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If you are in any doubt about this circular or as to the action to be taken, you should consult your licensed securities dealer or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **New Silkroad Culturaltainment Limited**, you should at once hand this circular with the enclosed form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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新絲路文旅有限公司
NEW SILKROAD CULTURALTAINMENT LIMITED
(Incorporated in Bermuda with limited liability)
(Stock Code: 472)

**(I) MAJOR AND CONNECTED TRANSACTION;
(II) PROPOSED OFF-MARKET SHARE BUY-BACK;
(III) APPLICATION FOR WHITEWASH WAIVER;
(IV) CLOSURE OF REGISTER OF MEMBERS; AND
(V) NOTICE OF SPECIAL GENERAL MEETING**

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



A letter from the Board is set out on pages 7 to 25 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 26 to 27 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 28 to 46 of this circular.

A notice convening the SGM to be held at Level 3, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Wednesday, 31 July 2019 at 11:00 a.m. is set out on pages SGM-1 to SGM-3 of this circular. Whether or not you are able to attend the SGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar and transfer office in Hong Kong, Tricor Progressive Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong (which will be relocated to Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong with effect from 11 July 2019) as soon as possible and in any event not less than 48 hours before the time appointed for holding of the SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy shall not preclude you from attending and voting in person at the SGM or any adjournment thereof (as the case may be) should you so wish.

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“acting in concert”	has the meaning ascribed thereto under the Takeovers Code
“Acquisition”	the acquisition of the controlling right and the entire economic benefits of the Target Company by the Group pursuant to the Sale and Purchase Agreements
“Announcement”	the announcement of the Company dated 2 May 2019 in respect of the Transactions
“associates”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Buy-back Price”	HK\$1.30 per Share, being the issue price per Consideration Share under the Sale and Purchase Agreements
“Buy-backs Code”	the Hong Kong Code on Share Buy-backs
“Circular”	the circular of the Company dated 29 June 2018 in relation to, among other matters, the Acquisition
“Companies Act”	Bermuda Companies Act 1981, as amended from time to time
“Company”	New Silkroad Culturaltainment Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the Transactions
“Consideration Share(s)”	the 1,086,000,000 Shares issued by the Company to Paisheng International at the direction of Paison Technology as consideration for the Acquisition
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the controlling right and the entire economic benefits of the Target Company by the Group to Paison Technology by way of termination of the VIE Contracts
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates

DEFINITIONS

“Event of Default”	the rejection of the Target Company’s License registration and application by the competent financial regulatory or telecommunication department of the PRC or such rejection resulting in the business of the Target Company becoming illegal under the PRC laws and regulations
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Incident”	the enforcement measures imposed on Mr. Tang by the relevant China regulatory authority for allegedly illegally taking public deposits in the course of his personal business (not related to the Group)
“Independent Board Committee”	a committee of the Board comprising all the independent non-executive Directors, established for the purpose of advising and giving recommendations to the Independent Shareholders on the Transactions and as to voting
“Independent Shareholder(s)”	in respect of the Share Buy-back and Whitewash Waiver, Shareholder(s) other than (i) the Macro-Link Concert Group; (ii) Paisheng International and its concert parties; and (iii) those who are involved in, or are interested in, the Transactions; and in respect of the Disposal, Shareholder(s) other than Paisheng International and those who have material interests in the Disposal
“Last Trading Day”	8 April 2019, being the last trading day of the Shares on the Stock Exchange prior to the issue of the Announcement
“Latest Practicable Date”	3 July 2019, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Lego Corporate Finance” or “Independent Financial Adviser”	Lego Corporate Finance Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Transactions
“License”	the value-added telecommunication business operation license regulating online peer-to-peer lending business in accordance with the relevant provisions of the competent telecommunication department in the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“Macro-Link Concert Group”	Macro-Link International Land, MACRO-LINK International Investment, their respective associates and parties acting in concert with any of them
“MACRO-LINK International Investment”	MACRO-LINK International Investment Co, Ltd., a company incorporated in the British Virgin Islands which is wholly owned by Macro-Link Industrial Investment Ltd. and a fellow subsidiary of Macro-Link International Land. Both of them are under the common control of Macro-Link Holding Company Limited which in turn is owned as to 93.40% by Cheung Shek Investment Company Limited, 2.83% by Mr. Fu Kwan, 2.11% by Mr. Yang Yunhua, 1.33% by Mr. Wu Xiangdong, 0.15% by Mr. Zhang Bishu, 0.11% by Ms. Xiao Wenhui and 0.07% by Mr. Feng Jianjun. Cheung Shek Investment Company Limited is owned as to 59.76% by Mr. Fu Kwan, 33.46% by Ms. Xiao Wenhui, 3.36% by Mr. Zhang Jian (a Director) and 3.42% by Ms. Liu Jing
“Macro-Link International Land”	Macro-Link International Land Limited, a company incorporated in Hong Kong with limited liability which is wholly owned by Macrolink Culturaltainment Development Co., Ltd. (a company whose issued shares are listed on the Shenzhen Stock Exchange under stock code: 000620 and owned as to 61.17% by Macro-Link Holding Company Limited), being the controlling shareholder (as defined in the Listing Rules) of the Company and the applicant of the Whitewash Waiver
“Mr. Tang”	Mr. Tang Jun (唐軍), being the controlling shareholder of Paison Technology
“Notice”	the notice served by the Company to Paison Technology for termination of the VIE Contracts and cancellation of the Consideration Shares (i.e. the Share Buy-back) under the Sale and Purchase Agreements
“Paisheng International”	Paisheng International Technology Co., Ltd, a company incorporated in the British Virgin Islands, which is a wholly-owned subsidiary of Paison Technology as at the Latest Practicable Date, being the registered holder of the Consideration Shares

DEFINITIONS

“Paison Technology”	派生科技集團有限公司 (Paison Technology Group Ltd.*) (formerly known as 派生科技集團股份有限公司 (Paison Technology Group Inc.*)), a limited liability company established under the law of the PRC, which owns the entire equity interest of the Target Company prior to the completion of the Sale and Purchase Agreements, as at the Latest Practicable Date, the entire equity interest of which is owned by Mr. Tang (83.24%) as well as five PRC companies as equity investors which are mainly engaged in investment, namely 民生資本投資管理有限公司 (Minsheng Capital Investment Management Limited*) (5.93%), 北京盈生創新科技有限責任公司 (Beijing Yingsheng Innovation Technology Company Limited*) (5.51%), 黃山海慧科技投資有限公司 (Huangshan Haihui Technology Investment Limited*) (2.54%), 寧夏巨人創業投資有限公司 (Ningxia Giant Venture Investment Limited*) (1.51%) and 北海宏泰投資有限公司 (Beihai Hongtai Investment Limited*) (1.27%)
“PRC”	the People’s Republic of China, which for the purpose of this circular, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Property Valuation Report”	the property valuation report in relation to the valuation of the properties owned by the Group as set out in Appendix IV to this circular
“Relevant Period”	the period commencing on the date which is six months prior to the date of publication of the Announcement on 2 May 2019, up to and including the Latest Practicable Date
“Remaining Group”	the Company and its subsidiaries immediately after the Completion
“Sale and Purchase Agreement”	the sale and purchase agreement dated 13 October 2017 entered into between the Company and Paison Technology in relation to the Acquisition
“Sale and Purchase Agreements”	collectively, the Sale and Purchase Agreement and the Supplemental Sale and Purchase Agreements
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened for the Independent Shareholders to consider and, if thought fit, to approve the Transactions

DEFINITIONS

“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Share Buy-back”	the buy-back and cancellation of the Consideration Shares by the Company pursuant to the condition subsequent of the Sale and Purchase Agreements, which constitutes an off-market share buy-back by the Company pursuant to Rule 2 of the Buy-backs Code
“Shareholder(s)”	the holder of the Share(s)
“Share Options”	the options granted under the share option scheme adopted by the Company on 23 August 2012
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Sale and Purchase Agreements”	the supplemental sale and purchase agreements dated 3 November 2017, 28 December 2017, 31 January 2018, 28 March 2018 and 27 June 2018 respectively which were entered into between the Company and Paison Technology to supplement certain terms of the Sale and Purchase Agreement
“Takeovers Code”	the Hong Kong Code of Takeovers and Mergers
“Target Company” or “Niiwoo Financial”	深圳市你我金融信息服務有限公司 (Shenzhen Niiwoo Financial Information Services Ltd.*) (formerly known as 深圳市你我金融信息服務股份有限公司 (Shenzhen Niiwoo Financial Information Services Co., Ltd.*)), a limited liability company established under the law of the PRC, which is a subsidiary of the Company prior to Completion
“Transactions”	collectively, the Disposal, the Share Buy-back and the Whitewash Waiver
“VIE Contracts”	collectively, the Exclusive Service Agreement, the Entrustment Agreement, the Exclusive Option Agreement, the Equity Pledge Agreement and the Deed of Non-Competition Undertaking, all such terms and details of which are defined and set out in the Circular
“Whitewash Waiver”	the whitewash waiver as may be granted by the Executive in accordance with Note 1 to the Notes on Dispensations from Rule 26 of the Takeovers Code in respect of obligation of Macro-Link International Land to make a mandatory general offer for all issued Shares (other than those already owned by the Macro-Link Concert Group) which may arise as a result of the Share Buy-back

DEFINITIONS

“AUD”	Australian dollar(s), the lawful currency of Australia
“CAD”	Canadian dollar(s), the lawful currency of Canada
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“KRW”	Korean Won, the lawful currency of Korea
“RMB”	Renminbi, the lawful currency of the PRC

** The English translation of Chinese names or words in this circular, where indicated, are included for information purpose only and should not be regarded as the official English translation of such Chinese names or words.*

LETTER FROM THE BOARD



新絲路文旅有限公司

NEW SILKROAD CULTURAL ENTERTAINMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 472)

Executive Directors:

Mr. Su Bo (Chairman)
Mr. Ng Kwong Chue, Paul
Mr. Zhang Jian
Mr. Hang Guanyu
Mr. Liu Huaming

Independent non-executive Directors:

Mr. Ting Leung Huel, Stephen
Mr. Tse Kwong Hon
Mr. Cao Kuangyu

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

*Head office and principal place of
business in Hong Kong:*

15/F., COFCO Tower
262 Gloucester Road
Causeway Bay
Hong Kong

5 July 2019

To the Shareholders

Dear Sir or Madam,

- (I) MAJOR AND CONNECTED TRANSACTION;
(II) PROPOSED OFF-MARKET SHARE BUY-BACK;
(III) APPLICATION FOR WHITEWASH WAIVER;
(IV) CLOSURE OF REGISTER OF MEMBERS; AND
(V) NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

Reference is made to the Circular, the announcements of the Company dated 4 April 2019 and 15 April 2019, and the Announcement.

LETTER FROM THE BOARD

BACKGROUND

On 13 October 2017, the Company entered into the Sale and Purchase Agreement (as supplemented) with Paison Technology, pursuant to which the Company has conditionally agreed to acquire and Paison Technology has conditionally agreed to sell and procure to sell the controlling right and the entire economic benefits of the Target Company, for a consideration of HK\$1,411,800,000, which shall be satisfied by the allotment and issue of the Consideration Shares at the Buy-back Price. Completion of the Sale and Purchase Agreements took place on 1 August 2018 in accordance with the terms and conditions thereof with all the VIE Contracts signed and dated 25 July 2018. Through the VIE Contracts entered into between 新絲路互聯網投資諮詢(深圳)有限公司 (NSR Internet Investment Consulting (Shenzhen) Ltd.*) (the “**WFOE**”), a wholly-owned subsidiary of the Company, and Paison Technology, the WFOE as the nominee of the Company is allowed to exercise control over the operation of the Target Company and obtain the economic benefits generated by the Target Company. An escrow agent (“**Escrow Agent**”) was jointly appointed by the Company and Paison Technology to hold and escrow the Consideration Shares in accordance with the terms and conditions of the Sale and Purchase Agreements.

THE DISPOSAL

Pursuant to the terms of the Sale and Purchase Agreements, Paison Technology has undertaken to the Company that it shall use its best endeavours to procure the Target Company to obtain the License as soon as possible. As disclosed in page 18 of the Circular, it is a condition subsequent of the Sale and Purchase Agreements that upon an Event of Default, Paison Technology shall procure to arrange all the VIE Contracts be terminated and that the Company may, at its absolute discretion, elect to either request Paison Technology to: (i) surrender the Consideration Shares (including all dividends and distribution declared or to be declared after completion of the Sale and Purchase Agreements) to the Company for cancellation; or (ii) within seven days after being notified by the Company, pay HK\$1,411,800,000 (being the consideration for the Acquisition) to the Company in cash for the Consideration Shares.

The Company was aware from the announcement dated 28 March 2019 issued by 廣東派生智能科技股份有限公司 (Guangdong Paisheng Intelligent Technology Co., Ltd.*) (“**Guangdong Paisheng**”), a company listed on the Shenzhen Stock Exchange with stock code 300176, that Mr. Tang has been imposed enforcement measures by the relevant China regulatory authority for allegedly illegally taking public deposits in the course of his personal business (not related to the Group) and the case is currently under investigation. As at the Latest Practicable Date, according to the information obtained from the public record, Guangdong Paisheng is ultimately owned as to 15.32% by Paison Technology and Mr. Tang is the ultimate controller of Guangdong Paisheng.

LETTER FROM THE BOARD

Given that Paison Technology is the nominal registered owner of the Target Company for which the Group controlled via the VIE Contracts, the Board was concerned that the Incident would have impact on the License application being made by the Target Company. Upon aware of the Incident, the Company promptly appointed the PRC legal adviser to investigate the impact of the Incident on the License application of the Target Company. As advised by the PRC legal adviser, the Target Company would no longer be qualified to apply for the License, the License application could not be approved and the Event of Default occurred. The Company and the Target Company subsequently verified this information by making enquiries with the relevant regulatory authority.

The Company was also aware from the “Notice 6” (情況通報 (六)) issued by Dongguan Public Security Bureau (東莞市公安局) dated 3 April 2019 (the “**Notice 6**”) that all bank accounts and assets of the controlling shareholder of Paison Technology, including those held via his controlled entities, have been frozen by the relevant China regulatory authority. Given the circumstances noted from the Notice 6, the Company has grave concern on the ability of Paison Technology in paying the cash amount of HK\$1,411,800,000 (being the consideration for the Acquisition) for the Consideration Shares within the prescribed period pursuant to one of the options of the condition subsequent stipulated under the Sale and Purchase Agreements. In addition, given the uncertainty in the legality of dealing by Paison Technology of its assets in the PRC, the Company has doubt regarding the receipt and subsequent use of any cash which may be recovered from Paison Technology, if any.

In order to protect the interests of the Company and the Shareholders as a whole, the Board considers that it would be most appropriate to opt for alternate option under the condition subsequent to seek for surrender of the Consideration Shares to the Company for cancellation (i.e. the Share Buy-back).

As such, on 8 April 2019, the Company exercised its unilateral right under the Sale and Purchase Agreements by serving the Notice to Paison Technology for termination of the VIE Contracts and initiated the Share Buy-back procedure. As at the Latest Practicable Date, the Company has not received any response from Paison Technology.

The Consideration Shares (including all dividends and distribution declared or to be declared after completion of the Sale and Purchase Agreements, but none of which has been declared or made by the Company) are being held in escrow by the Escrow Agent. Pursuant to the escrow agreement, if the Event of Default occurs, the Company is entitled to unilaterally instruct the Escrow Agent by service of a written notice to release and deliver the Consideration Shares to the Company and no further approval is required. When all the conditions precedent as set out in the paragraph headed “Conditions precedent” below are fulfilled, the Company will immediately notify the Escrow Agent to release the Consideration Shares for cancellation upon Completion. Upon receipt of such notice given by the Company informing the Escrow Agent that an Event of Default has occurred and the Consideration Shares shall be released, the Escrow Agent shall be bound to release and deliver the Consideration Shares to the Company for cancellation forthwith. No confirmation needs to be obtained from the Escrow Agent in this regard. The Consideration Shares will be bought back by the Company together with all rights attaching to them on or after Completion (including the right to receive any dividends or other distributions which may be declared, made or paid on or after Completion).

LETTER FROM THE BOARD

As advised by the PRC legal adviser of the Company, according to Article 144 of the Criminal Procedure Law of the PRC (as amended in 2018), the People's Procuratorates and public security authorities may, if necessary for the purpose of crime investigation, inquire and freeze the deposits, remittances, bonds, stocks, fund shares and other assets of any suspects in accordance with the regulations and the relevant entities and individuals should cooperate. Further, according to Article 2 of 《公安機關涉案財物管理若干規定》 (“Provisions on the Administration of Property by Public Security Authorities*”), the property involved in these provisions refers to those items, documents and funds legally sealed up, detained, frozen, seized, and retrieved, pre-registered and preserved, sampled and collected as evidence, recovered or otherwise taken by public security authorities from other entities and individuals in the process of handling criminal cases and administrative cases in accordance with the law, including: (1) the proceeds of crimes; (2) tools used to carry out illegal and criminal activities; (3) illegally held obscene items, drugs and other contraband; and (4) other items and documents that can prove the occurrence of illegal and criminal acts and the seriousness of criminal acts.

As the Consideration Shares are the consideration under the Sale and Purchase Agreements which are entirely unrelated to the criminal activities in which the controlling shareholder of Paison Technology is allegedly involved or the business operations of the Target Company, they are not assets connected to a criminal case which falls within the scope under 《公安機關涉案財物管理若干規定》 (“Provisions on the Administration of Property by Public Security Authorities*”). As advised by the PRC legal adviser of the Company, the likelihood of the Consideration Shares to be frozen by the PRC regulatory authorities is remote.

Since it is a condition subsequent of the Sale and Purchase Agreements that upon an Event of Default, Paison Technology shall procure to arrange all the VIE Contracts be terminated and that the Company has unilaterally exercised its right under the Sale and Purchase Agreements to cancel the Consideration Shares. According to the terms of the Sale and Purchase Agreements, after the Company has served the Notice to Paison Technology, Paison International shall cease to have any beneficial interest in the Consideration Shares.

As at the Latest Practicable Date, Paison Technology (through its wholly-owned subsidiary, namely, Paisheng International) holds 1,086,000,000 Shares, representing approximately 25.29% of the issued share capital of the Company, and is therefore a substantial Shareholder.

The purpose of this circular is to provide you with, among other things, (1) further details of the Disposal, the Share Buy-back and the Whitewash Waiver; (2) the letter of recommendation of the Independent Board Committee; (3) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders regarding the Disposal, the Share Buy-back and the Whitewash Waiver; (4) the Property Valuation Report; (5) the notice of the SGM; and (6) other information as set out in appendices to this circular as required by the Listing Rules, the Buy-backs Code and the Takeovers Code.

Subject to be disposed of

The controlling right and the entire economic benefits of the Target Company held by the Group through the VIE Contracts.

LETTER FROM THE BOARD

Consideration

The consideration of the Disposal of HK\$1,411,800,000 (being the consideration for the Acquisition) shall be satisfied at Completion by delivering the Consideration Shares from the Escrow Agent to the Company for buy-back and cancellation at the Buy-back Price.

The Buy-back Price is equivalent to the issue price per Consideration Share under the Sale and Purchase Agreements.

The Buy-back Price of HK\$1.30 represents:

- (1) a premium of approximately 188.89% over the closing price of HK\$0.450 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (2) a premium of approximately 169.15% over the average of the closing prices of approximately HK\$0.483 per Share for the last ten trading days up to and including the Last Trading Day;
- (3) a premium of approximately 152.43% over the average of the closing prices of approximately HK\$0.515 per Share for the last 30 trading days up to and including the Last Trading Day;
- (4) a premium of approximately 67.53% over the audited net asset value per Share attributable to Shareholders as at 31 December 2018 of approximately HK\$0.776 per Share;
- (5) a premium of approximately 23.22% over the net asset value per Share attributable to Shareholders as at 31 December 2018 as adjusted by the valuation of the properties owned by the Group as set out in Appendix IV to this circular of approximately HK\$1.055 per Share; and
- (6) a premium of approximately 293.94% over the closing price of HK\$0.330 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

Conditions precedent

Completion will be conditional upon the satisfaction of each of the following conditions:

1. the Executive having granted and not having withdrawn (a) the approval of the Share Buy-back under Rule 2 of the Buy-backs Code; and (b) the Whitewash Waiver, and all the conditions (if any) of such approval and/or waiver having been satisfied;
2. the approval of (a) the Disposal by a simple majority of the Independent Shareholders present at the SGM by way of poll in accordance with the Listing Rules; and (b) the Whitewash Waiver and the Share Buy-back by at least three-fourths of the Independent Shareholders present at the SGM by way of poll, in accordance with the applicable requirements of the Buy-backs Code, Takeovers Code and other applicable laws and regulations;

LETTER FROM THE BOARD

3. the Company having sufficient reserves in the form of capital and/or share premium in its accounts to effect the Share Buy-back; and
4. all other necessary consents, authorisations, licences and approvals for or in connection with the Disposal and the Share Buy-back having been obtained.

The conditions above are incapable of being waived by the Company.

Save for the conditions (1) to (3) stated above, as at the Latest Practicable Date, there is no other regulatory consent or approval required for the Disposal, the Whitewash Waiver or the Share Buy-back.

As at the Latest Practicable Date, condition (3) above had been satisfied.

Completion

Completion shall take place immediately after the satisfaction of all of the conditions as set out in the paragraph headed “Conditions precedent” above.

INFORMATION ON THE TARGET COMPANY

Background

The Target Company is a company incorporated in the PRC in 2014. It owns and operates an internet financing platform under the “你我金融 (Niiwoo Financial)” brand through a mobile application, which is a peer-to-peer (P2P) online credit marketplace matching borrowers and lenders via its mobile application for small loan financing in the PRC. Each typical loan amount is under RMB10,000.

The Company acquired the controlling right and the entire economic benefits of the Target Company from Paison Technology via the VIE Contracts at a consideration of HK\$1,411,800,000 which was satisfied wholly by the issuance of the Consideration Shares to Paisheng International at the direction of Paison Technology at the issue price of HK\$1.30 per Consideration Share on 1 August 2018. Paison Technology has become a substantial Shareholder upon completion of the Sale and Purchase Agreements. Further information in respect of the Target Company are disclosed in the Circular.

LETTER FROM THE BOARD

Regulatory development on the License application

The Interim Measures for the Administration of the Business Activities of Online Lending Information Intermediary Institutions 《網絡借貸信息中介機構業務活動管理暫行辦法》(the “**Interim Measures**”) required online lending intermediaries to file with the local financial regulatory department and apply for the License. Online lending intermediaries established prior to the implementation of the Interim Measures (like the Target Company) are required to do certain rectification works and complete all the required filings with the local financial regulatory department by the end of June 2018. According to the Target Company, it had completed all the relevant rectification work in April 2018.

Since the completion of the Sale and Purchase Agreements on 1 August 2018, there has been further development on the regulatory environment surrounding the License in the PRC. In January 2019, 互聯網金融風險專項整治工作領導小組辦公室 (Internet Financial Risks Special Remediation Leadership Group Office*) and P2P 網貸風險專項整治工作領導小組辦公室(P2P Online Lending Risk Special Remediation Leadership Group Office*) released 《關於做好網貸機構分類處置和風險防範工作的意見》 (“Opinions on Classification and Risk Prevention of Online Lending Institutions”) (the “**Opinion**”), clarifying and emphasising that with the exception of certain institutions which are in strict compliance with the required standard, it is a primary focus for financial institutions in the P2P online lending industry to dissolve their operations and exit the market in order to facilitate regulatory and rectification work over the industry. The Opinion sets out the overriding policy adopted by the PRC regulatory authorities regarding the P2P online lending industry and had no direct impact on the operation of the Target Company then.

On 1 March 2019, 深圳市互聯網金融協會 (Shenzhen Internet Finance Association*) issued 《深圳市網絡借貸信息中介機構良性退出指引(徵求意見稿)》 (Guidelines for the Benign Withdrawal of the Online Lending Information Intermediary in Shenzhen (Consultation Draft)*) (the “**Withdrawal Guidelines**”) to set out guidelines on the withdrawal procedures for online lending institutions that have voluntarily withdrawn or been induced into withdrawing or ordered by the financial regulatory authority to withdraw from the online lending business.

On 9 April 2019, the Company was notified by the Target Company that it was requested by 深圳市互聯網金融風險專項整治工作領導小組辦公室 (Shenzhen Internet Financial Risk Special Treatment Work Leadership Group Office*) (the “**SZ Financial Risk Office**”) to sign a withdrawal undertaking (the “**Withdrawal Undertaking**”) in respect of its operation. Pursuant to the Withdrawal Undertaking, the Target Company agreed to voluntarily withdraw from its online lending business operations subject to the supervision and guidance of the relevant authorities. The Target Company further undertakes that it would not make any filings in relation to corporate changes with the relevant industry and commerce bureau or carry out any new businesses without the consent of the SZ Financial Risk Office. As advised by the PRC legal adviser, the SZ Financial Risk Office has confirmed that the Target Company falls within the scope of the applicable online lending institutions under the Withdrawal Guidelines and would no longer be qualified to apply for the License, the Target Company shall follow the procedures to exit the online lending industry in accordance with the Withdrawal Guidelines, which shall commence when the business operation of the Target Company is dissolved by filing relevant dissolution report and audit report to be issued by an accounting firm to the SZ Financial Risk Office. After the approval from the SZ Financial Risk Office is obtained, the Target Company will then apply for deregistration or to adopt other exit strategies (including but not

LETTER FROM THE BOARD

limited to restructuring by merger and acquisition, business transformation, etc.) to exit the online lending industry in an orderly manner. In view of the time required for the completion of the dissolution of the business operations by the Target Company, the exit procedures will take place after the Target Company has ceased to be a subsidiary of the Company. In case of any violations of the Withdrawal Undertaking, the Target Company shall be held accountable and assume full responsibility for any liabilities and obligations arisen under the relevant laws, rules and regulations.

The Target Company is now actively cooperating with the SZ Financial Risk Office in compliance with the Withdrawal Guidelines to scale down its operation in an orderly manner and to handle any issues that may arise as a result of such withdrawal with an aim to protect the interests of the stakeholders including the investors to the pool of funds being the lenders of loans to borrowers through the internet financing platform operated by the Target Company.

Operations of the Target Company

As disclosed in the Circular, at the time of completion of the Acquisition and thereafter, the Target Company could continue its business and its business record was valid. Upon completion of the Acquisition, Paison Technology remains as the registered owner of the Target Company and the Group acquired only the controlling right and the entire economic benefits of the Target Company through the VIE Contracts and has nominated two staffs to perform supervisory roles in the Target Company. The day-to-day operations of the Target Company continued to be the responsibility of the original management of Paison Technology.

As advised by the PRC legal adviser of the Company, the Target Company had at all times complied in full with all necessary requirements in accordance with the Interim Measures and other applicable guidelines and regulations, including the regulatory letter issued by 深圳市南山區互聯網金融風險專項治理工作領導小組辦公室 (Nanshan District, Shenzhen Internet Financial Risk Special Treatment Work Leadership Group Office*) to it on 7 November 2017, and have not been warned, fined or ordered to dissolve its operations or other administrative penalty by the regulatory authorities.

After the issuance of the Withdrawal Guidelines, as advised by the PRC legal adviser, any withdrawal in accordance with the Withdrawal Guidelines would not affect the rights and obligations of the existing online lending institutions. Further, there is no relevant provisions which mitigate the validity of business operation records of online lending institutions before any withdrawal would be effected. As advised by the PRC legal adviser, the Target Company is an institution that intends to withdraw from its online lending business in accordance with the Withdrawal Guidelines and the existing operations of the Target Company's internet financing platform shall remain legitimate as at the Latest Practicable Date.

LETTER FROM THE BOARD

Financial information of the Target Company

The following is a summary of the audited financial information of the Target Company prepared based on generally accepted accounting principles in Hong Kong:

	For the year ended 31 December 2016 RMB/HK\$'000	For the year ended 31 December 2017 RMB/HK\$'000	For the year ended 31 December 2018 RMB/HK\$'000
(Loss)/profit before tax	RMB(10,704) (equivalent to approximately HK\$(12,474))	RMB79,623 (equivalent to approximately HK\$91,694)	RMB7,247 (equivalent to approximately HK\$8,568)
(Loss)/profit after tax	RMB(10,704) (equivalent to approximately HK\$(12,474))	RMB79,623 (equivalent to approximately HK\$91,694)	RMB7,102 (equivalent to approximately HK\$8,397)

According to the audited accounts of the Target Company as at 31 December 2018, the net asset value of the Target Company attributable to the Company was approximately HK\$863 million (after taking into account the consolidation adjustments, including the recognition of intangible assets arising from the Acquisition) with total liabilities of approximately HK\$81 million as at 31 December 2018. As at the Latest Practicable Date, the outstanding loans effected through the internet financing platform of the Target Company amounted to approximately RMB120 million, which are not liabilities of the Target Company. However, the Company does not exclude the possibility that the Target Company may be requested by the PRC regulatory bodies to indemnify any loss suffered by the lenders if their advances through the Target Company's platform are not fully recovered from the borrowers. As advised by the PRC legal advisers, given that the controlling rights and economic benefits of the Target Company were obtained by the Group via the VIE Contracts which will be terminated upon Completion, the Company shall have no obligation to assume such liability, if any, should the Target Company be required to indemnify any loss of its investors.

As advised by the PRC legal adviser, since the Group has only obtained the controlling right and economic benefits of the Target Company through the VIE Contracts, and Paison Technology was and is at all relevant time the registered owner of the Target Company, upon Completion, there will no longer be any legal or contractual relationship, obligation or liability between the Target Company and the Group. The Target Company, as a corporate entity, has its own rights and legal status independent of its owner, and there is no legal basis on which the PRC regulatory bodies may request the Group, which had only the controlling right and economic benefits of the Target Company under the VIE Contracts before Completion, to indemnify any loss relating to the outstanding loans. No provision for any potential liability in relation to the outstanding loans effected through the Target Company is required to be made by the Company.

LETTER FROM THE BOARD

REASONS FOR THE DISPOSAL

As disclosed in the announcement of the Company dated 4 April 2019, the Company was aware from the announcement dated 28 March 2019 issued by Guangdong Paisheng concerning the Incident. Given that Paison Technology is the nominal registered owner of the Target Company, the Board was concerned that the Incident would have any impact on the License application being made by the Target Company. The Company was further aware from the Notice 6 that all bank accounts and assets of the controlling shareholder of Paison Technology, including those held via his controlled entities, have been frozen by the China regulatory authority and that the business operation of Paison Technology is not in its normal mode. On 8 April 2019, as advised by the PRC legal adviser, the Company was aware that the Target Company's License application could not be approved and the Event of Default occurred. As such, on 8 April 2019, the Company exercised its unilateral right under the Sale and Purchase Agreements by serving the Notice to Paison Technology for termination of the VIE Contracts and initiation of the Share Buy-back.

Further, as disclosed in the above section headed "Regulatory development on the License application", the regulatory authorities in the PRC have issued further notices and guidelines in relation to the P2P online lending industry with the aim to facilitate the exit of financial institutions from the market and as advised by the PRC legal adviser, the SZ Financial Risk Office has confirmed that the Target Company falls within the scope of the applicable online lending institutions under the Withdrawal Guidelines and would no longer be qualified to apply for the License.

In view of the foregoing and since the ordinary business of the Target Company has been adversely affected by the Incident and the Withdrawal Undertaking, the Board considers that the serving of the Notice to Paison Technology under the Sale and Purchase Agreements for termination of the VIE Contracts and cancellation of the Consideration Shares is fair and reasonable and is in the best interest of the Company and its Shareholders as a whole.

If the Executive's approval on the Share Buy-back is not granted or the Transactions are not approved at the SGM, the Company would terminate the operation of Niiwoo Financial with immediate effect. The Company would then seek for recovery of the consideration payable by Paison Technology for the Consideration Shares in the form of cash. However, given that the bank accounts and assets of the controlling shareholder of Paison Technology, including those held via his controlled entities, have been frozen and the business operation of Paison Technology is not in its normal mode, the Board considers that the likelihood of recovering any amount from Paison Technology would be very remote. In addition, given the uncertainty on the legality of dealing by Paison Technology of its assets in the PRC, the Company has doubt regarding the receipt and subsequent use of any cash which may be recovered from Paison Technology, if any.

SHARE BUY-BACK

Under the Companies Act, a redemption of shares by a Bermuda company is subject to compliance with the requirements of the Companies Act, the memorandum of association and the bye-laws of the Company. The redemption or repurchase may only be effected if: (a) the par value of the shares to be redeemed or repurchased is paid out of the capital paid up thereon, or out of funds otherwise available for dividend or distribution or out of the proceeds of a fresh issue of shares made for the purpose of redemption or repurchase; and (b) any premium payable on the redemption or

LETTER FROM THE BOARD

repurchase is paid out of the share premium account, or out of funds otherwise available for dividend or distribution. Pursuant to the Companies Act, no repurchase by a company of its own shares may be effected if, on the date on which the repurchase is to be effected, there are reasonable grounds for believing that the company is, or after the repurchase would be, unable to pay its liabilities as they become due.

Redeemed or purchased shares shall be treated as cancelled and the amount of such company's issued share capital shall be diminished by the nominal value of those shares accordingly; but a redemption or purchase of shares of such company is not to be taken as reducing the amount of the company's authorised share capital. In accordance with the Companies Act, the Consideration Shares will be repurchased by the Company out of the capital and share premium accounts of the Company. This means that the Company will need to have sufficient reserves in the form of capital and/or share premium in its accounts to effect the Share Buy-back. Upon Completion, the Consideration Shares shall be delivered to the Company for cancellation, whereupon the carrying value of the Target Company in the Company's account will be credited whilst the share capital and share premium accounts of the Company will be debited without any cash outflow from the Company. As confirmed by the auditors of the Company, the Company has sufficient reserves to effect the Share Buy-back. The Directors are satisfied that the Company is, and after the Share Buy-back will be, able to pay its debts as they fall due in the ordinary course of business. The Consideration Shares will be cancelled upon Completion.

FINANCIAL EFFECTS OF THE DISPOSAL AND THE SHARE BUY-BACK

Earnings

Upon completion of the Disposal, the Company is expected to record a gain or loss on Disposal to be reflected in the consolidated statement of profit or loss after taking into account the fair value of the Consideration Shares as at the date of Completion less the net assets value of the Target Company attributable to the Company as at the date of Completion and the transaction costs incurred for the Disposal. For illustrative purpose, based on the net assets value of the Target Company attributable to the Company of approximately HK\$863.0 million as at 31 December 2018 and assuming the Disposal had been taken place on 31 December 2018, the Company would recognise a loss of approximately HK\$174.96 million by using the then closing price as the deemed fair value of the Consideration Shares of HK\$695.04 million (calculated by using the closing price of the Shares on 31 December 2018 of HK\$0.64 per Share times the number of Consideration Shares of 1,086,000,000) less the net assets value of the Target Company attributable to the Company of approximately HK\$863.0 million as at 31 December 2018 and the estimated transaction costs of approximately HK\$7.0 million. As set out in the Appendix II to this circular for the unaudited pro forma financial information of the Remaining Group, the reserves of the Remaining Group will be reduced upon the recognition of the disposal loss and the transaction costs in the consolidated statement of profit or loss. According to the latest annual report of the Company, the Group recorded a profit of approximately HK\$55.38 million for the year ended 31 December 2018. If the aforementioned illustrative loss were to be reflected in 2018, the Group would have resulted in a loss of approximately HK\$119.58 million for the year ended 31 December 2018.

LETTER FROM THE BOARD

It should be noted that the disposal loss calculated above is only for illustrative purpose which assumes the completion of the Disposal had been taken place on 31 December 2018. The actual profit or loss on the Disposal will depend on the fair value of the Consideration Shares and the net assets value of the Target Company as at the completion date of the Disposal.

Upon completion of the Disposal, the Target Company will cease to be a subsidiary of the Company and all VIE Contracts will be terminated.

Working Capital

According to the estimations of the Company, the working capital of the Remaining Group is expected to decrease slightly from approximately HK\$2,071.85 million to HK\$2,011.96 million, mainly due to exclusion of the working capital of Niiwoo Financial. Since there is no cash outflow required by the Company in order to effect the Share Buy-back, the Directors consider that the Share Buy-back will not have a material adverse effect on the working capital sufficiency of the Remaining Group upon Completion.

Assets and liabilities

As at 31 December 2018, the assets and liabilities of the Group amounted to approximately HK\$5,340.41 million and HK\$2,008.15 million respectively. Upon completion of the Disposal and the Share Buy-back, the assets and liabilities of the Remaining Group will decrease by 20.34% and 10.77% to approximately HK\$4,254.08 million and HK\$1,791.82 million respectively after exclusion of the assets and liabilities of Niiwoo Financial.

Net assets

On the assumption that Completion occurred on 31 December 2018, it is expected that the net asset value of the Remaining Group attributable to the owners of the Company will decrease from approximately HK\$2,704.24 million to HK\$1,834.24 million. Accordingly, the Group's net assets attributable to the owners of the Company per Share as at 31 December 2018 would decrease from approximately HK0.63 cent to approximately HK0.57 cent. Based on the audited consolidated accounts of the Group and estimations of the Directors, the gearing ratio for the Remaining Group is expected to increase from 37.14% to 47.43%.

Earnings per Share

For the year ended 31 December 2018, the earnings per Share was HK1.76 cents. Based on the estimated loss of approximately HK\$174.96 million to be recognised upon Completion, a loss per Share of HK3.02 cents will be recorded.

Based on the above, the Disposal and the Share Buy-back would not have a material adverse effect on the working capital position and the liabilities of the Group but would have a material adverse effect on the earnings and the net assets of the Group as compared to its financial position as at 31 December 2018. Nevertheless, the Remaining Group would still have sufficient assets to meet its liabilities. Further, the aforementioned disposal loss will not incur any cash outflow. As such, there will be no adverse effect on the operating cash flows of the Remaining Group.

LETTER FROM THE BOARD

Please refer to Appendix II to this circular for the unaudited pro forma financial information of the Remaining Group for further details.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company as at the Latest Practicable Date and immediately after Completion by cancellation of the Consideration Shares:

	As at the Latest Practicable Date		Immediately after cancellation of the Consideration Shares	
	<i>Number of Shares</i>	<i>(%)</i>	<i>Number of Shares</i>	<i>(%)</i>
Macro-Link International Land (Note 1)	1,757,450,743	40.93	1,757,450,743	54.79
MACRO-LINK International Investment (Note 2)	215,988,336	5.03	215,988,336	6.73
Ms. Xiao Wenhui (Note 3)	3,010,000	0.07	3,010,000	0.09
Mr. Feng Jianjun (Note 3)	4,450,000	0.10	4,450,000	0.14
Mr. Zhang Bishu (Note 3)	4,580,000	0.11	4,580,000	0.14
Mr. Yang Yunfeng (Note 3)	10,000	0	10,000	0
Ms. Jiang Sai (Note 3)	150,000	0	150,000	0
Macro-Link Concert Group	1,985,639,079	46.24	1,985,639,079	61.89
Mr. Ng Kwong Chue, Paul (a Director)	3,000,000	0.07	3,000,000	0.09
Paisheng International (Note 4)	1,086,000,000	25.29	0	0
Sub-total	3,074,639,079	71.60	1,988,639,079	61.98
Public Shareholders	1,218,952,595	28.40	1,218,952,595	38.02
Total	4,293,591,674	100.00	3,207,591,674	100.00

Notes:

- These Shares are held by Macro-Link International Land which is a company incorporated in Hong Kong with limited liability and is a wholly-owned subsidiary of Macrolink Culturaltainment Development Co., Ltd., the issued shares of which are listed on the Shenzhen Stock Exchange with stock code 000620.
- These shares are held by MACRO-LINK International Investment which is a company incorporated in the British Virgin Islands. MACRO-LINK International Investment (which is wholly owned by Macro-Link Industrial Investment Ltd.) is a fellow subsidiary of Macro-Link International Land (which is wholly owned by Macrolink Culturaltainment Development Co., Ltd. (stock code: SZ000620)) as both of them are under the control of Macro-Link Holding Co., Ltd., a company incorporated in the PRC. As such, Macro-Link International Land and MACRO-LINK International Investment are parties acting in concert.

LETTER FROM THE BOARD

3. These individuals are ultimate shareholders of Macro-Link International Land and/or the directors of the Macro-Link Concert Group with shareholding in the Company and thus are either related to or associated with the Macro-Link Concert Group and therefore are parties acting in concert.
4. These Shares were allotted and issued to Paisheng International at the direction of Paison Technology pursuant to the terms and conditions of the Sale and Purchase Agreements. Save for the Consideration Shares, the Company has no knowledge or information that any person related to or associated with Paisheng International has any shareholding in the Company.
5. Assuming Completion having occurred and no Share Options having been exercised and the number of Shares owned by each of the Shareholders (other than Paisheng International) between the Latest Practicable Date and the date of Completion remain unchanged.

Following Completion, the Consideration Shares will be cancelled and the number of Shares in issue following the Share Buy-back will be reduced from 4,293,591,674 (being the number of issued Shares as at the Latest Practicable Date) to 3,207,591,674. Paison Technology (through its wholly-owned subsidiary, namely, Paisheng International) will cease to hold any Shares and that not less than 25% of the issued Shares will remain in public hands.

As at the Latest Practicable Date, there are 138,606,400 outstanding Share Options granted under the share option scheme adopted by the Company on 23 August 2012 which entitle the holders of Share Options to subscribe for an aggregate of 138,606,400 Shares. Among which, the following persons of the Macro-Link Concert Group are holders of the outstanding Share Options:

Name of holders under the Macro-Link Concert Group	Number of outstanding Share Options
Mr. Su Bo	11,775,600
Mr. Zhang Jian	7,850,400
Mr. Hang Guanyu	7,850,400
Mr. Liu Huaming	7,850,400
Mr. Fu Kwan	10,000,000
Ms. Xiao Wenhui	3,000,000
Ms. Liu Jing	4,906,500
Mr. Ding Wei	4,906,500
Mr. Li Jiangang	4,906,500
Mr. Feng Jianjun	4,906,500
Mr. Yang Yunfeng	2,943,900
Mr. Zhang Bishu	2,943,900
Ms. Jiang Sai	<u>2,943,900</u>
Total:	<u><u>76,784,500</u></u>

Save as disclosed above, the Group has no outstanding warrants, options, convertible securities or other derivatives convertible into Shares, and no share or loan capital of the Group has been put under option or agreed conditionally or unconditionally to be put under option and no other conversion right affecting the Shares or other derivatives in respect of securities which are being offered for or which carry voting rights have been issued or granted or agreed conditionally or unconditionally to be issued or granted.

LETTER FROM THE BOARD

INFORMATION ON THE REMAINING GROUP

The Company is an investment holding company and its subsidiaries are principally engaged in (i) the operation of casino business in Jeju, South Korea; (ii) development and operation of integrated resort and cultural tourism in South Korea; (iii) development and operation of real estate in South Korea, Canada and Australia; and (iv) production and distribution of wine and Chinese baijiu in the PRC.

The Group's strategy after the Disposal

The Group's strategy after the Disposal is to focus on its existing businesses. It is expected that upon Completion, the Remaining Group will continue to carry out sufficient level of operation to warrant the continued listing of the Company on the Stock Exchange under Rule 13.24 of the Listing Rules. Save for the Mackenzie Creek Project of the Group (as more particularly discussed in the paragraph headed "6. FINANCIAL AND BUSINESS PROSPECTS OF THE REMAINING GROUP" as set out in Appendix I to this circular), the Group has not entered into any agreement, arrangement or undertaking, nor does it has any intention to (i) acquire any new business; (ii) dispose of and/or downsize its existing businesses and material operating assets as at the Latest Practicable Date; (iii) introduce any major changes in the business, including any redeployment of the fixed assets of the Group; or (iv) discontinue the employment of the employees of the Group other than in the ordinary course of business of the Group.

Based on the reasons as set out in the paragraphs headed "The Disposal" and "Reasons for the Disposal" above, the Directors are of the view that the Transactions are in the interest of the Company and the Shareholders as a whole.

REGULATORY REQUIREMENTS

Buy-backs Code

The Share Buy-back constitutes an off-market share buy-back by the Company under the Buy-backs Code. The Company has made an application to the Executive for approval of the Share Buy-back pursuant to Rule 2 of the Buy-backs Code. The Executive's approval, if granted, will normally be conditional upon, among other things, approval of the Share Buy-back by at least three-fourths of the votes cast on a poll by the Independent Shareholders present in person or by proxy at a meeting to be held for such purposes.

LETTER FROM THE BOARD

Takeovers Code

Application for Whitewash Waiver

If a Shareholder's proportionate interest in the voting rights of the Company increases as a result of the Share Buy-back, such increase will be treated as an acquisition of voting rights under Rule 32 of the Takeovers Code. As at the Latest Practicable Date, the Macro-Link Concert Group is interested in a total of 1,985,639,079 Shares, representing approximately 46.24% of the issued share capital of the Company. Assuming there are no changes in the shareholdings of the Macro-Link Concert Group and the issued share capital of the Company from the Latest Practicable Date to Completion (other than the cancellation of the Consideration Shares), immediately upon Completion, the percentage shareholding of the Macro-Link Concert Group will be increased to approximately 61.89% after the reduction of issued share capital of the Company upon Completion as a result of the Share Buy-back. In such circumstances, there is an obligation on the part of the Macro-Link Concert Group to make a general offer for all the Shares not already owned or agreed to be acquired by the Macro-Link Concert Group. An application has been made by Macro-Link International Land to the Executive for the Whitewash Waiver pursuant to Note 1 to the Notes on Dispensations from Rule 26 of the Takeovers Code. The Executive has indicated that the Whitewash Waiver will be granted and will be conditional upon, among other things, the approval by the Independent Shareholders by three-fourths majority at the SGM by way of poll.

Paragraph 3 of Schedule VI of the Takeovers Code provides that the Executive will normally not grant a whitewash waiver if there occurs any disqualifying transaction for such waiver. Disqualifying transactions include, among others, a situation where the person seeking a whitewash waiver or any person acting in concert with him has acquired voting rights in an issuer in the six months immediately prior to the announcement of the proposal but subsequent to negotiations, discussions or the reaching of understandings or agreements with the directors of such issuer in relation to the proposal. A whitewash waiver will not be granted or if granted will be invalidated if, without the prior consent of the Executive, any acquisitions or disposals of voting rights are made by such persons in the period between the announcement of the proposals and the completion of the subscription. The Company has received a confirmation from Macro-Link International Land confirming that the Macro-Link Concert Group has not dealt in the Shares during the period commencing from six months prior to the date of the Announcement and up to and including the Latest Practicable Date.

As at the Latest Practicable Date, the Company does not believe that the Transactions give rise to any concern in relation to compliance with other applicable rules or regulations (including the Listing Rules). If a concern should arise after the release of this circular, the Company will endeavour to resolve the matter to the satisfaction of the relevant authority as soon as possible but in any event before the SGM. The Company notes that the Executive may not grant the Whitewash Waiver or the consent for the Share Buy-back if the Transactions do not comply with other applicable rules and regulations.

As at the Latest Practicable Date: (1) save as disclosed in the paragraph headed "Effects on Shareholding Structure of the Company" in this letter, the Macro-Link Concert Group does not own any outstanding options, warrants, or any securities that are convertible into Shares or any derivatives in respect of Shares and no outstanding derivatives in respect of securities in the Company has been entered into by the Macro-Link Concert Group; (2) there is no arrangement (whether by way of option,

LETTER FROM THE BOARD

indemnity or otherwise) in relation to the Shares or the shares of any member of the Macro-Link Concert Group and which might be material to the Whitewash Waiver or the Share Buy-back; (3) there is no agreement or arrangement to which the Macro-Link Concert Group or any member of the Macro-Link Concert Group is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Whitewash Waiver or the Share Buy-back; (4) there is no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Macro-Link Concert Group has borrowed or lent; and (5) the Macro-Link Concert Group has not received any irrevocable commitment from any Independent Shareholders as to whether they will vote for or against the resolutions approving the Transactions to be proposed at the SGM.

As at the Latest Practicable Date, (i) there is no consideration, compensation or benefit in whatever form paid or to be paid by the Macro-Link Concert Group to Paisheng International or any party acting in concert with it in connection with the Disposal and the Share Buy-back; (ii) there is no understanding, arrangement, agreement or special deal between the Macro-Link Concert Group on the one hand, and Paisheng International and any party acting in concert with it on the other hand; and (iii) there is no understanding, arrangement or agreement or special deal between (1) any Shareholder; and (2) the Macro-Link Concert Group, or the Company, its subsidiaries or associated companies.

Shareholders and public investors should note that immediately upon Completion, the shareholding of the Macro-Link Concert Group in the Company will exceed 50% of the voting rights of the Company and that the Macro-Link Concert Group may increase their shareholding without incurring any further obligations under Rule 26 of the Takeovers Code to make a general offer for the securities of the Company.

Listing Rules

The termination of the VIE Contracts will constitute a disposal of the Group's controlling right and the entire economic benefits in Niiwoo Financial. As one or more of the applicable percentage ratios in respect of the Disposal exceeds 25% but is less than 75%, the Disposal constitutes a major transaction of the Company under the Listing Rules. As at the Latest Practicable Date, the Target Company is a wholly-owned subsidiary of the Company and Paison Technology is a substantial shareholder (as defined under the Listing Rules) of the Company. As such, the Disposal also constitutes a connected transaction of the Company under the Listing Rules, and is therefore subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapters 14 and 14A of the Listing Rules.

INTENTION OF THE COMPANY REGARDING PUBLIC FLOAT

It is the intention of the Company to continue to maintain the public float requirements of Rule 8.08 of the Listing Rules regarding the Shares following completion of the Disposal and the Share Buy-back.

LETTER FROM THE BOARD

SGM

A notice convening the SGM to be held at Level 3, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Wednesday, 31 July 2019 at 11:00 a.m. is set out on pages SGM-1 to SGM-3 of this circular for the purpose of considering and, if thought fit, passing the resolutions set out therein.

Whether or not you are able to attend the SGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar and transfer office in Hong Kong, Tricor Progressive Limited, at Level 22 Hopewell Centre, 183 Queen's Road East, Hong Kong (which will be relocated to Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong with effect from 11 July 2019) as soon as possible but in any event not less than 48 hours before the time appointed for holding of the SGM, or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM, or any adjournment thereof, should you so wish.

Voting

As at the Latest Practicable Date, the Macro-Link Concert Group is interested in a total of 1,985,639,079 Shares, representing approximately 46.24% of the issued share capital of the Company and Paison Technology (through its wholly-owned subsidiary, namely, Paisheng International) is interested in 1,086,000,000 Shares, representing approximately 25.29% of the issued share capital of the Company. Save for these holdings, none of the members of the Macro-Link Concert Group or Paison Technology or parties acting in concert with it held any Shares as at the Latest Practicable Date. As required under the Buy-backs Code and the Takeovers Code, the Macro-Link Concert Group and Paisheng International will abstain from voting in the SGM. As required under the Listing Rules, Paisheng International will abstain from voting in the SGM. Save for these parties, no other Shareholder is required to abstain from voting on the resolutions approving the Transactions.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining Shareholders who are entitled to attend and vote at the SGM or any adjournment thereof, the register of members of the Company will be closed from Friday, 26 July 2019 to Wednesday, 31 July 2019, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for the right to attend and vote at the SGM or any adjournment thereof, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Progressive Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong (which will be relocated to Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong with effect from 11 July 2019) not later than 4:30 p.m. on Thursday, 25 July 2019.

LETTER FROM THE BOARD

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Ting Leung Huel, Stephen, Mr. Tse Kwong Hon and Mr. Cao Kuangyu, has been established to consider and advise the Independent Shareholders as to the fairness and reasonableness of the terms of the Transactions and to give recommendation to the Independent Shareholders as to how to vote on the resolutions to be proposed at the SGM in relation thereof. Lego Corporate Finance has been appointed as the independent financial adviser by the Company with the approval of the Independent Board Committee to advise the Independent Board Committee in this regard.

RECOMMENDATION

The Independent Board Committee, having considered the advice from the Independent Financial Adviser, considers that the terms of the Transactions are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee has recommended the Independent Shareholders to vote in favour of the resolutions in respect of the Transactions to be proposed at the SGM.

The Directors, including all the independent non-executive Directors, consider the terms of the Transactions are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the resolutions in respect of the Transactions to be proposed at the SGM. As none of the Directors has a material interest in the Disposal, no Director was required to be abstained from voting on the board resolution approving the Disposal.

The letter of recommendation of the Independent Board Committee is set out on pages 26 to 27 in this circular and the letter of advice from the Independent Financial Adviser is set out on pages 28 to 46 in this circular.

ADDITIONAL INFORMATION

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

By Order of the Board
New Silkroad Culturaltainment Limited
Ng Kwong Chue, Paul
Executive Director



新絲路文旅有限公司
NEW SILKROAD CULTURALTAINMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 472)

5 July 2019

To the Independent Shareholders

Dear Sir or Madam,

**(I) MAJOR AND CONNECTED TRANSACTION;
(II) PROPOSED OFF-MARKET SHARE BUY-BACK; AND
(III) APPLICATION FOR WHITEWASH WAIVER**

We refer to the circular of New Silkroad Culturaltainment Limited (the “**Company**”) dated 5 July 2019 (the “**Circular**”), of which this letter forms part. Terms defined in the Circular shall have the same meanings in this letter unless the context requires otherwise.

We have been appointed by the Board as the Independent Board Committee to advise the Independent Shareholders (i) as to whether the terms of the Transactions are fair and reasonable; (ii) as to whether the Transactions are on normal commercial terms or better and in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole; and (iii) on how to vote, taking into account the recommendation of the Independent Financial Adviser.

Lego Corporate Finance has been appointed to act as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Transactions. The letter from Lego Corporate Finance containing its advice to us in respect of (i) whether the Transactions are fair and reasonable; (ii) whether they are on normal commercial terms or better and in the ordinary and usual course of business of the Group and in the interests of the Company and the Independent Shareholders as a whole; and (iii) on how to vote with respect to the relevant resolutions to be proposed at the SGM to approve the Transactions. The principal factors taken into account in arriving at their recommendation are set out on pages 28 to 46 of the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Independent Shareholders are recommended to read the letter of advice from Lego Corporate Finance, the letter from the Board contained in the Circular as well as the additional information set out in the appendices to the Circular.

Having taken into account the principal reasons and factors considered by, and the advice of the Independent Financial Adviser as set out in its letter of advice, we are of the opinion that although the Transactions are not conducted in the ordinary course of business of the Group, the Transactions are on normal commercial terms and in the interests of the Company and the Shareholders as a whole, and the terms of which are fair and reasonable insofar as the Company and the Independent Shareholders are concerned. We therefore recommend the Independent Shareholders to vote in favour of the resolutions in respect of the Transactions to be proposed at the SGM.

Yours faithfully,
For and on behalf of
the Independent Board Committee

Mr. Ting Leung Huel, Stephen
Independent non-executive
Director

Mr. Tse Kwong Hon
Independent non-executive
Director

Mr. Cao Kuangyu
Independent non-executive
Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter of advice from Lego Corporate Finance, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, in respect of the Transactions, which has been prepared for the purpose of inclusion in this circular.



5 July 2019

To the Independent Board Committee and the Independent Shareholders

Dear Sirs,

**(I) MAJOR AND CONNECTED TRANSACTION;
(II) PROPOSED OFF-MARKET SHARE BUY-BACK; AND
(III) APPLICATION FOR WHITEWASH WAIVER**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Transactions, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular issued by the Company to the Shareholders dated 5 July 2019 (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

Pursuant to the terms of the Sale and Purchase Agreements, Paison Technology has undertaken to the Company that it shall use its best endeavours to procure the Target Company to obtain the License as soon as possible. As disclosed in page 18 of the circular of the Company dated 29 June 2018 in relation to, among other things, the Acquisition, it is a condition subsequent of the Sale and Purchase Agreements that upon an Event of Default, Paison Technology shall procure to arrange all the VIE Contracts be terminated and that the Company may, at its absolute discretion, elect to either request Paison Technology to: (i) surrender the Consideration Shares (including all dividends and distribution declared or to be declared after completion of the Sale and Purchase Agreements) to the Company for cancellation; or (ii) within seven days after being notified by the Company, pay HK\$1,411,800,000 (being the consideration for the Acquisition) to the Company in cash for the Consideration Shares.

On 8 April 2019, the Company exercised its unilateral right under the Sale and Purchase Agreements by serving the Notice to Paison Technology for termination of the VIE Contracts and initiated the Share Buy-back procedure. As at the Latest Practicable Date, the Company has not received any response from Paison Technology.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Consideration Shares (including all dividends and distribution declared or to be declared after completion of the Sale and Purchase Agreements, but none of which has been declared or made by the Company) are being held in escrow by the Escrow Agent . Pursuant to the escrow agreement, if the Event of Default occurs, the Company is entitled to unilaterally instruct the Escrow Agent by service of a written notice to release and deliver the Consideration Shares to the Company and no further approval is required. When all the conditions precedent to the Completion are fulfilled, the Company will immediately notify the Escrow Agent to release the Consideration Shares for cancellation upon Completion. The Consideration Shares will be bought back by the Company together with all rights attaching to them on or after Completion (including the right to receive any dividends or other distributions which may be declared, made or paid on or after Completion).

The termination of the VIE Contracts will constitute a disposal of the Group's controlling right and the entire economic benefits in Niiwoo Financial. As one or more of the applicable percentage ratios in respect of the Disposal exceeds 25% but is less than 75%, the Disposal constitutes a major transaction of the Company under the Listing Rules. As at the Latest Practicable Date, the Target Company is a wholly-owned subsidiary of the Company and Paison Technology is a substantial shareholder (as defined under the Listing Rules) of the Company. As such, the Disposal also constitutes a connected transaction of the Company under the Listing Rules, and is therefore subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapters 14 and 14A of the Listing Rules.

The Share Buy-back constitutes an off-market share buy-back by the Company under the Buy-backs Code. The Company has made an application to the Executive for approval of the Share Buy-back pursuant to Rule 2 of the Buy-backs Code. The Executive's approval, if granted, will normally be conditional upon, among other things, approval of the Share Buy-back by at least three-fourths of the votes cast on a poll by the Independent Shareholders present in person or by proxy at a meeting to be held for such purposes.

As at the Latest Practicable Date, the Macro-Link Concert Group is interested in a total of 1,985,639,079 Shares, representing approximately 46.24% of the issued share capital of the Company. Assuming there are no changes in the shareholdings of the Macro-Link Concert Group and the issued share capital of the Company from the Latest Practicable Date to Completion (other than the cancellation of the Consideration Shares), immediately upon Completion, the percentage shareholding of the Macro-Link Concert Group will be increased to approximately 61.89% after the reduction of issued share capital of the Company as a result of the Share Buy-back. In such circumstances, there is an obligation on the part of the Macro-Link Concert Group to make a general offer for all the Shares not already owned or agreed to be acquired by the Macro-Link Concert Group . An application has been made by Macro-Link International Land to the Executive for the Whitewash Waiver pursuant to Note 1 to the Notes on Dispensations from Rule 26 of the Takeovers Code. The Executive has indicated that the Whitewash Waiver will be granted and will be conditional upon, among other things, the approval by the Independent Shareholders by three-fourths majority at the SGM by way of poll.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The SGM will be convened for the Independent Shareholders to consider and, if thought fit, to approve the Transactions.

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Ting Leung Huel, Stephen, Mr. Tse Kwong Hon and Mr. Cao Kuangyu, has been established to consider and advise the Independent Shareholders as to the fairness and reasonableness of the terms of the Transactions and to give recommendation to the Independent Shareholders as to (i) whether the Transactions are in the ordinary and usual course of business of the Group; (ii) whether the terms of the Transactions are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (iii) how to vote with respect to the relevant resolutions at the SGM. As the Independent Financial Adviser, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders in such regard.

We are independent from the Company, Paison Technology, Macro-Link International Land, MACRO-LINK International Investment, their respective controlling shareholders and any parties acting, or presumed to be acting, in concert with any of them or any company controlled by any of them. As at the Latest Practicable Date, Lego Corporate Finance did not have any relationships with or interests in the Company that could reasonably be regarded as relevant to the independence of Lego Corporate Finance. In the last two years, there was no engagement between the Group and Lego Corporate Finance. Apart from normal professional fees paid or payable to us in connection with our appointment as the Independent Financial Adviser, no arrangements exist whereby we have received or will receive any fees or benefits from the Company, Paison Technology, Macro-Link International Land, MACRO-LINK International Investment, their respective controlling shareholders and any parties acting, or presumed to be acting, in concert with any of them or any company controlled by any of them. Accordingly, we are considered eligible to give independent advice in relation to the Transactions.

BASIS OF OUR OPINION

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

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

the time they were made and continue to be so until the date of the SGM. The Company shall inform the Independent Shareholders as soon as possible if there is any material change to such information in accordance with the Listing Rules and Rule 9.1 of the Takeovers Code up to and including the date of the SGM.

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

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our recommendations, we have taken into account the following principal factors and reasons:

1. Background information of the Group

The Group is principally engaged in (i) operation of an internet peer-to-peer (“P2P”) financing platform in the PRC; (ii) operation of casino business in Jeju, South Korea; (iii) development and operation of real estate in South Korea, Canada and Australia; (iv) development and operation of integrated resort and cultural tourism in South Korea; and (v) production and distribution of wine and Chinese baijiu in the PRC. Set out in Table 1 below are certain consolidated financial information of the Group for each of the three years ended 31 December 2016, 2017 and 2018 as extracted from the annual reports of the Company for the year ended 31 December 2017 (the “Annual Report 2017”) and 31 December 2018 (the “Annual Report 2018”), respectively.

Table 1: Financial information of the Group

	For the year ended 31 December		
	2018	2017	2016
	(audited)	(audited)	(audited)
	HK\$'000	HK\$'000	HK\$'000
		(restated)	(restated)
		(Note 1)	(Note 2)
Revenue			
-Loan facilitation services	153,087	—	—
-Casino business	103,621	92,594	73,046
-Real estate, integrated resort and cultural tourism	—	—	—
-Wine	124,231	124,666	124,882
-Chinese baijiu	79,824	78,227	75,782
Total	<u>460,763</u>	<u>295,487</u>	<u>273,710</u>
Profit/(loss) for the year attributable to owners of the Company	64,413	(70,986)	(92,482)

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	As at 31 December		
	2018	2017	2016
	(audited)	(audited)	(audited)
	HK\$'000	HK\$'000	HK\$'000
			(restated)
			(Note 2)
Non-current assets	2,541,957	1,621,008	1,436,585
Current assets	2,798,449	2,632,265	3,076,483
Current liabilities	726,599	468,938	2,037,686
Net current assets	2,071,850	2,163,327	1,038,797
Non-current liabilities	1,281,555	1,174,223	1,560,296
Net assets	3,332,252	2,610,112	915,086

Notes:

1. *The Group has adopted the new revenue recognition accounting standard with effect from 1 January 2018. Upon such adoption, commissions paid to gaming promoters are recorded as deduction from gaming revenue. Accordingly, as shown in the Annual Report 2018, revenue amounts from casino business of the Group for the year ended 31 December 2017 have been restated.*
2. *The consolidated statement of profit or loss and other comprehensive income and the consolidated statement of financial position of the Group for the year ended 31 December 2016 have been restated to include the assets, liabilities and results of Macrolink Australia Investment Limited and its subsidiary. Details of which are set out in the Annual Report 2017.*

For the year ended 31 December 2017

For the year ended 31 December 2017, the Group recorded revenue of approximately HK\$295.49 million (based on restated amount as disclosed in the Annual Report 2018), representing an increase of approximately 7.96% as compared to approximately HK\$273.71 million for the previous year. With reference to the Annual Report 2017, we noted that the increase in revenue was mainly attributable to the contribution from the casino business of the Group, the revenue from which grew by approximately 26.75% from approximately HK\$73.05 million for the year ended 31 December 2016 to approximately HK\$92.59 million (based on restated amount as disclosed in the Annual Report 2018) for the year ended 31 December 2017.

For the year ended 31 December 2017, the Group recorded loss for the year attributable to owners of the Company of approximately HK\$70.99 million, as compared to the loss attributable to owners of the Company of approximately HK\$92.48 million for the previous year, representing a decrease of approximately 23.24%. With reference to the Annual Report 2017, we noted that the reduction in loss was primarily due to (i) the fact that pre-sales of residential properties for the Australian real estate project had almost completed in 2016 which resulted in a significant decrease in selling and distribution expenses for the year ended 31 December 2017; and (ii) the significant decrease in share-based payment expenses for the year ended 31 December 2017.

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As at 31 December 2017, the net current assets of the Company amounted to approximately HK\$2,163.33 million, representing an increase of approximately 108.25% from approximately HK\$1,038.80 million as at 31 December 2016. With reference to the Annual Report 2017, such increase in net current assets was primarily due to the significant decrease in current liabilities in 2017 as resulted from the decrease in other payables arising from the transfer of proceeds from the open offer of approximately HK\$1,466.3 million which was temporarily recorded in other payables for unissued offer shares in 2016 to equity account upon issue of the offer shares in January 2017. As at 31 December 2017, the net assets of the Company amounted to approximately HK\$2,610.11 million, representing an increase of approximately 185.23% from approximately HK\$915.09 million as at 31 December 2016. With reference to the Annual Report 2017, such increase was mainly arising from the issued offer shares by the Company in January 2017 as a result of completion of the open offer in January 2017.

For the year ended 31 December 2018

For the year ended 31 December 2018, the Group recorded revenue of approximately HK\$460.76 million, representing an increase of approximately 55.93% as compared to approximately HK\$295.49 million for the previous year. Based on the Annual Report 2018, we noted that such significant increase was mainly attributable to the revenue contributed from the Target Company of approximately HK\$153.09 million for the year ended 31 December 2018 upon completion of the Acquisition on 1 August 2018.

For the year ended 31 December 2018, the Group recorded profit for the year attributable to owners of the Company of approximately HK\$64.41 million, against the loss attributable to owners of the Company of approximately HK\$70.99 million for the previous year. With reference to the Annual Report 2018, we noted that such profit turnaround was primarily resulted from the growth of the Group's gross profit from approximately HK\$97.15 million to approximately HK\$268.97 million, representing an increase of approximately 176.86%, which was to a large extent contributed from the loan facilitation services of the Target Company and the growth of VIP gaming operation under the casino business.

As at 31 December 2018, the net current assets of the Group amounted to approximately HK\$2,071.85 million, representing a decrease of approximately 4.23% from approximately HK\$2,163.33 million as at 31 December 2017. With reference to the Annual Report 2018, such decrease was primarily due to classification of certain borrowings to short term borrowings. As at 31 December 2018, the net assets of the Group amounted to approximately HK\$3,332.25 million, representing an increase of approximately 27.67% from approximately HK\$2,610.11 million as at 31 December 2017. With reference to the Annual Report 2018, such increase was mainly due to consolidation of net assets of newly acquired internet P2P financing platform business.

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2. Background information of the Target Company

The Target Company is a company established in the PRC in 2014. It owns and operates an internet financing platform under the “你我金融 (Niiwoo Financial)” brand through a mobile application, which is a P2P online credit marketplace matching borrowers and lenders via its mobile application for small loan financing in the PRC. Each typical loan amount is under RMB10,000.

Set out in Table 2 below is a summary of the audited financial information of the Target Company prepared based on generally accepted accounting principles in Hong Kong.

Table 2: Financial information of the Target Company

	For the year ended 31 December		
	2018	2017	2016
	(audited)	(audited)	(audited)
	RMB'000	RMB'000	RMB'000
Revenue	233,828	282,892	19,701
Profit/(loss) before tax	7,247	79,623	(10,704)
Profit/(loss) after tax	7,102	79,623	(10,704)
Net assets/(liabilities)	55,875	48,131	(31,492)

For the year ended 31 December 2017

For the year ended 31 December 2017, the Target Company recorded revenue of approximately RMB282.89 million, which increased significantly by approximately 1,335.99% from approximately RMB19.70 million as recorded in the previous year. We were advised by management of the Company that such growth in revenue was due to the expanding presence and growing popularity of speedy loans in the market which substantially drove the demand for small loans from borrowers. The Target Company recorded a profit after tax of approximately RMB79.62 million, showing a turnaround from the loss of approximately RMB10.70 million for the previous year. We noted that such improvement in financial performance was mainly attributable to the substantial growth in revenue as mentioned above.

As at 31 December 2017, the net current assets of the Target Company amounted to approximately RMB40.76 million, showing a turnaround from the net current liabilities of approximately RMB37.32 million as at 31 December 2016. As at 31 December 2017, the net assets of the Target Company amounted to approximately RMB48.13 million, showing a turnaround from the net liabilities of approximately RMB31.49 million as at 31 December 2016. Based on the financial statements of the Target Company and as advised by management of the Company, we noted that the respective turnaround to net current assets and net assets of the Target Company were mainly due to the substantial increase in cash and bank balance as the operating results of the Target Company had experienced a turnaround and began to record profit for the year ended 31 December 2017.

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For the year ended 31 December 2018

For the year ended 31 December 2018, the Target Company recorded revenue of approximately RMB233.83 million, representing a decrease of approximately 17.34% from approximately RMB282.89 million for the previous year. We were advised by the Company that such decrease was primarily due to the result of the issue of the Interim Measures for the Administration of the Business Activities of Online Lending Information Intermediary Institutions (the “**Interim Measures**”), which are regulatory policies enacted in August 2016 which outlined the procedures and requirements for online lending platform to go through and to meet in order to obtain the License. The Interim Measures also provides that all online lending intermediaries established prior to the Interim Measures are required to do certain rectification works and complete all required filings with the local financial regulatory department by the end of June 2018. As such, the Interim Measures, had, to a certain extent, impacted the operating performance of small to medium size P2P enterprises generally, by imposing certain regulatory requirements against their operations. The Target Company recorded a profit after tax of approximately RMB7.10 million for the year ended 31 December 2018, which has substantially decreased by approximately 91.08% from the profit after tax for the previous year of approximately RMB79.62 million. We noted that such substantial reduction in profit was primarily attributable to the decrease in revenue for the year as elaborated above.

As at 31 December 2018, the net current assets of the Target Company amounted to approximately RMB49.0 million, representing an increase of approximately 20.22% from approximately RMB40.76 million as at 31 December 2017. As at 31 December 2018, the net assets of the Target Company amounted to approximately RMB55.88 million, representing an increase of approximately 16.10% from approximately RMB48.13 million as at 31 December 2017. As advised from management of the Company, such changes were mainly attributable to the increase in current assets as contributed by the profit recorded by the Target Company for the year ended 31 December 2018. After taking into account the consolidation adjustments, including the recognition of intangible assets arising from the Acquisition, the net assets of the Target Company attributable to the Company amounted to approximately HK\$862,998,000 as at 31 December 2018.

3. Reasons for the Disposal and the Share Buy-back

The Company was aware from the announcement dated 28 March 2019 issued by 廣東派生智能科技有限公司股份有限公司 (Guangdong Paisheng Intelligent Technology Co., Ltd.*) (“**Guangdong Paisheng**”), a company listed on the Shenzhen Stock Exchange with stock code 300176, concerning the Incident. As at the Latest Practicable Date, according to the information obtained from the public record, Guangdong Paisheng is ultimately owned as to 15.32% by Paison Technology, and Mr. Tang is the ultimate controller of Guangdong Paisheng. Given that Paison Technology is the nominal registered owner of the Target Company for which the Group controlled via the VIE Contracts, the Board was concerned that the Incident would have impact on the License application being made by the Target Company. The Company was also aware from the “Notice 6” (情況通報(六)) issued by the Dongguan Public Security Bureau (東莞市公安局) dated 3 April 2019 that all bank accounts and assets of the controlling shareholder of Paison Technology, including those held via his controlled entities, have been frozen by the relevant PRC regulatory authority and that the business operation of Paison Technology is not in its normal mode. On 8 April 2019, as advised by the PRC legal adviser,

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the Company was aware that the Target Company's License application could not be approved and Event of Default occurred. As such, on 8 April 2019, the Company exercised its unilateral right under the Sale and Purchase Agreements by serving the Notice to Paison Technology for termination of the VIE Contracts and initiation of the Share Buy-back.

Based on the public information available from the website of Shenzhen Stock Exchange, we noted that Guangdong Paisheng released certain announcements in relation to the Incident on 28 March 2019 headed “關於公司相關人員被採取強制措施的公告” and on 2 April 2019 headed “關於公司控股股東、實際控制人及其一致行動人所持股份被凍結及輪候凍結的公告” and “關於公司 5%以上股東所持股份被凍結的公告” (collectively, the “**Incident Announcements**”). Based on the Incident Announcements, it is noted that Mr. Tang Jun, the ultimate controller of Guangdong Paisheng and the controlling shareholder of Paison Technology, has been imposed with enforcement measures by the relevant PRC regulatory authority for allegedly illegally taking public deposits during the course of its business and the case is currently under investigation by the regulatory authority in the PRC. Also, the shares held by the controlling shareholder of Guangdong Paisheng and the party acting in concert with it, as well as the shares held by other shareholders holding more than 5% in Guangdong Paisheng, have been frozen. Further, based on the public information of Dongguan Public Security Bureau* (東莞市公安局), we noted that Mr. Tang Jun, being the ultimate controller of Dongguan Tuandaiwang Internet Technology Co., Ltd. (東莞團貸網互聯網科技服務有限公司), which operates a P2P online lending platform in the PRC named Tuandaiwang (團貸網) officially launched in 2012 and headquartered in Dongguan, the PRC, and Mr. Zhang Lin, the co-owner of Tuandaiwang, have surrendered themselves to the police on 27 March 2019. Mr. Tang Jun and Mr. Zhang Lin have subsequently been placed under police custody. The case is currently under investigation by the relevant PRC regulatory authority for allegedly illegally taking public deposits during the course of its business.

On the other hand, we have reviewed the legal advice (“**Legal Advice**”) from the PRC legal adviser of the Company regarding, among other things, the potential impact on the Target Company and its License application as a result of the Incident and the reasons for the failure of the Target Company to obtain the License. We noted that, since completion of the Acquisition, there has been further development on the regulatory environment surrounding the License in the PRC. In January 2019, 《關於做好網貸機構分類處置和風險防範工作的意見》 was released, clarifying and emphasising that with the exception of certain institutions which are in strict compliance with the required standard, it is a primary focus for financial institutions in the P2P online lending industry to dissolve their operations and exit the market in order to facilitate regulatory and rectification work over the industry. On 1 March 2019, 《深圳市網絡借貸信息中介機構良性退出指引（徵求意見稿）》 (Guidelines for the Benign Withdrawal of the Online Lending Information Intermediary in Shenzhen (Consultation Draft)*”) (the “**Withdrawal Guidelines**”) was issued setting out guidelines on the withdrawal procedures for online lending institutions that have voluntarily withdrawn or been induced into withdrawing or ordered by the financial regulatory authority to withdraw from the online lending business. On 9 April 2019, the Company was notified by the Target Company that it was requested by 深圳市互聯網金融風險專項整治工作領導小組辦公室 (Shenzhen Internet Financial Risk Special Treatment Work Leadership Group Office*) (the “**SZ Financial Risk Office**”) to sign a withdrawal undertaking (the “**Withdrawal Undertaking**”) in respect of its operation. The SZ Financial Risk

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Office has confirmed that the Target Company falls within the scope of the applicable online lending institutions under the Withdrawal Guidelines and would no longer be qualified to apply for the License, the Target Company shall follow the procedures to exit the online lending industry in accordance with the Withdrawal Guidelines.

As a result of the foregoing and based on the Legal Advice, the Target Company would no longer be qualified to apply for the License and the License application could not be approved. The Target Company is now actively cooperating with the SZ Financial Risk Office in compliance with the Withdrawal Guidelines to scale down its operation in an orderly manner and to handle any issues that may arise as a result of such withdrawal with an aim to protect the interests of the stakeholders including the investors to the pool of funds being the lenders of loans to borrowers through the P2P internet financing platform operated by the Target Company. On the other hand, as advised by the PRC legal adviser of the Company, the Target Company had at all times complied in full with all necessary requirements in accordance with the Interim Measures and other applicable guidelines and regulations including the regulatory letter issued by 深圳市南山區互聯網金融風險專項治理工作領導小組辦公室 (Nanshan District, Shenzhen Internet Financial Risk Special Treatment Work Leadership Group Office*) to it on 7 November 2017, and have not been warned, fined or ordered to dissolve its operations or other administrative penalty by the regulatory authorities. Notwithstanding the absence of the License, the operations of the Target Company's internet financing platform shall remain legitimate as at the Latest Practicable Date. Further, based on the Legal Advice, the Sale and Purchase Agreements and the Consideration Shares shall be governed in all respects by the laws of Hong Kong. Therefore, the execution of the Share Buy-back is not subject to any PRC legal restriction.

On the other hand, we have obtained the breakdown of outstanding loans effected through the internet financing platform of the Target Company and noted that the aggregate outstanding loans amounted to approximately RMB120 million as at the Latest Practicable Date. Nevertheless, upon our review of the Legal Advice and as disclosed in the Letter from the Board, as the Group obtained only the controlling right and economic benefits of the Target Company through the VIE Contracts, and Paison Technology was and is at all relevant time the registered owner of the Target Company, upon Completion, there will no longer be any legal or contractual relationship, obligation or liability between the Target Company and the Group. The Target Company, as a corporate entity, has its own rights and legal status independent of its owner, and there is no legal basis on which the PRC regulatory bodies may request the Group, which had only the controlling right and economic benefits of the Target Company under the VIE Contracts before Completion, to indemnify any loss relating to the outstanding loans. As such, the Company shall have no obligation to assume any liability, if any, should the Target Company be required to indemnify any loss of its investors.

Taking into consideration that (i) the controlling shareholder of Paison Technology has been imposed with enforcement measures by the relevant PRC regulatory authority; (ii) the bank accounts and assets of the controlling shareholder of Paison Technology including those held via his controlled entities, have been frozen by the regulatory authority in the PRC; (iii) the Target Company was requested by the SZ Financial Risk Office to sign the Withdrawal Undertaking which had adversely affected its ordinary business which accordingly may bring negative impact to the performance of the Group; (iv) based on the Legal Advice, the failure to obtain the License by the Target Company was collectively due to the Incident and the Withdrawal Undertaking which was made pursuant to the relevant PRC guidance and opinions rolled out since the beginning of 2019 aiming to facilitate the exit of financial institutions from the P2P industry, while in the absence of the License, the operation and

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business record of the Target Company since completion of the Acquisition remains valid; (v) the execution of the Share Buy-back is not subject to any PRC legal restriction; (vi) there is no legal basis on which the PRC regulatory bodies may request the Group to indemnify any loss relating to the outstanding loans of the Target Company; and (vii) Paison Technology is the nominal registered owner of the Target Company for which the Group controlled via the VIE Contracts for operation of the P2P financing platform by the Target Company, we concur with the Company that it is appropriate for the Company to dispose of the Target Company by termination of the VIE Contracts. Furthermore, pursuant to the condition subsequent of the Sale and Purchase Agreements, the Company may, at its absolute discretion, elect to either request Paison Technology to (i) surrender the Consideration Shares (including all dividend and distribution declared or to be declared after completion of the Sale and Purchase Agreements) to the Company for cancellation; or (ii) within seven days after being notified by the Company, pay HK\$1,411,800,000 (being the consideration for the Acquisition) to the Company in cash for the Consideration Shares. In view of the frozen bank accounts and assets of the controlling shareholder of Paison Technology, including those held via his controlled entities, there is grave uncertainty if Paison Technology has sufficient financial resources, and even if there is, whether it can deal with such financial resources, to satisfy the Consideration Shares in cash. As such, it is considered that Paison Technology may not be able to pay the cash amount of HK\$1,411,800,000 within the prescribed period pursuant to one of the options of the condition subsequent of the Acquisition. In addition, concerning the legality issue of the business of Paison Technology and its ultimate controller being imposed with enforcement measures and placed under police custody, it is in the interest of the Company to buy-back and cancel the Consideration Shares such that Paison Technology would no longer be a substantial Shareholder and would have no influence on the operation of the Group and any associated risk due to the Incident on the Company would be minimised. Therefore, we consider it to be fair and reasonable for the Company to buy-back and cancel the Consideration Shares. In light of the foregoing, we consider that the Disposal and accordingly the Share Buy-back is fair and reasonable so far as the Independent Shareholders are concerned.

4. Principal terms of the Disposal and the Share Buy-back

Pursuant to the escrow agreement, if the Event of Default occurs, the Company is entitled to unilaterally instruct the Escrow Agent by service of a written notice to release and deliver the Consideration Shares to the Company and no further approval is required. When all the conditions precedent to the Completion are fulfilled, the Company will immediately notify the Escrow Agent to release the Consideration Shares for cancellation upon Completion. Upon receipt of such notice given by the Company informing the Escrow Agent that an Event of Default has occurred and the Consideration Shares shall be released, the Escrow Agent shall be bound to release and deliver the Consideration Shares to the Company for cancellation forthwith. No confirmation needs to be obtained from the Escrow Agent in this regard. Considering that the Escrow Agent shall arrange to release and deliver the Consideration Shares to the Company in accordance with the instruction of the Company, whereupon no further approval shall be required, we are of the view that the escrow arrangement is fair and reasonable.

The consideration of the Disposal is HK\$1,411,800,000 (“**Disposal Consideration**”) which shall be satisfied at Completion by delivering the Consideration Shares from the escrow agent to the Company for buy-back and cancellation at the Buy-back Price. The Buy-back Price is equivalent to the issue price per Consideration Share under the Sale and Purchase Agreements. We noted that if

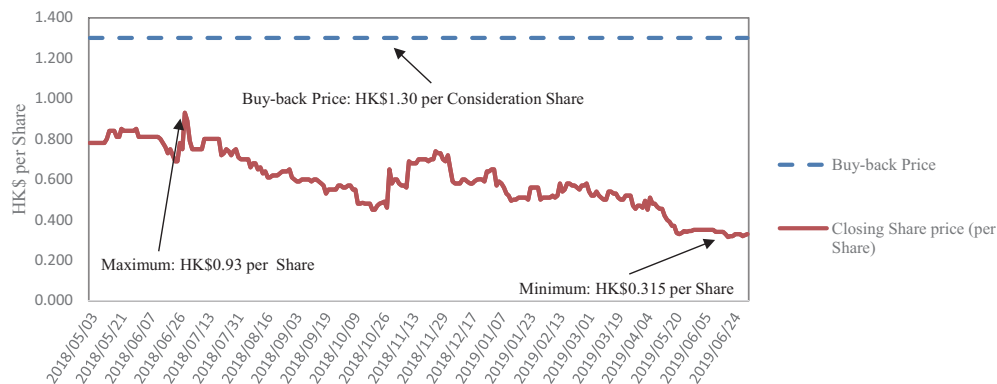
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Paision Technology and/or the Target Company fails to perform in accordance with the terms thereof, being the Event of Default, the Company shall have the right to proceed with the Share Buy-back or request Paision Technology to recover the consideration amount in cash. In respect of the Share Buy-back, each of the Disposal Consideration (being the consideration under the Acquisition) and the Buy-back Price (being the issue price of Consideration Shares) has been determined at the time of entering into of the Sale and Purchase Agreements. Notwithstanding that each of the Disposal Consideration and the Buy-back Price has been determined at the time of entering into of the Sale and Purchase Agreements, whereby the Buy-back Price has been determined taking into account the then market price of the Shares, we have nonetheless conducted trading price analysis of the Buy-back Price against the recent closing prices of the Shares, for reference purpose.

Share price analysis

We have reviewed the daily closing prices of the Shares on the Stock Exchange for the period from 2 May 2018 (being approximately twelve-month period prior to the Announcement, i.e. 2 May 2019) up to and including the Latest Practicable Date (the “**Share Price Review Period**”).

Chart 1: Share price performance against the Buy-back Price during the Share Price Review Period



Source: The official website of the Stock Exchange (<https://www.hkex.com.hk/>)

Note: Trading in the Shares was halted at the request of the Company with effect from 9 April 2019 pending the release of the Announcement.

As illustrated in Chart 1, the closing price of the Shares exhibited a generally decreasing trend during the Share Price Review Period, which ranged from the lowest closing price of approximately HK\$0.315 per Share to the highest closing price of approximately HK\$0.93 per Share, with an average of approximately HK\$0.63 per Share. The Buy-back Price of HK\$1.30 per Consideration Share represents a premium of approximately 39.78% and 312.70% to the highest and lowest closing price of the Shares respectively and represents a premium of approximately 119.55% to the average closing price of the Shares during the Share Price Review Period.

The closing price of the Shares exhibited a generally decreasing trend since May 2018 from the high position of HK\$0.78 per Share to a low position of HK\$0.45 per Share on 22 October 2018, with surges to the peak of HK\$0.93 per Share on 29 June 2018, HK\$0.65 per Share on 31 October 2018

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and HK\$0.69 per Share on 12 November 2018, respectively. We did not notice any price-sensitive announcement being issued during the relevant periods of the respective price surges and we have discussed with the management of the Company regarding the possible reasons for the surge in Share prices and were advised that they were not aware of any matters which might have an impact on the closing prices of the Shares. The closing price of the Shares then oscillated downward and bottomed at HK\$0.45 per Share on 8 April 2019. Upon resumption of trading on 3 May 2019, the closing price of the Shares continued a declining trend and reached the lowest position of HK\$0.315 per Share on 20 June 2019. Despite that the Buy-back Price represented a premium over the Share prices throughout the Share Price Review Period, taking into account (i) the reasons as set out under the section headed “3. Reasons for the Disposal and the Share Buy-back; and (ii) our analysis with the comparable transactions as set out below, we consider that the Buy-back Price to be fair and reasonable.

Comparable analysis

On the other hand, we have reviewed and conducted an analysis of acquisitions and disposals (the “**Comparable Transactions**”) which (i) were announced by companies listed on the Stock Exchange within the three-year period prior to the date of the Announcement (i.e. 2 May 2019), and up to and including the Latest Practicable Date (the “**Review Period**”), which in our view represents a sufficient period of time to reflect the recent market practice in respect of such transactions; (ii) will not result in termination of business of the relevant acquisition target, which is the same case as the Disposal whereby the Disposal will not lead to termination of the business of the Target Company; and (iii) involved the grant of right by the purchaser to repurchase and cancel the issued consideration shares and/or to require the vendor to recover the consideration amount in cash in full or in part when the target company fails to obtain the necessary license(s) for its operation.

On a best-effort basis, we have identified an exhaustive list of 2 Comparable Transactions having met our selection criteria. Details of the Comparable Transactions are summarised in Table 3 below.

Table 3: A summary of the Comparable Transactions

Company Name	Stock code	Date of announcement	Background of transaction	Event(s) triggering the compensation of the consideration paid	Compensation method	Basis of determination of the compensation	Coverage of the consideration amount by the compensation amount in the event of complete failure	Whether the repurchase price of the consideration shares to be returned and cancelled is equivalent to the issue price of the consideration shares
China Biotech Services Holdings Limited	8037	3 June 2019	Acquisition of 51% issued shares in the target company involving issue of consideration shares	Failure to obtain the necessary licence(s) under the Insurance Companies (Amendment) Ordinance 2015 or maintain the deemed licence(s) during the transitional period	By cash and by return of consideration shares/disposal of consideration shares on market	Based on the number of consideration shares held by the vendors	100% (Note 1)	Yes

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Company Name	Stock code	Date of announcement	Background of transaction	Event(s) triggering the compensation of the consideration paid	Compensation method	Basis of determination of the compensation	Coverage of the consideration amount by the compensation amount in the event of complete failure	Whether the repurchase price of the consideration shares to be returned and cancelled is equivalent to the issue price of the consideration shares
Xinhua News Media Holdings Limited	309	12 March 2019	Acquisition of the entire issued shares in the target company involving issue of consideration shares	Failure to obtain the issuance of the Permit for Distribution of Domestic Television Plays (國產電視劇發行許可證) and/or the Permit for Public Projection of Films (電影片公映許可證), whereby the agreement shall be terminated forthwith	By cancellation of consideration shares	Based on the number of consideration shares being held in escrow at the time of termination	100%	Yes (Note 2)
The Company	472	2 May 2019	Acquisition of the controlling right and the entire economic benefits of the Target Company	Failure to obtain the License	By cash or by return of the Consideration Shares for cancellation	Based on the number of consideration shares being held in escrow at the time of termination	100%	Yes

Notes:

1. Based on the assumption that the vendor returns in whole the consideration shares to the purchaser.
2. The repurchase price of the consideration shares underlying the Comparable Transaction was deemed to be equivalent to the issue price of the consideration shares as the number of consideration shares to be returned is equivalent to the number of consideration shares issued.

Based on our assessment of the Comparable Transactions as set out in Table 3 above, we noted that the coverage of the consideration amount by the compensation amount in the event of complete failure pursuant to the triggering events amounted to 100%, which is consistent with that of the Share Buy-back. In addition, as seen from the identified Comparable Transactions, the compensation amount upon the occurrence of the triggering events fully covered the consideration amount underlying the transactions, which is consistent with the Share Buy-back in which the Disposal Consideration is fully recovered from the return of the Consideration Shares, and such term is considered to be favourable to the Company. Further, the compensation under the Comparable Transactions involved the repurchase of the consideration shares, and such shares will be returned and cancelled at the repurchase price which is equivalent to the issue price. Accordingly, given that (i) the Disposal Consideration fully recovered the consideration under the Acquisition based on the product of the number of Consideration Shares issued and the Buy-back Price of each Consideration Share; and (ii) the Buy-back Price, being equivalent to the issue price of the Consideration Shares is consistent with the Comparable Transactions, we consider that the return of the Consideration Shares at the Buy-back Price is fair and reasonable.

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Given that (i) each of the Disposal Consideration (being the consideration under the Acquisition) and the Buy-back Price (being the issue price of the Consideration Shares) has been determined at the time of entering into of the Sale and Purchase Agreements, in particular, the terms of the Share Buy-back (including the Buy-back Price) was made in accordance with the agreed terms of the Sale and Purchase Agreement; and (ii) the determination basis of the Buy-back Price of HK\$1.30 per Consideration Share being equivalent to the issue price is consistent with the Comparable Transactions which also involved the repurchase of consideration shares, we consider that the above analysis is sufficient for assessing the fairness and reasonableness of the Buy-back Price and therefore the terms of the Share Buy-back.

Therefore, considering that (i) the 100% coverage of the Disposal Consideration by the return of the Consideration Shares is consistent with those of the Comparable Transactions which is favourable to the Company; (ii) the Disposal Consideration is equivalent to the value of Consideration Shares to be returned to the Company which is consistent with the Comparables; and (iii) the repurchase price of the consideration shares is equivalent to the issue price of the consideration shares under the Comparable Transactions which also involved the repurchase of consideration shares as a means of compensation, which is the same case as the Share Buy-back, we are of the view that the Disposal and the Share Buy-back, i.e. cancellation of the Consideration Shares in the amount of the Disposal Consideration, in accordance with the terms of the Sale and Purchase Agreements are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned.

5. Effects on the shareholding interests of Shareholders

As illustrated in the shareholding table under the section headed “EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY” in the Letter from the Board, immediately after cancellation of the Consideration Shares and assuming there is no other change in the issued share capital of the Company between the Latest Practicable Date and the cancellation of the Consideration Shares, the shareholding interest of the existing public Shareholders would increase from approximately 28.40% to 38.02%, while the aggregate shareholding interest of the Macro-Link Concert Group would increase from approximately 46.24% to approximately 61.89%. As such, the Disposal and the Share Buy-back would result in an increase in public float of the Company in terms of percentage shareholding interests in the public’s hands.

6. Potential financial effects of the Disposal and the Share Buy-back

The potential financial effects arising from the Disposal and the Share Buy-back as set out below were estimated based on the assumption that the Completion had been taken place on 31 December 2018.

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Net assets

As set out in the Annual Report 2018, the net assets of the Group amounted to approximately HK\$3,332.25 million as at 31 December 2018. Upon completion of the Disposal, the Target Company will cease to be a subsidiary of the Company. As advised by the Company, given that the assets and liabilities of the Target Company would be excluded and taking into account the net asset value of the Target Company attributable to the Company of approximately HK\$862,998,000 as at 31 December 2018, it is expected that the net asset value of the Group would decrease as a result of the Disposal and the Share Buy-back. The Group's net assets attributable to owners of the Company per Share as at 31 December 2018 is expected to decrease from approximately HK0.63 cent to approximately HK0.57 cent.

Earnings and earnings per Share

Upon the Target Company ceasing to be a subsidiary of the Company, the results of the Target Company will be excluded from that of the Group. Upon completion of the Disposal, the Company is expected to record a gain or loss on Disposal to be reflected in the consolidated statement of profit or loss after taking into account the fair value of the Consideration Shares as at the date of Completion less the net assets value of the Target Company attributable to the Company as at the date of Completion and the transaction costs incurred for the Disposal. Taking into account the difference between the then closing price as the deemed fair value of the Consideration Shares of HK\$695.04 million (calculated by using the closing price of the Shares on 31 December 2018 of HK\$0.64 per Share times the number of Consideration Shares of 1,086,000,000) and the net assets value of the Target Company attributable to the Company of approximately HK\$863.0 million as at 31 December 2018 and the estimated transaction costs of approximately HK\$7.0 million, it is expected that the Company will recognise a loss of approximately HK\$174.96 million and accordingly, the earnings of the Group as a result of the Disposal and the Share Buy-back will decrease. For the year ended 31 December 2018, the earnings per Share was HK1.76 cents. Based on the expected loss of approximately HK\$174.96 million to be recognised upon Completion, a loss per Share of HK3.02 cents will be recorded. The aforesaid disposal loss is calculated based on the assumption that completion of the Disposal had been taken place on 31 December 2018. It should be noted that the actual profit or loss on the Disposal will depend on the fair value of the Consideration Shares and the net assets value of the Target Company as at the completion date of the Disposal.

Working capital

According to the estimations of the Company, the working capital is expected to decrease slightly from approximately HK\$2,071.85 million to HK\$2,011.96 million, mainly due to exclusion of the working capital of Niiwoo Financial. Since there is no cash outflow by the Company in order to effect the Share Buy-back, the Directors consider that the Share Buy-back will not have material adverse effect on the working capital sufficiency of the Remaining Group upon Completion.

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Total liabilities

As at 31 December 2018, the total liabilities of the Group amounted to approximately HK\$2,008.15 million. Upon completion of the Disposal and the Share Buy-back, the total liabilities of the Target Company will be excluded, resulted in a decrease in total liabilities of the Remaining Group accordingly.

Gearing ratio

As at 31 December 2018, the gearing ratio of the Group (computed as total borrowings divided by total equity) was approximately 37.14%. Assuming Completion took place on 31 December 2018, the gearing ratio of the Remaining Group is expected to increase to 47.43% as at 31 December 2018.

The unaudited pro forma financial information of the Remaining Group as a result of the Disposal and the Share Buy-back are set out in Appendix II to the Circular.

In view of the above potential financial effects, in particular, the expected decrease in net assets, earnings per Share and working capital of the Remaining Group, taking into account (i) the circumstances leading to the Company to exercise its right under the Sale and Purchase Agreements for termination of the VIE Contracts and cancellation of the Consideration Shares; (ii) that all the bank accounts and assets of the controlling shareholder of Paison Technology, including those held via his controlled entities, have been frozen by the relevant China regulatory authority such that Paison Technology would be unlikely to pay back the Consideration in cash to the Company; and (iii) that the Target Company would no longer be qualified to apply for the License and the License application could not be approved, hindering the future performance and growth of the Target Company, we consider that the overall financial effect on the Group as a result of the Disposal and the Share Buy-back is justifiable. Shareholders should note that the above analyses are for illustrative purpose only and do not purport to represent the financial position of the Group as a result of the Disposal and the Share Buy-back, which shall be subject to, among other things, the net assets value of the Target Company as at the completion date of the Disposal.

7. The Share Buy-back and the Whitewash Waiver

The Share Buy-back constitutes an off-market share buy-back by the Company under the Buy-backs Code. The Company has made an application to the Executive for approval of the Share Buy-back pursuant to Rule 2 of the Buy-backs Code. The Executive's approval, if granted, will normally be conditional upon, among other things, approval of the Share Buy-back by at least three-fourths of the votes cast on a poll by the Independent Shareholders present in person or by proxy at a meeting to be held for such purposes.

If a Shareholder's proportionate interest in the voting rights of the Company increases as a result of the Share Buy-back, such increase will be treated as an acquisition of voting rights under Rule 32 of the Takeovers Code. As at the Latest Practicable Date, the Macro-Link Concert Group is interested in a total of 1,985,639,079 Shares, representing approximately 46.24% of the issued share capital of the Company. Assuming there are no changes in the shareholdings of the Macro-Link Concert Group

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and the issued share capital of the Company from the Latest Practicable Date to Completion (other than the cancellation of the Consideration Shares), immediately upon Completion, the percentage shareholding of the Macro-Link Concert Group will be increased to approximately 61.89% after the reduction of issued share capital of the Company upon Completion as a result of the Share Buy-back. In such circumstances, there is an obligation on the part of the Macro-Link Concert Group to make a general offer for all the Shares not already owned or agreed to be acquired by the Macro-Link Concert Group unless the Whitewash Waiver is granted. An application has been made by Macro-Link International Land to the Executive for the Whitewash Waiver pursuant to Note 1 to the Notes on Dispensations from Rule 26 of the Takeovers Code. The Executive has indicated that the Whitewash Waiver will be granted and will be conditional upon, among other things, the approval by the Independent Shareholders by three-fourths majority at the SGM by way of poll.

Completion of the Transactions is conditional upon, among other things, the granting of the Share Buy-back and the Whitewash Waiver by the Executive and the approval of the Independent Shareholder of the relevant resolutions by way of poll at the SGM. If the Executive's approval on the Share Buy-back is not granted or the Transactions are not approved at the SGM, the Company would terminate the operation of Niiwoo Financial with immediate effect. The Company would then seek for recovery of the consideration payable by Paison Technology for the Consideration Shares in the form of cash. However, given that the bank accounts and assets of the controlling shareholder of Paison Technology, including those held via his controlled entities, have been frozen and the business operation of Paison Technology is not in its normal mode, the Board considers that the likelihood of recovering any amount from Paison Technology would be very remote. In addition, given the uncertainty on the legality of dealing by Paison Technology of its assets in the PRC, the Company has doubt regarding the receipt and subsequent use of any cash which may be recovered from Paison Technology, if any.

In light of the foregoing, in particular, the reasons for the Disposal and the Share Buy-back and the potential financial effects of the Share Buy-back is justifiable (as detailed in the above section headed "6. Potential financial effects of the Disposal and the Share Buy-back"), we are of the opinion that the approval of the Share Buy-back and the Whitewash Waiver, each being a condition precedent to the Completion, is in the best interests of the Company and the Shareholders as a whole and is fair and reasonable for the purpose of proceeding with the Disposal and the Share Buy-back.

RECOMMENDATIONS

Having considered the principal factors and reasons as set out in this letter, and in particular that:

- (i) the occurrence of the Incident had resulted in the disqualification of the Target Company to apply for the License and the License application could not be approved;
- (ii) the Target Company was requested by the SZ Financial Risk Office to sign the Withdrawal Undertaking in respect of its operation which, together with the Incident, had adversely affected its ordinary business, which accordingly may bring negative impact to the Group's performance;

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- (iii) the bank accounts and assets of the controlling shareholder of Paison Technology including those held via his controlled entities have been frozen by the regulatory authority in the PRC, such that it would be unlikely for Paison Technology to pay the Disposal Consideration in cash to the Company pursuant to the condition subsequent of the Acquisition;
- (iv) the Share Buy-back was the result of one of the conditions subsequent to the Sale and Purchase Agreements in order to protect the interests of the Company and the Shareholders upon an Event of Default;
- (v) upon completion of the Disposal and the Share Buy-back, Paison Technology would no longer be a substantial Shareholder and would have no influence on the operation of the Group and any associated risk arising from the Incident on the Company would be minimised;
- (vi) the terms of the Share Buy-back, including that the Buy-back price being equivalent to the issue price of the Consideration Shares, are in line with the market with reference to the Comparable Transactions;
- (vii) the fact that the Comparable Transactions, rather than the trading price of the Shares, is considered to be a more appropriate reference in assessing the fairness and reasonableness of the Buy-back Price and that for additional reference purpose, the Shares had been consistently traded below the Buy-back Price throughout the Share Price Review Period from 2 May 2018 up to and including the Latest Practicable Date; and
- (viii) the overall financial effect as a result of the Disposal and the Share Buy-back is justifiable after balancing with the above factors,

we are of the view that, although the entering into of the Transactions was not in the ordinary and usual course of business of the Group, the terms of the Transactions are normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the best interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the relevant resolutions to be proposed at the SGM to approve the Transactions.

Yours faithfully,
For and on behalf of
Lego Corporate Finance Limited
Billy Tang
Managing Director

Mr. Billy Tang is a licensed person registered with the SFC and a responsible officer of Lego Corporate Finance to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 17 years of experience in the corporate finance advisory profession.

* For identification purpose only

1. THREE-YEAR SUMMARY OF FINANCIAL INFORMATION

Set out below is a summary of the audited consolidated results of the Group for each of the three years ended 31 December 2016, 2017 and 2018 as extracted from the respective published annual reports of the Company:

Results

	For the year ended 31 December		
	2018	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		<i>(Restated)</i>	<i>(Restated)</i>
Revenue	460,763	295,487	273,710
Profit/(loss) from operating activities*	63,705	(83,340)	(87,153)
Finance costs	(2,881)	(2,885)	(10,778)
Profit/(loss) before taxation	60,824	(86,225)	(97,931)
Taxation	(5,441)	(3,087)	(1,211)
Profit/(loss) for the year	55,383	(89,312)	(99,142)
Attributable to:			
Owners of the Company	64,413	(70,986)	(92,482)
Non-controlling interests	(9,030)	(18,326)	(6,660)
Total comprehensive (loss)/income for the year	(51,875)	57,094	(195,784)
Attributable to:			
Owners of the Company	(7,957)	42,699	(168,822)
Non-controlling interests	(43,918)	14,395	(26,962)
Dividend	—	—	—
Earnings/(loss) per Share			
— Basic and diluted (HK cents)	1.76	(2.23)	(3.95)
Dividend per Share	n/a	n/a	n/a
*Profit/(loss) from operating activities has been arrived at after charging:			
Impairment loss of trade receivables	3,288	—	187
Impairment loss of short-term loans receivables	324	—	409
Impairment loss of other receivables	1,814	—	—
Impairment loss of intangible assets	876	—	—
Share-based payment expenses	—	1,468	59,479

According to the published annual reports of the Company, in the opinion of HLB Hodgson Impey Cheng Limited, the auditors of the Group, the consolidated financial statements for the years ended 31 December 2016, 2017 and 2018 give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2016, 2017 and 2018 and of the Group's consolidated financial performance and cash flows for the years then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance. No qualified opinion had been given by HLB Hodgson Impey Cheng Limited in respect of the financial statements of the Group for the three years ended 31 December 2018. After consultation with HLB Hodgson Impey Cheng Limited, barring any unforeseen circumstances, there will not be any audit modification in respect of the financial statements of the Group for the year ending 31 December 2019 (including comparative figures or otherwise) as a result of the Transactions.

2. FURTHER FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group for each of the three years ended 31 December 2016, 2017 and 2018 together with the relevant notes thereto are disclosed in the following documents which have been published on the website of the Stock Exchange (<http://www.hkexnews.hk>) and the website of the Company (www.newsilkroad472.com):

- (a) the annual report of the Company for the financial year ended 31 December 2016 published on 21 April 2017 (pages 69 to 155), which can be accessed via the link at (<https://www1.hkexnews.hk/listedco/listconews/sehk/2017/0421/lt20170421393.pdf>);
- (b) the annual report of the Company for the financial year ended 31 December 2017 published on 18 April 2018 (pages 84 to 178), which can be accessed via the link at (<https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0418/lt20180418648.pdf>); and
- (c) the annual report of the Company for the financial year ended 31 December 2018 (“**2018 Annual Report**”) published on 4 April 2019 (pages 77 to 180), which can be accessed via the link at (<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0404/lt20190404970.pdf>);
 - (i) the consolidated statement of profit or loss for the year ended 31 December 2018 can be referred to page 84 of the 2018 Annual Report;
 - (ii) the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2018 can be referred to page 85 of the 2018 Annual Report;
 - (iii) the consolidated statement of financial position as at 31 December 2018 can be referred to pages 86 to 87 of the 2018 Annual Report;
 - (iv) the consolidated statement of changes in equity for the year ended 31 December 2018 can be referred to pages 88 to 89 of the 2018 Annual Report;
 - (v) the consolidated statement of cash flows for the year ended 31 December 2018 can be referred to pages 90 to 91 of the 2018 Annual Report; and

- (vi) the significant accounting policies and notes to the audited consolidated financial statements for the year ended 31 December 2018 can be referred to pages 92 to 180 of the 2018 Annual Report.

3. WORKING CAPITAL

After taking into account the financial resources available to the Remaining Group, including its cash and cash equivalents on hand, the internally generated funds and the available banking facilities, the Directors, after due and careful enquiry, are of the opinion that the working capital available to the Remaining Group is sufficient for its requirements for at least 12 months from the date of this circular, in the absence of unforeseeable circumstances.

4. INDEBTEDNESS

Indebtedness

As at 31 May 2019, the total indebtedness of the Group amounted to approximately HK\$1,384.24 million which comprised of (i) loan from immediate holding companies of approximately HK\$872.10 million; (ii) loan from non-controlling shareholder of a subsidiary of approximately HK\$102.06 million; (iii) amounts due to related parties of approximately HK\$39.45 million; (iv) secured borrowings of approximately HK\$360.73 million; and (v) unsecured borrowing of approximately HK\$9.90 million.

Lease liabilities

As at 31 May 2019, the Group recorded lease liabilities of approximately HK\$72.40 million for leased properties pursuant to HKFRS 16 which requires a right-of-use asset and a corresponding liability to be recognised for all leases by a lessee except for short-term leases and leases of low-value assets.

Contingent liability

As at 31 May 2019, the Group provided guarantees of approximately HK\$206.88 million to secure obligations of CIM Mackenzie Creek Inc. (“**CIM Mackenzie Creek**”), which is the bare trustee for the land situated in Markham, Ontario, Canada (the “**Land**”) and the non-wholly owned subsidiary of the Company, under a mortgage loan of approximately HK\$413.76 million (the “**Debt**”) from a financial institution in Canada. Pursuant to the terms of the guarantee arrangements, in case of default on payments of the debt by CIM Mackenzie Creek, the Group is liable to repay 50% of the Debt. The mortgage loan was secured by the Land.

Disclaimers

Save as aforesaid, and apart from intra-group liabilities, and normal accounts payable, the Group did not have any loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities issued and outstanding, any authorised or otherwise created but unissued term loans or other borrowings, indebtedness in nature of borrowings, liabilities under acceptances (other than trade bills) or acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, which are either guaranteed, unguaranteed, secured, or unsecured, guarantees or other material contingent liabilities outstanding at the close of business on 31 May 2019.

The Directors confirm that there is no material change in the indebtedness and contingent liability of the Group from the close of business on 31 May 2019 to the Latest Practicable Date.

5. MATERIAL CHANGE

Save as disclosed below, the Directors confirm that there had been no material change in the financial or trading position or outlook of the Group since 31 December 2018, being the date to which the latest published audited consolidated accounts of the Group were made up, and up to and including the Latest Practicable Date.

On 8 April 2019, as advised by the Company's PRC legal adviser, the Company was aware that the License application made by the Target Company could not be approved and the Event of Default occurred. As such, on 8 April 2019, the Company exercised its unilateral right under the Sale and Purchase Agreements by serving the Notice to Paison Technology for termination of the VIE Contracts and cancellation of the Consideration Shares (i.e. the Share Buy-back). On 9 April 2019, the Company was further notified by the Target Company that it was requested by the SZ Financial Risk Office to sign the Withdrawal Undertaking.

Based on the audited consolidated accounts of the Group, for the period from 1 August 2018 (being the completion date of the Acquisition) to 31 December 2018, the revenue of Niiwoo Financial amounted to approximately HK\$153.10 million and its net asset value amounted to approximately HK\$863.0 million (after taking into account the consolidation adjustment, including the recognition of intangible assets arising from the Acquisition) as at 31 December 2018. As disclosed under the paragraph headed "Financial effects of the Disposal and the Share Buy-back" in the letter from the Board to this circular, the Withdrawal Undertaking, the failure to obtain the License, the Disposal and the Share Buy-back would not have a material adverse effect on the working capital position and the liabilities of the Group but would have a material adverse effect on the earnings and the net assets of the Group as compared to its financial position as at 31 December 2018. Nevertheless, the Remaining Group would still have sufficient assets to meet its liabilities. Further, the illustrative disposal loss will not incur any cash outflow. As such, there will be no adverse effect on the operating cash flows of the Remaining Group.

6. FINANCIAL AND BUSINESS PROSPECTS OF THE REMAINING GROUP**Gaming business in Jeju — MegaLuck**

The Group's gaming business "MegaLuck Casino" in Jeju, South Korea has benefited from the improving Sino-Korea relationship. Through active marketing and efforts to raise service standard and to enhance customers' gaming and overall travel experience, MegaLuck has effectively pushed up patronage as well as its gaming gains. For the year ended 31 December 2018, the Group's gaming revenue has increased by 11.90% year-on-year to approximately HK\$103.60 million. In terms of gaming revenue, MegaLuck was ranked among the top casinos in Jeju. The Group's continuous marketing effort to the MegaLuck Casino as well as the influx of visitors to Jeju arising from the launch of new major tourism sites in Jeju are expected to bring positive impact to the casino business of the Group in the first half of 2019. As at the Latest Practicable Date, the Group had no plan to further expand its gaming business. Given the uncertainty in trade disputes between the United States and the PRC which may have negative impact to the global economic environment, the Group remains cautious in identifying suitable business development opportunities for its gaming business with a view to produce a steady growth in its long-term performance.

Resort business in Jeju — Glorious Hill Project

The Group has received the formal development approval from the Governor of Jeju Special Self Governing Province in March 2019 to kick off phase one development of its large integrated resort project, Glorious Hill. The project, which currently comprised of 3 phases, will feature five-star hotels, commercial and residential real estates, boutique shopping centre, theme park, golf course and academy, and so forth, and is expected to bring impressive tourism and property revenues to the Group. The phase one development consists of the construction of a five-star hotel with more than 580 guest rooms which will be equipped with wide range of entertainment facilities, restaurants and high-end shops. Following the obtaining of development approval for the phase one development, the Group has commenced to formulate tender for bidding by the engineering, procurement and construction ("EPC") contractors, which will then execute the approved development plan. The bidding process and the selection of EPC contractor are expected to take around six months. Subject to the results of the tender, it is estimated that the phase one development of the Glorious Hill Project will require capital investment of approximately HK\$1,000 million. The Group will seek to obtain external financing as necessary for the phase one development of the Glorious Hill Project during the same period. Completion of the phase one development of the Glorious Hill Project is expected to take three years after the engagement of the EPC contractor. In view of the positive outlook of tourism in Jeju, it is expected that the Glorious Hill Project could capture the rising demand from the tourism market. With land property of the Glorious Hill site being changed, the embedded value of the Group's asset in Korea shall be substantially increased accordingly.

Real estate — Opera Residence and Mackenzie Creek Projects

The Group's landmark project Opera Residence in Sydney, Australia, is progressing smoothly and on schedule. The 20-storey project, standing on an approximately 1,207 square metres site, will have a total floor area of approximately 26,308 square metres. Sales of the project have been encouraging and repeatedly setting apartment price records in Australia. 95% of the residential units and all the commercial spaces of the project were sold, generating total contract sales of AUD553.90 million (equivalent to approximately HK\$3,049.70 million). Sales revenue from the project is expected to be booked after delivery in 2021. It is expected that the Opera Residence project will be capable of self funded.

The Mackenzie Creek Project in Canada has two phases, with the first phase comprising 195 townhouses and the second phase of no less than 500 residential condominiums and a commercial shopping centre. Given a weak real estate market sentiment in Toronto, Canada and the stagnant development progress of the Mackenzie Creek Project, sales of phase one has not been progressing as expected. The Group has been exploring with its joint venture partner to adjust the strategy in response to the unfavourable market sentiment in order to unlock its investment in the project and to safeguard the interest of the Shareholders, including but not limited to sale of the remaining units at discounted market price or disposal of the project to independent third party(ies). As at the Latest Practicable Date, no formal agreement and/or understanding had been entered and/or reached regarding any of such approaches. It is currently expected that the Group and its partner will formulate the adjusted strategy during the second half of 2019.

Wine and Chinese baijiu operations

With economic growth slowing down in China, consumers are spending less on wine and baijiu. That coupled with the saturating wine and baijiu market and the competition brought by imported wine resulted in fierce competition in the industry. The divisions showed a slight improvement in revenue, yet they have consecutive loss-making performance, for the wine business since 2017 and for the Chinese baijiu business since 2014, the Group will continue to operate the business by continuous implementation of various measures including but not limited to (i) increase market exposure of its products; (ii) launch new marketing plan(s); (iii) adjust its product mix; and (iv) restructure the existing management team to recruit more talent with the precise blend of experience to tackle the challenge from the changing business environment. Subject to market conditions, it is expected that the effect of implementation of the aforesaid measures will start to reflect by the end of 2019.

Given the uncertain market in the imminent future, with risks from potential downward revision of economic forecasts and difficulty in obtaining financing, the Group will exercise special caution in every step of its operation. Nonetheless, to cope with the economic challenges, the Group will be more prudent and pragmatic in fine-tuning its investment mix. The Group will also actively explore suitable investment as well as divestment opportunities that can reap lucrative returns in the long run. At the same time, the Group will work hard to enhance the financial strengths in order to countering market fluctuation.

As disclosed in the 2018 Annual Report, the casino business segment of the Company recorded revenue of approximately HK\$103.6 million whereas the wine and Chinese baijiu business segment of the Company in aggregate recorded revenue of approximately HK\$204.1 million. Further, the segment assets of the real estate, integrated resort and cultural tourism, the casino business and the wine and Chinese baijiu business of the Company amounted to approximately HK\$2,956.22 million, HK\$592.6 million and HK\$648.7 million respectively as at 31 December 2018.

Considering that the Remaining Group will continue to principally engage in the gaming and resort business in Jeju, South Korea, the real estate business in Australia and Canada and the wine and Chinese baijiu business in the PRC, and the capital-intensive nature of the existing real estate projects, the Directors are of the view that the Company will have sufficient operation or assets after Completion.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

The following is an illustrative and unaudited pro forma consolidated statement of financial position of the Remaining Group as at 31 December 2018 (the “Unaudited Pro Forma Financial Information”) which has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the disposal of the controlling right and the entire economic benefits in Shenzhen Niiwoo Financial Information Services Ltd (the “Disposal”), as if the Disposal and the Share Buy-back (as defined below) had been taken place on 31 December 2018. This pro forma financial information has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the consolidated statement of financial position of the Remaining Group had the Disposal and the Share Buy-back been completed as at 31 December 2018 or at any future date. The Unaudited Pro Forma Financial Information of the Remaining Group should be read in conjunction with the historical financial information of the Group as set out in the published annual report of the Company for year ended 31 December 2018 and other financial information included elsewhere in this circular.

A. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE REMAINING GROUP

Introduction

The accompanying unaudited pro forma consolidated statement of financial position of the Remaining Group after the Disposal, has been prepared by the directors of the Company (the “Directors”) in accordance with Paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of illustrating the effect of the Disposal and buy-back and cancellation of Consideration Shares by the Company (the “Share Buy-back”).

The preparation of the unaudited pro forma consolidated statement of financial position of the Remaining Group is based on the audited consolidated statement of financial position of the Group as at 31 December 2018 which has been extracted from the Company’s published annual report for the year ended 31 December 2018, and adjusted in accordance with the pro forma adjustments described in the notes thereto, as if the Disposal and the Share Buy-back had been completed on 31 December 2018.

A narrative description of the pro forma adjustments of the Disposal and the Share Buy-back that are directly attributable to the transactions and factually supportable, is summarised in the accompanying notes.

The unaudited pro forma consolidated statement of financial position of the Remaining Group has been prepared based on a number of assumptions, estimates, uncertainties, currently available information and are prepared for illustrative purpose only. Because of its hypothetical nature, it may not purport to describe the financial position of the Remaining Group had the Disposal and the Share Buy-back been completed as at 31 December 2018 or at any future dates.

The unaudited pro forma consolidated statement of financial position of the Remaining Group should be read in the conjunction with the financial information of the Group, the published annual report of the Company for the year ended 31 December 2018 and other financial information included elsewhere in this circular.

**APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF
THE REMAINING GROUP**

Unaudited Pro Forma Consolidated Statement of Financial Position of the Remaining Group

	The Group as at 31 December 2018		Unaudited Pro forma adjustments			The Remaining Group as at 31 December 2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Audited)</i>		<i>(Note 3)</i>	<i>(Note 4)</i>	<i>(Note 5)</i>	<i>(Unaudited)</i>
	<i>(Note 1)</i>	<i>(Note 2)</i>				
Non-current assets						
Land use rights	30,491					30,491
Property, plant and equipment	975,688	(7,369)				968,319
Intangible assets	1,398,694	(931,656)				467,038
Financial asset at fair value through other comprehensive income	4,211					4,211
Contract costs	45,106					45,106
Contingent consideration receivable	10,374	(10,374)				—
Goodwill	75,221					75,221
Deferred tax assets	<u>2,172</u>	(457)				<u>1,715</u>
	<u>2,541,957</u>					<u>1,592,101</u>
Current assets						
Inventories	264,885					264,885
Stock of properties	1,900,707					1,900,707
Trade and bills receivables	70,220	(46,378)				23,842
Prepayments, deposits paid and other receivables	312,876	(72,750)				240,126
Short-term loans receivables	2,593					2,593
Cash and cash equivalents	<u>247,168</u>	(17,345)				<u>229,823</u>
	<u>2,798,449</u>					<u>2,661,976</u>
Total assets	<u>5,340,406</u>					<u>4,254,077</u>

**APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF
THE REMAINING GROUP**

	The Group as at 31 December 2018					The Remaining Group as at 31 December 2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	Unaudited Pro forma adjustments			<i>HK\$'000</i>
	<i>(Audited)</i>		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>(Unaudited)</i>
	<i>(Note 1)</i>	<i>(Note 2)</i>	<i>(Note 3)</i>	<i>(Note 4)</i>	<i>(Note 5)</i>	
EQUITY						
Capital and reserves						
Share capital	42,936			(10,860)		32,076
Reserves	<u>2,661,306</u>		<u>(167,958)</u>	<u>(684,180)</u>	<u>(7,000)</u>	<u>1,802,168</u>
Equity attributable to owners of the Company	2,704,242					1,834,244
Non-controlling interests	<u>628,010</u>					<u>628,010</u>
Total equity	<u>3,332,252</u>					<u>2,462,254</u>
Non-current liabilities						
Deferred tax liabilities	308,356	(139,748)				168,608
Loan from an immediate holding company	717,222					717,222
Loan from a non-controlling shareholder of a subsidiary	104,376					104,376
Net defined benefits liabilities	6,911					6,911
Bank and other borrowings — due after one year	<u>144,690</u>					<u>144,690</u>
	<u>1,281,555</u>					<u>1,141,807</u>

**APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF
THE REMAINING GROUP**

	The Group as at 31 December 2018					The Remaining Group as at 31 December 2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	Unaudited Pro forma adjustments			<i>HK\$'000</i>
	<i>(Audited)</i>		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>(Unaudited)</i>
	<i>(Note 1)</i>	<i>(Note 2)</i>	<i>(Note 3)</i>	<i>(Note 4)</i>	<i>(Note 5)</i>	
Current liabilities						
Trade payables	69,192	(24)				69,168
Accruals and other payables	109,931	(14,150)			7,000	102,781
Contract liabilities	219,716	(53)				219,663
Amounts due to related parties	50,642					50,642
Loans from an immediate holding company	66,401	(66,401)				—
Bank and other borrowings — due within one year	204,876					204,876
Deferred revenue	1,372					1,372
Tax payables	4,469	(2,955)				1,514
	<u>726,599</u>					<u>650,016</u>
Total liabilities	<u>2,008,154</u>					<u>1,791,823</u>
Total equity and liabilities	<u>5,340,406</u>					<u>4,254,077</u>
Net current assets	<u>2,071,850</u>					<u>2,011,960</u>
Total assets less current liabilities	<u>4,613,807</u>					<u>3,604,061</u>

Notes:

1. The amounts are extracted from the audited consolidated statement of financial position of the Group as at 31 December 2018, as set out in the published annual report of the Company for the year ended 31 December 2018.
2. The adjustments represent the exclusion of the net assets of Shenzhen Niiwoo Financial Information Services Ltd (“Niiwoo Financial”) as at 31 December 2018 as if the Disposal and the Share Buy-back had been completed on 31 December 2018. The balances of Niiwoo Financial as at 31 December 2018 are extracted from the underlying unaudited accounting records of the Group.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

3. The adjustments represent the recognition of a loss on disposal (without taking into account of the transaction costs) of approximately HK\$167,958,000 as if the Disposal had been completed on 31 December 2018 which is calculated as below:

	As at 31 December 2018 HK\$'000
Fair value of the Consideration Shares (Note)	695,040
Less: Net assets of Niiwoo Financial as at 31 December 2018	<u>(862,998)</u>
Estimated loss on the Disposal	<u><u>(167,958)</u></u>

Note: The fair value of the Consideration Shares is determined by using the quoted market closing price of the Company's shares on 31 December 2018 of HK\$0.64 per share times the number of Consideration Shares of 1,086,000,000.

4. The adjustments represent the effect of Share Buy-back by:

- Reducing share capital by the nominal value of the Consideration Shares of HK\$10,860,000; and
- Reducing share premium by HK\$684,180,000, being the fair value of the Consideration Shares of HK\$695,040,000 net of the nominal value of the Consideration Shares of HK\$10,860,000.

5. The adjustments represent the recognition of transaction costs of approximately HK\$7,000,000 which are directly attributable to the Disposal and the Share Buy-back.
6. No adjustments have been made to reflect any trading results or other transaction of the Group entered into subsequent to 31 December 2018.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

B. ASSURANCE REPORT FROM THE REPORTING ACCOUNTANTS

The following is the text of a report, prepared for inclusion in this circular, received from the independent reporting accountants, HLB Hodgson Impey Cheng Limited, Certified Public Accountants, Hong Kong.



Dear Sirs,

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of New Silkroad Culturaltainment Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of New Silkroad Culturaltainment Limited (the "Company") and its subsidiaries (collectively the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated financial position as at 31 December 2018 (the "Unaudited Pro Forma Financial Information") as set out in Appendix II of the circular issued by the Company dated 5 July 2019 (the "Circular"). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described in Appendix II to the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the effect of the Disposal and the Share Buy-back (both defined in the Circular) on the Group's financial position as at 31 December 2018 as if the Disposal and the Share Buy-back had been taken place at 31 December 2018. As part of this process, information about the Group's consolidated financial position has been extracted by the Directors from the Group's consolidated financial statements for the year ended 31 December 2018, on which an audit report has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus", issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of the Unaudited Pro Forma Financial Information included in the Circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 December 2018 would have been as presented.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

HLB Hodgson Impey Cheng Limited

Certified Public Accountants

Kwok Tsz Chun

Practising Certificate Number: P06901

Hong Kong, 5 July 2019

The following is the text of a report on the profit or loss estimate of the Group as a result of the Disposal and the Share Buy-back received from Lego Corporate Finance Limited for the purpose of incorporation in this circular.



The Board of Directors

New Silkroad Culturaltainment Limited
15/F., COFCO Tower
262 Gloucester Road
Causeway Bay
Hong Kong

5 July 2019

Dear Sirs,

**(I) MAJOR AND CONNECTED TRANSACTION; AND
(II) PROPOSED OFF-MARKET SHARE BUY-BACK**

Reference is made to the circular (the “**Circular**”) issued by New Silkroad Culturaltainment Limited (the “**Company**”) dated 5 July 2019, of which this letter forms part. Unless otherwise specified, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

We refer to the expected loss (after deducting the estimated transaction costs relating to the Disposal and the Share Buy-back) as a result of the Disposal and the Share Buy-back of approximately HK\$174.96 million (the “**Profit or Loss Estimate**”) as disclosed under the paragraph headed “Financial effects of the Disposal and the Share Buy-back” in the letter from the Board contained in the Circular.

The Profit or Loss Estimate constitutes a profit forecast under Rule 10 of the Takeovers Code and must be reported on by the financial adviser and the auditors or consultant accountants of the Company.

We have discussed with the Directors the bases and assumptions made for the calculation of the Profit or Loss Estimate, and have reviewed the calculation of the Profit or Loss Estimate. We have also reviewed and considered the unaudited pro forma financial information of the Remaining Group issued by HLB Hodgson Impey Cheng Limited as set out in Appendix II to the Circular.

On the basis of the foregoing, we are of the opinion that the Profit or Loss Estimate for which the Directors are solely responsible, has been made by the Directors with due care and consideration.

Shareholders should however note that the actual gain or loss from the Disposal and the Share Buy-back will be determined based on, among other things, the closing price of the Shares, the net asset/liability value of the Target Company and the actual transaction costs relating to the Disposal and the Share Buy-back, and may be different from the Profit or Loss Estimate as presented in the letter from the Board.

Yours faithfully,
For and on behalf of,
Lego Corporate Finance Limited
Billy Tang
Managing Director

The following is the text of a letter, a valuation summary and valuation certificates prepared for the purpose of incorporation in this circular received from Vincorn Consulting and Appraisal Limited, an independent valuer, in connection with its valuation of the property interests held by the Group as at 30 April 2019. Terms defined in this appendix applies to this appendix only.

Vincorn Consulting and Appraisal Limited
21/F
No. 268 Des Voeux Road Central
Hong Kong



The Board of Directors

New Silkroad Culturaltainment Limited
15/F., COFCO Tower
262 Gloucester Road
Causeway Bay
Hong Kong

5 July 2019

Dear Sirs,

INSTRUCTION AND VALUATION DATE

We refer to your instructions for us to assess the Market Values of the property interests located in The People's Republic of China ("**The PRC**"), the Republic of Korea ("**South Korea**"), Canada and Australia held by New Silkroad Culturaltainment Limited (the "**Company**") and its subsidiaries (hereinafter together referred to as the "**Group**") for the purposes of public disclosure. We confirm that we have carried out inspection, made relevant enquiries and searches and obtained such further information as we consider necessary in order to provide you with our opinion of the Market Values of the property interests as at 30 April 2019 (the "**Valuation Date**").

VALUATION STANDARDS

The valuation has been prepared in accordance with the HKIS Valuation Standards 2017 published by The Hong Kong Institute of Surveyors effective from 30 December 2017 with reference to the International Valuation Standards 2017 published by the International Valuation Standards Council effective from 1 July 2017; the requirements set out in the Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited; and Rule 11 of the Codes on Takeovers and Mergers and Share Buy-backs published by the Securities and Futures Commission.

VALUATION BASIS

Our valuation has been undertaken on the basis of Market Value with consideration of the existing status of the property interests as at the Valuation Date. Market Value is defined as "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".

VALUATION ASSUMPTIONS

Our valuation has been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests.

No allowances have been made for any charges, mortgages or amounts owing on the property interests, nor for any expenses or taxations which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interests are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect the values of the property interests.

As the property interests in The PRC are held under long term land use rights, we have assumed that the owner has free and uninterrupted rights to use the property interests in The PRC for the whole of the unexpired term of the land use rights.

POTENTIAL TAX LIABILITIES

As advised by the Group, the potential tax liabilities which may arise from the sale of the property interests include:

(a) Property interests held by the Group in The PRC:

- (i) Value added tax on the consideration at a rate of 5.5% - 5.65%;
- (ii) Corporate income tax on the profit from the sale of property at rate of 25%; and
- (iii) Land value appreciation tax on appreciated land value at progressive tax rates as follows:

Appreciated land value	Progressive tax rate
Not more than 50%	30%
More than 50% but not more than 100%	40%
More than 100% but not more than 200%	50%
More than 200%	60%

(b) Property interests held by the Group in South Korea:

- (i) Value added tax on consideration at a rate of 10%;
- (ii) Local income tax on the corporate income tax at a rate of 1%; and

- (iii) Corporate income tax on the profit from the sale of property at progressive tax rates as follows:

Tax base	Progressive tax rate
Not more than KRW200 million	10%
More than KRW200 million but not more than KRW20,000 million	20%
More than KRW20,000 million but not more than KRW300,000 million	22%
More than KRW300,000 million	25%

- (c) Property interests held by the Group in Canada:

- (i) Capital gains tax on 50% of net capital gains at a rate of 15%;
- (ii) Harmonized sales tax on consideration at a rate of 13% and
- (iii) Corporate income tax on profit from the sale of property at a rate of 26.5%.

- (d) Property interests held by the Group in Australia:

- (i) Capital gains tax on net capital gains, after offsetting capital losses at a rate of 30%;
or
- (ii) Corporate income tax on profit from the sale of property at a rate of 30%

For the property interests held by the Group in Groups 1, 2, 3 and 6, they are continued to be held by the Group and with no intention for disposal. Hence, the likelihood of any potential tax liabilities of these property interests being crystallized is remote.

For the property interests held by the Group in Groups 4 and 5, they are going to be disposed upon completion. Hence, the potential tax liabilities of these property interests are likely to be crystallized.

VALUATION METHODOLOGY

With reference to the existing status of the property interests as at the Valuation Date, we have adopted different valuation methodologies. When valuing the property interests held by the Group in Groups 1 and 2, which comprise vacant development sites, and Property 10 in Group 6, which comprise completed residential units, we have adopted Market Approach. When valuing the property interests held by the Group in Group 3 and Property 6 to Property 9 in Group 6, which comprise industrial complexes, we have adopted Cost Approach. When valuing the property interests held by the Group in Groups 4 and 5, which comprise development sites under construction, we have adopted Market Approach to assess the gross development values of the proposed developments, which are then adjusted with considerations of the outstanding development costs, the outstanding development periods and the potential profit margins.

Market Approach is universally considered as the most accepted valuation approach for valuing most forms of property. This involves the analysis of recent market evidence of similar properties to compare with the subject under valuation. Each comparable is analysed on the basis of its unit rate; each attribute of the comparables is then compared with the subject and where there are any differences, the unit rate is adjusted in order to arrive at the appropriate unit rate for the subject. This is done by making percentage adjustments to the unit rate for various factors, such as time, location, building age, building quality and so on.

Cost Approach is subject to an assumption of adequate potential profitability of the business (or to service potential of the entity from the use of assets as a whole) paying due regard to the total assets employed. This technique is based on an estimate of the value for the existing use of the land, plus the current gross replacement (reproduction) costs of the improvements, less allowances for physical deterioration and all relevant forms of obsolescence and optimisation. In arriving at the value of the land, reference has been made to the land sale transactions as available in the locality. It generally provides the most reliable indication of value for a property in the absence of a known market based on comparable sales.

LAND TENURE AND TITLE INVESTIGATION

We have been provided with copies of documents in relation to the titles of the property interests in The PRC and South Korea. However, we have 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 Group.

We have made enquires and relevant searches at the Ontario Land Registry and the NSW Land Registry Services in relation to the title of the property interests in Canada and Australia respectively. However, we have not scrutinized the original documents to verify ownership or to verify any amendments, which may not appear in the documents available to us. All documents have been used for reference only.

We have relied on the advices given by The PRC legal adviser of the Group, 北京市漢鼎聯合律師事務所 (Beijing Handing Unite Law Firm*) (“**Handing Unite Law Firm**”), regarding the titles of the property interests in The PRC. We do not accept liability for any interpretation that we have placed on such information, which is more properly placed within the sphere of The PRC legal adviser.

All legal documents disclosed in this letter, the valuation summary and the valuation certificates are for reference only. No responsibility is assumed for any legal matters concerning the legal titles to the property interests set out in this letter, the valuation summary and the valuation certificates.

INFORMATION SOURCES

We have relied to a considerable extent on the information provided by the Group and The PRC legal adviser, in respect of the titles of the property interests in The PRC. We have also accepted advice given to us on matters such as identification of the properties, particulars of occupancy, areas and all other relevant matters. Dimensions, measurements and areas included in the valuation are based on information contained in the documents provided to us and are, therefore, only approximations.

We have also been advised by the Group that no material factors or information have been omitted or withheld from the information supplied and consider that we have been provided with sufficient information to reach an informed view. We believe that the assumptions used in preparing our valuation are reasonable and have had no reason to doubt the truth and accuracy of the information provided to us by the Group which is material to the valuation.

INSPECTION AND INVESTIGATIONS

The properties were inspected externally and internally. Although not all areas were accessible for viewing at the time of inspection, we have endeavoured to inspect all areas of the properties. Investigations were carried out as necessary. Our investigations have been conducted independently and without influence from any third party in any manner.

We have not tested any services of the properties and are therefore unable to report on their present conditions. We have not undertaken any structural surveys of the properties and are therefore unable to comment on the structural conditions. We have not carried out any investigations on site to determine the suitability of the ground conditions for any future developments. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be required.

We have not carried out any on-site measurements to verify the correctness of the areas in respect of the properties but have assumed that the areas shown on the documents or deduced from the plans are correct. All documents and plans have been used as reference only and all dimensions, measurements and areas are therefore approximations.

CURRENCY

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (“**RMB**”), South Korean Won (“**KRW**”), Canadian Dollar (“**CAD**”) or Australian Dollar (“**AUD**”).

The valuation summary and the valuation certificates are attached hereto.

Yours faithfully,
For and on behalf of
Vincorn Consulting and Appraisal Limited

Vincent Cheung
BSc(Hons) MBA FRICS MHKIS RPS(GP) MCIREA
MHKSI MISCM MHIREA
Registered Real Estate Appraiser & Agent PRC
Managing Director

Note:

*Vincent Cheung is a Fellow of the Royal Institution of Chartered Surveyors, a Member of the Hong Kong Institute of Surveyors, a Registered Professional Surveyor (General Practice) under the Surveyors Registration Ordinance (Cap. 417) in Hong Kong Special Administrative Region (“**Hong Kong**”), a member of China Institute of Real Estate Appraisers and Agents, a member of Hong Kong Securities and Investment Institute, a member of Institute of Shopping Centre Management, a member of Hong Kong Institute of Real Estate Administrators and a Registered Real Estate Appraiser and Agent People’s Republic of China. He is one of the valuers on the “list of property valuers for undertaking valuation for incorporation or reference in listing particulars and circulars and valuations in connection with takeovers and mergers” as well as a Registered Business Valuer of the Hong Kong Business Valuation Forum. He is suitably qualified to carry out the valuation and has over 21 years of experience in the valuation of properties of this magnitude and nature in the subject region.*

* *For identification purpose only*

VALUATION SUMMARY

Group 1 - Property interests held by the Group for future development in The PRC

No.	Property	Market Value as at 30 April 2019 <i>RMB</i>	Interest attributable to the Company	Market Value as at 30 April 2019 attributable to the Company <i>RMB</i>
1	A parcel of land located at the south of G206 Road, Xuli Village, Liujiagou Town, Penglai City, Yantai, Shandong Province, The PRC	15,800,000	100%	15,800,000
Total:		<u>15,800,000</u>		<u>15,800,000</u>

Group 2 - Property interests held by the Group for future development in South Korea

No.	Property	Market Value as at 30 April 2019 <i>KRW</i>	Interest attributable to the Company	Market Value as at 30 April 2019 attributable to the Company <i>KRW</i>
2	151 parcels of land and a hotel located at Zone A, Kumak-ri, Hallim-eub, Jeju-si, Jeju-do, South Korea	129,564,000,000	55%	71,260,200,000
Total:		<u>129,564,000,000</u>		<u>71,260,200,000</u>

Group 3 - Property interests held by the Group for development in The PRC

No.	Property	Market Value as at 30 April 2019 RMB	Interest attributable to the Company	Market Value as at 30 April 2019 attributable to the Company RMB
3	An industrial complex located at the north of G206 Road, Jiexi Village, Liujiagou Town, Penglai City, Yantai, Shandong Province, The PRC	85,500,000	100%	85,500,000
Total:		<u>85,500,000</u>		<u>85,500,000</u>

Group 4 - Property interests held by the Group for development in Canada

No.	Property	Market Value as at 30 April 2019 CAD	Interest attributable to the Company	Market Value as at 30 April 2019 attributable to the Company CAD
4	A development site located at No. 9900 Markham Road and No. 5899 Major Mackenzie Drive East, Markham, Ontario, Canada	169,000,000	51%	86,190,000
Total:		<u>169,000,000</u>		<u>86,190,000</u>

Group 5 - Property interests held by the Group for development in Australia

No.	Property	Market Value as at 30 April 2019 AUD	Interest attributable to the Company	Market Value as at 30 April 2019 attributable to the Company AUD
5	A development site located at Nos. 71-79 Macquarie Street, Sydney, New South Wales, Australia	326,000,000	80%	260,800,000
Total:		<u>326,000,000</u>		<u>260,800,000</u>

Group 6 - Property interests held by the Group for occupation in The PRC

No.	Property	Market Value as at 30 April 2019 RMB	Interest attributable to the Company	Market Value as at 30 April 2019 attributable to the Company RMB
6	An industrial complex located at No. 1 Jiuchang Avenue, Yuquan Town, Acheng District, Harbin, Heilongjiang Province, The PRC	33,500,000	66.5%	22,277,500
7	An industrial complex located at Qianjin Community, Yuquan Town, Acheng District, Harbin, Heilongjiang Province, The PRC	3,000,000	66.5%	1,995,000
8	An industrial complex located at the west of G214 Road, Songyuan Green Industrial Park, Shangri-La City, Diqing Tibetan Autonomous Prefecture, Yunnan Province, The PRC	57,600,000	95%	54,720,000
9	An industrial complex located at the north of Nijiamiao Village, Lulong County, Qinhuangdao, Hebei Province, The PRC	69,400,000	96.25%	66,797,500
10	Units 301, 302, 401, 402, 501 and 502, Levels 3 to 5, Block 102, Yingbin Garden, junction of Longcheng Road and Yong'an Avenue, Lulong County, Qinhuangdao, Hebei Province, The PRC	2,200,000	96.25%	2,117,500
Total:		<u>165,700,000</u>		<u>147,907,500</u>

VALUATION CERTIFICATE

Group 1 - Property interests held by the Group for future development in The PRC

No.	Property	Description and tenure	Occupancy particulars	Market Value as at 30 April 2019 RMB
1	A parcel of land located at the South of G206 Road, Xuli Village, Liujiagou Town, Penglai City, Yantai, Shandong Province, The PRC	<p>The property comprises a parcel of land.</p> <p>As per a State-owned Land Use Rights Certificate, it has a site area of approximately 66,667.00 square metres (“sqm”).</p> <p>The land use rights of the property were granted for a term expiring on 15 April 2052 for industrial uses.</p>	<p>As per our on-site inspection and the information provided by the Group, the property is currently vacant.</p>	<p>15,800,000</p> <p>(Fifteen Million and Eight Hundred Thousand)</p> <p>100% interest attributable to the Company:</p> <p>15,800,000</p> <p>(Fifteen Million and Eight Hundred Thousand)</p>

Notes:

- The property was inspected by Ms. Kristy Chia *MSISV Licensed Appraiser, IRAS* on 26 February 2019.
- The valuation and this certificate were prepared by Mr. Vincent Cheung *FRICS MHKIS RPS(GP) MCIREA MHKSI MISC MHIREA Registered Real Estate Appraiser & Agent PRC*.
- Pursuant to a State-owned Land Use Rights Certificate, 蓬國用(2011)第0102号 dated 5 May 2011 and issued by 蓬萊市人民政府 (the People’s Government of Penglai City*), the land use rights of the property with a site area of approximately 66,667.00 sqm were granted to 煙台香格里拉瑪桑酒莊有限公司 (Yantai Shangri-la Masang Château Co., Ltd.*) (“**Yantai Shangri-la**”), a wholly-owned subsidiary of the Company, for a term expiring on 15 April 2052 for industrial uses.
- Pursuant to a Construction Land Use Planning Permit, 地字第370684201100012號 dated 20 May 2011 and issued by 蓬萊市住房和規劃建設管理局 (Housing and Administration of Planning Construction of Penglai City*), the proposed land use of the property was approved.
- The general description and market information of the property are summarised below:

Location	: The property is located at the south of G206 Road, Xuli Village, Liujiagou Town, Penglai City, Yantai, Shandong Province, The PRC.
Transportation	: Yantai Penglai International Airport and Penglai City Railway Station are located approximately 13.0 kilometres and 20.0 kilometres away from the property respectively.
Nature of surrounding area	: The area is predominately an industrial and a village area in Penglai City.

6. We have been provided with a legal opinion regarding the property by Handing Unite Law Firm, which contains, inter alia, the following:
- (a) Yantai Shangri-la is the sole legal land use rights holder under the State-owned Land Use Rights Certificate of the property;
 - (b) In accordance with the restrictions under the State-owned Land Use Rights Certificate, Yantai Shangri-la can occupy, use, transfer, lease and mortgage the land use rights of the property within the land use rights term; and
 - (c) The land use rights of the property are not subject to any mortgage and/or other encumbrances.

Group 2 - Property interests held by the Group for future development in South Korea

No.	Property	Description and tenure	Occupancy particulars	Market Value as at 30 April 2019 KRW
2	151 parcels of land and a hotel located at Zone A, Kumak-ri, Hallim-eub, Jeju-si, Jeju-do, South Korea	<p>The property comprises a hotel, a golf course and various ancillary structures erected on 151 parcels of land. A comprehensive holiday resort development known as Glorious Hill erected on the property is proposed.</p> <p>As per the land search records provided by the Group, it has a total site area of approximately 1,242,774.00 sqm. As per the information provided by the Group, the hotel has a gross floor area ("GFA") of approximately 9,598.68 sqm. It was completed in about 2006 to 2011. As per a development approval, the proposed development of the property has a total proposed site area of approximately 866,539.00 sqm and a total proposed GFA of approximately 226,746.49 sqm.</p> <p>The property is held under a freehold interest.</p>	<p>As per our on-site inspection and the information provided by the Group, the property is currently vacant. The construction of the proposed development of the property is expected to commence in about August 2019 and completed in about December 2021.</p>	<p>129,564,000,000</p> <p>(One Hundred Twenty Nine Billion Five Hundred and Sixty Four Million)</p> <p>55% interest attributable to the Company:</p> <p>71,260,200,000</p> <p>(Seventy One Billion Two Hundred Sixty Million and Two Hundred Thousand)</p>

Notes:

- The property was inspected by Ms. Kristy Chia *MSISV Licensed Appraiser, IRAS* on 21 February 2019.
- The valuation and this certificate were prepared by Mr. Vincent Cheung *FRICS MHKIS RPS(GP) MCIREA MHKSI MISC MHIREA Registered Real Estate Appraiser & Agent PRC*.
- Pursuant to the title search records provided by the Group, 120 parcels of land of the property with a total site area of approximately 1,102,806.00 sqm are legally vested in Macrolink Glorious Hill Co., Ltd ("MGH"), a 55% owned subsidiary of the Company.

Details of the title search records are summarised below:-

Owner	No. of lots	Lot no.	Site area (sqm)
MGH	120	445, 97, 431, 432, 438, 439, 442, 446, 450, 1400, 1401, 1402, 449-3, 82-4, 83, 84, 89, 94, 95, 81-2, 82-3, 82-5, 85-2, 96-1, San 54-3, San 56-15, San 56-16, 85-1, San 67-10, 458, 499, 531-4, 530, 531, 531-2, 531-5, 531-6, 531-7, 1395, 1398, 1399, 1407, 501-3, 459, 478, 1390-2, 448, 462, 444, 471, 481-2, 482-1, 423, 425, 455, 454, 449, 1406, 452, 453, 470, 500, 1418, 1417, 104-5, 104-15, 1416, 1419, 1422, 441, 84-1, 84-2, 84-3, 450-8, 450-7, 83-2, 84-4, 84-5, 84-6, 84-9, 96-3, 450-6, 84-7, 84-11, 84-10, 450-10, 84-8, 1434, 1371, 1405, 1428, 482, 481, 451, 1409, 1411, 1412, 1413, 1414, 1415, 426, 443, 486, 534, 536, 546-1, 547, 554, 554-1, 561-9, 561-6, 561-8, 563-1, 1369, 1370, 1372, 1372-1, 1372-2 and 1372-3	1,102,806.00

4. Pursuant to 7 sale and purchase agreements, 31 parcels of land of the property with a total site area of approximately 139,968.00 sqm were sold to MGH at a total consideration of KRW9,010,500,000.

Details of the sale and purchase agreements are summarised below:

Lot no.	Site area (sqm)	Date of agreement	Seller	Consideration (KRW)
434, 437, 90, 93 and 440	19,978.00	3 April 2014	Kim, Sangboo	353,500,000
483	6,610.00	12 June 2014	Koh, Kyeah	190,000,000
483-1 and 483-2	2,398.00	12 June 2014	Kim, Dongkyu	9,000,000
501-2	7,008.00	1 July 2014	Kang, Hanjong	400,000,000
1423, 1424, 1425, 1430, 1431, 1433, 1442 and 1439	11,179.00	1 September 2017	Hong, Yeong Sin	466,000,000
424, 484, 487-1, 487, 489-1, 489-2, 489 and 492	81,538.00	11 May 2015	Blackstone Co., Ltd	7,000,000,000
535, 555-1, 555-2, 561, 562, 562-4	11,257.00	11 December 2017	Jeong, Uidong	511,000,000
Total	139,968.00			9,010,500,000

5. The property is categorised into 6 planning uses designated by the government.

Details of the planning uses are summarised below:

Land use	No. of lots	Site area (sqm)
Farm Land	23	58,750.00
Forest Land	69	427,170.00
Pasture Land	33	269,596.00
Miscellaneous Land	17	49,259.00
Physical Activities Land	7	437,832.00
Road	2	167.0
Total	151	1,242,774.00

6. As per a development approval dated 8 March 2019 and issued by the Government of Jeju Special Self-Governing Province, the proposed development of a comprehensive holiday resort known as Glorious Hill erected on the property with a total proposed site area of approximately 866,539.00 sqm and a total proposed GFA of approximately 226,746.49 sqm was approved.

Details of the proposed development are summarised below:

Use	Proposed site area (sqm)	Proposed GFA (sqm)
Hotel	153,238.00	186,471.47
Sports Facilities	130,298.00	114.32
Recreational Facilities	57,534.00	18,355.02
Commercial Facilities	41,957.00	19,209.48
Educational Facilities	13,637.00	2,596.20
Public Utilities	80,456.00	Nil
Greenery	389,419.00	Nil
Total	866,539.00	226,746.49

7. The gross development value of the property, assuming that it has been completed and it can be freely transferred, as at the Valuation Date was approximately KRW908,000,000,000. According to the information provided by the Group, the estimated total development cost of the property as at the Valuation Date were approximately KRW663,000,000,000.

8. The general description and market information of the property are summarised below:-

Location	: The property is located at Zone A, Kumak-ri, Hallim-eub, Jeju-si, Jeju-do, South Korea.
Transportation	: Jeju International Airport and Jeju Ferry Passenger Terminal are located approximately 32.0 kilometres and 35.0 kilometres away from the property respectively.
Nature of surrounding area	: The area is predominately a resort area in Hallim-eub.

9. As advised by the Group, the legal titles of 31 parcels of land with a total site area of approximately 139,968.00 sqm are yet to be vested in the Group. In the course of our valuation, we have attributed no commercial value to this portion of the property. The reference value of this portion of the property, assuming that the relevant legal title of this portion of the property has been vested in the Group, as at the Valuation Date was approximately KRW15,029,000,000.

Group 3 - Property interests held by the Group for development in The PRC

No.	Property	Description and tenure	Occupancy particulars	Market Value as at 30 April 2019 RMB
3	An industrial complex located at the north of G206 Road, Jiexi Village, Liujiagou Town, Penglai City, Yantai, Shandong Province, The PRC	<p>The property comprises a building and various ancillary structures under construction erected on a parcel of land.</p> <p>As per a State-owned Land Use Rights Certificate, it has a site area of approximately 66,667.00 sqm. As per a Construction Work Planning Permit, it has a proposed GFA of approximately 13,026.46 sqm.</p> <p>The land use rights of the property were granted for a term expiring on 9 October 2052 for industrial uses.</p>	<p>As per our on-site inspection and the information provided by the Group, the construction work of the property is currently pending and is expected to be completed in about the first half of 2021.</p>	<p>85,500,000</p> <p>(Eighty Five Million and Five Hundred Thousand)</p> <p>100% interest attributable to the Company:</p> <p>85,500,000</p> <p>(Eighty Five Million and Five Hundred Thousand)</p>

Notes:

- The property was inspected by Ms. Kristy Chia *MSISV Licensed Appraiser, IRAS* on 26 February 2019.
- The valuation and this certificate were prepared by Mr. Vincent Cheung *FRICS MHKIS RPS(GP) MCIREA MHKSI MISCMI MHIREA Registered Real Estate Appraiser & Agent PRC*.
- Pursuant to a State-owned Land Use Rights Certificate, 蓬國用(2011)第0101號 dated 5 May 2011 and issued by 蓬萊市人民政府 (the People's Government of Penglai City*), the land use rights of the property with a site area of approximately 66,667.00 sqm were granted to Yantai Shangri-la for a term expiring on 9 October 2052 for industrial uses.
- Pursuant to a Construction Land Use Planning Permit, 地字第370684201100013號 dated 20 May 2011 and issued by 蓬萊市住房和規劃建設管理局 (Housing and Administration of Planning Construction of Penglai City*), the proposed land use of the property was approved.
- Pursuant to a Construction Project Planning Permit, 建字第370684201100028號 dated 4 July 2011 and issued by 蓬萊市住房和規劃建設管理局 (Housing and Administration of Planning Construction of Penglai City*), the proposed development of the property with a GFA of approximately 13,026.46 sqm was approved.
- Pursuant to a Construction Project Work Commencement Permit, No. 2012-005 dated 21 February 2012 and issued by 蓬萊市住房和規劃建設管理局 (Housing and Administration of Planning Construction of Penglai City*), the construction of the proposed development of the property with a GFA of approximately 13,026.46 sqm was approved to commence.

7. The general description and market information of the property are summarised below:

Location : The property is located at the north of G206 Road, Jiexi Village, Liujiagou Town, Penglai City, Yantai, Shandong Province, The PRC.

Transportation : Yantai Penglai International Airport and Penglai City Railway Station are located approximately 18.0 kilometres and 17.0 kilometres away from the property respectively.

Nature of surrounding area : The area is predominately an industrial and a village area in Penglai City.

8. The gross development value of the property, assuming that it has been completed and it can be freely transferred, as at the Valuation Date was approximately RMB93,400,000. According to the information provided by the Group, the outstanding construction cost and incurred construction cost of the property as at the Valuation Date were approximately RMB8,700,000 and RMB67,700,000 respectively.

9. We have been provided with a legal opinion regarding the property by Handing Unite Law Firm, which contains, inter alia, the following:

- (a) Yantai Shangri-la is the sole legal land use rights holder under the State-owned Land Use Rights Certificate of the property;
- (b) In accordance with the restrictions under the State-owned Land Use Rights Certificate, Yantai Shangri-la can occupy, use, transfer, lease and mortgage the land use rights of the property within the land use rights term; and
- (c) The land use rights of the property are not subject to any mortgage and/or other encumbrances.

Group 4 - Property interests held by the Group for development in Canada

No.	Property	Description and tenure	Occupancy particulars	Market Value as at 30 April 2019 CAD
4	A development site located at No. 9900 Markham Road and No. 5899 Major Mackenzie Drive East, Markham, Ontario, Canada	<p>The property comprises a proposed composite development namely Mackenzie Creek erected on 2 parcels of land. Phase 1 will consist of 195 townhouses and Phase 2 will consist of 3 condominiums over a retail podium with 613 residential units and 934 car parking spaces subject to approval from relevant local authorities. A heritage house namely William Clarry House which requires preservation and restoration is currently erected on the subject lots.</p> <p>As per the plan of subdivision, it has a total site area of approximately 631,147.14 square feet ("sqft"). As per the information provided by the Group, it has a total proposed GFA of approximately 974,879.35 sqft.</p> <p>The property is held under an estate in fee simple.</p>	<p>As per our on-site inspection and the information provided by the Group, the property is currently undergoing construction works, which is expected to be completed in about December 2022.</p>	<p>169,000,000</p> <p>(One Hundred and Sixty Nine Million)</p> <p>51% interest attributable to the Company:</p> <p>86,190,000</p> <p>(Eighty Six Million and One Hundred Ninety Thousand)</p>

Notes:

- The property was inspected by Ms. Kristy Chia *MSISV Licensed Appraiser, IRAS* on 20 February 2019.
- The valuation and this certificate were prepared by Mr. Vincent Cheung *FRICS MHKIS RPS(GP) MCIREA MHKSI MISCM MHIREA Registered Real Estate Appraiser & Agent PRC*.
- Details of the parcel registers of the property dated 25 February 2019 or 5 March 2019 are summarised below:

Item	Details
Property description	: Blocks 1 to 2, Plan 65M4615, City of Markham
Registered owner	: CIM Mackenzie Creek Inc. ("CIM Mackenzie Creek"), a 51% owned subsidiary of the Company
Land interest	: Estate in Fee Simple
Major encumbrances:	: <u>All Lots</u> <ul style="list-style-type: none"> • Order dated 7 March 1972, registered vide Memorial No. MA77162 • Bylaw from The Corporation of The Town of Markham dated 19 February 2004, registered vide Memorial No. YR430270 • Notice from Her Majesty The Queen in Right of Canada as Represented by The Minister of Transport dated 25 August 2005, registered vide Memorial No. YR689927 • Transfer of Easement from SDLP 9900 Markham Limited to Wismer Markham (Commercial) Developments Inc. dated 13 January 2012, registered vide Memorial No. YR1770942

Item	Details
	<ul style="list-style-type: none"> • Application to Annex Restrictive Covenants from SDLP 9900 Markham Limited dated 28 October 2014, registered vide Memorial No. YR2207297 • Charge from CIM Mackenzie Creek to Morrison Financial Mortgage Corporation dated 10 July 2017, registered vide Memorial No. YR2698910 • Notice of Assignment of Rents — General from CIM Mackenzie Creek to Morrison Financial Mortgage Corporation dated 10 July 2017, registered vide Memorial No. YR2698911 • Transfer of Easement from CIM Mackenzie Creek to Rogers Communications Inc. dated 23 August 2017, registered vide Memorial No. YR2721407 • Plan of Subdivision dated 29 June 2018, registered vide Memorial No. 65M4615 • Plan Reference dated 6 July 2018, registered vide Memorial No. 65R37932 • Notice of Supplementary Agreement from The Corporation of The City of Markham to CIM Mackenzie Creek dated 12 July 2018, registered vide Memorial No. YR2849215 • Postponement of Interest from Morrison Financial Mortgage Corporation to The Corporation of The City of Markham dated 12 July 2018, registered vide Memorial No. YR2849216 • Transfer of Easement from CIM Mackenzie Creek to The Corporation of The City of Markham dated 12 July 2018, registered vide Memorial No. YR2849221 • Postponement of Interest from Morrison Financial Mortgage Corporation to The Corporation of The City of Markham dated 12 July 2018, registered vide Memorial No. YR2849222 • Application to Annex Restrictive Covenants from CIM Mackenzie Creek dated 12 July 2018, registered vide Memorial No. YR2849227 • Transfer of Easement from CIM Mackenzie Creek to Enbridge Gas Inc. dated 6 February 2019, registered vide Memorial No. YR2927302
	<u>Block 1, Plan 65M4615, City of Markham</u>
	<ul style="list-style-type: none"> • Notice of Easement Agreement from The Corporation of The Town of Markham to ECL 9900 Markham Limited dated 13 July 2010, registered vide Memorial No. YR1516438 • Notice from The Corporation of The City of Markham to CIM Mackenzie Creek dated 27 July 2018, registered vide Memorial No. YR2854876 • Postponement of Interest from Morrison Financial Mortgage Corporation to The Corporation of The City of Markham dated 27 July 2018, registered vide Memorial No. YR2854877
	<u>Block 2, Plan 65M4615, City of Markham</u>
	<ul style="list-style-type: none"> • Transfer of Easement from SDLP 9900 Markham Limited to Wismer Markham (Commercial) Developments Inc. dated 13 January 2012, registered vide Memorial No. YR1770943 • Transfer of Easement from CIM Mackenzie Creek to The Corporation of The City of Markham dated 12 July 2018, registered vide Memorial No. YR2849223 • Postponement of Interest from Morrison Financial Mortgage Corporation to The Corporation of The City of Markham dated 12 July 2018, registered vide Memorial No. YR2849224

Item

Details

- Transfer of Easement from CIM Mackenzie Creek to The Corporation of The City of Markham dated 12 July 2018, registered vide Memorial No. YR2849225
- Postponement of Interest from Morrison Financial Mortgage Corporation to The Corporation of The City of Markham dated 12 July 2018, registered vide Memorial No. YR2849226

4. Pursuant to a Site Plan Control Agreement dated 13 June 2018 entered into between CIM Mackenzie Creek and The Corporation of The City of Markham, the proposed development of Phase 1 of the property with a GFA of approximately 349,557.35 sqft was approved. As per the information provided by the Group, Phase 2 of the property has a proposed GFA of approximately 625,322.00 sqft subject to approval from relevant local authorities.

Details of the proposed development of the property are summarised below:

Phase	Development	GFA (sqft)	Estimated Construction Period
Phase 1	195 Townhouses	349,557.35 (Residential)	From April 2018 to February 2021
Phase 2 (Subject to Approval)	3 Condominiums over a retail podium with 613 residential units and 934 car parking spaces	597,809.00 (Residential) 27,513.00 (Retail)	From January 2020 to December 2022
Total		974,849.35	

5. Pursuant to the Official Plan from the City of Markham adopted by the Council on 10 December 2013 and approved by York Region on 12 June 2014, the property falls within an area zone as “Mixed Use Mid Rise” and “Greenery” uses.
6. Pursuant to a mortgage agreement dated 25 May 2017 entered into between Morrison Financial Mortgage Corporation and CIM Mackenzie Creek, the property was subject to mortgage.

Details of the mortgage are summarised below:

Mortgagee	: Morrison Financial Mortgage Corporation
Mortgagor	: CIM Mackenzie Creek
Consideration	: CAD71,130,883

7. The gross development value of the property, assuming that it has been completed and it can be freely transferred, as at the Valuation Date was approximately CAD521,000,000. According to the information provided by the Group, the outstanding construction cost and incurred construction cost of the property as at the Valuation Date were approximately CAD146,300,000 and CAD24,800,000 respectively.
8. As advised by the Group, 141 townhouses of Phase 1 have been pre-sold. The total contract sales were approximately CAD109,098,200.

9. The general description and market information of the property are summarised below:

Location	: The property is located at No. 9900 Markham Road and No. 5899 Major Mackenzie Drive East, Markham, Ontario, Canada.
Transportation	: Toronto Pearson International Airport and Union Railway Station are located approximately 48.0 kilometres and 41.0 kilometres away from the property respectively.
Nature of surrounding area	: The area is predominately a residential and commercial area in Markham.

Group 5 - Property interests held by the Group for development in Australia

No.	Property	Description and tenure	Occupancy particulars	Market Value as at 30 April 2019 AUD
5	A development site located at Nos. 71-79 Macquarie Street, Sydney, New South Wales, Australia	<p>The property comprises a proposed composite development namely Opera Residences erected on 4 parcels of land. It will consist of a 20-storey mixed-use building over a 6-storey basement carpark with 103 car parking spaces. The 4-storey retail podium will be on ground floor to 3rd Floor, and the condominium with 103 apartments will be on 4th floor to 19th floor.</p> <p>As per the Notice of Determination Approval, it has a total site area of approximately 1,207.00 sqm. As per the information provided by the Group, it has a total proposed GFA of approximately 13,308.60 sqm.</p> <p>The property is held under an estate in fee simple.</p>	<p>As per our on-site inspection and the information provided by the Group, the property is currently undergoing construction works, which is expected to be completed in about June 2020.</p>	<p>326,000,000</p> <p>(Three Hundred and Twenty Six Million)</p> <p>80% interest attributable to the Company:</p> <p>260,800,000</p> <p>(Two Hundred Sixty Million and Eight Hundred Thousand)</p>

Notes:

- The property was inspected by Ms. Kristy Chia *MSISV Licensed Appraiser, IRAS* on 19 February 2019.
- The valuation and this certificate were prepared by Mr. Vincent Cheung *FRICS MHKIS RPS(GP) MCIREA MHKSI MISC MHIREA Registered Real Estate Appraiser & Agent PRC*.
- Details of the title search records of the property dated 20 February 2019 are summarised below:

Item	Details
Lot no.	: Lot 1 in Deposited Plan 202431 Lot 2 in Deposited Plan 1191504 Lot 3 in Deposited Plan 1191504 Lot 12 in Deposited Plan 1193741
Registered owner	: Macrolink & Landream Australia Land Pty Limited ("MLAL"), a 80% owned subsidiary of the Company
Major encumbrances:	: <u>All Lots</u> <ul style="list-style-type: none"> Mortgage to China Minsheng Banking Corporation Ltd. Hong Kong Branch, registered vide Memorial No. AK837283 Positive covenant, registered vide Memorial No. AM935763 Restriction(s) on the Use of Land, registered vide Memorial No. AM935764 <u>Lot 1 in Deposited Plan 202431</u> <ul style="list-style-type: none"> Easement(s) Affecting the Part(s) Shown so Burdened in the Title Diagram Created by: DP202431 For Overhang See H804494, registered vide Memorial No. AN277894

Item	Details
	<ul style="list-style-type: none"> Lease to Ausgrid (See AJ71566) of Substation No. 2119 Together with Right of Way and Easement for Electricity Purposes Over Another Part of the Land as Shown in Plan with 6447615. Expires: 21/5/2026, registered vide Memorial No. 6447615 Planning Agreement Pursuant to Section 7.6 Environmental Planning and Assessment Act 1979, registered vide Memorial No. AJ312773 Easement for Noise, Vibration and Electrolysis Affecting the Whole of the Land Above Described, registered vide Memorial No. AN277894 Positive Covenant, registered vide Memorial No. AN277895
	<u>Lots 2 and 3 in Deposited Plan 1191504</u>
	<ul style="list-style-type: none"> Easement for Gas Main 3 Metre(s) Wide and Variable Affecting the Part(s) Shown so Burdened in DP1210068, registered vide Memorial No. DP1210068 Easement for Electricity and Other Purposes and Right of Carriageway Affecting the Part(s) Shown so Burdened in DP1210024, registered vide Memorial No. DP1210024 Easement for Drainage Over Existing Line of Pipes Affecting the Part(s) Shown so Burdened in DP1210024, registered vide Memorial No. DP1210024 Planning Agreement Pursuant to Section 7.6 Environmental Planning and Assessment Act 1979, registered vide Memorial No. AJ899894
4.	Pursuant to a Notice of Determination Approval, Development Application No. D/2014/301 dated 8 April 2015 and further amended on 29 January 2017, 21 March 2017, 9 February 2018 and 15 August 2018 and issued by the Department of City Planning, Development and Transport, City of Sydney, the proposed development of the property was approved.

Details of the Notice of Determination Approval are summarised below:

Item	Details
Approved development	: Bulk excavation and erection of 20 storey mixed use development including a through site link from East Circular Quay to Macquarie Street and a colonnade to East Circular Quay. The building comprises of 104 residential/serviced apartments, associated communal areas and facilities, retail tenancies, 6 basement levels accommodating 103 car parking spaces and public domain improvement works.
Site area	: 1,207.00 sqm
Maximum floor space ratio	: 11.05:1
Maximum GFA	: 13,337.00 sqm
Consent lapse date	: 21 March 2022
5.	Pursuant to the Sydney Local Environmental Plan 2012, the property falls within an area zone as “B8 Metropolitan Centre” uses.
6.	Pursuant to Construction Certificate, No. 18/123581-2 dated 28 March 2018 and issued by McKenzie Group Consulting (NSW) Pty Ltd, the excavation of the proposed development of the property was approved.

7. Pursuant to a facility agreement dated 13 October 2016 as amended and restated pursuant to an amendment and restatement deed dated 14 September 2017 entered into between Macro-link International Land Limited, MLAL and China Minsheng Banking Corporation Ltd., Hong Kong Branch, the property was subject to mortgage.

Details of the mortgage are summarised below:

Borrower	: Macro-link International Land Limited
Guarantor	: MLAL
Original lender	: China Minsheng Banking Corporation Ltd., Hong Kong Branch
Agent	: China Minsheng Banking Corporation Ltd., Hong Kong Branch
Security agent	: China Minsheng Banking Corporation Ltd., Hong Kong Branch
Consideration	: AUD273,175,000

8. As advised by the Group, 99 apartments and a 4-storey retail podium associated with 99 car parking spaces have been pre-sold. The total contract sales were approximately AUD553,862,000.
9. The gross development value of the property, assuming that it has been completed and it can be freely transferred, as at the Valuation Date was approximately AUD575,000,000. According to the information provided by the Group, the outstanding construction cost and incurred construction cost of the property as at the Valuation Date were approximately AUD77,700,000 and AUD63,000,000 respectively.
10. The general description and market information of the property are summarised below:

Location	: The property is located at Nos. 71-79 Macquarie Street, Sydney, New South Wales, Australia.
Transportation	: Sydney Airport and Sydney Central Railway Station are located approximately 14.0 kilometres and 3.0 kilometres away from the property respectively.
Nature of surrounding area	: The area is predominately a residential and commercial area in Sydney.

Group 6 - Property interests held by the Group for occupation in The PRC

No.	Property	Description and tenure	Occupancy particulars	Market Value as at 30 April 2019 RMB
6	An industrial complex located at No. 1 Jiuchang Avenue, Yuquan Town, Acheng District, Harbin, Heilongjiang Province, The PRC	<p>The property comprises 31 buildings and various ancillary structures erected on 3 parcels of land.</p> <p>As per 3 State-owned Land Use Rights Certificates, it has a total site area of approximately 130,374.48 sqm. As per 20 Building Ownership Certificates and the information provided by the Group, it has a total GFA of approximately 61,471.42 sqm. It was completed in about 1962 to 2013.</p> <p>The land use rights of the property were granted for terms expiring on 27 November 2052, 4 December 2056 or 30 July 2062 for industrial uses.</p>	<p>As per our on-site inspection and the information provided by the Group, the property is currently occupied by the Group.</p>	<p>33,500,000</p> <p>(Thirty Three Million and Five Hundred Thousand)</p> <p>66.5% interest attributable to the Company:</p> <p>22,277,500</p> <p>(Twenty Two Million Two Hundred Seventy Seven Thousand and Five Hundred)</p>

Notes:

- The property was inspected by Ms. Kristy Chia *MSISV Licensed Appraiser, IRAS* on 27 February 2019.
- The valuation and this certificate were prepared by Mr. Vincent Cheung *FRICS MHKIS RPS(GP) MCIREA MHKSI MISC MHIREA Registered Real Estate Appraiser & Agent PRC*.
- Pursuant to 3 State-owned Land Use Rights Certificates, the land use rights of the property with a total site area of approximately 130,374.48 sqm were granted to 黑龍江省玉泉酒業有限責任公司 (Heilongjiang Province YuQuan Winery Co., Ltd.*) ("YuQuan Winery"), a 66.5% owned subsidiary of the Company, for terms expiring on 27 November 2052, 4 December 2056 or 30 July 2062 for industrial uses.

Details of the certificates are summarised below:

State-owned land use rights

certificate No.	Date of issue	Issuing authority	Land use	Land use rights expiry date	Site area (sqm)
阿國用(2002)字第20020154號	28 November 2002	阿城市國土資源局 (Acheng City Bureau of Land and Resources*)	Industrial	27 November 2052	98,892.48
阿國用(2007)第100000006號	17 April 2007	哈爾濱市阿城區人民政府 (the People's Government of Harbin City Acheng District*)	Industrial	4 December 2056	14,355.00
阿國用(2013)第000169號	5 March 2013	哈爾濱市阿城區人民政府 (the People's Government of Harbin City Acheng District*)	Industrial	30 July 2062	17,127.00
Total					<u>130,374.48</u>

4. Pursuant to 20 Building Ownership Certificates issued by 阿城市房地產事業管理局, the building ownership rights of the property with a total GFA of approximately 19,606.82 sqm were legally vested in YuQuan Winery.

Details of the certificates are summarised below:

Building ownership certificate no.	Date of issue	GFA (sqm)
阿城市房權證玉泉鎮字第2004 050306號	15 May 2004	979.20
阿城市房權證玉泉鎮字第050309號	29 June 2004	462.50
阿城市房權證玉泉鎮字第2004 50200122號	1 July 2004	403.30
阿城市房權證玉泉鎮字第2004 50200118號	1 July 2004	873.20
阿城市房權證玉泉鎮字第2004 050297號	29 June 2004	470.40
阿城市房權證玉泉鎮字第2004 050295號	15 May 2004	1,868.50
阿城市房權證玉泉鎮字第050290號	29 June 2004	487.50
阿城市房權證玉泉鎮字第050315號	29 June 2004	279.00
阿城市房權證玉泉鎮字第2004 50200109號	1 July 2004	294.00
阿城市房權證玉泉鎮字第2004 50200110號	1 July 2004	387.50
阿城市房權證玉泉鎮字第2004 050302號	15 May 2004	787.20
阿城市房權證玉泉鎮字第050286號	29 June 2004	64.00
阿城市房權證玉泉鎮字第050289號	29 June 2004	225.00
阿城市房權證玉泉鎮字第2004 050299號	15 May 2004	1,460.20
阿城市房權證玉泉鎮字第2004 050291號	15 May 2004	661.50
阿城市房權證玉泉鎮字第2004 50200116號	1 July 2004	1,284.00
阿城市房權證玉泉鎮字第2004 050300號	15 May 2004	650.70
阿城市房權證玉泉鎮字第050313號	29 June 2004	140.10
阿城區房權證玉泉鎮字第2008 50200188號	19 March 2008	6,083.02
阿城區房權證玉泉鎮字第2008 50200189號	19 March 2008	1,746.00
Total		19,606.82

5. The general description and market information of the property are summarised below:

Location	: The property is located at No. 1 Jiuchang Avenue, Yuquan Town, Acheng District, Harbin, Heilongjiang Province, The PRC.
Transportation	: Harbin Taiping International Airport and Harbin West Railway Station are located approximately 94.0 kilometres and 68.0 kilometres away from the property respectively.
Nature of surrounding area	: The area is predominately an industrial and a village area in Acheng District.

6. As advised by the Group, 11 buildings of the property with a total GFA of approximately 41,864.60 sqm is yet to be granted with a proper title certificate of building ownership rights. In the course of our valuation, we have attributed no commercial value to this portion of the property. The reference value of this portion of the property, assuming that it has been granted with a proper title certificate of building ownership rights and it can be freely transferred, as at the valuation date was approximately RMB45,700,000.

7. We have been provided with a legal opinion regarding the property by Handing Unite Law Firm, which contains, inter alia, the following:
- (a) YuQuan Winery is the sole legal land use rights and building ownership rights holder under the State-owned Land Use Rights Certificates and Building Ownership Certificates of the property;
 - (b) In accordance with the restrictions under the State-owned Land Use Rights Certificates and Building Ownership Certificates, YuQuan Winery can occupy, use, transfer, lease and mortgage the land use rights and building ownership rights of the property within the land use rights term; and
 - (c) The land use rights and the building ownership rights of the property are not subject to any mortgage and/or other encumbrances.

No.	Property	Description and tenure	Occupancy particulars	Market Value as at 30 April 2019 RMB
7	An industrial complex located at Qianjin Community, Yuquan Town, Acheng District, Harbin, Heilongjiang Province, The PRC	<p>The property comprises 3 buildings and various ancillary structures erected on a parcel of land.</p> <p>As per a State-owned Land Use Rights Certificate, it has a site area of approximately 16,007.80 sqm. As per 3 Building Ownership Certificates, it has a total GFA of approximately 847.60 sqm. It was completed in about 1971.</p> <p>The land use rights of the property were granted for a term expiring on 27 November 2052 for industrial uses.</p>	As per our on-site inspection and the information provided by the Group, the property is currently vacant.	<p>3,000,000</p> <p>(Three Million)</p> <p>66.5% interest attributable to the Company:</p> <p>1,995,000</p> <p>(One Million Nine Hundred and Ninety Five Thousand)</p>

Notes:

- The property was inspected by Ms. Kristy Chia *MSISV Licensed Appraiser, IRAS* on 27 February 2019.
- The valuation and this certificate were prepared by Mr. Vincent Cheung *FRICS MHKIS RPS(GP) MCIREA MHKSI MISC MHIREA Registered Real Estate Appraiser & Agent PRC*.
- Pursuant to a State-owned Land Use Rights Certificate, 阿國用(2008)第100000041號 dated 24 May 2008 and issued by 哈爾濱市阿城區人民政府 (the People's Government of Harbin City Acheng District*), the land use rights of the property with a site area of approximately 16,007.80 sqm were granted to YuQuan Winery for a term expiring on 27 November 2052 for industrial uses.
- Pursuant to 3 Building Ownership Certificates issued by 阿城市房地產事業管理局, (Administration of Housing of Acheng City*) the building ownership rights of the property with a total GFA of approximately 847.60 sqm were legally vested in YuQuan Winery.

Details of the certificates are summarised below:

Building ownership certificate no.	Date of issue	GFA (sqm)
阿城市房權證玉泉鎮字第050318號	29 June 2004	314.90
阿城市房權證玉泉鎮字第050317號	29 June 2004	368.70
阿城市房權證玉泉鎮字第2004 50200115號	1 July 2004	164.00
Total		847.60

5. The general description and market information of the property are summarised below:

Location : The property is located at Qianjin Community, Yuquan Town, Acheng District, Harbin, Heilongjiang Province, The PRC.

Transportation : Harbin Taiping International Airport and Harbin West Railway Station are located approximately 96.0 kilometres and 68.0 kilometres away from the property respectively.

Nature of surrounding area : The area is predominately an industrial and a village area in Acheng District.

6. We have been provided with a legal opinion regarding the property by Handing Unite Law Firm, which contains, inter alia, the following:

- (a) YuQuan Winery is the sole legal land use rights and building ownership rights holder under the State-owned Land Use Rights Certificate and Building Ownership Certificates of the property;
- (b) In accordance with the restrictions under the State-owned Land Use Rights Certificate and Building Ownership Certificates, YuQuan Winery can occupy, use, transfer, lease and mortgage the land use rights and building ownership rights of the property within the land use rights term; and
- (c) The land use rights and the building ownership rights of the property are not subject to any mortgage and/or other encumbrances.

No.	Property	Description and tenure	Occupancy particulars	Market Value as at 30 April 2019 RMB
8	An industrial complex located at the west of G214 Road, Songyuan Green Industrial Park, Shangri-La City, Diqing Tibetan Autonomous Prefecture, Yunnan Province, The PRC	<p>The property comprises 25 buildings and various ancillary structures erected on 2 parcels of land.</p> <p>As per a State-owned Land Use Rights Certificate and 2 Real Estate Title Certificates, it has a total site area of approximately 47,681.47 sqm. As per a Building Ownership Certificate and 2 Real Estate Title Certificates, it has a total GFA of approximately 21,451.61 sqm. It was completed in about 1992 to 2017.</p> <p>The land use rights of the property were granted for terms expiring on 2 September 2033 or 6 March 2035 for industrial uses.</p>	<p>As per our on-site inspection and the information provided by the Group, the property is currently occupied by the Group.</p>	<p>57,600,000</p> <p>(Fifty Seven Million and Six Hundred Thousand)</p> <p>95% interest attributable to the Company:</p> <p>54,720,000</p> <p>(Fifty Four Million Seven Hundred and Twenty Thousand)</p>

Notes:

- The property was inspected by Mr. Vincent Cheung *FRICS MHKIS RPS(GP) MCIREA MHKSI MISC MHIREA Registered Real Estate Appraiser & Agent PRC* on 5 March 2019.
- The valuation and this certificate were prepared by Mr. Vincent Cheung *FRICS MHKIS RPS(GP) MCIREA MHKSI MISC MHIREA Registered Real Estate Appraiser & Agent PRC*.
- Pursuant to a State-owned Land Use Rights Certificate, 迪慶州人民政府(2005)第8號 dated 23 July 2008 and issued by 迪慶州人民政府 (the People's Government of Diqing*), the land use rights of a portion of the property with a site area of approximately 2,433.30 sqm were granted to 香格里拉酒業股份有限公司 (Shangri-la Winery Co., Ltd.*) ("Shangri-la Winery"), a 95% owned subsidiary of the Company, for a term expiring on 6 March 2035 for industrial uses.
- Pursuant to 2 Real Estate Title Certificates issued by 香格里拉市國土資源局 (Shangri-la Bureau of Land and Resources*), the land use rights of a portion of the property with a shared site area of approximately 45,248.17 sqm and the building ownership rights of a portion of the property with a total GFA of approximately 21,147.14 sqm were legally vested in Shangri-la Winery. The land use rights of this portion of the property were granted for a term expiring on 2 September 2033 for industrial uses.

Details of the certificates are summarised below:

Real estate title certificate no.	Date of issue	Shared site area (sqm)	Land use	Land use rights expiry date	GFA (sqm)
雲2018香格里拉市不動產權第0003659號	26 October 2018	45,248.17	Industrial	2 September 2033	16,861.55
雲2018香格里拉市不動產權第0003715號	5 November 2018	45,248.17	Industrial	2 September 2033	4,285.59
Total					21,147.14

5. Pursuant to a Building Ownership Certificate, 迪區房權證(2008)字第玖號 dated 1 February 2008 and issued by 香格里拉縣人民政府 (the People's Government of Shangri-la*), the building ownership rights of a portion of the property with a GFA of approximately 304.47 sqm were legally vested in Shangri-la Winery.
6. Pursuant to a mortgage agreement, 53349001-2017年迪營(抵)字0007號 dated 21 January 2019 and entered into between 中國農業發展銀行迪慶藏族自治州分行營業部 (Agricultural Development Bank of China, Diqing Tibetan Autonomous Prefecture Branch*) and Shangri-la Winery, a portion of the property with a site area of approximately 45,248.17 sqm and a GFA of 16,861.55 sqm was subject to mortgage.

Details of the mortgage are summarised below:

Mortgagee	: 中國農業發展銀行迪慶藏族自治州分行營業部 (Agricultural Development Bank of China, Diqing Tibetan Autonomous Prefecture Branch*)
Mortgagor	: Shangri-la Winery
Consideration	: RMB50,000,000
Period	: From 21 January 2019 to 13 December 2019

7. The general description and market information of the property are summarised below:-

Location	: The property is located at the west of G214 Road, Songyuan Green Industrial Park, Shangri-La City, Diqing Tibetan Autonomous Prefecture, Yunnan Province, The PRC.
Transportation	: Lijiang Sanyi International Airport and Lijiang Railway Station are located approximately 83.0 kilometres and 63.0 kilometres away from the property respectively.
Nature of surrounding area	: The area is predominately an industrial and a village area in Shangri-la City.

8. We have been provided with a legal opinion regarding the property by Handing Unite Law Firm, which contains, inter alia, the following:
 - (a) Shangri-la Winery is the sole legal land use rights and building ownership rights holder under the State-owned Land Use Rights Certificate, Real Estate Title Certificates and Building Ownership Certificate of the property;
 - (b) Unless otherwise specified in the mortgage agreement and other mortgage documents signed by Shangri-la Winery, in accordance with the restrictions under the State-owned Land Use Rights Certificate, Real Estate Title Certificates and Building Ownership Certificate, Shangri-la Winery can occupy, use, transfer, lease and mortgage the land use rights and building ownership rights of the property within the land use rights term; and
 - (c) The land use rights and the building ownership rights of a portion of property have been mortgaged to 中國農業發展銀行迪慶藏族自治州分行營業部 (Agricultural Development Bank of China, Diqing Tibetan Autonomous Prefecture Branch*).

No.	Property	Description and tenure	Occupancy particulars	Market Value as at 30 April 2019 RMB
9	An industrial complex located at the north of Nijiamiao Village, Lulong County, Qinhuangdao, Hebei Province, The PRC	<p>The property comprises 9 buildings and various ancillary structures erected on 2 parcels of land.</p> <p>As per a State-owned Land Use Rights Certificate and a Real Estate Title Certificate, it has a total site area of approximately 133,326.05 sqm. As per a Real Estate Title Certificate and the information provided by the Group, it has a total GFA of approximately 30,733.86 sqm. It was completed in about 2005 to 2017.</p> <p>The land use rights of the property were granted for a term expiring on 12 January 2054 for agricultural and industrial uses.</p>	<p>As per our on-site inspection and the information provided by the Group, the property is currently occupied by the Group.</p>	<p>69,400,000</p> <p>(Sixty Nine Million and Four Hundred Thousand)</p> <p>96.25% interest attributable to the Company:</p> <p>66,797,500</p> <p>(Sixty Six Million Seven Hundred Ninety Seven Thousand and Five Hundred)</p>

Notes:

- The property was inspected by Ms. Kristy Chia *MSISV Licensed Appraiser, IRAS* on 1 March 2019.
- The valuation and this certificate were prepared by Mr. Vincent Cheung *FRICS MHKIS RPS(GP) MCIREA MHKSI MISC MHIREA Registered Real Estate Appraiser & Agent PRC*.
- Pursuant to a State-owned Land Use Rights Certificate, 盧國用(2004)第009號 dated 13 January 2004 and issued by 盧龍縣人民政府 (the People's Government of Lulong County*), the land use rights of a portion of the property with a site area of approximately 80,668.90 sqm were granted to 香格里拉(秦皇島)葡萄酒有限公司 (Shangri-la (Qinhuangdao) Winery Co., Ltd.*) ("Qinhuangdao Winery"), a 96.25% owned subsidiary of the Company, for a term expiring on 12 January 2054 for agricultural uses.
- Pursuant to a Real Estate Title Certificate, 冀(2017)盧龍縣不動產權第0007439號 dated 14 December 2017 and issued by 盧龍縣不動產登記局 (Registration of Real Estate of Lulong County*), the land use rights of a portion of the property with a site area of approximately 52,665.15 sqm and the building ownership rights of the property with a GFA of approximately 26,752.86 sqm were legally vested in Qinhuangdao Winery. The land use rights of this portion of the property were granted for a term expiring on 12 January 2054 for industrial uses.
- Pursuant to a Construction Project Planning Permit, 建字第130324201003025號 dated 12 November 2010 and issued by 盧龍縣建設局 (Construction Bureau of Lulong County*), the proposed development of a portion of the property with a GFA of approximately 3,981.00 sqm was approved.
- Pursuant to a Construction Project Work Commencement Permit, No. 130324x10-046-46-01 dated 30 December 2010 and issued by 盧龍縣建設局 (Construction Bureau of Lulong County*), the construction of the proposed development of a portion of the property with a GFA of approximately 3,981.00 sqm was approved to commence.

7. Pursuant to a Real Estate Title Certificate, 冀(2017)盧龍縣不動產權第0007439號 dated 14 December 2017 and issued by 盧龍縣不動產登記局 (Registration of Real Estate of Lulong County*), the land use rights and building ownership rights of the property were subject to mortgage.

Details of the mortgage are summarised below:

Mortgagee : 中國農業發展銀行迪慶藏族自治州分行營業部 (Agricultural Development Bank of China, Diqing Tibetan Autonomous Prefecture Branch*)
 Period : From 14 December 2017 to 13 December 2019
 Real estate registration certificate no. : 冀(2017)盧龍縣不動產證明第0000432號

8. The general description and market information of the property are summarized below:-

Location : The property is located at the north of Nijiamiao Village, Lulong County, Qinhuangdao, Hebei Province, The PRC.
 Transportation : Qinhuangdao Beidaihe Airport and Luanhe Railway Station are located approximately 47.0 kilometres and 25.0 kilometres away from the property respectively.
 Nature of surrounding area : The area is predominately an industrial and a village area in Lulong County.

9. As advised by the Group, 2 buildings of the property with a total GFA of approximately 3,981.00 sqm is yet to be granted with a proper title certificate of building ownership rights. In the course of our valuation, we have attributed no commercial value to this portion of the property. The reference value of this portion of the property, assuming that it has been granted with a proper title certificate of building ownership rights and it can be freely transferred, as at the valuation date was approximately RMB5,600,000.

10. We have been provided with a legal opinion regarding the property by Handing Unite Law Firm, which contains, inter alia, the following:

- (a) Qinhuangdao Winery is the sole legal land use rights and building ownership rights holder under the State-owned Land Use Rights Certificate and Real Estate Title Certificate of the property;
- (b) Unless otherwise specified in the mortgage agreement and other mortgage documents signed by Qinhuangdao Winery, in accordance with the restrictions under the State-owned Land Use Rights Certificate and Real Estate Title Certificate, Qinhuangdao Winery can occupy, use, transfer, lease and mortgage the land use rights and building ownership rights of the property within the land use rights term; and
- (c) The land use rights and the building ownership rights of a portion of property have been mortgaged to 中國農業發展銀行迪慶藏族自治州分行營業部 (Agricultural Development Bank of China, Diqing Tibetan Autonomous Prefecture Branch*).

No.	Property	Description and tenure	Occupancy particulars	Market Value as at 30 April 2019 RMB
10	Units 301, 302, 401, 402, 501 and 502, Levels 3 to 5, Block 102, Yingbin Garden, junction of Longcheng Road and Yong'an Avenue, Lulong County, Qinhuangdao, Hebei Province, The PRC	<p>The property comprises 6 flats of a 6-storey residential building in a residential development namely Yingbin Garden.</p> <p>As per 6 State-owned Land Use Rights Certificates, it has a total apportioned site area of approximately 96.66 sqm. As per 6 Building Ownership Certificates, it has a total GFA of approximately 575.22 sqm. It was completed in about 2004.</p> <p>The land use rights of the subject site were granted for a term expiring on 26 August 2072 for residential uses.</p>	<p>As per our on-site inspection and the information provided by the Group, the property is currently occupied by the Group.</p>	<p>2,200,000</p> <p>(Two Million and Two Hundred Thousand)</p> <p>96.25% interest attributable to the Company:</p> <p>2,117,500</p> <p>(Two Million One Hundred Seventeen Thousand and Five Hundred)</p>

Notes:

- The property was inspected by Ms. Kristy Chia *MSISV Licensed Appraiser, IRAS* on 1 March 2019.
- The valuation and this certificate were prepared by Mr. Vincent Cheung *FRICS MHKIS RPS(GP) MCIREA MHKSI MISC MHIREA Registered Real Estate Appraiser & Agent PRC*.
- Pursuant to 6 State-owned Land Use Rights Certificates dated 26 September 2012 and issued by 盧龍縣人民政府 (the People's Government of Lulong County*), the land use rights of the subject site with a total apportioned site area of approximately 96.66 sqm were granted to Qinhuangdao Winery for a term expiring on 26 August 2072 for residential uses.

Details of the certificates are summarised below:

Unit	State-owned land use rights certificate no.	Land use	Land use rights expiry date	Apportioned site area (sqm)
301	盧國用(2012)第745號	Residential	26 August 2072	16.11
302	盧國用(2012)第746號	Residential	26 August 2072	16.11
401	盧國用(2012)第748號	Residential	26 August 2072	16.11
402	盧國用(2012)第747號	Residential	26 August 2072	16.11
501	盧國用(2012)第744號	Residential	26 August 2072	16.11
502	盧國用(2012)第743號	Residential	26 August 2072	16.11
Total				96.66

4. Pursuant to 6 Building Ownership Certificates dated 15 December 2006 and issued by 盧龍縣人民政府 (the People's Government of Lulong County*), the building ownership rights of the property with a total GFA of approximately 575.22 sqm were legally vested in Qinhuangdao Winery.

Details of the certificates are summarised below:

Unit	Building ownership certificate no.	GFA (sqm)
301	秦皇島市房權證秦盧私房字第3002821號	95.87
302	秦皇島市房權證秦盧私房字第3002122號	95.87
401	秦皇島市房權證秦盧私房字第3002825號	95.87
402	秦皇島市房權證秦盧私房字第3002823號	95.87
501	秦皇島市房權證秦盧私房字第3002824號	95.87
502	秦皇島市房權證秦盧私房字第3002820號	95.87
Total		575.22

5. The general description and market information of the property are summarised below:

Location	: The property is located at junction of Longcheng Road and Yong'an Avenue, Lulong County, Qinhuangdao, Hebei Province, The PRC.
Transportation	: Qinhuangdao Beidaihe Airport and Luanhe Railway Station are located approximately 45.0 kilometres and 21.0 kilometres away from the property respectively.
Nature of surrounding area	: The area is predominately a residential and commercial area in Lulong County.

6. We have been provided with a legal opinion regarding the property by Handing Unite Law Firm, which contains, inter alia, the following:

- (a) Qinhuangdao Winery is the sole legal land use rights and building ownership rights holder under the State-owned Land Use Rights Certificates and Building Ownership Certificates of the property;
- (b) In accordance with the restrictions under the State-owned Land Use Rights Certificates and Building Ownership Certificates, Qinhuangdao Winery can occupy, use, transfer, lease and mortgage the land use rights and building ownership rights of the property within the land use rights term; and
- (c) The land use rights and the building ownership rights of the property are not subject to any mortgage and/or other encumbrances.

1. RESPONSIBILITY STATEMENT

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

All Directors jointly and severally accept full responsibility for the accuracy of the information contained in this circular (other than those relating to the Macro-Link Concert Group) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this circular (other than those expressed by the Macro-Link Concert Group) have been arrived at after due and careful consideration and there are no other facts not contained in this circular, the omission of which would make any statement herein misleading.

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

2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date was, and as a result of the Share Buy-back will be, as follows:

<i>Authorised share capital:</i>		<i>HK\$</i>
<u>16,000,000,000</u>	Shares as at the Latest Practicable Date	<u>160,000,000</u>
<i>Issued and fully paid share capital or credited as fully paid:</i>		
4,293,591,674	Shares as at the Latest Practicable Date	42,935,916.74
<u>(1,086,000,000)</u>	Consideration Shares to be cancelled upon Completion	<u>(10,860,000.00)</u>
<u>3,207,591,674</u>	Shares upon Completion	<u>32,075,916.74</u>

The nominal value of the Shares and the Consideration Shares is HK\$0.01 each. All the existing issued Shares rank pari passu in all respects including all rights as to dividends, voting and capital.

The Company had not issued or repurchased any Shares since 31 December 2018 (being the date to which the latest published audited financial statements of the Group were made up) and up to and including the Latest Practicable Date. Further, no Shares had been repurchased by the Company during the period of 12 months immediately preceding the date of this circular.

As at the Latest Practicable Date, save for 138,606,400 outstanding Share Options which in aggregate entitle holders thereof to subscribe for 138,606,400 Shares, the Company had no outstanding options, warrants, derivatives or securities convertible into Shares.

There was no reorganisation of capital of the Company during the two financial years preceding the date of the Announcement.

There were no dividends that have been proposed or paid out by the Company to the Shareholders during the 2-year period immediately preceding the date of this circular.

The Company's ability to pay dividends to the Shareholders depends on a number of factors including the financial position of the Group, investment opportunities available to the Group and the general market conditions. The Company will strike a balance between preserving cash for the Group for its operational and investment needs and distributing dividends to the Shareholders. The Company has no plan or intention to alter its present dividend policy.

3. MARKET PRICES

The table below shows the closing price of the Shares on the Stock Exchange on (i) the last trading day of the Stock Exchange for each calendar month during the Relevant Period; (ii) the Last Trading Day; and (iii) the Latest Practicable Date:

Date	Closing price per Share HK\$
30 November 2018	0.700
31 December 2018	0.640
31 January 2019	0.510
28 February 2019	0.570
29 March 2019	0.455
8 April 2019 (being the Last Trading Day)	0.450
30 April 2019	N/A*
31 May 2019	0.350
28 June 2019	0.320
3 July 2019 (being the Latest Practicable Date)	0.330

* Trading of the Shares was halted

The highest and lowest closing prices of the Shares on the Stock Exchange during the Relevant Period were HK\$0.740 on 27 November 2018 and HK\$0.315 on 20 June 2019 respectively.

4. DISCLOSURE OF INTERESTS

(a) Directors' and chief executives' interests in the Shares and underlying Shares

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

(i) Long position in the Shares

Name of Director	Number of issued Shares held	Percentage of the issued share capital of the Company
Mr. Ng Kwong Chue, Paul	3,000,000	0.07%

(ii) Interests in the underlying Shares

Name of Directors	Number of Share Options held	Date of grant	Exercise price per Share	Exercise period
Mr. Su Bo	11,775,600	4 July 2016	HK\$2.038	From 4 July 2016 to 3 July 2026
Mr. Ng Kwong Chue, Paul	7,850,400	4 July 2016	HK\$2.038	From 4 July 2016 to 3 July 2026
Mr. Zhang Jian	7,850,400	4 July 2016	HK\$2.038	From 4 July 2016 to 3 July 2026
Mr. Hang Guanyu	7,850,400	4 July 2016	HK\$2.038	From 4 July 2016 to 3 July 2026
Mr. Liu Huaming	7,850,400	4 July 2016	HK\$2.038	From 4 July 2016 to 3 July 2026

(iii) Long position in the registered capital in the associated corporation of the Company

Name of Director	Name of associated corporation	Capacity	Registered capital held in the associated corporation	Percentage of registered capital
Mr. Zhang Jian	Cheung Shek Investment Company Limited	Beneficial owner	RMB6,715,000	3.36%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Substantial Shareholders' interests in the Shares and underlying Shares

So far as is known to the Directors and the chief executive of the Company, as at the Latest Practicable Date, the following person (not being Directors or chief executive of the Company) had, or was deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who 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 member of the Group:

(i) Long positions in the Shares and underlying Shares

Name of Shareholders	Capacity	Number of issued Shares/ underlying Shares held	Percentage of the issued share capital of the Company
Macro-Link International Land (Notes 1 & 2)	Beneficial owner	1,757,450,743	40.93%
Macrolink Culturaltainment Development Co., Ltd. (Note 2)	Controlled corporation	1,757,450,743	40.93%
MACRO-LINK International Investment (Note 3)	Beneficial owner	215,988,336	5.03%

Name of Shareholders	Capacity	Number of issued Shares/ underlying Shares held	Percentage of the issued share capital of the Company
Macro-Link Industrial Investment Limited (Note 4)	Controlled corporation	215,988,336	5.03%
Macro-Link Holding Company Limited (Notes 2 & 4)	Controlled corporation	1,973,439,079	45.96%
Mr. Fu Kwan (Notes 4 & 5)	Controlled corporation	1,973,439,079	45.96%
	Beneficial owner	10,000,000	0.23%
Cheung Shek Investment Company Limited (Notes 2 & 5)	Controlled corporation	1,973,439,079	45.96%
Ms. Xiao Wenhui (Note 5)	Controlled corporation	1,973,439,079	45.96%
	Beneficial owner	6,010,000	0.14%
Paisheng International (Note 6)	Beneficial owner	1,086,000,000	25.29%
Paison Technology (Notes 6 & 7)	Controlled corporation	1,086,000,000	25.29%
Mr. Tang (Note 7)	Controlled corporation	1,086,000,000	25.29%

Notes:

- These shares are held by Macro-Link International Land which is a company incorporated in Hong Kong with limited liability and is a wholly-owned subsidiary of Macrolink Culturaltainment Development Co., Ltd. whose issued shares are listed on the Shenzhen Stock Exchange with stock code 000620.
- Macrolink Culturaltainment Development Co., Ltd. is owned as to 61.17% by Macro-Link Holding Company Limited.
- These shares are held by MACRO-LINK International Investment which is a company incorporated in the British Virgin Islands and is a wholly-owned subsidiary of Macro-Link Industrial Investment Limited.
- Macro-Link Industrial Investment Limited is wholly owned by Macro-Link Holding Company Limited which in turn is owned as to 93.40% by Cheung Shek Investment Company Limited, as to 2.83% by Mr. Fu Kwan, 2.11% by Mr. Yang Yunhua, 1.33% by Mr. Wu Xiangdong, 0.15% by Mr. Zhang Bishu, 0.11% by Ms. Xiao Wenhui and 0.07% by Mr. Feng Jianjun.

5. Cheung Shek Investment Company Limited is owned as to 59.76% by Mr. Fu Kwan (who has been granted 10,000,000 Share Options), as to 33.46% by Ms. Xiao Wenhui (who also has a personal interest in 3,010,000 Shares and has been granted 3,000,000 Share Options), as to 3.36% by Mr. Zhang Jian (a Director) and 3.42% by Ms. Liu Jing.
6. These shares were allotted and issued to Paisheng International which is a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of Paison Technology, pursuant to the terms and conditions of the Sale and Purchase Agreements.
7. Paison Technology is owned as to 83.24% by Mr. Tang.

(ii) Substantial shareholders of members of the Group:

Name of shareholders	Name of members of the Group involved	Number of shares/ units/registered capital held in the members of the Group	Percentage of the relevant share capital/capital
Macro-Link International Land	Macrolink Australia Investment Limited	100 shares	49%
Landream Sydney Pty Ltd	Macrolink & Landream Australia Land Pty Ltd	20 shares	20%
Ms. Yang Soon Ae (梁順愛)	MegaLuck Co. Ltd.	80,000 shares	20%
Macro-Link International Land	Macrolink Glorious Hill Co., Ltd.	1,723,176 shares	35%
Blackstone Resort Co., Ltd. (株式會社黑石度假村)	Macrolink Glorious Hill Co., Ltd.	492,336 shares	10%
CIM Mackenzie Creek Limited Partnership	CIM Development (Markham) LP	49 units	49%
CIM Mackenzie Creek Limited Partnership	CIM Commercial LP	49 units	49%
10184861 Canada Inc.	CIM Mackenzie Creek Residential GP Inc .	49 shares	49%
10184861 Canada Inc.	CIM Mackenzie Creek Commercial GP Inc.	49 shares	49%
Diqing Qidong Trading Co., Ltd. (迪慶啟動貿易有限公司)	Yunnan Diqing Shangri-la Yuquan Investment Co., Ltd.	RMB3,000,000	30%

Save as disclosed above, as at the Latest Practicable Date, the Directors and the chief executive of the Company were not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was 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 member of the Group.

5. ADDITIONAL DISCLOSURE OF SHAREHOLDING AND DEALINGS PURSUANT TO THE TAKEOVERS CODE AND THE BUY-BACKS CODE

As at the Latest Practicable Date,

- (a) the shareholdings of the Macro-Link Concert Group in the Company are set out in the section headed “EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY” in the letter from the Board of this circular;
- (b) none of the Macro-Link Concert Group had dealt for value in any relevant securities of the Company (as defined under Note 4 to Rule 22 of the Takeovers Code) during the Relevant Period. In addition, the Company had no shareholding interest or any relevant securities (as defined in note 4 to Rule 22 of the Takeovers Code) in Macro-Link International Land, nor had the Company dealt for value in any shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of Macro-Link International Land during the Relevant Period;
- (c) save as set out in the section headed “EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY” in the letter from the Board and the paragraph headed “4. DISCLOSURE OF INTERESTS” in this appendix, none of the directors of Macro-Link International Land was interested in any securities of the Company nor had the directors of Macro-Link International Land dealt for value in any Shares or other securities of the Company during the Relevant Period;
- (d) save as set out in the section headed “EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY” in the letter from the Board and the paragraph headed “4. DISCLOSURE OF INTERESTS” in this appendix, none of the Macro-Link Concert Group owned or controlled any Shares or other securities of the Company;
- (e) none of the Macro-Link Concert Group had any arrangement of the kind described in Note 8 to Rule 22 of the Takeovers Code with any person;
- (f) there was no agreement, arrangement or understanding (including any compensation arrangement) between the Macro-Link Concert Group and any Director, recent Director, shareholder or recent shareholder of the Company which had any connection with or dependence upon the Share Buy-back or the Whitewash Wavier;

- (g) save as disclosed in the paragraph headed “4. DISCLOSURE OF INTERESTS” in this appendix, none of the Directors or any persons acting in concert with them was interested in any Shares or relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company and in any shares or other securities of Macro-Link International Land. During the Relevant Period, none of the Directors or any persons acting in concert with them had dealt for value in any Shares or relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company and in any shares or other securities of the Company or Macro-Link International Land;
- (h) no shareholding in the Company was owned or controlled by a subsidiary of the Company or by a pension fund of any member of the Group or a person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert” in the Takeovers Code or an associate of the Company by virtue of class (2) of the definition of “associate” in the Takeovers Code but excluding exempt principal traders and exempt fund managers;
- (i) no person had any arrangement of the kind as described to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert” in the Takeovers Code or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of “associate” in the Takeovers Code;
- (j) no shareholding in the Company was managed on a discretionary basis by fund managers connected with the Company;
- (k) no benefit would be given to any Director as compensation for loss of office in any member of the Group or otherwise in connection with the Share Buy-back or the Whitewash Waiver;
- (l) there was no agreement or arrangement between any Director and any other person which is conditional on or dependent upon the outcome of the Share Buy-back, the Whitewash Waiver or otherwise connected with any of them;
- (m) there was no material contracts which have been entered into by the Macro-Link Concert Group in which any Director has any a material personal interest;
- (n) no Shares acquired by the Company and Macro-Link Concert Group in pursuance of the Transactions will be transferred, charged or pledged to any other persons;
- (o) there was no shareholding in the Company which the Macro-Link Concert Group or any Directors or any persons acting in concert with them has borrowed or lent during the Relevant Period;
- (p) there was no shareholding in the Company which the Company or the Directors has/ have borrowed or lent during the Relevant Period;

- (q) save as Mr. Ng Kwong Chue, Paul who is an executive Director beneficially interested in 3,000,000 Shares and intends to vote in favour of the Share Buy-back and the Whitewash Waiver, none of the Directors held any beneficial shareholdings in the Company which would otherwise entitle them to vote in favour of the Share Buy-back and the Whitewash Waiver; and
- (r) Paisheng International, Macro-Link International Land, MACRO-LINK International Investment and the associates and any parties acting in concert with any of them, and any other Shareholders who are involved or interested in the Transactions shall abstain from voting on the resolutions approving the Transactions at the SGM.

6. DIRECTORS' SERVICE CONTRACTS

- i. Each of Mr. Su Bo, Mr. Hang Guanyu and Mr. Liu Huaming has entered into an appointment letter with the Company commencing from 8 June 2018 under which they agreed to act as executive Directors for a term of three years. The appointment may be terminated before such expiry by not less than three months' written notice. Each of Mr. Su Bo, Mr. Hang Guanyu and Mr. Liu Huaming will receive an annual remuneration of HK\$120,000.
- ii. Mr. Zhang Jian has entered into an appointment letter with the Company commencing from 26 June 2018 under which he agreed to act as executive Director for a term of three years. The appointment may be terminated before such expiry by not less than three months' written notice. Mr. Zhang Jian will receive an annual remuneration of HK\$120,000.
- iii. Each of Mr. Ting Leung Huel, Stephen and Mr. Cao Kuangyu has entered into an appointment letter with the Company commencing from 26 June 2018 under which they agreed to act as independent non-executive Directors for a term of three years unless terminated by not less than three months' written notice. Each of Mr. Ting Leung Huel, Stephen and Mr. Cao Kuangyu will receive an annual Director's fee of HK\$360,000 and HK\$180,000 respectively.
- iv. Mr. Tse Kwong Hon has entered into an appointment letter with the Company commencing from 24 November 2018 under which he agreed to act as independent non-executive Director for a term of three years unless terminated by not less than three months' written notice. Mr. Tse Kwong Hon will receive an annual Director's fee of HK\$180,000.

Save as disclosed above,

- (a) none of the Directors had entered or proposed to enter into a service contract with the Company or any of its subsidiaries or associated companies which is not determinable by the Company within one year without payment of compensation, other than statutory compensation;
- (b) none of the Directors had entered into or amended any service contracts (including both continuous and fixed term contracts) with the Company or any of its subsidiaries or any of its associated companies within six months before the date of the Announcement;

- (c) none of the Directors had any continuous service contracts with the Company or any of its subsidiaries or associated companies with a notice period of 12 months or more; and
- (d) none of the Directors had any fixed term service contracts with the Company or any of its subsidiaries or associated companies with more than 12 months to run irrespective of the notice period.

7. COMPETING INTERESTS

As at the Latest Practicable Date, each of Mr. Su Bo, Mr. Zhang Jian, Mr. Hang Guanyu and Mr. Liu Huaming is a director and/or senior management of Macrolink Culturaltainment Development Co., Ltd., a company listed on the Shenzhen Stock Exchange with stock code 000620, which is involved in the development and operation of residential and commercial real estate, and cultural tourism businesses in the PRC through its subsidiaries.

The above-mentioned competing businesses are operated and managed by companies with independent management and administration. In addition, the Board is independent of the boards of the above-mentioned companies carrying on the competing businesses. Accordingly, the Group is capable of carrying on its businesses independent of the competing businesses mentioned above.

Save as disclosed above, none of the Directors or their respective associates had any interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group, other than those businesses where the Directors were appointed as directors to represent the interests of the Company and/or the Group.

8. INTERESTS IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE GROUP

As at the Latest Practicable Date, save for: (i) the conditional subscription agreement dated 29 September 2017 (as supplemented on 22 November 2017) entered into between Wealth Venture Asia Limited, a direct wholly-owned subsidiary of the Company (“**Wealth Venture**”) and Macrolink Australia Investment Limited, an indirect non-wholly owned subsidiary of the Company (“**Macrolink Australia**”); (ii) the conditional loan agreement dated 29 September 2017 (as supplemented on 22 November 2017) entered into between Wealth Venture and Macrolink Australia; (iii) the total return swap agreement dated 29 September 2017 (as supplemented on 22 November 2017) entered into between Wealth Venture and Macrolink Australia; and (iv) the assumption of the indebtedness of the Macrolink Australia and Macrolink & Landream Australia Land Pty Ltd due to Macro-Link International Land by the Group, there was no contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to any business of the Group.

As at the Latest Practicable Date, save as disclosed above, none of the Directors had any direct or indirect interest in any asset which, since 31 December 2018 (the date to which the latest published audited financial statements of the Group were made up), had been or were proposed to be acquired or disposed of by, or leased to, any member of the Group.

9. LITIGATION

MegaLuck Co. Ltd. (“**MegaLuck**”), a non-wholly owned subsidiary of the Company incorporated in South Korea, has been summoned by Jeju District Court due to an indictment brought by Jeju District Prosecutor Office for outsourcing management of slot machines regarding a slot machine leasing agreement signed on 10 March 2013 with Global Game Co., Ltd., (“**Global Game**”) allegedly in violation of the Tourism Promotion Act in Korea (the “**First Case**”). Global Game also filed a civil lawsuit against MegaLuck in 2016 claiming for damages up to KRW3,000 million (equivalent to about HK\$20 million) (the “**Second Case**”). The Company has engaged its Korean legal representatives to contest both cases. Court hearings for the First Case have been commenced but delayed in several occasions as the prosecutors’ witnesses had failed to attend. As at the Latest Practicable Date, the First Case is still pending. As advised by the Korean lawyers of the Company, the maximum penalties to be imposed to MegaLuck will be a fine up to KRW20 million (equivalent to about HK\$140,000) and suspension of business operations for a 3-month period. The court had ruled in the Second Case that MegaLuck shall pay a damage of approximately KRW89 million (equivalent to about HK\$630,000) to Global Game. However, Global Game has filed an appeal against the judgement with the Jeju District Court to request MegaLuck to pay a damage of approximately KRW522 million (equivalent to about HK\$3.65 million). As at the Latest Practicable Date, the Second Case is still pending for adjudication.

NSR Toronto Holdings Ltd. (“**NSR Toronto**”), an indirect wholly-owned subsidiary of the Company, issued a notice of action dated 30 May 2019 and filed a statement of claim dated 27 June 2019 in Ontario against CIM Development (Markham) LP (“**Residential LP**”), CIM Mackenzie Creek Residential GP Inc. (“**Residential GP**”), CIM Commercial LP (“**Commerical LP**”), CIM Mackenzie Creek Commercial GP Inc. (“**Commercial GP**”), CIM Mackenzie Creek, which are all non-wholly owned subsidiaries of the Company, CIM Mackenzie Creek Limited Partnership (“**CIM LP**”), CIM Homes Inc. (“**CIM Homes**”), CIM Global Development Inc. (“**CIM Global**”), 10184861 Canada Inc. (“**10184861 Canada**”), and Mr. Jiubin Feng (“**Mr. Feng**”) for damages for breach of contract and breach of the duty of good faith, for accounting and disgorgement of profits for breach of fiduciary duty and breach of trust for failure or refusal to disclose self-dealing transactions that harmed NSR Toronto’s interests, and for specific performance (or damages in lieu thereof) for refusal to honour their obligations under the agreement entered into with the Group dated 30 May 2017 in amounts to be particularised in the course of proceedings together with interest and costs. As at the Latest Practicable Date, the notice of action and the statement of claim have been served and the Group has not received any replies filed by the defendants.

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

10. MATERIAL CONTRACTS

The following material contracts (not being contracts in the ordinary course of business) have been entered into by the members of the Group within the two years immediately preceding the date of the Announcement up to and including the Latest Practicable Date:

- (a) the subscription agreement dated 30 May 2017 entered into between NSR Toronto, the Residential LP, a limited partnership formed under the Limited Partnerships Act (Ontario), CIM LP and Mr. Feng, both of them are third parties independent of and not connected with the Company or its connected persons, in relation to the subscription of 51 units in the Residential LP by NSR Toronto at CAD23,790,000;
- (b) the subscription agreement dated 30 May 2017 entered into between NSR Toronto, the Commercial LP, a limited partnership formed under the Limited Partnerships Act (Ontario), CIM LP and Mr. Feng in relation to the subscription of 51 units in the Commercial LP by NSR Toronto at CAD7,930,000;
- (c) the put option agreement dated 30 May 2017 entered into between 10184861 Canada, CIM LP, CIM Homes (collectively, the “**CIM Parties**”) which are third parties independent of and not connected with the Company or its connected persons, NSR Toronto and Mr. Feng in relation to the grant of option by the CIM Parties to NSR Toronto to require the CIM Parties to purchase from NSR Toronto all of the 51 units in each of the Residential LP and the Commercial LP, the 51 shares in each of Residential GP and Commercial GP, both of which are incorporated under the laws of Ontario, Canada, and the 49 shares in CIM Global, a corporation incorporated under the laws of Ontario, Canada and is owned as to 49% by NSR Toronto, upon occurrence of a triggering event as stipulated thereunder;
- (d) the conditional subscription agreement dated 29 September 2017 (as supplemented on 22 November 2017) entered into between Wealth Venture as subscriber and Macrolink Australia as issuer in relation to the subscription of 104 redeemable preference shares of Macrolink Australia at approximately HK\$222.53 million;
- (e) the conditional loan agreement dated 29 September 2017 (as supplemented on 22 November 2017) entered into between Wealth Venture as lender and Macrolink Australia as borrower in relation to the provision of loan in the principal amount of approximately HK\$461.33 million;
- (f) the total return swap agreement dated 29 September 2017 (as supplemented on 22 November 2017) entered into between Wealth Venture and Macrolink Australia in relation to the swap arrangement for the interest payable under the loan agreement referred to in item (e) above;
- (g) the Sale and Purchase Agreement; and
- (h) the Supplemental Sale and Purchase Agreements.

11. EXPERTS AND CONSENTS

The following are the names and qualifications of the experts who have given its opinions and advice which are included in this circular:

Name	Qualification
HLB Hodgson Impey Cheng Limited	Certified Public Accountants
Lego Corporate Finance	Independent Financial Adviser, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO
Vincorn Consulting and Appraisal Limited	Property valuer

None of the experts above has any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

Each of the experts above has given and has not withdrawn its written consent to the issue of this circular, with the inclusion of the references to its name and/or its opinion in the form and context in which they are included.

None of the experts above had any direct or indirect interest in any asset which had been acquired, or disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group since 31 December 2018, the date to which the latest published audited financial statements of the Group were made up.

12. MISCELLANEOUS

- (a) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- (b) The principal place of business of the Company in Hong Kong is located at 15/F., COFCO Tower, 262 Gloucester Road, Causeway Bay, Hong Kong.
- (c) The secretary of the Company is Mr. Ng Kwong Chue, Paul who is a member of each of Hong Kong Institute of Certified Public Accountants, CPA Australia and Hong Kong Investor Relations Association, and a fellow member of The Hong Kong Institute of Directors.
- (d) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Progressive Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong (which will be relocated to Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong with effect from 11 July 2019).

- (e) The name, address, controlling shareholders and directors of each of principal members of the Macro-Link Concert Group are as follows:

Name	Address	Controlling shareholder(s)	Directors
Macro-Link International Land	Suite 1501, 15/F., COFCO Tower, 262 Gloucester Road, Causeway Bay, Hong Kong	Macrolink Culturaltainment Development Co., Ltd. (100%)	Mr. Fu Kwan Mr. Su Bo Mr. Hang Guanyu Mr. Liu Huaming Ms. Liu Jing
MACRO-LINK International Investment	4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, British Virgin Islands VG1110	Macro-Link Industrial Investment Ltd. (100%), a company wholly-owned by Macro-Link Holding Company Limited	Mr. Fu Kwan Mr. Zhang Bishu Ms. Liu Jing Mr. Chan Yeuk Kwang Mr. Chung Shan Kwang
Macrolink Culturaltainment Development Co., Ltd.	10/F., Building no. 2, Yuan No. 2, Wailangying Village North, Tongzhou District, Beijing, PRC	Macro-Link Holding Co. Ltd. (61.17%)	Mr. Fu Kwan Mr. Su Bo Mr. Feng Jianjun Mr. Yang Yunfeng Mr. Li Jiangang Mr. Zhang Jian Mr. Zhao Zhongjie Mr. He Donghan Mr. Yang Jinguo
Macro-Link Holding Company Limited	10/F., Building no. 2, Yuan No. 2, Wailangying Village North, Tongzhou District, Beijing, PRC	Cheung Shek Investment Company Limited (93.40%)	Mr. Fu Kwan Mr. Feng Jianjun Ms. Liu Jing Ms. Xiao Wenhui Mr. Zhang Bishu Ms. Fu Shuangshuang Mr. Ma Chen Shan
Cheung Shek Investment Company Limited	Room 117, 1/F., Office Building, Tibet Sea West Cold Chain Logistics Co., Ltd., Zhaxiluyixi, Bodaluyinan, Lasa Economic and Technological Development Zone, PRC	Mr. Fu Kwan (59.76%) Ms. Xiao Wenhui (33.46%)	Mr. Feng Jianjun Ms. Liu Jing Mr. Zhang Jian Ms. Xiao Wenhui Mr. Ma Chen Shan

- (f) The registered address of Lego Corporate Finance is situated at Room 1601, 16/F, China Building, 29 Queen's Road Central, Hong Kong.
- (g) This circular and the accompanying form of proxy have been prepared in both English and Chinese. In the case of any discrepancies, the English texts shall prevail over their respective Chinese texts.

13. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection (i) at the principal place of business of the Company in Hong Kong at 15/F., COFCO Tower, 262 Gloucester Road, Causeway Bay, Hong Kong during normal business hours from 9:30 a.m. to 12:30 p.m. and from 2:30 p.m. to 5:30 p.m. on any weekday, except Saturday, Sunday and public holidays; (ii) on the website of the SFC (www.sfc.hk); and (iii) on the website of the Company (www.newsilkroad472.com), from the date of this circular up to and including the date of the SGM:

- (a) the memorandum of association and bye-laws of the Company;
- (b) the articles of association of Macro-Link International Land;
- (c) the annual reports of the Company for each of the two years ended 31 December 2018;
- (d) the letter from the Board as set out in this circular;
- (e) the letter from the Independent Board Committee containing its advice to the Independent Shareholders, the text of which is set out in the section headed "Letter from the Independent Board Committee" in this circular;
- (f) the letter from Lego Corporate Finance containing its advice to the Independent Board Committee and the Independent Shareholders, the text of which is set out in the section headed "Letter from the Independent Financial Adviser" in this circular;
- (g) the report by HLB Hodgson Impey Cheng Limited on the unaudited pro forma financial information of the Remaining Group as set out in Appendix II to this circular;
- (h) the report by Lego Corporate Finance on the expected gain or loss of the Group as a result of the Disposal and the Share Buy-back as set out in Appendix III to this circular;
- (i) the property valuation report from Vincorn Consulting and Appraisal Limited in relation to the valuation of the property interest of the Group as at 30 April 2019, the text of which is set out in Appendix IV to this circular;
- (j) the letters of consent as referred to in the paragraph headed "11. EXPERTS AND CONSENTS" in this appendix;

- (k) the letters of appointment as referred to in the paragraph headed “6. DIRECTORS’ SERVICE CONTRACTS” in this appendix;
- (l) the material contracts as referred to in the paragraph headed “10. MATERIAL CONTRACTS” in this appendix; and
- (m) this circular.



新絲路文旅有限公司
NEW SILKROAD CULTURALTAINMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 472)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the “SGM”) of New Silkroad Culturaltainment Limited (the “**Company**”) will be held at Level 3, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Wednesday, 31 July 2019 at 11:00 a.m. for the purposes of considering and, if thought fit, passing the following resolutions of the Company:

ORDINARY RESOLUTIONS

1. **“THAT:**

- (a) the service of notice by the Company dated 8 April 2019 to 派生科技集團有限公司 (Paison Technology Group Ltd.*) (“**Paison**”) in relation to: (i) the proposed disposal (the “**Disposal**”) of the controlling right and the entire economic benefits in 深圳市你我金融信息服務有限公司 (Shenzhen Niiwoo Financial Information Services Ltd.*) by way of termination of the VIE Contracts (as defined in the circular of the Company dated 29 June 2018 (the “**Circular**”)); and (ii) the proposed repurchase and cancellation of the 1,086,000,000 ordinary shares of HK\$0.01 each (each a “**Share**”) in the share capital of the Company from Paisheng International Technology Co., Ltd. at the repurchase price of HK\$1.30 per Share (the “**Share Buy-back**”) in accordance with the Bermuda Companies Act 1984 (as amended from time to time), the memorandum of association and the bye-laws of the Company, which constitutes an off-market share buy-back by the Company pursuant to Rule 2 of the Hong Kong Code on Share Buy-backs pursuant to the terms and conditions of the sale and purchase agreement dated 13 October 2017 (as supplemented by the supplemental sale and purchase agreements dated 3 November 2017, 28 December 2017, 31 January 2018, 28 March 2018 and 27 June 2018) entered into between the Company and Paison (details of which are disclosed in the Circular) and the transactions contemplated thereunder be and are hereby ratified, confirmed and approved;
- (b) the Disposal and the transactions contemplated thereunder be and are hereby approved and any one director (the “**Director**”) of the Company be and is hereby authorised to sign and execute such documents (whether under seal or not) and to take all such acts and things incidental to the Disposal or as he considers necessary, desirable or expedient to implement or give effect to the Disposal and the transactions contemplated thereunder; and

NOTICE OF SGM

- (c) subject to the approval having been granted by the executive director of the Corporate Finance Division of the Securities and Futures Commission or any of his delegates (the “**Executive**”), the Share Buy-back and the transactions contemplated thereunder be and are hereby approved and any one Director be and is hereby authorised to sign and execute such documents (whether under seal or not) and to take all such acts and things incidental to the Share Buy-backs or as he considers necessary, desirable or expedient to implement or give effect to the Share Buy-back and the transactions contemplated thereunder.”
2. “**THAT** conditional upon the passing of resolution no. 1 above, the application for the waiver granted or to be granted by the Executive to Macro-Link International Land Limited pursuant to Note 1 on Dispensations from Rule 26 of the Hong Kong Code on Takeovers and Mergers from its obligation to make a mandatory general offer for all the Shares not already owned by it as a result of the Share Buy-back be and is hereby approved.”

By order of the Board
New Silkroad Culturaltainment Limited
Ng Kwong Chue, Paul
Executive Director

Hong Kong, 5 July 2019

- * The English translation of Chinese names or words in this circular, where indicated, are included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.

NOTICE OF SGM

Registered Office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal Place of Business in Hong Kong:

15/F. COFCO Tower
262 Gloucester Road
Causeway Bay
Hong Kong

Notes:

1. A member of the Company entitled to attend and vote at the SGM convened by the above notice is entitled to appoint one or more proxies to attend and, on a poll, vote in his stead in accordance with the Company's bye-laws. A proxy need not be a member of the Company.
2. To be valid, the form of proxy and the power of attorney or other authority (if any) under which it is signed or a certified copy thereof must be deposited at the Company's branch share registrar in Hong Kong, Tricor Progressive Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong (which will be relocated to Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong with effect from 11 July 2019) not later than 48 hours before the time appointed for holding the SGM or any adjournment thereof, as the case may be. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the SGM or any adjournment thereof, should he so wish.
3. Where there are joint registered holders of any share, any one of such persons may vote at the SGM, either in person or by proxy, in respect of such share as if he was solely entitled thereto; but if more than one of such joint holders are present at the SGM in person or by proxy, that one of the said persons so present whose name stands first on the register of member of the Company in respect of such share shall alone be entitled to vote in respect thereof.
4. For determining the entitlement to attend and vote at the SGM, the register of members of the Company will be closed from Friday, 26 July 2019 to Wednesday, 31 July 2019 (both days inclusive), during which period no transfer of Shares will be registered. In order for a shareholder of the Company to be eligible to attend and vote at the SGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Progressive Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong (which will be relocated to Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong with effect from 11 July 2019) for registration not later than 4:30 p.m. on Thursday, 25 July 2019.
5. The voting on all the resolutions at the SGM will be conducted by way of a poll. Pursuant to the Hong Kong Codes on Takeovers and Mergers and Share Buy-backs, both resolutions numbered 1 and 2 must be approved by at least three-fourths of the votes cast on a poll by the Independent Shareholders present in person or by proxy at the SGM.
6. As at the date hereof, the Board comprises five executive Directors, namely, Mr. Su Bo, Mr. Ng Kwong Chue, Paul, Mr. Zhang Jian, Mr. Hang Guanyu and Mr. Liu Huaming, and three independent non-executive Directors, namely Mr. Ting Leung Huel, Stephen, Mr. Tse Kwong Hon and Mr. Cao Kuangyu.