

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

If you are in any doubt as to any aspect of the Offer, this Composite Offer Document or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your securities in New Sports Group Limited, you should at once hand this Composite Offer Document together with the accompanying Form of Acceptance to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s). This Composite Offer Document should be read in conjunction with the accompanying Form of Acceptance, the provisions of which form part of the terms of the Offer contained herein.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this Composite Offer Document and the accompanying Form of Acceptance, make no representation as to their accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Composite Offer Document and the accompanying Form of Acceptance.



**HONG KONG BAO XIN ASSET  
MANAGEMENT LIMITED**  
香港寶信資產管理有限公司  
*(Incorporated in Hong Kong with limited liability)*

**NEW SPORTS GROUP LIMITED**  
新體育集團有限公司  
*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 00299)**

**COMPOSITE OFFER DOCUMENT RELATING TO  
THE 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)**

**Financial adviser to the Offeror**



**CCB International Capital Limited**

**Independent Financial adviser to the  
Independent Board Committee of NSG**



Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this Composite Offer Document.

A letter from the NSG Board is set out on pages 24 to 30 of this Composite Offer Document. A letter from CCB Capital containing, among other things, details of the terms of the Offer is set out on pages 7 to 23 of this Composite Offer Document. A letter from the Independent Board Committee containing its advice to the NSG Independent Shareholders is set out on pages 31 to 32 of this Composite Offer Document. A letter from Gram Capital containing its opinion on the Offer and its recommendation to the Independent Board Committee is set out on pages 33 to 51 of this Composite Offer Document.

The procedures for acceptance and settlement of the Offer and other related information are set out in Appendix I to this Composite Offer Document and in the accompanying Form of Acceptance. Acceptances of the Offer should be received by the Registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre 183 Queen's Road East Hong Kong by no later than 4:00 p.m. on Friday, 24 May 2019 or such later time(s) and/or date(s) as the Offeror may determine and announce in accordance with the requirements under the Takeovers Code.

Persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Offer Document and/or the Form of Acceptance to any jurisdiction outside Hong Kong, should read the details in this regard which are contained in the paragraph headed "Important Notice" in this Composite Offer Document before taking any action. It is the responsibility of each Overseas Holder wishing to accept the Offer to satisfy himself, herself or itself as to the full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required and the compliance with all necessary formalities, regulatory and/or legal requirements. Overseas Holders are advised to seek professional advice on deciding whether or not to accept the Offer.

3 May 2019

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## EXPECTED TIMETABLE

The expected timetable set out below is indicative only and may be subject to changes. Further announcement(s) will be made in the event of any changes to the timetable as and when appropriate. Unless otherwise specified, all times and dates in this Composite Offer Document and the accompanying Form of Acceptance refer to Hong Kong local times and dates.

2019

Despatch date of this Composite Offer Document and the Form of Acceptance and the commencement date of the Offer ( <i>Note 1</i> ) .....	Friday, 3 May
Latest time and date for acceptance of the Offer ( <i>Notes 2 and 4</i> ) .....	4:00 p.m. on Friday, 24 May
Closing Date of the Offer ( <i>Note 1</i> ).....	Friday, 24 May
Announcement of the results of the Offer as at the Closing Date to be posted on the website of the Stock Exchange ( <i>Note 2</i> ) .....	not later than 7:00 p.m. on Friday, 24 May
Matching service for the Accepting NSG Shareholders who elect for the Share Alternative begins ( <i>Note 5</i> ) .....	9:30 a.m. on Monday, 27 May
Latest date for posting of remittances and/or share certificates in respect of valid acceptances received under the Offer ( <i>Notes 3 and 4</i> ) .....	Tuesday, 4 June
Matching service for the Accepting NSG Shareholders who elects for the Share Alternative ends ( <i>Note 5</i> ).....	4:00 p.m. on Monday, 8 July

*Notes:*

- (1) The Offer, which are unconditional in all respects, are made on the date of posting of this Composite Offer Document, and are capable of acceptance on and from Friday, 3 May 2019 until the Closing Date. Acceptances of the Offer shall be irrevocable and shall not be capable of being withdrawn, except in the circumstances set out in the section headed “6. Right of Withdrawal” in Appendix I to this Composite Offer Document.
- (2) In accordance with the Takeovers Code, the Offer must initially be opened for acceptance for at least 21 days following the date on which this Composite Offer Document is posted. The latest time and date for acceptance of the Offer is 4:00 p.m. on Friday, 24 May 2019. An announcement will be published on the website of the Stock Exchange by 7:00 p.m. on Friday, 24 May 2019 stating whether the Offer has been extended, revised or expired. In the event that the Offeror decides to extend the Offer and the announcement does not specify the next closing date, at least 14 days’ notice by way of an announcement will be given before the Offer is closed to those NSG Independent Shareholders who have not accepted the Offer.
- (3) Share certificates of the CGG Shares payable for the Offer Shares tendered under the Share Alternative will be despatched to the accepting Shareholder(s) by ordinary post at their own risk as soon as possible but in any event within seven (7) business days (as defined in the Takeovers Code) after the date of receipt of a duly completed acceptance in accordance with the Takeovers Code.

## EXPECTED TIMETABLE

Remittances in respect of the cash consideration payable for the Offer Shares tendered under the Cash Alternative will be despatched to the Accepting NSG Shareholders by ordinary post at their own risk as soon as possible but in any event within seven (7) business days (as defined in the Takeovers Code) after the date of receipt of a duly completed acceptance in accordance with the Takeovers Code.

(4) Effect of bad weather on the latest time for acceptance of the Offer

If there is a tropical cyclone warning signal number 8 or above, or a black rainstorm warning:

- (a) in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon on the latest date for acceptance of the Offer and the latest date for posting of remittances for the amounts due and/or share certificates under the Offer in respect of valid acceptances, the latest time for acceptance of the Offer and the posting of remittances and/or share certificates will remain at 4:00 p.m. on the same Business Day; or
- (b) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the latest date for acceptance of the Offer and the latest date for posting of remittances for the amounts due and/or share certificate under the Offer in respect of valid acceptances, the latest time for acceptance of the Offer and the posting of remittances and/or share certificates will be rescheduled to 4:00 p.m. on the following Business Day.

(5) Details of the matching service to be provided by Glory Sun Securities Limited to the Accepting NSG Shareholders are set out in the “Letter from CCBI Capital” of this Composite Offer Document.

Save as mentioned above, if the latest time for the acceptance of the Offer do not take effect on the date and time as stated above, the other dates mentioned above may be affected. The Offeror and NSG will notify the NSG Independent Shareholders by way of announcement(s) on any change to the expected timetable as soon as practicable.

## DEFINITIONS

*In this Composite Offer Document, unless the context otherwise requires, the following expressions shall have the following meanings:*

“Accepting NSG Shareholders”	the NSG Independent Shareholder(s) who has(have) validly accepted the Offer and returned the duly completed and signed Form of Acceptance
“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“associate”	has the meaning ascribed to it under the Takeovers Code
“Business Day(s)”	a day, excluding Saturday, Sunday and public holiday in Hong Kong
“Cash Alternative”	the cash alternative under the Offer, being HK\$0.435 in cash for each Offer Share
“CCASS”	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited
“CCBI Capital”	CCB International Capital Limited, a corporation licensed to carry on Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, the financial adviser to the Offeror
“CCBI Securities”	CCB International Securities Limited, a corporation licensed to carry on Type 1 (dealing in securities), Type 2 (dealing in futures contracts) and Type 4 (advising on securities) regulated activities under the SFO
“CGG”	China Goldjoy Group 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 (stock code: 01282)
“CGG Directors”	the directors of CGG
“CGG Group”	CGG and its subsidiaries
“CGG Shareholders”	the holders of CGG Shares
“CGG Share(s)”	share(s) with a par value of HK\$0.10 each in the share capital of CGG

## DEFINITIONS

“Closing Date”	Friday, 24 May 2019 being the closing date of the Offer, or any subsequent closing date(s) as may be announced by the Offeror in accordance with the Takeovers Code and approved by the Executive
“Completion”	completion of the sale and purchase of the Sale Shares in accordance with the terms and conditions of the Sale and Purchase Agreement, which took place on the Completion Date
“Completion Date”	23 April 2019
“Composite Offer Document”	this composite offer and response document dated 3 May 2019 jointly issued by the Offeror and NSG to the NSG Independent Shareholders in connection with the Offer
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration Shares”	in aggregate 1,508,505,611 new CGG Shares issued by CGG to the Vendors to settle the consideration payable by the Offeror for the Sale Shares pursuant to the Sale and Purchase Agreement
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Encumbrances”	any mortgage, charge, pledge, lien, (otherwise than arising by statute or operation of law), equities, hypothecation or other encumbrance, priority or security interest, deferred purchase, title retention, leasing, sale-and-repurchase or sale-and-leaseback arrangement whatsoever over or in any property, assets or rights of whatsoever nature and includes any agreement for any of the same
“Enlarged Group”	the CGG Group upon completion of the Offer
“Executive”	the executive director of the Corporate Finance Division of the SFC or any of his delegates
“Facility”	a loan facility of up to HK\$620,000,000 granted by CCBI Securities to the Offeror
“Form of Acceptance”	the form of acceptance and transfer in respect of the Offer accompanying this Composite Offer Document
“Glory Sun Securities Limited”	formerly as China Goldjoy Securities Limited, a company incorporated in Hong Kong with limited liability which is an indirect non wholly-owned subsidiary of CGG

## DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent board committee, comprising Ms. Zhan Yushan who is a non-executive Director of NSG, and Mr. Chen Zetong, Ms. He Suying and Dr. Tang Lai Wah who are independent non-executive Directors of NSG, which has been established by NSG to advise the NSG Independent Shareholders in relation to the terms and conditions of the Offer
“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited, a corporation licensed to carry out Type 6 regulated activity (advising on corporate finance) under the SFO, the independent financial adviser to the Independent Board Committee
“Joint Announcement”	the announcement dated 21 January 2019 jointly issued by the Offeror, CGG and NSG in relation to, among others, the Sale and Purchase Agreement and the Offer
“Last Trading Day”	17 January 2019, being the last trading day for the NSG Shares and CGG Shares immediately prior to their respective suspension in trading on the Stock Exchange pending publication of the Joint Announcement
“Latest Practicable Date”	30 April 2019, being the latest practicable date prior to the printing of this Composite Offer Document for the purpose of ascertaining certain information contained in this Composite Offer Document prior to its publication
“Listing Rules”	the Rules Governing the Listing of Securities on Stock Exchange
“NSG”	New Sports Group 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 (stock code: 00299)
“NSG Board”	the board of directors of NSG
“NSG Directors”	directors of NSG
“NSG Group”	NSG together with its subsidiaries and the expression “member of the NSG Group” shall be construed accordingly
“NSG Independent Shareholders”	in respect of the Offer, the holders of NSG Shares, other than the Offeror and parties acting in concert with it

## DEFINITIONS

“NSG Share(s)”	share(s) with a par value of HK\$0.05 each in the share capital of NSG
“Offer”	the unconditional mandatory general offer (with Cash Alternative and Share Alternative) being made by CCBI Capital for and on behalf of the Offeror 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 compliance with the Takeovers Code
“Offer Period”	the period commencing from 21 January 2019, being the date of the Joint Announcement, and ending on the Closing Date
“Offer Share(s)”	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
“Offeror”	Hong Kong Bao Xin Asset Management Limited, a company incorporated in Hong Kong with limited liability which is an indirect wholly-owned subsidiary of CGG
“Offeror Concert Group”	the Offeror and parties acting in concert with it, including, without limitation, CGG and its subsidiaries, Mr. Yao Jianhui, Mr. Li Minbin and Mr. Zhang Chi
“Overseas Holders”	the NSG Independent Shareholders whose addresses, as shown on the register of members of NSG, are outside Hong Kong
“Placing Shares”	1,634,502,485 NSG Shares placed at the placing price of HK\$0.5 per Placing Share, pursuant to the placing agreement dated 10 January 2018 entered into between NSG and CCBI Capital
“PRC”	the People’s Republic of China, which for the purpose of this Composite Offer Document, shall exclude Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Previous Acquisition”	the acquisition of an aggregate of 1,144,151,739 NSG Shares by a subsidiary of CGG pursuant to a sale and purchase agreement dated 28 November 2018, details of which are set out in CGG’s announcement dated 28 November 2018



## DEFINITIONS

“Registrar”	Tricor Investor Services Limited, being the Hong Kong branch share registrar and transfer office of NSG at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Relevant Period”	the period commencing on the date falling six months preceding 21 January 2019 (being the date of commencement of the Offer Period) and ending on the Latest Practicable Date
“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 17 January 2019 entered into among the Offeror and the Vendor Parties in respect of the sale and purchase of the Sale Shares, as amended and supplemented by a supplemental agreement dated 18 January 2019 entered into among the same parties
“Sale Shares”	in aggregate 1,508,505,611 NSG Shares sold by the Vendors to the Offeror pursuant to the Sale and Purchase Agreement, representing approximately 37.16% of the issued share capital of NSG as at the Latest Practicable Date
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Alternative”	the share alternative under the Offer, being one (1) new CGG Share for every Offer Share
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Shares”	408,625,621 NSG Shares allotted and issued by NSG to Tengyue Limited as the subscriber at the subscription price of HK\$0.5 per subscription share pursuant to the subscription agreement dated 10 January 2018 entered into between NSG and Tengyue Limited
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Vendor(s)”	Upright Hoist Limited, Mr. Zhang Xiaodong and/or Tengyue Limited
“Vendor Party(ies)”	Upright Hoist Limited, Mr. Zhang Xiaodong, Tengyue Limited and/or Mr. Wu Teng

## DEFINITIONS

“Yue Jin Acquisition”	the acquisition of the entire issued share capital in Yue Jin Asia Limited* (粵錦亞洲有限公司) by a wholly-owned subsidiary of NSG pursuant to the terms and conditions of the Yue Jin Agreement, details of which are set out in NSG’s announcement and circular dated 19 September 2016 and 30 November 2016 respectively
“Yue Jin Agreement”	the agreement dated 19 September 2016 entered into among NSG, the Yue Jin Seller and other parties named therein in relation to the Yue Jin Acquisition
“Yue Jin Retained Shares”	111,548,585 new NSG Shares to be allotted and issued by NSG to the Yue Jin Seller (or its nominee) after despatch of the Composite Offer Document to settle the retained consideration pursuant to the terms and conditions of the Yue Jin Agreement
“Yue Jin Seller”	Yue Jin International Limited* (粵錦國際有限公司), a company incorporated in the British Virgin Islands with limited liability and the seller as named in the Yue Jin Agreement
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“%”	per cent.

\* *The English transliteration of the Chinese name(s) in this Composite Offer Document, where indicated, is included for information purpose only, and should not be regarded as the official English name(s) of such Chinese name(s).*



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.

## LETTER FROM CCBI CAPITAL

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.

## LETTER FROM CCBI CAPITAL

### *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

## LETTER FROM CCBI CAPITAL

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.

## LETTER FROM CCBI CAPITAL

### *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.



## LETTER FROM CCBI CAPITAL

### **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.



## LETTER FROM CCBI CAPITAL

### **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.

## LETTER FROM CCBI CAPITAL

### **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.

## LETTER FROM CCBI CAPITAL

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.

**LETTER FROM CCBI CAPITAL**

**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):

<b>Shareholders</b>	<b>As at the Latest Practicable Date (taking into account 111,548,585 Yue Jin Retained Shares to be issued by NSG)</b>	
	<i>Number of NSG Shares</i>	<i>Approximate %</i>
<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	675,000	0.02
<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)	1,220,000	0.03
Sub-total of the Offeror Concert Group	2,696,496,898	64.65
Public shareholders	1,473,932,899	35.34
<b>Total</b>	<b>4,171,104,797</b>	<b>100</b>

*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.

## LETTER FROM CCBI CAPITAL

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.

## LETTER FROM CCBI CAPITAL

### 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.

## LETTER FROM CCBI CAPITAL

### **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.

## LETTER FROM CCBI CAPITAL

### 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:

<b>Shareholders</b>	<b>As at the Latest Practicable Date</b>		<b>As at the close of the Offer assuming 1,474,607,899 new CGG Shares will be issued to satisfy the Share Alternative</b>	
	<i>Number of CGG Shares</i>	<i>Approximate %</i>	<i>Number of CGG Shares</i>	<i>Approximate %</i>
	<i>CGG Shares</i>	<i>%</i>	<i>CGG Shares</i>	<i>%</i>
<i>Directors and substantial shareholders of CGG</i>				
Mr. Yao Jianhui ( <i>Note 1</i> )	44,468,000	0.16	44,468,000	0.15
Tinmark Development Limited ( <i>Note 1</i> )	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 ( <i>Note 2</i> )	800,000	0.003	1,475,000	0.005
Upright Hoist Limited ( <i>Note 3</i> )	758,558,639	2.77	758,558,639	2.63
Tengyue Limited ( <i>Note 4</i> )	<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>
<b>Total</b>	<b><u>27,378,311,711</u></b>	<b><u>100</u></b>	<b><u>28,852,919,610</u></b>	<b><u>100</u></b>

*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.



## LETTER FROM CCBI CAPITAL

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.

## LETTER FROM CCBI CAPITAL

### 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, Mergers & Acquisitions*



**NEW SPORTS GROUP LIMITED**

**新體育集團有限公司**

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

**(Stock Code: 00299)**

*Executive NSG Directors:*

Mr. Yao Jianhui (*Chairman*)  
Mr. Zhang Xiaodong (*Vice Chairman*)  
Mr. Li Minbin  
Ms. Xia Lingjie

*Registered office:*

Cricket Square, Hutchins Drive,  
P.O. Box 2681, Grand Cayman,  
KY1-1111  
Cayman Islands

*Non-executive NSG Director:*

Mr. Lau Wan Po  
Mr. Wu Teng  
Ms. Zhan Yushan  
Mr. Chen Kaiben

*Principal place of business  
in Hong Kong*

Unit 2602, 26/F Lippo Centre,  
Tower 1, No. 89 Queensway,  
Admiralty, Hong Kong

*Independent non-executive NSG Directors:*

Mr. Chen Zetong  
Ms. He Suying  
Dr. Tang Lai Wah  
Mr. Wong Chun Bong

3 May 2019

*To the 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)**

## LETTER FROM THE NSG BOARD

### 1. INTRODUCTION

Reference is made to the Joint Announcement. As set out in the Joint Announcement, on 17 January 2019, the Vendor Parties and the Offeror entered into the Sale and Purchase Agreement, pursuant to which the Vendors conditionally agreed to sell and the Offeror conditionally agreed to acquire 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 5.51% of the existing issued share capital of CGG) 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).

Further terms and the procedures of acceptances of the Offer are set out in the “Letter from CCBI Capital” and Appendix I to this Composite Offer Document of which this letter forms part. The purpose of this Composite Offer Document is to provide you with, among other things, (i) the details of the Offer (including the expected timetable and terms of the Offer); (ii) the letter from the NSG Board; (iii) a letter of recommendation from the Independent Board Committee to the NSG Independent Shareholders in relation to the Offer; (iv) a letter of advice from Gram Capital to the Independent Board Committee and the NSG Independent Shareholders in relation to the Offer; and (v) information relating to the NSG Group, CGG and the Offeror, together with the Form of Acceptance.

### 2. MANDATORY UNCONDITIONAL GENERAL OFFER

As at the Latest Practicable Date, there were 4,059,556,212 NSG Shares in issue and the Offeror Concert Group was interested in a total of 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 making an unconditional mandatory general offer for all the issued NSG Shares (other than those already owned or agreed to be acquired by the Offeror

**LETTER FROM THE NSG BOARD**

and parties acting in concert with it). There has been no change to the issued share capital of NSG from the date of the Joint Announcement to the Latest Practicable Date. It is anticipated by NSG that 111,548,585 Yue Jin Retained Shares will be issued by NSG after despatch of the Composite Offer Document.

As at the Latest Practicable Date, 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.

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 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 cash consideration per Offer Share under the Cash Alternative is based on the weighted average traded price of board lots of CGG Shares on the date of the Sale and Purchase Agreement.

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.

Your attention is drawn to the further details regarding the procedures for acceptance and settlement and acceptance period as set out in the “Letter from CCBI Capital” as set out on page 7 to 23 of this Composite Offer Document and Appendix I to this Composite Offer Document and the accompanying Form of Acceptance.

## LETTER FROM THE NSG BOARD

### 3. INFORMATION ON NSG GROUP

NSG is a company incorporated in the Cayman Islands with limited liability, and its shares are listed on the main board of the Stock Exchange (stock code: 00299). NSG Group is principally engaged in property development and investment in the PRC, trading of commodities in the PRC, operation of a yacht club, provision of training services and provision of online game service and platform service.

Your attention is drawn to the financial information of the NSG Group set out in Appendix II, the general information of the NSG Group set out in Appendix V and the valuation report on the property interest of the NSG Group set out in Appendix VI to this Composite Offer Document.

### 4. SHAREHOLDING STRUCTURE OF NSG

The following table sets out the shareholding structure of NSG as at the Latest Practicable Date:

<b>Shareholders</b>	<b>As at the Latest Practicable Date</b>	
	<i>Number of NSG Shares</i>	<i>Approximate %</i>
Mr. Zhang Xiaodong <i>The Offeror Concert Group</i>	675,000	0.02
The Offeror ( <i>Note 1</i> )	1,528,375,611	37.65
Hong Kong Bao Da Financial Holdings Limited ( <i>Note 1</i> )	1,144,151,739	28.18
Glory Sun Securities Limited ( <i>Note 1</i> )	21,129,048	0.52
Mr. Yao Jianhui ( <i>Note 2</i> )	1,314,000	0.03
Mr. Li Minbin ( <i>Note 3</i> )	306,500	0.01
Mr. Zhang Chi ( <i>Note 4</i> )	1,220,000	0.03
Sub-total of the Offeror Concert Group	2,696,496,898	66.42
Public shareholders	1,362,384,314	33.56
<b>Total</b>	4,059,556,212	100.00

1. 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.
2. 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.



## LETTER FROM THE NSG BOARD

3. Mr. Li Minbin is an executive director of NSG and is also an executive director of CGG.
4. Mr. Zhang Chi is an executive director of CGG.
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.

### **5. INFORMATION ON THE OFFEROR AND INTENTION OF THE OFFEROR IN RELATION TO THE GROUP**

Your attention is drawn to the sections headed “Information on the Offeror and the CGG Group” and “The Offeror’s intention in relation to the NSG Group” in the “Letter from CCBI Capital” in this Composite Offer Document.

As disclosed in the Letter from CCBI Capital in this Composite Offer Document, after Completion the Offeror and parties acting in concert with it have become the controlling shareholders of NSG. As at the Latest Practicable Date, the NSG Board was given to understand that 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.

The NSG Board is aware of the intention of the Offeror in respect of NSG as disclosed and is willing to render reasonable co-operation with the Offeror which is in the interests of NSG and the NSG Independent Shareholders as a whole.

### **6. PROPOSED CHANGE OF BOARD COMPOSITION OF NSG**

Your attention is drawn to the section headed “Proposed Change of Board Composition of NSG” in the “Letter from CCBI Capital” as set out on page 21 in this Composite Offer Document.

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 NSG Board 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.



## LETTER FROM THE NSG BOARD

### 7. MAINTAINING THE LISTING STATUS OF NSG

As disclosed in the “Letter from CCBI Capital” contained in this Composite Offer Document, the Offeror intends NSG to remain listed on the main board of the Stock Exchange. 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 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.

The Stock Exchange will also closely monitor all acquisitions or disposals of assets by NSG. Under the Listing Rules, the Stock Exchange has the power pursuant to the Listing Rules to aggregate a series of transactions entered into by NSG within 24 months after a change in control and any such transactions may result in NSG being treated as if it were a new listing applicant and subject to the requirement for new applicants as set out in the Listing Rules.

### 8. INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising Ms. Zhan Yushan who is a non-executive director of NSG, Mr. Chen Zetong, Ms. He Suying and Dr. Tang Lai Wah who are independent non-executive directors of NSG, has been established by NSG to advise the NSG Independent Shareholders in relation to the terms and conditions of the Offer, in particular as to whether the Offer is fair and reasonable and as to the acceptance of the Offer.

Mr. Lau Wan Po, Mr. Wu Teng and Mr. Chen Kaiben, who are non-executive directors of NSG, and Mr. Wong Chun Bong, who is an independent non-executive director of NSG, have not been included as members of the Independent Board Committee on the basis that (i) each of Mr. Lau Wan Po and Mr. Chen Kaiben is also a non-executive director of CGG, and Mr. Wong Chun Bong is also an independent non-executive director of CGG, and therefore each of them is presumed to be acting in concert with CGG and the Offeror under class (2) of the definition of “acting in concert” under the Takeovers Code in respect of the Offer; and (ii) Mr. Wu Teng is interested in the entire issued share capital of Tengyue Limited which is one of the Vendors and he is also a party to the Sale and Purchase Agreement, and therefore he is deemed to have material interest in the Offer.

## LETTER FROM THE NSG BOARD

### 9. ADVICE AND RECOMMENDATIONS

The Independent Board Committee has been established to make recommendations to the NSG Independent Shareholders as to whether the Offer are fair and reasonable and as to the acceptance of the Offer. Your attention is drawn to the “Letter from the Independent Board Committee” in this Composite Offer Document which sets out its advice and recommendation to the NSG Independent Shareholders in relation to the Offer, and the “Letter from Gram Capital” as set out in this Composite Offer Document containing its advice and recommendation to the Independent Board Committee in respect of the Offer.

### 10. ADDITIONAL INFORMATION

Your attention is drawn to the additional information contained in the appendices to this Composite Offer Document. You are also recommended to read carefully the Appendix I to this Composite Offer Document and the accompanying Form of Acceptance for further details in respect of the procedures for acceptance of the Offer.

Yours faithfully,  
On behalf of the Board  
**New Sports Group Limited**  
**Li Minbin**  
*Director*



**NEW SPORTS GROUP LIMITED**  
**新體育集團有限公司**  
*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 00299)**

3 May 2019

*To the 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)**

We refer to the Composite Offer Document dated 3 May 2019 jointly issued by NSG and the Offeror, of which this letter forms part. Unless the context otherwise requires, terms used in this letter shall have the same meanings as defined in the Composite Offer Document.

We have been appointed to constitute the Independent Board Committee to consider the terms of the Offer and to advise you (i.e. NSG Independent Shareholders) as to whether or not the terms of the Offer are fair and reasonable and as to the acceptance of the Offer. Gram Capital has been appointed as the Independent Financial Adviser to make recommendation to us in respect of whether the terms of the Offer are fair and reasonable and as to acceptance of the Offer. Details of its advice and recommendation, together with the principal factors and reasons which it has considered before arriving at such recommendation, are set out in the “Letter from Gram Capital” on pages 33 to 51 of the Composite Offer Document.

We also wish to draw your attention to the “Letter from the NSG Board” on pages 24 to 30 of the Composite Offer Document, the “Letter from CCBI Capital” on pages 7 to 23 of the Composite Offer Document and the additional information set out in the appendices to the Composite Offer Document.

**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

**RECOMMENDATION**

Taking into account the terms of the Offer and the independent advice from Gram Capital, and the principal factors and reasons taken into account in arriving at its recommendation, we concur with the view of Gram Capital and consider that the terms of the Offer are not fair and reasonable so far as the NSG Independent Shareholders are concerned. Accordingly, we recommend the NSG Independent Shareholders not to accept the Offer.

Notwithstanding our recommendation, the NSG Independent Shareholders are strongly advised that the decision to realise or to hold their investment is subject to individual circumstances and investment objectives. If in doubt, the NSG Independent Shareholders should consult their own professional advisers for advice. Furthermore, the NSG Independent Shareholders who wish to accept the Offer are recommended to read carefully the procedures for accepting the Offer as detailed in the Composite Offer Document and the accompanying Form of Acceptance.

Yours faithfully,  
For and on behalf of the Independent Board Committee  
**New Sports Group Limited**

**Ms. ZHAN Yushan**  
*Non-executive NSG  
Director*

**Mr. CHEN Zetong**  
*Independent non-  
executive NSG  
Director*

**Ms. HE Suying**  
*Independent non-  
executive NSG  
Director*

**Dr. TANG Lai Wah**  
*Independent non-  
executive NSG  
Director*

## LETTER FROM GRAM CAPITAL

*Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee in respect of the Offer for the purpose of inclusion in this Composite Offer Document.*



Room 1209, 12/F.  
Nan Fung Tower  
88 Connaught Road Central/  
173 Des Voeux Road Central  
Hong Kong

3 May 2019

*To: The independent board committee of New Sports Group Limited*

Dear Sirs,

**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

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Offer, details of which are set out in the letter from the NSG Board (the “**Board Letter**”) contained in the Composite Offer Document dated 3 May 2019 issued by NSG and the Offeror to the NSG Independent Shareholders, of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Composite Offer Document unless the context requires otherwise.

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.

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. 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

## LETTER FROM GRAM CAPITAL

capital of NSG. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is making 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).

The Independent Board Committee comprising Ms. Zhan Yushan who is a non-executive director of NSG, Mr. Chen Zetong, Ms. He Suying and Dr. Tang Lai Wah who are independent non-executive directors of NSG, has been established to advise the NSG Independent Shareholders on whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee in this respect, and our opinion herein is solely for the assistance of the Independent Board Committee in connection with its consideration of the Offer pursuant to Rule 2.1 of the Takeovers Code. The appointment of Gram Capital as the Independent Financial Adviser has been approved by the Independent Board Committee.

### **OUR INDEPENDENCE**

During the past two years immediately preceding the Latest Practicable Date, Gram Capital was engaged by NSG in April 2019 as independent financial adviser to provide opinion on a transaction for internal corporate governance purpose. Notwithstanding the aforesaid engagement, as at the Latest Practicable Date, we were not aware of any relationships or interests between Gram Capital and NSG or any other parties that could be reasonably regarded as a hindrance to Gram Capital's independence to act as the Independent Financial Adviser to the Independent Board Committee.

### **BASIS OF OUR OPINION**

In formulating our opinion to the Independent Board Committee, we have relied on the statements, information, opinions and representations contained or referred to in the Composite Offer Document and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the NSG Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date, and should there be any material changes to our opinion after the Latest Practicable Date, NSG Shareholders would be notified as soon as possible. We have also assumed that all statements of belief, opinion, expectation and intention made by the NSG Directors in the Composite Offer Document were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Composite Offer Document, or the reasonableness of the opinions expressed by NSG, its advisers and/or the NSG Directors, which have been provided to us. Our opinion is based on the NSG Directors' representation and confirmation that there is no undisclosed private agreement/arrangement or implied understanding with anyone concerning the Offer. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules and Rule 2 of the Takeovers Code.

## LETTER FROM GRAM CAPITAL

Your attention is drawn to (i) the section headed “1. RESPONSIBILITY STATEMENT” under Appendix IV to the Composite Offer Document; and (ii) the section headed “1. RESPONSIBILITY STATEMENTS” under Appendix V to the Composite Offer Document. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Composite Offer Document, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of NSG, CGG, the Offeror, or their respective subsidiaries or associates (if applicable), nor have we considered the taxation implication on the NSG Group or the NSG Shareholders as a result of the Offer. NSG has been separately advised by its own professional advisers with respect to the Offer and the preparation of the Composite Offer Document (other than this letter).

We have assumed that the Offer will be consummated in accordance with the terms and conditions set forth in the Composite Offer Document without any waiver, amendment, addition or delay of any terms or conditions. We have assumed that in connection with the receipt of all the necessary governmental, regulatory or other approvals and consents as required for the Offer, no delay, limitation, condition or restriction will be imposed that would have a material adverse effect on the contemplated benefits expected to be derived from the Offer. In addition, our opinion is necessarily based on the financial, market, economic, industry-specific and other conditions as they existed on, and the information made available to us as at the Latest Practicable Date. The NSG Independent Shareholders will be notified of any material changes as soon as possible in accordance with Rule 9.1 of the Takeovers Code.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly and fairly extracted, reproduced or presented from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In arriving at our opinion in respect of the Offer, we have taken into consideration the following principal factors and reasons:

#### **(1) Background and terms of the Offer**

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.

**LETTER FROM GRAM CAPITAL**

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. 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 making 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).

According to the “Letter from CCBI Capital” as contained in the Composite Offer Document (the “**CCBI Capital Letter**”), the Offer is made by CCBI Capital on the following basis:

*The Share Alternative*

**For each Offer Share . . . . . 1 new CGG Share**

**or**

*The Cash Alternative*

**For each Offer Share . . . . . HK\$0.435 in cash**

With reference to the CCBI Capital Letter, the ratio under the Share Alternative is the same as the ratio of one new CGG Share for every NSG Share sold as Sale Share by the Vendors under the Sale and Purchase Agreement.

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

With reference to the CCBI Capital Letter, 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 after Completion and up to 111,548,585 Yue Jin Retained Shares) are subject to the Offer.



## LETTER FROM GRAM CAPITAL

### (2) Information on the NSG Group

According to the Board Letter, NSG is a company incorporated in the Cayman Islands with limited liability, and its shares are listed on the main board of the Stock Exchange (Stock code: 299). NSG Group is principally engaged in property development and investment in the PRC, trading of commodities in the PRC, operation of a yacht club, provision of trading services and provision of online game service and platform service.

Set out below is a summary of the consolidated financial information on the NSG Group for the three years ended 31 December 2018 as extracted from NSG's annual report for the year ended 31 December 2018 (“**FY2018**”) (the “**NSG 2018 Annual Report**”) and annual report for the year ended 31 December 2017 (the “**NSG 2017 Annual Report**”):

	For the year ended 31 December 2016 <i>HK\$'000</i>	For the year ended 31 December 2017 <i>HK\$'000</i>	For the year ended 31 December 2018 <i>HK\$'000</i>
Revenue	155,208	191,519	1,892,396
<i>From continuing operation:</i>			
<i>Provision of online game services in the PRC</i>	154,354	36,381	18,428
<i>Yacht club in the PRC</i>	90	38,831	111,255
<i>Education in the PRC</i>	92	14,714	64,101
<i>Real estate and property investment</i>	—	1,275	1,062,727
<i>Construction</i>	—	—	84,279
<i>Trading of commodities</i>	—	100,318	547,976
<i>Others</i>	—	—	3,630
<i>From discontinued operation:</i>			
<i>P2P financial intermediary services in the PRC</i>	1	—	—
<i>Software development in the PRC</i>	671	—	—
Gross profit/(loss)	46,139	(42,772)	134,118
Profit/(Loss) for the year	(920,171)	101,847	161,837

As depicted from the above table, NSG Group's revenue for the year ended 31 December 2017 (“**FY2017**”) increased by approximately 23.40% as compared to that for the year ended 31 December 2016 (“**FY2016**”). With reference to the 2017 NSG Annual Report, the aforesaid increase in NSG Group's revenue was mainly attributable to the contribution of the revenue derived from the operation of marine sports base and sailing school which was acquired in December 2016 and the trading of commodities which was commenced in FY2017 (being partially offset by the significant decrease in revenue from provision of online game services in the PRC).

## LETTER FROM GRAM CAPITAL

Despite the aforesaid increase in NSG Group's revenue, NSG Group's recorded gross loss of approximately HK\$42.77 million for FY2017 (as compared to gross profit for FY2016). With reference to the NSG 2017 Annual Report, the aforesaid turnaround from gross profit to gross loss was mainly due to (i) the decrease in revenue in mobile gaming industry; and (ii) the gross loss from the operation of a yacht club and provision of training services which was resulted from the inclusion of the non-cash amortisation expense of other intangible assets into cost of sales.

With reference to the NSG 2017 Annual Report, NSG Group's gross loss for FY2017, as balanced by the effect of (i) gain on bargain purchase; (ii) fair value gain on investment properties; (iii) fair value gain on contingent consideration payable; (iv) substantial decrease in impairment losses on goodwill and other intangible assets for FY2017 as compared to FY2016; and (v) profit from discontinued operations of approximately HK\$158.81 million for FY2017 (which was the gain on disposal of certain discontinued entities of NSG Group's software development and P2P internet financing business with net liabilities), led to NSG Group's profit for FY2017 (after the loss making position for five consecutive financial years up to FY2016).

As depicted from the above table, NSG Group's revenue for FY2018 increased significantly by over 8 times as compared to those for FY2017. With reference to NSG 2018 Annual Report, the significant increase in revenue was mainly attributable to the contribution of the revenue derived from the recognition of sales of properties of NSG's newly acquired subsidiary in Hunan and the trading of commodities business in the PRC. Along with the revenue growth, NSG Group also made a turnaround from its gross loss position for FY2017 to gross profit for FY2018 and its profit for FY2018 increased substantially by approximately 58.90% as compared to that for FY2017.

As advised by the NSG Directors, NSG Group commenced its real estate and property investment business in FY2017, which became NSG Group's largest revenue contributor (contributed approximately 56.16% of NSG Group's revenue) in FY2018.

Set out below are some industry information of NSG Group's two key business operations, namely, property business (comprising of real estate and property investment segment and construction segment) and sports culture business (comprising of yacht club in the PRC segment, education in the PRC segment and others segment) (although the trading of commodities segment contributed approximately 29% of NSG Group's revenue for FY2018, it recorded negative segment results in FY2018 and was not considered as a key business operation of NSG Group):

### ***Property business***

According to 《2018年國民經濟和社會發展統計公報》(2018 statistical bulletin of national economic and social development\*) published by the National Bureau of Statistics of China, the fixed assets investment in the real estate market increased by approximately 8.3% in 2018 as compared to 2017. The table below summarised (i) the amount of real estate development and investment; and (ii) the sale of commodity houses,

## LETTER FROM GRAM CAPITAL

from 2015 to 2018, according to 《全國房地產開發投資和銷售情況》 (National real estate development, investment and sale\*) for each year from 2015 to 2018 published by the National Bureau of Statistics of China:

	2015 (RMB billion)	2016 (RMB billion)	2017 (RMB billion)	2018 (RMB billion)
Amount of real estate development and investment	9,597	10,258	10,980	12,026
Sale of commodity houses	8,728	11,763	13,370	14,997

As depicted from the above table, both of the (i) amount of real estate development and investment; and (ii) sale of commodity houses, in China experienced continuous growth from 2015 to 2018. From 2017 to 2018, amount of real estate development and investment in China increased by approximately 9.5% and the sale of commodity houses in China increased by approximately 12.2%.

### ***Sports culture business***

With reference to the 2018 NSG Annual Report, sports culture is one of the Group's current strong businesses, and has a mature management team, good market relations and a stable development model. The main sports and cultural business operated by the Group include the New Sports Marine Sports Center, the New Sports Marine Training Center and the Shenzhen Bihai Bay Golf Practising Court.

According to 《關於進一步促進體育消費的行動計劃(2019–2020年)》 (National Action Plan on Further Promoting Sports Consumption (2019–2020)\*) jointly published by General Administration of Sport of China and National Development and Reform Commission in January 2019, the total national sports consumption will reach RMB1.5 trillion, and the proportion of per capita sports consumption expenditure in total consumption expenditure will rise by 2020.

According to 《2017全國體育產業總規模與增加值數據公告》 (Announcement of National Sports Industry Scale and Increment Data 2017\*) as published by the National Bureau of Statistics of the PRC on 8 January 2019, (i) the total scale of national sports industry was approximately RMB2.2 trillion in 2017, representing a nominal increase of 15.7% as compared to that of 2016; and (ii) the sports service continued to maintain a rapid development momentum and the proportion of increment of sports service in the national sports industry continued to rise.

The above industry information demonstrates a general positive prospects of NSG Group's key business operations.

## LETTER FROM GRAM CAPITAL

With reference to the 2018 NSG Annual Report, FY2018 is a “year of in-depth adjustment” for NSG Group. Through multiple rounds of mergers and acquisitions, NSG vigorously developed property business and obtains sufficient land reserve resources. At the same time, NSG Group continued to operate the sports culture business steadily, with two wheels driving simultaneously, and consolidated internal and external resources, so as to achieve the effective cooperation and benign development of the two pillar businesses. Looking forward to 2019, NSG Group will resolutely focus on the strategic policy formulated by the NSG Board. In the aspect of property investment, the annual theme is “high quality, accurate supply, accelerated sales, and accelerated repayment”. With a clearer mind and a more aggressive spirit, NSG Group will make up for its shortcomings and consolidate its internal merits; and take more pragmatic and effective measures to control risks and build a solid cash position, so as to achieve steady growth and robust development; in the aspect of sports culture, NSG Group will innovate the operation mode of venues, improve the quality of sports training, intensify the operation of competitions, develop sports tourism, and continue to devote ourselves to the construction and promotion of a well-known brand as a comprehensive platform in the sports culture industry.

### (3) Information on CGG

With reference to the CCBI Capital Letter, CGG is a company incorporated in the Cayman Islands, the shares of which are listed on the main board of the Stock Exchange (Stock code: 1282). CGG Group is principally engaged in financial services, automation, manufacturing, securities investment and property investment and development.

Set out below is a summary of the consolidated financial information on the CGG Group for the three years ended 31 December 2018 as extracted from CGG’s annual report for FY2018 (the “**CGG 2018 Annual Report**”) and annual report for FY2017 (the “**CGG 2017 Annual Report**”):

	<b>For the year ended 31 December 2016 HK\$'000</b>	<b>For the year ended 31 December 2017 HK\$'000</b>	<b>For the year ended 31 December 2018 HK\$'000</b>
Revenue	995,560	2,825,287	1,582,581
<i>Automation</i>	553,680	612,999	567,061
<i>Financial Services</i>	84,953	145,755	178,773
<i>Manufacturing</i>	58,080	122,946	99,351
<i>Property Investment and Development</i>	—	1,412,734	706,625
<i>Securities Investment</i>	298,847	530,853	30,771
Gross profit	473,438	871,276	519,364
Profit for the year	654,409	893,891	675,596

## LETTER FROM GRAM CAPITAL

As depicted from the above table, CGG Group recorded a substantial increase in revenue, gross profit and profit for FY2017 as compared to that for FY2016. With reference to the CGG 2017 Annual Report, except for the manufacturing segment, all other four CGG Group's segments recorded operating profit for FY2017. CGG Group adopted property investment and development as one of the principal businesses in FY2017, aiming at better leveraging its resources to diversify income sources and improve its financial position. CGG Group's property investment and development segment became its largest revenue contributor in FY2017 and its operating profit also contributed to the substantial improvement in CGG Group's profit for FY2017.

As depicted from the above table, CGG Group recorded a substantial decrease in revenue, gross profit and profit for FY2018 as compared to that for FY2017. Nevertheless, CGG Group's revenue, gross profit and profit for FY2018 still remained higher than those for FY2016. CGG Group made profit for four consecutive financial years up to FY2018. With reference to the CGG 2018 Annual Report, except for the manufacturing segment, all other four CGG Group's segments recorded operating profit for FY2018.

With reference to the CGG 2018 Annual Report, CGG Group remains positive to its business development, and is committed to deal with all kinds of challenges and opportunities with stable and healthy business strategies and financial policies. CGG Group has actively conducted strategic transformation in recent years, of which vigorous development of finance business is an important component. After years of development, the financial industry layout has been smoothly promoted, and the current financial business has become comparably large. CGG Group will continue to increase resources in the finance business in the future. In the future, the business structure of CGG Group will focus on financial business, together with real estate, technology and investment businesses.

Set out below are some industry information of CGG Group's key business operations, namely, automation, financial services, and property investment and development (manufacturing and securities investment are not considered to be key business operations given its revenue size in FY2018):

### ***Automation***

With reference to the CGG 2018 Annual Report, CGG Group's automation segment represents the trading of automated production related equipment and provision of related services business. Its major product is surface mount technology product. (i.e. component placement systems used to place surface-mount devices onto a printed circuit board).

We found a press release published on the website of MarketsandMarkets Research Private Ltd. in March 2017 in relation to a market research report titled "Surface Mount Technology Market by Equipment (Placement, Inspection, Soldering, Screen Printing, Cleaning, Repair & Rework), Application (Consumer Electronics, Automotive, Aerospace & Defense), and Geography — Global Forecast to 2022". According to the website of MarketsandMarkets Research Private Ltd., it is the largest market research firm worldwide in terms of annually published premium market research reports. According to the aforesaid press release, the surface mount technology market is expected to be valued at US\$5.42 billion by 2022, representing a compound annual growth rate of 8.9%

## LETTER FROM GRAM CAPITAL

as compared to that of 2017. The factors driving the growth of the market include the increased demand for miniaturized consumer electronics products and the increasing adoption of electric vehicles.

### *Financial services*

With reference to the CGG 2018 Annual Report, CCG Group's financial services represents regulated business activities in respect to financial services under the SFO in Hong Kong. Glory Sun Securities Limited (formerly known as China Goldjoy Securities Limited), a subsidiary of CCG, holds licences to conduct Type 1 (Dealing in Securities), Type 2 (Dealing in Futures Contracts), Type 4 (Advising on Securities), Type 6 (Advising on Corporate Finance) and Type 9 (Asset Management) regulated activities under the SFO.

According to the statistics available on the Stock Exchange's website, (i) the average daily turnover of Hong Kong securities market in 2018 was HK\$107.4 billion, representing an increase of approximately 22% as compared with HK\$88.2 billion in 2017; (ii) there were 218 newly listed companies in 2018, representing an increase of approximately 25% as compared with 174 newly listed companies in 2017; (iii) funds raised through IPOs for in 2018 was approximately HK\$286.5 billion, representing an increase of approximately 123% as compared with HK\$128.5 billion in 2017.

We also noticed from the statistics available on the SFC's website that there were 2,215 authorised funds as at 31 March 2018, representing an increase of approximately 1% as compared with 2,203 authorised funds as at 31 March 2017; and (ii) the total net asset value of authorised unit trusts and mutual funds was US\$1,661,324 million as at the end of December 2017, representing an increase of approximately 29% as compared with US\$1,284,104 million as at the end of December 2016.

### *Property investment and development*

The industry information is set out under the section headed "(2) Information on the NSG Group" above.

The above industry information demonstrates a general positive prospects of CGG Group's key business operations.

Please also refer to the section headed "5. FINANCIAL AND TRADING PROSPECTS OF THE CGG GROUP" under Appendix III to the Composite Offer Document.

## LETTER FROM GRAM CAPITAL

### **(4) Intentions of the Offeror in relation to the NSG Group**

To provide the NSG Independent Shareholders with information on the intentions of the Offeror, set out below is the Offeror's intentions on NSG Group's business as extracted from the CCBI Capital Letter of the Composite Offer Document:

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 cooperation 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.

As aforementioned, (i) NSG Group commenced its real estate and property investment business in FY2017, which became NSG Group's largest revenue contributor (contributed approximately 56.16% of NSG Group's revenue) in FY2018; and (ii) CGG Group adopted property investment and development as one of the principal businesses in FY2017. As advised by the NSG Directors, both of the development targets of NSG Group and CGG Group are conglomerate complex in the PRC comprising of apartments, residential flats, offices, hotels and commercial units available for lease and/or resale upon completion. CGG Group's experience in property business may have synergy effect (e.g. economies of scale) with NSG Group's property business.



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### (5) Analysis of the Offer

Based on the closing price of HK\$0.435 per CGG Share as quoted on the Stock Exchange on the Last Trading Day and the exchange ratio of 1 CGG Share for every one Share (the “**Exchange Ratio**”), the ascribed value of the Offer would be HK\$0.435 (the “**Ascribed Value**”). The Ascribed Value of HK\$0.435 per Share:

- (i) a discount of approximately 13.00% over the closing price of the NSG Share of HK\$0.500, as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a premium of approximately 3.57% to the closing price of HK\$0.420 per NSG Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a premium of approximately 4.32% to the average closing price of HK\$0.417 per NSG Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;
- (iv) 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 last 10 consecutive trading days up to and including the Last Trading Day;
- (v) a discount of approximately 17.77% to the average closing price of approximately HK\$0.529 per NSG Share as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Last Trading Day;
- (vi) a discount of approximately 36.03% over the audited 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.
- (vii) a discount of approximately 36.24% over the adjusted consolidated net asset value attributable to the owners of NSG of approximately HK\$0.682 per NSG Share as at 31 December 2018 (as provided by NSG), based on NSG’s audited consolidated net asset value attributable to the owners of NSG as at 31 December 2018 as adjusted for market value of NSG Group’s properties as at 31 January 2019 according to the properties valuation report as set out under Appendix VI to the Composite Offer Document (by adding fair value change for investment properties of approximately HK\$12,074,000 and deducting the deferred tax liabilities of approximately HK\$3,018,000 arising from the fair value change), and 4,059,556,212 NSG Shares in issue as at the Latest Practicable Date.



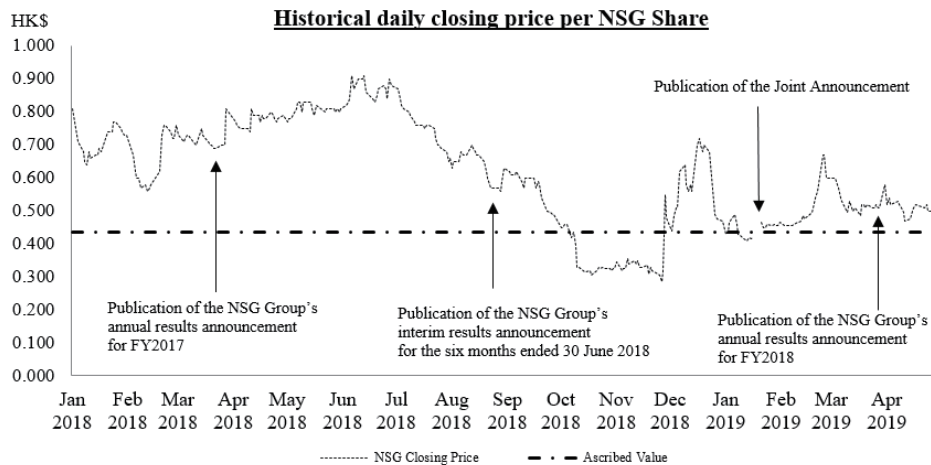
## LETTER FROM GRAM CAPITAL

In order to assess the fairness and reasonableness of the Exchange Ratio and the Ascribed Value, we have conducted the following analysis:

### a) *Share price performance*

#### *Share price performance of the NSG as compared to the Ascribed Value*

Set out below is a chart showing the movement of the closing prices of the NSG Shares during the period from 2 January 2018, being approximate one-year up to and including the Latest Practicable Date (the “**Review Period**”), to illustrate the general trend and level of movement of the closing prices of the NSG Shares:



Source: website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk))

Note: Trading in NSG Shares was suspended from 18 January 2019 to 21 January 2019 (both days inclusive).

During the Review Period, the lowest and highest closing prices of the NSG Shares as quoted on the Stock Exchange were HK\$0.285 recorded on 27 November 2018 and HK\$0.910 recorded on both 7 June 2018 and 14 June 2018 respectively. The Ascribed Value of HK\$0.435 is within the range of the lowest and highest closing prices of the NSG Shares as quoted on the Stock Exchange during the Review Period. Nevertheless, the closing price of the NSG Shares was higher than the Ascribed Value in 277 out of 325 trading days during the Review Period.

As depicted from the above chart, the closing price of the NSG Shares fluctuated from 2 January 2018 and reached the peak at HK\$0.910 on 7 June 2018. From 14 June 2018, the closing price of the NSG Shares followed a downward trend and hit the lowest at HK\$0.285 on 27 November 2018. Afterwards, the closing price of the NSG Shares rebounded significantly and reached HK\$0.720 on 18 December 2018. After 18 December 2018, the closing price of the NSG Shares followed a downward trend again and dropped below the Ascribed Value on 2 January 2019

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and from 9 January 2019 to 17 January 2019 (being the Last Trading Day). We are not aware of any particular event which led to the aforesaid fluctuation of the closing price of the NSG Shares.

After resumption of trading in NSG Shares on 22 January 2019 following the publication of the joint announcement dated 21 January 2019 in relation to, amongst others, the Offer (the “**Joint Announcement**”), the closing price of the NSG Shares increased and remained higher than the Ascribed Value (including the period after Completion) up to the Latest Practicable Date.

### *Share price performance of the NSG as compared to CGG*

Set out below is a chart showing the comparison between the daily closing price per NSG Share and CGG Share during the Review Period:



Source: website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk))

#### Notes:

1. Trading in NSG Shares was suspended from 18 January 2019 to 21 January 2019 (both days inclusive).
2. Trading in CGG Shares was suspended from 18 January 2019 to 21 January 2019 (both days inclusive).

During the Review Period, the lowest and highest closing prices of the CGG Shares as quoted on the Stock Exchange were HK\$0.310 recorded on 11 April 2019, 16 April 2019, 18 April 2019, and 30 April 2019 and HK\$0.720 recorded on 22 January 2018, respectively. As depicted from the above chart, the closing price of the CGG Shares showed a general decreasing trend during the Review Period. We are not aware of any particular event which led to the aforesaid decreasing trend during the Review Period.

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The closing price of NSG Shares was higher than the closing price of the CGG Shares in 268 out of 325 trading days during the Review Period. After resumption of trading in NSG Shares and CGG Shares on 22 January 2019 following the publication of the Joint Announcement, the closing price of the NSG Shares remained higher than the closing price of the CGG Shares (including the period after Completion) up to the Latest Practicable Date.

### **b) Liquidity**

Set out below are (i) the number of trading days; (ii) the percentage of the NSG Shares' average daily trading volume (the "**Average Volume**") as compared to the total number of issued NSG Shares held by the public as at the Latest Practicable Date; and (iii) the percentage of the CGG Shares' Average Volume as compared to the total number of issued CGG Shares held by the public as at the Latest Practicable Date, during the Review Period:

<b>Month</b>	<b>No. of trading days in each month</b>	<b>% of the Average Volume to total number of issued NSG Shares held by the public as at Latest Practicable Date</b> <i>(Note 2)</i> %	<b>% of the Average Volume to total number of issued CGG Shares held by the public as at Latest Practicable Date</b> <i>(Note 3)</i> %
<b>2018</b>			
January	22	0.18	0.20
February	18	0.15	0.08
March	21	0.20	0.16
April	19	0.15	0.12
May	21	0.17	0.14
June	20	0.34	0.10
July	21	0.07	0.04
August	23	0.05	0.03
September	19	0.24	0.02
October	21	0.29	0.11
November	22	0.39	0.09
December	19	0.45	0.23
<b>2019</b>			
January	20	0.19	0.39
February	17	0.26	0.35
March	21	0.17	0.12
April (up to and including the Latest Practicable Date)	19	0.15	0.02

*Source:* the Stock Exchange's website

## LETTER FROM GRAM CAPITAL

*Notes:*

1. Trading in NSG Shares/CGG Shares was suspended from 18 January 2019 to 21 January 2019 (both days inclusive).
2. Based on 1,362,384,314 NSG Shares held by the public as at the Latest Practicable Date as disclosed under the Board Letter.
3. Based on 10,810,834,500 CGG Shares held by the public as at the Latest Practicable Date as disclosed under the CCBI Capital Letter.

As depicted from the above table, the percentage of the NSG Shares' Average Volume as compared to the total number of issued NSG Shares held by the public as at the Latest Practicable Date was higher than the percentage of the CGG Shares' Average Volume as compared to the total number of issued CGG Shares held by the public as at the Latest Practicable Date in most of the months during the Review Period. The aforesaid percentages fluctuated and did not form any obvious trend during the Review Period.

In addition, we noticed that the daily trading volume of the NSG Shares represented, in average, approximately 0.21% of the number of NSG Shares held in public hands as at the Latest Practicable Date.

On the other hand, we noticed that the daily trading volume of the Shares represented, in average, approximately 0.13% of the number of CGG Shares held in public hands as at the Latest Practicable Date.

Accordingly, the trading liquidity of NSG Shares is considered to be higher than that of the CGG Shares during the Review Period, both of which are considered to be low liquidity. Therefore, we consider that it is more difficult to dispose the holding of CGG Shares than to dispose holding of NSG Shares.

Having considered,

- (i) the closing price of the NSG Shares was higher than the Ascribed Value in 277 out of 325 trading days during the Review Period;
- (ii) after resumption of trading in NSG Shares on 22 January 2019 following the publication of the joint announcement dated 21 January 2019 in relation to, amongst others, the Offer, the closing price of the NSG Shares increased and remained higher than the Ascribed Value up to the Latest Practicable Date;
- (iii) the closing price of NSG Shares was higher than the closing price of the CGG Shares in 268 out of 325 trading days during the Review Period; and
- (iv) after resumption of trading in NSG Shares and CGG Shares on 22 January 2019 following the publication of the Joint Announcement, the closing price of the NSG Shares remained higher than the closing price of the CGG Shares up to the Latest Practicable Date,

## LETTER FROM GRAM CAPITAL

we consider that the Exchange Ratio and the Ascribed Value (i.e. HK\$0.435, which is also the amount of Cash Alternative) are not fair and reasonable.

### *c) Completion of the sale and purchase of the Sale Shares*

With reference to the CCBI Capital Letter, Completion took place on 23 April 2019. 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. NSG has become a subsidiary of CGG after Completion, 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.

By accepting the Share Alternative, NSG Independent Shareholders can retain part of its investment in NSG (its financial performance improved in FY2018) indirectly and hold share of a profitable listed company (i.e. CGG Share) at the same time.

Nevertheless, the closing price of the NSG Shares remained higher than the closing price of the CGG Shares and the Ascribed Value after Completion and up to the Latest Practicable Date. In other words, the implied values of the Share Alternative and the Cash Alternative are still below the market value of the NSG Share after NSG becoming a subsidiary of CGG following the Completion and up to the Latest Practicable Date.

## RECOMMENDATION

Having considered the principal factors and reasons as discussed above, in particular:

- a) the improved financial performance of NSG Group in FY2018;
- b) the trading liquidity of NSG Shares is considered to be higher than that of the CGG Shares during the Review Period and it is more difficult to dispose the holding of CGG Shares than to dispose holding of NSG Shares;
- c) the Exchange Ratio and the Ascribed Value (i.e. HK\$0.435, which is also the amount of Cash Alternative) are not fair and reasonable as demonstrated above, and,
- d) although NSG Independent Shareholders can retain part of its investment in NSG (its financial performance improved in FY2018) indirectly and hold share of a profitable listed company (i.e. CGG Share) at the same time by accepting the Share Alternative (as NSG has become a subsidiary of CGG after Completion), the closing price of the NSG Shares remained higher than the closing price of the CGG Shares and the Ascribed Value after Completion and up to the Latest Practicable Date,

we consider that the terms of the Offer are not fair and reasonable. Accordingly, we recommend the Independent Board Committee to advise the NSG Independent Shareholders not to accept the Offer.

## LETTER FROM GRAM CAPITAL

Nevertheless, the NSG Independent Shareholders should note the followings:

- (i) Although NSG Group made profit for FY2017 after making loss for five consecutive financial years up to FY2016, NSG Group made gross loss for FY2017 and its profit for FY2017 was mainly attributable to “non-operational items”. It is uncertain as to whether NSG Group’s improved financial performance in FY2018 can sustain in future.
- (ii) CGG Group made profit for four consecutive financial years up to FY2018. Although CGG Group recorded substantial decrease in revenue, gross profit and profit for FY2018 as compared to that for FY2017, CGG Group’s revenue, gross profit and profit for FY2018 still remained higher than those for FY2016. CGG Group’s financial performance remained positive for FY2018.
- (iii) NSG has become a subsidiary of CGG after Completion, 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. By accepting the Share Alternative, NSG Independent Shareholders can retain part of its investment in NSG (its financial performance improved in FY2018) indirectly and hold share of a profitable listed company (i.e. CGG Share) at the same time.

**Those NSG Independent Shareholders who considered the facts set out above and are optimistic about the future financial performance of the CGG Group may, having regard to their own circumstances, consider to accept the Share Alternative in respect of all or any part of their NSG Shares.**

**The NSG Independent Shareholders should also note the Offer is a share exchange offer and the ascribed value of the NSG Shares under the Offer will change from time to time according to the fluctuations in the price of CGG Shares during the Offer Period, and it is uncertain whether the market prices of the NSG Shares and/or the CGG Shares would rise or not and whether the ascribed value of NSG Shares under the Offer would represent discount or premiums to its market prices during and after the Offer. The NSG Independent Shareholders, in particular those who intend to hold their interest as short-term investment, should monitor closely the trading of the NSG Shares and CGG Shares during the Offer Period.**

**LETTER FROM GRAM CAPITAL**

**As different NSG Independent Shareholders would have different investment criteria, objectives and/or circumstances, we would recommend any NSG Independent Shareholders who may require advice in relation to any aspect of the Composite Offer Document and the Composite Offer Document, or as to the action to be taken, to consult a licensed securities dealer, bank manager, solicitor, professional accountant, tax adviser or other professional adviser.**

Yours faithfully,  
For and on behalf of  
**Gram Capital Limited**  
**Graham Lam**  
*Managing Director*

*Note:* Mr. Graham Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Gram Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 20 years of experience in investment banking industry.

## 1. PROCEDURES FOR ACCEPTANCE OF THE OFFER

To accept the Offer, you should complete and sign the Form of Acceptance in accordance with the instructions printed thereon, which instructions form part of the Offer.

- (a) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your NSG Shares is/are in your name, and you wish to accept the Offer, you must send the completed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar, being Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, by post or by hand, marked "**New Sports Group Limited-General Offer**" on the envelope, in any event not later than 4:00 p.m., on the Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code.
- (b) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your NSG Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Offer whether in full or in part of your NSG Shares, you must either:
  - (i) lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, with instructions authorising it to accept the Offer on your behalf and requesting it to deliver in an envelope marked "**New Sports Group Limited-General Offer**" the completed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or
  - (ii) arrange for the NSG Shares to be registered in your name by NSG through the Registrar, and deliver in an envelope marked "**New Sports Group Limited-General Offer**" the completed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or
  - (iii) if your NSG Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for



the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or

- (iv) if your NSG Shares have been lodged with your investor participant's account maintained with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited.
- (c) If the share certificate(s) and/or transfer receipts and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your NSG Shares is/are not readily available and/or is/are lost and you wish to accept the Offer in respect of your Shares, the Form of Acceptance should nevertheless be completed and delivered in an envelope marked "**New Sports Group Limited-General Offer**" to the Registrar together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipts and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, it/they should be forwarded to the Registrar as soon as possible thereafter. If you have lost your share certificate(s), you should also write to the Registrar for a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.
- (d) If you have lodged transfer(s) of any of your NSG Shares for registration in your name and have not yet received your share certificate(s), and you wish to accept the Offer in respect of your NSG Shares, you should nevertheless complete the Form of Acceptance and deliver it in an envelope marked "**New Sports Group Limited-General Offer**" to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable instruction and authority to each of CCBI Capital and/or the Offeror and/or any of their respective agent(s) to collect from NSG or the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such certificate(s) to the Registrar and to authorise and instruct the Registrar to hold such share certificate(s), subject to the terms and conditions of the Offer, as if it was/they were delivered to the Registrar with the Form of Acceptance.
- (e) Acceptance of the Offer will be treated as valid only if the completed Form of Acceptance is received by the Registrar by no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code and the Registrar has recorded that the Form of Acceptance and any relevant documents required have been so received, and is:
  - (i) accompanied by the relevant NSG Share certificate(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if those NSG Share certificate(s) is/are not in your name, such

other documents (e.g. a duly stamped transfer of the relevant NSG Share(s) in blank or in your favour executed by the registered holder) in order to establish your right to become the registered holder of the relevant NSG Shares; or

- (ii) from a registered NSG Independent Shareholder or his personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the NSG Shares which are not taken into account under the other subparagraph of this paragraph (e)); or
  - (iii) certified by the Registrar or the Stock Exchange. If the Form of Acceptance is executed by a person other than the registered NSG Independent Shareholder, appropriate documentary evidence of authority (such as grant of probate or certified copy of power of attorney) to the satisfaction of the Registrar must be produced.
- (f) 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 shares, each amounting to a rate of 0.1% of the consideration payable in respect of the relevant acceptances by the relevant NSG Independent Shareholders, or if higher, the market value of the NSG shares subject to such acceptance.
- (g) No acknowledgement of receipt of any Form of Acceptance, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.
- (h) The address of the Registrar is Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

## **2. SETTLEMENT**

- (a) Provided that a valid Form of Acceptance and the relevant NSG Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title and/or transfer receipt(s) (and/or any satisfactory indemnity or indemnities required in respect thereof) have been received by the Registrar no later than 4:00 p.m. on the Closing Date:
- a. in case where the Cash Alternative is selected, a cheque for the amount due to each accepting NSG Independent Shareholder will be despatched to such NSG Independent Shareholder by ordinary post at his/her/its own risk as soon as possible but in any event within seven (7) business days (as defined under the Takeovers Code) of the date on which all the relevant documents are received by the Registrar to render such acceptance complete and valid by the Registrar in accordance with the Takeovers Code;

- b. in case where the Share Alternative is selected, the certificate of new CGG Shares issued and allotted by CGG will be despatched to such NSG Independent Shareholder by ordinary post at his/her/its own risk as soon as possible but in any event within seven (7) business days (as defined under the Takeovers Code) of the date on which all the relevant documents are received by the Registrar to render such acceptance complete and valid by the Registrar in accordance with the Takeovers Code;
  - c. in case where the NSG Independent Shareholder elects to accept the Offer partly for the Share Alternative and partly for the Cash Alternative, a cheque for the relevant amount in cash and the certificate for the relevant number of new CGG Shares to be issued and allotted by CGG that such NSG Independent Shareholder is entitled to will be despatched to such NSG Independent Shareholder by ordinary post at his/her/its own risk as soon as possible but in any event within seven (7) business days (as defined under the Takeovers Code) of the date on which all the relevant documents are received by the Registrar to render such acceptance complete and valid by the Registrar in accordance with the Takeovers Code.
- (b) 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 of 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, i.e. 4:00 p.m. on Friday, 24 May 2019.
  - (c) No fraction of a cent will be payable and the amount of cash consideration payable to an NSG Independent Shareholder who accept the Cash Alternative will be rounded up to the nearest cent.
  - (d) Settlement of the consideration to which any NSG Independent Shareholders are entitled under the Offer will be implemented in full in accordance with the terms of the Offer, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such NSG Independent Shareholders.

### 3. ACCEPTANCE PERIOD AND REVISIONS

- (a) Unless the Offer has previously been revised or extended with the consent of the Executive, all acceptances of the Offer must be received by the Registrar by 4:00 p.m. on Friday, 24 May 2019, being the Closing Date. The Offer is unconditional.
- (b) If the Offer is extended or revised, the announcement of such extension or revision shall state the next Closing Date or that the Offer will remain open until further notice. For the latter case, at least 14 days' notice in writing will be given to the NSG Independent Shareholders, who have not accepted the Offer before the Offer is closed, and an announcement in respect thereof shall be released. If the Offeror revises the terms of the Offer, all NSG Independent Shareholders, whether or not they have already accepted the Offer, will be entitled to accept the revised Offer under the revised terms.
- (c) If the Closing Date is extended, any reference in this Composite Offer Document and in the Form of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the Closing Date so extended.

### 4. NOMINEE REGISTRATION

To ensure equality of treatment of all NSG Independent Shareholders, those registered NSG Independent Shareholders who hold the NSG Shares for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. It is essential for the beneficial owners of the NSG Shares whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Offer.

### 5. ANNOUNCEMENTS

- (a) By 6:00 p.m. on Friday, 24 May 2019 (or such later time and/or date as the Executive may in exceptional circumstances permit) which is the Closing Date, the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the expiry, revision or extension of the Offer. The Offeror must post an announcement on the Stock Exchange's website by 7:00 p.m. on the Closing Date stating the results of the Offer and whether the Offer have been revised, extended or closed.

The announcement must state the total number of NSG Shares:

- (i) for which acceptances of the Offer have been received;
- (ii) held, controlled or directed by the Offeror or persons acting in concert with it before the Offer Period; and
- (iii) acquired or agreed to be acquired during the Offer Period by the Offeror or persons acting in concert with it.

The announcement must also include details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in NSG which the Offeror or any person acting in concert with it has borrowed or lent (save for any borrowed NSG Shares which have been either on-lent or sold) and specify the percentages of the issued share capital of NSG and the percentages of voting rights of NSG represented by these numbers.

- (b) In computing the total number of NSG Shares, only valid acceptances that are complete and in good order and satisfy the acceptance conditions set out in paragraph headed “1. Procedures for Acceptance of the Offer” of this Appendix and which have been received by the Registrar no later than 4:00 p.m. on Friday, 24 May 2019, being the Closing Date and the latest time and date for acceptance of the Offer, shall be included.
- (c) As required under the Takeovers Code, all announcements in respect of the Offer must be made in accordance with the requirements of the Takeovers Code and the Listing Rules.

## **6. RIGHT OF WITHDRAWAL**

- (a) Acceptance of the Offer tendered by any NSG Independent Shareholders shall be irrevocable and cannot be withdrawn, except in the circumstances set out below.
- (b) If the Offeror is unable to comply with the requirements set out in the paragraph headed “5. Announcements” above, as set out in Rule 19.2 of the Takeovers Code, the Executive may require that the NSG Independent Shareholders who have tendered acceptances to the Offer be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that rule are met.

In such case, if the NSG Independent Shareholders withdraw their acceptances, the Registrar shall, as soon as possible but in any event within ten (10) days thereof, return by ordinary post the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the NSG Shares lodged with the Form of Acceptance to the relevant NSG Independent Shareholders.

Save as aforesaid, acceptances of the Offer shall be irrevocable and not capable of being withdrawn. By accepting the Offer, the NSG Independent Shareholders will sell their NSG Shares to the Offeror free from all Encumbrances together with all rights attached thereto, including but not limited to all rights to any dividend or other distribution declared, made or paid on or after the date on which the Offer is made, being the date of the despatch of this Composite Offer Document.

**7. OVERSEAS HOLDERS**

The Offer is made available to all the NSG Independent Shareholders, including the Overseas Holders. The availability of the Offer to any Overseas Holders may be affected by the applicable laws and regulations of their relevant jurisdictions of residence. Overseas Holders should observe any applicable legal and regulatory requirements and, where necessary, consult their own professional advisers. It is the responsibilities 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 by such Overseas Holders in respect of such jurisdictions).

**8. STAMP DUTY**

The seller's and the buyer's Hong Kong ad valorem stamp duty on acceptances of the Offer (or part thereof) each at a rate of 0.1% of the consideration payable in respect of the relevant acceptances by the relevant NSG Independent Shareholders, or if higher, the market value of the NSG Shares subject to such acceptance, will be borne by the Offeror.

**9. TAX IMPLICATIONS**

NSG Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, parties acting in concert with the Offeror, CGG, 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 responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

**10. GENERAL**

- (a) All communications, notices, Form of Acceptance, NSG Share certificates, transfer receipts, other documents 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 post at their own risk, and the Offeror, CGG, 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 do not accept any liability for any loss or delay in postage or any other liabilities that may arise as a result thereof.
- (b) The provisions set out in the Form of Acceptance form part of the terms of the Offer.

- (c) The accidental omission to despatch this Composite Offer Document and/or Form of Acceptance or any of them to any person to whom the Offer is made will not invalidate the Offer in any way.
- (d) The Offer is, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong.
- (e) Due execution of the Form of Acceptance will constitute an authority to the Offeror, CCBI Capital, or such person or persons as the Offeror or CCBI Capital may direct to complete, amend and execute any document on behalf of the person or persons accepting the Offer and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror, or such person or persons as it may direct, the NSG Shares in respect of which such person or persons has/have accepted the Offer.
- (f) Acceptance of the Offer by any person or persons will be deemed to constitute a warranty by such person or persons to the Offeror and NSG that the NSG Shares under the Offer are free from all third party rights and Encumbrances whatsoever and together with all rights accruing or attaching thereto including the rights to receive in full all dividends and distributions recommended, declared, made or paid on or after the date on which the Offer are made.
- (g) References to the Offer in this Composite Offer Document and the Form of Acceptance shall include any revision and/or extension thereof.
- (h) The making of the Offer to the Overseas Holders may be prohibited or affected by the laws of the relevant jurisdictions. The Overseas Holders should inform themselves about and observe any applicable legal or regulatory requirements. It is the responsibility of each Overseas Holders who wishes to accept the Offer to satisfy himself/herself/itself as to the full observance of the laws and regulations of all relevant jurisdictions in connection therewith, including, but not limited to the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required and the compliance with all necessary formalities, regulatory and/or legal requirements. Such Overseas Holders shall be fully responsible for the payment of any transfer or other taxes and duties due by such Overseas Holders in respect of the relevant jurisdictions. The Overseas Holders are recommended to seek professional advice on deciding whether or not to accept the Offer.
- (i) Acceptances of the Offer by any persons will be deemed to constitute a warranty by such persons that such persons are permitted under all applicable laws and regulations to receive and accept the Offer, and any revision thereof, and such acceptances shall be valid and binding in accordance with all applicable laws and regulations. Any such persons will be responsible for any such issue, transfer and other applicable taxes or other governmental payments payable by such persons.



- (j) Subject to the Takeovers Code, the Offeror reserves the right to notify any matter (including the making of the Offer) to all or any NSG Independent Shareholders with registered address(es) outside Hong Kong or whom the Offeror and/or CCBI Capital knows to be nominees, trustees or custodians for such persons by announcement in which case such notice shall be deemed to have been sufficiently given notwithstanding any failure by any such NSG Independent Shareholders to receive or see such notice, and all references in this Composite Offer Document to notice in writing shall be construed accordingly.
- (k) In making their decision, the NSG Independent Shareholders must rely on their own examination of the Offeror, CGG, the CGG Group, NSG, the NSG Group and the terms of the Offer, including the merits and risks involved. The contents of this Composite Offer Document, including any general advice or recommendation contained herein together with the Form of Acceptance shall not be construed as any legal or business advice on the part of the Offeror, CGG, 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. The NSG Independent Shareholders should consult their own professional advisers for professional advice.
- (l) The English texts of this Composite Offer Document and the Form of Acceptance shall prevail over their respective Chinese texts for the purpose of interpretation in case of inconsistency.



## 1. SUMMARY OF THE FINANCIAL INFORMATION

The following is a summary of the audited financial results of the NSG Group for each of the three years ended 31 December 2018, which is extracted from the audited consolidated financial statements of NSG Group as set forth in the annual reports of NSG for the three financial years ended 31 December 2018. The auditor's report issued by RSM Hong Kong in respect of NSG Group's audited consolidated financial statements for the three financial years ended 31 December 2018 did not contain any qualifications.

Save as below, there are no items of any income or expense which are material in respect of the consolidated financial results of the NSG Group for each of the three financial years ended 31 December of 2016, 2017 and 2018.

	Year ended 31 December		
	2018	2017	2016
	HK\$'000	HK\$'000	HK\$'000
<b>Continuing operations</b>			
TURNOVER	<u>1,892,396</u>	<u>191,519</u>	<u>155,207</u>
PROFIT/(LOSS) BEFORE TAX	268,181	(53,425)	(769,653)
INCOME TAX EXPENSE	<u>(106,344)</u>	<u>(3,541)</u>	<u>(2,950)</u>
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS	<u>161,837</u>	<u>(56,966)</u>	<u>(772,603)</u>
<b>Discontinued Operation</b>			
PROFIT/(LOSS) FOR THE YEAR FROM DISCONTINUED OPERATION	<u>—</u>	<u>158,813</u>	<u>(147,568)</u>
PROFIT/(LOSS) FOR THE YEAR	<u>161,837</u>	<u>101,847</u>	<u>(920,171)</u>
PROFIT/(LOSS) ATTRIBUTABLE TO:			
OWNERS OF THE COMPANY	103,138	87,940	(861,582)
NON-CONTROLLING INTERESTS	<u>58,699</u>	<u>13,907</u>	<u>(58,589)</u>
	<u>161,837</u>	<u>101,847</u>	<u>(920,171)</u>

	Year ended 31 December		
	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
<b>Other comprehensive income:</b>			
<i>Items that may not be reclassified to profit or loss:</i>			
Fair value changes of equity instruments at fair value through other comprehensive income (“FVTOCI”)	(67,030)	—	—
	<u>(67,030)</u>	<u>—</u>	<u>—</u>
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences arising on translating foreign operations	(27,604)	67,032	(82,021)
Exchange differences reclassified to profit or loss on disposal of subsidiaries	1	23,740	—
	<u>(27,603)</u>	<u>90,722</u>	<u>(82,021)</u>
<b>Total comprehensive income for the year attributable to:</b>			
Owners of the Company	(4,280)	166,468	(942,743)
Non-controlling interests	71,484	26,151	(59,449)
	<u>67,204</u>	<u>192,619</u>	<u>(1,002,192)</u>
<b>EARNINGS/(LOSS) PER SHARE</b>			
<b>FROM CONTINUING AND DISCONTINUED OPERATIONS</b>			(represented)
Basic ( <i>cents</i> )	0.03	0.05	(1.13)
<b>FROM CONTINUING OPERATIONS</b>			
Basic ( <i>cents</i> )	0.03	(0.04)	(0.93)
<b>DIVIDEND DISTRIBUTED TO OWNERS</b>	0.00	0.00	0.00
<b>DIVIDEND PER SHARE</b>	0.00	0.00	0.00

## 2. AUDITED CONSOLIDATED FINANCIAL STATEMENTS

The Offeree Company is required to set out or refer in the Composite Offer Document the statement of financial position, cash flows and any other primary statement as shown in the audited consolidated financial statements of the NSG Group for the three years ended 31 December 2018, together with the relevant notes thereto, are disclosed in the following documents which have been published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of NSG (<http://www.newsportsgp.com>):

- pages 85 to 215 in the annual report of NSG for the year ended 31 December 2018 published on 25 April 2019;
- pages 74 to 178 in the annual report of NSG for the year ended 31 December 2017 published on 16 April 2018; and
- pages 66 to 164 in the annual report of NSG for the year ended 31 December 2016 published on 21 April 2017.

The management discussion and analysis of the NSG Group for the year ended 31 December 2018 are disclosed in the published annual reports of NSG for the relevant years. Please also see below the links to the relevant annual reports of NSG:

**Annual report of NSG for the financial year ended 31 December 2018:**

<http://www3.hkexnews.hk/listedco/listconews/SEHK/2019/0425/LTN201904251728.pdf>

**Annual report of NSG for the financial year ended 31 December 2017:**

<http://www3.hkexnews.hk/listedco/listconews/SEHK/2018/0416/LTN201804161333.pdf>

**Annual report of NSG for the financial year ended 31 December 2016:**

<http://www3.hkexnews.hk/listedco/listconews/SEHK/2017/0421/LTN20170421059.pdf>

## 3. INDEBTEDNESS STATEMENT OF NSG

## (i) The NSG Group

*Indebtedness*

As at the close of business on 31 January 2019, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this Composite Offer Document, the NSG Group had the following indebtedness:

	<i>Notes</i>	<b>As at 31 January 2019 HK\$'000</b>
Bank borrowings — secured	(2)	915,528
Bank borrowings — unsecured	(3)	52,933
Other borrowings — unsecured	(4)	3,674,233
Corporate bonds	(5)	503,372
Lease liabilities	(1)	<u>15,248</u>
		<u><u>5,161,314</u></u>

*Notes:*

- (1) The lease liabilities were measured at the present value of the remaining lease payments, discounted using 5.125%.
- (2) Bank borrowings of approximately HK\$478,603,000 were secured by certain investment properties and properties under development held by the NSG Group. Bank borrowings of approximately HK\$60,079,000 were secured by listed securities held by the NSG Group. Bank borrowings of approximately HK\$376,846,000 were secured by certain properties under development and the entire issued share capital of a non-wholly owned subsidiary of the NSG Group. Bank borrowings of approximately HK\$186,508,000 were guaranteed.
- (3) On 31 January 2019, the NSG Group had unsecured loans due to a bank and financial institutions in the PRC with outstanding amounts of approximately HK\$24,428,000 and HK\$28,505,000 respectively. Bank borrowings of approximately HK\$24,428,000 were guaranteed.
- (4) The balances were unsecured and unguaranteed. The balances of approximately HK\$2,786,906,000 were bearing an interest rate of 5–30% and will mature in 2019 to 2021. The balances of approximately HK\$887,327,000 were interest-free with no fixed terms of repayment.
- (5) The balances were unsecured, guaranteed, bearing an interest rate of 10%, and will mature in 2019.

*Contingent liabilities or guarantees*

As at 31 January 2019, the NSG Group had issued certain guarantees to some banks in respect of banking facilities granted to an associated party of the former equity holder of a subsidiary of the NSG Group. Under the guarantees, the NSG Group and the associated party were jointly and severally liable for all or any of the borrowings of each of them from the banks upon failure of the guaranteed entity to make payments when due. The maximum liability of the NSG Group as at 31 January 2019 under guarantees was the amount of bank loans drawn under the guarantees at that date of approximately HK\$341,700,000.

As at 31 January 2019, the NSG Group had issued certain guarantees to some banks in respect of banking facilities granted to associated parties of a non-controlling interest equity holder of the NSG Group. Under the guarantees, the NSG Group and the associated parties were jointly and severally liable for all or any of the borrowings of each of them from the banks upon failure of the guaranteed entities to make payments when due. The maximum liability of the NSG Group as at 31 January 2019 under guarantees was the amount of bank loans drawn under the guarantees at that date of approximately HK\$119,026,000.

**(ii) General**

Save as aforesaid or as otherwise disclosed herein, as at the close of business on 31 January 2019, the NSG Group had no other: (i) debt securities issued and outstanding, and authorised or otherwise created but unissued, term loans, distinguishing between guaranteed, unguaranteed, secured and unsecured; (ii) borrowings or indebtedness in the nature of borrowing, including bank overdrafts and liabilities under acceptances or acceptance credits or hire purchase commitments, distinguishing between guaranteed, unguaranteed, secured and unsecured borrowings and debt; (iii) mortgages and charges; and (iv) contingent liabilities or guarantees.

**4. MATERIAL CHANGE**

Save as and except for below, there was no material change in the financial or trading position or outlook of the NSG Group since 31 December 2018, being the date to which the latest published audited consolidated financial statements of the NSG Group were made up, up to and including the Latest Practicable Date:

- (i) the NSG Group's bank balances and cash as at 31 March 2019 decreased substantially as compared to that as at 31 December 2018, which was mainly due to a deposit paid for a re-construction project in the PRC in January 2019. Such payment of deposit was recorded under trade and other receivable of the balance sheet. Accordingly, the NSG Group's trade and other receivable as at 31 March 2019 increased substantially as compared to that as at 31 December 2018; and

- (ii) the NSG Group's trade and other payables as at 31 March 2019 increased substantially as compared to that as at 31 December 2018, which was mainly due to the cost for provision of construction incurred for NSG Group's ordinary business; and
- (iii) the NSG Group's finance costs for the three months ended 31 March 2019 increased significantly as compared to that for the corresponding period in 2018.

## 1. SUMMARY OF FINANCIAL INFORMATION OF CGG GROUP

The following is a summary of the financial results of CGG Group for each of the three financial years ended 31 December 2018 as extracted from the annual reports of CGG.

No qualified opinion was given by the auditors of CGG, namely, PricewaterhouseCoopers and BDO Limited, in respect of CGG's audited consolidated financial statements for each of the two financial years ended 31 December 2017 and for the financial year ended 31 December 2018, respectively.

Saved as below, there were no items of any income or expense which are material in respect of the consolidated financial results of the CGG Group for each of the three financial years ended 31 December 2018, respectively.

	Year ended 31 December		
	2018	2017	2016
	HK\$'000	HK\$'000	HK\$'000
Turnover	<u>1,582,581</u>	<u>2,825,287</u>	<u>995,560</u>
Profit before tax	809,512	1,055,403	849,630
Income tax expense	<u>(133,916)</u>	<u>(161,512)</u>	<u>(195,221)</u>
Profit for the year	<u><u>675,596</u></u>	<u><u>893,891</u></u>	<u><u>654,409</u></u>
Profit attributable to:			
Owners of the Company	670,827	869,170	466,593
Non-controlling interests	<u>4,769</u>	<u>24,721</u>	<u>187,816</u>
	<u><u>675,596</u></u>	<u><u>893,891</u></u>	<u><u>654,409</u></u>
Other comprehensive income for the year	<u>(2,317,207)</u>	<u>217,535</u>	<u>(61,563)</u>
Total comprehensive income for the year	<u>(1,641,611)</u>	<u>1,111,426</u>	<u>592,846</u>
Total comprehensive income for the year attributable to:			
Owners of the Company	(1,632,515)	1,054,955	405,030
Non-controlling interests	<u>(9,096)</u>	<u>56,471</u>	<u>187,816</u>
	<u>(1,641,611)</u>	<u>1,111,426</u>	<u>592,846</u>
Earnings per share			
Basic (HK cents)	<u>2.60</u>	<u>3.90</u>	<u>2.15</u>
Dividends	<u>51,740</u>	<u>131,936</u>	<u>70,875</u>
Dividend per Share (HK cents)	<u>0.20</u>	<u>0.51</u>	<u>0.32</u>

## 2. CONSOLIDATED FINANCIAL STATEMENTS

The Offeror is required to set out or refer to in this Composite Offer Document the financial position, consolidated statement of cash flows and any other primary statement as shown in the audited consolidated financial statements of the CGG Group for the three financial years ended 31 December 2018, together with the relevant notes thereto, are disclosed in the following documents which have been published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of CGG (<http://www.hk1282.com>):

- pages 59 to 148 in the annual report of CGG for the financial year ended 31 December 2016 published on 6 April 2017;
- pages 67 to 168 in the annual report of CGG for the financial year ended 31 December 2017 published on 10 April 2018; and
- pages 72 to 228 in the annual report of CGG for the financial year ended 31 December 2018 published on 29 April 2019.

The management discussion and analysis of the CGG Group for the three years ended 31 December 2018 are disclosed in the published annual reports of CGG for the relevant years. Please also see below the links to the relevant annual reports of CGG:

- **Annual report of CGG for the financial year ended 31 December 2016:**  
<http://www3.hkexnews.hk/listedco/listconews/SEHK/2017/0406/LTN201704061409.pdf>
- **Annual report of CGG for the financial year ended 31 December 2017:**  
<http://www3.hkexnews.hk/listedco/listconews/SEHK/2018/0410/LTN20180410911.pdf>
- **Annual report of CGG for the financial year ended 31 December 2018:**  
<http://www3.hkexnews.hk/listedco/listconews/SEHK/2019/0429/LTN201904291983.pdf>



### 3. INDEBTEDNESS STATEMENT

#### (i) The CGG Group

##### *Indebtedness*

As at the close of business on 31 January 2019, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this Composite Offer Document, the CGG Group had the following indebtedness:

	<i>Notes</i>	<b>As at 31 January 2019 HK\$'000</b>
The CGG Group		
Bank borrowings — secured	(1)	543,166
Bank borrowings — unsecured	(2)	54,856
Other borrowings — unsecured	(3)	498,891
Corporate bonds	(4)	174,028
Lease liabilities	(5)	<u>11,424</u>
		<u><u>1,282,365</u></u>

- (1) Bank borrowings of approximately HK\$433,166,000 were secured by certain properties held by the CGG Group. Bank borrowings of HK\$80,000,000 were secured by certain listed securities pledged by the customers to the CGG Group as loan collateral. A bank borrowing of HK\$30,000,000 was secured by a fixed deposit of the CGG Group. Bank borrowings of approximately HK\$149,185,000 were guaranteed by CGG.
- (2) On 31 January 2019, the CGG Group had unsecured import loans due to banks and an unsecured term loan due to a bank in Hong Kong with outstanding amounts of approximately HK\$24,856,000 and HK\$30,000,000 respectively. Borrowings of approximately HK\$24,856,000 were guaranteed by CGG.
- (3) The balances were unsecured, unguaranteed, bearing an interest rate of 5%, and will mature in 2020.
- (4) The balances were unsecured, unguaranteed, bearing an interest rate of 5%, and will mature in 2019 and 2020.
- (5) The lease liabilities were measured at the present value of the remaining lease payments, discounted using 5.125%.

##### *Contingent liabilities or guarantees*

The CGG Group has arranged bank financing for certain purchasers of the CGG Group's property units and provided guarantees to secure obligations of such purchasers for repayments. As at 31 January 2019, guarantees amounting to HK\$1,141,959,000 were given to banks with respect to loans procured by purchasers of the CGG Group's properties. Such guarantees would terminate upon the earlier of (i) issuance of the real estate ownership certificate to the purchasers; or (ii) the full repayment of mortgaged loan by the purchasers of properties.

**(ii) General**

Save as aforesaid or as otherwise disclosed herein, as at the close of business on 31 January 2019, the CGG Group had no other: (i) debt securities issued and outstanding, and authorised or otherwise created but unissued, term loans, distinguishing between guaranteed, unguaranteed, secured and unsecured; (ii) borrowings or indebtedness in the nature of borrowing, including bank overdrafts and liabilities under acceptances or acceptance credits or hire purchase commitments, distinguishing between guaranteed, unguaranteed, secured and unsecured borrowings and debt; (iii) mortgages and charges; and (iv) contingent liabilities or guarantees.

**4. MATERIAL CHANGE**

Save for the followings, the directors of CGG and the Offeror were not aware of any material change in the financial or trading position or outlook of the CGG Group since 31 December 2018, being the date to which the latest published consolidated financial statements of the CGG Group were made up, up to and including the Latest Practicable Date:

- (1) On 10 January 2019, Goldjoy Holding Limited, a wholly-owned subsidiary of CGG as purchaser, entered into the sale and purchase agreements with Ascend Fortune Ventures Limited (財昇創投有限公司) and Merit Faith Ventures Limited (優信創投有限公司) as vendors in relation to the acquisition of 20.0% of the entire issued share capital in each of Affluent Advantage Limited (豐益有限公司), Proficient Power Limited (精威有限公司), Prominent Up Limited (顯昇有限公司), Fast Prestige Limited (捷譽有限公司), Novel Forward Limited (穎進有限公司), Gigantic Increase Limited (鴻增有限公司), Metro Grow Limited (城亮有限公司) and Stellar Result Limited (萃績有限公司) at a total consideration of HK\$200.0 million which is subject to adjustments. The completion of these acquisitions took place on 14 January 2019. Details are set out in the announcements of CGG dated 10 January 2019 and 15 January 2019; and
- (2) On 17 January 2019, the Offeror and the Vendor Parties entered into the Sale and Purchase Agreement (as amended and supplemented by a supplemental agreement dated 18 January 2019 entered into by and among the same parties), pursuant to which the Offeror conditionally agreed to purchase, and the Vendor Parties conditionally agreed to sell, an aggregate of 1,509,180,611 NSG Share. Upon the Completion, 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). The Completion took place on 23 April 2019. Details are set out in the joint announcements of CGG, the Offeror and NSG dated 21 January 2019 and 23 April 2019, and this Composite Offer Document.

## 5. FINANCIAL AND TRADING PROSPECTS OF THE CGG GROUP

Since 2015, the CGG Group has developed a long-term plan for property investment and development. It had conducted a series of market research, studies and site visits on property projects. In 2016, the CGG Group acquired 75.5% equity interest in a PRC company which held a piece of land with a gross floor area of approximately 120,000 square meters in the core area of Guangming New District, Shenzhen City, the PRC and a large-scale innovative science park for science enterprises and a first long-term branded apartment was successfully established in 2017.

Since the adoption of property investment and development as its principal business activity in July 2017, the CGG Group has held two comprehensive property development projects, namely Taigu Plaza\* (太古城) and Century Plaza\* (世紀城) in Zhangjiang New District, Ganzhou City, Jiangxi Province, the PRC for commercial, hotel and other uses since the completion of the acquisitions of two PRC companies in December 2017 and May 2018 respectively.

As the CGG Group expects that the Chinese Central Government will maintain a nationwide financial deleveraging policy, moderately loose monetary policy and a positive fiscal policy in 2019, it believes that the Chinese property market will grow steadily and is, therefore, optimistic of the long-term prospect of its property investment and development segment. For the current financial year, the CGG Group will explore viable projects in major metropolitan centres and districts in the PRC such as the Greater-Bay Area, an international technology innovation hub, with free flow and integration of innovative elements and industries in the region. Besides, the CGG Group will attempt to grasp the opportunity of land acquisition and increase the CGG Group's premium land bank through different channels to lock in more high-return projects at low costs.

Given that NSG Group is also principally engaging in property investment and development in the PRC and majority of its assets are held under this segment, the board of directors of CGG believes that the enlarged CGG Group (as enlarged by its acquisition of the NSG Group pursuant to the Sale and Purchase Agreement and the Offer) will benefit from the economies of scale in this business.

## 1. RESPONSIBILITY STATEMENT

The directors of the Offeror and CGG jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Offer Document (other than information relating to the NSG Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Offer Document (other than those expressed by the directors of the NSG) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Offer Document, the omission of which would make any statement in this Composite Offer Document misleading.

## 2. SHARE CAPITAL

As at the Latest Practicable Date, the authorised share capital of CGG was HK\$50,000,000,000 divided into 500,000,000,000 CGG Shares.

The number of issued CGG Shares as at the Latest Practicable Date and the maximum number of new CGG Shares to be allotted and issued under the Offer are as follows:

*Issued:*

27,378,311,711 CGG Shares (as at the Latest Practicable Date)

*To be issued under the Offer:*

1,474,607,899 CGG Shares (to be issued under the Offer assuming full acceptance  
\_\_\_\_\_ of the Offer and election for the Share Alternative by all accepting  
NSG Independent Shareholders)

28,852,919,610 CGG Shares (upon completion of the Offer assuming full acceptance  
\_\_\_\_\_ of the Offer and election for the Share Alternative by all accepting  
NSG Independent Shareholders)

All of the existing issued CGG Shares rank pari passu in all respects with each other, including all rights in respect of dividends, voting and interest in capital.

The new CGG Shares to be issued to satisfy the Share Alternative under the Offer will rank pari passu in all respects with the issued CGG Shares as at the date of allotment of such new CGG Shares, including, among other things, the right to receive in full all dividends and other distributions after the date of issue of such new CGG Shares under the Offer.

As at the Latest Practicable Date, there were no other outstanding shares, options, warrants, derivatives or other relevant securities that carried a right to subscribe for or which were convertible into CGG Shares.

There had been no change to the issued share capital of CGG and no CGG Share have been bought back since 31 December 2018, the date to which the latest published audited consolidated accounts of the CGG Group were made up, and up to the Latest Practicable Date.

There was no reorganisation of capital of CGG during the two financial years preceding the commencement of the Offer Period.

### 3. DISCLOSURE OF INTERESTS OF THE OFFEROR

As at the Latest Practicable Date, details of interests in the NSG Shares, underlying NSG Shares, debentures or other relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of NSG held or controlled by the Offeror, the directors of the Offeror and parties acting in concert with the Offeror were as follows:

Name	Capacity/nature of interest	Number of NSG Shares/ underlying NSG Shares held	Approximate percentage of interest in the total issued NSG Shares (Note 2)
The Offeror	Beneficial owner	1,528,375,611	37.65%
Hong Kong Bao Da Financial Holdings Limited (Note 1)	Beneficial owner	1,144,151,739	28.18%
Glory Sun Securities Limited	Beneficial owner	21,129,048	0.52%
Mr. Yao Jianhui	Beneficial owner	1,314,000	0.03%
Mr. Li Minbin	Beneficial owner	306,500	0.01%
Mr. Zhang Chi	Beneficial owner	1,220,000	0.03%

Notes:

- As at the Latest Practicable Date, 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.
- Calculated based on the number of issued NSG Shares as at the Latest Practicable Date (i.e. 4,059,556,212 NSG Shares).

Save as disclosed above, as at the Latest Practicable Date, none of the Offeror, its directors and parties acting in concert with the Offeror had any interest in the relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of NSG.

**4. DISCLOSURE OF OTHER INTERESTS AND DEALINGS IN SECURITIES OF NSG**

As at the Latest Practicable Date:

- (a) save as disclosed in the paragraph headed “Dealings and interests in NSG’s securities” in the section headed “Letter from CCBI Capital” of this Composite Offer Document, none of the Offeror or parties acting in concert with it (including CGG) has dealt in any NSG Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of NSG during the Relevant Period;
- (b) save as disclosed in the paragraph headed “Shareholding structure of NSG” in the section headed “Letter from CCBI Capital” of this Composite Offer Document, none of the Offeror, its directors and/or parties acting in concert with it (including CGG and the Financial Adviser’s Group) owned or had control over any voting rights or rights over the NSG Shares, options, derivatives, warrants or other securities convertible into NSG Shares;
- (c) save as disclosed in the paragraph headed “Financial resources available to the Offeror” in the section headed “Letter from CCBI Capital” in this Composite Offer Document and the Facility, there was no agreement, arrangement or understanding that any securities acquired in pursuance of the Offer would be transferred, charged or pledged to any other persons;
- (d) none of the Offeror and parties acting in concert with it (including CGG) has received any irrevocable commitment to accept the Offer;
- (e) no benefit (other than statutory compensation) was or would be given by the Offeror to any NSG Director as compensation for his/her loss of office or otherwise in connection with the Offer;
- (f) there was no agreement or arrangement to which the Offeror 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;
- (g) there was no agreement, arrangement or understanding (including any compensation arrangement) between the Offeror or any party acting in concert with it (including CGG) on one hand and any directors, recent directors, shareholders or recent shareholders of NSG on the other hand, having any connection with or dependence upon the Offer;
- (h) no arrangement (whether by way of option, indemnity or otherwise) of the kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the NSG Shares and which might be material to the Offer exists between the Offeror, NSG or any associates of the Offeror or NSG;

- (i) none of the Offeror and parties acting in concert with it (including CGG) has borrowed or lent any CGG Shares, convertible securities, warrants, options or derivatives in CGG during the Relevant Period;
- (j) none of the Offeror and parties acting in concert with it (including CGG) has borrowed or lent any NSG Shares, convertible securities, warrants, options or derivatives in NSG during the Relevant Period;
- (k) no person had made irrevocable commitment to the Offeror that he would accept or reject the Offer;
- (l) none of the directors of CGG or the Offeror would be affected in terms of their emoluments in connection with the transactions contemplated under the Sale and Purchase Agreement, the Offer or by any other associated transaction;
- (m) no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code existed between the Offeror or any persons acting in concert with it (on one hand) and any other person (on the other hand); and
- (n) no NSG Shares, convertible securities, warrants, options or derivatives of NSG was managed on a discretionary basis by any fund managers connected with the Offeror and/or parties acting in concert with it (including CGG), and no such person had dealt in any NSG Shares or convertible securities, warrants, options or derivatives of NSG during the Relevant Period.

**5. MARKET PRICES****CGG Shares**

The table below sets out the closing price of the CGG Shares quoted on the Stock Exchange on (i) the last business day (as defined in the Takeovers Code) on which trading took place in each of the calendar months during the Relevant Period; (ii) the Last Trading Day; and (iii) the Latest Practicable Date.

<b>Date</b>	<b>Closing price per CGG Share (HK\$)</b>
31 July 2018	0.48
31 August 2018	0.46
28 September 2018	0.45
31 October 2018	0.32
30 November 2018	0.335
31 December 2018	0.48
17 January 2019 (the Last Trading Day)	0.435
31 January 2019	0.375
28 February 2019	0.385
29 March 2019	0.325
30 April 2019 (the Latest Practicable Date)	0.31

During the Relevant Period, the highest closing price of the CGG Shares was HK\$0.48 per CGG Share as quoted on the Stock Exchange on 23 and 31 July 2018, and 31 December 2018 and the lowest closing price of the CGG Shares was HK\$0.310 per CGG Share as quoted on the Stock Exchange on 11, 16, 18 and 30 April 2019.



**NSG Shares**

The table below sets out the closing price of the NSG Shares quoted on the Stock Exchange on (i) the last business day (as defined in the Takeovers Code) on which trading took place in each of the calendar months during the Relevant Period; (ii) the Last Trading Day; and (iii) the Latest Practicable Date:

<b>Date</b>	<b>Closing price per NSG Share (HK\$)</b>
31 July 2018	0.65
31 August 2018	0.63
28 September 2018	0.49
31 October 2018	0.325
30 November 2018	0.48
31 December 2018	0.47
17 January 2019 (the Last Trading Day)	0.42
31 January 2019	0.455
28 February 2019	0.60
29 March 2019	0.51
30 April 2019 (the Latest Practicable Date)	0.50

During the Relevant Period, the highest closing price per NSG Share as quoted on the Stock Exchange was HK\$0.75 on 23 July 2018, and the lowest closing price per NSG Share as quoted on the Stock Exchange was HK\$0.285 on 27 November 2018.

## 6. QUALIFICATION AND CONSENT OF EXPERTS

In addition to NSG's expert listed in paragraph 9 of Appendix V to this Composite Offer Document, the followings are the qualifications of the experts whose letter/opinion are contained in this Composite Offer Document:

Name	Qualification
CCBI Capital	CCB International Capital Limited, a corporation licensed to carry on type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO
D&P China (HK) Limited	Independent qualified property valuer

The above experts have given and have not withdrawn their respective written consents to the issue of this Composite Offer Document with the inclusion herein of its advice, letter and/or references to its name in the form and context in which it appears.

## 7. GENERAL

- (i) As at the Latest Practicable Date, the registered office and principal place of business of the Offeror is at Units 1908–1909, 19/F, Tower 2, Lippo Centre, No. 89 Queensway, Hong Kong. The directors of the Offeror are Mr. Yao Jianhui and Mr. Li Minbin.
- (ii) As at the Latest Practicable Date, the registered office of CGG is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1–1111, Cayman Islands and its principal place of business in Hong Kong is at Units 1908–1909, 19/F, Tower 2, Lippo Centre, No. 89 Queensway, Hong Kong. The board of directors of CGG comprises nine directors, namely Mr. Yao Jianhui, Mr. Lau Wan Po, Mr. Li Minbin, Mr. Huang Wei and Mr. Zhang Chi as executive directors, Mr. Chen Kaiben as non-executive director and Mr. Wong Chun Bong, Professor Lee Kwok On, Matthew and Mr. Lee Kwan Hung as independent non-executive directors. Hong Kong Bao Da Financial Holdings Limited is a wholly owned subsidiary of CGG. Mr. Yao Jianhui is the controlling shareholder of CGG and is deemed to be interested in all the NSG Shares held by Hong Kong Bao Da Financial Holdings Limited. The correspondence address of Mr. Yao Jianhui is Flat G, Level 19, Block 4, Grevillea Court, 2 Sha Tin Centre Street, Sha Tin, New Territories, Hong Kong and the registered office address of Hong Kong Bao Da Financial Holdings Limited is Units 1908–1909, 19/F, Tower 2, Lippo Centre, No. 89 Queensway, Hong Kong.
- (iii) As at the Latest Practicable Date, the registered office of CCBI Capital is at 12/F, CCB Tower, 3 Connaught Road Central, Central, Hong Kong.
- (iv) The English text of this Composite Offer Document and the accompanying Form of Acceptance shall prevail over their respective Chinese texts.

## 8. LITIGATION

As at the Latest Practicable Date, no member of the CGG Group was engaged in any litigation or claims of material importance and no litigation or claim of material importance was known to the directors of the Offeror and CGG to be pending or threatened by or against any member of the CGG Group.

## 9. MATERIAL CONTRACTS

As at the Latest Practicable Date, the following material contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the CGG Group) have been entered into by CGG or any of its subsidiaries (other than the NSG Group) within the two years preceding the commencement of the Offer Period and ending on the Latest Practicable Date, which are or may be material to the business of the CGG Group as a whole:

(a) the sale and purchase agreement dated 12 May 2017 entered into between the Offeror and Joyful Rich Trading Limited (悦富貿易有限公司) in relation to the transfer of 45,454,545 shares of 湛江集付通金融服務股份有限公司 (Zhanjiang Jifutong Financial Services Joint Stock Company Limited\*) by the Offeror at a consideration of HK\$59,250,000;

(b) the provisional sale and purchase agreement dated 19 May 2017 entered into between Ultra Glory Investment Limited (超榮投資有限公司), an indirect wholly-owned subsidiary of CGG, as purchaser and an individual as vendor in relation to the transfer of the entire issued share capital of Ace Grand Limited at a consideration of HK\$65,000,000;

the formal sale and purchase agreement dated 8 June 2017 entered into between Jumbo Wisdom Investments Limited (巨智投資有限公司), an indirect wholly-owned subsidiary of CGG, as purchaser and an individual as vendor in relation to the transfer of the entire issued share capital of Ace Grand Limited at a consideration of HK\$65,000,000;

(c) the sale and purchase agreement dated 28 June 2017 entered into between Fangjia Construction Service Limited (方佳建築服務有限公司) as purchaser and the Offeror as vendor in relation to the disposal of the entire issued share capital of Runroc Limited (潤鵬有限公司) at a consideration of HK\$29,920,000;

(d) the sale and purchase agreement dated 1 August 2017 entered into between Golden Florish International Limited (金盛國際有限公司) as purchaser and Success Charm Holdings Limited (祥成控股有限公司), a direct wholly-owned subsidiary of CGG, in relation to the disposal of the entire issued share capital of Gallant Tech (i-manufacturing) Limited (佳力科技(i-製造)有限公司) at a consideration of HK\$945,595 and the assignment of shareholder's loan at a consideration of HK\$32,054,405;

- (e) the sale and purchase agreement dated 4 August 2017 (as supplemented by the supplemental agreement dated 6 September 2017) entered into between Shenzhen Bao Kai Assets Holdings Limited\* (深圳寶開實業有限公司), a wholly-owned subsidiary of CGG, as purchaser and Lai Hua Properties and Investment Limited\* (萊華商置有限公司) (“**Lai Hua Properties**”) as vendor in relation to the acquisition of the entire share capital of Laihua Taisheng Limited\* (萊華泰盛有限公司) (“**Laihua Taisheng**”) holding the property development project in the name of Century Plaza\* (世紀城) located at Zhangjiang New District, Ganzhou City, Jiangxi Province, the PRC at a total consideration of RMB1,720,000,000;
- (f) the subscription agreement dated 25 October 2017 entered into between CGG and Virtue Dragon Holdings Limited (“**Virtue Dragon**”) in relation to the subscription by Virtue Dragon for, and the allotment and issue by CGG of, 862,068,000 new Shares (the “**Virtue Dragon Subscription Shares**”) at HK\$0.58 per Virtue Dragon Subscription Share;
- (g) the subscription agreement dated 3 December 2017 entered into between CGG and Shiny Palace Development Limited (“**Shiny Palace**”) in relation to the subscription by Shiny Palace for, and the allotment and issue by CGG of, 1,190,476,000 new Shares (the “**Shiny Palace Subscription Shares**”) at HK\$0.63 per Shiny Palace Subscription Share;
- (h) the subscription agreement dated 3 December 2017 entered into between CGG and Discovery Key Investments Limited (“**Discovery Key**”) in relation to the subscription by Discovery Key for, and the allotment and issue by CGG of, 1,190,476,000 new Shares (the “**Discovery Key Subscription Shares**”) at HK\$0.63 per Discovery Key Subscription Share;
- (i) the subscription agreement dated 3 December 2017 entered into between CGG and Champion Radiant Enterprises Limited (“**Champion Radiant**”) in relation to the subscription by Champion Radiant for, and the allotment and issue by CGG of, 476,188,000 new Shares (the “**Champion Radiant Subscription Shares**”) at HK\$0.63 per Champion Radiant Subscription Share;
- (j) the facility letter dated 28 December 2017 entered into between China Goldjoy Credit Limited, a non wholly-owned subsidiary of CGG, as lender and Grand Luxe Limited as borrower and an independent third party as guarantor in respect of a standby facility of up to HK\$360,000,000;
- (k) the shareholders agreement dated 7 February 2018 entered into between CGG, Yunnan Energy Investment (HK) Co. Limited (香港雲能國際投資有限公司), Right Dimension Limited (正維有限公司) and Forever Assiduous Group Limited (永勤集團有限公司) in relation to the formation of an exempted company limited by shares in the Cayman Islands with a share capital of HK\$2,000,000,000;

- (l) the sale and purchase agreement dated 23 April 2018 entered into between Laihua Taisheng as purchaser and Lai Hua Properties as vendor in relation to the acquisition of Laihua Taifeng Limited\* 萊華泰豐有限公司 holding the property development project in the name of Taigu Plaza\* (太古城) located at Zhangjiang New District, Ganzhou City, Jiangxi Province, the PRC at a total consideration of RMB660,000,000;
- (m) the sale and purchase agreement dated 3 June 2018 entered into between Hua Tong Group Limited (華通集團有限公司) as purchaser and Goldjoy Holding Limited (“**Goldjoy Holding**”), a wholly-owned subsidiary of CGG, as vendor in relation to the disposal of 28% of the entire issued share capital of Golden Affluent Limited (金裕有限公司) at a consideration of HK\$168,200,000;
- (n) the sale and purchase agreement dated 28 November 2018 entered into between Hong Kong Bao Da Financial Holdings Limited (香港寶達金融控股有限公司), a wholly-owned subsidiary of CGG, as purchaser and Ms. Ai Qing (艾青) and Boot Gain Investments Limited as vendors in relation to the acquisition of 1,144,151,739 shares in NSG at a total consideration of HK\$411,894,626;
- (o) the sale and purchase agreements both dated 10 January 2019 entered into between Goldjoy Holding as purchaser and Ascend Fortune Ventures Limited (財昇創投有限公司) and Merit Faith Ventures Limited (優信創投有限公司) as vendors in relation to the acquisition of 20% of the entire issued share capital in each of Affluent Advantage Limited, Proficient Power Limited, Prominent Up Limited, Fast Prestige Limited, Novel Forward Limited, Gigantic Increase Limited, Metro Grow Limited and Stellar Result Limited at a total consideration of HK\$200,000,000 which is subject to adjustment(s), details of which are set out in CGG’s announcements dated 10 January 2019 and 15 January 2019; and
- (p) the Sale and Purchase Agreement.

**10. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection, during the period from the date of this Composite Offer Document up to and including the Closing Date, at (i) the website of the SFC at <http://www.sfc.hk>; and (ii) the website of the NSG at <http://newsportsgp.com/en/Home.aspx>;

- (a) the memorandum and articles of association of the Offeror;
- (b) the memorandum and articles of association of CGG;
- (c) this Composite Offer Document and the Form of Acceptance;
- (d) the Sales and Purchase Agreement;
- (e) the agreement of the Facility dated 17 January 2019;
- (f) the annual reports of the CGG for each of the financial years ended 31 December 2016, 2017 and 2018;
- (g) the letter from CCBI Capital as set out on pages 7 to 23 of this Composite Offer Document;
- (h) the valuation report on the property interests of the CGG Group issued by D&P China (HK) Limited, the full text of which is set out in Appendix VII to this Composite Offer Document;
- (i) the material contracts referred to under the paragraph headed "9. Material Contracts" in this appendix; and
- (j) the letters of consent referred to under the paragraph headed "6. Qualifications and Consents of Experts" in this appendix.

## 1. RESPONSIBILITY STATEMENTS

This Composite Offer Document includes particulars given in compliance with the Takeovers Code for the purpose of providing information with regard to the NSG Group and the Offer.

All NSG Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Offer Document (other than the information relating to the Offeror and parties acting in concert with it). The NSG Directors confirm, having made all reasonable enquiries, that to the best of their knowledge, all opinions expressed in this Composite Offer Document (other than opinions expressed by the directors of the Offeror and CGG) have been arrived at after due and careful consideration, and there are no other facts not contained in this Composite Offer Document the omission of which would make any statement in this Composite Offer Document misleading.

## 2. SHARE CAPITAL

As at the Latest Practicable Date, the authorised share capital of NSG was HK\$400,000,000.00 divided into 8,000,000,000 NSG Shares and the issued share capital of NSG was HK\$202,977,810.6 divided into 4,059,556,212 NSG Shares.

Since 31 December 2018, being the date to which the latest published audited consolidated financial statements of NSG were made up, and up to the Latest Practicable Date, NSG has not issued any other new NSG Shares. During the Relevant Period, NSG carried out the on-market buy-backs of NSG Shares as set out below. All the NSG Shares bought back have been cancelled by NSG.

<b>Date of the relevant transaction</b> <i>(Note)</i>	<b>Number of NSG Shares involved</b>	<b>Highest price per NSG Share</b> <i>(HK\$)</i>	<b>Lowest price per NSG Share</b> <i>(HK\$)</i>
18 October 2018	510,000	0.32	0.305
19 October 2018	3,490,000	0.325	0.305
22 October 2018	1,630,000	0.32	0.3
23 October 2018	360,000	0.32	0.315
25 October 2018	4,760,000	0.32	0.315
6 November 2018	4,300,000	0.325	0.315
7 November 2018	2,900,000	0.325	0.32
8 November 2018	4,400,000	0.325	0.32
9 November 2018	3,650,000	0.325	0.325
28 November 2018	700,000	0.32	0.295

*Note:* Please refer to the announcements published by NSG on the transaction dates for further details in relation to the on-market buy-backs of NSG Shares as listed in the above table

All of the existing issued NSG Shares currently in issue rank pari passu in all respects with each other, including all rights in respect of dividends, voting and interest in capital.

As at the Latest Practicable Date, the NSG had no outstanding options, derivatives, warrants or conversion rights affecting any NSG Shares.

### 3. DISCLOSURE OF INTERESTS

#### (a) Interests of the NSG Directors

As at the Latest Practicable Date, save as disclosed below, none of the NSG Director or the chief executive of NSG had any interests or short positions in the NSG Shares, underlying shares and debentures of NSG or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to NSG and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or (b) were required, pursuant to section 352 of the SFO, to be entered in the register required to be kept by NSG, or (c) were required, pursuant to the Model Code for Securities Transaction by NSG Directors of Listed Issuers (“**Model Code**”) as set out in Appendix 10 to the Listing Rules adopted by NSG, to be notified to NSG and the Stock Exchange, or (d) were required to be disclosed under the Takeovers Code.

Director	Capacity/ Nature of interest	Number of NSG Shares	Approximate %
Mr. Yao Jianhui	Beneficial Owner	1,314,000	0.03
	Corporate Interest	2,693,656,398	66.35
Mr. Li Minbin	Beneficial Owner	306,500	0.01
Mr. Zhang Xiaodong	Beneficial Owner	675,000	0.02

Save for (1) the Sale Shares under the Sale and Purchase Agreement and (2) the transaction as set out below, none of NSG Director have dealt for value in any NSG Share or any convertible securities, warrants, option or derivatives issued by NSG during the Relevant Period.

Date of the relevant transaction	Relevant party	Purchase/ sale	Number of NSG Shares involved	Highest price per Share (HK\$)	Average price per Share (HK\$)
28 November 2018	Hong Kong Bao Da Financial Holdings Limited ( <i>Note 1</i> )	Purchase	1,144,151,739	0.36	0.36

*Notes:*

- Hong Kong Bao Da Financial Holdings Limited is a company wholly-owned by CGG. Mr. Yao Jianhui is deemed to be interested in all its shares by virtue of SFO.
- Please refer to CGG’s announcement dated 28 November 2018 for further details in relation to this transaction.



**(b) Disclosure of Interests of substantial NSG Shareholders**

As at the Latest Practicable Date, so far as was known to NSG Directors or the chief executive of NSG, the following persons had, or were deemed or taken to have, an interest in the NSG Shares and underlying NSG Shares which would fall to be disclosed to NSG under the provisions of Divisions 2 and 3 of Part XV of the SFO or, were directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the NSG Group or had any option in respect of such capital:

Shareholders	Capacity/ Nature of interest	Number of NSG Shares	Approximate %
Mr. Yao Jianhui ( <i>Note 1</i> )	Beneficial Owner	1,314,000	0.03
	Corporate Interest	2,693,656,398	66.35
Tinmark Development Limited ( <i>Note 1</i> )	Corporate Interest	2,693,656,398	66.35
China Goldjoy Group Limited ( <i>Note 1</i> )	Corporate Interest	2,693,656,398	66.35
Great Sphere Developments Limited ( <i>Note 2</i> )	Corporate Interest	2,693,656,398	66.35
The Offeror ( <i>Note 2</i> )	Beneficial Owner	1,528,375,611	37.65
Bao Xin International Asset Management Limited ( <i>Note 2</i> )	Corporate Interest	1,528,375,611	37.65
Hong Kong Bao Da Financial Holdings Limited ( <i>Note 3</i> )	Beneficial Owner	1,144,151,739	28.18
Bao Da Financial International Limited ( <i>Note 3</i> )	Corporate Interest	1,144,151,739	28.18
Glory Sun Securities Limited ( <i>Note 3</i> )	Beneficial Owner	21,129,048	0.52
	Custodian	1,352,031,089	33.30

- Mr. Yao Jianhui is an executive NSG Director and the chairman of NSG and is also an executive director, the chairman and chief executive officer of CGG. Tinmark Development Limited is wholly-owned by him. Mr. Yao Jianhui and Tinmark Development Limited are controlling shareholders (as defined under the Listing Rules) of CGG. Mr. Yao Jianhui is deemed to be interested in all the NSG Shares held by Tinmark Development Limited and CGG by virtue of the SFO.
- The Offeror is a wholly-owned subsidiary of Bao Xin International Asset Management Limited, which is wholly-owned by Great Sphere Developments Limited. Great Sphere Developments Limited is a wholly-owned subsidiary of CGG.
- Hong Kong Bao Da Financial Holdings Limited is a wholly-owned subsidiary of Bao Da Financial International Limited, which is wholly owned by Great Sphere Developments Limited. China Goldjoy Security Limited is a non-wholly owned subsidiary of CGG in which CGG holds 77.6% effective interest.
- 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.

Save as disclosed above, as at the Latest Practicable Date, so far as is known to the NSG Directors or chief executive of NSG, no other persons had, or were deemed to have, any interests or short positions in the NSG Shares or underlying NSG Shares which are required to be disclosed to NSG and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, nor were any persons, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the NSG Group or held any option in respect of such capital.

#### 4. NSG DIRECTOR'S INTERESTS IN AND DEALINGS IN SECURITIES OF THE OFFEROR AND CGG

As at the Latest Practicable Date, save for (i) transactions as set out in Table One below; and (ii) the Consideration Shares under the Sale and Purchase Agreement provided by the Offeror and parties acting in concert with it on one hand to the Vendors and parties acting in concert with it on the other hand as set out in Table Two below, none of the NSG Directors had, or were deemed or taken to have, an interest in the CGG Shares or such person had dealt in the shares of CGG during the Relevant Period:—

*Table One*

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	0.33	0.3254
22 October 2018	Tinmark Development Limited ( <i>Note</i> )	Purchase	2,948,000	0.33	0.3237
23 October 2018	Tinmark Development Limited ( <i>Note</i> )	Purchase	6,424,000	0.33	0.3238
24 October 2018	Tinmark Development Limited ( <i>Note</i> )	Purchase	1,212,000	0.33	0.3254
25 October 2018	Tinmark Development Limited ( <i>Note</i> )	Purchase	2,100,000	0.33	0.3211
26 October 2018	Tinmark Development Limited ( <i>Note</i> )	Purchase	496,000	0.325	0.325
29 October 2018	Tinmark Development Limited ( <i>Note</i> )	Purchase	2,300,000	0.325	0.3217
30 October 2018	Tinmark Development Limited ( <i>Note</i> )	Purchase	3,276,000	0.33	0.3216
31 October 2018	Tinmark Development Limited ( <i>Note</i> )	Purchase	988,000	0.325	0.3204
1 November 2018	Tinmark Development Limited ( <i>Note</i> )	Purchase	440,000	0.325	0.325

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

Table Two

Shareholders	As at the date of the Joint Announcement (i.e. 21 January 2019)		As at the date of the Completion and the Latest Practicable Date	
	Number of CGG Shares	Approximate %	Number of CGG Shares	Approximate %
Mr. Zhang Xiaodong	—	—	800,000	0.003
Upright Hoist Limited (Note 1)	—	—	758,558,639	2.77
Tengyue Limited (Note 2)	—	—	749,146,972	2.74
Mr. Yao Jianhui (Note 3)	44,468,000	0.17	44,468,000	0.16
Tinmark Development Limited (Note 3)	10,794,943,600	41.73	10,794,943,600	39.43

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 CGG Shares held by Upright Hoist Limited upon Completion 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 CGG Shares held by Tengyue Limited upon Completion by virtue of the SFO.
3. 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.
4. 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.

## 5. ADDITIONAL DISCLOSURE OF THE INTERESTS AND DEALINGS

Save as disclosed above, as at the Latest Practicable Date and during the Relevant Period:

- (a) Save for 222,816,000 CGG Shares held by NSG, NSG did not have any beneficial interest in the shares, convertible securities, warrants, options and derivatives of the Offeror or CGG. NSG had not dealt for value in any shares, convertible securities, warrants, options or derivatives of the Offeror and parties acting in concert with it (including CGG) ;
- (b) Save for the interest of the NSG Director as disclosed under the heading of “**3(a) Interest of the NSG Directors**”, none of the NSG Director was interested in or owned or controlled any shares, convertible securities, warrants, options or derivatives of NSG. Save for the interest of the NSG Director as disclosed under the heading of “**4. INTERESTS IN AND DEALINGS IN SECURITIES OF THE OFFEROR AND CGG**”, none of NSG Director was interested in or owned or controlled any shares, convertible securities, warrants, options or derivatives of the Offeror and parties acting in concert with it (including CGG);

- (c) None of the subsidiaries of NSG and pension fund of NSG or of a subsidiary of the NSG or a person as specified in class (2) of the definition of “associate” or a person presumed to be acting in concert with NSG by virtue of class (5) of the definition of “acting in concert” under the Takeovers Code had any interest in the shares, the convertible securities, warrants, options of the Offeror, CGG and NSG or any derivatives in respect of such securities; and no such person had dealt in any shares, the convertible securities, warrants, options of the Offeror, CGG and NSG or any derivatives in respect of such securities during the Relevant Period;
- (d) No person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with NSG or with any person who is an associate of NSG by virtue of classes (2), (3) and (4) of the definition of “associate” under the Takeovers Code or with any person who is presumed to be acting in concert with NSG by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert” under the Takeovers Code; and no such person had dealt in any shares, the convertible securities, warrants, options of the Offer, CGG and NSG or derivatives in respect of such securities during the Relevant Period;
- (e) No shares, the convertible securities, warrants, options of CGG, the Offeror and NSG or any derivatives in respect of such securities were managed on a discretionary basis by fund managers connected with NSG; and no such person had dealt in any shares, the convertible securities, warrants, options of the Offeror, CGG and NSG or derivatives in respect of such securities during the Relevant Period;
- (f) None of NSG and parties acting in concert with it has borrowed or lent any shares, convertible securities, warrants, options in the Offeror, NSG, and CGG or derivatives in respect of such securities;
- (g) There is no benefit in whatever form provided or to be provided to any NSG Director as compensation for loss of office or otherwise in connection with the Offer;
- (h) There was no agreement or arrangement or understanding between the Offeror and parties acting in concert with it (including CGG) or any other person on one hand and any NSG Director on the other hand which was conditional on or dependent upon the outcome of the Offer or otherwise connected with the Offer;
- (i) There was no material contract to which the Offeror is a party in which any NSG Director has a material personal interest;
- (j) 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.

- (k) Save as disclosed in the paragraph headed “Financial Resources available to the Offeror” in the section headed “Letter from CCBI Capital” in this Composite Offer Document and the Facility, there was no agreement, arrangement or understanding that any securities sold or acquired in pursuance of the Offer would be transferred, charged or pledged to any other persons; and
- (l) None of the NSG Director intended, in respect of their own beneficial shareholdings if any, to accept the Offer. No other person had made irrevocable commitment to the Offeror that he would accept or reject the Offer.

## 6. NSG DIRECTORS’ SERVICE CONTRACTS

Save as disclosed below, as at the Latest Practicable Date, none of the NSG Director had any other service contract with NSG or any of its subsidiaries or associated companies in force which (a) (including both continuous and fixed term contracts) had been entered into or amended within six months preceding the commencement of the Offer Period; or (b) is a continuous contract with a notice period of 12 months or more; or (c) is a fixed term contract that has more than 12 months to run irrespective of the notice period:

Name of NSG Director	Date of service contract	Term of service contract	Amount of remuneration
Mr. Yao Jianhui	20 December 2018	For a period of three years commencing from 20 December 2018 to 19 December 2021 and the appointment may be terminable by either party giving to the other not less than three months’ notice in writing	There is no base salary payable to Mr. Yao Jianhui, but he is entitled to participate in the Bonus Scheme and/or Share Option Scheme (as defined under Mr. Yao Jianhui’s service agreement)
Mr. Zhang Xiaodong	27 March 2019	For a period of three years commencing from 1 April 2019 to 31 March 2022 and the appointment may be terminable by either party giving to the other not less than three months’ notice in writing	Mr. Zhang receives a remuneration of HK\$50,000 per month and is entitled to a 13th month salary as well as such other fringe benefit as the NSG Board shall in its discretion deem appropriate
	1 April 2016	For a period of three years commencing from 1 April 2016 to 31 March 2019	Mr. Zhang received a remuneration of HK\$1,200,000 per annum and was entitled to a 13th month salary as well as such other fringe benefit as the NSG Board shall in its discretion deem appropriate.

Name of NSG Director	Date of service contract	Term of service contract	Amount of remuneration
Mr. Li Minbin	20 December 2018	For an initial period of three years commencing from 20 December 2018 to 19 December 2021 and the appointment may be terminable by either party giving to the other not less than three months' notice in writing ( <i>Note 1</i> )	There is no base salary payable to Mr. Li Minbin, but he is entitled to participate in the Bonus Scheme and/or Share Option Scheme (as defined under Mr. Li Minbin's service agreement)
Ms. Xia Lingjie	27 March 2019	For an initial period of three years commencing from 27 March 2019 to 26 March 2022 and the appointment may be terminable by either party giving to the other not less than three months' notice in writing	Ms. Xia receive a monthly director's fee in a sum of HK\$20,000 and a 13th month salary in every January. Ms. Xia is also entitled to participate in the Bonus Scheme and/or Share Option Scheme (as defined under Ms. Xia's service agreement) and receives other fringe benefits, which shall be determined by the NSG Board at its absolute discretion. In addition, Ms. Xia also receives an annual salary of RMB319,000 for her appointment as the Vice President in a PRC subsidiary of NSG Group.
	20 December 2018	Appointment letter for chief executive officer for no specific terms unless and until terminated by either party by serving not less than one-month's written notice	The monthly salary payable to Ms. Xia is HK\$30,000. Furthermore, Ms. Xia is entitled to participate in the Bonus Scheme and/or Share Option Scheme (as defined under Ms. Xia's appointment letter) and receive other fringe benefits, both shall be determined at the absolute discretion of the NSG Board.

Name of NSG Director	Date of service contract	Term of service contract	Amount of remuneration
	17 August 2016	For a period of three years commencing from 17 August 2016 to 16 August 2019. Ms. Xia's service agreement was terminated by Ms. Xia on 20 December 2018.	Ms. Xia received an annual salary of HK\$240,000. Ms. Xia was also entitled to a 13th month salary and participate in the Bonus Scheme and/or Share Option Scheme (as defined under Ms. Xia's previous service contract), as well as receive other fringe benefits, which shall be determined at the absolute discretion of the NSG Board.
Mr. Lau Wan Po	18 November 2016	For an initial period of three years commencing from 18 November 2016 to 17 November 2019 and the appointment may be terminable by either party giving to the other not less than three months' notice in writing	Mr. Lau receives a remuneration of HK\$300,000 per annum and a 13th month salary as well as such other fringe benefit as the NSG Board shall in its discretion deem appropriate.
Mr. Wu Teng	24 August 2018	For an initial period of three years commencing from 24 August 2018 to 23 August 2021 and the appointment may be terminable by either party giving to the other not less than three months' notice in writing <i>(Note 1)</i>	There is no base salary or director's fee payable to Mr. Wu Teng. Nonetheless, Mr. Wu is entitled to participate in the Bonus Scheme and/or Share Option Scheme (as defined under Mr. Wu Teng's service contract).
	23 March 2018	Appointed as the Vice President — Business Development of NSG for a period of three years commencing from 1 April 2018 to 31 March 2021	The basic salary is HK\$50,000 per month. Further, Mr. Wu is entitled to a 13th month salary and the annual discretionary bonus as the NSG Board shall in its discretion deem appropriate.

Name of NSG Director	Date of service contract	Term of service contract	Amount of remuneration
Ms. Zhan Yushan	26 October 2018	For an initial period of three years commencing from 26 October 2018 to 25 October 2021 and the appointment may be terminable by either party giving to the other not less than three months' notice in writing	Ms. Zhan receives a remuneration of HK\$260,000 per annum and such other fringe benefit as the NSG Board shall in its discretion deem appropriate.
	20 December 2018	Appointed as the chief legal officer of NSG	The basic salary is HK\$30,000 per month which is additional to the remuneration for the non-executive NSG Director. Further, Ms. Zhan is entitled to a 13th month salary and the annual discretionary bonus as the NSG Board shall in its discretion deem appropriate.
Mr. Chen Kaiben	20 December 2018	For an initial period of three years commencing from 20 December 2018 to 19 December 2021 and the appointment may be terminable by either party giving to the other not less than three months' notice in writing ( <i>Note 1</i> )	There is no base salary payable to Mr. Chen Kaiben but will be entitled to participate in the Bonus Scheme and/or Share Option Scheme (as defined under Mr. Chen Kaiben's service agreement)
Mr. Chen Zetong	30 May 2016	For an initial period of three years commencing from 30 May 2016 to 29 May 2019 and the appointment may be terminable by either party giving to the other not less than three months' notice in writing ( <i>Note 2</i> )	Mr. Chen receives a remuneration of HK\$20,000 per month and a 13th month salary as well as such other fringe benefit as the NSG Board shall in its discretion deem appropriate



Name of NSG Director	Date of service contract	Term of service contract	Amount of remuneration
Ms. He Suying	30 May 2016	For an initial period of three years commencing from 30 May 2016 to 29 May 2019 and the appointment may be terminable by either party giving to the other not less than three months' notice in writing	Ms. He receives a remuneration of HK\$20,000 per month and a 13th month salary as well as such other fringe benefit as the NSG Board shall in its discretion deem appropriate
Dr. Tang Lai Wah	30 May 2016	For an initial period of three years commencing from 30 May 2016 to 29 May 2019 and the appointment may be terminable by either party giving to the other not less than three months' notice in writing	Dr. Tang receives a remuneration of HK\$20,000 per month and a 13th month salary as well as such other fringe benefit as the NSG Board shall in its discretion deem appropriate
Mr. Wong Chun Bong	20 December 2018	For an initial period of three years commencing from 20 December 2018 to 19 December 2021 and the appointment may be terminable by either party giving to the other not less than three months' notice in writing	The monthly salary payable to Mr. Wong Chun Bong is HK\$20,000 and a 13th month salary. Furthermore, Mr. Wong is entitled to a discretionary bonus, which shall be determined at the absolute discretion of the NSG Board.

*Notes:*

1. Mr. Li Minbin, Mr. Wu Teng and Mr. Chen Kaiben were appointed after the last annual general meeting of NSG and shall be eligible for re-election at the forthcoming annual general meeting of NSG on 30 May 2019 ("AGM"). All of them have informed the NSG Board that they will not offer themselves for election and will resign immediately after the AGM.
2. Mr. Chen Zetong will retire by rotation at the AGM and he has informed the NSG Board that he will not stand for re-election and will resign immediately after the AGM.

## 7. LITIGATION

On 27 February 2017, a second supplemental agreement (the “**Second Supplemental Agreement**”) was entered into by 寶新控股有限公司 (“**Baoxin Holding**”) a subsidiary of NSG, Xu Rong, Zhou Xu, and Century Edge International Limited, among other parties, pursuant to which, Xu Rong, Zhou Xu, and Century Edge International Limited, have agreed to jointly pay the adjustment amount in a total sum of RMB240,581,496 (the “**Adjusted Amount**”) in cash to NSG in 5 tranches, among which, the 1st tranche in a sum of RMB80,000,000 shall be paid before 15 March 2017, the 2nd tranche in a sum of RMB40,000,000 shall be paid before 15 May 2017, the 3rd tranche in a sum of RMB40,000,000 shall be paid before 15 July 2017, the 4th tranche in a sum of RMB40,000,000 shall be paid before 15 September 2017, and the 5th tranche in a sum of RMB40,581,496 shall be before 15 November 2017.

On 24 May 2017, the NSG, through Baoxin Holdings being the Plaintiff, commenced PRC legal proceedings (the “**Legal Action**”) against Xu Rong and Zhou Xu (the “**Defendants**”) for recovery of a defaulted sum of RMB80,000,000 (i.e. the 1st tranche of the Adjusted Amount) together with the related accrued interest in Middle Civil Court of Shenzhen\* (深圳中級人民法院) (the “**Court**”) in accordance with the Second Supplemental Agreement as an initial step. Further, Baoxin Holdings has applied successfully for the court order for freezing several immovable properties and bank accounts of the Defendants as a measure of security in preserving the Defendants’ assets pending the relevant decision of the Court in the Legal Action.

On 7 December 2018, the NSG and Baoxin Holdings, among others, have entered into a settlement agreement (the “**Settlement Agreement**”) in relation to the recovery of the 1st tranche of the Adjustment Amount under the Second Supplemental Agreement as being subject to the Legal Action.

Save as disclosed above, as at the Latest Practicable Date, neither NSG nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the NSG Directors to be pending or threatened against NSG or any of its subsidiaries.

## 8. MATERIAL CONTRACTS

NSG or any of its subsidiaries had, within the two years preceding the Offer Period and up to and including the Latest Practicable Date, entered into the following contracts which was or might be material, other than contracts in the ordinary course of business of NSG Group:

- (a) Second Supplemental Agreement dated 27 February 2017, entered into by Baoxin Holding, a subsidiary of NSG, Xu Rong, Zhou Xu, and Century Edge International Limited, among other parties, pursuant to which Xu Rong, Zhou Xu and Century Edge International Limited, have agreed to jointly pay the Adjusted Amount in cash to NSG in 5 tranches, among which, the 1st tranche of 1st tranche in a sum of RMB80,000,000 shall be paid before 15 March 2017, the 2nd tranche in a sum of RMB40,000,000 shall be paid before 15 May 2017, the 3rd tranche in a sum of

RMB40,000,000 shall be paid before 15 July 2017, the 4th tranche in a sum of RMB40,000,000 shall be paid before 15 September 2017, and the 5th tranche in a sum of RMB40,581,496 shall be before 15 November 2017, details of which were set out in the announcement of NSG dated 27 February 2017;

- (b) the sale and purchase agreement dated 4 May 2017 entered into by NSG and Deng Jin Ai, pursuant to which NSG agreed to sell and Deng Jin Ai agreed to purchase the entire issued share capital of Heroic Coronet Limited and the shareholder's loan owned by Heroic Coronet Limited to NSG on 4 May 2017 at the aggregate consideration of HK\$75,000,000, details of which were set out in the announcement of NSG dated 4 May 2017;
- (c) placing agreement dated 2 June 2017 entered into by NSG and Glory Sun Securities Limited as the sole placing agent, on a best effort basis, for the purposes of arranging the subscribers for the subscription of the bonds to be issued by NSG up to HK\$130,000,000 during the placing period, details of which were set out in the announcement of NSG dated 2 June 2017;
- (d) sale and purchase agreement dated 28 June 2017 entered into between Shenzhen Baoxin Industrial Company Limited, a wholly-owned subsidiary of NSG ("**Shenzhen Baoxin**") as purchaser and Shenzhen Boteng Investment Company Limited ("**Shenzhen Baoteng**") as vendor, being an independent third party of NSG and its connected persons at the time being, pursuant to which Shenzhen Baoteng has agreed to sell and Shenzhen Baoxin has agreed to purchase 56.80% of the entire equity interest in Chaoshang Joint Investment Company Limited a company wholly-owned by the vender, at the consideration of RMB950,000,000, the details of which were set out in the announcement of NSG dated 28 June 2017 and circular of NSG dated 25 October 2017 respectively;
- (e) subscription agreement dated 4 December 2017 entered into between NSG and Tengyue Limited in respect of the issue and allotment of 340,521,351 NSG Shares of HK\$ 0.55 per subscription share to Tengyue Limited, details of which were set out in the announcement of NSG dated 5 December 2017;
- (f) placing agreement dated 10 January 2018 entered into between NSG and CCBI Capital in respect of the Placing Shares dated 10 January 2018.;
- (g) subscription agreement entered into between NSG and Tengyue Limited in respect of the Subscription Shares, the details of which were set out in the announcement of NSG at 10 January 2018;
- (h) equity acquisition agreement dated 7 March 2018 entered into by NSG Group in respect of the acquisition of 60% equity interest in Weinan Project Company from Baoneng City Development and Construction Company Limited, being an independent third party from NSG and its connected persons at the time being, for a consideration of RMB1 and an obligation to make capital contribution of RMB180 million to Weinan Project Company, details of which were set out in the announcement of NSG dated 7 March 2018.

- (i) investment agreement dated 26 April 2018 entered into between Shenzhen Baoxin, a wholly-owned subsidiary of NSG, as the investor, Shenzhen Jinshan Industrial Company Limited and Mr. Xie Bin as the existing shareholders, in respect of the acquisition of 51% equity interest in Hunan Meilian Property Company Limited for a consideration of RMB200,000,000, the details of which were set out in the announcement of NSG dated 26 April 2018;
- (j) sale and purchase agreement dated 31 October 2018 entered into by, among others, New Sports Investment Holding Limited, a wholly-owned subsidiary of NSG, as the purchaser and Wisdom Element Limited as the vendor in respect of the acquisition of 80,000,000 shares in Micron Technology Development Limited at the consideration of HK\$180,000,000, details of which were set out in the announcement of NSG dated 31 October 2018 and 12 November 2018 respectively;
- (k) settlement Agreement dated 7 December 2018 entered into by Baoxin Holding, Xu Rong, Zhou Xu, and Century Edge International Limited, among other parties, pursuant to which, the payment schedule of the settlement amount under the Second Supplemental Agreement is revised that the 1st instalment in a sum of RMB40,000,000 shall be paid on or before 31 December 2018, the 2nd instalment in a sum of RMB40,000,000 shall be paid on or before 31 December 2019, the 3rd instalment in a sum of RMB15,000,000 shall be paid on or before 31 December 2020, and the 4th instalment in a sum of RMB15,000,000 shall be paid on or before 31 December 2021.

The basic framework as set out in the Settlement Agreement is that i) the total settlement sum under the Settlement Agreement being RMB110,000,000 (the “**Settlement Amount**”) shall be paid by four (4) instalments as provided above; (ii) Xu Rong, Zhou Xu and Century Edge International Limited shall endeavor to introduce an interest third party to purchase the entire issued share capital of Kingworld Holdings Limited; (iii) in the event that the NSG Group shall enter into an agreement in relation to the sale and purchase of the entire issued share capital of Kingworld Holdings Limited (“**SPA**”) with a third party purchaser through the introduction of Xu Rong, Zhou Xu and Century Edge International Limited within the agreed time frame, then part of the Settlement Amount shall be paid by the consideration under the SPA (the “**Consideration**”) by the third party purchaser, and the remaining balance shall be borne by the Defendants; (iv) In the event that NSG shall not enter into the SPA within the agreed time frame, the entire Settlement Amount shall be borne by Xu Rong and Zhou Xu jointly. (v) After Xu Rong and Zhou Xu paid the entire Settlement Amount in accordance with the Settlement Agreement, the Company and Baoxin Holdings shall not recover the 2nd to 5th tranches of the Adjustment Amount in cash and the related damages under the Second Supplemental Agreement from the Defendants or Century Edge International Limited, the details of which were set out in the announcement of NSG dated 7 December 2018.

## 9. CONSENTS AND QUALIFICATIONS

The followings are the names and the qualifications of the professional advisers whose letters, opinions or advice are contained or referred to in this Composite Offer Document:

<b>Name</b>	<b>Qualifications</b>
Gram Capital	a corporation licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and the Independent Financial Adviser to the Independent Board Committee
Valtech Valuation Advisory Ltd (“Valtech Valuation”)	Independent qualified property valuer

Each of Gram Capital and Valtech Valuation has given and has not withdrawn their respective written consents to the issue of this Composite Offer Document with the inclusion herein of their respective letters, opinions or advice (as the case may be) and references to their names in the form and context in which they respectively appear.

As at the Latest Practicable Date, each of Gram Capital and Valtech Valuation had no shareholding in any member of the NSG Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the NSG Group.

## 10. GENERAL

As at the Latest Practicable Date:

- (a) The registered office of NSG was situated at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands and principal place of business of NSG was situated at Unit 2602, 26/F., Lippo Centre, Tower 1, No. 89 Queensway Admiralty Hong Kong. The NSG Board comprises 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.
- (b) The company secretary of NSG is Mr. Fong Ching Kong. He is an associate member of Hong Kong Institute of Certified Public Accountants and a fellow member of each of the Association of Chartered Certified Accountants, the Institute of Chartered Secretaries and Administrators, The Hong Kong Institute of Chartered Secretaries and the Taxation Institute of Hong Kong.
- (c) The branch share registrar and transfer office of NSG in Hong Kong is Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong.

- (d) The registered office of Gram Capital is situated at Room 1209, 12th Floor, Nan Fung Tower, 173 Des Voeux Road Central, Hong Kong.
- (e) In the event of inconsistency, the English texts of this Composite Offer Document and the Form of Acceptance shall prevail over their respective Chinese texts.

## 11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection, during the period from the date of this Composite Offer Document for so long as the Offer remain open for acceptance, at (i) the website of the SFC at <http://www.sfc.hk>; (ii) the website of NSG at [www.newsportsgp.com](http://www.newsportsgp.com):—

- (a) the memorandum and articles of association of NSG;
- (b) the annual report of the NSG for each of financial years ended 31 December 2016, 31 December 2017 and 31 December 2018;
- (c) the letter dated 3 May 2019 from CCBI Capital as set out on pages 7 to 23 of this Composite Offer Document;
- (d) the letter dated 3 May 2019 from the NSG Board as set out on pages 24 to 30 of this Composite Offer Document;
- (e) the letter dated 3 May 2019 from the Independent Board Committee to the Independent Shareholders as set out on pages 31 to 32 of this Composite Offer Document;
- (f) the letter dated 3 May 2019 from Gram Capital to the Independent Board Committee as set out on pages 33 to 51 of this Composite Offer Document;
- (g) the letter(s) of consent referred to under the paragraph headed “9. Consents and qualifications” in this Appendix;
- (h) the material contracts referred to under the paragraph headed “8. Material Contracts” in this Appendix;
- (i) the service contracts referred to under the paragraph headed “6. NSG Directors’ Service Contracts” in this Appendix;
- (j) the property valuation report from Valtech Valuation; and
- (k) this Composite Offer Document and the accompanying Form of Acceptance.

*The following is the text of a valuation report, prepared for the purpose of incorporation in this document received from Valtech Valuation Advisory Ltd, an independent qualified property valuer, in connection with its valuation as at 31 January 2019 of the property interests of NSG Group.*



Valtech Valuation Advisory Limited  
Room 1901, 19/F, Remington Centre  
23 Hung To Road, Kwun Tong, Hong Kong  
T: +852 2388 9262  
F: +852 2388 2727  
www.valtech-valuation.com

3 May 2019

**The Board of Directors  
New Sports Group Limited**

Unit 2602, 26/F,  
Tower 1,  
Lippo Centre,  
No. 89 Queensway,  
Hong Kong

Dear Sirs/Madams,

**1. INSTRUCTIONS**

In accordance with the instructions of New Sports Group Limited (the “NSG”) to value the property interests (the “Properties”) located in the People’s Republic of China (the “PRC”), we confirm that we have made relevant enquiries and obtained such further information as we consider necessary for providing the market values of the Properties as at 31 January 2019 (the “Valuation Date”).

This letter which forms part of our valuation report explains the basis and methodology of valuation, clarifying assumptions and limiting conditions of this valuation.

**2. BASIS OF VALUATION**

The valuation is our opinion of the market value (“Market Value”) which we would define as intended to mean the estimated amount for which an asset or liability should exchange on the Valuation Date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably prudently and without compulsion.

Market Value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase and without offset for any associated taxes or potential taxes.



The Market Value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, joint ventures, management agreements, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

### **3. VALUATION METHODOLOGY**

For completed properties or land which under preliminary development stage, direct comparison method is adopted based on the principle of substitution, where comparison is made based on prices realized on actual sales and/or asking prices of comparable properties. Comparable properties of similar size, scale, nature, character and location are analysed and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of market value.

For properties under development, we have valued them on the basis that they will be developed and completed in accordance with the latest development proposals provided by NSG & the legal advisor of NSG. We have assumed that all consents, approvals and licenses from relevant government authorities for the development proposals have been or will be obtained without onerous conditions or delays. We have also assumed that the design and construction of the developments are in compliance with the local planning and other relevant regulations and have been or will be approved by the relevant authorities. In arriving at our valuations, we have adopted the direct comparison method by making reference to comparable sales evidence as available in the property market and have also taken into account the expended construction costs as well as the costs that will be expended to complete the developments.

### **VALUATION CONSIDERATIONS**

In valuing the properties, we have complied with the requirements set out in Chapter 5, Practice Note 12 to the Rules Governing the Listing of Securities published by The Stock Exchange of Hong Kong Limited, Rule 11 of The Codes on Takeovers and Mergers published by the Securities and Futures Commission, and the HKIS Valuation Standards 2017 published by the Hong Kong Institute of Surveyors.



#### 4. VALUATION ASSUMPTIONS

In our valuation, unless otherwise stated, we have assumed that:

- a. transferable land use rights in respect of the Properties for specific terms at nominal annual land use fees have been granted and that any premium payable has already been fully paid;
- b. the owner of the Properties has enforceable title to the Properties and has free and uninterrupted right to use, occupy or assign the Properties for the whole of the respective unexpired terms as granted;
- c. no deleterious or hazardous materials or techniques have been used in the construction of the Properties; and
- d. the Properties is not subject to any unusual or especially onerous restrictions, encumbrances or outgoings and that good title can be shown.

#### 5. TITLE INVESTIGATION

We have been shown copies of various documents relating to the Properties. However, we have not examined the original documents to verify the existing titles to the Properties or any amendment which does not appear on the copies handed to us. We have relied considerably on the information given by NSG's PRC legal adviser, Allbright Law Offices, concerning the validity of the titles to the Properties.

#### 6. POTENTIAL TAX LIABILITIES

As advised by NSG, the potential tax liabilities which will arise on direct disposal of the property interests held by NSG at the amounts valued mainly comprise the following:

- Value added tax ("VAT") at 5%/10% on the transaction amount
- Enterprise income tax at 25% on gain
- Land appreciation tax at progressive rates from 30% to 60% on the appreciation in property value
- Stamp duty at 0.05% on the transaction amount
- Other surcharge at approximately 11% of VAT paid

The likelihood of the potential tax liability being crystalized is remote as NSG has no intention to dispose its property interests in a short period of time.

## 7. LIMITING CONDITIONS

We have conducted on-site inspections to the Properties in January 2019 by Mr Lai Jianbao (賴建寶先生), Mr Yi Zhijian (易志堅先生) and Mr. Fan Chuanpeng (范傳鵬先生). All inspectors have over 5 year experience in property valuation in the PRC.

We have not carried out detailed on-site measurement to verify the correctness of the areas in respect of the Properties but have assumed that the areas shown on the documents handed to us are correct. All dimensions, measurements and areas are approximate.

We have not carried out any site investigation to determine the suitability of the ground conditions or the services for any property development erected or to be erected thereon. Nor did we undertake archaeological, ecological or environmental surveys for the Properties. Our valuation is prepared on the assumptions that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during the construction period. Should it be discovered that contamination, subsidence or other latent defects exists in the Properties or on adjoining or neighboring land or that the Properties had been or are being put to contaminated use, we reserve right to revise our opinion of value.

We have relied very considerable extent on the information provided by NSG and have accepted advices given to us on such matters, in particular, but not limited to tenure, planning approvals, statutory notices, easements, particulars of occupancy, size and floor areas and all other relevant matters in the identification of the Properties.

We have had no reason to doubt the truth and accuracy of the information provided to us by NSG. We have also been advised by NSG that no material fact has been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

We do not accept a liability for any interpretation which we have placed on such information which is more properly the sphere of the legal advisers of NSG. Neither have we verified the correctness of any information supplied to us concerning the Properties.

**8. REMARKS**

We have valued the property interests in Renminbi (RMB).

We enclose herewith the summary of values and the “valuation particulars”.

Yours faithfully,

For and on behalf of

**Valtech Valuation Advisory Ltd**

**Peggy Y. Y. Lai**

*MHKIS, MRICS, RPS(GP), BSc*

*Director*

*Ms. Peggy Y.Y. Lai is a Registered Professional Surveyor (GP) with over 18 years' experience in valuation of properties in HKSAR, Macau SAR, United Kingdom, Canada, mainland China and the Asia Pacific Region. Ms. Lai is a Professional Member of The Royal Institution of Chartered Surveyors, a Member of The Hong Kong Institute of Surveyors as well as a Member of China Institute of Real Estate Appraisers and Agents in the PRC.*

## SUMMARY OF VALUES

No.	Property	Market Value as at 31 January 2019 RMB
1.	Two parcels of land east to Fengshun Street, west to library of Jilin University, south to Jiefang Avenue and north to Mudan Garden, Zhaoyang District, Changchun City, Jilin Province, the PRC	574,000,000
2.	A parcel of land located at cross southeast of Shuangwang Avenue and Weiqing Road, Weinan City, Shann'xi Province, the PRC	244,000,000
3.	A proposed development located at Lot No.131, Foshan (Yunfu) Industrial Transfer Park, Duyang Town, Yun'an District, Yunfu City, Guangdong Province, the PRC	359,900,000
4.	Portion of a composite development located at the southeast corner of Chaohui Road and Jiayu Road, Yuhua District, Changsha, Hunan Province, the PRC	1,199,800,000
5.	Residential units of Block No.1 at Street No. 307 and Block No. 4 at Street No. 305-1 Xijiang North Street, Shui An Kang Cheng, Yuhong District, Shenyang City, Liaoning Province, the PRC	39,900,000
6.	Retail units of Block Nos. 16,17,18,19 and 20 at Street Nos.301-3, 301,299,299-1 and 299-2 Xijiang North Street, Yuhong District, Shenyang City, Liaoning Province, the PRC	186,600,000
7.	16 commercial units located at basement car park commercial area, Shiguang Yuanzhu Garden, No.82 Baxia Road, Economic Development Zone, Hefei City, Anhui Province, the PRC	27,100,000
8.	33 commercial units located at car park and commercial area, Lingxiang Garden, No.449 Huangshan Road, Shushan District, Hefei City, Anhui Province, the PRC	81,200,000
9.	A proposed development known as Chan Shang Centre (潮商中心) located at southwest side of the junction of Zhongshan East Road and Hengshan Road, Economic Park of Zhugang Xincheng Headquarter, Shantou City, Guangdong Province, the PRC	1,194,000,000

No.	Property	Market Value as at 31 January 2019 RMB
10.	A proposed development known as Bao Neng City Garden located at Chengnan Jie Dao Dong Nei Ju Wei, and the north-east side of Xinhua Dong Lu, Chaoyang District, Shantou City, Guangdong Province, the PRC	1,816,000,000
11.	Three parcels of adjacent land known as Lots F01–11, F02–08 & F02–10 located in Xinjin Area of East Coast New Town, Longhu District, Shantou City, Guangdong Province, the PRC	2,377,000,000
12.	Units A and H on Level 20, Block 5, Area A, Phase III, Haishang Shijie Shuangxi Garden, Nanshan District, Shenzhen City, Guangdong Province, the PRC	23,200,000
13.	Unit 16A, Block J, Building No.4, Bao Neng Cheng Garden, Liuxian Avenue, Nanshan District, Shenzhen, the PRC	5,380,000
	<b>Total</b>	<b><u>8,128,080,000</u></b>

## VALUATION PARTICULARS

No.	Property	Description and tenure	Particulars of occupancy	Market Value as at 31 January 2019 RMB
1.	Two parcels of land east to Fengshun Street, west to library of Jilin University, south to Jiefang Avenue and north to Mudan Garden, Zhaoyang District, Changchun City, Jilin Province, the PRC	<p>The property comprises two continual land parcels with a total site area of 12,003.00 square meter.</p> <p>Pursuant to the construction work planning permit, the planned total gross floor area of the property is approximately 31,286.72 square metre. The development is expected to be completed in 2022.</p> <p>The land use rights of the property are held for a term expiring on 27 December 2057 for financial and commercial uses.</p>	The property is under the preliminary stage of development.	574,000,000 (Renminbi Five Hundred Seventy Four Million)

*Notes:*

- i. According to a Land Use Right Grant Contract, the land use right with a site area of about 12,003.00 square metres has been granted to 長春市寶新房地產開發有限公司 (“Changchun Baoxin”), an indirect 70.42% owned subsidiary of NSG, for a term expiring on 27 December 2057 for financial and commercial uses.
- ii. Phase I of the property is under preliminary development stage and has been grant with construction work planning permit and construction work commencement permit in November 2018.
- iii. Based on current development plan provided by NSG, the gross development value of the property upon completion is estimated to be approximately RMB2,400,000,000. The outstanding development cost as at the Valuation Date is approximately RMB1,000,000,000.
- iv. We have been provided with a legal opinion by NSG’s PRC legal adviser, Allbright Law Offices, regarding the legal title of the property, which contains, inter alia, the followings:
  - i) the property is legally held by Changchun Baoxin;
  - ii) Changchun Baoxin is entitled to transfer, lease, mortgage or dispose of the property freely in the market;
  - iii) All land premium has been fully settled and There is no legal impediment for Changchun Baoxin to obtain the Land Use Right Certificate; and
  - iv) the property is free from any mortgage or third parties’ encumbrance

## VALUATION PARTICULARS

No.	Property	Description and tenure	Particulars of occupancy	Market Value as at 31 January 2019 RMB
2.	A parcel of land located at cross southeast of Shuangwang Avenue and Weiqing Road, Weinan city, Shann'xi Province, the PRC	<p>The property comprises a parcel of land with a site area of 86,790.98 square meter.</p> <p>Pursuant to the construction work planning permit, the planned total gross floor area of the property is approximately 260,000 square meter. The development is expected to be completed in 2022.</p> <p>The land use rights of the property are held for a term expiring on 19 April 2088 for residential use.</p>	The property is under the preliminary stage of development.	244,000,000 (Renminbi Two Hundred Forty Four Million)

*Notes:*

- i. According to a Stated-owned land use right certificate No.0001344, the land use right with a site area of about 86,790.98 square metres has been granted to 渭南市寶能置業有限公司 (“Weinan Baoneng”), an indirect 60% owned subsidiary of NSG, for a term expiring on 19 April 2088 for residential use.
- ii. Pursuant to construction work planning permit, the property is permitted to be developed into various high-rise residential buildings with a planned gross floor area of approximately 260,000 sq.m..
- iii. Pursuant to a construction work commencement permit, the construction of phase I with total planned gross floor area of approximately 194,704.2 sq.m. was approved.
- iv. Based on current development plan provided by NSG, the gross development value of the property upon completion is estimated to be approximately RMB1,570,000,000. The outstanding development cost as at the Valuation Date is approximately RMB1,100,000,000.
- v. We have been provided with a legal opinion by NSG's PRC legal adviser, Allbright Law Offices, regarding the legal title of the property, which contains, inter alia, the followings:
  - i) the property is legally held by Weinan Baoneng;
  - ii) Weinan Baoneng is entitled to transfer, lease, mortgage or dispose of the property freely in the market;
  - iii) All land premium has been fully settled and There is no legal impediment for Weinan Baoneng to obtain the Land Use Right Certificate; and
  - iv) the property is free from any mortgage or third parties' encumbrance.

## VALUATION PARTICULARS

No.	Property	Description and tenure	Particulars of occupancy	Market Value as at 31 January 2019 RMB
3.	A proposed development located at Lot No.131, Foshan (Yunfu) Industrial Transfer Park, Duyang Town, Yun'an District, Yunfu City, Guangdong Province, the PRC	<p>The property comprises a parcel of land with a site area of 139,325.92 square meter.</p> <p>Pursuant to land grant contract, the permitted maximum gross floor area of the property is approximately 278,651.84 square meter. Currently phase I with planned gross floor area of approximately 45,336.31 sq.m. is under construction. The development is expected to be completed at 2023.</p> <p>The land use rights of the property are held for a term expiring on 5 March 2084 for residential use.</p>	The property is under preliminary stage of development.	359,900,000 (Renminbi Three Hundred and Fifty Nine Million and Nine Hundred Thousand)

*Notes:*

- i. According to a Stated-owned land use right certificate — Yue (2017) Yun Fu Yun An Real Estate No.004422, the land use right with a site area of about 139,325.92 square metres has been granted to 雲浮寶能置業有限公司 (“Yunfu Baoneng”), an indirect 100% owned subsidiary of NSG, for a term expiring on 5 March 2084 for residential use.
- ii. Pursuant to the land grant contract –No.445301–2014–00010, the development restriction of the property is listed as below:
 

Plot Ratio: 2  
 Maximum Gross Floor Area: 278,651.84 sq.m.  
 Building Height: ≤100 meters  
 Site Coverage: ≤35%
- iii. The property is under development. Construction work planning permit and construction work commencement permit have been respectively granted in July 2018 and November 2019 for phase I of the property. The planned gross floor area of approximately 45,336.31 sq.m. will be developed into 21 blocks of low-rise residential building with commercial podium and car parking space.
- iv. Based on current development plan provided by NSG, the gross development value of the property upon completion is estimated to be approximately RMB1,600,000,000. The outstanding development cost as at the Valuation Date is approximately RMB500,000,000.
- v. We have been provided with a legal opinion by NSG’s PRC legal adviser, Allbright Law Offices, regarding the legal title of the property, which contains, inter alia, the followings:
  - i) the property is legally held by Yunfu Baoneng;
  - ii) the construction work planning permit and construction work commencement permit is valid and enforceable; and
  - iii) the property is subject to a mortgage and free from any other third parties’ encumbrance.



## VALUATION PARTICULARS

No.	Property	Description and tenure	Particulars of occupancy	Market Value as at 31 January 2019 RMB
4.	Portion of a composite development located at the southeast corner of Chaohui Road and Jiayu Road, Yuhua District, Changsha, Hunan Province, the PRC	<p>The property comprises of unsold portion of Phase III-IV of a composite development and vacant sites of Phase V &amp; VI with a total site area of 110,740.65 sq.m.</p> <p>The total gross floor area of unsold portion of Phase III-IV is 67,169.27 square meter. And the planned gross floor area of Phase V is 161,564.83 sq.m.. Other portion (portion of phase IV &amp; phase VI) is still vacant and pending for development. The whole development is expected to be completed in 2023.</p>	Portion of the development (Phase I-IV) is completed and ready for sale while the remaining vacant site is under preliminary development stage or pending for further development.	1,199,800,000 (Renminbi One Billion One Hundred and Ninety Nine Million and Eight Hundred Thousand)

The land use rights of the property are held for a term expiring on 28 April 2053 for composite use.

*Notes:*

- i. According to three Stated-owned land use right certificates, three parcels of land with a site area of about 190,449.27 square metres has been granted to 湖南美聯置業有限公司 (“Hunan Meilian”), an indirect 51% owned subsidiary of NSG, for a term expiring on 28 April 2053 for composite use.

Reference No.	Portion	Site Area (sq.m.)
Chang Guo Yong (2011) No. 095654	Phase IV	87,449.62
Chang Guo Yong (2011) No. 095653	Phase V	93,543.34
Chang Guo Yong (2013) No. 075461	Phase VI	9,456.31

Major portion of Phase IV is completed except for a vacant site with site area of approximately 7,741 sq.m and currently no any development plan has been applied. Other vacant site with a total site area of 102,999.65 sq.m. is planned to be developed as phase V and VI.

As Phase I-III has been completed and granted with respective real estate title certificates and replace the land use rights certificate of such portion.

- ii. Phase V is under preliminary development stage. Construction work planning permit issued in November 2018 and construction work commencement permit has been granted with planned gross floor area of approximately 161,564.83 sq.m. which will be developed into various residential buildings. Phase VI is still vacant and no any development progress is incurred.
- iii. Based on current development plan provided by NSG, the gross development value of phase V upon completion is estimated to be approximately RMB1,880,000,000. The outstanding development cost as at the Valuation Date is approximately RMB750,000,000.
- iv. We have been provided with a legal opinion by NSG's PRC legal adviser, Allbright Law Offices, regarding the legal title of the property, which contains, inter alia, the followings:
  - i) the property is legally held by Hunan Meilian;
  - ii) the construction work planning permit and construction work commencement permit is valid and enforceable;
  - iii) the property is subject to a mortgage and free from any other third parties' encumbrance.

## VALUATION PARTICULARS

No.	Property	Description and tenure	Particulars of occupancy	Market Value as at 31 January 2019 RMB
5.	Residential units of Block No.1 at Street No. 307 and Block No. 4 at Street No. 305-1 Xijiang North Street, Shui An Kang Cheng, Yuhong District, Shenyang City, Liaoning Province, the PRC	<p>The property comprises 48 residential units of two 6-storey residential buildings, which was completed in about 2017.</p> <p>The total gross floor area of the property is approximately 6,517.72 square metres.</p> <p>The land use rights of the property are held for a term expiring on 6 December 2082 for residential use.</p>	As advised by NSG, the property is currently vacant.	39,900,000 (Renminbi Thirty Nine Million and Nine Hundred Thousand)

*Notes:*

- i. According to 48 Real Estate Title Certificates, known as Liao {2017} Shen Yang Shi Bu Dong Chan Quan Nos. 0184530, 0184534, 0184537, 0184538, 0184541-0184543, 0184546-0184549, 0184551-0184566, 0184568, 0184572, 0184582-0184586, 0184589, 0184592, 0184938, 0184942, 0184943, 0184946, 0184950, 0184952, 0184956, 0184959, 0184969, 0184970, 0184974, 0187339, issued by the Planning and Land Resources Bureau dated 6 June 2017 to 8 June 2017, the real properties with a total gross floor area of approximately 6,517.72 square metres are held by Shenzhen Qianhai Virdom Education Investment Company Limited (深圳前海唯致教育投资有限公司) (“Shenzhen Qianhai Virdom”), an indirect 100% owned subsidiary of NSG, for residential use and the land use rights are granted for a term expiring on 6 December 2082.
- ii. We have been provided with a legal opinion by NSG’s PRC legal adviser, Allbright Law Offices, regarding the legal title of the property, which contains, inter alia, the followings:
  - i) the property is legally held by Shenzhen Qianhai Virdom;
  - ii) Shenzhen Qianhai Virdom is entitled to transfer, lease, mortgage or dispose of the property freely in the market; and
  - iii) the property is subject to a mortgage and free from any other third party’s encumbrances.

## VALUATION PARTICULARS

No.	Property	Description and tenure	Particulars of occupancy	Market Value as at 31 January 2019 RMB
6.	Retail units of Block Nos. 16,17,18,19 and 20 at Street Nos.301–3, 301,299,299–1 and 299–2 Xijiang North Street, Yuhong District, Shenyang City, Liaoning Province, the PRC	<p>The property comprises five blocks of 2-storey commercial buildings, which was completed in about 2017.</p> <p>The total gross floor area of the property is approximately 12,304.62 square metres.</p> <p>The land use rights of the property are held for a term expiring on 6 December 2052 for commercial use.</p>	<p>According to information provided by NSG, portion of the property with a total gross floor area of approximately 5,820.26 square metres is subject to a tenancy for a term expiring on 19 October 2023 at a current monthly rent of approximately RMB87,673. As advised by NSG, other portions of the real property are currently vacant.</p>	<p>186,600,000 (One Hundred Eighty Six Million and Six Hundred Thousand)</p>

*Notes:*

- i. According to 29 Real Estate Title Certificates, known as Liao (2017) Shen Yang Shi Bu Dong Chan Quan Nos.0218975, 0218976, 0218978, 0218981, 0218984, 0218986, 0219064–0219066, 0219069, 0219070, 0219075, 0219077, 0219079, 0219106, 0219109, 0219127, 0219141, 0219204, 0219214, 0219225, 0219232, 0219241, 0219248, 0219264, 0219273, 0219289, 0219315, 0219320, issued by the Planning and Land Resources Bureau dated 28 June 2017, the real property with a total gross floor area of approximately 12,304.62 square metres is held by Shenzhen Ruiteng Enterprise Management Company Limited (深圳瑞騰企業管理有限公司) (“Shenzhen Ruiteng”), an indirect 100% owned subsidiary of NSG, for commercial use and the land use rights are granted for a term expiring on 6 December 2052.
- ii. We have been provided with a legal opinion by NSG’s PRC legal adviser, Allbright Law Offices, regarding the legal title of the property, which contains, inter alia, the followings:
  - i) the property is legally held by Shenzhen Ruiteng;
  - ii) Shenzhen Ruiteng is entitled to transfer, lease, mortgage or dispose of the property freely in the market; and
  - iii) the property is subject to a mortgage and free from any other third party’s encumbrances.

## VALUATION PARTICULARS

No.	Property	Description and tenure	Particulars of occupancy	Market Value as at 31 January 2019 RMB
7.	16 commercial units located at basement car park commercial area, Shiguang Yuanzhu Garden, No.82 Baxia Road, Economoc Development Zone, Hefei City, Anhui Province, the PRC	<p>The property comprises 16 commercial units in three blocks of 2-storey commercial buildings, which was completed in about 2013.</p> <p>The total gross floor area of the property is approximately 1,943.36 square metres.</p> <p>The land use rights of the real property are held for a term expiring on 30 July 2081 for commercial use.</p>	<p>According to the information provided by the NSG, the property is subject to a tenancy for a term expiring in 5 March 2027 at a current monthly gross rent of approximately RMB68, 018.</p>	<p>27,100,000 (Renminbi Twenty Seven Million and One Hundred Thousand)</p>

*Notes:*

- i. According to 16 Real Estate Title Certificates, known as Wan (2017) He Bu Dong Chan Quan Nos. 0073495, 0073498, 0073499, 0073501, 0073502, 0073504, 0073505, 0073508, 0073513–0073518, 0073520, 0073521, issued by the Land Resources Bureau of Hefei City dated 17 April 2017, the real property with a total gross floor area of approximately 1,943.36 square metres is held by 深圳寶新體育產業有限公司 (translated as “Shenzhen Baoxin Sports Industry Company Limited”) (“Shenzhen Baoxin”), an indirect 100% owned subsidiary of NSG, for commercial use and the land use rights are granted for commercial use for a term expiring on 30 July 2081.
- ii. We have been provided with a legal opinion by NSG’s PRC legal adviser, Allbright Law Offices, regarding the legal title of the property, which contains, inter alia, the followings:
  - i) the property is legally held by Shenzhen Baoxin;
  - ii) Shenzhen Baoxin is entitled to transfer, lease, mortgage or dispose of the property freely in the market; and
  - iii) the property is subject to a mortgage and free from any other third party’s encumbrances.

## VALUATION PARTICULARS

No.	Property	Description and tenure	Particulars of occupancy	Market Value
				as at 31 January 2019 RMB
8.	33 commercial units located at car park and commercial area, Lingxiang Garden, No.449 Huangshan Road, Shushan District, Hefei City, Anhui Province, the PRC	<p>The property comprises 33 commercial units at three blocks of 2 to 4-storey commercial buildings, which was completed in about 2013.</p> <p>The total gross floor area of the property is approximately 6,062.52 square metres.</p> <p>The land use rights of the property are held for a term expiring on 18 June 2049 for commercial services and finance uses.</p>	<p>According to the information provided by the NSG, portion of the property with total gross floor area of approximately 5,700 sq.m. is subject to various tenancies with the latest expiring on 21 May 2027 at a current total monthly rent of approximately RMB297,440. The remaining portion with gross floor area of approximately 383 sq.m. is vacant.</p>	<p>81,200,000 (Renminbi Eighty One Million and Two Hundred Thousand)</p>

*Notes:*

- i. According to 33 Real Estate Title Certificates, known as Wan (2017) He Bu Dong Chan Quan No. 0075994, 0075996, 0075998, 0080502, 0080510, 0080511, 0080514, 0080516, 0080519, 0080521, 0080525, 0080526, 0080528, 0080532, 0080534, 0080537, 0080539, 0080542, 0080544, 0080551, 0080554, 0080556, 0080562, 0080686, 0080695, 0080699, 0080704, 0080711, 0080713, 0080727, 0080729, 0080735, 0131360, issued by the Land Resources Bureau of Hefei City dated 20 April 2017, 25 April 2017 and 19 June 2017 respectively, the real property with a total gross floor area of approximately 6,062.52 square metres is held by 深圳寶新體育產業有限公司 (translated as “Shenzhen Baoxin Sports Industry Company Limited”) (“Shenzhen Baoxin Sports”), an indirect 100% owned subsidiary of NSG, for commercial services uses and the land use rights are granted for commercial services and finance uses for a term expiring on 18 June 2049.
- ii. We have been provided with a legal opinion by NSG’s PRC legal adviser, Allbright Law Offices, regarding the legal title of the property, which contains, inter alia, the followings:
  - i) the property is legally held by Shenzhen Baoxin Sports;
  - ii) Shenzhen Baoxin Sports is entitled to transfer, lease, mortgage or dispose of the property freely in the market; and
  - iii) the property is subject to a mortgage and free from any other third party’s encumbrances.

## VALUATION PARTICULARS

No.	Property	Description and tenure	Particulars of occupancy	Market Value as at 31 January 2019 RMB
9.	A proposed development known as Chan Shang Centre (潮商中心) located at southwest side of the junction of Zhongshan East Road and Hengshan Road, Economic Park of Zhugang Xincheng Headquarter, Shantou City, Guangdong Province, the PRC	<p>Chan Shang Centre (the “Development”) is a proposed development comprises office, apartment, club house, retail and other facilities erected on a site with site area of approximately 40,410.00 sq.m..</p> <p>The planned gross floor area of the property is 222,112.02 sq.m. and is expected to be completed in December 2020.</p> <p>The land use rights of the property are held for commerce and finance uses for a term of 40 years expiring on 28 January 2057.</p>	Upon our inspection, the property is under construction.	1,194,000,000 (Renminbi One Billion One Hundred And Ninety Four Million)

*Notes:*

- i. According to a State-owned Construction Land Use Rights Grant Contract (the “Chaoshang Centre Land Contract”) entered into between 汕頭市國土資源局 (translated as “Shantou City Land Resources Bureau ”) and Chaoshang Group (Shantou) Investment Company Limited (“Chaoshang Group (Shantou)”) an indirect 56.80% owned subsidiary of NSG, dated 30 December 2016, the land use rights of a land parcel (known as Lot A-03-01) with a site area of approximately 40,410 square metres were contracted to be granted to Chaoshang Group (Shantou) at a consideration of RMB580,000,000 for commerce and finance uses for a term of 40 years commencing from the date of the delivering of the land. The Chaoshang Centre Land Contract contains, inter alia, the following salient conditions:

<b>Plot Ratio:</b>	≤5.5
<b>Permitted Gross Floor Area:</b>	Approximately 222,255 square meters
<b>Height Restriction:</b>	Not more than 150 metres

- ii. Pursuant to a State-owned Land Use Right Certificate, the land use right of the property with a site area of 40,410.00 sq.m. has been granted to Chaoshang Group (Shantou) for a term expiring on 28 January 2057 for financial and commercial uses.

- iii. Pursuant to a construction work commencement permit, the construction of the property mainly including two blocks of office with retail podium, two blocks of service apartment, one exhibition center and basement have been approved.

Based on current development plan provided by NSG, the gross development value of the property upon completion is estimated to be approximately RMB2,351,000,000. The outstanding development cost as at the Valuation Date is approximately RMB1,020,000,000.

- iv. We have been provided with a legal opinion by NSG's PRC legal adviser, Allbright Law Offices, regarding the legal title of the property, which contains, inter alia, the followings:
- i) the property is legally held by Chaoshang Group (Shantou);
  - ii) the construction work planning permit and construction work commencement permit is valid and enforceable; and
  - iii) the property is subject to a mortgage and free from any other third parties' encumbrance.



## VALUATION PARTICULARS

No.	Property	Description and tenure	Particulars of occupancy	Market Value
				as at 31 January 2019 RMB
10.	A proposed development known as Bao Neng City Garden located at Chengnan Jie Dao Dong Nei Ju Wei, and the north-east side of Xinhua Dong Lu, Chaoyang District, Shantou City, Guangdong Province, the PRC	<p>Bao Neng City Garden (the “Development”) is a proposed development comprised of residential, apartment, hotel, clubhouse, kindergarten and other facilities.</p> <p>Phase I &amp; II with a planned gross floor area of 265,163 sq.m. mainly comprising of high-rise residential buildings, retail units is under construction while others are still pending for future development. The development is expected to be completed in March 2021.</p> <p>The land use rights of the real property are held for science education use for a term of 50 years, for residential use for a term of 70 years and for commerce and finance uses for a term of 40 years commencing from 26 December 2014.</p>	Upon our inspection, the property is under construction.	1,816,000,000 (Renminbi One Billion Eight Hundred and Sixteen Million)

*Notes:*

- i. According to a State-owned Construction Land Use Rights Grant Contract (the “Chaoyang Project Land Contract”) entered into between 汕頭市潮陽區國土資源局 (translated as “Shantou City Chaoyang District Land Resources Bureau”) and Shantou Chaoshang Chengzhen Comprehensive Management Company Limited (“Chaoshang Chengzhen ”), an indirect 54.67% owned subsidiary of NSG, dated 26 December 2014, the land use rights of a land parcel (known as Lot G2014–8–1) with an aggregate site area of approximately 94,020.8 square metres (of which the granted site area is approximately 71,702.4 square metres) were contracted to be granted to Chaoshang Chengzhen at a consideration of RMB333,800,000 for science education use for a term of 50 years, for residential use for a term of 70 years and for commerce and finance uses for a term of 40 years commencing from the date of delivery of the land. The Chaoyang Project Land Contract contains, inter alia, the following salient condition.

<b>Plot Ratio:</b>	≤4.5
<b>Permitted Gross Floor Area:</b>	Approximately 322,241.05 square meters
<b>Height Restriction:</b>	Not more than 100 metres

- ii. According to a Real Estate Title Certificate, known as Yue (2017) Chaoyang Qu Bu Dong Chan Quan No. 0003181, dated 25 July 2017 issued by the State-own Land Resources Bureau of Shantou City, the land use rights of the real property with a site area of approximately 167.90 square metres have been granted to Chaoshang Chengzhen with a term expiring on 25 December 2064 for Science and Education uses.
- iii. According to three Real Estate Title Certificates, known as Yue (2017) Chaoyang Qu Bu Dong Chan Quan Nos. 0003178, 0003180, 0003183, dated 25 July 2017 issued by the State-own Land Resources Bureau of Shantou City, the land use rights of the real property with a total site area of approximately 21,644.50 square metres have been granted to Chaoshang Chengzhen with a term expiring on 25 December 2084 for township residential uses.
- iv. According to a Real Estate Title Certificate, known as Yue (2017) Chaoyang Qu Bu Dong Chan Quan No. 0003179, dated 25 July 2017 issued by the State-own Land Resources Bureau of Shantou City, the land use rights of the real property with a site area of approximately 49,890 square metres have been granted to Chaoshang Chengzhen with a term expiring on 25 December 2084 for town ship residential use and expiring on 25 December 2054 for commerce and finance uses.
- v. Pursuant to two construction work commencement permits issued in December 2017 and April 2018, construction of phase I and phase II of the property with total planned gross floor area of 265,163 sq.m have been approved.
- vi. Five set of pre-sold permits have been granted to residential units of block No.2, No.3, No.6, No.8 and retail units of block No.2 & 3 with total gross floor area of approximately 88,499.28 sq.m..

Based on current development plan provided by NSG, the gross development value of the property upon completion is estimated to be approximately RMB4,106,000,000. The outstanding development cost as at the Valuation Date is approximately RMB1,393,000,000.

- vii. We have been provided with a legal opinion by NSG's PRC legal adviser, Allbright Law Offices, regarding the legal title of the property, which contains, inter alia, the followings:
  - i) the property is legally held by Chaoshang Chengzhen;
  - ii) the construction work commencement permit and pre-sold permit is valid and enforceable; and
  - iii) the property is subject to a mortgage and free from any other third parties' encumbrance.

## VALUATION PARTICULARS

No.	Property	Description and tenure	Particulars of occupancy	Market Value as at 31 January 2019 RMB
11.	Three parcels of adjacent land known as Lots F01-11, F02-08 & F02-10 located in Xinjin Area of East Coast New Town, Longhu District, Shantou City, Guangdong Province, the PRC	<p>The property comprises 3 parcels of commercial adjacent land with a total site area of approximately 167,299.50 sq.m. (1,800,795 sq.ft.).</p> <p>As advised by NSG, the property will be developed into a composited development, including a convention centre, a hotel, various high- and low-rise offices and apartments, commercial facilities and car parking spaces. The whole development will be developed by phases and is scheduled to be completed by end of 2021.</p> <p>The Property has a maximum permitted gross floor area of approximately 682,282.50 sq.m. (7,344,021 sq.ft.).</p> <p>The land use rights of the property were granted for a term of 40 years expiring on 17 January 2057 for commercial use.</p>	The property is under a preliminary stage of development.	2,377,000,000 (Renminbi Two Billion Three Hundred Seventy Seven Million)

*Notes:*

- i. Pursuant to a Stated-owned Land Use Right Grant Contract — No. 440501–2016–000017 dated 30 December 2016, the land use rights of the property with a total site area of approximately 167,299.50 sq.m. were granted to 汕頭市泰盛科技有限公司 (“泰盛科技”), an indirect 100% owned subsidiary of NSG, for a term of 40 years for commercial use.
- ii. Pursuant to three Real Estate Title Certificates dated 2 March 2017, the land use rights of the property with a site area of approximately 167,299.50 sq.m. were granted to 泰盛科技 for a term commencing on 18 January 2017 and expiring on 17 January 2057 for commercial use. Details of such certificates are listed as follows:

<b>Certificate No. — Yue (2017) Shantou Shi Bu Dong Chan Quan</b>	<b>Lot No.</b>	<b>Approx. Site Area (sq.m.)</b>	<b>Plot Ratio</b>
No. 0004853	F02–10	50,897.90	≤3.5
No. 0004865	F02–08	39,474.80	≤4.0
No. 0004866	F01–11	<u>76,926.80</u>	≤4.5
	<b>Total:</b>	<b><u>167,299.50</u></b>	

- iii. Pursuant to a Construction Land Planning Permit — 2017 Shan Hua Gui Jian Di Zi No.001 and its attachments dated 13 January 2017, the plan for construction with a total gross floor area of approximately 682,212.45 sq.m. has been approved. Details of such plan is as follows:

	<b>Lot F02–10</b>	<b>Lot F02–08</b>	<b>Lot F01–11</b>	<b>Total</b>
Total Site Area (sq.m.)	—	—	—	192,613.80
Road Area (sq.m.)	—	—	—	25,314.30
Usable Site Area (sq.m.)	50,897.90	39,474.80	76,926.80	167,299.50
Plot Ratio	≤3.5	≤4.0	≤4.5	
Accountable Gross Floor Area (sq.m.)	≤178,142.70	≤157,899.20	≤346,170.60	≤682,282.50
Site Coverage	≤50%	≤50%	≤50%	
Green Ratio	≥20%	≥20%	≥20%	
Car Park Ratio	≥20%	≥20%	≥20%	
Building Height	≤155m	≤155m	≤155m	

Based on current development plan provided by NSG, the gross development value of the property upon completion is estimated to be approximately RMB6,291,000,000. The outstanding development cost as at the Valuation Date is approximately RMB3,097,000,000.

- iv. We have been provided with a legal opinion by NSG’s PRC legal adviser, Allbright Law Offices, regarding the legal title of the property, which contains, inter alia, the followings:
- the property is legally held by 泰盛科技;
  - 泰盛科技 is entitled to transfer, lease, mortgage or dispose of the property freely in the market; and
  - the property is subject to a mortgage and free from any other third party’s encumbrances.

## VALUATION PARTICULARS

No.	Property	Description and tenure	Particulars of occupancy	Market Value as at 31 January 2019 RMB
12.	Units A and H on Level 20, Block 5, Area A, Phase III, Haishang Shijie Shuangxi Garden, Nanshan District, Shenzhen City, Guangdong Province, the PRC	<p>The property comprises 2 residential units at a 31-storey composite, which was completed in about 2017.</p> <p>The total gross floor area of the property is approximately 176.56 square metres.</p> <p>The land use rights of the property are held for a term expiring on 30 August 2074 for residential use.</p>	Upon our inspection, the property is vacant.	23,200,000 (Renminbi Twenty Three Million and Two Hundred Thousand)

*Notes:*

- i. According to two Real Estate Title Certificates, known as Yue (2018) Shenzhen Shi Bu Dong Chan Quan Di 0041588 and 0041580 Hao dated 9 March 2018, the property with a total gross floor area of approximately 176.56 square metres is held by 深圳寶新體育產業有限公司 (“Shenzhen Baoxin Sports”), an indirect 100% owned subsidiary of NSG, for residential uses and the land use rights are granted for residential uses for a term expiring on 30 August 2074.
- ii. We have been provided with a legal opinion by NSG’s PRC legal adviser, Allbright Law Offices, regarding the legal title of the property, which contains, inter alia, the followings:
  - i) the property is legally held by Shenzhen Baoxin Sports;
  - ii) Shenzhen Baoxin Sports is entitled to transfer, lease, mortgage or dispose of the property freely in the market; and
  - iii) the property is free from any mortgage or third parties’ encumbrance.

## VALUATION PARTICULARS

No.	Property	Description and tenure	Particulars of occupancy	Market Value as at 31 January 2019 RMB
13.	Unit 16A, Block J, Building No.4, Bao Neng Cheng Garden, Liuxian Avenue, Nanshan District, Shenzhen, the PRC	<p>The property comprises a residential unit of a composite development which was completed in about 2017.</p> <p>The gross floor area of the property is approximately 87.3 square metres.</p> <p>The land use rights of the property are held for a term expiring on 22 October 2082 for residential use.</p>	The property is vacant.	5,380,000 (Renminbi Five Million Three Hundred and Eighty Thousand)

*Notes:*

- i. According to a Real Estate Title Certificate — Yue (2018) Shen Zhen Real Estate Title No.0150758, the property with a gross floor area of approximately 87.3 square metres is held by 深圳寶新實業集團有限公司 (“Shenzhen Baoxin”), an indirect 100% owned subsidiary of NSG, for residential use and the land use rights are granted for residential uses for a term expiring on 22 October 2082.
- ii. We have been provided with a legal opinion by NSG’s PRC legal adviser, Allbright Law Offices, regarding the legal title of the property, which contains, inter alia, the followings:
  - i) the property is legally held by Shenzhen Baoxin;
  - ii) Shenzhen Baoxin is entitled to transfer, lease, mortgage or dispose of the property freely in the market; and
  - iii) the property is free from any mortgage or third parties’ encumbrance.

*The following is the text of a valuation report, prepared for the purpose of incorporation in this document, received from D&P China (HK) Limited, an independent valuer, in connection with its valuation of the property interests of the CGG Group as at 31 January 2019.*

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DUFF & PHELPS

3 May 2019

**China Goldjoy Group Limited**  
Unit 1908-9, Tower 2, Lippo Centre  
No. 89 Queensway, Hong Kong

Dear Sirs,

In accordance with the instruction of China Goldjoy Group Limited (the “Company” or “China Goldjoy” or “CGG”) or its subsidiaries (collectively hereinafter referred to as the “Group”) to provide our opinion of the market value of various properties located in Hong Kong and in the People’s Republic of China (the “PRC”) (or hereafter referred as the “Properties” or the “property interests”). We confirm that we have carried out inspection of the Properties, made relevant enquiries and obtained such further information as we consider necessary for providing the market values of such property interest as of 31 January 2019 (referred to as the “valuation date”).

This letter which forms part of our valuation report explains the basis and methodology of valuation, and clarifies our assumptions made, title investigation of property and the limiting conditions.

No third party shall have the right of reliance on this valuation report and neither receipt nor possession of this valuation report by any third party shall create any express or implied third-party beneficiary rights.

## **BASIS OF VALUATION**

Our valuation is our opinion of the *Market Value* which is defined in accordance with the HKIS Valuation Standards of the Hong Kong Institute of Surveyors to mean “the estimated amount for which an asset or liability should exchange on the Valuation Date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

*Market Value* is understood as the value of an asset and liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

This estimate specifically excludes an estimated price inflated or deflated by special considerations or concessions granted by anyone associated with the sale, or any element of special value.

### **VALUATION METHODOLOGY**

For the office units of the Properties located in Hong Kong, they are valued by direct comparison method where comparison based on prices realized on actual sales or market price information of comparable properties is made. Comparable properties of similar size, character and location are analyzed and carefully weighed against all the respective advantages and disadvantages of the property interest in order to arrive at a Market Value.

For the composite developments of the Properties located in the PRC, they are currently under construction, we have assumed that they will be developed and completed in accordance with the development plan provided to us. In the course of our valuation, except for the hotel portion, we have adopted the direct comparison method where comparison based on prices realized on actual sales or market price information of comparable properties is made. Comparable properties of similar size, character and location are analyzed and carefully weighed against all the respective advantages and disadvantages of each property interest in order to arrive at a Market Value.

For hotel portion, we have made reference to the current land value and the expected construction cost of the buildings.

We have relied on the construction status and expected completion date of each portion of the Properties provided to assess the Market Value in existing state as at the valuation date and we did not find any material inconsistency from those of other similar developments.

In respect of property 6, income approach was adopted. By income approach, value is developed by capitalizing the rental income derived from the existing tenancies with due provision for the reversionary income potential of the Property. Full market rental values have been assumed for the vacant and owner-occupied spaces.

### **TITLE INVESTIGATION**

We have caused searches to be made at the appropriate Land Registry in Hong Kong. However, we have not scrutinized the original documents to verify ownership or to verify any lease amendment, which may not appear on the copies handed to us.

We have been provided with copies of documents in relation to the title of the property interests located in the PRC. However, due to the current registration system of the PRC, no investigation has been made for the legal title or any liabilities attached to the Properties. We have also not scrutinized the original documents to verify ownership or to verify any amendments which may not appear on the copies handed to us.

We have relied to a considerable extent on the information provided by the Company and the PRC legal opinion provided by the PRC legal adviser, Allbright Law Offices (Shenzhen), on the PRC Law regarding the Properties located in the PRC.



All legal documents disclosed in this letter and valuation certificates are for reference only and no responsibility is assumed for any legal matters concerning the legal title to the property interests set out in this letter and valuation reports.

### POTENTIAL TAX LIABILITIES

As advised by the Group, the potential tax liabilities which will arise on direct disposal of the property interests held by the Group at the amounts valued by us mainly comprise the following:

#### Hong Kong Properties:

- Profits tax at 16.5% on gain (minus any profit which is capital in nature)
- Stamp duty at progressive rates from 1.5% to 8.5% on the transaction amount (of which both the seller and the buyer are jointly and severally liable)

#### PRC Properties:

- Value added tax (“VAT”) at 5%/10% on the transaction amount
- Enterprise income tax at 25% on gain
- Land appreciation tax at progressive rates from 30% to 60% on the appreciation in property value
- Stamp duty at 0.05% on the transaction amount
- Other surcharge at approximately 11% of VAT paid

In respect of properties nos. 12 and 13, which are held for sale, it is likely that the relevant tax liabilities will be crystallized upon sale. In respect of other properties held by the Group, the likelihood of the relevant tax liabilities being crystallized is remote as the Group has no plans for disposal of such properties yet.

### ASSUMPTIONS

Our valuations have been made on the assumption that the owner sells the property interests on the market in its existing state without the benefit of deferred terms contracts, leaseback, joint ventures, management agreements or any similar arrangement which would serve to affect the values of the property interests.

The land use rights of the Property No. 6 cannot be transferred or sub-divided. For determining the market value of the existing state of the Property No. 6, our valuation has been made on the assumption that the Property No. 6 would be leased in the open market in existing state

No allowance has been in our valuations for any charges, mortgages or amounts owing on the Properties valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, all the property interests are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

We have assumed that the owner(s) of the property interests have free and uninterrupted rights to use, lease or mortgage the property interests. We have also assumed that the property interests are freely disposable and transferable.

We have valued the property interests on the assumption that it is developed in accordance with the development proposals or building plans given to us. Also, we have assumed that unless otherwise stated, all buildings and structures erected on the land parcels are held by the owner(s) or permitted to be occupied by the owner(s).

It is assumed that all applicable zoning, land use regulations and other restrictions have been complied with unless a non-conformity has been stated, defined and considered in the valuation reports. Further, it is assumed that the utilization of the land and improvements is within the boundaries of the property interests described and that no encroachment or trespass exists unless noted in the valuation reports.

Other special assumptions of the Properties, if any, have been stated in the footnotes of the valuation reports.

### **LIMITING CONDITIONS**

We have relied to a considerable extent on the information provided by the Group and have accepted advice given to us by the Group on such matters as statutory notices, easements, tenure, occupancy, site areas and floor areas and all other relevant matters. Dimensions and areas included in the valuation report are based on information contained in the documents provided to us and are only approximations.

Having examined all relevant documentation, we have had no reason to doubt the truth and accuracy of the information provided to us. We have assumed that no material factors have been omitted from the information to reach an informed view, and have no reason to suspect that any material information has been withheld.

We have not carried out detailed site measurements to verify the land areas or building areas in respect of the properties but have assumed that the areas provided to us are correct. All dimensions and areas are approximations only.

Our Mr. Robert Hu, Ms. Nikki Wan and Ms. Elaine Ng have inspected the Properties on 24 January 2019, 12 February 2019, 15 February 2019 and 26 February 2019 respectively. No structural survey has been made and we are therefore unable to report as to whether the Properties are or are not free of rot, infestation or any other structural defects. No tests were carried out on any of the services.

No site investigations have been carried out to determine the suitability of the ground conditions or the services for the sites.

No environmental impact study has been ordered or made. Full compliance with applicable national, provincial and local environmental regulations and laws is assumed unless otherwise stated, defined, and considered in the report. It is also assumed that all required licenses, consents, or other legislative, or administrative authority from any local, provincial, or national government or private entity or organization either have been or can be obtained or renewed for any use which the report covers.

## REMARKS

In valuing the property interests, we have complied with all the requirements contained in Paragraph 34(2) and (3) of Schedule 3 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32), Chapter 5 and Practice Note 12 to the Listing Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited, The HKIS Valuation Standards (2017 Edition) published by the Hong Kong Institute of Surveyors and Rule 11 of The Codes on Takeovers and Mergers and Share Buy-backs. We confirm that we are an independent qualified valuer, as referred to Rule 11 of The Codes on Takeovers and Mergers and Share Buy-backs published by the Securities and Futures Commission.

We hereby certify that we have neither present nor prospective interest in the Properties or the values reported. This valuation report is issued subject to our Assumptions and Limiting Conditions.

Unless otherwise stated, all monetary amount stated in this report is in Hong Kong Dollars (HKD) or Renminbi (RMB).

Yours faithfully,  
For and on behalf of  
**D&P China (HK) Limited**  
**Calvin K.C. Chan**  
*CFA, MRICS, MHKIS, MCIREA, RPS (GP)*  
*Director*

*Notes:* Mr. Calvin K. C. Chan, who is a Chartered Surveyor and Registered Professional Surveyor, has over 20 years' experience in valuation of properties in Hong Kong and China. Mr. Chan has been admitted to the Hong Kong Institute of Surveyors' approved List of Property Valuers to undertake valuation for incorporation or reference in Listing Particulars and Circulars and valuation in connection with that takeovers and mergers.

Ms. Elaine Ng, who is a RICS and HKIS Chartered Surveyor and Registered Professional Surveyor, who has over 15 years' experience in valuation of properties in Hong Kong and China.

Ms. Nikki Wan, who is a RICS Chartered Surveyor, who has over 10 years' experience in valuation of properties in Hong Kong and China.

Mr. Robert Hu, who is a Chinese Registered Real Estate Appraiser has over 20 years' experience in valuation of properties in China.

## SUMMARY OF VALUES

## Group I — Properties held for investment in Hong Kong

No.	Property	Market Value in existing state as of 31 January 2019
1.	Office Unit 1903 on 19th Floor of Tower 2, Lippo Centre, No. 89 Queensway, Hong Kong	HKD82,800,000
2.	Office Unit 1905 on 19th Floor of Tower 2, Lippo Centre, No. 89 Queensway, Hong Kong	HKD69,400,000
3.	Flat B on 15th Floor and Private Car Parking Space No. P1 on Lower Ground 4 Floor, Kennedy Park at Central, No. 4 Kennedy Road, Hong Kong	HKD66,700,000
<b>Total:</b>		<u>HKD218,900,000</u>

## Group II — Properties held for investment in the PRC

No.	Property	Market Value in existing state as of 31 January 2019
4.	Shopping Mall and Hotel of a Composite Development known as “Taigu Plaza”, No. 38 Meiguan Avenue, Zhangjiang New District, Ganzhou City, Jiangxi Province, The PRC 中國江西省贛州市章江新區梅關大道38號「太古城」之商 場及酒店	RMB371,500,000
5.	Shopping Mall, Retail Shops, Hotel and Commercial Car Park of a Composite Development known as “Century City”, northern side of Ganjiangyuan Avenue, Zhangjiangxin District, Ganzhou City, Jiangxi Province, The PRC 中國江西省贛州市章江新區贛江源大道北側「世紀城」之 商場、酒店及辦公車位	RMB780,200,000
6.	An industrial complex and construction-in-progress (“CIP”) works located in No. 9 Bangkai Road, Guangming Gaoxin District, Shenzhen, the PRC 中國深圳光明高新區邦凱路9號之廠房綜合體及在建工程	No Commercial Value
7.	An industrial complex located at New Material Base, Gonghe Town, Heshan City, Guangdong Province, the PRC 中國廣東省鶴山市共和鎮新材料基地之廠房綜合體	RMB116,700,000
<b>Total:</b>		<u>RMB1,268,400,000</u>

## SUMMARY OF VALUES

## Group III — Properties held for owner-occupation in Hong Kong

No.	Property	Market Value in existing state as of 31 January 2019
8.	Office Unit 1906 on 19th Floor of Tower 2, Lippo Centre, No. 89 Queensway, Hong Kong	HKD69,200,000
9.	Office Unit 1907 on 19th Floor of Tower 2, Lippo Centre, No. 89 Queensway, Hong Kong	HKD96,100,000
10.	Office Unit 1908 on 19th Floor of Tower 2, Lippo Centre, No. 89 Queensway, Hong Kong	HKD100,100,000
11.	Office Unit 1909 on 19th Floor of Tower 2, Lippo Centre, No. 89 Queensway, Hong Kong	HKD112,200,000
<b>Total:</b>		<u>HKD377,600,000</u>

## Group IV — Properties held for sale in the PRC

No.	Property	Market Value in existing state as of 31 January 2019
12.	Residential, Retails, Serviced-Apartment, Clubhouse and Car Parking Spaces of a Composite Development known as “Taigu Plaza”, No. 38 Meiguan Avenue, Zhangjiang New District, Ganzhou City, Jiangxi Province, The PRC 中國江西省贛州市章江新區梅關大道38號「太古城」之住 宅、商鋪、商業式公寓、會所以及車位	RMB441,200,000
13.	Residential, Retail Shops, Office and Car Parking Spaces of a Composite Development known as “Century City”, northern side of Ganjiangyuan Avenue, Zhangjiangxin District, Ganzhou City, Jiangxi Province, The PRC 中國江西省贛州市章江新區贛江源大道北側「世紀城」之 住宅、商鋪、商業式公寓、辦公樓以及車位	RMB1,296,300,000
<b>Total:</b>		<u>RMB1,737,500,000</u>

## VALUATION PARTICULARS

## Group I — Properties held for investment in Hong Kong

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in existing state as at 31 January 2019
1.	Office Unit 1903 on 19th Floor of Tower 2, Lippo Centre, No. 89 Queensway, Hong Kong  161/1,262 of 1,262/102,750th equal and undivided shares of and in Inland Lot No. 8615.	<p>Lippo Centre comprises two office towers (Tower 1 and Tower 2), is situated on the north-eastern side of Queensway in Central of Hong Kong. The immediately locality is a traditional commercial area. Properties in the vicinity mainly comprise Grade A office buildings and government buildings of various ages and heights.</p> <p>The Property comprises an office unit on 19th Floor of a 41-storey office building, the Tower 2 of Lippo Centre, which was built in 1988.</p> <p>As provided by the Company, the gross floor area of the Property is approximately 2,325 sq.ft.</p> <p>The Property is held under a Conditions of Sale No. UB11720 for a term of 75 years commencing on 15 February 1984 and renewable for a further term of 75 years at an annual government rent of HK\$1,000.</p>	As advised by the Company, the Property was subject to a tenancy agreement at a monthly rent of HK\$127,875 for a term of 2 years from 1 March 2017 to 28 February 2019 exclusive of management fee, air-conditioning charges, rates and government rent as of the valuation date.	HKD82,800,000

*Notes:*

- The registered owner of the Property is Handmoon Investments Limited 恒滿投資有限公司, which is an indirect wholly-owned subsidiary of CGG, vide Memorial No. 17011601440028 dated 21 December 2016.
- The Property is subject to a mortgage in favor of United Overseas Bank Limited vide Memorial No. 18090600650024 dated 22 August 2018.
- In the valuation of the property in its existing state, we had made reference to various recent sales prices of office units within the same development.

The comparable units are selected as they have characteristics comparable to the subject Property. The price range of the comparable units is from HKD31,882 to HKD39,000 per square foot on gross floor area. The unit rates assumed by us are consistent with the sales prices of relevant comparables after due adjustments. Due adjustments to the unit rates of those sales prices have been made to reflect to the difference in transaction time, size and floor level. In the course of our valuation, we have adopted average unit rate of HKD35,662 per square foot on gross floor area.

## VALUATION PARTICULARS

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in existing state as at 31 January 2019
2.	Office Unit 1905 on 19th Floor of Tower 2, Lippo Centre, No. 89 Queensway, Hong Kong  132/1,262 of 1,262/102,750th equal and undivided shares of and in Inland Lot No. 8615.	Lippo Centre comprises two office towers (Tower 1 and Tower 2), is situated on the north-eastern side of Queensway in Central of Hong Kong. The immediately locality is a traditional commercial area. Properties in the vicinity mainly comprise Grade A office buildings and government buildings of various ages and heights.  The Property comprises an office unit on 19th Floor of a 41-storey office building, the Tower 2 of Lippo Centre, which was built in 1988.  As provided by the Company, the gross floor area of the Property is approximately 2,325 sq.ft.  The Property is held under a Conditions of Sale No. UB11720 for a term of 75 years commencing on 15 February 1984 and renewable for a further term of 75 years at an annual government rent of HK\$1,000.	As advised by the Company, the Property was subject to a tenancy agreement at a monthly rent of HK\$114,480 for a term from 1 November 2018 to 30 April 2019 exclusive of management fee, air-conditioning charges and rates as of the valuation date.	HKD69,400,000

*Notes:*

1. The registered owner of the Property is Harvest Joy Investments Limited 豐欣投資有限公司, which is an indirect wholly-owned subsidiary of CGG, vide Memorial No. 17011601440036 dated 21 December 2016.
2. The Property is subject to a mortgage in favor of China Construction Bank (Asia) Corporation Limited vide Memorial No. 17060901840029 dated 16 May 2017.
3. The Property is subject to an assignment of rentals in favor of China Construction Bank (Asia) Corporation Limited vide Memorial No. 17060901840032 dated 16 May 2017.
4. In the valuation of the property in its existing state, we had made reference to various recent sales prices of office units within the same development.

The comparable units are selected as they have characteristics comparable to the subject Property. The price range of the comparable units is from HKD31,882 to HKD39,000 per square foot on gross floor area. The unit rates assumed by us are consistent with the sales prices of relevant comparables after due adjustments. Due adjustments to the unit rates of those sales prices have been made to reflect to the difference in transaction time, size and floor level. In the course of our valuation, we have adopted average unit rate of HKD36,365 per square foot on gross floor area.

## VALUATION PARTICULARS

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in existing state as at 31 January 2019
3.	Flat B on 15th Floor and Private Car Parking Space No. P1 on Lower Ground 4 Floor, Kennedy Park at Central, No. 4 Kennedy Road, Hong Kong	Kennedy Park at Central (the "Development") is situated on the south-eastern side of the interchange between Cotton Tree Drive and Garden Road in Mid-Level District of Hong Kong. The immediately locality is a high-end residential area. Developments in the vicinity mainly comprise residential buildings with ancillary retail premises of various ages and heights.	As advised by the Company, the Property was vacant of the valuation date.	HKD66,700,000
	137/7,884th equal and undivided shares of and in Section A of Inland Lot No. 1381, the remaining portion of Section B of Inland Lot No. 1381, Sub-section 1 of Section N of Inland Lot No. 1381 and Sub-Section 1 of Section O of Inland Lot No. 1381.	The Property comprises a residential unit on 15th Floor and a car parking space on Lower Ground 4 Floor of a 30-storey residential building of Kennedy Park at Central, which was built in 2014.  As provided by the Company, the saleable area of the Property is approximately 1,476 sq.ft. exclusive of car parking space area.  The Property is held under a Government Lease for a term of 999 years commencing on 13 July 1896 at an annual government rent of HK\$88.		

*Notes:*

1. The registered owner of the Property is Ace Grand Limited, which is an indirect wholly-owned subsidiary of CGG, vide Memorial No. 14070402140021 and 14090502330026 dated 13 June 2014 and 7 August 2014.
2. The residential unit of the Property is subject to a mortgage in favor of China Construction Bank (Asia) Corporation Limited vide Memorial No. 17122201820012 dated 15 December 2017.
3. The residential unit of the Property is subject to an assignment of rentals in favor of China Construction Bank (Asia) Corporation Limited vide Memorial No. 17122201820025 dated 5 December 2017.
4. In the valuation of the property in its existing state, we had made reference to various recent sales prices of residential units with a car parking space within the same vicinity.

The comparable units are selected as they have characteristics comparable to the subject Property. The price range of the comparable units is from HKD38,482 to HKD40,709 per square foot on gross floor area. The unit rates assumed by us are consistent with the sales prices of relevant comparables after due adjustments. Due adjustments to the unit rates of those sales prices have been made to reflect to the difference in transaction time, size, age, floor level and orientation. In the course of our valuation, we have adopted average unit rate of HKD45,200 per square foot on gross floor area.



## VALUATION PARTICULARS

## Group II — Properties held for investment in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as of 31 January 2019																		
4.	Shopping Mall and Hotel of a Composite Development known as “Taigu Plaza”, No.38 Meiguan Avenue, Zhangjiang New District, Ganzhou City, Jiangxi Province, The PRC  中國江西省贛州市章江新區梅關大道38號「太古城」之商場及酒店	<p>The subject Property comprises shopping mall and the hotel of a composite development known as “Taigu Plaza” (the “development”) erected on a land parcel (Lot No. K21) with a site area of about 51,950.20 square metres.</p> <p>As advised by the Company, the status of construction works of the Property is tabulated below:</p> <table border="1"> <thead> <tr> <th>Building Categories</th> <th>Date of Completion</th> </tr> </thead> <tbody> <tr> <td colspan="2"><b>Portion held for Investment</b></td> </tr> <tr> <td>Shopping Mall</td> <td>February 2016 (Alteration &amp; Addition Works is scheduled to be completed in October 2019)</td> </tr> <tr> <td>Hotel</td> <td>February 2016 (Alteration &amp; Addition Works is scheduled to be completed in November 2019)</td> </tr> </tbody> </table> <p>Upon completion, the total gross floor area of the Property is approximately 52,396.89 square metres, the salient details are tabulated below:</p> <table border="1"> <thead> <tr> <th>Building Categories</th> <th>Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td colspan="2"><b>Portion held for Investment</b></td> </tr> <tr> <td>Shopping Mall (including basement)</td> <td>22,727.41</td> </tr> <tr> <td>Hotel</td> <td><u>29,669.48</u></td> </tr> <tr> <td><b>Total</b></td> <td><u><u>52,396.89</u></u></td> </tr> </tbody> </table>	Building Categories	Date of Completion	<b>Portion held for Investment</b>		Shopping Mall	February 2016 (Alteration & Addition Works is scheduled to be completed in October 2019)	Hotel	February 2016 (Alteration & Addition Works is scheduled to be completed in November 2019)	Building Categories	Gross Floor Area (sq.m.)	<b>Portion held for Investment</b>		Shopping Mall (including basement)	22,727.41	Hotel	<u>29,669.48</u>	<b>Total</b>	<u><u>52,396.89</u></u>	As advised by the Company and as per our site inspection, the Property was under renovation, alteration and addition works.	RMB371,500,000
Building Categories	Date of Completion																					
<b>Portion held for Investment</b>																						
Shopping Mall	February 2016 (Alteration & Addition Works is scheduled to be completed in October 2019)																					
Hotel	February 2016 (Alteration & Addition Works is scheduled to be completed in November 2019)																					
Building Categories	Gross Floor Area (sq.m.)																					
<b>Portion held for Investment</b>																						
Shopping Mall (including basement)	22,727.41																					
Hotel	<u>29,669.48</u>																					
<b>Total</b>	<u><u>52,396.89</u></u>																					
		The land use rights of the Property have been granted for terms expiring on 20 February 2052 for commercial use and 20 February 2082 for residential use.																				

*Notes:*

1. Pursuant to a State-owned Land Use Rights Contract, No. 36201211030013, entered into between Ganzhou City Land Administrative Bureau (贛州市國土資源局) and Baoneng Taifeng Company Limited (寶能泰豐有限公司) (“Baoneng Taifeng”) which has changed its name to Laihua Taifeng dated 21 February 2012, the land use rights of the Property (Lot No. K21) with a site area of 51,950.20 sq.m. have been granted to Baoneng Taifeng for terms of 40 years for commercial business and 70 years for residential uses at a consideration of RMB281,829,835.
2. Pursuant to a State-owned Land Use Certificate (國有土地使用證), Gan Shi Zhang Gao Yong (2013) Di No. 0006 issued by the People’s Government of Ganzhou City (贛州市人民政府) dated January 2013, the land use rights of the Property are held by Baoneng Taifeng for terms expiring on 20 February 2052 for commercial use and 20 February 2082 for residential use.
3. Pursuant to the Letter of Change of Company (公司變更通知書) issued by Ganzhou City Industrial and Commercial Administrative Bureau (贛州市工商行政管理局) dated 1 February 2016, the company name of Baoneng Taifeng Company Limited (寶能泰豐有限公司) has changed to Laihua Taifeng Company Limited (萊華泰豐有限公司) (“Laihua Taifeng”).
4. Pursuant to the Business License No. 070010039871 issued by Ganzhou City Industrial and Commercial Administrative Approval Bureau (贛州市工商行政審批局) dated 11 October 2018, Laihua Taifeng Company Limited (萊華泰豐有限公司) was incorporated on 10 January 2012. The business operation is valid till 10 January 2032.
5. As advised by the Company, Laihua Taifeng is an indirect wholly-owned subsidiary of CGG.
6. Pursuant to various Real Estate Certificates (不動產權證書), issued by the Real Estate Registration Bureau of Ganzhou City (贛州市不動產登記局), the ownership of the Property is held by Laihua Taifeng.
7. As advised by the Company, the construction cost-paid related to the Property as of the valuation date is RMB270,354,553, while the outstanding construction cost is RMB77,974,846. As advised by the Company, the renovation, alteration and addition works of shopping mall and hotel are scheduled to be completed in October 2019 and November 2019 respectively. The operation will be started upon their completion.
8. The market value of the Property as if completed as of the valuation date according to the development plan as described above and which can be freely transferred in the market, would be about RMB460,100,000. The market value of the Property in existing state is based on the percentage completion status between expected completion date and the overall 50-month construction period of the development. With reference to the completion schedule provided by the Company, the remaining periods for the renovation, alteration and additional works of shopping mall and hotel are about 9 months and 10 months respectively. The percentage of completion of the shopping mall and hotel ranged from 80% to 82%. With regards to the difference percentage completion status of the Property, the weighted average completion in respect of entire development was about 80.74%.

The market value in its existing state of the Property is determined by using the weighted average of the completion rate times the as if completed value, i.e.:

	Market Value as if completion	: RMB460,100,000
×	Weighted Average completion rate	: 80.74%
	<b>Market Value in its existing state</b>	<b>: RMB371,500,000</b>

9. Taigu Plaza is a newly developing composite development bounded by Wenwuju Road, Dongjiangyuan Avenue, Tangjiang Road and Chengxiang Avenue. It conforms with the neighboring environment, as it is surrounded by various commercial, hotels, residential developments and various public utilities such as schools, Ganzhou City Central Park and the People's Hospital of Ganzhou City. It can be easily accessible as it is also closed to the Ganzhou Train Station on its eastern side within 10 minutes driving distance.
10. The PRC legal opinion states, inter alias, that:
- a) The ownership of the Property is held under the Laihua Taifeng.
  - b) 489 units of the Property are subject to mortgage, including 437 carpark spaces, 52 units in the composite building (hotel and shopping mall).
11. Our valuation has been made on the following basis and analysis:

In the valuation of the shopping mall, we had made reference to various recent sales prices of shopping mall within the same district. These comparable properties are selected as they have characteristics comparable to the property. We have gathered the comparables of the similar type of development within the same district. The price range of Level 1 shopping mall premises range from RMB30,000 to RMB35,000 per square metre. The unit rates assumed by us are consistent with the sales prices of relevant comparables after due adjustment. Due adjustments to the unit rates of those sales prices have been made to reflect to the difference in location, size, condition and other characters, we have adopted an average unit rate of RMB17,000 per square metre for Level 1 units. With adjustment of 50%-unit rate of Level 1, we have adopted RMB8,500 per square metre for Level 2 units. With adjustment of 75%-unit rate of Level 2, we have adopted RMB6,375 per square metre for Level 3 units. With adjustment of 75%-unit rate of Level 3, we have adopted RMB4,781 per square metres for Level 4 units. With adjustment of 40%-unit rate of Level 1, we have adopted RMB6,800 per square metre for Basement 1 units.

For hotel portion, we have made reference to the current land value and the expected construction cost of the building. In the valuation of the hotel land, we have collected some commercial and residential mixed-use land comparables as they have characteristics comparable to the property. We have gathered the land comparables of the similar type of development within the same district. The price range from RMB3,782 to RMB5,719 per square meter on accommodation value ("AV"). The unit rates assumed by us are consistent with the sales prices of relevant comparables after due adjustment. Due adjustments to the unit rates of those sales prices have been made to reflect to the difference in time, location, size and other characters. In the course of our valuation, we have adopted an average unit rate of RMB4,594 per square metre on AV. As the plot-ratio of the hotel portion is about 0.57 out of the planned plot-ratio of 4.61, the proportioned land value for hotel portion is approximately RMB107,847,000, having into account the building cost budget and developer's profit, the market value of the hotel portion upon completion is about RMB288,700,000.

## VALUATION PARTICULARS

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as of 31 January 2019																		
5.	Shopping Mall, Retail Shops, Hotel and Commercial Car Park of a Composite Development known as “Century City”, northern side of Ganjiangyuan Avenue, Zhangjiangxin District, Ganzhou City, Jiangxi Province, The PRC  中國江西省贛州市章江新區贛江源大道北側「世紀城」之商場、酒店及商用車位	<p>The subject Property is a portion of a composite development known as “Century City” erected on two land parcels (Lot Nos. H25 and H26) with a total site area of 128,461.20 square metres.</p> <p>The Property is divided into two zones (East Zone on Land Lot No. H26 and West Zone on Land Lot No. H25).</p> <table border="1"> <thead> <tr> <th>Zones</th> <th>Building Categories</th> <th>Date of Completion</th> </tr> </thead> <tbody> <tr> <td>H25 (West Zone)</td> <td>Retail shops</td> <td>December 2016</td> </tr> <tr> <td rowspan="4">H26 (East Zone)</td> <td>Retail Shops</td> <td>January 2018</td> </tr> <tr> <td>Commercial</td> <td>January 2019</td> </tr> <tr> <td>Carpark (912 units)</td> <td></td> </tr> <tr> <td>Shopping Mall</td> <td>October 2018</td> </tr> <tr> <td></td> <td>Hotel</td> <td>December 2020</td> </tr> </tbody> </table>	Zones	Building Categories	Date of Completion	H25 (West Zone)	Retail shops	December 2016	H26 (East Zone)	Retail Shops	January 2018	Commercial	January 2019	Carpark (912 units)		Shopping Mall	October 2018		Hotel	December 2020	<p>As advised by the Company and as per our site inspection, the construction works of whole development was completed except the office and hotel portions in east zone.</p> <p>Retail shops with total gross floor area of about 9,192 square metres was leased. The remaining retail shops were vacant.</p>	RMB780,200,000
Zones	Building Categories	Date of Completion																				
H25 (West Zone)	Retail shops	December 2016																				
H26 (East Zone)	Retail Shops	January 2018																				
	Commercial	January 2019																				
	Carpark (912 units)																					
	Shopping Mall	October 2018																				
	Hotel	December 2020																				

The total gross floor area of the Property is approximately 112,767 square metres. The salient details are tabulated below:

Land Lot	Categories	Gross Floor Area (sq.m.)
<b>Portion held for Investment</b>		
H25 (West Zone)	Retail Shops	6,686.63
H26 (East Zone)	Commercial Carpark (912 units)	41,164.71
	Retail Shops	2,505.19
	Shopping Mall	40,220.63
	Hotel	<u>22,189.74</u>
Grand Total		<u><u>112,766.90</u></u>

The land use rights of the Property have been granted for terms expiring on 23 July 2052 for commercial use, 23 July 2082 for residential use, and 23 July 2062 for kindergarten use.

*Notes:*

1. Pursuant to a State-owned Land Use Rights Contract, No. 3607022012B00268, entered into between Ganzhou City Land Administrative Bureau (贛州市國土資源局) and Baoneng Taisheng Company Limited (寶能泰盛有限公司) (“Baoneng Taisheng”) which has changed its name to Laihua Taisheng dated 24 July 2012, the land use rights of the Property (Lot Nos. H25 and H26) with a total site area of 132,291.9 sq.m. have been granted to the Baoneng Taisheng for terms of 40 years for commercial and hotel, 70 years for residential and 50 years for kindergarten uses at a consideration of RMB625,063,700.
2. Pursuant to a State-owned Land Use Certificate (國有土地使用證), Gan Shi Zhang Gao Yong (2013) Di No. 0179 issued by the People’s Government of Ganzhou City (贛州市人民政府) dated 5 December 2013, the land use rights of the Land Lot Nos. H25 with a site area of 42,605.60 sq.m was held by Baoneng Taisheng for terms expiring on 23 July 2052 for commercial use and 23 July 2082 for residential use.
3. Pursuant to the Letter of Change of Company (公司變更通知書) issued by Ganzhou City Industrial and Commercial Administrative Bureau (贛州市工商行政管理局) dated 1 February 2016, the company name of Baoneng Taisheng Company Limited (寶能泰盛有限公司) has changed to Laihua Taisheng Company Limited (萊華泰盛有限公司) (“Laihua Taisheng”).
4. Pursuant to the Business License No. 070020021972 issued by Ganzhou City Industrial and Commercial Administrative Bureau (贛州市工商行政管理局) dated 1 August 2016, Laihua Taisheng Company Limited (萊華泰盛有限公司) was incorporated on 8 June 2011. The business operation is valid till 8 June 2061.
5. As advised by the Company, Laihua Taisheng is an indirect wholly-owned subsidiary of CGG.
6. Pursuant to a Real Estate Certificate (不動產權證書), Gan (2016) Gan Zhou Shi Bu Dong Chan Quan Di No. 0054531 issued by the Real Estate Registration Bureau of Ganzhou City (贛州市不動產登記局) dated 28 September 2016, the land use rights of the Land Lot No. H26 with site area of 85,855.6 square metres of the Property is held by the Laihua Taisheng Company Limited (萊華泰盛有限公司) for term expiring on 23 July 2052 for other commercial use, 23 July 2082 for residential use, and 23 July 2062 for educational use.
7. Pursuant to two Construction Land Planning Permits (建設用地規劃許可證), Nos. 360701201300010 and 36071201300011 issued by Ganzhou City Urban and Rural Planning and Construction Bureau (贛州市城鄉規劃建設局) both dated 6 February 2013, the development planning of the land of the Property has been approved.
8. Pursuant to eight Construction Works Planning Permits (建築工程規劃許可證), Jian Zi Nos. Fang Wu Jian 360701201300105, 360701201300106, 360701201500045, 360701201400039, 360701201400037, 360701201400059, 360701201400038 and 360701201500035 issued by Ganzhou City Urban and Rural Planning and Construction Bureau (贛州市城鄉規劃建設局) dated 26 December 2013, 17 June 2014, 24 June 2014, 24 October 2014, 3 July 2015 and 14 September 2015 respectively, the construction works of the Property have been approved.
9. Pursuant to six Construction Works Commencement Permits (建設工程施工許可證), Nos. Zong Ban Zheng 362101201401240101, Zong Ban Zheng 362101201401240201, Zong Ban Zheng 362101201411140101, Zong Ban Zheng 362101201409150101, Zong Ban Zheng 362101201409010101 and Zong Ban Zheng 362101201510190201 issued by Ganzhou City Urban and Rural Planning and Construction Bureau (贛州市城鄉規劃建設局) dated 24 January 2014, 15 September 2014, 1 September 2014, 14 November 2014 and 19 October 2015 respectively, the construction works of the Property have been approved.
10. Pursuant to thirteen Forward Sell Licences For Commodity House (商品房預售許可證) and one Record Of Commodity Flat For Sale (現售備案), Nos. 2016-004, 2016-027, 2016-019, 2015-054, 2015-038, 2015-061, 2016-057, 2015-012, 2016-020, 2015-023, 2014-080, 2017-001, 2017-010 and 2017-082 issued by Ganzhou City Real Estate Management Bureau (贛州市房地產管理局), the presale of the residential, retails, car parking units and the kindergarten have been approved.

11. As advised by the Company, the construction cost-paid related to the Property as of the valuation date is approximately RMB426,520,532, while the outstanding construction cost is approximately RMB148,435,887. The retail shops, shopping mall and commercial car parks were completed in between 2018 and 2019 while the renovation, alteration and addition works of hotel is scheduled to be completed in December 2020.
12. As advised by the Company, the retail units completed in West Zone and East Zone with a total gross floor area of about 9,192 square metres were subject to 45 tenancies at a total aggregated monthly rent of about RMB574,000. As at the date of valuation, there are 45 tenancies, in which 44 tenancies are with lease terms already commenced and 1 tenancy with lease term is not yet commenced.
13. The market value of the Property as if completed as of the valuation date according to the development plan as described above and which can be freely transferred in the market, would be about RMB861,000,000. The market value of the Property in existing state is based on the percentage completion status between expected completion date and the overall 60-month construction period of the development. With reference to the completion schedule provided by the Company, residential, retails, kindergarten, residential car parks, commercial car parks and shopping mall have been completed. For office and hotel, the remaining period for the construction works is about 22-month. The percentage completion of office and hotel is about 63%. With regards to the difference percentage completion status, the weighted average completion in respect of entire development was about 90.62%.

The market value in its existing state of the Property is determined by using the weighted average of the completion rate times the as if completed value, i.e.:

Market Value as if completion	: RMB861,000,000
× Weighted Average completion rate	: 90.62%
<b>Market Value in its existing state</b>	<b>: RMB780,200,000</b>

14. Century City is a newly developing composite development located at the junction of Ganjiangyuan Avenue and Ruijin Road. It conforms with the neighboring environment, as it is surrounded by various commercial, hotels, residential developments and various public utilities such as schools, Ganzhou City Central Park and the People's Hospital of Ganzhou City. It can be easily accessible as it is also closed to the Ganzhou Train Station on its eastern side within 5 minutes driving distance.
15. The PRC legal opinion states, inter alias, that:
- Laihua Taisheng possesses the proper title of the Property.
  - For the construction-in-progress works of commercial building nos. 9 and 10, hotel, office and basement in east zone, Laihua Taisheng has obtained relevant real estate certificate(s), construction land planning permit, construction work planning permits and construction work commencement permits.
16. Our valuation has been made on the following basis and analysis:

In the valuation of the shopping mall, we had made reference to various recent sales prices of shopping mall within the same district. These comparable properties are selected as they have characteristics comparable to the property. We have gathered the comparables of the similar type of development within the same district. The price range of Level 1 shopping mall premises range from RMB30,000 to RMB35,000 per square metre. The unit rates assumed by us are consistent with the sales prices of relevant comparables after due adjustment. Due adjustments to the unit rates of those sales prices have been made to reflect to the difference in location, size, condition and other characters, we have adopted an average unit rate of RMB20,000 per square metre for Level 1 units. With adjustment of 50%-unit rate of Level 1, we have adopted RMB10,000 per square metre for Level 2 units. With adjustment of 80%-unit rate of Level 2, we have adopted RMB8,000 per square metre for Level 3 units. With adjustment of 75%-unit rate of Level 3, we have adopted RMB6,000 per square metre for Level 4 units. With adjustment of 50%-unit rate of Level 1, we have adopted RMB10,000 per square metre for Basement 1 level units.

In the valuation of retail shops, we had made reference to similar comparables within the same district. The price range of retail shops range from RMB26,000 to RMB28,000 per square metre. Due adjustments have been made to reflect the difference in location, size, condition and other characters. In the course of valuation, we have adopted the unit rate of RMB19,500 per square metre.

In the valuation of commercial car park spaces, we had made reference to various recent sales prices of residential units within the same district. The price range is from RMB124,000 to RMB200,000 per lot. Due adjustments have been made to reflect the difference in location, condition and other characters. In the course of valuation, we have adopted the unit rate of RMB140,000 per lot.

For hotel portion, we have made reference to the current land value and the expected construction cost of the building. In the valuation of the hotel land, we have collected some commercial and residential mixed-use land comparables as they have characteristics comparable to the property. We have gathered the comparables of the similar type of development within the same district. The price range from RMB3,782 to RMB5,719 per square meter on accommodation value (“AV”). The unit rates assumed by us are consistent with the sales prices of relevant comparables after due adjustment. Due adjustments to the unit rates of those sales prices have been made to reflect to the difference in time, location, size and other characters. In the course of our valuation, we have adopted an average unit rate of RMB4,596 per square metre on AV. As the plot-ratio of the hotel portion is about 0.036 out of the planned plot-ratio of 3.47, the proportioned land value for hotel portion is approximately RMB72,000,000, having into account the building cost budget and developer’s profit, the market value of the hotel portion upon completion is about RMB220,100,000

## VALUATION PARTICULARS

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as of 31 January 2019																																								
6.	An industrial complex and construction-in-progress (“CIP”) works located in No. 9 Bangkai Road, Guangming Gaoxin District, Shenzhen, the PRC  中國深圳光明高新區邦凱路9號之廠房綜合體及在建工程	The subject Property comprises an industrial complex and construction-in-progress (“CIP”) works erected on a land parcel (Lot No. A646-0074) with a site area of 114,502.01 square metres.  The Property is divided into three phases.  <b>Categories</b>  Phase 1 of Bangkai Technology Industrial Park Phase 2 of Bangkai Technology Industrial Park Phase 3 of Bangkai Technology Industrial Park  <b>Date of Completion</b>  Completed in about 2014 Completed in about 2018 Scheduled to be completed by the end of 2022  The total gross floor area of the phase 1 and 2 of the Property is approximately 187,199.53 square metre, while the planned area of phase 3 is approximately 239,678.23 square metres. The salient details are tabulated below:	As advised by the Company and as per our site inspection, portions of the Phase 1 and Phase 2 of the Property was leased out the third parties, yielding a total monthly rental of approximately RMB2,065,700 exclusive of VAT and management fee.  Phase 3 of the Property was under construction as of the valuation date.	No Commercial Value																																								
		<table border="1"> <thead> <tr> <th>Phases</th> <th>Building Name</th> <th>GFA</th> </tr> </thead> <tbody> <tr> <td rowspan="5">Phase 1</td> <td>Workshop</td> <td>52,881.37</td> </tr> <tr> <td>Office</td> <td>7,554.12</td> </tr> <tr> <td>Dormitory</td> <td>38,793.91</td> </tr> <tr> <td>Exhibition Centre</td> <td>696.75</td> </tr> <tr> <td><b>Sub-total</b></td> <td>99,926.15</td> </tr> <tr> <td rowspan="4">Phase 2</td> <td>Office</td> <td>17,413.20</td> </tr> <tr> <td>Workshop</td> <td>69,860.18</td> </tr> <tr> <td><b>Sub-total</b></td> <td>87,273.38</td> </tr> <tr> <td>No. of Proposed</td> <td>259</td> </tr> <tr> <td rowspan="5">Phase 3</td> <td>Car Park</td> <td>underground</td> </tr> <tr> <td>Office</td> <td>63,533.59</td> </tr> <tr> <td>Workshop</td> <td>176,144.64</td> </tr> <tr> <td><b>Sub-total</b></td> <td>239,678.23</td> </tr> <tr> <td>No. of Proposed</td> <td>283 above ground and 2,100 underground</td> </tr> <tr> <td colspan="2"><b>Grand Total — GFA</b></td> <td>187,199.53</td> </tr> <tr> <td colspan="2"><b>Grand Total — Planned Area</b></td> <td>239,678.23</td> </tr> </tbody> </table>	Phases	Building Name	GFA	Phase 1	Workshop	52,881.37	Office	7,554.12	Dormitory	38,793.91	Exhibition Centre	696.75	<b>Sub-total</b>	99,926.15	Phase 2	Office	17,413.20	Workshop	69,860.18	<b>Sub-total</b>	87,273.38	No. of Proposed	259	Phase 3	Car Park	underground	Office	63,533.59	Workshop	176,144.64	<b>Sub-total</b>	239,678.23	No. of Proposed	283 above ground and 2,100 underground	<b>Grand Total — GFA</b>		187,199.53	<b>Grand Total — Planned Area</b>		239,678.23		
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The land use rights of the Property have been granted for terms expiring on 21 September 2055 for industrial use.



*Notes:*

1. Pursuant to a Real Estate Certificate (不動產權證書), Yue (2017) Shen Zhen Shi Bu Dong Chan Quan Di No. 0144481 (粵(2017)深圳市不動產權第0144481號), registered on 30 August 2017, Phase 1 of Property with a total gross floor area of 99,926.15 square metres is held by 深圳邦凱新能源股份有限公司 (Shenzhen Bangkai New Energy Shares Company Limited) for industrial, office and dormitory uses.
2. Pursuant to a Real Estate Certificate (不動產權證書), Yue (2018) Shen Zhen Shi Bu Dong Chan Quan Di No. 0123141 (粵(2018)深圳市不動產權第0123141號), registered on 25 July 2018, Phase 2 of Property with a total gross floor area of 87,273.38 square metres is held by 深圳邦凱新能源股份有限公司 (Shenzhen Bangkai New Energy Shares Company Limited) for industrial and office uses.
3. As advised by the Company, Shenzhen Bangkai New Energy Shares Company Limited is an indirect 75.5%-owned subsidiary of CGG.
4. All buildings were erected on the land parcel with a total site area of 114,502.01 square metres with a term expiring on 21 September 2055 for industrial use. As per certificate, the land use right cannot be transferred and sub-divided. Without prior approval, the land use right cannot be mortgaged.
5. Pursuant to the Shenzhen City Construction Land Use Planning Permit, Shen Gui Tu Xiu No. GM-2016-0019 (深規土許GM-2016-0019號), dated 22 August 2016, the planned land use with total gross floor area of 427,055.34 square metres complies with urban planning requirement.
6. Pursuant to the Construction Works Commencement Permit No. 4403002018014601, issued by Housing and Construction Bureau of Shenzhen City, dated on 29 June 2018, the construction work of phase 3 was approved to commence.
7. Pursuant to the Construction Planning Permit, Shen Gui Tu Jian Xu Zi GM-20018-0023 (深規土建許字GM-2018-0023號), dated 26 October 2018, the construction works known as Phase 3 of the Property with a total gross floor area of 239,678.23 square metres with 2,100 underground car park spaces were approved.
8. As advised by the Company, the Property is subject to various tenancy agreements with the latest tenancy being expired on 27 December 2028.
9. Pursuant to the Real Estate Certificate, the ownership of the Property cannot be transferred or sub-divided. With reference to Exchange's announcement dated 25 March, 1998 entitled "Clarification on Requirements for Land Use Title of Properties situated in the Mainland of the People's Republic of China", we have attributed no commercial value to the Property. If the ownership of the Property can be transferred in open market, the market value in existing state will be approximately RMB1,739,000,000. To assess the value, we have adopted income approach for Phase 1 and Phase 2 and cost approach for Phase 3.
10. As advised by the Company, the total construction cost-paid related to Phase 2 and Phase 3 of the Property as of valuation date is approximately RMB306,809,663, while the total outstanding construction cost is RMB1,797,094,894.
11. The Property is a newly developed industrial site located at Guangming New District in Shenzhen. It is about 1-hour driving distance from subject property to city centre of Shenzhen and about 15-min driving distance from subject property to Guangming City Railway Station. It conforms with the neighboring environment, as it is surrounded by various industrial developments.
12. The PRC legal opinion states, inter alias, that:
  - a. Shenzhen Bangkai New Energy Shares Company Limited has the proper title of the Property; however, ownership of the Property cannot be transferred, sub-divided or mortgaged without prior approval.
  - b. Relevant permits have been obtain for the construction works of Phase 3.

## VALUATION PARTICULARS

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as of 31 January 2019
7.	An industrial complex located at New Material Base, Gonghe Town, Heshan City, Guangdong Province, the PRC  中國廣東省鶴山市共和鎮新材料基地之廠房綜合體	The subject Property comprises an industrial complex erected on a land parcel with a site area of 124,906.20 square metres. The Property was built in between 2005 and 2013.  The buildings of the Property include workshop, office and dormitory with a total gross floor area of the Property is 81,604.41 square metres.  The land use rights of the Property have been granted for terms expiring on 10 March 2055 for industrial use.	As advised by the Company and as per our site inspection, the Property was leased out the third parties, yielding a total monthly rental income of approximately RMB207,000 exclusive of VAT and management fee.	RMB116,700,000

*Notes:*

1. Pursuant to a Real Estate Certificates (房地產權證), Yue Fang Di Zheng Zi Nos. C4525995, C4577177, C4577178, C4525993 & C7065473 and Yue Fang Di Quan Zheng He Shan Zi Nos. 0100029029, 0100029028 & 0100029500, the building ownership with a total gross floor area of 48,848.49 square metres and the land use rights with site area of 124,906.20 square metres are held by 鶴山市世逸電子科技有限公司 (Heshan Shiyi Electronics Technology Co., Ltd) for industrial use with a tenure expired on 10 March 2055.
2. As advised by the Company, Heshan Shiyi Electronics Technology Co., Ltd (“Heshan Shiyi”) is an indirect wholly-owned subsidiary of CGG.
3. As advised by the Company, several buildings of the Property with a total gross floor area of about 32,755.92 square metres have not been granted with Realty Title Certificate. The salient details are as follows:
  - (a) Heshan Shiyi has applied for building ownership certificate of a building name known as “Building No. 7” with gross floor area of 9,096.48 square metres. According to the provided acceptance report of the completion of construction works, the completion of this building has been accepted. However, with reference to Exchange’s announcement dated 25 March, 1998 entitled “Clarification on Requirements for Land Use Title of Properties situated in the Mainland of the People’s Republic of China”, we have attributed no commercial value for this portion.
  - (b) The remaining buildings of the Property with a total gross floor area of about 23,659.44 square metres have not been obtained any building ownership certificate or acceptance report of the completion of construction works, so that we have attributed no commercial value for this portion.
4. Pursuant to the Construction Land Planning Permit (建設用地許可證), Di Zi No. 440784201100205, the permitted planning land area of 9,096.48 square metres was approved for industrial uses.
5. Pursuant to the Construction Works Planning Permit (建設工程規劃許可證), Jian Zi No. 440784201100239, the construction works with planning area of 9,096.48 square metres was permitted.
6. Pursuant to the Construction Works Commencement Permit (建築工程施工許可證) No. 44078420110221041, the commencement of construction work with area of 9,096.48 square metres was approved.

7. As advised by the Company, the Property is subject to various tenancy agreements tabulated below:

Units	Name of Tenant	Gross Floor Area (sq.m.) (approx.)	No. of Rooms	Expiry Date	Unit Monthly Rent
Block A	江門市杰普家具有限公司	3,592 sq.m.	—	November 30, 2022	RMB12/sq.m.
Level 4 of Block J	鶴山市運城新材料有限公司	—	3 Rooms	May 30, 2019	RMB315/room
Level 3 of Block J	中鐵十八局集團第三工程有限公司	—	10 Rooms	August 26, 2020	RMB314/room
Level 3 of Block J	中鐵十八局集團有限公司	—	14 Rooms	August 31, 2020	RMB314/room
Level 2 of Block H	中鐵十八局集團有限公司	1,020 sq.m.	—	August 31, 2020	RMB18.5/sq.m.
Level 1 of Block H	中鐵十八局集團有限公司	260 sq.m.	—	August 31, 2020	RMB28.5/sq.m.
Levels 2–6 of Block G	廣東君瑞酒店投資管理有限公司	—	96 Rooms	September 14, 2019	RMB350/room
Level 4 & Level 6 of Block J	鶴山運城新材料有限公司	—	24 Rooms	September 19, 2018	RMB350/room
Levels 2 & 3 of Block J	鶴山市運城新材料有限公司	—	32 Rooms	September 30, 2019	RMB350/room
Top Roof of Block G	中國鐵塔股份有限公司江門市分公司	30 sq.m.	—	September 30, 2020	RMB500/sq.m.

8. The Property is located at New Material Base, Gonghe Town New Village. It is near National Route No. 325 and about 25-minute driving distance to Heshan Coach Terminal. It conforms with the neighbouring environment, as it is surrounded by mainly industrial developments.

9. The PRC legal opinion states, inter alias, that:

- (a) Heshan Shiyi has the proper title of land use rights of the Property.
- (b) Heshan Shiyi has the proper title of building ownership rights of the building mentioned in Note 1 above.
- (c) Building ownership of the buildings mentioned in Note 3 above have not been obtained; however, construction land planning permit, construction works planning permit and construction works commencement permit have been obtained for Building No. 7 as mentioned in Note 3(a) above only.

## VALUATION PARTICULARS

## Group III — Properties held for owner-occupation in Hong Kong

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in existing state as at 31 January 2019
8.	Office Unit 1906 on 19th Floor of Tower 2, Lippo Centre, No. 89 Queensway, Hong Kong  131/1,262 of 1,262/102,750th equal and undivided shares of and in Inland Lot No. 8615.	<p>Lippo Centre comprises two office towers (Tower 1 and Tower 2), is situated on the north-eastern side of Queensway in Central of Hong Kong. The immediately locality is a traditional commercial area. Properties in the vicinity mainly comprise Grade A office buildings and government buildings of various ages and heights.</p> <p>The Property comprises an office unit on 19th Floor of a 41-storey office building, the Tower 2 of Lippo Centre, which was built in 1988.</p> <p>As provided by the Company, the gross floor area of the Property is approximately 1,901.52 sq.ft.</p> <p>The Property is held under a Conditions of Sale No. UB11720 for a term of 75 years commencing on 15 February 1984 and renewable for a further term of 75 years at an annual government rent of HK\$1,000.</p>	As advised by the Company, the Property was own-occupied as of the valuation date.	HKD69,200,000

*Notes:*

- The registered owner of the Property is Ultra Glory Investments Limited 超榮投資有限公司, which is an indirect wholly-owned subsidiary of CGG, vide Memorial No. 16121400040013 dated 29 November 2016.
- The Property is subject to a mortgage in favor of The Hongkong and Shanghai Banking Corporation Limited vide Memorial No. 17010402410152 dated 16 December 2016.
- In the valuation of the property in its existing state, we had made reference to various recent sales prices of office units within the same development.

The comparable units are selected as they have characteristics comparable to the subject Property. The price range of the comparable units is from HKD31,882 to HKD39,000 per square foot on gross floor area. The unit rates assumed by us are consistent with the sales prices of relevant comparables after due adjustments. Due adjustments to the unit rates of those sales prices have been made to reflect to the difference in transaction time, size and floor level. In the course of our valuation, we have adopted average unit rate of HKD36,376 per square foot on gross floor area.

## VALUATION PARTICULARS

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in existing state as at 31 January 2019
9.	Office Unit 1907 on 19th Floor of Tower 2, Lippo Centre, No. 89 Queensway, Hong Kong  190/1,262 of 1,262/102,750th equal and undivided shares of and in Inland Lot No. 8615.	<p>Lippo Centre comprises two office towers (Tower 1 and Tower 2), is situated on the north-eastern side of Queensway in Central of Hong Kong. The immediately locality is a traditional commercial area. Properties in the vicinity mainly comprise Grade A office buildings and government buildings of various ages and heights.</p> <p>The Property comprises an office unit on 19th Floor of a 41-storey office building, the Tower 2 of Lippo Centre, which was built in 1988.</p> <p>As provided by the Company, the gross floor area of the Property is approximately 2,757.94 sq.ft.</p> <p>The Property is held under a Conditions of Sale No. UB11720 for a term of 75 years commencing on 15 February 1984 and renewable for a further term of 75 years at an annual government rent of HK\$1,000.</p>	As advised by the Company, the Property was own-occupied as of the valuation date.	HKD96,100,000

*Notes:*

- The registered owner of the Property is Ultra Glory Investments Limited 超榮投資有限公司, which is an indirect wholly-owned subsidiary of CGG, vide Memorial No. 16121400040013 dated 29 November 2016.
- The Property is subject to a mortgage in favor of The Hongkong and Shanghai Banking Corporation Limited vide Memorial No. 17010402410152 dated 16 December 2016.
- In the valuation of the property in its existing state, we had made reference to various recent sales prices of office units within the same development.

The comparable units are selected as they have characteristics comparable to the subject Property. The price range of the comparable units is from HKD31,882 to HKD39,000 per square foot on gross floor area. The unit rates assumed by us are consistent with the sales prices of relevant comparables after due adjustments. Due adjustments to the unit rates of those sales prices have been made to reflect to the difference in transaction time, size and floor level. In the course of our valuation, we have adopted average unit rate of HKD34,851 per square foot on gross floor area.

## VALUATION PARTICULARS

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in existing state as at 31 January 2019
10.	Office Unit 1908 on 19th Floor of Tower 2, Lippo Centre, No. 89 Queensway, Hong Kong  188/1,262 of 1,262/102,750th equal and undivided shares of and in Inland Lot No. 8615.	<p>Lippo Centre comprises two office towers (Tower 1 and Tower 2), is situated on the north-eastern side of Queensway in Central of Hong Kong. The immediately locality is a traditional commercial area. Properties in the vicinity mainly comprise Grade A office buildings and government buildings of various ages and heights.</p> <p>The Property comprises an office unit on 19th Floor of a 41-storey office building, the Tower 2 of Lippo Centre, which was built in 1988.</p> <p>As provided by the Company, the gross floor area of the Property is approximately 2,728.90 sq.ft.</p> <p>The Property is held under a Conditions of Sale No. UB11720 for a term of 75 years commencing on 15 February 1984 and renewable for a further term of 75 years at an annual government rent of HK\$1,000.</p>	As advised by the Company, the Property was own-occupied as of the valuation date.	HKD100,100,000

*Notes:*

- The registered owner of the Property is Ultra Glory Investments Limited 超榮投資有限公司, which is an indirect wholly-owned subsidiary of CGG, vide Memorial No. 16121400040013 dated 29 November 2016.
- The Property is subject to a mortgage in favor of The Hongkong and Shanghai Banking Corporation Limited vide Memorial No. 17010402410152 dated 16 December 2016.
- In the valuation of the property in its existing state, we had made reference to various recent sales prices of office units within the same development.

The comparable units are selected as they have characteristics comparable to the subject Property. The price range of the comparable units is from HKD31,882 to HKD39,000 per square foot on gross floor area. The unit rates assumed by us are consistent with the sales prices of relevant comparables after due adjustments. Due adjustments to the unit rates of those sales prices have been made to reflect to the difference in transaction time, size and floor level. In the course of our valuation, we have adopted average unit rate of HKD36,684 per square foot on gross floor area.

## VALUATION PARTICULARS

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in existing state as at 31 January 2019
11.	Office Unit 1909 on 19th Floor of Tower 2, Lippo Centre, No. 89 Queensway, Hong Kong  203/1,262 of 1,262/102,750th equal and undivided shares of and in Inland Lot No. 8615.	<p>Lippo Centre comprises two office towers (Tower 1 and Tower 2), is situated on the north-eastern side of Queensway in Central of Hong Kong. The immediately locality is a traditional commercial area. Properties in the vicinity mainly comprise Grade A office buildings and government buildings of various ages and heights.</p> <p>The Property comprises an office unit on 19th Floor of a 41-storey office building, the Tower 2 of Lippo Centre, which was built in 1988.</p> <p>As provided by the Company, the gross floor area of the Property is approximately 2,946.64 sq.ft.</p> <p>The Property is held under a Conditions of Sale No. UB11720 for a term of 75 years commencing on 15 February 1984 and renewable for a further term of 75 years at an annual government rent of HK\$1,000.</p>	As advised by the Company, the Property was own-occupied as of the valuation date.	HKD112,200,000

*Notes:*

- The registered owner of the Property is Ultra Glory Investments Limited 超榮投資有限公司, which is an indirect wholly-owned subsidiary of CGG, vide Memorial No. 16121400040013 dated 29 November 2016.
- The Property is subject to a mortgage in favor of The Hongkong and Shanghai Banking Corporation Limited vide Memorial No. 17010402410152 dated 16 December 2016.
- In the valuation of the property in its existing state, we had made reference to various recent sales prices of office units within the same development.

The comparable units are selected as they have characteristics comparable to the subject Property. The price range of the comparable units is from HKD31,882 to HKD39,000 per square foot on gross floor area. The unit rates assumed by us are consistent with the sales prices of relevant comparables after due adjustments. Due adjustments to the unit rates of those sales prices have been made to reflect to the difference in transaction time, size and floor level. In the course of our valuation, we have adopted average unit rate of HKD38,077 per square foot on gross floor area.

## VALUATION PARTICULARS

## Group IV — Properties held for sale in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as of 31 January 2019
12.	Residential, Retails, Serviced-Apartment, Clubhouse and Car Parking Spaces of a Composite Development known as “Taigu Plaza”, No.38 Meiguan Avenue, Zhangjiang New District, Ganzhou City, Jiangxi Province, The PRC  中國江西省贛州市章江新區梅關大道38號「太古城」之住宅、商舖、服務式公寓、會所以及車位	The subject Property comprises residential, retails, serviced-apartment, clubhouse and car parking spaces of a composite development known as “Taigu Plaza” (the “development”) erected on a land parcel (Lot No. K21) with a site area of about 51,950.20 square metres.  As advised by the Company, the status of construction works of the development is tabulated below:  <b>Building Categories</b>  <b>Portion held for Sales</b> Standard Residential Non-standard Residential Retails Clubhouse Residential Car Park (947 units) Commercial Car Park (437 units) Serviced-Apartment	As advised by the Company and as per our site inspection, the residential, retail and car parking spaces portions of the development are vacant and available for sale, while the serviced-apartment was still under decoration works and were expected to be available for sale in June 2019 and December 2019.  <b>Date of Completion</b>  September 2015 September 2015 September 2015 February 2015 September 2015 February 2016 June & December 2019  Upon completion, the total gross floor area of the Property is about 187,249.31 square metres, the salient details are tabulated below:  <b>Building Categories</b>  <b>Portion held for Sales</b> Standard Residential Non-standard Residential Retails Clubhouse Residential Car Park (947 units) Commercial Car Park (437 units) Serviced-Apartment  <b>Sub-total:</b>	RMB441,200,000
			<b>Gross Floor Area (sq.m.)</b>  32,372.95 87,082.24 1,761.47 1,978.95 31,407.17 13,951.41 18,695.12  <u>187,249.31</u>	
		Portion of the Taigu Plaza with gross floor area of 128,464.42 square metres have been sold with legal title not being transferred to various individual third parties. The total gross floor area of Property being held by the Company as of the valuation date is about 58,784.89 square metres.		
		The land use rights of the Property have been granted for terms expiring on 20 February 2052 for commercial use and 20 February 2082 for residential use.		



*Notes:*

1. Pursuant to a State-owned Land Use Rights Contract, No. 36201211030013, entered into between Ganzhou City Land Administrative Bureau (贛州市國土資源局) and Baoneng Taifeng Company Limited (寶能泰豐有限公司) (“Baoneng Taifeng”) which has changed its name to Laihua Taifeng dated 21 February 2012, the land use rights of the Property (Lot No. K21) with a site area of 51,950.20 sq.m. have been granted to Baoneng Taifeng for terms of 40 years for commercial business and 70 years for residential uses at a consideration of RMB281,829,835.
2. Pursuant to a State-owned Land Use Certificate (國有土地使用證), Gan Shi Zhang Gao Yong (2013) Di No. 0006 issued by the People’s Government of Ganzhou City (贛州市人民政府) dated January 2013, the land use rights of the Property are held by Baoneng Taifeng for terms expiring on 20 February 2052 for commercial use and 20 February 2082 for residential use.
3. Pursuant to the Letter of Change of Company (公司變更通知書) issued by Ganzhou City Industrial and Commercial Administrative Bureau (贛州市工商行政管理局) dated 1 February 2016, the company name of Baoneng Taifeng Company Limited (寶能泰豐有限公司) has changed to Laihua Taifeng Company Limited (萊華泰豐有限公司) (“Laihua Taifeng”).
4. Pursuant to the Business License No. 070010039871 issued by Ganzhou City Industrial and Commercial Administrative Approval Bureau (贛州市工商行政審批局) dated 11 October 2018, Laihua Taifeng Company Limited (萊華泰豐有限公司) was incorporated on 10 January 2012. The business operation is valid till 10 January 2032.
5. As advised by the Company, Laihua Taifeng is an indirect wholly-owned subsidiary of CGG.
6. Pursuant to a Construction Land Planning Permit (建設用地規劃許可證), No. 360701201200013 issued by Ganzhou City Urban and Rural Planning and Construction Bureau (贛州市城鄉規劃建設局) dated 7 June 2012, the development planning of the land of the Property has been approved.
7. Pursuant to two Construction Works Planning Permits (建築工程規劃許可證), Fang Wu Jian Nos. 360701201200060 and 360701201200061 issued by Ganzhou City Urban and Rural Planning and Construction Bureau (贛州市城鄉規劃建設局) dated 10 December 2012, the construction works of the Property have been approved.
8. Pursuant to two Construction Works Commencement Permits (建設工程施工許可證), Zong Ban Zheng Nos. 36210120130131020 and 362101201301310301 issued by Ganzhou City Urban and Rural Planning and Construction Bureau (贛州市城鄉規劃建設局) both dated 31 January 2013, the construction works of the Property have been approved.
9. Pursuant to eleven Housing Construction Project And Municipal infrastructure Project Completion Acceptance Recording Form (房屋建築工程和市政基礎設施工程竣工驗收備案表), Nos. 15255–15263, 16028 and 16029, issued by Ganzhou City Urban and Rural Planning and Construction Bureau (贛州市城鄉規劃建設局) dated 16 September 2015 and 5 February 2016, the completion of the construction works of the Property have been approved.
10. As advised by the Company, an Application for the change of the office part of the Taigu Plaza to a Serviced Apartment (關於寶能太古城綜合樓辦公部份變更為公寓的申請) has been submitted to Ganzhou City Urban and Rural Planning and Construction Bureau (贛州市城鄉規劃建設局) on 10 April 2017, the office portion of the Property with a total gross floor area of 18,602.4 square metres will be alternated to serviced apartment.
11. Pursuant to an Approval of the adjustment plan for the Taigu Plaza office building (關於寶能太古城商務辦公樓調整方案的批復) issued by Ganzhou City Urban and Rural Planning and Construction Bureau (贛州市城鄉規劃建設局) on 26 May 2017, the alternation from office to serviced apartment works have been approved.

12. Pursuant to three Forward Sell Licences For Commodity House (商品房預售許可證), (2014) Fang Yu Shou Zheng Di Nos. 028, 085 and 073, issued by Ganzhou City Real Estate Management Bureau (贛州市房地產管理局) dated 29 May 2014, 10 October 2014 and 29 October 2014, the presale of the residential, retail, serviced apartment and hotel have been approved.
13. Pursuant to three Records Of Commodity Flat For Sale (現售備案證明), Gan Shi Xian Shou Bei Zi Nos. 2015-009, 2015-012 and 2016-008, issued by Ganzhou City Real Estate Management Bureau (贛州市房地產管理局) dated 6 November 2015, 25 December 2015 and 19 February 2016, the presale of the residential, retails and car parking units have been approved.
14. As advised by the Company, the construction cost-paid related to the Property as of the valuation date is RMB937,465,926, while the outstanding construction cost is RMB100,592,417. The construction works of the residential, retails, clubhouse and car parks have been completed in September 2015, while the renovation, alteration and addition works of serviced apartment is scheduled to be completed in June and December 2019.
15. Pursuant to various Real Estate Certificates (不動產權證書), issued by the Real Estate Registration Bureau of Ganzhou City (贛州市不動產登記局), the ownership of the Property is held by the Laihua Taifeng.
16. As advised by the Company, the sold portion with a total gross floor area of about 128,464.42 sq.m. of the Property has a total contract sum of about RMB1,091,042,288.50 as of the valuation date. Such portions of the property have not been legally and virtually transferred to purchasers and therefore have been included in our valuation. In arriving at our opinion of the market value of the property, we have taken into account the contracted price of such portions.
17. The market value of the Property as if completed as of the valuation date according to the development plan as described above and which can be freely transferred in the market, would be about RMB462,000,000. The market value of the Property in existing state is based on the percentage completion status between expected completion date and the overall 48-month construction period of the development. With reference to the completion schedule provided by the Company, residential, retails, clubhouse and car parks have been completed. For serviced apartment, shopping mall and hotel, the remaining periods for the renovation, alteration and additional works ranged at 5-month. The percentage of completion of the whole project ranged from 89.6% to 100%. With regards to the difference percentage completion status of the Property, the weighted average completion in respect of entire development was about 95.5%.

The market value in its existing state of the Property is determined by using the weighted average of the completion rate times the as if completed value, i.e.:

Market Value as if completion	:	RMB462,000,000
× Weighted Average completion rate	:	95.50%
<b>Market Value in its existing state</b>		<b>: RMB441,200,000</b>

18. Taigu Plaza is a newly developing composite development bounded by Wenwuju Road, Dongjiangyuan Avenue, Tangjiang Road and Chengxiang Avenue. It conforms with the neighboring environment, as it is surrounded by various commercial, hotels, residential developments and various public utilities such as schools, Ganzhou City Central Park and the People's Hospital of Ganzhou City. It can be easily accessible as it is also closed to the Ganzhou Train Station on its eastern side within 10 minutes driving distance.
19. The PRC legal opinion states, inter alias, that:
  - (a) Laihua Taifeng possesses the proper title of the 1,273 units of the Property including 83 residential units, 919 underground car parking spaces, 16 retail units, 1 unit of clubhouse, 236 units in the composite building (hotel and shopping mall) and 18 units of the ancillary facilities (such as staff canteen, store room or management room).
  - (b) The ownership of the Property is held under the Laihua Taifeng.

- (c) 489 units of the Property are subject to mortgage, including 437 carpark spaces, 52 units in the composite building (hotel and shopping mall).

20. Our valuation has been made on the following basis and analysis:

In the valuation of the property as if completed, we had made reference to various recent sales prices of residential, serviced apartment and commercial premises as well as car parking spaces within the same district. These comparable properties are selected as they have characteristics comparable to the property. We have gathered the comparables of the similar type of development within the same district. The price range of residential premises exclusive of tax range from RMB12,400 to RMB13,500 per square meter. The price range of serviced apartment premises exclusive of tax range from RMB10,900 to RMB11,000 per square meter. The price range of ground floor commercial premises exclusive of tax range from RMB30,000 to RMB35,000 per square meter. In respect of car parking spaces, the prices range from RMB171,000 to RMB275,000 per lot. The unit rates assumed by us are consistent with the sales prices of relevant comparables after due adjustment. Due adjustments to the unit rates of those sales prices have been made to reflect to the difference in building age, location, size, condition and other characters.

In the course of our valuation, we have adopted average unit rate of RMB13,300 per sq.m. for residential portion, RMB11,000 for serviced apartment portion, RMB20,000 for ground floor commercial portion and RMB141,000 per lot for the car parking space portion.

## VALUATION PARTICULARS

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as of 31 January 2019																									
13.	Residential, Retails, Office and Car Parking Spaces of a Composite Development known as "Century City", northern side of Ganjiangyuan Avenue, Zhangjiangxin District, Ganzhou City, Jiangxi Province, The PRC 中國江西省贛州市章江新區贛江源大道北側「世紀城」之住宅、商鋪、辦公樓以及車位	The subject Property is a portion of a composite development known as "Century City" erected on two land parcels (Lot Nos. H25 and H26) with a total site area of 128,461.20 square metres. The Property is divided into two zones (East Zone on Land Lot No. H26 and West Zone on Land Lot No. H25).	As advised by the Company and as per our site inspection, the construction works of whole development was completed except the office and hotel portions in east zone.	RMB1,296,300,000																									
		<table border="1"> <thead> <tr> <th>Zones</th> <th>Building Categories</th> <th>Date of Completion</th> </tr> </thead> <tbody> <tr> <td colspan="3"><b>Portion held for Sales</b></td> </tr> <tr> <td rowspan="4">H25 (West Zone)</td> <td>Residential</td> <td>December 2016</td> </tr> <tr> <td>Car Par (1,539 units)</td> <td>December 2016</td> </tr> <tr> <td>Retail shops</td> <td>December 2016</td> </tr> <tr> <td>Kindergarten</td> <td>December 2016</td> </tr> <tr> <td rowspan="3">H26 (East Zone)</td> <td>Residential</td> <td>January 2018</td> </tr> <tr> <td>Office</td> <td>December 2020</td> </tr> <tr> <td>Car Park (1,671 units)</td> <td>May 2018</td> </tr> <tr> <td></td> <td>Retail Shops</td> <td>January 2018</td> </tr> </tbody> </table>	Zones	Building Categories	Date of Completion	<b>Portion held for Sales</b>			H25 (West Zone)	Residential	December 2016	Car Par (1,539 units)	December 2016	Retail shops	December 2016	Kindergarten	December 2016	H26 (East Zone)	Residential	January 2018	Office	December 2020	Car Park (1,671 units)	May 2018		Retail Shops	January 2018		
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H26 (East Zone)	Residential	January 2018																											
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	Car Park (1,671 units)	May 2018																											
	Retail Shops	January 2018																											

The total gross floor area of the Property is approximately 248,257.34 square metres. The salient details are tabulated below:

Land Lot	Categories	Gross Floor Area (sq.m.)
<b>Portion held for Sale</b>		
H25 (West Zone)	Residential	1,166.60
	Car Parking Spaces (1,539 units)	36,087.99
	Retail Shops	2,159.62
	Kindergarten	2,978.57
H26 (East Zone)	Residential	58,135.58
	Office	39,572.71
	Car Parking Spaces (1,671)	99,424.29
	Retail Shops	<u>8,731.98</u>
<b>Grand Total</b>		<u><u>248,257.34</u></u>

Portion of the Property with a total gross floor area of 72,774 square metres have been sold with legal title not being transferred to various individual third parties, while the remaining unsold portion of the Property with a total gross floor area of 175,483.14 square metres are being held by the Company as of the valuation date.

The land use rights of the Property have been granted for terms expiring on 23 July 2052 for commercial use, 23 July 2082 for residential use, and 23 July 2062 for kindergarten use.

*Notes:*

1. Pursuant to a State-owned Land Use Rights Contract, No. 3607022012B00268, entered into between Ganzhou City Land Administrative Bureau (贛州市國土資源局) and Baoneng Taisheng Company Limited (寶能泰盛有限公司) (“Baoneng Taisheng”) which has changed its name to Laihua Taisheng dated 24 July 2012, the land use rights of the Property (Lot Nos. H25 and H26) with a total site area of 132,291.9 sq.m. have been granted to the Baoneng Taisheng for terms of 40 years for commercial and hotel, 70 years for residential and 50 years for kindergarten uses at a consideration of RMB625,063,700.
2. Pursuant to a State-owned Land Use Certificate (國有土地使用證), Gan Shi Zhang Gao Yong (2013) Di No. 0179 issued by the People’s Government of Ganzhou City (贛州市人民政府) dated 5 December 2013, the land use rights of the Land Lot Nos. H25 with a site area of 42,605.60 sq.m was held by Baoneng Taisheng for terms expiring on expiring on 23 July 2052 for commercial use and 23 July 2082 for residential use.
3. Pursuant to a Real Estate Certificate (不動產權證書), Gan (2016) Gan Zhou Shi Bu Dong Chan Quan Di No. 0054531 issued by the Real Estate Registration Bureau of Ganzhou City (贛州市不動產登記局) dated 28 September 2016, the land use rights of the Land Lot No. H26 with site area of 85,855.6 square metres of the Property is held by the Laihua Taisheng Company Limited (萊華泰盛有限公司) for term expiring on expiring on 23 July 2052 for other commercial use, 23 July 2082 for residential use, and 23 July 2062 for educational use.
4. Pursuant to two Construction Land Planning Permits (建設用地規劃許可證), Nos. 360701201300010 and 36071201300011 issued by Ganzhou City Urban and Rural Planning and Construction Bureau (贛州市城鄉規劃建設局) both dated 6 February 2013, the development planning of the land of the Property has been approved.
5. Pursuant to eight Construction Works Planning Permits (建築工程規劃許可證), Jian Zi Nos. Fang Wu Jian 360701201300105, 360701201300106, 360701201500045, 360701201400039, 360701201400037, 360701201400059, 360701201400038 and 360701201500035 issued by Ganzhou City Urban and Rural Planning and Construction Bureau (贛州市城鄉規劃建設局) dated 26 December 2013, 17 June 2014, 24 June 2014, 24 October 2014, 3 July 2015 and 14 September 2015 respectively, the construction works of the Property have been approved.
6. Pursuant to six Construction Works Commencement Permits (建設工程施工許可證), Nos. Zong Ban Zheng 362101201401240101, Zong Ban Zheng 362101201401240201, Zong Ban Zheng 362101201411140101, Zong Ban Zheng 362101201409150101, Zong Ban Zheng 362101201409010101 and Zong Ban Zheng 362101201510190201 issued by Ganzhou City Urban and Rural Planning and Construction Bureau (贛州市城鄉規劃建設局) dated 24 January 2014, 15 September 2014, 1 September 2014, 14 November 2014 and 19 October 2015 respectively, the construction works of the Property have been approved.
7. Pursuant to thirteen Forward Sell Licences For Commodity House (商品房預售許可證) and one Record Of Commodity Flat For Sale (現售備案), Nos. 2016–004, 2016–027, 2016–019, 2015–054, 2015–038, 2015–061, 2016–057, 2015–012, 2016–020, 2015–023, 2014–080, 2017–001, 2017–010 and 2017–082 issued by Ganzhou City Real Estate Management Bureau (贛州市房地產管理局), the presale of the residential, retails, car parking units and the kindergarten have been approved.
8. Pursuant to the Letter of Change of Company (公司變更通知書) issued by Ganzhou City Industrial and Commercial Administrative Bureau (贛州市工商行政管理局) dated 1 February 2016, the company name of Baoneng Taisheng Company Limited (寶能泰盛有限公司) has changed to Laihua Taisheng Company Limited (萊華泰盛有限公司) (“Laihua Taisheng”).
9. Pursuant to the Business License No. 070020021972 issued by Ganzhou City Industrial and Commercial Administrative Bureau (贛州市工商行政管理局) dated 1 August 2016, Laihua Taisheng Company Limited (萊華泰盛有限公司) was incorporated on 8 June 2011. The business operation is valid till 8 June 2061.
10. As advised by the Company, the construction cost-paid related to the sale portion of the Property as of the valuation date is RMB2,049,138,772, while the outstanding construction cost is RMB449,312,568. The residential, retail shops and car parks were completed in 2018 while the renovation, alteration and addition works of office is scheduled to be completed in December 2020.

11. As advised by the Company, the sold portion with a total gross floor area of about 72,774 sq.m. of the Property has a total contract sum of about RMB642,871,339 as of the valuation date. Such portions of the property have not been legally and virtually transferred to purchasers and therefore have been included in our valuation. In arriving at our opinion of the market value of the property, we have taken into account the contracted price of such portions.
12. The market value of the Property as if completed as of the valuation date according to the development plan as described above and which can be freely transferred in the market, would be about RMB1,435,000,000. The market value in existing state is based on the percentage completion status between expected completion date and the overall 60-month construction period of the development. With reference to the completion schedule provided by the Company, residential, retails, kindergarten, residential car parks, commercial car parks and shopping mall have been completed. For office and hotel, the remaining period for the renovation, alteration and additional works is about 22-month. The percentage of completion of office and hotel is about 63%. With regards to the difference percentage completion status, the weighted average completion in respect of entire development was about 90.33%.

The market value in its existing state of the Property is determined by using the weighted average of the completion rate times the as if completed value, i.e.:

	Market Value as if completion	: RMB1,435,000,000
×	Weighted Average completion rate	: 90.33%
	<b>Market Value in its existing state</b>	<b>: RMB1,296,300,000</b>

13. Century City is a newly developing composite development located at the junction of Ganjiangyuan Avenue and Ruijin Road. It conforms with the neighboring environment, as it is surrounded by various commercial, hotels, residential developments and various public utilities such as schools, Ganzhou City Central Park and the People's Hospital of Ganzhou City. It can be easily accessible as it is also closed to the Ganzhou Train Station on its eastern side within 5 minutes driving distance.
14. The PRC legal opinion states, inter alias, that:
- Laihua Taisheng possesses the proper title of the Property.
  - For the construction-in-progress works of commercial building nos. 9 and 10, hotel, office and basement in east zone, Laihua Taisheng has obtained relevant real estate certificate(s), construction land planning permit, construction work planning permits and construction work commencement permits.
15. Our valuation has been made on the following basis and analysis:

In the valuation of the property as if completed, we had made reference to various recent sales prices of residential, office and commercial premises as well as car parking spaces within the same district.

These comparable properties are selected as they have characteristics comparable to the property. We have gathered the comparables of the similar type of development within the same district. The price range of residential premises range from RMB8,500 to RMB11,200 per square meter. The price range of office premises range from RMB9,900 to RMB10,500 per square meter. The price range of retail shops range from RMB26,000 to RMB28,000 per square meter. In respect of car parking spaces, the prices range from RMB124,000 to RMB200,000 per lot. The unit rates assumed by us are consistent with the sales prices of relevant comparables after due adjustment. Due adjustments to the unit rates of those sales prices have been made to reflect to the difference in building age, location, size, condition and other characters. In the course of our valuation, we have adopted average unit rate of RMB9,000 per sq.m. for residential portion, RMB9,500 for office portion, RMB19,500 for ground floor commercial portion and RMB140,000 per lot for the car parking space portion.