in respect of, among other things, (i) details of the Capital Reorganisation; (ii) details of the Subscription and the Convertible Bonds; (iii) recommendation from the Independent Board Committee in respect of the Subscription; (iv) the advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Subscription; and (v) the notice of the SGM.

### **PROPOSED CAPITAL REORGANISATION**

The Board proposes to implement the Capital Reorganisation which will involve the Capital Reduction, the Capital Diminution and the Capital Increase.

#### **(i) Capital Reduction**

The Capital Reduction will involve the reduction of par value of the all issued Existing Shares from HK\$0.1 each to HK\$0.01 each by cancelling the paid-up capital of the Company to the extent of HK\$0.09 on each issued Existing Share. The credit arising from the Capital Reduction will be credited to the contributed surplus account of the Company for use by the Directors in any manner permitted by the laws of Bermuda and the Bye-laws.

#### **(ii) Capital Diminution**

Subject to and immediately upon the Capital Reduction taking effect, the Capital Diminution will take place which will involve the cancellation of all authorised but unissued share capital of the Company (which shall include, without limitation, the authorised but unissued share capital arising from the Capital Reduction) in its entirety resulting in the diminution of the authorised share capital of the Company by such amount representing the amount of Shares cancelled.

#### **(iii) Capital Increase**

Immediately upon the Capital Diminution, the Capital Increase will take place which will involve the increase in the authorised share capital of the Company to HK\$1,500,000,000 by the creation of such number of additional New Shares as shall be sufficient to increase the authorised share capital of the Company to HK\$1,500,000,000 divided into 150,000,000,000 New Shares of par value of HK\$0.01 each.

### **Conditions of the Capital Reorganisation**

The implementation of the Capital Reorganisation is conditional upon:

- (i) the passing of a special resolution by the Shareholders at the SGM to approve the Capital Reorganisation;
- (ii) the Listing Committee of the Stock Exchange granting the approval for listing of, and permission to deal in, the New Shares arising from the Capital Reorganisation;

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## LETTER FROM THE BOARD

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- (iii) the compliance with the relevant procedures and requirements under the Companies Act and applicable laws of Bermuda to effect the Capital Reorganisation, which includes the Directors being satisfied that on the date the Capital Reorganisation is to take effect, there are no reasonable grounds for believing that the Company is, or after the Capital Reorganisation would be, unable to pay its liabilities as they become due;
- (iv) the compliance with the relevant procedures and requirements under the Listing Rules to effect the Capital Reorganisation; and
- (v) the obtaining of all necessary approvals from the regulatory authorities or otherwise as may be required in respect of the Capital Reorganisation.

Subject to the fulfillment of all the above conditions, the Capital Reorganisation is expected to become effective on Friday, 5 July 2024, which is the second Business Day immediately after the date of the SGM.

### **Application for listing of and dealings in the New Shares**

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the New Shares arising from the Capital Reorganisation becoming effective.

Subject to the granting of the approval of listing of, and permission to deal in, the New Shares on the Stock Exchange, as well as compliance with the stock admission requirements of HKSCC, upon the Capital Reorganisation being effective, the New Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the New Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second (2nd) settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the New Shares to be admitted into CCASS established and operated by HKSCC.

None of the Existing Shares are listed or dealt in on any other stock exchange other than the Stock Exchange, and at the time the Capital Reorganisation become effective, the New Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

### **Effects of the Capital Reorganisation**

As at the Latest Practicable Date, the authorised share capital of the Company is HK\$1,500,000,000 divided into 15,000,000,000 Existing Shares of par value of HK\$0.1 each, of which 6,374,003,096 Existing Shares have been issued and are fully paid or credited as fully paid and 8,625,996,904 Existing Shares remain unissued.

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## LETTER FROM THE BOARD

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As at the Latest Practicable Date, the Company currently has no intention to allot, issue or repurchase any Existing Shares from the Latest Practicable Date up to the effective date of the Capital Reorganisation (the Conversion Shares to be issued upon exercise of conversion rights in respect of Convertible Bonds are New Shares rather than Existing Shares). Assuming that no further Existing Shares are allotted, issued or repurchased from the Latest Practicable Date up to and including the effective date of the Capital Reorganisation, immediately upon the Capital Reorganisation becoming effective, the authorised share capital of the Company shall become HK\$1,500,000,000 divided into 150,000,000,000 New Shares of par value of HK\$0.01 each, of which 6,374,003,096 New Shares will have been issued and will be fully paid or credited as fully paid and 143,625,996,904 New Shares will remain unissued.

Assuming there will be no change in the issued share capital of the Company from the Latest Practicable Date up to and including the date on which the Capital Reorganisation becomes effective, the share capital structure of the Company will be summarised as follows:

|   | <b>As at the Latest<br/>Practicable Date</b> | <b>Immediately upon the<br/>Capital Reorganisation<br/>becoming effective</b> |
|---|--|---|
| <b>Authorised share capital</b>                 |  |   |
| Amount of authorised share capital              | HK\$1,500,000,000                            | HK\$1,500,000,000   |
| Number of authorised shares                     | 15,000,000,000 Existing<br>Shares            | 150,000,000,000<br>New Shares   |
| Par value                                       | HK\$0.1 per<br>Existing Share                | HK\$0.01 per<br>New Share   |
| <b>Issued share capital</b>                     |  |   |
| Amount of issued share capital                  | HK\$637,400,309.60                           | HK\$63,740,030.96   |
| Number of issued shares                         | 6,374,003,096<br>Existing Shares             | 6,374,003,096<br>New Shares   |
| <b>Authorised but unissued share capital</b>    |  |   |
| Amount of authorised but unissued share capital | HK\$862,599,690.40                           | HK\$1,436,259,969.04  |
| Number of authorised but unissued shares        | 8,625,996,904<br>Existing Shares             | 143,625,996,904<br>New Shares   |

As at the Latest Practicable Date, 6,374,003,096 Existing Shares were issued and were fully paid or credited as fully paid. Assuming that the par value of HK\$0.1 of each of the 6,374,003,096 issued Existing Shares will be reduced from HK\$0.1 to HK\$0.01 per issued New Share by cancelling the paid-up share capital to the extent of HK\$0.09 per issued Existing Share by way of a reduction of capital, the Company's existing issued share capital of HK\$637,400,309.6 will be reduced by HK\$573,660,278.64 to HK\$63,740,030.96.

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## LETTER FROM THE BOARD

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The credit arisen as a result of the Capital Reduction will be credited to the contributed surplus account of the Company. The amount standing to the credit of the contributed surplus account of the Company upon the Capital Reorganisation becoming effective may be applied in any manner as the Board may deem fit as may be permitted by the laws of Bermuda and the Bye-laws.

### **Status of the New Shares**

Upon the Capital Reorganisation becoming effective, the New Shares in issue will be identical in all respects and rank *pari passu* in all respects with each other as to all future dividends and distributions which are declared, made or paid in accordance with the Company's memorandum of association and the Bye-laws.

Other than the relevant expenses, including but not limited to professional fees and printing charges to be incurred in relation to the Capital Reorganisation, the implementation of the Capital Reorganisation will not alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests or rights of the Shareholders. The Board believes that the Capital Reorganisation will not have any material adverse effect on the financial position of the Company and that on the date the Capital Reorganisation is to be effected, there are no reasonable grounds for believing that the Company is, or after the Capital Reorganisation would be, unable to pay its liabilities as they become due. The Capital Reorganisation will not involve any diminution of any liability in respect of any unpaid capital of the Company or the repayment to the Shareholders of any unpaid capital of the Company nor will it result in any change in the relative rights of the Shareholders.

### **Effects on share certificate(s) for the New Shares**

The Capital Reorganisation will not affect any of the rights of the existing Shareholders. All existing share certificates (in purple colour) of the Company will continue to be evidence of title to the Shares and continue to be valid for trading, settlement, registration and delivery purposes. Accordingly, there will not be any arrangement for free exchange of the existing share certificates of the Company for new share certificates for the New Shares after the Capital Reorganisation takes effect. Immediately following the Capital Reorganisation becoming effective, new share certificates (in green colour) will be issued bearing the par value of HK\$0.01 per New Share.

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## LETTER FROM THE BOARD

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### REASONS FOR THE CAPITAL REORGANISATION

The implementation of Capital Reduction will reduce the nominal value of the Existing Share from HK\$0.1 to HK\$0.01 of the New Share, which allows greater flexibility in the pricing for any issue of new Shares in the future. The Capital Reorganisation will hence provide the Company with greater flexibility to raise capital for business growth. Further, the Capital Reorganisation will also increase the credit balance of the contributed surplus account which the Board may apply, as it considers appropriate and in accordance with the Bye-laws and applicable laws, for other uses such as declaring distributions out of the contributed surplus account.

On this basis, the Board considers that it is appropriate to implement the Capital Reorganisation and that the Capital Reorganisation is beneficial to and in the interests of the Company and the Shareholders as a whole.

### THE SUBSCRIPTION

The Company entered into the Subscription Agreement with the Subscriber pursuant to which the Company conditionally agreed to issue, and the Subscriber conditionally agreed to subscribe for, or procure his nominee(s) to subscribe for, the Convertible Bonds.

The principal terms of the Subscription Agreement are set out below.

#### Subscription Agreement

|                 |  |
|-----------------|--|
| <b>Date:</b>    | 30 April 2024 (as amended and supplemented on 31 May 2024) |
| <b>Parties:</b> | The Company, as issuer<br>Mr. Ou, as subscriber            |

#### Subject

The Company has conditionally agreed to issue and the Subscriber conditionally agreed to subscribe for, or procure his nominee(s) to subscribe for, the Convertible Bonds at the subscription price of HK\$200,000,000.

#### Conditions precedent

The Subscription Completion is conditional upon the satisfaction (or waiver by the Subscriber or the Company, as the case may be) of the following conditions precedent on or before 31 October 2024 (or such later date as may be agreed between the Subscriber and the Company in writing):—

- (a) the passing by the independent Shareholders of the Company, at the SGM all resolutions as may be required under the Listing Rules and/or the relevant laws and regulations, including without limitation, the relevant resolutions approving the Subscription Agreement and the transactions contemplated thereunder;

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## LETTER FROM THE BOARD

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- (b) the representations, warranties and undertakings given or made by the Company under the Subscription Agreement remaining true and accurate in all material respects and not misleading in any material respect as of the date of the Subscription Agreement and the Completion Date by reference to the facts and circumstances subsisting as at the date of the Subscription Agreement and the Completion Date respectively;
- (c) the granting of the approval by the Stock Exchange for the listing of, and the permission to deal in, the new Shares to be issued upon the exercise of the Conversion Rights under the terms and conditions of the Convertible Bonds and such approval not having been revoked;
- (d) if required, all other approvals, consents and acts required under the Listing Rules or other applicable laws and regulations or otherwise required from any third parties (including banks or financial institutions) in connection with the Subscription Agreement and the transactions contemplated thereunder having been obtained and completed or, as the case may be, the relevant waiver from compliance with any of such laws, rules, regulations and requirements having been obtained from the Stock Exchange, the SFC, or other relevant regulatory authorities or the relevant third parties;
- (e) the warranties, representations and/or undertakings given or made by the Subscriber under the Subscription Agreement remaining true and accurate in all material respects and not misleading in any material respects as of the date of the Subscription Agreement and the Completion Date by reference to the facts and circumstances subsisting as at the date of the Subscription Agreement and the Completion Date; and
- (f) the Capital Reorganisation having become effective.

All conditions above are non-waivable except that (i) the Subscriber may at his absolute discretion waive condition (b) above; and (ii) the Company may at its absolute discretion waive condition (e) above.

In the event that the conditions of the Subscription are not fulfilled or waived (as the case may be) on or before 31 October 2024 (or such later date as may be agreed between the Subscriber and the Company in writing), none of the Company or the Subscriber shall be obliged to proceed to Subscription Completion, the provisions of the Subscription Agreement (save for certain clauses as stated in the Subscription Agreement) shall cease to have any effect and neither the Company nor the Subscriber shall have any claim against each other, except in respect of claims arising out of any antecedent breach of any of the provisions of the Subscription Agreement.

### **Completion**

Subscription Completion shall take place on the 5th Business Day after the day on which the last of the subscription conditions (as set out in the section headed “Conditions precedent” above) is fulfilled (or otherwise waived in accordance with the terms of the Subscription Agreement, where applicable) (or such other date as may be agreed by the Subscriber and the Company in writing).

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## LETTER FROM THE BOARD

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### PRINCIPAL TERMS OF THE CONVERTIBLE BONDS

|                                    |   |
|------------------------------------|---|
| <b>Principal amount</b>            | HK\$200,000,000   |
| <b>Maturity date</b>               | The third anniversary of the date of issue of the Convertible Bonds   |
| <b>Interest rate</b>               | Other than default interest as set out below, the Convertible Bonds will not bear any interest.   |
| <b>Default interest</b>            | If the Company fails to pay any sum in respect of the Convertible Bonds when the same becomes due and payable under the terms and conditions of the Convertible Bonds, interest shall accrue on the overdue sum at the rate of two per cent. per annum (both before and after judgement) from the due date up to and until the day on which all sums due in respect of such Convertible Bonds up to that day are received by or on behalf of the Convertible Bondholder. If interest is required to be calculated for a period of less than one year, it will be calculated on the basis of a 360-day year consisting of twelve months of 30 days each and, in the case of an incomplete month, the number of days elapsed. |
| <b>Denomination for conversion</b> | With a minimum aggregate amount of HK\$1,000,000 at any one time, unless the outstanding principal amount of the Convertible Bonds is less than HK\$1,000,000, the whole (but not part only) of such outstanding principal amount may be converted.   |
| <b>Conversion Rights</b>           | A holder of the Convertible Bonds shall have the right to convert the whole or in part of the principal amount of the Convertible Bonds into Conversion Shares at the Conversion Price (subject to adjustments) on any Business Day during the period commencing from the date falling on the 181st day after the issue date of the Convertible Bonds, and ending on the maturity date of the Convertible Bonds, subject to the restrictions on the exercise of the Conversion Rights as set out below.   |
| <b>Conversion Price</b>            | HK\$0.085 per New Share, subject to adjustments.<br><br>The Conversion Price shall be adjusted as provided in the terms and conditions of the Convertible Bonds in each of the following cases:<br><br>(i) an alteration of the nominal amount of the Shares by reason of any consolidation or subdivision or reclassification;   |

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## LETTER FROM THE BOARD

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- (ii) an issue (other than in lieu of a cash dividend) by the Company of Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund);
- (iii) a capital distribution (as defined in the terms and conditions of the Convertible Bonds) which includes distributions in cash or specie but excludes a purchase of shares or other securities or rights being made by the Company to holders of the Shares in their capacity as such;
- (iv) an offer or grant being made by the Company to holders of Shares for subscription by way of rights or of options or warrants or other rights to subscribe for new Shares at a price which is less than 95% of the market price as at the date of announcement of the terms of the offer or grant;
- (v) an issue wholly for cash being made by the Company of securities which by their terms are convertible into or exchangeable for or carry rights of subscription for new Shares, and the total effective consideration (as defined in the terms and conditions of the Convertible Bonds) per Share initially receivable for such securities is less than 95% of the market price as at the date of the announcement of the terms of issue of such securities;
- (vi) the rights of conversion or exchange or subscription attached to any securities mentioned in (v) above are modified so that the total effective consideration (as defined in the terms and condition of the Convertible Bonds) per Share initially receivable for such securities shall be less than 95% of the market price as at the date of the announcement of such proposal;
- (vii) an issue wholly for cash being made by the Company of Shares at a price per Share which is less than 95% of the market price as at the date of the announcement of the terms of such issue; and
- (viii) an issue being made by the Company of Shares for the acquisition of asset at a total effective consideration (as defined in the terms and conditions of the Convertible Bonds) per Share less than 95% of the market price at the date of the announcement of the terms of such issue.



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## LETTER FROM THE BOARD

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|------------------------|--|
| <b>Transferability</b> | Freely transferrable, in whole or any part of the outstanding principal amount, to any person (provided that the transferee of the Convertible Bonds shall not be a core connected person (as defined in the Listing Rules) of the Company, unless otherwise approved by the Stock Exchange), subject to the terms and conditions of the Convertible Bonds, the Listing Rules and all applicable laws and regulations.   |
| <b>Listing</b>         | No application will be made for the listing of the Convertible Bonds on the Stock Exchange.  |
| <b>Ranking</b>         | The Conversion Shares to be issued upon the exercise of the Conversion Rights will rank pari passu with all other existing Shares in issue at the date of issue of the Conversion Shares and be entitled to all dividends, bonus and other distributions the record date for which falls on a date on or after the date of Conversion.   |
| <b>Voting</b>          | A holder of the Convertible Bonds will not be entitled to attend or vote at any Shareholders' meetings of the Company by reason only of it being a holder of the Convertible Bonds.  |
| <b>Redemption</b>      | <p>The Company shall be entitled at its sole discretion, by giving not less than seven days' notice to the holder of the Convertible Bonds, propose to the holder of the Convertible Bonds to redeem the whole or any part of the outstanding Convertible Bonds (in multiples of HK\$500,000 or such lesser amount as may represent the entire principal amount thereof) at any time after the date of issue of the Convertible Bonds up to and including the date falling seven days immediately before the maturity date of the Convertible Bonds.</p> <p>Unless previously redeemed in full as disclosed above, the Company shall be required upon the maturity date to redeem at 100% of all or any part of the principal amount of the Convertible Bonds in respect of which the Conversion Rights have not been exercised.</p> |
| <b>Status</b>          | The obligations of the Company arising under the Convertible Bonds constitute general, unconditional, unsubordinated and unsecured obligations of the Company and shall rank pari passu and ratably without preference equally with all other present and future unsecured and unsubordinated obligations of the Company except for obligations accorded preference by mandatory provisions of applicable laws.  |

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## LETTER FROM THE BOARD

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### **Restriction on the exercise of the Conversion Rights**

The Conversion Rights shall not be exercised by the holder(s) of the Convertible Bonds to the extent that (i) a mandatory general offer obligation under the Takeovers Code will be triggered as a result of such conversion, unless either (a) the holder of the Convertible Bonds complies with the Takeovers Code and make a mandatory general offer to acquire all the Shares not already owned by he/she/it and parties acting in concert with he/she/it; or (b) a whitewash waiver to waive the requirement for such holder of the Convertible Bonds to make the mandatory general offer is approved by the independent Shareholders and is granted by the Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any of his delegates before the date of completion of the conversion; or (ii) if immediately following the conversion, the Company will be unable to meet the public float requirement under Rule 8.08 of the Listing Rules.

Assuming full conversion of the aggregate principal amount of the Convertible Bonds of HK\$200,000,000 at the initial Conversion Price (subject to adjustments), a maximum number of 2,352,941,176 Conversion Shares will be issued, representing approximately 36.91% of the issued share capital of the Company as at the effective date of the Capital Reorganisation and approximately 26.96% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares after taking into account the effect of the Capital Reorganisation.

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares to be issued upon the exercise of the Conversion Rights.

Investors shall note that the conversion of the Convertible Bonds is subject to the conversion restrictions under the Convertible Bonds as set out above.

### **Conversion Price**

Assuming the Capital Reorganisation has become effective, the initial Conversion Price, being HK\$0.085 per New Share, represents:

- (i) the closing price of HK\$0.085 per Existing Share as quoted on the Stock Exchange on the date of the Subscription Agreement (i.e. 30 April 2024);
- (ii) a premium of approximately 10.10% over the average closing price of approximately HK\$0.0772 per Existing Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to the date of the Subscription Agreement (i.e. 30 April 2024); and
- (iii) a premium of approximately 8.42% over the average closing price of approximately HK\$0.0784 per Existing Share as quoted on the Stock Exchange for the ten consecutive trading days immediately prior to the date of the Subscription Agreement (i.e. 30 April 2024).

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## LETTER FROM THE BOARD

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The Conversion Price was arrived at after arm's length negotiation between the Company and the Subscriber after taking into account the prevailing market price of the Shares, the recent operational and financial performance of the Group and the performance of the bond market.

### REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

As disclosed in the annual report of the Company for the year ended 31 December 2023, the Group recorded net current liabilities of approximately HK\$149.5 million as at 31 December 2023 and had bank borrowings with carrying amount of approximately HK\$1,565.7 million which were subject to a repayable on demand clause for the year ended 31 December 2023.

The Board considers that the issuance of the Convertible Bonds offers a good and flexible opportunity to raise further capital in a relatively cost-effective and time efficient manner as well as to obtain funding for the operations of the Group. The estimated net proceeds from the issue of the Convertible Bonds (after deduction of expenses) will be approximately HK\$198,400,000. The Company intends to apply the net proceeds as to (i) approximately 60% for business development of the Group, including without limitation to its continuous development of financing services business and its increasingly active development of financial technology (“**FinTech**”), for example, to continue to actively collaborate with leading FinTech companies in the market when investment opportunities arise. While the Company has not yet identified any particular FinTech companies for collaboration or specific investment opportunities in the market, the Company currently intends to remain focused on its existing FinTech business, which includes financial technology investment and management, and the proceeds from the Subscription will provide continuous financial support for the smooth running of the Group's existing FinTech business; (ii) approximately 30% for partial repayment of its outstanding bank loans; and (iii) approximately 10% as general working capital to strengthen the Company's financial position. The net price to the Company for each Conversion Share is approximately HK\$0.0843. The Board also considers that the issue of the Convertible Bonds is an appropriate means of raising additional capital since it will not have an immediate dilution effect on the shareholding of the existing Shareholders.

The Company has considered other fundraising alternatives including debt financing and other means of equity financing before considering to issue Convertible Bonds.

For debt financing and bank borrowings, the Group will have to incur additional interest expenses and the financial leverage for the Group will increase. Given the current financial condition of the Group, details of which are set out in the annual results of the Company dated 27 March 2024, it may be difficult and time-consuming for the Company to obtain additional bank borrowings or to negotiate for a renewal of the existing bank borrowings.

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## LETTER FROM THE BOARD

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For equity financing, considering (i) the timeframe of other fundraising methods such as rights issue or open offer which normally take at least two months and the additional costs involved, including but not limited to professional fees; and (ii) the potential difficulties in looking for sufficient investors in the case of placing of shares, taking into account the financial performance and position of the Group as well as the recent market conditions and sentiment, the Company does not consider the aforesaid other means of equity financing to be more appropriate fund raising options.

Therefore, the Board is of the view that the issuance of Convertible Bonds offers a good opportunity for the Company to raise funds under a shorter timeframe and lower costs as compared to other fundraising alternatives being considered.

Board meetings were held before the annual general meeting of the Company on 30 May 2024 (at which 3 Directors retired and not offered themselves for re-election and a new Director was appointed) to consider and approve the Subscription Agreement and the transactions contemplated thereunder. In view of the above, the Directors (including the independent non-executive Directors having taken into account the independent advice from the Independent Financial Adviser, but excluding Mr. Xiang Ya Bo, Mr. Ou and Mr. Ou Jin Yi Hugo who had abstained from voting at the Board resolutions approving the Subscription Agreement and the transactions contemplated thereunder) consider that the terms of the Subscription Agreement are on normal commercial terms and fair and reasonable, and the transactions contemplated under the Subscription Agreement are in the interests of the Company and the Shareholders as a whole.

Each of Mr. Ou, Mr. Xiang Ya Bo (who is the brother of Mr. Ou) and Mr. Ou Jin Yi Hugo (who is the son of Mr. Ou) are considered to have a material interest in the transactions contemplated under the Subscription Agreement. Accordingly, they have abstained from voting on the resolutions of the Board in relation to the Subscription Agreement and the transactions contemplated thereunder.

### INFORMATION ABOUT THE SUBSCRIBER

The Subscriber, Mr. Ou, is a controlling Shareholder and is therefore a connected person of the Company under Chapter 14A of the Listing Rules. He is a merchant.

### INFORMATION ABOUT THE GROUP

The Company is an investment holding company. The Group is principally and increasingly focused on engaging in the businesses of financial technology investment and management, property development, property management, property investment, financial services and asset financing.

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## LETTER FROM THE BOARD

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### EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

The table below illustrates the shareholding structures of the Company (i) as at the Latest Practicable Date; (ii) immediately after the Capital Reorganisation becoming effective but before the Subscription Completion; and (iii) full conversion of the aggregate principal amount of the Convertible Bonds of HK\$200,000,000 at the initial Conversion Price only (assuming (i) the Subscriber procures his nominee, Asia Pacific, to subscribe for the Convertible Bonds and Asia Pacific exercises its conversion rights in full; and (ii) there is no other change in the issued share capital and shareholding structure of the Company from the Latest Practicable Date and up to the date of full conversion of the Convertible Bonds save for the Capital Reorganisation becoming effective):

| Shareholders                                 | As at the Latest Practicable Date |                           | Immediately after the Capital Reorganisation becoming effective but before the Subscription Completion |                           | Immediately upon full conversion of the Convertible Bonds at the initial Conversion Price (assuming there being no other change in the issued share capital and shareholding structure of the Company from the Latest Practicable Date and up to the date of full conversion of the Convertible Bonds save for the Capital Reorganisation becoming effective) |                           |
|--|-----------------------------------|---------------------------|--|---------------------------|---|---------------------------|
|  | Number of Existing Shares         | Approx. % of shareholding | Number of New Shares   | Approx. % of shareholding | Number of Shares  | Approx. % of shareholding |
| <b>Director</b>                              |                                   |                           |  |                           |   |                           |
| Tang Yui Man Francis                         | 21,375,000                        | 0.34                      | 21,375,000   | 0.34                      | 21,375,000  | 0.24                      |
| <b>Substantial shareholders</b>              |                                   |                           |  |                           |   |                           |
| Ou Yaping and his spouse <sup>(Note 1)</sup> | 13,113,738                        | 0.20                      | 13,113,738   | 0.20                      | 13,113,738  | 0.15                      |
| Asia Pacific Promotion Limited               | 3,272,309,301 <sup>(Note 2)</sup> | 51.34                     | 3,272,309,301  | 51.34                     | 5,625,250,477 <sup>(Note 3)</sup>   | 64.46                     |
| <b>Public Shareholders</b>                   | <u>3,067,205,057</u>              | <u>48.12</u>              | <u>3,067,205,057</u>   | <u>48.12</u>              | <u>3,067,205,057</u>  | <u>35.15</u>              |
| <b>Total</b>                                 | <u><u>6,374,003,096</u></u>       | <u><u>100.00</u></u>      | <u><u>6,374,003,096</u></u>  | <u><u>100.00</u></u>      | <u><u>8,726,944,272</u></u>   | <u><u>100.00</u></u>      |

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## LETTER FROM THE BOARD

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*Notes:*

1. 13,113,738 Existing Shares are jointly held by Mr. Ou and his spouse.
2. 3,272,309,301 Existing Shares are held by Asia Pacific, a company incorporated in the BVI, which is wholly-owned by Mr. Ou. Accordingly, Mr. Ou is deemed to be interested in the Existing Shares held by Asia Pacific under the SFO.
3. 5,625,250,477 New Shares are expected to be held by Asia Pacific, a company incorporated in the BVI, which is wholly-owned by Mr. Ou. Accordingly, Mr. Ou is deemed to be interested in the New Shares held by Asia Pacific under the SFO.

### FUND RAISING ACTIVITIES OF THE COMPANY DURING THE PAST 12 MONTHS

The Company has not conducted any fund-raising activities in the 12 months prior to the Latest Practicable Date.

### LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, (i) the Subscriber is a controlling Shareholder; and (ii) the Subscriber and his close associates in aggregate hold 3,285,423,039 Existing Shares, representing approximately 51.54% of the total number of issued Existing Shares. The Subscriber is therefore a connected person of the Company and the Subscription constitutes a connected transaction of the Company and is subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Subscriber and his associates will abstain from voting on the proposed resolution to approve the Subscription at the SGM. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save as disclosed above, no other Shareholder has a material interest in the Subscription and is required to abstain from voting on the proposed resolution to approve the Subscription at the SGM.

The Conversion Shares to be allotted and issued pursuant to the Convertible Bonds are proposed to be issued pursuant to a specific mandate to be granted by the Independent Shareholders by way of poll at the SGM.

An application will be made to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares.

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## LETTER FROM THE BOARD

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### SGM

Set out on pages SGM-1 to SGM-4 is a notice convening the SGM to be held at R3, United Conference Centre, 10/F., United Centre, 95 Queensway, Admiralty, Hong Kong, on Wednesday, 3 July 2024 at 11:00 a.m. at which resolutions will be proposed to consider and, if thought fit, to approve (i) the Capital Reorganisation; and (ii) the Subscription Agreement and the transactions contemplated thereunder.

Only Shareholders whose names appear in the register of members of the Company on the Record Date are entitled to attend and vote at the SGM. In order to qualify for the entitlement to attend and vote at the SGM, unregistered holders of Shares will ensure that all transfer documents and relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Thursday, 27 June 2024.

A form of proxy for use at the SGM is enclosed with this circular. Whether or not you are able to attend the SGM, you are requested to complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office 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 and in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof if you so wish.

Pursuant to Rule 13.39(4) of the Listing Rules, all votes of the Shareholders on the resolutions to be proposed at the SGM will be taken by way of poll. An announcement on the poll results will be made by the Company after the SGM in manner prescribed under Rule 13.39(5) of the Listing Rules.

**As (i) the Capital Reorganisation is conditional upon the fulfillment of the conditions as set out in the section headed "Conditions of the Capital Reorganisation" in this circular; and (ii) the Subscription Completion is conditional upon the satisfaction (or waiver by the Subscriber or the Company, as the case may be) of the conditions set out in the Subscription Agreement, the Capital Reorganisation and the Subscription may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares and if they are in any doubt about their position, they should consult their professional advisers.**

### RECOMMENDATIONS

The Directors consider that the Capital Reorganisation is in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolutions to be proposed at the SGM to approve the Capital Reorganisation.

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## LETTER FROM THE BOARD

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Your attention is drawn to the letter from the Independent Board Committee to the Independent Shareholders set out on pages 23 to 24 of this circular and the letter from the Independent Financial Adviser on pages 25 to 46 of this circular which contain their advice to the Independent Board Committee and the Independent Shareholders regarding the Subscription Agreement and the transactions contemplated thereunder as well as the principal factors and reasons taken into consideration in arriving at their advice.

The Directors, including the independent non-executive Directors, consider that the terms of the Subscription Agreement and the transactions contemplated thereunder are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors, including the independent non-executive Directors, recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the Subscription Agreement and the transactions contemplated thereunder. You are advised to read the letter from the Independent Board Committee and the letter from the Independent Financial Adviser mentioned above before deciding how to vote at the SGM.

### ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendix to this circular.

By order of the Board of  
**Sinolink Worldwide Holdings Limited**  
**TANG Yui Man Francis**  
*Chairman and Chief Executive Officer*



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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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*The following is the full text of the letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Subscription which has been prepared for the purpose of inclusion in this circular.*



百仕達控股有限公司\*

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SINOLINK WORLDWIDE HOLDINGS LIMITED  
(Incorporated in Bermuda with limited liability)  
(Stock Code: 1168)

11 June 2024

*To the Independent Shareholders*

Dear Sir or Madam,

**CONNECTED TRANSACTION  
IN RELATION TO SUBSCRIPTION OF  
THE CONVERTIBLE BONDS;**

We refer to the circular of the Company dated 11 June 2024 (the “**Circular**”), of which this letter forms part. Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as those defined in the Circular.

We have been appointed by the Board as members of the Independent Board Committee to advise you on the terms of the Subscription Agreement and the transactions contemplated thereunder. Lego Corporate Finance Limited has been appointed as the Independent Financial Adviser to advise you and us in this regard. Details of their advice, together with the principal factors and reasons they have taken into consideration in giving such advice, are set out on pages 25 to 46 of the Circular.

Your attention is also drawn to the “Letter from the Board” in the Circular and the additional information set out in the appendix thereto.

Having considered the terms of the Subscription Agreement and the transactions contemplated thereunder and taking into account the independent advice of Lego Corporate Finance Limited, in particular the principal factors, reasons and recommendation as set out in their letter, although the entering into of the Subscription Agreement is not in the ordinary and usual course of business of the Group, we consider that the terms of the Subscription Agreement and the transactions contemplated thereunder are on normal commercial terms, the terms of the Subscription Agreement and the

\* For identification purposes only

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned, and the entering into of the Subscription Agreement and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend you to vote in favour of the ordinary resolution to be proposed at the SGM to approve the entering into of the Subscription Agreement by the Company and the transactions contemplated thereunder.

Yours faithfully,  
Independent Board Committee

**Ms. Chen Hui**

**Mr. Tian Jin**

**Mr. Xin Luo Lin**

*Independent non-executive Directors*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the full text of a letter of advice from Lego Corporate Finance Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of incorporation into this circular, setting out its advice to the Independent Board Committee and the Independent Shareholders in relation to the Subscription.*



11 June 2024

*To the Independent Board Committee and  
the Independent Shareholders*

Dear Sirs or Madams,

### **CONNECTED TRANSACTION IN RELATION TO SUBSCRIPTION OF CONVERTIBLE BONDS**

#### **INTRODUCTION**

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Subscription, details of which are set out in the “Letter from the Board” (the “**Letter from the Board**”) contained in the circular dated 11 June 2024 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

On 30 April 2024 (after trading hours of the Stock Exchange), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Company has conditionally agreed to issue, and the Subscriber has conditionally agreed to subscribe for, or procure his nominee(s) to subscribe for, the Convertible Bonds with an aggregate principal amount of HK\$200,000,000.

As at the Latest Practicable Date, (i) the Subscriber is a Controlling Shareholder; and (ii) the Subscriber and his close associates in aggregate hold 3,285,423,039 Existing Shares, representing approximately 51.54% of the total number of issued Existing Shares. The Subscriber is therefore a connected person of the Company and the Subscription constitutes a connected transaction of the Company and is subject to reporting, announcement and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Independent Board Committee comprising all the independent non-executive Directors, namely, Ms. Chen Hui, Mr. Tian Jin and Mr. Xin Luo Lin, has been established to advise the Independent Shareholders in respect of the Subscription and as to whether to vote in favour of the relevant resolution to be proposed at the SGM to approve the Subscription. As the Independent Financial Adviser, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders in such regard.

### OUR INDEPENDENCE

As at the Latest Practicable Date, Lego Corporate Finance Limited did not have any shareholding in any member of the Group or the Subscriber or relationships with or interests, directly or indirectly, in any assets which have been or are proposed to be acquired or disposed of by or leased to any member of the Group or the Subscriber since 31 December 2023, that could reasonably be regarded as relevant to the independence of Lego Corporate Finance Limited. In the last two years, there was no engagement between the Group and Lego Corporate Finance Limited. Apart from normal professional fees being paid or payable to us in connection with this appointment as the Independent Financial Adviser, no arrangements exist whereby we have received or will receive any fees or benefits from the Group or the Subscriber. Accordingly, we are qualified to give independent advice in respect of the Subscription.

### BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the information supplied by the Company and its advisers; (iii) the opinions expressed by and the representations of the Directors and the management of the Group (the “**Management**”); and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in the Circular were true, accurate and complete in all respects as at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Circular are true at the time they were made and continue to be true as at the date of the Circular and all such statements of belief, opinions and intention of the Directors and the Management and those as set out or referred to in the Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors, the Management, and/or the advisers of the Group. We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted from the information provided and referred to in the Circular and that all information or representations provided to us by the Directors and the Management are true, accurate, complete and not misleading in all respects at the time they were made and continued to be so until the date of the Circular.

We consider that we have reviewed the relevant information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the Directors and the Management or the Subscriber, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Group or the Subscriber or any of their respective subsidiaries or associates.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our recommendation in respect of the Subscription, we have considered the following principal factors and reasons:

#### 1. Background information on the parties

##### The Group

The Company is an investment holding company. The Group is principally and increasingly focused on engaging in the businesses of financial technology (“**FinTech**”) investment and management, property development, property management, property investment, financial services and asset financing.

Set forth below is a summary of the financial information of the Group as extracted from the annual report of the Company for the year ended 31 December 2022 (the “**2022 Annual Report**”) and the annual report of the Company for the year ended 31 December 2023 (the “**2023 Annual Report**”).

|                                   | For the year ended 31 December |                  |                  |
|-----------------------------------|--------------------------------|------------------|------------------|
|                                   | 2021                           | 2022             | 2023             |
|                                   | HK\$'000                       | HK\$'000         | HK\$'000         |
|                                   |                                | (Restated)       |                  |
| Revenue                           | 432,226                        | 380,381          | 360,813          |
| Gross profit                      | 268,816                        | 226,894          | 208,892          |
| Profit/(loss) before income tax   | 356,248                        | (79,716)         | (306,356)        |
| <b>Profit/(loss) for the year</b> | <b>245,317</b>                 | <b>(118,796)</b> | <b>(285,420)</b> |

  

|                          | As at 31 December |                   |
|--------------------------|-------------------|-------------------|
|                          | 2022              | 2023              |
|                          | HK\$'000          | HK\$'000          |
|                          | (Restated)        |                   |
| Non-current assets       | 8,992,824         | 8,318,476         |
| Current assets           | 2,231,918         | 2,608,236         |
| <b>Total assets</b>      | <b>11,224,742</b> | <b>10,926,712</b> |
| Non-current liabilities  | 831,633           | 686,839           |
| Current liabilities      | 2,352,581         | 2,757,729         |
| <b>Total liabilities</b> | <b>3,184,214</b>  | <b>3,444,568</b>  |
| <b>Net assets</b>        | <b>8,040,528</b>  | <b>7,482,144</b>  |

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*For the year ended/As at 31 December 2021 and 2022*

The Group's revenue decreased from approximately HK\$432.2 million for the year ended 31 December 2021 to approximately HK\$380.4 million for the year ended 31 December 2022. As disclosed in the 2022 Annual Report, such decrease was mainly due to (i) a week lock-down period in Shenzhen in March 2022; (ii) rent concession granted to tenants; and (iii) lowered occupancy rate for the Group's office portion of Sinolink Tower. The Group's loss for the year amounted to approximately HK\$118.8 million for the year ended 31 December 2022 as compared to the profit for the year of approximately HK\$245.3 million for the year ended 31 December 2021. As disclosed in the 2022 Annual Report, such decrease was mainly attributable to (i) the net fair value loss on other financial assets at fair value through profit or loss of approximately HK\$109.4 million recognised for the year ended 31 December 2022 as compared to the net fair value gain of approximately HK\$142.3 million for the year ended 31 December 2021; and (ii) the significant decrease in gain on dilution of interests in an associate.

As at 31 December 2022, total assets of the Group amounted to approximately HK\$11,224.7 million, which mainly comprised of (i) investment properties of approximately HK\$2,574.0 million; (ii) equity instruments at fair value through other comprehensive income ("FVTOCI") of approximately HK\$1,883.2 million; (iii) interests in associates of approximately HK\$1,816.9 million; (iv) pledged bank deposit of approximately HK\$1,164.7 million; (v) stock of properties of approximately HK\$873.6 million; and (vi) cash and cash equivalents of approximately HK\$846.1 million.

As at 31 December 2022, total liabilities of the Group amounted to approximately HK\$3,184.2 million, which mainly comprised of (i) borrowings of approximately HK\$1,153.6 million; (ii) deferred tax liabilities of approximately HK\$824.4 million; and (iii) income tax payable of approximately HK\$758.9 million.

*For the year ended/As at 31 December 2022 and 2023*

The Group's revenue decreased from approximately HK\$380.4 million for the year ended 31 December 2022 to approximately HK\$360.8 million for the year ended 31 December 2023. As disclosed in the 2023 Annual Report, such decrease was primarily attributable to the lowered rental and the low occupancy rate for the Group's office portion of Sinolink Tower. The Group's loss for the year increased from approximately HK\$118.8 million for the year ended 31 December 2022 to approximately HK\$285.4 million for the year ended 31 December 2023. As disclosed in the 2023 Annual Report, such increase was mainly attributable to (i) the fair value loss of approximately HK\$285.4 million stemming from loan receivable and amounts due from an associate; and (ii) the fair value loss of the investment properties of approximately HK\$253.5 million as a result of the capital depreciation of the Group's commercial property portfolio and car parks located in the PRC for rental.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As at 31 December 2023, total assets of the Group amounted to approximately HK\$10,926.7 million, which mainly comprised of (i) investments accounted for using the equity method of approximately HK\$2,296.8 million; (ii) investment properties of approximately HK\$2,285.0 million; (iii) pledged bank deposits of approximately HK\$1,651.9 million; (iv) equity instruments at FVTOCI of approximately HK\$1,574.6 million; (v) stock of properties of approximately HK\$868.9 million; and (vi) cash and cash equivalents of approximately HK\$512.6 million.

As at 31 December 2023, total liabilities of the Group amounted to approximately HK\$3,444.6 million, which mainly comprised of (i) borrowings of approximately HK\$1,565.7 million; (ii) income tax payable of approximately HK\$764.0 million; and (iii) deferred tax liabilities of approximately HK\$681.2 million.

### **The Subscriber**

The Subscriber, Mr. Ou, is a controlling Shareholder and is therefore a connected person of the Company under Chapter 14A of the Listing Rules. He is a merchant.

## **2. Reasons for and benefits of the Subscription and use of proceeds**

### *Use of proceeds*

As disclosed in the Letter from the Board, the estimated net proceeds from the issue of the Convertible Bonds (after deduction of expenses) will be approximately HK\$198,400,000. The Company intends to apply the net proceeds as to (i) approximately 60% for business development of the Group, including without limitation to its continuous development of financing services business and its increasingly active development of FinTech, for example, to continue to actively collaborate with leading FinTech companies in the market when investment opportunities arise. While the Company has not yet identified any particular FinTech companies for collaboration or specific investment opportunities in the market, the Company currently intends to remain focused on its existing FinTech business, which includes financial technology investment and management, and the proceeds from the Subscription will provide continuous financial support for the smooth running of the Group's existing FinTech business; (ii) approximately 30% for partial repayment of its outstanding bank loans; and (iii) approximately 10% as general working capital to strengthen the Company's financial position.

### *Investment into the FinTech business*

As disclosed in the 2023 Annual Report, the Group has been adversely affected by the outbreak of COVID-19, particularly the property rental business which the Group has lowered its unit rental to renew the existing tenants and to attract new tenants, and recorded net loss for the two years ended 31 December 2023. Although the world economy has slowly stabilised in 2023 from the post-epidemic prevention phase, it still remains sluggish due to the uncertain and volatile international situation, frequent geopolitical conflicts, and the rising complexity, severity and uncertainty of the external environment. Against this backdrop and macro environment, the Company has been exploring new growth approaches to capture potential opportunities arising from the new form of economic development, while seeking opportunities and launching initiatives for investing and participating in FinTech and new economy sectors and striving for greater room to expand its operations in pursuit of sustainable development and stable return.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Group's financing services business is principally engaged in provision of efficient financial leasing solutions and multiple consultancy services, to satisfy technology and new economy companies' demands for financial services at different stages of development. As at 31 December 2023, the Group had a total of 5 borrowers (2022: 7) with total outstanding loan principal and interest receivables in the sum of approximately HK\$360.1 million (2022: approximately HK\$511.9 million). For the year ended 31 December 2023, the interest income from financing services business amounted to approximately HK\$25.2 million (2022: approximately HK\$25.6 million).

The FinTech industry is a technology-driven financial innovation industry. The booming digital economy has provided a broad space for its development and the rapidly evolving digital technology has injected abundant vitality into the digital transformation of finance. Despite uncertainties in the development environment both domestically and abroad, the comprehensive development of digital transformation of finance driven by FinTech has become a definite trend with marvellous development prospects. As China emerged from the pandemic, the national economy has steadily restarted. According to the "2023 China Fintech Enterprises Chief Executives Insights Report" jointly issued by the Fintech Development and Research Committee of the China Internet Finance Association and KPMG China, the FinTech sentiment index has reached a new record in the past three years, reflecting the greater resilience and expected steady growth of the industry. China's FinTech industry is during its rapid development based on the current FinTech development status. Across the megatrend of the digital transformation of the financial services industry, China's FinTech market revenue has reached about US\$85 billion in 2023 and is expected to expand at a compound annual growth rate ("CAGR") of approximately 18% during 2024 to 2029, according to Mordor Intelligence.

Hong Kong is also developing towards a leading global FinTech hub characterised by a diverse and dynamic landscape. Hong Kong has leaped from 15th in 2021 to ninth in the 2023 Frontier Technologies Readiness Index by United Nations Conference on Trade and Development. According to Statista Market Insights, Hong Kong's FinTech market revenue has reached approximately US\$215 million in 2023 and is expected to reach about US\$441 million by 2028, representing a CAGR of approximately 15% during the period.

The Group has been actively responding to the Chinese government's and the Hong Kong SAR government's continued approach to promote FinTech development, and made great efforts in exploring the methodology of enhancing its business model and creating value for the Group. While maintaining to develop real estate business and financing services business, the Group actively collaborated with leading FinTech companies in the market and grasped every opportunity to develop in the FinTech market. In such regard, the Group has invested in ZhongAn Online P & C Insurance Co., Ltd. ("**ZhongAn Online**") (stock code: 6060) and ZhongAn Technologies International Group Limited, which holds ZA Tech Global Limited ("**ZA Tech**") and ZA Bank Limited ("**ZA Bank**").

ZhongAn Online is an online Insurtech company in the PRC and is engaged in FinTech business, which provides internet insurance services, insurance information technology services and online banking services to customers. During the year ended 31 December 2023, the gross written premiums of ZhongAn Online was approximately RMB29,684 million, representing a year-on-year increase of approximately 23.66%, and the net profit attributable to owners of the parent company was approximately RMB4,078 million, as compared to a loss attributable to owners of the parent company of approximately RMB1,112 million (restated) for the corresponding period in 2022.



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ZA Tech focuses on exporting new insurance core systems and digital insurance technology experience to overseas insurance companies and insurance intermediary platforms, aiming to provide a digital operating system for global Insurance + Tehcnology (“**InsureTech**”) digitalisation. ZA Tech recorded revenue from technology export of approximately RMB325 million in 2023, representing an increase of approximately 8.0% as compared with the corresponding period of 2022, of which sustainable revenue accounted for approximately 51%, and the gross profit margin increased to approximately 46% from approximately 40% in 2022.

ZA Bank is a virtual bank in Hong Kong which aims to build a local one-stop digital financial service platform in Hong Kong to provide diversified, convenient and inclusive financial services to retail customers and small and medium enterprises (SMEs). As at 31 December 2023, ZA Bank had a deposit balance of approximately HK\$11,700 million. Gross loan balance was approximately HK\$5,430 million, with a loan-to-deposit ratio of approximately 46.4%. Meanwhile, benefiting from the interest rate hike cycle and the diversification of loan products, ZA Bank’s net interest margin further improved to approximately 1.94% from approximately 1.84% in the corresponding period of 2022. ZA Bank recorded net revenue of approximately HK\$366 million in 2023, representing a year-on-year increase of approximately 42.9%, of which non-interest income accounted for approximately 28.3%. Meanwhile, ZA Bank focused on business quality and operating efficiency improvement, and the net loss margin narrowed by approximately 85.6 percentage points to 109.1% from 194.7% in the corresponding period of 2022.

As stated in the 2023 Annual Report, the Company considers that the FinTech industry has the greatest development potential. FinTech has experienced rapid development over the past several years, and this technology is continuously being applied to various financial service scenarios, which not only increases the efficiency of the financial service industry, but also provides the general public with more products and service options. The Group will continue to ride on the development momentum of the FinTech industry in the future, and hope that proper resource allocation and effective management can promote the Group’s stable business development and bring long-term values for Shareholders.

Both the PRC and Hong Kong governments are investing considerable resources to foster the growth of the FinTech ecosystems. As demonstrated above, the Group’s investments in FinTech businesses have been achieving satisfactory growth. We consider raising funds for the continuous development of FinTech businesses is in line with the Group’s aforesaid development strategy and allows the Group to ride on the development momentum of the FinTech industry.

### *Repayment of bank loans*

The Group had net current liabilities of approximately HK\$149.5 million as at 31 December 2023, including bank borrowings of approximately HK\$1,565.7 million, which were subject to a repayable on demand clause and the interest rates ranged from 7.12% to 8.02% per annum. As at the Latest Practicable Date, approximately HK\$1,335.5 million of bank borrowings will fall due within the next 12 months (the “**Current Bank Borrowings**”). As at 31 December 2023, the Group had total bank deposits of approximately HK\$484.0 million, total pledged bank deposits of approximately HK\$1,651.9 million and cash and cash equivalents of approximately HK\$512.6 million. The pledged bank deposits represent deposits pledged to banks to secure banking facilities granted to the Group. Such pledged deposits will only be released after the repayment of the relevant bank borrowings,

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therefore the Group may not use such pledged bank deposits for the repayment of the Current Bank Borrowings that will fall due in the next 12 months. The Group is currently in the course of discussing with the relevant banks in respect of the renewal of the Current Bank Borrowings. Approximately HK\$59.5 million of the net proceeds from the Subscription will be used to partially refinance the Current Bank Borrowings. Since the Current Bank Borrowings are subject to interest rates ranging from 7.12% to 8.02% per annum, while the Convertible Bonds are zero-coupon, the Subscription allows the Group to partially refinance its bank borrowings interest free, hence to reduce future finance costs after the refinancing.

The Group incurred net loss for the year attributable to owners of the Company of approximately HK\$142.4 million and HK\$278.2 million for the years ended 31 December 2022 and 2023, respectively. The Group incurred finance costs of approximately HK\$46.0 million and 87.1 million for the years ended 31 December 2022 and 2023, respectively. In view of the net loss position of the Group and the increasing trend in interest expenses, we consider it beneficial to the Group to lower the Group's finance costs and improve the financial results of the Group by repayment of certain outstanding debts through issuing the zero-coupon Convertible Bonds.

In view of (i) the loss-making and net current liabilities position of the Group; and (ii) the increasing market rate of interest, the issue of the zero-coupon Convertible Bonds with a maturity of 36 months can settle part of the Group's indebtedness without bearing additional financial burden while allowing the Group to preserve sufficient cash resources to improve the business performance.

### *Financing alternatives*

We have discussed with the Management and were given to understand that the Company has considered other fundraising alternatives available to the Group before resolving to the Subscription, such as debt financing and other means of equity financing such as rights issue or open offer.

In respect of debt financing and bank borrowings, taking into consideration that (i) debt financing will bring about additional interest expenses for and increase the financial leverage of the Group while the Subscription is less costly and no interest burden is imposed; (ii) in light of the financial condition of the Group, it may be difficult, uncertain and time-consuming for the Company to obtain additional bank borrowings or to negotiate for a renewal of the existing bank borrowings; and (iii) debt financing generally involves pledge of assets and/or securities which may reduce the Group's flexibility, we consider debt financing and bank borrowings not being viable financing alternatives for the Group.

In respect of equity financing, considering that (i) pre-emptive fundraising methods such as rights issue or open offer normally take at least two months, and lengthy discussions with potential commercial underwriters may also be involved; (ii) additional costs, including but not limited to underwriting commission and other professional fees, may be incurred; (iii) it would be difficult for the Company to engage placing agent for share placement or underwriter for rights issue/open offer without offering a considerable discount to attract subscription in light of the recent financial performance and financial position of the Group, the prevailing market prices and trading volume of the Existing Shares alongside the recent market sentiment; and (iv) rights issue, open offer and placement of new Shares may be subject to underwriting uncertainty and market risk, we consider equity financing not being a viable financing alternative for the Group.

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In view of the foregoing, in particular the time and costs incurred, and the uncertainties involved for the debt financing and equity financing as compared to that of the Subscription, we are of the view that the Subscription is comparatively a more appropriate and viable means of settlement in light of the Group's circumstances.

Having considered (i) the recent financial position of the Group as mentioned above; (ii) debt financing and bank borrowings would increase finance costs of the Group while the Subscription will not incur additional finance costs; (iii) other equity financing may require attractive discount to the current market price of the Existing Shares and are relatively less cost effective as compared to the Subscription; and (iv) the analysis of the Conversion Price as discussed in the paragraph headed "4. Analysis of the principal terms of the Subscription" below, we are of the view and concur with the Directors' view that, although the Subscription is not in the ordinary and usual course of business of the Group, it is in the interests of the Company and the Shareholders as a whole.

### 3. Principal terms of the Subscription Agreement

On 30 April 2024 (as amended and supplemented on 31 May 2024), the Company has conditionally agreed to issue and the Subscriber conditionally agreed to subscribe for, or procure his nominee(s) to subscribe for, the Convertible Bonds at the subscription price of HK\$200,000,000.

The principal terms of Subscription Agreement are summarised as follow:

|                          |  |
|--------------------------|--|
| <b>Issuer:</b>           | The Company  |
| <b>Subscriber:</b>       | Mr. Ou Yaping  |
| <b>Principal amount:</b> | HK\$200,000,000  |
| <b>Maturity date:</b>    | The third anniversary of the date of issue of the Convertible Bonds  |
| <b>Interest rate:</b>    | Other than default interest as set out below, the Convertible Bonds will not bear any interest.  |
| <b>Default interest:</b> | If the Company fails to pay any sum in respect of the Convertible Bonds when the same becomes due and payable under the terms and conditions of the Convertible Bonds, interest shall accrue on the overdue sum at the rate of two per cent. per annum (both before and after judgement) from the due date up to and until the day on which all sums due in respect of such Convertible Bonds up to that day are received by or on behalf of the holder of the Convertible Bonds. If interest is required to be calculated for a period of less than one year, it will be calculated on the basis of a 360-day year consisting of twelve months of 30 days each and, in the case of an incomplete month, the number of days elapsed. |

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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**Denomination for conversion:**

With a minimum aggregate amount of HK\$1,000,000 at any one time, unless the outstanding principal amount of the Convertible Bonds is less than HK\$1,000,000, the whole (but not part only) of such outstanding principal amount may be converted.

**Conversion rights:**

A holder of the Convertible Bonds shall have the right to convert the whole or in part of the principal amount of the Convertible Bonds into Conversion Shares at the Conversion Price (subject to adjustments) on any Business Day during the period commencing from the date falling on 181st after the issue date of the Convertible Bonds, and ending on the maturity date of the Convertible Bonds, subject to the restrictions on the exercise of the Conversion Rights as set out below.

**Conversion price:**

HK\$0.085 per New Share, subject to adjustments.

The Conversion Price shall be adjusted as provided in the terms and conditions of the Convertible Bonds in each of the following cases:

- (i) an alteration of the nominal amount of the Shares by reason of any consolidation or subdivision or reclassification;
- (ii) an issue (other than in lieu of a cash dividend) by the Company of Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund);
- (iii) a capital distribution (as defined in the terms and conditions of the Convertible Bonds) which includes distributions in cash or specie but excludes a purchase of shares or other securities or rights being made by the Company to holders of the Shares in their capacity as such;
- (iv) an offer or grant being made by the Company to holders of Shares for subscription by way of rights or of options or warrants or other rights to subscribe for new Shares at a price which is less than 95% of the market price as at the date of announcement of the terms of the offer or grant;

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- (v) an issue wholly for cash being made by the Company of securities which by their terms are convertible into or exchangeable for or carry rights of subscription for new Shares, and the total effective consideration (as defined in the terms and conditions of the Convertible Bonds) per Share initially receivable for such securities is less than 95% of the market price as at the date of the announcement of the terms of issue of such securities;
- (vi) the rights of conversion or exchange or subscription attached to any securities mentioned in (v) above are modified so that the total effective consideration (as defined in the terms and condition of the Convertible Bonds) per Share initially receivable for such securities shall be less than 95% of the market price as at the date of the announcement of such proposal;
- (vii) an issue wholly for cash being made by the Company of Shares at a price per Share which is less than 95% of the market price as at the date of the announcement of the terms of such issue; and
- (viii) an issue being made by the Company of Shares for the acquisition of asset at a total effective consideration (as defined in the terms and conditions of the Convertible Bonds) per Share less than 95% of the market price at the date of the announcement of the terms of such issue.

### **Transferability**

Freely transferrable, in whole or any part of the outstanding principal amount, to any person (provided that the transferee of the Convertible Bonds shall not be a core connected person (as defined in the Listing Rules) of the Company, unless otherwise approved by the Stock Exchange), subject to the terms and conditions of the Convertible Bonds, the Listing Rules and all applicable laws and regulations.

### **Listing**

No application will be made for the listing of the Convertible Bonds on the Stock Exchange. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares to be issued upon the exercise of the Conversion Rights.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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|                   |  |
|-------------------|--|
| <b>Ranking</b>    | <p>The Conversion Shares to be issued upon the exercise of the Conversion Rights will rank <i>pari passu</i> with all other existing Shares in issue at the date of issue of the Conversion Shares and be entitled to all dividends, bonus and other distributions the record date for which falls on a date on or after the date of Conversion.</p>   |
| <b>Voting</b>     | <p>A holder of the Convertible Bonds will not be entitled to attend or vote at any Shareholders' meetings of the Company by reason only of it being a holder of the Convertible Bonds.</p>   |
| <b>Redemption</b> | <p>The Company shall be entitled at its sole discretion, by giving not less than seven days' notice to the holder of the Convertible Bonds, propose to the holder of the Convertible Bonds to redeem the whole or any part of the outstanding Convertible Bonds (in multiples of HK\$500,000 or such lesser amount as may represent the entire principal amount thereof) at any time after the date of issue of the Convertible Bonds up to and including the date falling seven days immediately before the maturity date of the Convertible Bonds.</p> <p>Unless previously redeemed in full as disclosed above, the Company shall be required upon the maturity date to redeem at 100% of all or any part of the principal amount of the Convertible Bonds in respect of which the Conversion Rights have not been exercised.</p> |
| <b>Status</b>     | <p>The obligations of the Company arising under the Convertible Bonds constitute general, unconditional, unsubordinated and unsecured obligations of the Company and shall rank <i>pari passu</i> and ratably without preference equally with all other present and future unsecured and unsubordinated obligations of the Company except for obligations accorded preference by mandatory provisions of applicable laws.</p>  |

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### **Restriction on the exercise of the Conversion Rights**

The Conversion Rights shall not be exercised by the holder(s) of the Convertible Bonds to the extent that (i) a mandatory general offer obligation under the Takeovers Code will be triggered as a result of such conversion, unless either (a) the holder of the Convertible Bonds complies with the Takeovers Code and make a mandatory general offer to acquire all the Shares not already owned by he/she/it and parties acting in concert with he/she/it; or (b) a whitewash waiver to waive the requirement for such holder of the Convertible Bonds to make the mandatory general offer is approved by the independent Shareholders and is granted by the Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any of his delegates before the date of completion of the conversion; or (ii) if immediately following the conversion, the Company will be unable to meet the public float requirement under Rule 8.08 of the Listing Rules.

Assuming full conversion of the aggregate principal amount of the Convertible Bonds of HK\$200,000,000 at the initial Conversion Price (subject to adjustments), a maximum number of 2,352,941,176 Conversion Shares will be issued, representing approximately 36.91% of the issued share capital of the Company as at the effective date of the Capital Reorganisation and approximately 26.96% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares after taking into account the effect of the Capital Reorganisation.

### **Conditions of the Subscription**

The Subscription Completion is conditional upon the satisfaction (or waiver by the Subscriber or the Company, as the case may be) of the following conditions precedent on or before 31 October 2024 (or such later date as may be agreed between the Subscriber and the Company in writing):

- (i) the passing by the Independent Shareholders, at the SGM all resolutions as may be required under the Listing Rules and/or the relevant laws and regulations, including without limitation, the relevant resolutions approving the Subscription Agreement and the transactions contemplated thereunder;
- (ii) the representations, warranties and undertakings given or made by the Company under the Subscription Agreement remaining true and accurate in all material respects and not misleading in any material respect as of the date of the Subscription Agreement and the Completion Date by reference to the facts and circumstances subsisting as at the date of the Subscription Agreement and the Completion Date respectively;
- (iii) the granting of the approval by the Stock Exchange for the listing of, and the permission to deal in, the new Shares to be issued upon the exercise of the conversion rights under the terms and conditions of the Convertible Bonds and such approval not having been revoked;

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- (iv) if required, all other approvals, consents and acts required under the Listing Rules or other applicable laws and regulations or otherwise required from any third parties (including banks or financial institutions) in connection with the Subscription Agreement and the transactions contemplated thereunder having been obtained and completed or, as the case may be, the relevant waiver from compliance with any of such laws, rules, regulations and requirements having been obtained from the Stock Exchange, the SFC, or other relevant regulatory authorities or the relevant third parties;
- (v) the warranties, representations and/or undertakings given or made by the Subscriber under the Subscription Agreement remaining true and accurate in all material respects and not misleading in any material respects as of the date of the Subscription Agreement and the Completion Date by reference to the facts and circumstances subsisting as at the date of the Subscription Agreement and the Completion Date; and
- (vi) the Capital Reorganisation having become effective.

All conditions above are non-waivable except that (i) the Subscriber may at his absolute discretion waive condition (b) above; and (ii) the Company may at its absolute discretion waive condition(e) above.

In the event that the conditions of the Subscription are not fulfilled or waived (as the case may be) on or before 31 October 2024 (or such later date as may be agreed between the Subscriber and the Company in writing), none of the Company or the Subscriber shall be obliged to proceed to Subscription Completion, the provisions of the Subscription Agreement (save for certain clauses as stated in the Subscription Agreement) shall cease to have any effect and neither the Company nor the Subscriber shall have any claim against each other, except in respect of claims arising out of any antecedent breach of any of the provisions of the Subscription Agreement.

### **Completion**

Subscription Completion shall take place on the 5th Business Day after the day on which the last of the subscription conditions (as set out in the section headed “Conditions of the Subscription” above) is fulfilled (or otherwise waived in accordance with the terms of the Subscription Agreement, where applicable) (or such other date as may be agreed by the Subscriber and the Company in writing).

### **Specific Mandate to issue the Conversion Shares**

The Conversion Shares to be allotted and issued pursuant to the Convertible Bonds are proposed to be issued pursuant to a specific mandate to be granted by the Independent Shareholders by way of poll at the SGM.

Please refer to the section headed “The Subscription” in the Letter from the Board for details of the terms of the Subscription Agreement.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 4. Analysis of the principal terms of the Subscription

#### (i) Conversion Price

Assuming the Capital Reorganisation has become effective, the initial Conversion Price, being HK\$0.085 per New Share, represents:

- (i) the closing price of HK\$0.085 per Existing Share as quoted on the Stock Exchange on the date of the Subscription Agreement (i.e. 30 April 2024);
- (ii) a premium of approximately 10.10% over the average closing price of approximately HK\$0.0772 per Existing Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to the date of the Subscription Agreement (i.e. 30 April 2024); and
- (iii) a premium of approximately 8.42% over the average closing price of approximately HK\$0.0784 per Existing Share as quoted on the Stock Exchange for the ten consecutive trading days immediately prior to the date of the Subscription Agreement (i.e. 30 April 2024).

The Conversion Price was arrived at after arm's length negotiation between the Company and the Subscriber after taking into account the prevailing market price of the Existing Shares, the recent operational and financial performance of the Group and the performance of the bond market.

In order to further assess the fairness and reasonableness of terms of the Convertible Bond, we have performed review on (i) the daily closing price of the Existing Shares as quoted on the Stock Exchange during the period of twelve months prior to the date of the Subscription Agreement up to and including the Latest Practicable Date (the "**Review Period**"); (ii) the trading volume of the Existing Shares during the Review Period; and (iii) the comparison on the issuance of convertible bonds by companies listed on the Stock Exchange.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *Historical Share price performance*

Set out below is a chart showing the historical daily closing prices of the Existing Share as quoted on the Stock Exchange for the Review Period which we consider to be reasonably adequate enough to illustrate the relationship between the historical trend of the closing prices of the Existing Share and the Conversion Price:



Source: The website of the Stock Exchange

As illustrated in the chart above, during the Review Period, the Existing Shares traded between a range of HK\$0.065 per Existing Share on 22 March 2024 and HK\$0.173 on 10 May 2023 with an average closing price per Existing Share of approximately HK\$0.119 per Existing Share. The initial Conversion Price represents (i) a premium of approximately 30.77% to the lowest closing price per Existing Share (i.e., HK\$0.065); (ii) a discount of approximately 28.46% to the average closing price per Existing Share (i.e., HK\$0.119) (the “**Average Closing Price**”); and (iii) a discount of approximately 50.87% to the highest closing price per Existing Share (i.e., HK\$0.173) during the Review Period.

Taking into consideration that (i) the Conversion Price falls within the aforesaid historical closing price range during the Review Period; and (ii) as shown in the chart above, the closing price of the Existing Shares demonstrated a downward trend over the Review Period, despite the Conversion Price represents a discount to the Average Closing Price, we are of the view that the Conversion Price is fair and reasonable from the perspective of historical trend of the closing prices of the Existing Shares.

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### *Trading Liquidity*

Set out below is a chart showing the trading volume of the Existing Shares as quoted on the Stock Exchange for the Review Period which we consider to be reasonably adequate enough to illustrate the liquidity movement of the Existing Shares:

| Month/Period                                    | Number of trading days | Average daily number of Existing Shares traded | % of average daily number of Existing Shares traded to the total number of Existing Shares in issue<br><i>(Note)</i><br><i>(Approx. %)</i> |
|---|------------------------|--|--|
| <b>2023</b>                                     |                        |  |  |
| May   | 21                     | 108,430  | 0.002  |
| June  | 21                     | 392,647  | 0.006  |
| July  | 20                     | 538,868  | 0.008  |
| August  | 23                     | 784,421  | 0.012  |
| September                                       | 19                     | 719,776  | 0.011  |
| October   | 20                     | 293,902  | 0.005  |
| November  | 22                     | 375,170  | 0.006  |
| December  | 19                     | 841,871  | 0.013  |
| <b>2024</b>                                     |                        |  |  |
| January   | 22                     | 351,044  | 0.006  |
| February  | 19                     | 535,688  | 0.008  |
| March   | 20                     | 2,390,205                                      | 0.037  |
| April   | 20                     | 2,056,325                                      | 0.032  |
| May   | 21                     | 7,828,047                                      | 0.123  |
| June <i>(up to the Latest Practicable Date)</i> | 3                      | 1,064,250                                      | 0.017  |
| Average   |                        |  | 0.020  |
| Maximum   |                        |  | 0.123  |
| Minimum   |                        |  | 0.002  |

*Source: The website of the Stock Exchange*

*Note: Calculated based on the total number of the issued Existing Shares at the end of the month/period.*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As set out in the table above, during the Review Period, the percentage of average daily trading volume of the Existing Shares for the respective month/period were in the range from 0.002% to approximately 0.123% with an average of approximately 0.020% as to the total number of issued Existing Shares. It illustrates that the trading volume of the Existing Shares was relatively thin during the Review Period, which might be affected by various factors such as market sentiment. The relatively low trading volume suggests that it would be difficult for the Company to pursue sizeable equity financing alternative in stock market without providing considerable discount.

### *Comparable transactions analysis*

In assessing whether the Conversion Price is fair and reasonable, we have, on a best effort basis, carried out a comparable analysis on subscription of convertible bond(s) or note(s) under specific mandate by companies listed on the Stock Exchange (the “**Comparable Subscriptions**”), based on the criteria that (i) the subscriptions were announced during the six-month period prior to the date of the Subscription Agreement (i.e. from 1 November 2023 to 30 April 2024); (ii) the duration of the convertible bond(s) or note(s) is not perpetual; (iii) the convertible bond(s) or note(s) were not issued as consideration for acquisition(s) or restructuring scheme; and (iv) the companies are the issuers of convertible bonds (the “**Criteria**”).

Based on the aforesaid Criteria, we have identified an exhaustive list of nine Comparable Subscriptions which we consider that (i) adequately cover the prevailing Hong Kong capital market conditions and sentiments of approximately six months prior to the date of the Subscription Agreement; (ii) provide a meaningful reference on general market practice conducted under a similar market conditions; and (iii) allow the Independent Shareholders to assess the fairness and reasonableness of the Conversion Price with a general reference of companies listed on the Stock Exchange. Hence, we consider the Comparable Subscriptions and the six-month period set an appropriate basis for our analysis and that the Comparable Subscriptions are considered fair, sufficient and representative to illustrate the recent trend and terms under common market practice.

Nonetheless, Shareholders or potential investors should note that the business, operations and financial performance of the listed issuers of the Comparable Subscriptions are not the same as the Company, and we have not conducted any in-depth investigation into the business and operations of respective listed issuers.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

| Date of initial announcement | Company Name                            | Stock Code | Connected transaction | Interest rate per annum (%)                          | Maturity (year(s)) | Premium/ (Discount) of conversion price over/ (to) the closing price per share on the date of respective agreement/ last trading day (Approx. %) | Premium/ (Discount) of conversion price over/ (to) the average closing price per share for the five consecutive trading days immediately prior to/ including the date of respective subscription agreement (Approx. %) |        |
|------------------------------|---|------------|-----------------------|--|--------------------|--|--|--------|
| 5 April 2024                 | MicroPort Scientific Corporation        | 853        | Yes                   | 5.75   | 5.0                | 10.19  | 18.53  |        |
| 6 March 2024                 | Grand Field Group Holding Limited       | 115        | Yes                   | 6.0  | 3.0                | 5.69   | 3.34   |        |
| 22 February 2024             | Value Convergence Holdings Limited      | 821        | No                    | 0.0  | 3.0                | 1.69   | 2.21   |        |
| 30 January 2024              | China Sandi Holdings Limited            | 910        | Yes                   | 2.0  | 10.0               | 4.65   | (0.22)   |        |
| 26 January 2024              | Changyou Alliance Group Limited         | 1039       | Yes                   | 8.0  | 3.0                | 342.11   | 307.77   |        |
| 23 January 2024              | Eminence Enterprise Limited             | 616        | Yes                   | 5.0  | 5.0                | (4.76)   | (5.76)   |        |
| 3 January 2024               | Zhi Sheng Group Holdings Limited        | 8370       | No                    | 0.0  | 2.0                | 45.32  | 45.32  |        |
| 2 January 2024               | Oriental Payment Group Holdings Limited | 8613       | Yes                   | 12.0   | 4.5                | 0.0  | 4.02   |        |
| 16 November 2023             | Prosperity Investment Holdings Limited  | 310        | No                    | 8.0  | 2.0                | 10.67  | 10.67  |        |
|                              |   |            |                       | <b>Average</b>                                       | 5.2                | 4.2  | 46.17  | 42.88  |
|                              |   |            |                       | <b>Average (excluding outliers)</b><br><i>(Note)</i> | 5.5                | 4.6  | 4.02   | 4.68   |
|                              |   |            |                       | <b>Maximum</b>                                       | 12.0               | 10.0   | 342.11   | 307.77 |
|                              |   |            |                       | <b>Maximum (excluding outliers)</b><br><i>(Note)</i> | 12.0               | 10.0   | 10.67  | 18.53  |
|                              |   |            |                       | <b>Minimum</b>                                       | 0                  | 2.0  | (4.76)   | (5.76) |
|                              | <b>Company</b>                          |            | Yes                   | 0.0  | 3.0                | 0.00   | 10.10  |        |

Source: The website of the Stock Exchange

Note: The figures of Changyou Alliance Group Limited (Stock code:1039) and Zhi Sheng Group Holdings Limited (Stock code:8370) have been excluded from the computations as they appear to be abnormally high as compared to the rest of the Comparable Subscriptions and are considered as outliers which may skew the overall results.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As illustrated in the above table, the conversion price of the Comparable Subscriptions ranged from a discount of approximately 4.76% to a premium of approximately 342.11% of the respective closing price per share on the date of respective subscription agreements/last trading day. By excluding the outliers, the conversion price of the Comparable Subscriptions ranged from a discount of approximately 4.76% to a premium of approximately 10.67% of the respective closing price per share on the date of respective subscription agreements/last trading day (the “**Last Day Market Range**”), with an average of a premium of approximately 4.02%. The Conversion Price of HK\$0.085 per Conversion Share is equivalent to the closing price of the Existing Shares as at the date of the Subscription Agreement, which falls within the Last Day Market Range.

The conversion price of the Comparable Subscriptions ranged from a discount of approximately 5.76% to a premium of approximately 307.77% of the respective average closing price per share for the last five consecutive trading days immediately prior to/ including the date of respective subscriptions. By excluding the outliers, the conversion price of the Comparable Subscriptions ranged from a discount of approximately 5.76% to a premium of approximately 18.53% of the respective average closing price per share for the last five consecutive trading days immediately prior to/ including the date of respective subscriptions (the “**5-Day Market Range**”), with an average of a premium of approximately 4.68% (the “**5-Day Market Average**”). The Conversion Price of HK\$0.085 per Conversion Share represents a premium of approximately 10.10% to the average closing price of the Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Subscription Agreement, which falls within the 5-Day Market Range and above the 5-Day Market Average.

Based on the foregoing, we are of the view that the Conversion Price is fair and reasonable so far as the Independent Shareholders are concerned.

### **(ii) Interest rate**

As shown in the table above, the interest rates of the Comparable Subscriptions ranged from nil to 12.0% with an average of approximately 5.2% per annum. The Convertible Bonds is interest-free and is at the bottom of the range of interest rates of the Comparable Subscriptions. As the Convertible Bonds will not bear any interest (i.e. zero-coupon), we consider that it is a favourable term to the Company.

### **(iii) Maturity**

The terms to maturity of the Comparable Subscriptions ranged from two years to ten years with an average term to maturity of approximately 4.2 years. Given the term to maturity of the Convertible Bonds of 3 years falls within the range of duration of the Comparable Subscriptions, we consider the term to maturity of the Convertible Bonds to be fair and reasonable.

### **(iv) Overall comment**

As illustrated above, we consider the principal terms of the Subscription are in line with the market practice demonstrated by the Comparable Subscriptions, we are of the view that the principal terms of the Subscription Agreement are on normal commercial terms and are considered as fair and reasonable.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 5. Effect on shareholding structure of the Company

The table below illustrates the shareholding structures of the Company (i) as at the Latest Practicable Date; (ii) immediately after the Capital Reorganisation becoming effective but before the Subscription Completion; and (iii) full conversion of the aggregate principal amount of the Convertible Bonds of HK\$200,000,000 at the initial Conversion Price only (assuming (i) the Subscriber procures his nominee, Asia Pacific, to subscribe for the Convertible Bonds and Asia Pacific exercises its conversion rights in full; and (ii) there is no other change in the issued share capital and shareholding structure of the Company from the Latest Practicable Date and up to the date of full conversion of the Convertible Bonds save for the Capital Reorganisation becoming effective):

| Shareholders                                 | As at the Latest Practicable Date |                           | Immediately after the Capital Reorganisation becoming effective but before the Subscription Completion |                           | Immediately upon full conversion of the Convertible Bonds at the initial Conversion Price (assuming there being no other change in the issued share capital and shareholding structure of the Company from the Latest Practicable Date and up to the date of full conversion of the Convertible Bonds save for the Capital Reorganisation becoming effective) |                           |
|--|-----------------------------------|---------------------------|--|---------------------------|---|---------------------------|
|  | Number of Existing Shares         | Approx. % of shareholding | Number of New Shares   | Approx. % of shareholding | Number of Shares  | Approx. % of shareholding |
| <b>Director</b>                              |                                   |                           |  |                           |   |                           |
| Tang Yui Man Francis                         | 21,375,000                        | 0.34                      | 21,375,000   | 0.34                      | 21,375,000  | 0.24                      |
| <b>Substantial shareholders</b>              |                                   |                           |  |                           |   |                           |
| Ou Yaping and his spouse <sup>(Note 1)</sup> | 13,113,738                        | 0.20                      | 13,113,738   | 0.20                      | 13,113,738  | 0.15                      |
| Asia Pacific Promotion Limited               | 3,272,309,301 <sup>(Note 2)</sup> | 51.34                     | 3,272,309,301  | 51.34                     | 5,625,250,477 <sup>(Note 3)</sup>   | 64.46                     |
| <b>Public Shareholders</b>                   | <u>3,067,205,057</u>              | <u>48.12</u>              | <u>3,067,205,057</u>   | <u>48.12</u>              | <u>3,067,205,057</u>  | <u>35.15</u>              |
| <b>Total</b>                                 | <u>6,374,003,096</u>              | <u>100.00</u>             | <u>6,374,003,096</u>   | <u>100.00</u>             | <u>8,726,944,272</u>  | <u>100.00</u>             |

Notes:

1. 13,113,738 Existing Shares are jointly held by Mr. Ou and his spouse.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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2. 3,272,309,301 Existing Shares are held by Asia Pacific, a company incorporated in the BVI, which is wholly-owned by Mr. Ou. Accordingly, Mr. Ou is deemed to be interested in the Shares held by Asia Pacific under the SFO.
3. 5,625,250,477 New Shares are expected to be held by Asia Pacific, a company incorporated in the BVI, which is wholly-owned by Mr. Ou. Accordingly, Mr. Ou is deemed to be interested in the Shares held by Asia Pacific under the SFO.

As disclosed above, the shareholding interests of the public Shareholders would be diluted from approximately 48.12% to approximately 35.15% immediately after the full conversion of the Convertible Bonds.

We are aware of the relatively high dilution effect as a result of the full conversion of the Convertible Bonds. Nonetheless, taking into account (i) the Subscription will not result in an immediate cash outflow for the Group and will immediately improve the net current liabilities position of the Group; (ii) the reasons for and benefits of the Subscription as aforementioned; (iii) the terms of the Subscription Agreement are fair and reasonable; and (iv) the conversion restriction under the terms of the Convertible Bonds in which the holder(s) may not convert the Convertible Bonds if it would result in (1) the holder(s) being obliged to make a general offer under the Takeovers Code unless a whitewash waiver is obtained or a general offer is made in accordance with the Takeovers Code; or (2) the Company failing to comply with the minimum public float requirement under the Listing Rules, we are of the view that the aforesaid dilution is acceptable.

### RECOMMENDATION

Having considered the above principal factors and reasons, we are of the opinion that although the Subscription is not conducted in the ordinary and usual course of business of the Group, (i) the terms of the Subscription Agreement (including the Conversion Price) are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the Subscription is in the interest of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders, and we advise the Independent Shareholders, to vote in favor of the relevant resolutions to be proposed at the SGM for approving the Subscription Agreement and the transactions contemplated thereunder (including but not limited to the issue of the Convertible Bonds and the issue and allotment of the Conversion Shares upon exercise of the Conversion Rights).

Yours faithfully,  
For and on behalf of  
**Lego Corporate Finance Limited**  
**Ms. Kristie Ho**  
*Managing Director*

*Ms. Kristie Ho is a licensed person registered with the Securities and Futures Commission and a responsible officer of Lego Corporate Finance Limited to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong). She has over 20 years of experience in the finance and investment banking industry.*



## 1. RESPONSIBILITY STATEMENT

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

## 2. SHARE CAPITAL AND CONVERTIBLE BOND

### (a) Share Capital

Assuming there is no other change in the authorised and issued share capital of the Company since the Latest Practicable Date save for the Capital Reorganisation becoming effective, the authorised and issued share capital of the Company (i) as at the Latest Practicable Date; (ii) as at the effective date of the Capital Reorganisation; and (iii) immediately upon full conversion of the Convertible Bonds at the initial Conversion Price (assuming there being no other change in the issued share capital and shareholding structure of the Company from the Latest Practicable Date and up to the date of full conversion of the Convertible Bonds save for the Capital Reorganisation becoming effective ) are as follows:

#### (i) As at the Latest Practicable Date

|   |                                 |                  |
|---|---------------------------------|------------------|
| <i>Authorised capital:</i>                              |                                 | <i>HK\$</i>      |
| 15,000,000,000  | Existing Shares of HK\$0.1 each | 1,500,000,000.00 |
| <i>Issued and fully paid or credited as fully paid:</i> |                                 |                  |
| 6,374,003,096   | Existing Shares of HK\$0.1 each | 637,400,309.60   |

#### (ii) As at the effective date of the Capital Reorganisation

|   |                             |                  |
|---|-----------------------------|------------------|
| <i>Authorised capital:</i>                              |                             | <i>HK\$</i>      |
| 150,000,000,000   | New Shares of HK\$0.01 each | 1,500,000,000.00 |
| <i>Issued and fully paid or credited as fully paid:</i> |                             |                  |
| 6,374,003,096   | New Shares of HK\$0.01 each | 63,740,030.96    |

(iii) *Immediately upon full conversion of the Convertible Bonds at the initial Conversion Price (assuming there being no other change in the issued share capital and shareholding structure of the Company from the Latest Practicable Date and up to the date of full conversion of the Convertible Bonds save for the Capital Reorganisation becoming effective)*

| <i>Authorised capital:</i>                                  |   | <i>HK\$</i>      |
|---|---|------------------|
| 150,000,000,000   | New Shares of HK\$0.01 each   | 1,500,000,000.00 |
| <br><i>Issued and fully paid or credited as fully paid:</i> |   |                  |
| 6,374,003,096   | New Shares of HK\$0.01 each   | 63,740,030.96    |
| 2,352,941,176   | maximum number of Conversion Shares to be allotted and issued upon full conversion of the Convertible Bonds | 23,529,411.76    |
| <br><i>Total:</i>   |   |                  |
| 8,726,944,272   | New Shares of HK\$0.01 each   | 87,269,442.72    |

All issued Existing Shares rank *pari passu* in all respects with each other, including in particular, as to dividends, voting rights and return of capital.

The Conversion Shares shall rank *pari passu* with all other New Shares in issue as at the conversion date and be entitled to all dividends, bonus and other distributions the record date of which falls on a date on or after the conversion date. The Conversion Shares will be listed and traded on the Stock Exchange.

Save for the 114,444,000 share options granted under the share option scheme of the Company adopted on 17 May 2012, the Company had no outstanding convertible securities, options or warrants in issue or similar rights which confer any right to subscribe for, convert or exchange into Shares or any agreement or arrangement in relation thereto other than the Subscription Agreement, particulars of which are disclosed in the letter from the Board contained in this circular, as at the Latest Practicable Date.

### 3. DISCLOSURE OF INTERESTS

#### (a) Directors' and chief executive's interests and short positions in shares, underlying shares and debentures of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

| Name of Directors       | Capacity/<br>Nature of interest | Number of<br>Existing<br>Shares held | Number of<br>underlying<br>Existing Shares<br>held pursuant<br>to share<br>options and<br>other<br>derivative<br>interest | Total      | Approximate<br>percentage of<br>the total<br>number of<br>issued Existing<br>Shares |
|-------------------------|---------------------------------|--------------------------------------|---|------------|---|
| Tang Yui Man<br>Francis | Beneficial owner                | 21,375,000                           | 40,460,000  | 61,835,000 | 0.970%  |
| Tian Jin                | Beneficial owner                | —                                    | 2,312,000   | 2,312,000  | 0.036%  |
| Xin Luo Lin             | Beneficial owner                | —                                    | 2,312,000   | 2,312,000  | 0.036%  |

Save as disclosed above, to the best knowledge of the Directors as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any other interests or short positions in any Existing Shares, underlying Existing Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange.

Save as disclosed in this circular, none of the Directors or proposed Director is a director or employee of a company which has an interest in the shares and underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

#### **4. SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group (other than contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

#### **5. OTHER INTERESTS OF THE DIRECTORS**

- (a) As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been, since 31 December 2023 (the date to which the latest published audited financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.
- (b) As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement entered into by the Company or any of its subsidiaries which contract or arrangement is subsisting at the date of this circular and which is significant in relation to the business of the Group.

#### **6. COMPETING INTEREST**

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

#### **7. MATERIAL ADVERSE CHANGE**

The Directors were not aware of any material adverse changes in the financial position or trading position of the Group since 31 December 2023, being the date to which the latest published audited financial statements of the Group were made up.

## 8. EXPERT AND CONSENT

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

| <b>Name</b>                    | <b>Qualifications</b>  |
|--------------------------------|--|
| Lego Corporate Finance Limited | a corporation licensed by the SFC to carry out Type 6 (advising on corporate finance) regulated activities under the SFO |

Lego Corporate Finance Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and/or references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, Lego Corporate Finance Limited did not have any shareholding in any member of the Group and did not have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group. As at the Latest Practicable Date, Lego Corporate Finance Limited did not have any direct or indirect interest in any assets which have been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2023 (being the date to which the latest published audited financial statements of the Group were made up).

The Letter from the Independent Financial Adviser is given as of the date of this circular for incorporation herein.

## 9. DOCUMENTS ON DISPLAY

A copy of the Subscription Agreement will be published on the websites of the Stock Exchange (<https://www.hkexnews.hk>) and the Company ([www.sinolinkhk.com](http://www.sinolinkhk.com)) for a period of not less than 14 days before the date of the SGM and will also be available for inspection at the SGM.

## 10. MISCELLANEOUS

The English text of this circular and accompanying form of proxy shall prevail over their respective Chinese text in case of inconsistency.

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## NOTICE OF THE SGM

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百仕達控股有限公司\*

SINOLINK WORLDWIDE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1168)

### NOTICE OF SPECIAL GENERAL MEETING

NO refreshments, NO food and beverage service and NO handing out of corporate gifts, gift coupons or cake vouchers.

**NOTICE IS HEREBY GIVEN** that a special general meeting (the “**Meeting**”) of Sinolink Worldwide Holdings Limited (the “**Company**”) will be held at R3, United Conference Centre, 10/F., United Centre, 95 Queensway, Admiralty, Hong Kong, on Wednesday, 3 July 2024 at 11:00 a.m. for the purpose of considering and, if thought fit, passing, with or without modification, the following resolutions:

Unless otherwise defined, capitalised terms used herein shall have the same meanings as ascribed to them in the circular of the Company dated 11 June 2024 (the “**Circular**”).

#### SPECIAL RESOLUTION

1. “**THAT**, subject to and conditional upon (i) the listing committee of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) granting the listing of, and permission to deal in, the New Shares (as defined below); and (ii) compliance with relevant procedures and requirements under the laws of Bermuda to effect the Capital Reorganisation (as defined below), with effect from the second business day immediately after the date on which this resolution is passed by the shareholders of the Company (the “**Shareholders**”) or the above conditions are fulfilled (whichever is later):
  - (a) the par value of all issued Existing Shares be reduced from HK\$0.1 each to HK\$0.01 each (the “**New Shares**”) by cancelling the paid-up capital of the Company thereon to the extent of HK\$0.09 per Existing Share in issue (the “**Capital Reduction**”);
  - (b) subject to and immediately upon the Capital Reduction taking effect, all the authorised but unissued share capital of the Company (which shall include, without limitation, the authorised but unissued share capital arising from the Capital Reduction) be cancelled in its entirety resulting in the diminution of the authorised share capital of the Company by such amount representing the amount of share capital being cancelled (the “**Capital Diminution**”);

\* For identification purpose only

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## NOTICE OF THE SGM

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- (c) immediately upon the Capital Diminution taking effect, the authorised share capital of the Company be increased to HK\$1,500,000,000 by the creation of such number of additional New Shares as shall be sufficient to increase the authorised share capital of the Company to HK\$1,500,000,000 divided into 150,000,000,000 New Shares (the “**Capital Increase**”), so that following the Capital Increase, the authorised share capital of the Company will be HK\$1,500,000,000 divided into 150,000,000,000 New Shares of par value of HK\$0.01 each;
- (d) the credit arising from the Capital Reduction be credited to the contributed surplus account of the Company for use by the board of directors of the Company (the “**Directors**”) in any manner permitted by the Companies Act 1981 of Bermuda and the bye-laws of the Company ((a), (b), (c) and (d), collectively referred to as the “**Capital Reorganisation**”); and
- (e) any one Director (or any two Directors if the common seal of the Company has to be affixed) be and is hereby authorised to do all such acts and things and execute all such documents on behalf of the Company and take any and all steps, and to do and/or procure to be done any and all acts and things as he or she or they may consider necessary, desirable or expedient to give effect to the Capital Reorganisation.”

### ORDINARY RESOLUTION

#### 2. “**THAT**

- (a) subject to and conditional upon the fulfilment of the conditions set out in the subscription agreement dated 30 April 2024 (as amended and supplemented by the Supplemental Agreement dated 31 May 2024) (“**Subscription Agreement**”) (a copy of which has been produced to the Meeting marked “A” and initialled by the chairman of the Meeting for the purpose of identification) entered into between the Company (as issuer) and Mr. Ou Yaping (as subscriber), the Subscription Agreement in relation to the issue of convertible bonds in the principal amount of HK\$200,000,000 with a 3-year term which are convertible into ordinary shares of the Company at the initial conversion price of HK\$0.085 per Conversion Share (subject to adjustments) and the transactions contemplated thereunder (including the allotment and issue of the shares of HK\$0.01 each in the share capital of the Company upon conversion of the Convertible Bonds) be and are hereby generally and unconditionally approved, confirmed and ratified;
- (b) any one director of the Company be and is hereby authorised to do all such acts and things and sign, ratify or execute all such documents and take all such steps as the director in his/her discretion may consider necessary, appropriate, desirable and expedient to implement, give effect to or in connection with the Subscription Agreement and any of the transactions contemplated thereunder including but not limited to the issue of the Convertible Bonds; and

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## NOTICE OF THE SGM

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- (c) the directors of the Company be and are hereby granted a specific mandate to exercise the powers of the Company to allot, issue and deal with the Conversion Shares.”

By order of the Board  
**Sinolink Worldwide Holdings Limited**  
**TANG Yui Man Francis**  
*Chairman and Chief Executive Officer*

Hong Kong, 11 June 2024

*Registered office:*  
Clarendon House,  
2 Church Street,  
Hamilton HM 11,  
Bermuda

*Head office and principal place of  
business in Hong Kong:*  
28th Floor, Infinitus Plaza  
199 Des Voeux Road  
Central, Hong Kong

*Notes:*

1. Any member entitled to attend and vote at the Meeting convened by the above notice is entitled to appoint another person as his proxy to attend and vote instead of him, if he is a holder of two or more shares, he may appoint more than one proxy to attend and vote on his behalf. A proxy need not be a member of the Company but he must be present in person at the Meeting to represent the member. If more than one proxy is appointed, the appointment shall specify the number of shares in respect of which each such proxy is so appointed.
2. A form of proxy for use at the Meeting is enclosed. Such form of proxy is also published on the website of The Stock Exchange of Hong Kong Limited at <https://www.hkexnews.hk>. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same. To be valid, a proxy form and the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, shall be delivered to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjourned meeting. Completion and delivery of a form of proxy will not preclude a member from attending and voting in person at the Meeting or any adjournment thereof and in such event, the form of proxy shall be deemed to be revoked.
3. In the case of joint holders of a share, if more than one of such joint holders be present at any meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
4. The resolution(s) proposed to be approved at the Meeting will be voted by way of poll.
5. In order to be eligible to attend and vote at the Meeting, all completed transfer documents accompanied by the relevant share certificate(s) must be lodged with the Company's branch share registrar office and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Thursday, 27 June 2024.



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## NOTICE OF THE SGM

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6. If Typhoon Signal No. 8 or above, or a “black” rainstorm warning is in effect any time after 7:00 a.m. on the date of the Meeting, the Meeting will be postponed. The Company will post an announcement on the websites of the Company at [www.sinolinkhk.com](http://www.sinolinkhk.com) and the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) to notify members of the date, time and place of the rescheduled meeting.
  
7. As at the date of this notice, the board of Directors comprises one executive Director, namely Mr. TANG Yui Man Francis; two non-executive Directors, namely, Mr. OU Jin Yao Norris and Mr. OU Jin Yi Hugo and three independent non-executive Directors, namely Ms. CHEN Hui, Mr. TIAN Jin and Mr. XIN Luo Lin.