



CCB International Capital Limited
12/F., CCB Tower
3 Connaught Road Central
Central, Hong Kong

3 May 2019

To all NSG Independent Shareholders

Dear Sir/Madam

**UNCONDITIONAL MANDATORY SECURITIES EXCHANGE OFFER
WITH CASH ALTERNATIVE BY
CCB INTERNATIONAL CAPITAL LIMITED
FOR AND ON BEHALF OF THE OFFEROR TO ACQUIRE
ALL THE ISSUED SHARES IN THE SHARE CAPITAL OF
NEW SPORTS GROUP LIMITED (OTHER THAN THOSE ALREADY
OWNED OR AGREED TO BE ACQUIRED BY THE OFFEROR AND
PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

On 17 January 2019, the Offeror (an indirect wholly-owned subsidiary of CGG) and the Vendor Parties entered into the Sale and Purchase Agreement, pursuant to which the Offeror conditionally agreed to purchase, and the Vendors conditionally agreed to sell, the Sale Shares (being in aggregate 1,509,180,611 NSG Shares), representing approximately 37.18% of the entire issued share capital of NSG as at the Latest Practicable Date. The consideration for the Sale Shares pursuant to the Sale and Purchase Agreement would be settled by CGG allotting and issuing the Consideration Shares (being in aggregate 1,509,180,611 new CGG Shares, representing approximately 5.83% of the issued share capital of CGG as at the Latest Practicable Date) to the Vendors on the basis of one (1) new CGG Share for every NSG Share sold as Sale Share.

With reference to the announcements jointly issued by CGG, the Offeror and NSG dated 18 March 2019 and 23 April 2019, Completion took place on 23 April 2019 in respect of a total of 1,508,505,611 Sale Shares (instead of 1,509,180,611 Sale Shares) as Mr. Zhang Xiaodong was only able to deliver 800,000 Sale Shares (instead of 1,475,000 Sale Shares) to the Offeror at Completion and he had retained 675,000 NSG Shares immediately upon Completion. The adjusted number of Consideration Shares issued to the Vendors at Completion was 1,508,505,611 new CGG Shares, representing approximately 5.51% of the issued share capital of CGG as at the Latest Practicable Date.

Prior to Completion, the Offeror Concert Group held in aggregate 1,187,991,287 NSG Shares, representing approximately 29.26% of the issued share capital of NSG. Immediately after Completion and as at the Latest Practicable Date, the Offeror Concert Group directly held in aggregate 2,696,496,898 NSG Shares, representing approximately 66.42% of the issued share capital of NSG.

Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make an unconditional mandatory general offer for all the issued NSG Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it).

As at the Latest Practicable Date, there are no outstanding warrants, options, derivatives or convertible securities issued by NSG which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into NSG Shares.

This letter sets out, among other things, the principal terms of the Offer, together with the information on the Offeror and the Offeror’s intention regarding the Group. Further details of the terms of the Offer and procedures of acceptance are set out in Appendix I to this Composite Offer Document and the accompanying Form of Acceptance. Your attention is also drawn to the sections headed “LETTER FROM THE NSG BOARD”, “LETTER FROM THE INDEPENDENT BOARD COMMITTEE” and “LETTER FROM GRAM CAPITAL” in respect of the Offer, as contained in this Composite Offer Document.

THE OFFER

CCBI Capital, on behalf of the Offeror and in compliance with the Takeovers Code, is making the Offer for all the issued NSG Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) in accordance with the Takeovers Code on the following basis:

(a) Share Alternative:

For each Offer Share one (1) new CGG Share; or

(b) Cash Alternative:

For each Offer Share HK\$0.435 in cash

The Offer is extended to all NSG Independent Shareholders in accordance with the Takeovers Code. The NSG Independent Shareholders may elect to accept the Share Alternative or the Cash Alternative at their discretion. The NSG Independent Shareholders may elect to accept the Offer partly for the Share Alternative and partly for the Cash Alternative.

The Offer Shares to be acquired under the Offer shall be fully paid and free from all Encumbrances and together with all rights attached thereto, including but not limited to the right to receive all dividends and distributions which may be paid, made or declared on or after the date on which the Offer is made, being the date of the posting of the Composite Offer Document.

Share Alternative

The ratio under the Share Alternative is the same as the ratio of one (1) new CGG Share for every NSG Share sold as Sale Share by the Vendors under the Sale and Purchase Agreement.

The actual number of new CGG Shares for allotment and issuance as Share Alternative under the Offer will be determined on the last day for acceptance of the Offer but in any event shall be not more than 1,474,607,899 CGG Shares, representing approximately 5.39% of the issued share capital of CGG as at the Latest Practicable Date and approximately 5.11% of the enlarged issue share capital of CGG of 28,852,916,610 CGG Shares (as enlarged by the maximum number of CGG Shares to be issued pursuant to the Share Alternative, assuming there is no other change in the issued share capital of CGG and all NSG Independent Shareholders have accepted the Offer and elected for the Share Alternative).

The CGG Shares to be issued in satisfaction of the Share Alternative pursuant to the Offer will be issued and credited as fully paid and will rank equally with the existing CGG Shares at the date of issue.

Comparison of Value for the Share Alternative — NSG Shares

The ascribed value of HK\$0.435 per NSG Share (equivalent to the closing price of each CGG Share of HK\$0.435 as quoted on the Stock Exchange on the Last Trading Day) represents:

- (a) a discount of approximately 13.00% to the closing price of HK\$0.500 per NSG Share as quoted on the Stock Exchange on 30 April 2019, being the Latest Practicable Date;
- (b) a premium of approximately 3.57% over the closing price of HK\$0.420 per NSG Share as quoted on the Stock Exchange on 17 January 2019, being the Last Trading Day;
- (c) a premium of approximately 4.32% over the average closing price of approximately HK\$0.417 per NSG Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;
- (d) a discount of approximately 0.23% to the average closing price of approximately HK\$0.436 per NSG Share as quoted on the Stock Exchange for the ten consecutive trading days immediately prior to and including the Last Trading Day;
- (e) a discount of approximately 17.77% to the average closing price of approximately HK\$0.529 per Share as quoted on the Stock Exchange for the thirty consecutive trading days immediately prior to and including the Last Trading Day;
- (f) a discount of approximately 36.03% to the consolidated net asset value attributable to the owners of NSG of approximately HK\$0.680 per NSG Share as at 31 December 2018, based on NSG's audited consolidated net asset value attributable to

the owners of NSG of approximately HK\$2,760,603,000 as at 31 December 2018 in the preliminary announcement of the NSG's results for the year ended 31 December 2018 published on 27 March 2019 and 4,059,556,212 NSG Shares in issue as at the Latest Practicable Date; and

- (g) a discount of approximately 39.08% to the unaudited consolidated net asset value attributable to the owners of NSG of approximately HK\$0.714 per NSG Share as at 30 June 2018, based on NSG's unaudited consolidated net asset value attributable to the owners of NSG of approximately HK\$2,900,166,000 as at 30 June 2018 and 4,059,556,212 NSG Shares in issue as at the Latest Practicable Date.

Comparison of Value for the Share Alternative — CGG Shares

The ascribed value of HK\$0.420 per CGG Share (equivalent to the closing price of each NSG Share of HK\$0.420 as quoted on the Stock Exchange on the Last Trading Day) represents:

- (a) a premium of approximately 35.48% over the closing price of HK\$0.310 per CGG Share as quoted on the Stock Exchange on 30 April 2019, being the Latest Practicable Date;
- (b) a discount of approximately 3.45% to the closing price of HK\$0.435 per CGG Share as quoted on the Stock Exchange on 17 January 2019, being the Last Trading Day;
- (c) a discount of approximately 3.67% to the average closing price of approximately HK\$0.436 per CGG Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;
- (d) a discount of approximately 0.47% to the average closing price of approximately HK\$0.422 per CGG Share as quoted on the Stock Exchange for the ten consecutive trading days immediately prior to and including the Last Trading Day;
- (e) a premium of approximately 5.79% over the average closing price of approximately HK\$0.397 per Share as quoted on the Stock Exchange for the thirty consecutive trading days immediately prior to and including the Last Trading Day;
- (f) a premium of approximately 82.61% over the consolidated net asset value attributable to the owners of CGG of approximately HK\$0.230 per CGG Share as at 31 December 2018, based on CGG's audited consolidated net asset value attributable to the owners of CGG of approximately HK\$6,302,467,000 as at 31 December 2018 and 27,378,311,711 CGG Shares in issue as at the Latest Practicable Date;
- (g) a premium of approximately 75.73% over the unaudited consolidated net asset value attributable to the owners of CGG of approximately HK\$0.239 per CGG Share as at 30 June 2018, based on CGG's unaudited consolidated net asset value attributable to the owners of CGG of approximately HK\$6,546,237,000 as at 30 June 2018 and 27,378,311,711 CGG Shares in issue as at the Latest Practicable Date.

Cash Alternative

The cash consideration per Offer Share under the Cash Alternative is HK\$0.435 per Offer Share, which is based on the weighted average traded price of board lots of CGG Shares on the date of the Sale and Purchase Agreement.

Comparison of Value for the Cash Alternative

The cash consideration of HK\$0.435 per Offer Share under the Cash Alternative represents:

- (a) a discount of approximately 13.00% to the closing price of HK\$0.500 per NSG Share as quoted on the Stock Exchange on 30 April 2019, being the Latest Practicable Date;
- (b) a premium of approximately 3.57% over the closing price of HK\$0.420 per NSG Share as quoted on the Stock Exchange on 17 January 2019, being the Last Trading Day;
- (c) a premium of approximately 4.32% over the average closing price of approximately HK\$0.417 per NSG Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;
- (d) a discount of approximately 0.23% to the average closing price of approximately HK\$0.436 per NSG Share as quoted on the Stock Exchange for the ten consecutive trading days immediately prior to and including the Last Trading Day;
- (e) a discount of approximately 17.77% to the average closing price of approximately HK\$0.529 per Share as quoted on the Stock Exchange for the thirty consecutive trading days immediately prior to and including the Last Trading Day;
- (f) a discount of approximately 36.03% to the consolidated net asset value attributable to the owners of NSG of approximately HK\$0.680 per NSG Share as at 31 December 2018, based on NSG's audited consolidated net asset value attributable to the owners of NSG of approximately HK\$2,760,603,000 as at 31 December 2018 and 4,059,556,212 NSG Shares in issue as at the Latest Practicable Date; and
- (g) a discount of approximately 39.08% to the unaudited consolidated net asset value attributable to the owners of NSG of approximately HK\$0.714 per NSG Share as at 30 June 2018, based on NSG's unaudited consolidated net asset value attributable to the owners of NSG of approximately HK\$2,900,166,000 as at 30 June 2018 and 4,059,556,212 NSG Shares in issue as at the Latest Practicable Date.

Total value of the Offer

As at the Latest Practicable Date, (i) there were 4,059,556,212 NSG Shares in issue; (ii) there were no outstanding warrants, options, derivatives or convertible securities issued by NSG which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into NSG Shares; (iii) 111,548,585 new NSG Shares to be issued to the Yue Jin Seller (or its nominee) as the Yue Jin Retained Shares in accordance with the Yue Jin Agreement; and (iv) the Offeror Concert Group held in aggregate 2,696,496,898 NSG Shares. As such, up to 1,474,607,899 NSG Shares (including the 675,000 NSG Shares retained by Mr. Zhang Xiaodong upon Completion and 111,548,585 Yue Jin Retained Shares) are subject to the Offer.

Assuming that there is no other change in the issued share capital of NSG from Latest Practicable Date to the end of the Offer, based on the cash consideration of HK\$0.435 per Offer Share under the Cash Alternative and 1,474,607,899 NSG Shares being subject to the Offer, if all NSG Independent Shareholders accept the Offer and elect for the Cash Alternative, the amount of cash required for the Offer is approximately HK\$641,454,436.

Assuming that there is no other change in the issued share capital of NSG from the Latest Practicable Date to the end of the Offer, based on the closing price of HK\$0.435 per CGG Share on 17 January 2019 (being the Last Trading Day) and 1,474,607,899 NSG Shares being subject to the Offer, if all NSG Independent Shareholders accept the Offer and elect for the Share Alternative, the Offer is valued at approximately HK\$641,454,436.

Financial resources available to the Offeror

The Offeror intends to finance the cash consideration payable for the Cash Alternative under the Offer by its internal resources and the Facility granted by CCBI Securities, which is secured by (i) a charge over the NSG Shares currently held by the Offeror (including the Sale Shares acquired by the Offeror upon Completion) and the NSG Shares to be acquired by the Offeror under the Offer which will be deposited into a margin account under the name of the Offeror opened with CCBI Securities; (ii) a charge over the NSG Shares currently held by Hong Kong Bao Da Financial Holdings Limited (a subsidiary of CGG) which has been deposited into a margin account under the name of Hong Kong Bao Da Financial Holdings Limited opened with CCBI Securities; (iii) the personal guarantee provided by Mr. Yao Jianhui in favour of CCBI Securities; and (iv) the corporate guarantee provided by CGG in favour of CCBI Securities.

CCBI Capital, as financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror to satisfy the full acceptance of the Offer.

The Offeror does not intend that the payment of interest on, repayment of or security for any liability (contingent or otherwise) will depend to any significant extent on the business of the NSG Group.

Effect of accepting the Offer

By validly accepting the Offer, the NSG Independent Shareholders will sell their tendered NSG Shares to the Offeror free from all Encumbrances and together with all rights attached thereto, including but not limited to the right to receive all dividends and distributions which may be paid, made or declared on or after the date on which the Offer is made, being the date of the posting of the Composite Offer Document.

Acceptance of the Offer by any NSG Independent Shareholder will be deemed to constitute a warranty by such person that all the Offer Shares sold by such person under the Offer are free from all Encumbrances and with all rights accrued or attached thereto, including but not limited to the right to receive all dividends and distributions which may be paid, made or declared, if any, on or after the date on which the Offer is made, being the date of the Composite Offer Document.

For any NSG Independent Shareholder who has accepted the Offer but who do not make any election as to the Share Alternative or Cash Alternative, the Form of Acceptance submitted by such shareholder will be returned to such shareholder for correction and resubmission. Any corrected form must be resubmitted and received by the Registrar on or before the latest time for acceptance of the Offer.

NSG Independent Shareholders should also be aware that CGG Shares are traded in board lots of 4,000 shares and no arrangements are intended to be made for the trading of odd lots of CGG Shares following completion of the Offer. Acceptance of the Offer by any Accepting NSG Shareholders who elect for the Share Alternative may result in their holding odd lots of CGG Shares. A limited period of matching service will be arranged for odd lot of CGG Shares that may be held by NSG Independent Shareholders as a result of completion of the Offer. For this purpose, Glory Sun Securities Limited, whose address is at Rooms 1703 to 1706, 17/F., Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong (contact person: Mr. Sze Yin Cheung ; telephone number: (852) 2379 8918), have been appointed by the Offeror as the designated broker to match sales and purchases of odd lot holdings of CGG Shares in the market, on a best effort basis, from 9:30 a.m. to 4:00 p.m. on every Business Day during the period from 27 May 2019 to 8 July 2019 (both days inclusive) to enable Accepting NSG Shareholders who elect for the Share Alternative to dispose of their odd lots or to top up their odd lots to a whole board lot of 4,000 CGG Shares. Accepting Independent Shareholders who elect for the Share Alternative should note that the matching of odd lots is not guaranteed.

The Offer is unconditional in all respects. Acceptance of the Offer shall be irrevocable and would not be capable of being withdrawn, except as permitted under the Takeovers Code.

Settlement of consideration

Cheques for cash entitlements to those who elect the Cash Alternative, and share certificates for CGG Shares for those who elect the Share Alternative, shall be paid for or despatched as soon as practicable but in any event within seven (7) business days (as defined in the Takeovers Code) of the date of receipt by the Offeror (or its agent) of duly completed and valid acceptances in respect of the Offer.

Overseas Holders

The Offeror intends to make the Offer available to all NSG Independent Shareholders, including those who are residents outside Hong Kong. As the Offer to persons not residing in Hong Kong may be affected by the laws of the relevant jurisdiction in which they are resident, Overseas Holders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should obtain information about and observe any applicable legal or regulatory requirements and, where necessary, seek legal advice in respect of the Offer.

It is the responsibility of the Overseas Holders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due in respect of such jurisdictions).

Any acceptance by any Overseas Holder will be deemed to constitute a representation and warranty from such Overseas Holder to the Offeror that the local laws and requirements have been complied with. The Overseas Holders should consult their professional advisers if in doubt.

Hong Kong stamp duty

The seller's Hong Kong ad valorem stamp duty on acceptances of the Offer at a rate of 0.1% of the consideration payable in respect of the relevant acceptances by the NSG Independent Shareholders or if higher, the market value of the NSG Shares. The Offeror will bear both the ad valorem stamp duty payable by the seller and the buyer arising in connection with acceptances of the Offer and the transfer of share, each amounting to a rate of 0.1% of the consideration payable in respect of the relevant acceptance by the relevant NSG Independent Shareholders, or if higher, the market value of the NSG Shares subject to such acceptance. For details of the settlement procedures, please refer to the paragraph headed "Settlement" in Appendix I to this Composite Offer Document.

As the issuance of new CGG Shares for the purpose of satisfying the Share Alternative does not involve the sale and purchase of Hong Kong stock, no stamp duty will be payable pursuant to the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong) on issuance of new CGG Shares to NSG Independent Shareholders who opt for the Share Alternative.

Taxation advice

The NSG Independent Shareholders, whether in Hong Kong or in other jurisdictions, are recommended to consult their own professional advisers if they are in doubt as to the taxation implications of accepting or rejecting the Offer and, in particular, whether the receipt of the Cash Alternative and/or Share Alternative by valid acceptance of the Offer would make such NSG Independent Shareholders liable to taxation in Hong Kong or in other jurisdictions.

None of the Offeror and the parties acting in concert with it, CCBI Capital, CCBI Securities, NSG, and their respective directors, officers, agents or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

OFFEROR'S INTERESTS IN SECURITIES OF NSG

The Offeror confirms that, as at the Latest Practicable Date:

- (i) save for the Offeror Concert Group's existing holding of in aggregate 2,696,496,898 NSG Shares, none of the Offeror nor parties acting in concert with it owned or had control or direction over any voting rights or rights over the NSG Shares, options, derivatives, warrants, other securities convertible into NSG Shares, or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in NSG;
- (ii) none of the Offeror nor parties acting in concert with it had received any irrevocable commitment to accept the Offer or any irrevocable undertaking from any NSG Independent Shareholders not to sell or transfer (or cause the same to be done) or otherwise dispose of (or permit any such action to occur in respect of) any interest in any NSG Shares held by he/she/it/them;
- (iii) there was no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror, CGG or NSG and which might be material to the Offer;
- (iv) there was no agreement or arrangement to which the Offeror or parties acting in concert with it was a party which related to circumstances in which it might or might not invoke or seek to invoke a pre-condition or a condition to the Offer; and
- (v) none of the Offeror nor parties acting in concert with it had entered into any arrangement or contract in relation to any outstanding derivative in respect of securities in NSG nor had borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in NSG.

Save for the consideration payable under the Sale and Purchase Agreement, there is no other consideration, compensation or benefits in whatever form provided or to be provided by the Offeror and parties acting in concert with it on the one hand to the Vendors and parties acting in concert with any of them on the other hand.

There is no special deal (under Rule 25 of the Takeovers Code) between the Offeror and parties acting in concert with it on the one hand and the Vendors and parties acting in concert with any of them on the other hand.

Acceptance and Settlement

Your attention is drawn to the further details regarding the procedures for acceptance and settlement of the Offer as set out in Appendix I to this Composite Offer Document and the accompanying Form of Acceptance.

SHAREHOLDING STRUCTURE OF NSG

The following table sets out the shareholding structure of NSG as at the Latest Practicable Date (taking into account 111,548,585 Yue Jin Retained Shares to be issued by NSG):

Shareholders	As at the Latest Practicable Date (taking into account 111,548,585 Yue Jin Retained Shares to be issued by NSG)	
	Number of NSG Shares	Approximate %
<i>The Vendors</i>		
Mr. Zhang Xiaodong	675,000	0.02
Upright Hoist Limited (Note 1)	—	—
Tengyue Limited (Note 2)	—	—
Sub-total of the Vendors	<u>675,000</u>	<u>0.02</u>
<i>The Offeror Concert Group</i>		
The Offeror (Note 3)	1,528,375,611	36.64
Hong Kong Bao Da Financial Holdings Limited (Note 3)	1,144,151,739	27.43
Glory Sun Securities Limited (Note 3)	21,129,048	0.51
Mr. Yao Jianhui (Note 4)	1,314,000	0.03
Mr. Li Minbin (Note 5)	306,500	0.01
Mr. Zhang Chi (Note 6)	<u>1,220,000</u>	<u>0.03</u>
Sub-total of the Offeror Concert Group	<u>2,696,496,898</u>	<u>64.65</u>
Public shareholders	<u>1,473,932,899</u>	<u>35.34</u>
Total	<u><u>4,171,104,797</u></u>	<u><u>100</u></u>

Notes:

1. Upright Hoist Limited is wholly-owned by Mr. Zhang Xiaodong, an executive director and the vice chairman of NSG. He is deemed to be interested in all the NSG Shares held by Upright Hoist Limited by virtue of the SFO.
2. Tengyue Limited is wholly-owned by Mr. Wu Teng, a non-executive director of NSG. He is deemed to be interested in all the NSG Shares held by Tengyue Limited by virtue of the SFO.
3. Each of the Offeror and Hong Kong Bao Da Financial Holdings Limited is a wholly-owned subsidiary of CGG and Glory Sun Securities Limited is a non-wholly owned subsidiary of CGG in which CGG holds 77.6% effective interest.

4. Mr. Yao Jianhui is an executive director and the chairman of NSG and is also an executive director, the chairman and chief executive officer of CGG. He is also a controlling shareholder (as defined under the Listing Rules) of CGG. He is deemed to be interested in all the NSG Shares held by the Offeror, Hong Kong Bao Da Financial Holdings Limited and Glory Sun Securities Limited by virtue of the SFO.
5. Mr. Li Minbin is an executive director of NSG and is also an executive director of CGG.
6. Mr. Zhang Chi is an executive director of CGG.
7. The aggregate of the percentage figures in the table above may not add up to the relevant sub-total or total percentage figures shown due to rounding of the percentage figures to two decimal places.

DEALING AND INTERESTS IN NSG'S SECURITIES

Share charges

To finance the Cash Alternative under the Offer, the Facility is granted by CCBI Securities, which is secured by, among others, (i) a charge over the NSG Shares currently held by the Offeror (including the Sale Shares acquired by the Offeror upon Completion) and the NSG Shares to be acquired by the Offer which will be deposited into a margin account under the name of the Offeror opened with CCBI Securities; and (ii) a charge over the NSG Shares currently held by Hong Kong Bao Da Financial Holdings Limited (a subsidiary of CGG). Both share charges are in favour of CCBI Securities.

Dealings

During the Relevant Period, save for (i) the purchase of the Sale Shares under the Sale and Purchase Agreement, (ii) any dealings and holdings in NSG Shares by CCBI Securities (a fellow subsidiary of CCBI Capital, which is the financial adviser to the Offeror in respect of the Offer) and/or other entities controlling, controlled by or under the same control as CCBI Capital (collectively, the “**Financial Adviser’s Group**”, and any one of them as a “**member of the Financial Adviser’s Group**”) on the instruction of third party clients who are not parties acting in concert with the Financial Adviser’s Group and (iii) the transactions as set out below, none of the Offeror and the parties acting in concert with it had dealt in any NSG Shares, options, derivatives, warrants, other securities convertible into NSG Shares, or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in NSG.

Date of the relevant transaction	Relevant party	Purchase/sale	Number of NSG Shares involved	Highest price per NSG Share (HK\$)	Average price per NSG Share (HK\$)
28 November 2018 (Note)	Hong Kong Bao Da Financial Holdings Limited	Purchase	1,144,151,739	0.3600	0.3600

Note: Please refer to CGG’s announcement dated 28 November 2018 for further details in relation to this transaction.

DEALING AND INTERESTS IN CGG'S SECURITIES

During the Relevant Period, save for (i) the transactions as set out below and (ii) any dealings and holdings in CGG Shares by the Financial Adviser's Group on the instruction of third party clients who are not parties acting in concert with the Financial Adviser's Group, none of the Offeror and the parties acting in concert with it had dealt in any CGG Shares, options, derivatives, warrants, other securities convertible into CGG Shares, or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in CGG.

Date of the relevant transaction	Relevant party	Purchase/sale	Number of CGG Shares involved	Highest price per CGG Share (HK\$)	Average price per CGG Share (HK\$)
19 October 2018	Tinmark Development Limited (<i>Note</i>)	Purchase	2,924,000	0.3300	0.3254
22 October 2018	Tinmark Development Limited	Purchase	2,948,000	0.3300	0.3237
23 October 2018	Tinmark Development Limited	Purchase	6,424,000	0.3300	0.3238
24 October 2018	Tinmark Development Limited	Purchase	1,212,000	0.3300	0.3254
25 October 2018	Tinmark Development Limited	Purchase	2,100,000	0.3300	0.3211
26 October 2018	Tinmark Development Limited	Purchase	496,000	0.3250	0.3250
29 October 2018	Tinmark Development Limited	Purchase	2,300,000	0.3250	0.3217
30 October 2018	Tinmark Development Limited	Purchase	3,276,000	0.3300	0.3216
31 October 2018	Tinmark Development Limited	Purchase	988,000	0.3250	0.3204
1 November 2018	Tinmark Development Limited	Purchase	440,000	0.3250	0.3250

Note: Tinmark Development Limited is a company incorporated in the British Virgin Islands with limited liability and is wholly-owned by Mr. Yao Jianhui.

INFORMATION ON THE NSG GROUP

Your attention is drawn to the details of the information of the NSG Group as set out under the section headed “INFORMATION ON THE NSG GROUP” in the “LETTER FROM THE NSG BOARD” and in Appendices II, V and VI to this Composite Offer Document.

INFORMATION OF THE OFFEROR AND THE CGG GROUP

The Offeror is a company incorporated in Hong Kong with limited liability on 23 April 2012 and principally engages in investment holding.

The Offeror is an indirect wholly-owned subsidiary of CGG. CGG is a company incorporated in the Cayman Islands with limited liability on 17 July 2009, the shares of which are listed on the main board of the Stock Exchange (stock code: 01282). The CGG Group is principally engaged in financial services, automation, manufacturing, securities investment and property investment and development.

The ultimate controlling shareholder of CGG is Mr. Yao Jianhui, who was interested in approximately 41.90% of the issued shares of CGG as at the Latest Practicable Date.

As at the Latest Practicable Date, CGG (through its subsidiaries) was interested in an aggregate of 2,696,496,898 NSG Shares, representing approximately 66.42% of the issued shares of NSG.

Your attention is drawn to Appendices III, IV and VII to this Composite Offer Document which contain further financial and other information of the Offeror and the CGG Group.

SHAREHOLDING STRUCTURE OF CGG

The following table sets out the shareholding structure of CGG (i) as at Latest Practicable Date; and (ii) as at the close of the Offer assuming all NSG Independent Shareholders validly elect to accept the Offer and opt for the Share Alternative, and a maximum of 1,474,607,899 new CGG Shares may thereby fall to be issued:

Shareholders	As at the Latest Practicable Date		As at the close of the Offer assuming 1,474,607,899 new CGG Shares will be issued to satisfy the Share Alternative	
	Number of CGG Shares	Approximate %	Number of CGG Shares	Approximate %
<i>Directors and substantial shareholders of CGG</i>				
Mr. Yao Jianhui (Note 1)	44,468,000	0.16	44,468,000	0.15
Tinmark Development Limited (Note 1)	10,794,943,600	39.43	10,794,943,600	37.41
Qian Hai Life Insurance Co., Ltd.* (前海人壽保險股份有限公司)	<u>4,219,560,000</u>	<u>15.41</u>	<u>4,219,560,000</u>	<u>14.62</u>
Sub-total of directors and substantial shareholders of CGG	<u>15,058,971,600</u>	<u>55.00</u>	<u>15,058,971,600</u>	<u>52.19</u>
<i>The Vendors</i>				
Mr. Zhang Xiaodong (Note 2)	800,000	0.003	1,475,000	0.005
Upright Hoist Limited (Note 3)	758,558,639	2.77	758,558,639	2.63
Tengyue Limited (Note 4)	<u>749,146,972</u>	<u>2.74</u>	<u>749,146,972</u>	<u>2.60</u>
Sub-total of the Vendors	<u>1,508,505,611</u>	<u>5.51</u>	<u>1,509,180,611</u>	<u>5.23</u>
Public shareholders	<u>10,810,834,500</u>	<u>41.79</u>	<u>12,284,767,399</u>	<u>42.58</u>
Total	<u>27,378,311,711</u>	<u>100</u>	<u>28,852,919,610</u>	<u>100</u>

Notes:

- Mr. Yao Jianhui is an executive director, the chairman and chief executive officer of CGG and is also an executive director and the chairman of NSG. He is interested in the entire issued share capital of Tinmark Development Limited, a company incorporated in the British Virgin Islands with limited liability. He is deemed to be interested in all the CGG Shares held by Tinmark Development Limited by virtue of the SFO.
- Assuming that Mr. Zhang Xiaodong will accept the Offer for the 675,000 NSG Shares retained by him immediately upon Completion and elect for the Share Alternative in full.
- Upright Hoist Limited is wholly-owned by Mr. Zhang Xiaodong, an executive director and the vice chairman of NSG. He is deemed to be interested in all the CGG Shares held by Upright Hoist Limited by virtue of the SFO.

4. Tengyue Limited is wholly-owned by Mr. Wu Teng, a non-executive director of NSG. He is deemed to be interested in all the CGG Shares held by Tengyue Limited by virtue of the SFO.
5. The aggregate of the percentage figures in the table above may not add up to the relevant sub-total or total percentage figures shown due to rounding of the percentage figures to two decimal places.

THE OFFEROR'S INTENTIONS IN RELATION TO THE NSG GROUP

As at the Latest Practicable Date, the Offeror intended to continue the existing principal businesses of the NSG Group and had no intention to discontinue the employment of the employees (save for changes in the composition of the board of directors of NSG) or to dispose or re-deploy the assets of the NSG Group other than those in its ordinary course of business. In addition, the Offeror had no intention, understanding, negotiation or arrangement on downsizing or disposal of any of the existing businesses of the NSG Group.

The Offeror will, following the close of the Offer, act upon the instructions of CGG to conduct a review on the business activities/operations and financial position of the NSG Group for the purpose of formulating business plans and strategies for the future business development of the NSG Group. Subject to the results of the review, the Offeror, together with other subsidiaries within the CGG Group, may act with the NSG Group to explore and participate in viable projects in major metropolitan centres and districts in the PRC to acquire and invest in assets or cooperate with business partners of the CGG Group with a view of enhancing the NSG Group's business growth and asset base as well as broadening its income stream.

As at the Latest Practicable Date, the Offeror had no plan, and had not engaged in any discussion or negotiation, on any injection of any assets or businesses into the NSG Group and had no intention to change the fundamental businesses of the NSG Group.

PROPOSED CHANGE OF BOARD COMPOSITION OF NSG

The NSG Board is currently made up of twelve directors, comprising (i) four executive directors, namely Mr. Yao Jianhui (chairman), Mr. Zhang Xiaodong (vice chairman), Mr. Li Minbin, and Ms. Xia Lingjie (ii) four non-executive directors, namely Mr. Lau Wan Po, Mr. Wu Teng, Ms. Zhan Yushan and Mr. Chen Kaiben, and (iii) four independent non-executive directors, namely Mr. Chen Zetong, Ms. He Suying, Dr. Tang Lai Wah and Mr. Wong Chun Bong.

As at the date of Latest Practicable Date, the Offeror had not decided on the future composition of the board of directors of NSG and no change in the board of directors of NSG had been requested by the Offeror at Completion.

Any changes to the board of directors of NSG will be made in compliance with the Takeovers Code and the Listing Rules and further announcement will be made by NSG as and when appropriate.

MAINTAINING THE LISTING STATUS OF NSG

The Offeror intends NSG to remain listed on the main board of the Stock Exchange after close of the Offer. The directors of the Offeror and NSG have jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the NSG Shares. The steps that the Offeror may take include selling the NSG Shares it acquires from the Offer to selected independent third parties or in the market. Announcement(s) will be made in this regard as and when appropriate in compliance with the Listing Rules.

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to NSG, being 25% of the issued NSG Shares, are held by the public, or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the NSG Shares; or (ii) that there are insufficient NSG Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend dealings in the NSG Shares.

Therefore, upon the completion of the Offer, there may be insufficient public float of the NSG Shares and the trading in the NSG Shares may be suspended until sufficient public float exists for the NSG Shares.

FINANCIAL EFFECTS OF THE OFFER

NSG has become a subsidiary of CGG upon completion of the transactions contemplated under the Sale and Purchase Agreement, and thus the assets, liabilities and financial results of NSG and its subsidiaries has been consolidated into those of the CGG Group since the Completion Date. It should be noted that the disclosure on the financial effects of the Offer below are for illustrative purpose only.

Assets and liabilities

As at 31 December 2018, the CGG Group had total assets of approximately HK\$10,781.2 million and total liabilities of approximately HK\$3,816.4 million, while the NSG Group had total assets of approximately HK\$12,636.7 million and total liabilities of approximately HK\$8,646.9 million.

Based on the total assets and liabilities of the CGG Group and the NSG Group as at 31 December 2018, assuming all NSG Independent Shareholders accept the Offer and elect for the Cash Alternative, had the close of the Offer taken place on 31 December 2018, the total assets of the enlarged CGG Group (following close of the Offer) (the “**Enlarged CGG Group**”) would increase.

Based on the total assets and liabilities of the CGG Group and the NSG Group as at 31 December 2018, assuming all NSG Independent Shareholders accept the Offer and elect for the Share Alternative, had the close of the Offer taken place on 31 December 2018, the total assets of the Enlarged CGG Group would increase.

Earnings

Based on the growth prospects of NSG, the CGG Directors believe that the acquisition of NSG Shares pursuant to the Offer would bring good investment return to the CGG Group and have a positive impact on the profits of the Enlarged CGG Group.

COMPULSORY ACQUISITION

The Offeror does not intend to exercise any powers of compulsory acquisition of any NSG Shares after the close of the Offer.

ADDITIONAL INFORMATION

All communications, notices, Form(s) of Acceptance, share certificate(s), transfer receipt(s), other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Offer to be delivered by or sent to or from the NSG Independent Shareholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk, and none of the Offeror, NSG, CCBI Capital, CCBI Securities, Gram Capital, the Registrar and their respective ultimate beneficial owners, directors, officers, advisers, agents or associates or any other person involved in the Offer accepts any liability for any loss in postage or any other liabilities that may arise as a result thereof. Further details have been set out in Appendix I to this Composite Document and in the Form of Acceptance.

Your attention is drawn to the sections headed “LETTER FROM THE NSG BOARD”, the “LETTER FROM THE INDEPENDENT BOARD COMMITTEE” and “LETTER FROM GRAM CAPITAL” as set out in this Composite Offer Document, the accompanying Form of Acceptance and the additional information set out in the appendices to, which form part of, this Composite Offer Document and to consult your professional advisers as you see fit.

Yours faithfully,
For and on behalf of
CCB International Capital Limited



Gilman Siu
Managing Director, Head of Mergers & Acquisitions