
THIS OFFER DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your Shares in Zhongchang International Holdings Group Limited, you should at once hand this Offer Document and the accompanying Form of Acceptance to the purchaser(s) or transferee(s), licensed securities dealer or registered institution in securities, or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

This Offer Document should be read in conjunction with the accompanying Form of Acceptance, the contents of which form part of the terms and conditions of the Offer.

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

GLORY RANK INVESTMENT LIMITED

(incorporated in the British Virgin Islands with limited liability)

OFFER DOCUMENT

MANDATORY UNCONDITIONAL CASH OFFER BY CINDA INTERNATIONAL CAPITAL LIMITED FOR AND ON BEHALF OF

GLORY RANK INVESTMENT LIMITED (A WHOLLY-OWNED SUBSIDIARY OF CHINA CINDA (HK) ASSET MANAGEMENT CO., LIMITED) TO ACQUIRE ALL THE ISSUED SHARES OF ZHONGCHANG INTERNATIONAL HOLDINGS GROUP LIMITED (stock code: 859)

**(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE
ACQUIRED BY THE OFFEROR AND PARTIES ACTING IN CONCERT WITH IT)**

Joint Financial Advisers to the Offeror



Offer agent to the Offeror



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

A letter from Cinda International, among others, details of the terms and conditions of the Offer is set out on pages 7 to 23 of this Offer Document. The procedures for acceptance and settlement of the Offer are set out on pages I-1 to I-3 in Appendix I to this Offer Document and in the accompanying Form of Acceptance.

Acceptances of the Offer must be received by the Receiving Agent, Tricor Standard Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong by no later than 4:00 p.m. (Hong Kong time) on Wednesday, 27 May 2020 or such later time and/or date as the Offeror may determine and announce with the consent of the Executive, in accordance with the Takeovers Code.

29 April 2020

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EXPECTED TIMETABLE

The timetable set out below is indicative only and may be subject to changes. Any change to the timetable will be announced by the Offeror as and when appropriate. All the time and date references contained in this Offer Document and the accompanying Form of Acceptance refer to Hong Kong times and dates.

Event	Time & Date
Despatch date of this Offer Document and the accompanying Form of Acceptance (<i>Note 1</i>).....	Wednesday, 29 April 2020
Commencement date of the Offer (<i>Note 1</i>).....	Wednesday, 29 April 2020
Latest date for the posting of the Response Document (<i>Note 2</i>).....	Wednesday, 13 May 2020
Latest time and date for acceptance of the Offer on the First Closing Date (<i>Notes 3, 4 and 5</i>).....	4:00 p.m. on Wednesday, 27 May 2020
Announcement of the results of the Offer and the level of acceptance as at the First Closing Date on the website of the Stock Exchange (<i>Note 3</i>).....	at or before 7:00 p.m. on Wednesday, 27 May 2020
Latest date for posting of remittances for amounts due in respect of valid acceptances received under the Offer on or before the First Closing Date (<i>Note 6</i>)	Friday, 5 June 2020

Notes:

- (1) The Offer is made on Wednesday, 29 April 2020, the Despatch Date, and is capable of acceptance on and from that date until 4:00 p.m. (Hong Kong time) on the First Closing Date, unless the Offeror revises or extends the Offer in accordance with the Takeovers Code.
- (2) Where a period laid down by the Takeovers Code ends on a day which is not a Business Day, the period is extended until the next Business Day. In accordance with the Takeovers Code, the Company is required to post the Response Document to the Shareholders within 14 days from the posting of this Offer Document, i.e., on or before Wednesday, 13 May 2020, unless the Executive consents to a later date and the Offeror agrees to extend the Closing Date by the number of days in respect of which the delay in the posting of the Response Document is agreed.
- (3) In accordance with the Takeovers Code, where the Response Document is posted after the date on which this Offer Document is posted, the Offer must initially be open for acceptance for at least 28 days following the date on which this Offer Document is posted. The Offer will be closed at 4:00 p.m. (Hong Kong time) on the First Closing Date unless the Offeror revises or extends the Offer in accordance with the Takeovers Code. The Offeror has the right under the Takeovers Code to extend the Offer until such date as it may determine subject to compliance with the Takeovers Code (or as permitted by the Executive in accordance with the Takeovers Code). An announcement will be issued by the Offeror through the website of the Stock Exchange by 7:00 p.m. (Hong Kong time) on the First Closing Date, stating the results of the Offer and whether the Offer has been revised or extended to another Closing Date or until further notice. Such announcement will comply with the disclosure requirements under Rule 19.1 of the Takeovers Code. In the latter case, at least 14 days' notice in writing must be given, before the Offer is closed, to the Shareholders who have not accepted the Offer.

EXPECTED TIMETABLE

- (4) If there is a tropical cyclone warning signal number 8 or above or a black rainstorm warning signal in force or “extreme conditions” caused by a super typhoon is announced by the Government of Hong Kong on the Closing Date and it is (i) not cancelled in time for trading on the Stock Exchange to resume in the afternoon on the Closing Date, the time and date of the close of the Offer will be postponed to 4:00 p.m. (Hong Kong time) on the next Business Day which does not have either of those warnings in force in Hong Kong or such other day as the Executive may approve; or (ii) cancelled in time for trading on the Stock Exchange to resume in the afternoon on the Closing Date, the time and date of the close of the Offer will be the same day, i.e., 4:00 p.m. (Hong Kong time) on the Closing Date.
- (5) Beneficial owners of the Offer Shares who hold their Offer Shares in CCASS directly as an investor participant or indirectly via a broker or custodian participant should note the timing requirements (as set out in Appendix I to this Offer Document) for causing instructions to be made to CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures. Acceptances of the Offer are irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code. Please refer to the paragraph headed “VI. Right of Withdrawal” in Appendix I to this Offer Document for further information on the circumstances where acceptances may be withdrawn.
- (6) Remittances in respect of the Offer Shares (after deducting the sellers’ ad valorem stamp duty) tendered for acceptance under the Offer will be despatched to the accepting Shareholders by ordinary post at their own risk as soon as possible, but in any event within seven (7) Business Days following the date on which the duly completed Form of Acceptance and the relevant documents of title of the Offer Shares are received by the Receiving Agent to render each of such acceptance of the Offer complete and valid in accordance with the Takeovers Code, this Offer Document and the accompanying Form of Acceptance. Please refer to the paragraphs headed “I. Procedures for Acceptance of the Offer” and “III. Settlement of the Offer” in Appendix I to this Offer Document and the accompanying Form of Acceptance for further information.

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

IMPORTANT NOTICES

NOTICE TO OVERSEAS INDEPENDENT SHAREHOLDERS

The making of the Offer to persons who are not residents in Hong Kong may be affected by the laws and regulations of the relevant jurisdiction in which they are residents. Overseas Independent Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements and, where necessary, seek legal advice.

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

Any acceptance by any Independent Shareholder who is not resident in Hong Kong will be deemed to constitute a representation and warranty from such Independent Shareholder to the Offeror that the local laws and requirements have been complied with. All such Independent Shareholders should consult their professional advisers if in doubt.

For further details, please refer to the paragraph headed “VIII. Overseas Independent Shareholders” in Appendix I to this Offer Document.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Offer Document contains forward-looking statements, which may be identified by words such as “believe”, “expect”, “intend”, “seek”, “will”, “would” or words of similar meaning, that involve risks and uncertainties, as well as assumptions. All statements other than statements of historical facts are statements that could be deemed forward-looking statements. Subject to the requirements of applicable laws and the Takeovers Code, the Offeror and parties acting in concert with any of them, Cinda International, Donvex Capital, the Registrar and the Receiving Agent do not assume any obligation to correct or update these forward-looking statements.

DEFINITIONS

In this Offer Document, the following expressions have the meanings set out below unless the context requires otherwise:

“acting in concert”	has the meaning as ascribed thereto under the Takeovers Code
“associate(s)”	has the meaning as ascribed thereto under the Takeovers Code
“Board”	the board of Directors
“Business Day”	a day on which the Stock Exchange is open for the transaction of business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Charged Shares”	the 843,585,747 Shares, representing approximately 74.98% of the entire issued share capital of the Company charged by Sansheng Hongye under the Share Mortgage with China Cinda (HK)
“China Cinda”	China Cinda Asset Management Co., Ltd., a joint stock company incorporated in the PRC with limited liability, the H shares of which are listed on the Main Board with stock code: 1359
“China Cinda (HK)”	China Cinda (HK) Asset Management Co., Limited, a company incorporated in Hong Kong with limited liability, is an indirectly wholly-owned subsidiary of China Cinda and is the sole shareholder of the Offeror
“Cinda International”	Cinda International Capital Limited, a corporation licensed under the SFO to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities, being the offer agent and a joint financial adviser to the Offeror
“Closing Date”	27 May 2020, being the First Closing Date of the Offer (or any subsequent closing date as may be decided and announced by the Offeror and approved by the Executive)
“Company”	Zhongchang International Holdings Group Limited, a company incorporated in Bermuda, the Shares of which are listed on the Main Board with stock code: 859
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules

DEFINITIONS

“Convertible Note”	the convertible note issued by the Company on 7 December 2015 with a five year term in the outstanding amount of HK\$11,000,000 convertible into 13,715,710 new Shares upon exercise of the conversion rights attaching to it in full based on the prevailing conversion price of HK\$0.802 per Share
“Despatch Date”	29 April 2020, the date of despatch of this Offer Document
“Director(s)”	director(s) of the Company
“Donvex Capital”	Donvex Capital Limited, a corporation licensed under the SFO to carry on type 6 (advising on corporate finance) regulated activity, being a joint financial adviser to the Offeror
“Encumbrances”	any claim, charge, mortgage, security, lien, pledge, option, equity, power of sale, hypothecation or other third party rights, retention of title, right of pre-emption, right of first refusal or security interest of any kind
“Enforcement Action”	the enforcement actions taken by China Cinda (HK) in exercising its right under the Finance Documents against Sansheng Hongye to enforce the Share Mortgage and the Security Agreement
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates
“Facility Agreement”	the facility agreement dated 15 May 2019 entered into among Sansheng Hongye, Mr. Chen, Mrs. Chen, Shanghai Sansheng and China Cinda (HK) in relation to a loan facility in the amount of HK\$700 million for a term of 24 months
“Finance Documents”	the Facility Agreement together with Share Mortgage, Security Agreement and other financing documents in connection with the Facility Agreement
“First Closing Date”	27 May 2020, being the first closing date as set out in the section headed “Expected Timetable” in this Offer Document
“Form(s) of Acceptance”	the form of acceptance and transfer of Share(s) in respect of the Offer accompanying this Offer Document
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Shareholder(s)”	Shareholders other than the Offeror and parties acting in concert with it
“Last Trading Day”	23 March 2020, being the last trading day on which the Shares were traded on the Stock Exchange prior to the issue and publication of the Offer Announcement
“Latest Practicable Date”	24 April 2020, being the latest practicable date prior to the printing of this Offer Document for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	the stock exchange (excluding option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM of the Stock Exchange
“Mr. Chen”	Mr. Chen Jianming (陳建銘), the ultimate beneficial owner of Sansheng Hongye and Shanghai Sansheng
“Mrs. Chen”	Ms. Chen Yanhong (陳艷紅), the spouse of Mr. Chen
“Ningbo Cinda”	Ningbo Cinda Huajian Investment Co., Limited* (寧波信達華建投資有限公司), being a limited liability company incorporated in the PRC indirectly wholly-owned by China Cinda (HK)
“Offer”	the mandatory unconditional general offer in cash made by Cinda International for and on behalf of the Offeror to acquire all of the Offer Shares in accordance with the terms and conditions set out in this Offer Document
“Offer Announcement”	the announcement of the Offeror dated 3 April 2020 in relation to the Offeror’s firm intention to make the Offer
“Offer Consideration”	the cash consideration payable by the Offeror for the purchase of the Offer Share(s) under the Offer

DEFINITIONS

“Offer Document”	this offer document issued by the Offeror to the Shareholders in connection with the Offer in compliance with the Takeovers Code containing, among others, information relating to the Offeror, the terms and conditions of the Offer and the Form of Acceptance (where appropriate)
“Offer Period”	has the meaning ascribed to it in the Takeovers Code, being the period commencing from 24 October 2019 and ending on the Closing Date
“Offer Price”	the price at which the Offer is made, HK\$0.5425 per Offer Share, subject to the terms of the Offer
“Offer Share(s)”	all the issued Shares (other than those already beneficially owned or to be acquired by the Offeror and parties acting in concert with it)
“Offeror”	Glory Rank Investment Limited, a company incorporated in the British Virgin Islands with limited liability and is a wholly-owned subsidiary of China Cinda (HK)
“PRC”	the People’s Republic of China which, for the purpose of this Offer Document, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Receiving Agent”	Tricor Standard Limited, the receiving and paying agent in relation to the Offer, situate at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Registrar”	Tricor Standard Limited, the branch share registrar of the Company in Hong Kong, situate at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Relevant Period”	the period commencing from 24 April 2019, being the date falling six months preceding the date of the commencement of the Offer Period, up to and including the Latest Practicable Date
“Response Document”	the board circular required to be issued by the Company to all Shareholders in accordance with Rule 8.4 of the Takeovers Code

DEFINITIONS

“Sansheng Hongye”	Sansheng Hongye (Hong Kong) Limited, being a limited liability company incorporated in Hong Kong directly wholly-owned by Shanghai Sansheng and ultimately controlled by Mr. Chen, and before the Enforcement Action was the beneficial owner of the Charged Shares and the Convertible Note
“Second-Lien Property Mortgage”	the second-lien property mortgage in respect of 49 properties in the PRC entered into by Shanghai Sanhua Yijing Properties Co., Ltd.* (上海三花頤景置業有限公司) (an indirectly owned subsidiary of Shanghai Sansheng) and China Cinda (HK) (as the security agent) on 17 May 2019 as a collateral to the Facility Agreement
“Security Agreement”	the security agreement dated 15 May 2019 entered into between Sansheng Hongye and China Cinda (HK) in respect of the Convertible Note as a collateral pursuant to the Facility Agreement
“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shanghai Sansheng”	上海三盛宏業投資(集團)有限責任公司 (Shanghai Sansheng Hongye Investment (Group) Company Limited*), a company established in the PRC with limited liability and the sole shareholder of Sansheng Hongye
“Share(s)”	ordinary share(s) of par value of HK\$0.1 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Share Mortgage”	the share mortgage dated 15 May 2019 entered into between Sansheng Hongye and China Cinda (HK) in respect of Charged Shares as a collateral pursuant to the Facility Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers issued by the SFC, as amended, supplemented or otherwise modified from time to time

DEFINITIONS

“Transfer” the transfer of beneficial ownership of all of the Charged Shares from Sansheng Hongye to China Cinda (HK) as a result of the enforcement of the Share Mortgage

“Waiver” the waiver from the obligation of China Cinda (HK) to make a mandatory general offer for all the securities of the Company not already owned or agreed to be acquired by China Cinda (HK) pursuant to Note 2 on Dispensations from Rule 26 of the Takeovers Code

“%” per cent

* *If there is any inconsistency between the Chinese names of entities or enterprises established in the PRC and their English translations, the Chinese name shall prevail. The English translation of company names in Chinese which are marked with “*” and the Chinese translation of company names in English which are marked with “*” are for identification purpose only.*

LETTER FROM CINDA INTERNATIONAL



信達國際
CINDA INTERNATIONAL

45/F., Cosco Tower
183 Queen's Road Central
Hong Kong

29 April 2020

To the Independent Shareholders

Dear Sirs,

**MANDATORY UNCONDITIONAL CASH OFFER BY
CINDA INTERNATIONAL CAPITAL LIMITED
FOR AND ON BEHALF OF**

**GLORY RANK INVESTMENT LIMITED
(A WHOLLY-OWNED SUBSIDIARY OF
CHINA CINDA (HK) ASSET MANAGEMENT CO., LIMITED)
TO ACQUIRE ALL THE ISSUED SHARES OF
ZHONGCHANG INTERNATIONAL HOLDINGS GROUP LIMITED
(stock code: 859)**

**(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE
ACQUIRED BY THE OFFEROR AND PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

Reference is made to the Offer Announcement in relation to, among others, the Enforcement Action of China Cinda (HK) against Sansheng Hongye and the Offer.

As disclosed in the Offer Announcement, as a result of the Enforcement Action, China Cinda (HK) became the beneficial owner of the Charged Shares and the Convertible Note. China Cinda (HK) became a controlling shareholder controlling approximately 74.98% of the voting rights of the Company with effect from 18 October 2019 and Sansheng Hongye ceased to be a controlling shareholder with effect on the same date.

The obligation to make a mandatory general offer for all the securities of the Company not already owned or agreed to be acquired by China Cinda (HK) was triggered after China Cinda (HK) has acquired control of approximately 74.98% of the voting rights of the Company as a result of the Transfer. China Cinda (HK) has applied to the Executive for the Waiver from the said obligation to make a mandatory general offer pursuant to Note 2 on Dispensations from Rule 26 of the Takeovers Code. However, the Waiver was not granted. In fulfillment of its obligation, China Cinda (HK) makes the mandatory general offer via the Offeror, which is its wholly-owned subsidiary.

LETTER FROM CINDA INTERNATIONAL

This letter forms part of this Offer Document and sets out, among others, details of the Offer, the reasons for making the Offer, the intentions of the Offeror in respect of the Group and certain background information of the Offeror. Further details on the terms of the Offer are set out in Appendix I to this Offer Document and the accompanying Form of Acceptance.

The Company is required to despatch the Response Document within 14 days after the posting of this Offer Document. The Independent Shareholders are advised to read this Offer Document and the Response Document before taking any action in respect of the Offer.

THE ENFORCEMENT ACTION OF CHINA CINDA (HK)

Pursuant to the Facility Agreement dated 15 May 2019 entered into among Sansheng Hongye (as borrower), Mr. Chen, Mrs. Chen, Shanghai Sansheng (collectively, as guarantors) and China Cinda (HK) (as lender, arranger, agent and security agent), a loan facility was granted by China Cinda (HK) to Sansheng Hongye in the amount of HK\$700 million for a term of 24 months. To secure the repayment obligation, several collaterals were provided and among which were the Share Mortgage, the Security Agreement and the Second-Lien Property Mortgage.

Sansheng Hongye executed the Share Mortgage and the Security Agreement to charge the 843,585,747 Charged Shares and the Convertible Note respectively in favour of China Cinda (HK). The Convertible Note was issued by the Company on 7 December 2015 with a five year term in the outstanding principal amount of HK\$11,000,000 convertible into 13,715,710 new Shares upon exercise in full of the conversion rights attaching to it (representing approximately 1.22% of the existing issued share capital of the Company and approximately 1.20% of the issued share capital of the Company as enlarged by the issue of the new Shares upon exercise in full of the conversion rights attaching to the Convertible Note as at the Latest Practicable Date) based on the prevailing conversion price of HK\$0.802 per Share.

Due to the continued occurrence of events of default under the Finance Documents (including the failure to pay the outstanding fees under the Finance Documents after such fees became due and payable) and under the belief that Sansheng Hongye was in immense financial difficulty, China Cinda (HK) on 18 October 2019 exercised its rights under the Facility Agreement to enforce the Share Mortgage and effect the Transfer of 843,585,747 Charged Shares (representing approximately 74.98% of the entire issued share capital of the Company as at 18 October 2019 and the Latest Practicable Date). China Cinda (HK) further enforced the Security Agreement on 31 December 2019 and was assigned in its favour the Convertible Note.

The Enforcement Action was taken in the interest of time and in light of the dreary financial position of Sansheng Hongye. Among the securities taken under the Facility Agreement, the collaterals under the Second-Lien Property Mortgage were of the highest value but the same were first mortgaged to Ningbo Cinda, an indirectly wholly-owned subsidiary of China Cinda (HK). As such, China Cinda (HK) has agreed with Ningbo Cinda and in November 2019, Ningbo Cinda initiated legal proceedings to recover the collaterals under the Second-Lien Property Mortgage. Since the litigation may drag on for a long time and although the Second-Lien Property Mortgage was considered by China Cinda (HK) to be the prime collateral under the Facility Agreement, the

LETTER FROM CINDA INTERNATIONAL

time required to enforce the Second-Lien Property Mortgage is long which is unlikely to be completed within a year, hence China Cinda (HK) enforced the Share Mortgage and the Security Agreement to protect its interest. China Cinda (HK) hereby undertakes to continue to enforce the Second-Lien Property Mortgage despite the Enforcement Action.

Pursuant to the Share Mortgage, which is governed by the laws of Bermuda, after the enforcement in respect of the Charged Shares, any sale proceeds in excess of settling the liabilities secured under the subject mortgage must be returned to Sansheng Hongye or other person entitled to it.

As a result of the Enforcement Action, China Cinda (HK) became the beneficial owner of the Charged Shares and the Convertible Note. China Cinda (HK) became a controlling shareholder controlling approximately 74.98% of the voting rights of the Company with effect from 18 October 2019. Sansheng Hongye ceased to be a controlling shareholder with effect on the same date.

The obligation to make a mandatory general offer for all the securities of the Company not already owned or agreed to be acquired by China Cinda (HK) was triggered after China Cinda (HK) has acquired control of approximately 74.98% of the voting rights of the Company as a result of the Transfer. China Cinda (HK) has applied to the Executive for the Waiver from the said obligation to make a mandatory general offer pursuant to Note 2 on Dispensations from Rule 26 of the Takeovers Code. However, the Waiver was not granted. In fulfillment of its obligation, China Cinda (HK) is making the mandatory general offer via the Offeror, which is its wholly-owned subsidiary.

IMPLICATIONS OF THE ENFORCEMENT ACTION

The Transfer resulted in China Cinda (HK) obtaining approximately 74.98% of the voting rights of the Company. Upon the Transfer, China Cinda (HK) has applied to the Executive for the Waiver from the obligation to make a mandatory general offer pursuant to Note 2 on Dispensations from Rule 26 of the Takeovers Code. However, the Waiver was not granted.

As no Waiver was granted, China Cinda (HK) should have made a mandatory general offer when it obtained approximately 74.98% of the voting rights of the Company. Due to the time taken for obtaining the Waiver and the impact of COVID-19, the progress of making the Offer was inadvertently prolonged, China Cinda (HK) apologises for such delay in making the Offer, and will take measures to ensure full and prompt compliance with the Takeovers Code in future.

MANDATORY UNCONDITIONAL CASH OFFER

Immediately prior to the Transfer, none of China Cinda (HK), its ultimate beneficial owner and their respective parties acting in concert owned any Shares or any other convertible securities, options, warrants or derivatives in the Company. Immediately following the Transfer and as at the date of this Offer Document, China Cinda (HK), its ultimate beneficial owner and their respective parties acting in concert own 843,585,747 Shares representing approximately 74.98% of the entire issued share capital of the Company.

LETTER FROM CINDA INTERNATIONAL

Based on the published information of the Company available to the public as at the Latest Practicable Date, the Company has 1,125,027,072 Shares in issue and the Convertible Note in the outstanding principal amount of HK\$11,000,000. Save as disclosed above and based on the publicly available information, the Company has no other outstanding warrants, derivatives, options, convertibles or other securities in issue which may be convertible into Shares. As the outstanding Convertible Note is held by China Cinda (HK) which is the sole shareholder of the Offeror, no comparable offer will be made in respect of the Convertible Note.

Principal terms of the Offer

Cinda International is making the Offer, which is unconditional, for and on behalf of the Offeror, in compliance with the Takeovers Code on the following terms:

For each Offer Share HK\$0.5425 in cash

The Offer Price of HK\$0.5425 per Offer Share under the Offer is equal to the volume weighted average price of each Share as at the date of the Transfer, i.e. 18 October 2019, which is determined by taking into account of the background of the Enforcement Action as set out in the paragraph headed “The Enforcement Action of China Cinda (HK)” above, and in particular the following factors:

- (i) the outstanding amount which was due from Sansheng Hongye to China Cinda (HK) under the loan facility granted by China Cinda (HK) pursuant to the Facility Agreement;
- (ii) the repayment obligation of the loan facility was secured by a range of securities taken under the Facility Agreement including but not limited to the Charged Shares, the Convertible Note and the Second-Lien Property Mortgage;
- (iii) in light of the dreary financial position of Sansheng Hongye, the Enforcement Action has been taken in respect of the Charged Shares and the Convertible Note. Further, China Cinda (HK) has agreed with Ningbo Cinda, its indirectly wholly-owned subsidiary and the first mortgagee, and in November 2019, Ningbo Cinda initiated legal proceedings to recover the collaterals under the Second-Lien Property Mortgage;
- (iv) among the abovesaid securities, the collaterals under the Second-Lien Property Mortgage were of the highest value and was thus considered by China Cinda (HK) as the prime collateral under the Facility Agreement. China Cinda (HK) has undertaken to continue to enforce the Second-Lien Property Mortgage despite the Enforcement Action;
- (v) pursuant to the Share Mortgage, which is governed by the laws of Bermuda, after the enforcement in respect of the Charged Shares, any sale proceeds in excess of settling the liabilities secured under the subject mortgage must be returned to Sansheng Hongye or other person entitled to it; and

LETTER FROM CINDA INTERNATIONAL

- (vi) since none of the outstanding amount owed by Sansheng Hongye to China Cinda (HK) has been discharged given that none of the Charged Shares, Convertible Note and collaterals under the Second-Lien Property Mortgage has been realised, China Cinda (HK) has made reference to the volume weighted average price (which is the ratio of the value traded to total volume traded over a particular time horizon and is generally used as a trading benchmark by investors) of the Shares on 18 October 2019 that could reflect the market value of the Shares in relation to the enforcement in respect of the Charged Shares.

Further details of the terms of the Offer and the procedures for acceptances are set out in Appendix I to this Offer Document and the accompanying Form of Acceptance.

Comparisons of value

The Offer Price of HK\$0.5425 per Share represents:

- (i) a premium of approximately 6.37% to the closing price of HK\$0.510 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 3.12% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day of approximately HK\$0.560 per Share;
- (iii) a discount of approximately 8.05% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.590 per Share;
- (iv) a discount of approximately 1.90% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.553 per Share;
- (v) a premium of approximately 29.10% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the 90 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.4202 per Share;
- (vi) a premium of approximately 2.34% to the closing price of HK\$0.530 per Share as quoted on the Stock Exchange on the last trading day prior to the commencement of the Offer Period on 24 October 2019;
- (vii) a discount of approximately 70.88% over the audited consolidated net asset value of the Group of approximately HK\$1.8633 per Share as at 31 December 2018 based on 1,125,027,072 Shares in issue as at the Latest Practicable Date;
- (viii) a discount of approximately 71.16% over the unaudited consolidated net asset value of the Group of approximately HK\$1.8809 per Share as at 30 June 2019 based on 1,125,027,072 Shares in issue as at the Latest Practicable Date;

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- (ix) a discount of approximately 69.23% over the unaudited consolidated net asset value of the Group of approximately HK\$1.7629 per Share as at 31 December 2019 based on 1,125,027,072 Shares in issue as at the Latest Practicable Date; and
- (x) a premium of approximately 0.46% to the closing price of HK\$0.540 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

Highest and lowest Share prices

During the Relevant Period, the highest and lowest closing prices for each Share as quoted on the Stock Exchange were HK\$1.16 on 25 April 2019 and HK\$0.305 on 31 January 2020, respectively.

Value and total consideration of the Offer

Based on the published information of the Company available to the public as at the Latest Practicable Date, there are 1,125,027,072 Shares in issue. Excluding the Charged Shares and the Convertible Note obtained by China Cinda (HK) pursuant to the Enforcement Action, a total of 281,441,325 Shares are subject to the Offer (assuming there is no change to the issued share capital of the Company from the Latest Practicable Date up to the close of the Offer). Based on the Offer Price of HK\$0.5425 per Offer Share and on the basis of full acceptance of the Offer, the cash consideration payable by the Offeror under the Offer will amount to approximately HK\$152,681,918.81.

Confirmation of financial resources available for the Offer Consideration and the Offer

The Offer Consideration shall be payable in cash. The Offeror intends to finance the Offer Consideration by its own internal resources. As such, there will be no payment of interest in relation thereto which will depend to a significant extent on the business of the Company.

Cinda International and Donvex Capital, as the joint financial advisers to the Offeror in respect of the Offer, are satisfied that sufficient financial resources are available to the Offeror to satisfy its maximum payment obligations upon full acceptance of the Offer of 281,441,325 Offer Shares.

Effect of accepting the Offer

The Offer is unconditional in all respects and is not conditional upon acceptances being received in respect of a minimum number of Shares or any other conditions.

By accepting the Offer, the Independent Shareholders shall sell their Shares free from all Encumbrances and together with all rights accruing or attaching to them, including without limitation, the right to receive all dividends and distributions which may be recommended, declared, made or paid, if any, at any time on or after the date on which the Offer is made, being the date of this Offer Document. In the event that any dividends or distributions are declared after the Despatch Date, paid or made in respect thereof until the close of the Offer, the amount of such

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dividends or other distributions will be deducted from the Offer Price. As at the Latest Practicable Date, to the best knowledge of the Offeror and according to the published information of the Company, the Company has not declared any dividends or distributions which will fall on or after the despatch of this Offer Document.

Acceptances of the Offer shall be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

Hong Kong stamp duty

Seller's ad valorem stamp duty arising in connection with acceptance of the Offer amounting to 0.1% of the amount payable in respect of relevant acceptances by the Independent Shareholders, or the market value of the Shares as determined by the Collector of Stamp Revenue under the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong), whichever is higher, will be deducted from the cash amount payable to the Independent Shareholders who accept the Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of accepting Independent Shareholders and will pay the buyer's ad valorem stamp duty in connection with the acceptances of the Offer.

Payment

Payment in cash in respect of acceptances of the Offer will be made as soon as possible but in any event within seven (7) Business Days of the date on which the duly completed acceptances of the Offer and the relevant documents of title of the Offer Shares in respect of such acceptances are received by the Offeror to render each such acceptance complete and valid.

No fractions of a cent will be payable and the amount of cash consideration payable to an Independent Shareholder who accepts the Offer will be rounded up to the nearest cent.

Taxation advice

Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, its parties acting in concert, the Company, Cinda International, Donvex Capital and their respective directors, officers, agents or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

Overseas Independent Shareholders

To the extent practicable and permissible under applicable laws and regulations, the Offeror intends to make available the Offer to all Independent Shareholders, including those who are residents outside Hong Kong. The making of the Offer to persons who are not residents in Hong Kong may be affected by the laws and regulations of the relevant jurisdiction in which they are residents. Overseas Independent Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements and, where necessary, seek legal advice.

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

Any acceptance by any Independent Shareholder who is not resident in Hong Kong will be deemed to constitute a representation and warranty from such Independent Shareholder to the Offeror that the local laws and requirements have been complied with. All such Independent Shareholders should consult their professional advisers if in doubt.

Nominee registration

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

Procedures for acceptance

Your attention is drawn to the paragraph headed “I. Procedures for Acceptance of the Offer” as set out in Appendix I to this Offer Document and the accompanying Form of Acceptance.

DEALING AND INTERESTS IN THE COMPANY’S SECURITIES

Save for the transfer of the Charged Shares and the assignment of the Convertible Note from Sansheng Hongye to China Cinda (HK) as a result of the Enforcement Action, the Offeror and parties acting in concert with it have not dealt in any Shares or relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company during the period commencing six months prior to the commencement of the Offer Period on 24 October 2019 and up to the Latest Practicable Date.

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

- (i) save for 843,585,747 Charged Shares and the Convertible Note held by China Cinda (HK), none of the Offeror, its ultimate beneficial owner and parties acting in concert with any of them held, owned or had control or direction over any voting rights or rights over any Shares, convertible securities, warrants, options, derivatives or other securities that are convertible or exchangeable into Shares or other types of equity interest in the Company;

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- (ii) there was no outstanding derivatives in respect of the securities in the Company which is entered into by the Offeror, its ultimate beneficial owner or parties acting in concert with any of them;
- (iii) there was no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Company and which might be material to the Offer;
- (iv) there was no agreement or arrangement to which the Offeror is a party which relates to circumstances in which the Offeror may or may not invoke or seek to invoke a pre-condition or a condition to the Offer;
- (v) there were no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror, its ultimate beneficial owner and parties acting in concert with any of them had borrowed or lent;
- (vi) none of the Offeror, its ultimate beneficial owner and parties acting in concert with any of them had received any irrevocable commitment(s) to accept or reject the Offer;
- (vii) save for the enforcement in respect of the Charged Shares, there was no other consideration or compensation or benefit in whatever form paid or payable by the Offeror, or parties acting in concert with it to Sansheng Hongye or any party acting in concert with it in connection with the Transfer; and
- (viii) there was no special deal (as defined under Rule 25 of the Takeovers Code) between the Offeror and parties acting in concert with it on one hand, and the Shareholders on the other hand.

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SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (i) immediately prior to the Transfer; and (ii) immediately after the Transfer and as at the Latest Practicable Date assuming that there is no other change to the issued share capital of the Company, based on publicly available information of the Company:

	Immediately before the Transfer		Immediately after the Transfer and as at the Latest Practicable Date	
	<i>Number of Shares</i>	<i>Approximately %</i>	<i>Number of Shares</i>	<i>Approximately %</i>
The Offeror and the parties acting in concert with it				
— The Offeror	—	—	—	—
— China Cinda (HK)	—	—	843,585,747	74.98
Sansheng Hongye	843,585,747	74.98	—	—
Public Shareholders	<u>281,441,325</u>	<u>25.02</u>	<u>281,441,325</u>	<u>25.02</u>
Total	<u><u>1,125,027,072</u></u>	<u><u>100.00</u></u>	<u><u>1,125,027,072</u></u>	<u><u>100.00</u></u>

INFORMATION ON THE OFFEROR

The Offeror is a company incorporated on 12 March 2020 in the British Virgin Islands with limited liability. It is a wholly-owned subsidiary of China Cinda (HK). The Offeror has not been in operation since its incorporation. As at the date of this Offer Document, the directors of the Offeror are Mr. Ma Yilin and Mr. Chen Zhiwei.

China Cinda (HK) is a company incorporated on 21 April 1999 in Hong Kong with limited liability. It is an asset management company and a licensed money lender registered under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong), principally engages in, among others, debt financing activities. China Cinda (HK) is indirectly wholly-owned by China Cinda, a joint stock company established in the PRC with limited liability, the H shares of which are listed on the Main Board with stock code 1359. China Cinda and its subsidiaries are principally engaged in distressed asset management, and provide customised financial solutions and differentiated asset management services to their clients through their diversified business platforms. As at the Latest Practicable Date, the directors of China Cinda (HK) are Mr. Ma Yilin and Mr. Chen Zhiwei.

The non-executive Director of the Company, Mr. Wang Xin, is the managing director of the Special Situations Group of China Cinda (HK) and was appointed to the Board on 23 August 2019. Save as disclosed above, the Offeror, its ultimate beneficial owner and parties acting in concert

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with any of them are third parties independent of the Company and its connected persons (as defined in the Listing Rules), and are not acting in concert with Sansheng Hongye and parties acting in concert with it.

FUTURE INTENTIONS OF THE OFFEROR

Intention of the Offeror with respect to the Charged Shares

Due to the continued occurrence of events of default under the Finance Documents (including the failure to pay the outstanding fees under the Finance Documents after such fees became due and payable) and under the belief that Sansheng Hongye was in immense financial difficulty, China Cinda (HK) on 18 October 2019 exercised its rights under the Facility Agreement to enforce the Share Mortgage and effect the Transfer of 843,585,747 Charged Shares (representing approximately 74.98% of the entire issued share capital of the Company as at 18 October 2019 and the Latest Practicable Date).

The Enforcement Action was taken in the interest of time and in light of the dreary financial position of Sansheng Hongye. Among the securities taken under the Facility Agreement, the collaterals under the Second-Lien Property Mortgage were of the highest value but the same were first mortgaged to Ningbo Cinda, an indirectly wholly-owned subsidiary of China Cinda (HK). Since the litigation may drag on for a long time and although the Second-Lien Property Mortgage was considered by China Cinda (HK) to be the prime collateral under the Facility Agreement, the time required to enforce the Second-Lien Property Mortgage is long which is unlikely to be completed within a year, hence China Cinda (HK) enforced the Share Mortgage and the Security Agreement to protect its interest. China Cinda (HK) hereby undertakes to continue to enforce the Second-Lien Property Mortgage despite the Enforcement Action.

As a result of the Enforcement Action, China Cinda (HK) became the beneficial owner of the Charged Shares and the Convertible Note. China Cinda (HK) became a controlling shareholder controlling approximately 74.98% of the voting rights of the Company with effect from 18 October 2019. Sansheng Hongye ceased to be a controlling shareholder with effect on the same date.

The obligation to make a mandatory general offer for all the securities of the Company not already owned or agreed to be acquired by China Cinda (HK) was triggered after China Cinda (HK) has acquired control of approximately 74.98% of the voting rights of the Company as a result of the Transfer. China Cinda (HK) has applied to the Executive for the Waiver from the said obligation to make a mandatory general offer pursuant to Note 2 on Dispensations from Rule 26 of the Takeovers Code. However, the Waiver was not granted. In fulfillment of its obligation, China Cinda (HK) is making the mandatory general offer via the Offeror, which is its wholly-owned subsidiary.

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The Offeror intends to dispose of the Charged Shares and is currently in the process of identifying potential purchasers. As of the Latest Practicable Date, the Offeror has not identified any potential purchaser. If the Charged Shares are sold, any subsequent purchaser of the Charged Shares will be under an obligation to conduct a mandatory general offer under Rule 26.1 of the Takeovers Code.

Operation matters, employees and senior management

It is the intention of the Offeror to continue the existing principal business of the Group.

While the Offeror is currently in the process of identifying potential purchasers of the Charged Shares, it will conduct a detailed review on the existing principal businesses and operations, including the financial position of the Group for the purpose of formulating business plans and strategies for the Group's long-term business development, and will explore other business opportunities for the Group, including the feasibility of diversifying the income stream of the Group. In this regard, the Offeror may look into business and investment opportunities in different business areas and consider whether any asset disposals, asset acquisitions, business rationalisation, business divestment, fund raising, restructuring of the business and/or business diversification will be appropriate in order to enhance the long term potential growth of the Group. Should such corporate actions materialise, further announcement(s) will be made in accordance with the Listing Rules.

As at the Latest Practicable Date, no investment or business opportunity has been identified nor has the Offeror entered into any agreement, arrangement, understanding or negotiation in relation to the injection of any assets or business into the Group.

The Offeror will conduct a detailed review of the existing management structure of the Group and may consider restructuring the composition of the management in order to enhance its effectiveness.

Proposed change to the Board composition of the Company

The Board is currently made up of eight Directors, comprising four executive Directors, being Mr. Fan Xuerui, Mr. Pi Minjie, Mr. Sun Meng and Ms. Li Guang, one non-executive Director, being Mr. Wang Xin; and three independent non-executive Directors, being Mr. Hung Ka Hai Clement, Mr. Liew Fui Kiang and Mr. Wong Sai Tat.

The Offeror will nominate seven new Directors to facilitate the management of the Group. Any of such appointments will be made in compliance with the Takeovers Code and the Listing Rules and will take effect on the earliest day permitted under the Takeovers Code or such later date as the Offeror considers to be appropriate.

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The biographies of the nominated new Directors are set out below:

Mr. Ma Yilin, aged 55, will be appointed as an executive Director and the chairman of the Board. He has over 24 years of experience in management and finance sectors. Mr. Ma will be responsible for executing the overall operation of the Group.

Mr. Ma obtained his Bachelor of Engineering from the University of International Relations of the PRC in July 1988 and his Master of Economics Law* (經濟法學) from the China University of Political Science and Law in January 1995. After his graduation, Mr. Ma joined the China Construction Bank as the deputy director of the legal department from May 1995 to January 2001 and was mainly responsible for handling, among others, litigation matters of the bank. He then worked for China Cinda (HK) since January 2001 as the senior manager and was subsequently promoted to his current position as the chief executive officer since January 2015.

Mr. Tang Lunfei, aged 41, will be appointed as an executive Director. He has over 16 years of experience in the financial industry. Mr. Tang will be responsible for making major decisions on risk management of the Group.

Mr. Tang obtained his Bachelor of Economics from Chongqing Institute of Technology of the PRC in June 2000 and his Master of Economics from Sichuan University of the PRC in June 2003. After his graduation, Mr. Tang joined China Cinda as the business manager of Chengdu office from July 2003 to April 2005. Subsequently, he worked for the Financial Stability Bureau of The People's Bank of China from May 2005 to June 2006, where he was responsible for resolving the risks associated with securities companies. Mr. Tang then joined Cinda Securities Company Limited from June 2006 to June 2012 with his last position as the business director. From June 2012 to July 2019, he worked for China Cinda Asset Management Company Limited with his last position as the chief and specialised approver of various departments of the Company. Since July 2019, Mr. Tang has been serving as the chief risk and compliance officer of China Cinda (HK) Holdings Company Limited (a wholly-owned subsidiary of China Cinda).

Ms. Huang Limei, aged 54, will be appointed as an executive Director. She has over 20 years of experience in the financial industry. Ms. Huang will be responsible for making major business decisions of the Group.

Ms. Huang obtained her Bachelor of Financial Statistic Profession* (金融統計專業) from Hunan University of Finance and Economics of the PRC in July 1989 and her Master of National Economics* (國民經濟學) from Zhongnan University of Economics and Law of the PRC in December 2000.

Prior to joining China Cinda (HK), Ms. Huang worked for the Shenzhen branch of the China Construction Bank from June 1989 to August 1999 with her last position as the associate head of division. She subsequently joined Shenzhen branch of China Cinda from

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August 1999 to December 2017 where she was principally responsible for handling the finance, approval of business plans and risk management of the company. Since February 2018, Ms. Huang has served as the deputy general manager of China Cinda (HK).

Mr. Chen Zhiwei, aged 35, will be appointed as an executive Director. He has over 13 years of investment and research experience in the financial industry. Mr. Chen will be responsible for executing the overall operation of the Group.

Mr. Chen obtained his Bachelor of Economics in July 2004 from Tsinghua University of the PRC and his Master of Science (Estate Management) in August 2009 from National University of Singapore.

Mr. Chen joined China Cinda (HK) in June 2010 and is currently serving as the assistant general manager of the company, where he is responsible for managing the company's investment and financing business. Apart from the aforesaid, Mr. Chen has been appointed as a non-executive director of (1) Modern Land (China) Co., Limited (a real estate enterprise listed on the Main Board with stock code: 1107) since December 2016; (2) China Fortune Financial Group Limited (an investment holding company listed on the Main Board with stock code: 290) since April 2018; (3) SouthGobi Resources Ltd. (an integrated coal mining, development and trading company listed on the Main Board with stock code: 1878 and the stock exchanges of Singapore and Toronto) since April 2018; and (4) Silver Grant International Holdings Group Limited (a finance company listed on the Main Board with stock code: 171) since January 2019.

Dr. Huang Qiang, aged 43, will be appointed as a non-executive Director. He has over 21 years of experience in the financial industry. Dr. Huang will be participating in formulating the operation strategies of the Group.

Dr. Huang obtained his Bachelor of Economics from the Southwestern University of Finance and Economics of the PRC in July 1998, his Master of Corporate Management* (企業管理) from the Southwestern University of Finance and Economics of the PRC in December 2003 and his Doctor of Corporate Management* (企業管理) in July 2009 from the Southwestern University of Finance and Economics of the PRC. He had been working for Chengdu branch of The People's Bank of China from July 1998 to December 2002, Chengdu Rural Commercial Bank from December 2002 to March 2011 and the China Securities Regulatory Commission from March 2011 to March 2012 where he obtained his valuable experience in the financial industry. Subsequently, Dr. Huang served the School of Economics of the Peking University as a Postdoctor from March 2012 to February 2013. He then joined China Cinda from February 2013 to June 2016 with his last position as the associate general director. Dr. Huang has been concurrently serving as the deputy general manager of China Cinda (HK) Holdings Company Limited (a wholly-owned subsidiary of China Cinda) since June 2017 and is responsible for managing the equity and corporate finance business of the company.

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Mr. Wong Wai Leung, aged 42, will be appointed as an independent non-executive Director. He has over 19 years of experience in accounting, auditing and financial management. Mr. Wong will be participating in formulating the financial strategies of the Group.

Mr. Wong obtained his Bachelor of Business Administration in Accounting from The Hong Kong University of Science and Technology in November 2000. He has also been admitted as a member of the Hong Kong Institute of Certified Public Accountant (the “**HKICPA**”) since July 2004, and a fellow member of the Association of Chartered Certified Accountants since September 2010.

After graduation, Mr. Wong worked at Ernst & Young in audit assurance from September 2000 to August 2009 with his last held position as the senior manager in the assurance and advisory business services department. He was also seconded to the assurance and advisory business services department of the New York office of Ernst & Young in the United States of America as the senior accountant from November 2004 to March 2006. Mr. Wong then worked at Lianjie Capital (Hong Kong) Limited from September 2009 to March 2012 with his last held position as the chief financial officer. He was subsequently transferred to Lianjie Sports Investments Limited, a private company which manages investments and trusts for a family office, between April 2012 and December 2015 with his last position as the chief financial officer. Mr. Wong was then appointed as a director of Lianjie Sports Investments Limited since January 2016.

Currently, Mr. Wong has become the executive director, chief financial officer and company secretary of Qinqin Foodstuffs Group (Cayman) Company Limited (a company principally engaged in the manufacturing, distribution and sale of food and snacks products in the PRC and listed on the Main Board with stock code: 1583) since March 2016 where he is responsible for corporate development, investment, accounting and financial matters. He has also been appointed as an independent non-executive director of (1) MediNet Group Limited (a company principally engaged on providing corporate medical and dental solutions and listed on GEM (“**GEM**”) of the Stock Exchange with stock code: 8161) since May 2016; and (2) Vertical International Holdings Limited (a company principally engaged in manufacturing of chip type and radial lead type aluminum electrolytic capacitors and listed on GEM with stock code: 8375) since October 2017.

Mr. Yip Tai Him, aged 49, will be appointed as an independent non-executive Director. He has over 22 years of experience in accounting, auditing and financial management. Mr. Yip will be participating in formulating the financial strategies of the Group.

Mr. Yip obtained his Bachelor degree from the City University of Hong Kong in November 1993. He has been admitted as a member of the HKICPA, a fellow of the Association of Chartered Certified Accountants in the United Kingdom and a fellow of the Institute of Chartered Accountants in England and Wales since June 1997, September 2001 and January 2016 respectively.

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Mr. Yip has been serving as an independent non-executive director of (1) Shentong Robot Education Group Company Limited (a company with principal business of robotic education and listed on GEM with stock code: 8206) since October 2002; (2) GCL-Poly Energy Holdings Limited (a solar energy related company listed on the Main Board with stock code: 3800) since March 2009; and (3) Redco Properties Group Limited (a property developer listed on the Main Board with stock code: 1622) since January 2014. In addition, he was previously an independent non-executive director of (1) China Media and Films Holdings Limited (currently known as Lajin Entertainment Network Group Limited), a media company listed on GEM with stock code: 8172, from December 2008 to April 2015; (2) Vinco Financial Group Limited (a financial advising company listed on GEM with stock code: 8340) from May 2008 to August 2016; (3) New Wisdom Holding Company Limited (currently known as Star Glory Holdings Company Limited), a food and beverage company listed on GEM with stock code: 8213, from November 2016 to March 2018; (4) Sino Golf Holdings Limited (a company principally engaged in design, development, manufacture and sale of fully assembled and packaged golf clubs and related accessories and listed on the Main Board with stock code: 361) from September 2015 to November 2018; and (5) Bisu Technology Group International Limited (an engineering and construction company listed on the Main Board with stock code: 1372) from July 2015 to April 2019.

In addition to the above nominees, the Offeror may nominate further Directors (including independent non-executive Directors) to the Board at such time as it considers appropriate to further enhance the management resources and expertise of the Board, upon further review by the Board and its nomination committee.

Any changes to the Board will be made in compliance with the Takeovers Code and the Listing Rules and a further announcement will be made as and when appropriate.

Save as disclosed herein (in particular the change in the composition of the Board), the Offeror does not intend to (i) introduce any major changes to the business nor the existing operating structure of the Group; (ii) discontinue employment of the existing employees of the Group; and (iii) re-deploy the fixed assets of the Company other than those in its ordinary and usual course of business.

Public float and maintaining the listing status of the Company

The Offeror intends the Company to remain listed on the Stock Exchange after the close of the Offer. The Offeror and the new Directors to be appointed will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float will exist in the Shares, i.e. not less than 25% of the Shares will be held by the public.

For the avoidance of doubt, the Offer Shares tendered by the Independent Shareholders upon valid acceptance of the Offer will be retained by the Offeror. In case there is less than 25% of the Shares held by the public following the close of the Offer, the Offeror will place down the Shares held by it in order that there will be 25% of the issued Shares held by the public.

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The Stock Exchange has stated that, if, at the close of the Offer, less than the minimum prescribed percentage applicable to the listed issuer, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that:

- (i) a false market exists or may exist in the trading of the Shares; or
- (ii) that there are insufficient Shares in public hands to maintain an orderly market;

it will consider exercising its discretion to suspend dealings in the Shares.

COMPULSORY ACQUISITION

The Offeror does not intend to avail itself of any powers of compulsory acquisition of any Shares outstanding after the close of the Offer.

ADDITIONAL INFORMATION

Your attention is also drawn to the accompanying Form of Acceptance and the additional information set out in the appendices to this Offer Document, all of which form part of this Offer Document.

Following the despatch of this Offer Document by the Offeror, the Company will be required under the Takeovers Code to send to all Shareholders the Response Document within 14 days. The Response Document will include the views of the Board and the independent board committee of the Company on the Offer, and the letter of advice from the independent financial adviser appointed by the Company in relation to the Offer. Shareholders are advised to read this Offer Document and the Response Document before taking any action in respect of the Offer.

Yours faithfully,
For and on behalf of
Cinda International Capital Limited
Yeung Yiu Wah Francis
Managing Director

I. PROCEDURES FOR ACCEPTANCE OF THE OFFER

- (a) To accept the Offer, you should complete and sign the accompanying Form of Acceptance in accordance with the instructions printed thereon, which form part of the terms and conditions of the Offer.
- (b) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name, and you wish to accept the Offer in respect of your Shares, you must send the duly completed and signed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for the number of Shares in respect of which you intend to accept the Offer, by post or by hand, to the Receiving Agent, Tricor Standard Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, in an envelope marked "Zhongchang International Holdings Group Limited — Offer", as soon as possible and in any event no later than 4:00 p.m. (Hong Kong time) on the Closing Date, being 27 May 2020 (the First Closing Date) or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code.
- (c) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Offer in respect of your holding of Shares (whether in full or in part), you must either:
 - (i) lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, with instructions authorising it to accept the Offer on your behalf and requesting it to deliver in an envelope marked "Zhongchang International Holdings Group Limited — Offer" the duly completed and signed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Receiving Agent; or
 - (ii) arrange for the Offer Shares to be registered in your name by the Company through the Registrar, and deliver in an envelope marked "Zhongchang International Holdings Group Limited — Offer" the duly completed and signed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Receiving Agent; or

- (iii) if your Offer Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or
 - (iv) if your Offer Shares have been lodged with your investor participant's account maintained with CCASS, give your instruction via the CCASS phone system or CCASS internet system on or before the deadline set out by HKSCC Nominees Limited.
- (d) If the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Share is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Offer in respect of your Shares, the Form of Acceptance should nevertheless be completed and delivered in an envelope marked "Zhongchang International Holdings Group Limited — Offer" to the Receiving Agent together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Offer Shares or that it/they is/are not readily available. If you subsequently find such document(s) or if it/they become(s) available, the relevant share certificate(s) should be forwarded to the Receiving Agent as soon as possible thereafter. If you have lost your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title, you should report the loss to the Registrar. You should also write to the Receiving Agent requesting a letter of indemnity which, when completed in accordance with the instructions given therein, should be returned to the Receiving Agent. The Offeror shall have the absolute discretion to decide whether any Offer Shares in respect of which the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title is/are not readily available and/or is/are lost will be taken up by the Offeror.
- (e) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your share certificate(s), and you wish to accept the Offer in respect of your Shares, you should nevertheless complete and sign the Form of Acceptance and deliver it in an envelope marked "Zhongchang International Holdings Group Limited — Offer" to the Receiving Agent together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable instruction and authority to each of the Offeror and/or Cinda International or their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant share certificate(s)

when issued and to deliver such share certificate(s) to the Receiving Agent on your behalf and to authorise and instruct the Receiving Agent to hold such share certificate(s), subject to the terms and conditions of the Offer, as if it was/they were delivered to the Receiving Agent with the Form(s) of Acceptance.

- (f) Acceptance of the Offer will be treated as valid only if the completed and signed Form of Acceptance is received and recorded by the Receiving Agent by no later than 4:00 p.m. (Hong Kong time) on the Closing Date, and is:
- (i) accompanied by the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if that/those share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) is/are not in your name, such other documents (e.g. a duly stamped transfer of the relevant Share(s) in blank or in your favour executed by the registered holder) in order to establish your right to become the registered holder of the relevant Shares; or
 - (ii) from a registered Shareholder or his/her/its personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under another sub-paragraph of this paragraph (f)); or
 - (iii) certified by the Registrar or the Stock Exchange. If the Form of Acceptance is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority (e.g. grant of probate or certified copy of a power of attorney) to the satisfaction of the Receiving Agent must be produced.
- (g) No acknowledgement of receipt of any Form(s) of Acceptance, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.
- (h) If the Offer is invalid, withdrawn or lapses, the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) received by the Receiving Agent will be returned to the Shareholders who have accepted the Offer by ordinary post at the Shareholders' own risk as soon as possible but in any event within 10 days after the Offer has lapsed.

II. ACCEPTANCE PERIOD AND REVISIONS

- (a) The Offer is made on Wednesday, 29 April 2020, being the Despatch Date of this Offer Document, and is capable of acceptance on and from this date.

- (b) Unless the Offer has previously been revised or extended with the consent of the Executive, all Form(s) of Acceptance must be received by 4:00 p.m. on the Closing Date in accordance with the instructions printed on the respective Forms of Acceptance and the Offer will be closed on the Closing Date.
- (c) If the Offer is extended, the announcement of such extension will state the next Closing Date or a statement that the Offer will remain open until further notice. In the latter case, at least 14 days' notice in writing must be given to the Independent Shareholders before the Offer is closed. If, in the course of the Offer, the Offeror revises the terms of the Offer, all Shareholders, whether or not they have already accepted the Offer, will be entitled to accept the revised Offer under the revised terms. The revised Offer will be kept open for at least 14 days thereafter.
- (d) If the Closing Date is extended, any references in this Offer Document and the Form(s) of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the subsequent closing date.

III. SETTLEMENT OF THE OFFER

- (a) If you accept the Offer, settlement of the consideration, less seller's ad valorem stamp duty, will be made by cheque as soon as possible, but in any event within seven (7) Business Days following the date of receipt by the Receiving Agent of the duly completed Form of Acceptance together with all the valid requisite documents from the Independent Shareholders accepting the Offer in compliance with Note 1 of Rule 30.2 of the Takeovers Code. Each cheque will be despatched by ordinary post to the address specified on the relevant Independent Shareholder's Form of Acceptance at his/her/its own risk.
- (b) No fractions of a cent will be payable and the amount of cash consideration payable to a Shareholder who accepts the Offer will be rounded up to the nearest cent.
- (c) Settlement of the consideration to which any accepting Independent Shareholder is entitled under the Offer will be implemented in full in accordance with the terms of the Offer (save with respect to the payment of seller's ad valorem stamp duty), without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such accepting Independent Shareholder.

IV. ANNOUNCEMENTS

- (a) The announcement of the results of the Offer will be issued by the Offeror and posted on the website of the Stock Exchange by 7:00 p.m. (Hong Kong time) on the Closing Date. Such announcement will comply with the disclosure requirements under Rule 19.1 of the Takeovers Code and will include, among others, the results of the Offer.

- (b) The results announcement shall specify the total number of Shares:
 - (i) for which acceptances of the Offer have been received;
 - (ii) held, controlled or directed by the Offeror and/or any parties acting in concert with it before the Offer Period; and
 - (iii) acquired or agreed to be acquired during the Offer Period by the Offeror and/or any parties acting in concert with it.
- (c) The results announcement shall include details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror and/or any parties acting in concert with it have borrowed or lent, save for any borrowed shares which have been either on-lent or sold.
- (d) The results announcement shall also specify the percentages of the total issued Shares and the percentages of voting rights of the Company represented by these numbers of Shares. In computing the total number or principal amount of Shares represented by acceptances, only valid acceptances that are complete, in good order and fulfill the acceptance conditions set out in paragraph headed “I. Procedures for Acceptance of the Offer” in this appendix, and which have been received by the Receiving Agent no later than 4:00 p.m. (Hong Kong time) on the First Closing Date, unless the Offer is extended or revised with the consent of the Executive, shall be included.
- (e) As required under the Takeovers Code, all announcements in relation to the Offer must be made in accordance with the requirements of the Takeovers Code and the Listing Rules respectively.

V. NOMINEE REGISTRATION

To ensure the equality of treatment of all Shareholders, registered Shareholders who hold the Share(s) as nominees on behalf of more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for beneficial owners of Share(s) whose investments are registered in the names of nominees to accept the Offer, it is essential that they provide instructions of their intentions to the Offer to their respective nominees.

VI. RIGHT OF WITHDRAWAL

- (a) Acceptance of the Offer tendered by the Shareholders shall be irrevocable and cannot be withdrawn, except in the circumstances set out in sub-paragraph (b) below.

- (b) If the Offeror is unable to comply with the requirements set out in the paragraph headed “IV. Announcements” in this appendix above, the Executive may require that the Shareholders who have tendered acceptances to the Offer be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that section are met.

VII. HONG KONG STAMP DUTY AND TAXATION

- (a) Seller’s ad valorem stamp duty arising in connection with acceptance of the Offer amounting to 0.1% of the amount payable in respect of relevant acceptances by the Independent Shareholders, or the market value of the Shares as determined by the Collector of Stamp Revenue under the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong), whichever is higher, will be deducted from the cash amount payable to the Independent Shareholders who accept the Offer. The Offeror will arrange for payment of the seller’s ad valorem stamp duty on behalf of accepting Independent Shareholders and will pay the buyer’s ad valorem stamp duty in connection with the acceptances of the Offer.
- (b) Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, its parties acting in concert, the Company, Donvex Capital, Cinda International and their respective directors, officers, agents or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

VIII. OVERSEAS INDEPENDENT SHAREHOLDERS

The Offer is available to all Independent Shareholders, including those who are residents outside Hong Kong. The making of the Offer to persons who are not residents in Hong Kong may be affected by the laws and regulations of the relevant jurisdiction in which they are residents. Overseas Independent Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements and, where necessary, seek legal advice.

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

Any acceptance by any Independent Shareholder who is not resident in Hong Kong will be deemed to constitute a representation and warranty from such Independent Shareholder to the Offeror that the local laws and requirements have been complied with. All such Independent Shareholders should consult their professional advisers if in doubt.

IX. GENERAL

- (a) All communications, notices, Form(s) of Acceptance, share certificate(s), transfer receipt(s), other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Offer to be delivered by or sent to or from the Shareholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk, and none of the Offeror, Cinda International, Donvex Capital and any of their respective directors nor the Receiving Agent or other parties involved in the Offer or any of their respective agents accept any liability for any loss or delay in postage or any other liabilities that may arise as a result thereof.
- (b) The provisions set out in the accompanying Form of Acceptance form part of the terms of the Offer.
- (c) The accidental omission to despatch this Offer Document and/or the accompanying Form of Acceptance to any person to whom the Offer is made will not invalidate the Offer in any way.
- (d) The Offer is, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong.
- (e) Due execution of the Form of Acceptance will constitute an irrevocable authority to the Offeror, Cinda International, Donvex Capital or such person or persons as the Offeror may direct to complete, amend and execute any document on behalf of the person or persons accepting the Offer and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror, or such person or persons as it may direct, the Shares in respect of which such person or persons has/have accepted the Offer.
- (f) By accepting the Offer, the Offer Shares will be acquired by the Offeror (i) with all rights attached thereto as at the Despatch Date or subsequently attached thereto, including the right to receive in full all distributions declared, made or paid, if any, by reference to a record date which is on or after the Despatch Date, in the event that any dividends or distributions are declared after the Despatch Date, paid or made in respect thereof until the close of the Offer, the amount of such dividends or other distributions will be deducted from the Offer Price; and (ii) free from all rights of Encumbrances.
- (g) Any Shareholders accepting the Offer will be responsible for payment of any other transfer or cancellation or other taxes or duties payable in respect of the relevant jurisdictions due by such persons.
- (h) In making their decision, the Shareholders must rely on their own examination of the Group and the terms of the Offer, including the merits and risks involved. The contents of this Offer Document, including any general advice or recommendation contained herein together with the Form of Acceptance, shall not be construed as any legal or

business advice on the part of the Offeror, Cinda International, Donvex Capital or their respective professional advisers or any other person. The Shareholders should consult their own professional advisers for professional advice.

- (i) Following the despatch of this Offer Document by the Offeror, the Company will be required under the Takeovers Code to send to all Shareholders the Response Document within 14 days. The Response Document will include the views of the Board and the independent board committee of the Company on the Offer, and the letter of advice from the independent financial adviser appointed by the Company in relation to the Offer. Shareholders are advised to read this Offer Document and the Response Document before taking any action in respect of the Offer.
- (j) This Offer Document has been prepared for the purposes of compliance with the legislative and regulatory requirements applicable in respect of the Offer in Hong Kong and the operating rules of the Stock Exchange.
- (k) Should any Shareholders have any enquiries concerning administrative matters, such as dates, documentation and procedures relating to the Offer, the Shareholders may contact the Receiving Agent at its hotline at (852) 2980 1333 during the period from 29 April 2020 to the Closing Date (both days inclusive) between 9:00 a.m. and 4:00 p.m. (Hong Kong time) from Mondays to Fridays (other than public holidays). Only administrative matters will be answered and no information or other advice relating to the Offer will be given.
- (l) Reference to the Offer in this Offer Document and in the Form of Acceptance shall include any extension or revision thereof.
- (m) The Offer is made in accordance with the Takeovers Code.
- (n) All acceptances, instructions, authorities and undertakings given by the Shareholders in the Form of Acceptance shall be irrevocable except as permitted under the Takeovers Code.

X. INTERPRETATION

- (a) A reference in this Offer Document to a Shareholder includes a reference to a person(s) who, by reason of an acquisition or transfer of Offer Shares, is entitled to execute a Form of Acceptance and in the event of more than one person executing a Form of Acceptance, the provisions of this Offer Document apply to them jointly and severally.
- (b) Reference to the Offer in this Offer Document and in the Form of Acceptance shall include any extension or revision thereof.
- (c) A reference in this Offer Document and the Form of Acceptance to the masculine gender includes the feminine and neuter genders, and a reference to the singular includes the plural, and vice versa.

I. RESPONSIBILITY STATEMENT

This Offer Document includes particulars given in compliance with the Takeovers Code for the purpose of giving information with regard to the Offer, the Offeror, China Cinda (HK) and China Cinda.

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

The information relating to the Company in this Offer Document has been extracted from or based on the published information of the Company. The only responsibility accepted by the Offeror in respect of such information is for the correctness and fairness of the extraction of such information and/or its reproduction or presentation.

II. MARKET PRICES

The table below shows the closing price per Share quoted on the Stock Exchange on (i) the last Business Day on which trading took place in each of the calendar months during the Relevant Period; (ii) 23 October 2019 (being the last trading day prior to the commencement of the Offer Period); (iii) 24 October 2019 (being the date of commencement of the Offer Period); (iv) the Last Trading Day; and (v) the Latest Practicable Date.

Date	Closing price per Share (HK\$)
30 April 2019	1.080
31 May 2019	1.040
28 June 2019	0.980
31 July 2019	0.820
30 August 2019	0.550
30 September 2019	0.560
23 October 2019	0.530
24 October 2019	0.530
31 October 2019	0.395
29 November 2019	0.340
31 December 2019	0.385
31 January 2020	0.305
28 February 2020	0.640
31 March 2020	0.510
23 March 2020 (Last Trading Day)	0.510
Latest Practicable Date	0.540

During the Relevant Period, the highest and lowest closing prices of the Shares as quoted on the Stock Exchange were HK\$1.16 on 25 April 2019 and HK\$0.305 on 31 January 2020, respectively.

III. DISCLOSURE OF INTERESTS IN THE COMPANY AND ARRANGEMENT IN CONNECTION WITH THE OFFER

Save for the transfer of the Charged Shares and the assignment of the Convertible Note from Sansheng Hongye to China Cinda (HK) as a result of the Enforcement Action, the Offeror and parties acting in concert with it have not dealt in any Shares or relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company during the period commencing six months prior to the commencement of the Offer Period and up to the Latest Practicable Date.

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

- (i) save for 843,585,747 Charged Shares and the Convertible Note held by China Cinda (HK), none of the Offeror, its ultimate beneficial owner and parties acting in concert with any of them held, owned or had control or direction over any voting rights or rights over any Shares, convertible securities, warrants, options, derivatives or other securities that are convertible or exchangeable into Shares or other types of equity interest in the Company;
- (ii) there was no outstanding derivatives in respect of the securities in the Company which is entered into by the Offeror, its ultimate beneficial owner or parties acting in concert with any of them;
- (iii) there was no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Company between any person and the Offeror or any parties acting in concert with it;
- (iv) there was no agreement or arrangement to which the Offeror is a party which relates to circumstances in which the Offeror may or may not invoke or seek to invoke a pre-condition or a condition to the Offer;
- (v) there were no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror, its ultimate beneficial owner and parties acting in concert with any of them had borrowed or lent;
- (vi) none of the Offeror, its ultimate beneficial owner and parties acting in concert with any of them had received any irrevocable commitment(s) to accept or reject the Offer;
- (vii) save for the enforcement in respect of the Charged Shares, there was no other consideration or compensation or benefit in whatever form paid or payable by the Offeror, or parties acting in concert with it to Sansheng Hongye or any party acting in concert with it in connection with the Transfer;

- (viii) there was no special deal (as defined under Rule 25 of the Takeovers Code) between the Offeror and parties acting in concert with it on one hand, and the Shareholders on the other hand;
- (ix) there was no arrangement whereby any director of the Company would be given any benefit as compensation for loss of office or otherwise in connection with the Offer;
- (x) there was no agreement, arrangement or understanding (including any compensation arrangement) between the Offeror or any parties acting in concert with it and any Director, recent Directors, Shareholders or recent Shareholders which had any connection with or dependence upon the Offer;
- (xi) there was no agreement, arrangement or understanding that any securities acquired in pursuance of the Offer would be transferred, charged or pledged to any other persons; and
- (xii) none of the directors of the Offeror or China Cinda (HK) would be affected in terms of their emoluments in connection with the transactions contemplated with the Enforcement Action, the Offer or by any other associated transaction.

IV. EXPERT AND CONSENT

The following are the qualifications of the experts who have given opinions or advices which are contained or referred to in this Offer Document:

Name	Qualifications
Cinda International	Cinda International Capital Limited, a corporation licensed under the SFO to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities
Donvex Capital	Donvex Capital Limited, a corporation licensed under the SFO to carry on type 6 (advising on corporate finance) regulated activity

As at the Latest Practicable Date, each of the experts mentioned above had given and had not withdrawn its written consent to the issue of this Offer Document with the inclusion of its letter, advice and/or references to its name in the form and context in which it is included.

V. MISCELLANEOUS

As at the Latest Practicable Date:

- (i) Mr. Ma Yilin and Mr. Chen Zhiwei are the directors of the Offeror and China Cinda (HK);
- (ii) the directors of China Cinda are Mr. Zhang Zi'ai and Mr. Zhang Weidong (as executive directors), Mr. He Jieping, Mr. Xu Long, Mr. Zhang Guoqing and Mr. Liu Chong (as non-executive directors), and Mr. Zhu Wuxiang, Mr. Sun Baowen, Mr. Lu Zhengfei and Mr. Lam Chi Kuen (as independent non-executive directors);
- (iii) the registered office of the Offeror is situate at 4th Floor Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, British Virgin Islands VG1110;
- (iv) the registered office of China Cinda (HK) is situate at 12/F, AIA Central, 1 Connaught Road Central, Central, Hong Kong;
- (v) the registered office of China Cinda is situate at 12/F, AIA Central, 1 Connaught Road Central, Central, Hong Kong;
- (vi) Cinda International is the joint financial adviser and the offer agent making the Offer for and on behalf of the Offeror and its registered office is situate at 45/F., Cosco Tower, 183 Queen's Road Central, Hong Kong;
- (vii) Donvex Capital is the joint financial adviser to the Offeror and its registered office is situate at Room 1305–1306, 13/F., Carpo Commercial Building, 18–20 Lyndhurst Terrace, Central, Hong Kong; and
- (viii) in the case of inconsistency, the English text of this Offer Document shall prevail over the Chinese text.

VI. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection on the websites of the SFC (www.sfc.hk) and the Offeror (www.cindahk.com) and the office of Hastings & Co., the legal adviser to the Offeror, during normal business hours from 9:00 a.m. to 6:00 p.m. on Monday to Friday (except public holidays), at 5/F., Gloucester Tower, The Landmark, 11 Pedder Street, Central, Hong Kong during the period from the date of this Offer Document until the end of the Offer Period:

- (i) the memorandum and articles of association of the Offeror;
- (ii) the memorandum and articles of association of China Cinda (HK);
- (iii) the letter from Cinda International, the text of which is set out on pages 7 to 23 of this Offer Document; and
- (iv) the written consents referred to in the paragraph headed “IV. Expert and Consent” in this appendix.