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**ANCHORSTONE**

**Anchorstone Holdings Limited**

**基石控股有限公司**

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

**(Stock Code: 1592)**

## **PROPOSED ISSUE OF CONVERTIBLE NOTES**

### **SUBSCRIPTION AGREEMENT**

The Board is pleased to announce that on 10 June 2022 (after trading hours), the Company entered into the Subscription Agreement with the Subscribers, pursuant to which the Company has conditionally agreed to issue, and the Subscribers have conditionally agreed to subscribe for, the Convertible Notes in an aggregate nominal value of up to HK\$200 million at the Issue Price, being 100% of the nominal value of the Convertible Notes.

The Convertible Notes comprise two equal tranches of a nominal value of HK\$100 million each. Each of Tranche 1 Notes and Tranche 2 Notes shall comprise 20 equal sub-tranches of HK\$5 million each.

Assuming the Convertible Notes are issued in full, the net proceeds from the issue of the Convertible Notes, after deduction of professional fees and all related expenses, are estimated to be approximately HK\$183.8 million. Pursuant to the Subscription Agreement, the Company shall be able to drawdown at least HK\$20 million from Tranche 1 Notes, 50% of which will be applied towards the partial repayment of its borrowings and the remaining 50% will be applied as general working capital of the Group for its existing operations. For the issue of the whole Tranche 1 Notes, the Company expects that up to HK\$100 million from Tranche 1 Notes will be drawn down within six months from the date of the Subscription Agreement. The Company also intends that the possible issue of Tranche 2 Notes of up to HK\$100 million will be subscribed for by the Subscribers, the proceeds of which will then be applied towards the reduction of the Company's debt level, funding of the Company's business operations, finance of capital expenditures, investments and general corporate purposes of the Group as and when appropriate.

## **LISTING RULES IMPLICATIONS**

The Directors (including the independent non-executive Directors) have approved the entering into of the Subscription Agreement and the transactions contemplated thereunder and are of the view that the Subscription Agreement is on normal commercial terms, the terms of which are fair and reasonable and that the entering into of the Subscription Agreement is in the interest of the Company and the Shareholders as a whole.

Pursuant to Rule 13.36(1)(a) of the Listing Rules, the issue of the Convertible Notes carrying the right to convert into Conversion Shares is subject to approval by the Shareholders. The Company will convene the EGM to seek the approval of the Shareholders on the Subscription Agreement and the transactions contemplated thereunder, including the allotment and issue of the relevant Conversion Shares upon the exercise of the Conversion Right in respect of Tranche 1 Notes. If the Option is exercised during the Option Period, the Company will convene a separate general meeting to seek the approval of the Shareholders on the transactions contemplated under Tranche 2 Notes, including the allotment and issue of the relevant Conversion Shares upon the exercise of the Conversion Right in respect of Tranche 2 Notes.

## **GENERAL INFORMATION**

A circular containing, among other matters, further details of the Subscription Agreement and the transactions contemplated thereunder, together with a notice convening the EGM, is expected to be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

**Shareholders and potential investors of the Company should note that completion under the Subscription Agreement is subject to conditions precedent and may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**

## **INTRODUCTION**

The Board is pleased to announce that on 10 June 2022 (after trading hours), the Company entered into the Subscription Agreement with the Subscribers, pursuant to which the Company has conditionally agreed to issue, and the Subscribers have conditionally agreed to subscribe for, the Convertible Notes in an aggregate nominal value of up to HK\$200 million at the Issue Price, being 100% of the nominal value of the Convertible Notes.

## **PRINCIPAL TERMS OF THE SUBSCRIPTION AGREEMENT**

The principal terms of the Subscription Agreement are as follows:

### **Date**

10 June 2022 (after trading hours)

## **Parties**

- (1) the Company as the issuer; and
- (2) AOF and AOF I as the Subscribers.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Subscribers and their respective ultimate beneficial owners are Independent Third Parties.

## **Securities to be issued**

The Convertible Notes, being 2.0% redeemable convertible notes convertible into the Shares with an aggregate nominal value of up to HK\$200 million.

## **Issue and subscription of the Convertible Notes**

The Convertible Notes comprise two equal tranches of a nominal value of HK\$100 million each. Each of Tranche 1 Notes and Tranche 2 Notes shall comprise 20 equal sub-tranches of HK\$5 million each.

### *(A) Tranche 1 Notes*

Subject to the terms and conditions of the Subscription Agreement, the Company shall issue, and the Subscribers shall subscribe for in the proportion set out in the Allocation Notice, Tranche 1 Notes at the Issue Price. The first sub-tranche of Tranche 1 Notes shall be issued and subscribed for on the fifth Business Day immediately after the last of the conditions precedent in respect of Tranche 1 Notes is fulfilled (or such other date as the parties may agree in writing). The subsequent sub-tranches of Tranche 1 Notes shall be issued and subscribed for on the fifth Business Day after the Conversion Date in respect of the last of the Convertible Notes comprised in the immediately preceding sub-tranche of Tranche 1 Notes (or such other date as the parties may agree in writing).

The Company and the Subscribers agreed that the Subscribers shall subscribe for at least four sub-tranches under Tranche 1 Notes concurrently for an aggregate principal amount of HK\$20 million on the Closing Date for the first drawdown of Tranche 1 Notes, which shall be converted in accordance with the Conditions. No issue and subscription of any Tranche 1 Notes shall take place after the date falling six months following the Closing Date for the first sub-tranche of Tranche 1 Notes or such other period as may be mutually agreed in writing between the parties. The Company shall have the right to suspend any further issuance of any sub-tranche of Tranche 1 Notes if the Company has issued in aggregate 190,000,000 Conversion Shares (subject to adjustment) following the Subscribers' exercise of the Conversion Right of Tranche 1 Notes. In the event the Company exercises its suspension right as mentioned above, any unsubscribed sub-tranches of Tranche 1 Notes shall lapse and the Company shall not be obliged to issue, and the Subscribers shall not be obliged to subscribe and pay for, such unsubscribed sub-tranches of Tranche 1 Notes and the Option Period in respect of Tranche 2 Notes shall be deemed to have commenced upon such date the Company exercises its suspension right.

*(B) Tranche 2 Notes*

Subject to the terms and conditions of the Subscription Agreement, the Subscribers have granted to the Company the Option in respect of Tranche 2 Notes to require the Subscribers to subscribe for Tranche 2 Notes from the Company in the proportion set out in the Allocation Notice at the Issue Price during the relevant Option Period. The exercise of the Option and the subsequent issue and subscription of Tranche 2 Notes therefrom is subject to certain conditions precedent, including the approval of the Shareholders obtained at a general meeting of the Company for the issue of Tranche 2 Notes as well as the allotment and issue of the relevant Conversion Shares upon the exercise of the Conversion Right in respect of Tranche 2 Notes. If the Company exercises the Option, the first sub-tranche of Tranche 2 Notes shall be issued and subscribed for on the fifth Business Day immediately after the last of the conditions precedent in respect of Tranche 2 Notes is fulfilled (or such other date as the parties may agree in writing). The subsequent sub-tranches of Tranche 2 Notes shall be issued and subscribed for on the fifth Business Day after the Conversion Date in respect of the last of the Convertible Notes comprised in the immediately preceding sub-tranche of Tranche 2 Notes (or such other date as the parties may agree in writing). If the Company does not exercise the Option during the relevant Option Period, the Option in respect of Tranche 2 Notes shall lapse.

No issue and subscription of any Tranche 2 Notes shall take place after the date falling six months following the Closing Date for the first sub-tranche of Tranche 2 Notes or such other period as may be mutually agreed in writing between the parties. The Company shall have the right to suspend any further issuance of any sub-tranche of Tranche 2 Notes if the Company has issued in aggregate 190,000,000 Conversion Shares (subject to adjustment) following the Subscribers' exercise of the Conversion Right of Tranche 2 Notes (the "**Tranche 2 Suspension Limit**"). In the event the Company exercises its suspension right as mentioned above, any unsubscribed sub-tranches of Tranche 2 Notes shall lapse and the Company shall not be obliged to issue, and the Subscribers shall not be obliged to subscribe and pay for, such unsubscribed sub-tranches of Tranche 2 Notes and the Subscription Agreement shall terminate.

The Subscribers may elect to concurrently subscribe for subsequent multiple sub-tranche(s) of Tranche 1 Notes and Tranche 2 Notes notwithstanding the last Convertible Note comprised in the immediately preceding sub-tranche has yet to be converted, provided always that the aggregate principal amount of the outstanding Notes that the Subscribers may hold at any one time shall not exceed HK\$10 million. In respect of the first sub-tranche of Tranche 2 Notes, if the Company has issued an Exercise Notice during the relevant Option Period and subject to certain conditions precedent, the Subscribers may subscribe for the first sub-tranche of Tranche 2 Notes notwithstanding the last sub-tranche of Tranche 1 Notes has yet to be converted, provided always that the aggregate principal amount of the outstanding Notes that the Subscribers may hold at any one time shall not exceed HK\$10 million.

The maximum number of Conversion Shares which may be issued pursuant to the exercise of a Conversion Right for any Tranche 1 Notes and Tranche 2 Notes shall be:

- (i) 200,000,000 Shares for Tranche 1 Notes (the “**Maximum T1 Conversion Shares**”);  
and
- (ii) 200,000,000 Shares for Tranche 2 Notes (the “**Maximum T2 Conversion Shares**”).

The Maximum Conversion Shares shall be subject to adjustment in the event of stock splits, consolidation and/or re-classification of the Shares.

### **Principal terms and conditions of the Convertible Notes**

Aggregate Nominal Value: Up to HK\$200 million.

Form and Denomination: The Convertible Notes are issued in registered form in multiples of HK\$250,000.

Transferability: The Convertible Notes may be transferred at any time and from time to time subject to the Conditions (save for during the period of 15 Business Days ending on the due date for any payment of any principal or interest on the Convertible Notes, or after the certificate in respect of such Convertible Note has been deposited for conversion), provided that any transfer of the Convertible Notes by the Noteholders to any core connected person (as defined under the Listing Rules) of the Company will be subject to the requirements (if any) that the Stock Exchange may impose from time to time.

Status of the Convertible Notes: The Convertible Notes constitute direct, unconditional, unsubordinated and unsecured obligations of the Company, rank *pari passu* and rateably without any preference among themselves, and save as otherwise provided under any applicable laws or regulations, equally with all other unsecured obligations (other than subordinated obligations, if any) of the Company from time to time outstanding.

Voting rights: The Convertible Notes do not confer any voting rights at general meetings of the Company on the Noteholders.

Interest: 2.0% per annum on the outstanding nominal value of the Tranche 1 Notes or Tranche 2 Notes (as the case may be) from the respective dates on which the Tranche 1 Notes or Tranche 2 Notes (as the case may be) are issued up to the Tranche 1 Maturity Date or the Tranche 2 Maturity Date (as the case may be), payable semi-annually in arrears on 30 June and 31 December in each year.

Conversion:

A Noteholder has the discretion at any time from and including the respective dates on which the Tranche 1 Notes or Tranche 2 Notes (as the case may be) are issued and up to the close of business on the day falling seven days prior to the Tranche 1 Maturity Date or the Tranche 2 Maturity Date (as the case may be), to convert the nominal value of any Convertible Notes held by the Noteholder into Conversion Shares by dividing the aggregate principal amount of the Convertible Notes to be converted by the applicable Conversion Price on the relevant Conversion Date, provided that the Maximum T1 Conversion Shares or the Maximum T2 Conversion Shares (as the case may be) have not been reached or there has been no occurrence of any event of default as specified in the Conditions.

The Company may from time to time give not more than 35 days' and not less than 14 days' written notice to all Noteholders specifying a period being not more than three Business Days commencing on the expiry of the notice during which the Convertible Notes will not be convertible, provided that the aggregate of the days on which the Convertible Notes are not convertible shall not exceed 12 Business Days (or such other period as the Company and the Noteholders may mutually agree in writing) in any year.

Unless otherwise increased pursuant to the terms of the Subscription Agreement, the maximum number of Conversion Shares which may be issued pursuant to the conversion of:

- (i) all Tranche 1 Notes shall be 200,000,000 Shares; and
- (ii) all Tranche 2 Notes shall be 200,000,000 Shares, each subject to adjustment in the event of stock splits, consolidation and/or reclassification of the Shares.

In the event the Maximum T1 Conversion Shares or the Maximum T2 Conversion Shares (as the case may be) have been reached, then the Company shall redeem the outstanding Notes in cash at the Redemption Sum within five Business Days of the Company's receipt of a redemption notice from the Noteholder.

No Conversion Right may be exercised by a Noteholder if and to the extent that following such exercise:

- (a) a controlling interest in the Company is transferred such that the Noteholder becomes a controlling shareholder of the Company within the ambit of the Listing Rules without the prior approval of the Shareholders at a general meeting;
- (b) the Noteholder and persons acting in concert with it (as defined under the Codes) will hold more than 30% interest (or such other amount as may from time to time be specified in the Codes as being the level that would trigger a mandatory general offer in accordance with the Codes) in the total number of issued Shares and/or voting power at general meetings of the Company; and/or
- (c) the Company will be in breach of the minimum public float requirement stipulated under Rule 8.08 of the Listing Rules.

Conversion Price:

The Conversion Price shall be 90% of the average closing price per Share (subject to adjustment) on any five consecutive Business Days as selected by the Noteholder during the 45 Business Days immediately preceding the relevant Conversion Date on which Shares were traded on the Stock Exchange.

The Conversion Price shall not be below the par value of the Conversion Share.

In the event the Conversion Price is below par value, the Company shall allot and issue to the Noteholders such number of Conversion Shares subject to the Maximum Conversion Shares and pay the Noteholders such amount in cash based on the formulae set out in the Conditions.

The Conversion Price was arrived at after arm's length negotiations between the Company and the Subscribers after considering the Group's financial position, current market sentiment and historical Share prices.

Maturity Date:

All Notes must be converted by the Subscribers on the Tranche 1 Maturity Date (with respect to Tranche 1 Notes) or the Tranche 2 Maturity Date (with respect to Tranche 2 Notes), provided that the Maximum T1 Conversion Shares or the Maximum T2 Conversion Shares (as the case may be) have not been reached or there has been no occurrence of any event of default as specified in the Conditions.

Redemption:

1. Subject to there being no event of default as specified in the Conditions, the Company may at any time and from time to time, redeem the Convertible Notes at the Redemption Sum, or such other amount as may be agreed between the Company and the relevant Noteholder.
2. The Company may (but is under no obligation to) redeem any Convertible Notes presented for conversion in cash at the redemption amount if the Conversion Price is less than or equal to the Conversion Downside Price.

The redemption amount is calculated according to the formula below:

$$N \times \{P + [8\% \times P \times (D/365)] + I\}$$

where,

“D” represents the number of days elapsed since the relevant Closing Date in respect of each sub-tranche of the Convertible Notes;

“N” represents the number of Convertible Notes presented for conversion;

“P” represents the nominal value of the Convertible Notes presented for conversion; and

“I” represents the remaining unpaid interest accrued on the Convertible Notes presented for conversion.

Adjustment to the  
Conversion Downside  
Price:

The Conversion Downside Price is subject to adjustment if the Company shall:

- (a) make a stock split, consolidation or reclassification of Shares into other securities of the Company;
- (b) grant, issue or offer to the Shareholders rights or warrants entitling them to subscribe for or purchase Shares at less than 95% of the current market price per Share;
- (c) grant, issue or offer to the Shareholders rights or warrants entitling them to subscribe for or purchase any securities convertible into or exchangeable for Shares at less than 95% of the current market price per Share;



- (d) distribute to the Shareholders evidences of its indebtedness, Shares (other than the Conversion Shares), assets (excluding annual dividends or interim dividends) or rights or warrants to subscribe for or purchase securities (other than those rights and warrants referred to in sub-paragraphs (b) and (c) above);
- (e) issue any securities convertible into or exchangeable for Shares (other than the Convertible Notes or in any of the circumstances described in sub-paragraph (c) above and sub-paragraph (g) below) or where such securities are issued to the vendors of assets being acquired for full value by the Company and the consideration per Share receivable by the Company shall be less than 95% of the current market price per Share;
- (f) issue any Shares (other than Shares issued pursuant to a merger and other than Shares issued on exercise of the Conversion Right attaching to the Convertible Notes or pursuant to a scrip dividend or pursuant to an exercise of any rights attached to securities the issue of which had given rise to an adjustment under sub-paragraph (e) above or did not require any adjustment) and the consideration per Share receivable by the Company shall be less than 95% of the current market price per Share;
- (g) issue any rights or warrants to subscribe for or purchase Shares or securities convertible into or exchangeable for Shares (other than the Convertible Notes and any rights or warrants granted, issued or offered to the Shareholders or pursuant to the terms of any securities) and the consideration per Share receivable by the Company shall be less than 95% of the current market price per Share;
- (h) issue securities of a type falling within sub-paragraphs (e) to (g) above which otherwise require an adjustment to the Conversion Downside Price pursuant thereto; or
- (i) make a capital distribution which does not fall within sub-paragraphs (a) to (h) above.



conditions and/or amendments being reasonably acceptable to the Subscribers, and to the extent that any such conditions are required to be fulfilled on or before each subsequent Closing Date, they are fulfilled;

- (d) the Stock Exchange shall have granted or agreed to grant the listing of and permission to deal in the Conversion Shares under Tranche 1 Notes and such approval and permission shall not have been subsequently revoked or withdrawn;
- (e) all the representations, warranties, undertakings and covenants of the Company as set forth in the Subscription Agreement shall be accurate and correct in all respects, and the Company shall have performed all of its undertakings or obligations to be performed under the Subscription Agreement;
- (f) where applicable, all other necessary approvals, consents and waivers (including any governmental, regulatory and/or corporate approvals and consents), for the transactions contemplated under the Subscription Agreement (in particular but without limitation the issue by the Company and the subscription by the Subscribers of Tranche 1 Notes, including any Shareholders or directors' approval and other regulatory and/or corporate approvals and consents required by the Subscribers) shall have been obtained and shall remain valid and subsisting as at the Closing Date for the first sub-tranche of Tranche 1 Notes and each of the subsequent sub-tranches of Tranche 1 Notes;
- (g) there shall have been delivered to the Subscribers, each in form and substance reasonably satisfactory to the Subscribers certified on or dated, as the case may be, on the Closing Date for the first sub-tranche of Tranche 1 Notes and each of the subsequent sub-tranches of Tranche 1 Notes the required documents pursuant to the Subscription Agreement; and
- (h) all Approvals for the transactions contemplated under the Subscription Agreement obtained by the Company shall not have been amended, withdrawn, revoked, rescinded or cancelled and, where such Approvals were obtained subject to any conditions and/or amendments, such conditions and/or amendments being reasonably acceptable to the Subscribers, and to the extent that any such conditions are required to be fulfilled on or before each subsequent Closing Date, they are fulfilled.

The Subscribers may at their discretion jointly waive compliance with the whole or any of the above conditions precedent which are capable of being waived (save for the conditions precedent set out in (c), (d), (f) and (h) above which cannot be waived). In respect of the first sub-tranche of Tranche 1 Notes, if any of the above conditions precedent (a) to (g) is not satisfied (or, if capable of being waived, jointly waived by the Subscribers) on or before the date falling four months from the date of the Subscription Agreement (or such other date as the parties may agree in writing), the Subscription Agreement shall cease and the parties shall be released and discharged from their respective obligations thereunder except for any antecedent breaches. In respect of the subsequent sub-tranches of Tranche 1 Notes, if any of the above conditions precedent (c) to (h) is not satisfied (or, if capable of being waived, jointly waived by the Subscribers) on or before the applicable Closing Date in respect of such sub-tranche of Tranche 1 Notes, the Subscribers and the Company may by mutual agreement in writing (i) fix a new Closing Date in respect of such sub-tranche of Tranche 1 Notes; (ii) elect not to proceed with completion of the subscription of such sub-tranche of Tranche 1 Notes; or (iii) terminate the Subscription Agreement.

## **Conditions precedent to the closing of the first sub-tranche and subsequent sub-tranches of Tranche 2 Notes**

If the Option is exercised during the Option Period, the Subscribers shall not be obliged to subscribe and pay for the first sub-tranche of Tranche 2 Notes and the subsequent sub-tranches of Tranche 2 Notes unless the following conditions precedent have been satisfied or waived (as the case may be):

- (i) the Company shall within three Business Days from the date of publication on the Stock Exchange website, serve to the Subscribers a copy of the circular issued by the Company in regards to seeking the Shareholders' approval for the issuance of Tranche 2 Notes and the allotment and issue of the Conversion Shares under Tranche 2 Notes;
- (j) the approvals of Shareholders obtained at a general meeting of the Company for the invitation for subscription, or the issue, of Tranche 2 Notes, the allotment and issue of the Conversion Shares under Tranche 2 Notes in accordance with the terms of the Subscription Agreement and all other matters in relation thereto and in connection therewith shall remain effective and not have been amended, withdrawn, revoked, rescinded or cancelled and, where such approvals were obtained subject to any conditions and/or amendments, such conditions and/or amendments being reasonably acceptable to the Subscribers, and to the extent that any such conditions are required to be fulfilled on or before each subsequent Closing Date, they are fulfilled;
- (k) the Stock Exchange shall have granted or agreed to grant the listing of and permission to deal in the Conversion Shares under Tranche 2 Notes and such approval and permission shall not have been subsequently revoked or withdrawn;
- (l) all the representations, warranties, undertakings and covenants of the Company as set forth in the Subscription Agreement shall be accurate and correct in all respects, and the Company shall have performed all of its undertakings or obligations to be performed under the Subscription Agreement;
- (m) where applicable, all other necessary approvals, consents and waivers (including any governmental, regulatory and/or corporate approvals and consents), for the transactions contemplated under the Subscription Agreement (in particular but without limitation the issue by the Company and the subscription by the Subscribers of Tranche 2 Notes, including any Shareholders or directors' approval and other regulatory and/or corporate approvals and consents required by the Subscribers) shall have been obtained and shall remain valid and subsisting as at the Closing Date for the first sub-tranche of Tranche 2 Notes and each of the subsequent sub-tranches of Tranche 2 Notes;
- (n) there shall have been delivered to the Subscribers, each in form and substance reasonably satisfactory to the Subscribers certified on or dated, as the case may be, on the Closing Date for the first sub-tranche of Tranche 2 Notes and each of the subsequent sub-tranches of Tranche 2 Notes the required documents pursuant to the Subscription Agreement; and

- (o) all Approvals for the transactions contemplated under the Subscription Agreement obtained by the Company shall not have been amended, withdrawn, revoked, rescinded or cancelled and, where such Approvals were obtained subject to any conditions and/or amendments, such conditions and/or amendments being reasonably acceptable to the Subscribers, and to the extent that any such conditions are required to be fulfilled on or before each subsequent Closing Date, they are fulfilled.

The Subscribers may at their discretion jointly waive compliance with the whole or any of the above conditions precedent which are capable of being waived (save for the conditions precedent set out in (j), (k), (m) and (o) above which cannot be waived). In respect of the first sub-tranche of Tranche 2 Notes, if any of the above conditions precedent (i) to (n) is not satisfied (or, if capable of being waived, jointly waived by the Subscribers) on or before the date falling four months from the date of the Exercise Notice (or such other date as the parties may agree in writing); or in respect of the subsequent sub-tranches of Tranche 2 Notes, if any of the above conditions precedent (j) to (o) is not satisfied (or, if capable of being waived, jointly waived by the Subscribers) on or before the applicable Closing Date in respect of such sub-tranche of Tranche 2 Notes, the Subscribers and the Company may by mutual agreement in writing (i) fix a new Closing Date in respect of such sub-tranche of Tranche 2 Notes; (ii) elect not to proceed with completion of the subscription of such sub-tranche of Tranche 2 Notes; or (iii) terminate the Subscription Agreement.

### **Completion**

Completion shall take place on each Closing Date, where the Company shall procure the names of the Subscribers to be entered in the register of Noteholders as the holders of the relevant sub-tranche of the Convertible Notes and shall deliver the duly executed certificates representing the aggregate principal amount of the relevant sub-tranche of the Convertible Notes to or to the order of the Subscribers; and the Subscribers shall pay the relevant subscription moneys for the relevant sub-tranche of the Convertible Notes to the Company.

### **Termination**

The Subscribers may by notice in writing to the Company, terminate the Subscription Agreement at any time before the time on the relevant Closing Date when payment would otherwise be due, in any of the following circumstances:

- (a) the Tranche 2 Suspension Limit has been reached;
- (b) the Maximum Conversion Shares have been fully issued;
- (c) there shall have come to the notice of the Subscribers any breach of, or any event rendering untrue or incorrect in any material respect, any of the representations, warranties, undertakings and covenants contained in the Subscription Agreement which will cause a material adverse effect and continues for a period of seven Business Days following the service by the Subscribers on the Company of notice in writing requiring the same to be remedied;
- (d) if any of the conditions precedent have not been satisfied to the reasonable satisfaction of the Subscribers or waived (as the case may be);

- (e) pursuant to the provisions in relation to completion and/or conditions precedent under the Subscription Agreement;
- (f) if:
  - (i) there shall have been any change, or any development involving a prospective change, in the condition, financial or otherwise, or in the earnings, business or operations, or affecting the properties, which materially and adversely affect the ability of the Company or the Group taken as a whole to perform its obligations under the Subscription Agreement and the Convertible Notes; or
  - (ii) there shall have been an imposition of a new legal or regulatory restriction not in effect on the date of the Subscription Agreement, or any change in the interpretation of existing legal or regulatory restrictions, that materially and adversely affects the ability of the Company or the Group taken as a whole, to perform its obligations under the Subscription Agreement, or the offering, sale or delivery of the Convertible Notes or the Conversion Shares;
- (g) save as otherwise disclosed, an event of default shall have occurred in respect of any notes, debentures, bonds or other similar securities of the Company or any of its subsidiaries issued and outstanding which has materially and adversely affected the Company's ability to comply with its obligations under the Subscription Agreement;
- (h) there shall have been a suspension, or material limitation, of trading in the Shares on the Stock Exchange for five consecutive Business Days (unless such suspension was either caused by administrative or technical error not due to the Company or due to a corporate transaction, the announcement or circular of which is pending clearance by the Stock Exchange or other regulatory or governmental bodies);
- (i) there shall have been a delisting or an order for delisting or a threatened delisting of the Shares from the Stock Exchange;
- (j) save as otherwise disclosed, an event of default under the Conditions has occurred and is continuing; or
- (k) any of the approvals, consents or waivers obtained by the Company under the Subscription Agreement are amended, withdrawn, revoked, rescinded or cancelled prior to the relevant Closing Date or, where any of such approvals, consents or waivers were obtained subject to any conditions which were required to be fulfilled on or before each such applicable Closing Date, they were not fulfilled.

## **APPLICATION FOR LISTING**

No application will be made by the Company for the listing of the Convertible Notes. Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares under Tranche 1 Notes. If the Option is exercised during the Option Period, application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares under Tranche 2 Notes.

## **SPECIFIC MANDATE**

The Company will seek the Specific Mandate from the Shareholders at the EGM for the allotment and issue of the Conversion Shares upon exercise of the Conversion Right attaching to Tranche 1 Notes. If the Option is exercised during the Option Period, the Company will seek a specific mandate from the Shareholders at a separate general meeting of the Company for the allotment and issue of the Conversion Shares upon exercise of the Conversion Right attaching to Tranche 2 Notes.

## **SHAREHOLDING STRUCTURE OF THE COMPANY**

On the basis that the Company issues and the Subscriber subscribes for (a) sub-tranches of Tranche 1 Notes in the aggregate nominal value of HK\$20 million; and (b) the whole Tranche 1 Notes in the aggregate nominal value of HK\$100 million, and such Tranche 1 Notes are fully converted at the Conversion Price of HK\$0.19422 per Share, which represents 90% of the average of the closing prices per Share from 31 May 2022 to 7 June 2022, being the lowest average of the closing prices of the five consecutive Business Days during the 45 Business Days on which the Shares were traded on the Stock Exchange immediately preceding the date of the Subscription Agreement, the Company will have to issue a total of 102,976,006 Conversion Shares and 200,000,000 Conversion Shares (subject to the Maximum T1 Conversion Shares), respectively, upon the exercise of the Conversion Right attaching to such Tranche 1 Notes. The above Conversion Price of HK\$0.19422 per Share represents a discount of approximately 10.91% to the closing price of HK\$0.218 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement.

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after the allotment and issue of the Conversion Shares upon the exercise of Conversion Right attaching to the sub-tranches of Tranche 1 Notes in the aggregate nominal value of HK\$20 million at the Conversion Price of HK\$0.19422 per Share in full assuming that such nominal value had been issued to the Subscribers and such sub-tranches of the Convertible Notes had not yet been disposed of by the Subscribers; (iii) immediately after the allotment and issue of the Conversion Shares upon the exercise of the Conversion Right attaching to the whole Tranche 1 Notes in the aggregate nominal value of HK\$100 million at the Conversion Price of HK\$0.19422 per Share in full (subject to the Maximum T1 Conversion Shares) assuming that such nominal value had been issued to the Subscribers and such sub-tranches of the Convertible Notes had not yet been disposed of by the Subscribers; and (iv) immediately after the allotment and issue of the Conversion Shares upon the exercise of the Conversion Right attaching to the whole Convertible Notes in the aggregate nominal value of HK\$200 million at the Conversion Price of HK\$0.19422 per Share in full (subject to the Maximum Conversion Shares) assuming that such nominal value had been issued to the Subscribers and such sub-tranches of the Convertible Notes had not yet been disposed of by the Subscribers. The analysis under scenarios (ii), (iii) and (iv) is shown for illustration purpose only.

	(i) As at the date of this announcement		(ii) Immediately after the allotment and issue of the Conversion Shares upon the exercise of Conversion Right attaching to the sub-tranches of Tranche 1 Notes in the aggregate nominal value of HK\$20 million at the Conversion Price of HK\$0.19422 per Share in full assuming that such nominal value had been issued to the Subscribers and such sub-tranches of the Convertible Notes had not yet been disposed of by the Subscribers		(iii) Immediately after the allotment and issue of the Conversion Shares upon the exercise of Conversion Right attaching to the whole Tranche 1 Notes in the aggregate nominal value of HK\$100 million at the Conversion Price of HK\$0.19422 per Share in full (subject to the Maximum T1 Conversion Shares) assuming that such nominal value had been issued to the Subscribers and such sub-tranches of the Convertible Notes had not yet been disposed of by the Subscribers		(iv) Immediately after the allotment and issue of the Conversion Shares upon the exercise of Conversion Right attaching to the whole Convertible Notes in the aggregate nominal value of HK\$200 million at the Conversion Price of HK\$0.19422 per Share in full (subject to the Maximum Conversion Shares) assuming that such nominal value had been issued to the Subscribers and such sub-tranches of the Convertible Notes had not yet been disposed of by the Subscribers	
	No. of Shares	Approximate per cent.	No. of Shares	Approximate per cent.	No. of Shares	Approximate per cent.	No. of Shares	Approximate per cent.
PMG Investments Limited	792,305,000	63.53	792,305,000	58.68	792,305,000	54.75	792,305,000	48.10
Mr. Lui Yue Yun Gary	560,000	0.04	560,000	0.04	560,000	0.04	560,000	0.03
Ms. Qiao Xiaowei	45,980,000	3.69	45,980,000	3.41	45,980,000	3.18	45,980,000	2.79
The Subscribers	—	—	102,976,006	7.63	200,000,000	13.82	400,000,000	24.28
Other Shareholders	408,355,000	32.74	408,355,000	30.24	408,355,000	28.22	408,355,000	24.79
<b>Total</b>	<b>1,247,200,000</b>	<b>100.00</b>	<b>1,350,176,006</b>	<b>100.00</b>	<b>1,447,200,000</b>	<b>100.00</b>	<b>1,647,200,000</b>	<b>100.00</b>

*Note:* Percentage figures may not add up to the total due to rounding.

Shareholders and potential investors of the Company should note that the above table is solely for illustrative purposes only. As disclosed above in the principal terms and conditions of the Convertible Notes, the Subscribers may not be able to exercise any Conversion Right under certain circumstances, and the exercise of Conversion Right is subject to the redemption of the Convertible Notes by the Company pursuant to the Conditions.

## INFORMATION ON THE SUBSCRIBERS AND ACP

AOF is a proprietary fund established in the Cayman Islands in 2006 and is principally engaged in providing funding solutions to small and medium sized public companies in South East Asia. AOF manages its own funds and investment portfolios and invests in a variety of financial instruments, including but not limited to investing in quoted securities through private unlisted debt-to-equities convertible instruments issued by listed issuers across various jurisdictions.

AOF I is an open-ended fund incorporated as an exempted company with limited liability in the Cayman Islands in 2016. AOF I is currently managed by ZICO Asset Management Pte. Ltd. (“ZICOAM”), a holder of a capital markets services licence to conduct fund



management activities regulated under the Securities and Futures Act 2001 of Singapore. ZICOAM has been appointed by AOF I to serve as the discretionary investment manager of all its investments.

ACP is a company registered in Singapore and has been appointed by AOF as its authorised representative to coordinate and manage AOF's investment in the Company. The Subscribers have also provided an authorisation notice dated 10 June 2022, appointing ACP as the recipient of the Administrative Fee until and unless otherwise instructed by the Subscribers.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, save for the Proposed Issue and the transactions contemplated thereunder, the Company, its directors and the connected persons of the Company at the issuer level do not have any other agreement, arrangement or undertaking with the Subscribers, their respective directors and ultimate beneficial owners as at the date of this announcement.

## **REASONS FOR AND BENEFITS OF THE ISSUE OF THE CONVERTIBLE NOTES**

The Group is principally engaged in the stone sales and supply and installation of marble and granite for construction projects in Hong Kong and Macau.

### **Use of Proceeds**

Assuming the Convertible Notes are issued in full, the net proceeds from the issue of the Convertible Notes, after deduction of professional fees and all related expenses, are estimated to be approximately HK\$183.8 million. Pursuant to the Subscription Agreement, the Company shall be able to drawdown at least HK\$20 million from Tranche 1 Notes, 50% of which will be applied towards the partial repayment of its borrowings and the remaining 50% will be applied as general working capital of the Group for its existing operations. For the issue of the whole Tranche 1 Notes, the Company expects that up to HK\$100 million from Tranche 1 Notes will be drawn down within six months from the date of the Subscription Agreement. The Company also intends that the possible issue of Tranche 2 Notes of up to HK\$100 million will be subscribed by the Subscribers, the proceeds of which will then be applied towards the reduction of the Company's debt level, funding of the Company's business operations, finance of capital expenditures, investments and general corporate purposes of the Group as and when appropriate. Assuming that the Maximum Conversion Shares are allotted and issued, the net price per Conversion Share based on the above net proceeds is approximately HK\$0.4595.

### **(A) Current financial circumstances of the Group**

As disclosed in the consolidated financial statements (the "**Consolidated Financial Statements 2021**") contained in the annual report of the Company for the year ended 31 December 2021 (the "**Annual Report 2021**"), the outbreak of coronavirus pandemic in early 2020 has caused a severe slowdown of property development affecting construction industries in Hong Kong and Macau. It has therefore adversely affected the progress of ongoing project orders as well as future customers' demand of the Group's products and services and thereby affecting the Group's ability to generate adequate cash from its operations to meet its repayment obligations for bank borrowings. Since late 2020, certain bank borrowings have been overdue. Although the Group had not

received any formal demand letters from the relevant banks so far, all the aforementioned bank borrowings have been classified as current liabilities in the Consolidated Financial Statements 2021. In this connection, the Group has been engaging in close discussions with the relevant banks to discuss repayment schedules of the overdue bank borrowings.

Under these circumstances, the Directors are of the view that obtaining new funds and seeking other possible funding alternatives are key to reduce the liquidity and financial risks of the Group and are vital to the continuous operations and growth of the Group's business.

#### **(B) The Convertible Notes as Compared to other Funding Alternatives**

The Company had not undertaken any equity fund raising exercise in the 12 months immediately preceding the date of this announcement. To support its business development, the Group has been actively seeking various methods to support its financing needs and to this end, the Directors have considered other possible funding alternatives including (a) placement of Shares, (b) placement of warrants and (c) issuance of bonds.

Prior to discussions of the Proposed Issue with the Subscribers, the Company had approached several banks and/or financial institutions to discuss the possibilities of obtaining additional loan, banking facilities and/or other possible funding options, including the possibilities of placing of the Shares and issuance of new bonds. However, given the prevailing market conditions and the financial situation of the Company, discussions with these banks and/or financial institutions were not fruitful.

As disclosed in the Annual Report 2021, during the year ended 31 December 2021, the Group had entered into director loan agreements and three Directors had provided unsecured loans to the Group in an aggregate amount of HK\$80,550,000 at an interest of 5% per annum.

After exploring and comparing such alternatives, the Directors are of the view that, given the current market conditions, the issue of Convertible Notes and the terms thereof are in the best interest of the Company and the Shareholders at the time being. The issue of the Convertible Notes will strengthen the financial position of the Group by locking in the expected proceeds of at least HK\$20 million over a term of 12 months. The interest applicable to the Convertible Notes is also at a competitive rate of 2.0% per annum plus an administration fee of 5.0% of the aggregate nominal value subscribed of each sub-tranche of the Convertible Notes issued (as compared to the interest applicable to other currently available funding alternatives).

#### **(C) Terms of the Convertible Notes**

According to the Subscription Agreement, the Subscribers shall subscribe for at least four sub-tranches under Tranche 1 Notes concurrently for an aggregate principal amount of HK\$20 million on the Closing Date for the first drawdown of Tranche 1 Notes, which shall be converted in accordance with the Conditions. Therefore, the Company

shall be able to raise a minimum of HK\$20 million, which the Directors, concerning the Group's risk on its ability to continue as going concern, believe is of great importance for the Company as a means to lower its gearing ratio.

As disclosed in the Annual Report 2021, the overdue bank borrowing amounted to approximately HK\$42,877,000 and there are outstanding directors' loan in the total sum of approximately HK\$80,550,000 as at 31 December 2021. The Company has been applying the cash generated from its operations to repay its overdue bank borrowings. Given the current financial circumstances of the Company and the imminent funding needs of the Company, the Directors believe that, even in the event that the Company were only able to raise HK\$20 million from the Proposed Issue, such HK\$20 million would still be of substantial assistance in strengthening the financial position of the Group by reducing the amount of overdue bank borrowings and supplementing existing business operation needs, thereby significantly mitigating the liquidity pressure and improving the financial position of the Group.

According to the Subscription Agreement, all Tranche 1 Notes must be converted by the Subscribers on the Tranche 1 Maturity Date and all Tranche 2 Notes must be converted by the Subscribers on the Tranche 2 Maturity Date, provided that the Maximum T1 Conversion Shares or the Maximum T2 Conversion Shares (as the case may be) have not been reached or there has been no occurrence of any event of default as specified in the Conditions. In that situation, the Company is not required to repay the principal amount of the Convertible Notes upon maturity.

Although the Subscription Agreement provides the Company the right to redeem the Convertible Notes at the Redemption Sum (or such other amount as may be agreed between the Company and the relevant Noteholder) at any time and from time to time, the Company intends that the Convertible Notes will be converted upon the Maturity Date and will not be redeemed.

According to the Subscription Agreement, redemption of the outstanding Notes at the Redemption Sum is applicable only in the following exceptional situations:

- (a) when an event of default as specified in the Conditions has occurred and is continuing; or
- (b) when the Maximum T1 Conversion Shares or the Maximum T2 Conversion Shares (as the case may be) have been reached.

The Company expects that the occurrence of the above circumstances giving rise to the redemption of the Notes at the Redemption Sum is unlikely and the Company will closely monitor the circumstances from time to time, including keeping track of the number of outstanding Convertible Notes held by the Subscribers, the then prevailing market price per Share and the maximum number of Conversion Shares that could be converted based on the then Share price to prevent the Maximum T1 Conversion Shares or the Maximum T2 Conversion Shares (as the case may be) from being reached, in order to ensure that the redemption of the Notes at the Redemption Sum will not occur.

For these reasons, the Directors consider that the issue of the Convertible Notes offers a good opportunity to raise further capital to strengthen the financial position and broaden the capital base of the Group. The Directors consider that the terms of the issue of the Convertible Notes are fair and reasonable and the issue of the Convertible Notes is in the interests of the Company and its Shareholders as a whole. The Directors are of the view that there is an imminent funding need of the Company, and that the Proposed Issue will significantly help the Group in reducing its liabilities and shortening the repayment schedule, thereby improving the financial position of the Company. Further, as 50% of the proceeds from the Proposed Issue will be used to support general working capital of the Group for its existing operations, the Directors believe that this will allow the Group to generate more revenue, which will further expedite the repayment process.

The Directors also consider the introduction of an experienced fund house through the proposed issue of the Convertible Notes would provide (i) financial support to the Group's business development and operations; (ii) a strong financial expert and literacy to the growth of the Group; and (iii) a solid institutional shareholder's base to the Company. Having regard to the past experience of the Subscribers in numerous successful subscriptions of convertible notes in a number of overseas jurisdictions, the Directors have considered and compared the terms of the Proposed Issue with, *inter alia*, the precedent subscriptions of convertible notes by the Subscribers and the effective interest rates of the Group's bank borrowings and are of the view that the terms of the Proposed Issue are fair and reasonable and are the best terms currently available to the Company.

In light of the above, the Directors (including the independent non-executive Directors) have approved the entering into of the Subscription Agreement and the transactions contemplated thereunder and are of the view that the Subscription Agreement is on normal commercial terms, the terms of which are fair and reasonable and that the entering into of the Subscription Agreement is in the interest of the Company and the Shareholders as a whole.

## **FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS**

The Company had not conducted any equity fund raising activities in the past 12 months from the date of this announcement.

## **LISTING RULES IMPLICATIONS**

Pursuant to Rule 13.36(1)(a) of the Listing Rules, the issue of the Convertible Notes carrying the right to convert into Conversion Shares is subject to approval by the Shareholders. The Company will convene the EGM to seek the approval of the Shareholders on the Subscription Agreement and the transactions contemplated thereunder, including the allotment and issue of the relevant Conversion Shares upon the exercise of the Conversion Right in respect of Tranche 1 Notes. If the Option is exercised during the Option Period, the Company will convene a separate general meeting to seek the approval of the Shareholders on the transactions contemplated under Tranche 2 Notes, including the allotment and issue of the relevant Conversion Shares upon the exercise of the Conversion Right in respect of Tranche 2 Notes.

## GENERAL INFORMATION

A circular containing, among other matters, further details of the Subscription Agreement and the transactions contemplated thereunder, together with a notice convening the EGM, is expected to be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

**Shareholders and potential investors of the Company should note that completion under the Subscription Agreement is subject to conditions precedent and may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**

## DEFINITIONS

Terms or expressions used in this announcement shall, unless the context otherwise requires, have the meanings ascribed to them below:

“ACP”	Advance Capital Partners Pte. Ltd., a company incorporated in Singapore, being the authorised representative of AOF and the appointed recipient of the Administrative Fee by the Subscribers
“Administrative Fee”	an administrative fee of 5.0% of the aggregate nominal value subscribed of each sub-tranche of the Convertible Notes issued
“Allocation Notice”	a notice to be issued jointly by the Subscribers to the Company in accordance with the Subscription Agreement, to inform the Company of the allocation of the Convertible Notes to be subscribed for by the Subscribers respectively
“AOF”	Advance Opportunities Fund, a proprietary fund established in the Cayman Islands
“AOF I”	Advance Opportunities Fund I, an open-ended fund incorporated as an exempted company with limited liability in the Cayman Islands
“Approvals”	all necessary approvals, consents and/or waivers (as the case may be) of all requisite regulatory authorities (including the Stock Exchange) in respect of (i) the offer or sale, or invitation for subscription or purchase or issue of the relevant Convertible Notes, (ii) the allotment and issue of the relevant Conversion Shares upon the exercise of the Conversion Right, (iii) the listing of and permission to deal in the relevant Conversion Shares on the Stock Exchange; and (iv) such other matters in relation thereto and in connection therewith
“Board”	board of Directors

“Business Day”	a day (other than a Saturday, Sunday, public holiday or a day on which a tropical cyclone warning signal no. 8 or above or a “black rainstorm warning signal” is hoisted or in effect between 9:00 a.m. and 12:00 noon (Hong Kong time) and is not lowered or discontinued at or before 12:00 noon (Hong Kong time)) on which banks are generally open for business in Hong Kong and the Stock Exchange is generally open for trading, ending at 5:00 p.m. (Hong Kong time)
“Closing Date”	in respect of each sub-tranche of the Convertible Notes, the date on which such sub-tranche of the Convertible Notes is subscribed for and issued
“Codes”	Codes on Takeovers and Mergers and Share Buy-backs
“Company”	Anchorstone Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange
“Conditions”	terms and conditions of the Convertible Notes
“Conversion Date”	the date on which the emailed conversion notice is received by the Company (or the next Business Day if the conversion notice is received by the Company after 3:30 p.m. Hong Kong time) where a Noteholder elects to exercise the Conversion Right
“Conversion Downside Price”	65% of the average of the daily traded VWAP per Share for the 45 consecutive Business Days prior to relevant Closing Date in respect of each first sub-tranche of the respective tranches of the Convertible Notes
“Conversion Price”	the price at which the Convertible Notes are converted into the Conversion Shares
“Conversion Right”	the right of the Noteholders to convert any Convertible Notes into Conversion Shares
“Conversion Shares”	Shares to be allotted and issued by the Company to the Subscribers upon the conversion of the Convertible Notes in accordance with the provisions of the Subscription Agreement and the Conditions
“Convertible Notes”	2.0% redeemable convertible notes convertible into the Shares with an aggregate nominal value of up to HK\$200 million comprising two equal tranches of a nominal value of HK\$100 million each (individually, the two tranches of the Convertible Notes shall be referred to as “Tranche 1 Notes” and “Tranche 2 Notes” respectively)

“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held for the purposes of, among other things, approving the Subscription Agreement and the transactions contemplated thereunder, including the allotment and issue of the Conversion Shares upon the exercise of the Conversion Right in respect of Tranche 1 Notes, and the Specific Mandate
“Exercise Notice”	a notice to be issued by the Company to the Subscribers in accordance with the Subscription Agreement, to notify the Subscribers of the exercise of the Option by the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	person(s) who is(are) third party(ies) independent of the Company and connected persons (as defined under the Listing Rules) of the Company
“Issue Price”	the amount equivalent to 100% of the nominal value of each sub-tranche of the Convertible Notes
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Maximum Conversion Shares”	The Maximum T1 Conversion Shares and the Maximum T2 Conversion Shares
“Noteholder(s)”	holder(s) of the Convertible Notes who is(are) registered on the register of the Noteholders
“Option”	option granted by the Subscribers to the Company in respect of each of Tranche 2 Notes to require the Subscribers to subscribe for Tranche 2 Notes from the Company at the Issue Price during the relevant Option Period

“Option Period”	<p>in respect of the Tranche 2 Notes,</p> <p>(i) the period commencing from and including the Conversion Date of the last of the Convertible Notes comprised in the last sub-tranche of Tranche 1 Notes to and including the tenth Business Day thereafter, or such other period as the parties may agree in writing; or</p> <p>(ii) the period commencing from and including the date of the issuance of the Conversion Shares which exhausts the Maximum T1 Conversion Shares to and including the tenth Business Day thereafter, or such other period as the parties may agree in writing;</p> <p>as the case may be</p>
“Proposed Issue”	the proposed issue of the Convertible Notes under the Subscription Agreement
“Redemption Sum”	the sum of the aggregate principal amount of the outstanding Notes and a premium calculated at a rate of 15% per annum on the aggregate principal amount of the outstanding Notes, calculated from and including the Closing Date of the relevant sub-tranche of Notes up to and including the date on which the Redemption Sum is paid in full, such premium shall accrue daily and be calculated on the basis in accordance with the Conditions
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares(s)
“Specific Mandate”	specific mandate to be sought from the Shareholders at the EGM to grant to the Board the authority for the allotment and issue of the relevant Conversion Shares upon exercise of the Conversion Right in respect of Tranche 1 Notes
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber(s)”	AOF and AOF I
“Subscription Agreement”	subscription agreement dated 10 June 2022 entered into by the Company and the Subscribers in relation to the issue by the Company and the subscription by the Subscribers of the Convertible Notes
“Tranche 1 Maturity Date”	with regard to Tranche 1 Notes, the date falling 12 months from the Closing Date of the first sub-tranche of Tranche 1 Notes



“Tranche 2 Maturity Date”	with regard to Tranche 2 Notes, the date falling 12 months from the Closing Date of the first sub-tranche of Tranche 2 Notes
“US\$”	United States dollars, the lawful currency of the United States of America
“VWAP”	volume weighted average price
“%”	per cent.

By Order of the Board  
**Anchorstone Holdings Limited**  
**Fung Wai Hang**  
*Executive Director and Company Secretary*

Hong Kong, 10 June 2022

*As at the date of this announcement, the executive Directors are Mr. Lui Yue Yun Gary, Mr. Lui Edwin Wing Yiu, Mr. Fung Wai Hang, Ms. Qiao Xiaowei and Ms. Zhang Li; and the independent non-executive Directors are Mr. Ko Tsz Kin, Mr. Ng Yau Wah Daniel, Mr. Lee Chun Wai and Mr. Zou Haiyan.*