

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in Sinolink Worldwide Holdings Limited (the "Company"), you should at once hand this circular and the accompanying form of proxy to the purchaser, the transferee or to the bank manager, the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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百仕達控股有限公司*

SINOLINK WORLDWIDE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1168)

- (1) PROPOSED RIGHTS ISSUE OF RIGHTS SHARES ON THE BASIS OF
FOUR RIGHTS SHARES FOR EVERY FIVE EXISTING SHARES AT
HK\$0.28 PER RIGHTS SHARE ON A NON-UNDERWRITTEN BASIS;
(2) APPLICATION FOR WHITELASH WAIVER;
(3) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL;
AND
(4) NOTICE OF SPECIAL GENERAL MEETING**

Financial adviser to the Controlling Shareholder



Independent financial adviser to the Listing Rules Independent Board Committee,
the Takeovers Code Independent Board Committee and the Independent Shareholders



Capitalised terms used in this cover page shall have the same meanings as those defined in this circular.

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company on the Record Date, which is expected to be March 18, 2021 (Thursday). In order to be registered as a member of the Company on the Record Date, all transfers of Shares (together with the relevant share certificate(s)) must be lodged with the Registrar, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by not later than 4:30 p.m. on March 11, 2021 (Thursday). It is expected that the last day of dealings in the Shares on a cum-rights basis is March 9, 2021 (Tuesday) and the Shares will be dealt with on an ex-rights basis from March 10, 2021 (Wednesday).

A letter from the Board is set out on pages 11 to 31 of this circular. A letter from the Listing Rules Independent Board Committee is set out on pages 32 to 33 of this circular. A letter from the Takeovers Code Independent Board Committee is set out on pages 34 to 35 of this circular. A letter from the Independent Financial Adviser, containing its advice to Listing Rules Independent Board Committee, the Takeovers Code Independent Board Committee and the Independent Shareholders, is set out on pages 36 to 65 of this circular.

A notice convening the GM to be held at 28th Floor, Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong, on March 8, 2021 (Monday) at 11:00a.m. is set out on pages GM-1 to GM-4 of this circular. A form of proxy for use at the GM is also enclosed. Whether or not you are able to attend the GM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Registrar as soon as possible and in any event not less than 48 hours before the time appointed for holding the GM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the GM or any adjournment thereof should you so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.

The Rights Issue is on a non-underwritten basis. Pursuant to the Company's constitutional documents and the Companies Act of Bermuda, there are no requirements for minimum levels of subscription. The Rights Issue is conditional upon the fulfillment of the conditions as set out in the section headed "Conditions of the Rights Issue" of the "Letter from the Board" in this circular.

Dealings in the Rights Shares in the nil-paid form will take place from March 23, 2021 (Tuesday) to March 30, 2021 (Tuesday). Any persons contemplating dealings in the Shares prior to the date on which all the conditions of the Rights Issue are fulfilled, and any dealings in the Rights Shares in their nil-paid form between March 23, 2021 (Tuesday) to March 30, 2021 (Tuesday) (both days inclusive), bear the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholders or other persons contemplating any dealings in the Share or nil-paid Rights Shares are recommended to consult their own professional advisers.

Subject to the fulfillment of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares and the level of subscription of the excess Rights Shares. In the event the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. Shareholders and potential investors are advised to exercise caution when dealing in the Shares and/or nil-paid Rights Shares up to the date when the conditions of the Rights Issue are fulfilled.

Any Shareholder or other person contemplating transferring, selling or purchasing Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or Rights Shares. Any person who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Shares or in the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled will accordingly bear the risk that the Rights Issue may not proceed.

PRECAUTIONARY MEASURES FOR THE SPECIAL GENERAL MEETING

Please see pages 1 & 2 of this circular for measures being taken to try to prevent and control the spread of the Coronavirus at the GM (as defined on page 2 of this circular), including but not limited to:

- compulsory temperature checks and health declarations;
- compulsory wearing of surgical face masks; and
- no distribution of corporate gifts and refreshments.

Attendees who do not comply with the precautionary measures may be denied entry into the GM venue. The Company reminds Shareholders that they may appoint the Chairman of the meeting as their proxy to vote on the relevant resolutions at the GM as an alternative to attending the GM in person.

* For identification purpose only

February 11, 2021

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PRECAUTIONARY MEASURES FOR THE SPECIAL GENERAL MEETING

In view of the ongoing Novel Coronavirus (COVID-19) epidemic and recent requirements for prevention and control of its spread, the Company will implement the following preventive measures at the GM to protect attending Shareholders (as defined on page 5 of this circular), staff and other stakeholders from the risk of infection:

- (i) Compulsory body temperature checks will be conducted on every Shareholder, proxy and other attendees at the entrance of the GM venue. Any person with a body temperature of over 37.4 degrees Celsius may be denied entry into the GM venue or be required to leave the GM venue.
- (ii) All Shareholders, proxies and other attendees are required to complete and submit at the entrance of the GM venue declaration forms confirming their names and contact details, and confirming that they (i) have not travelled to, or to their best of knowledge had physical contact with any person who has recently travelled to, any affected countries or areas outside of Hong Kong, (ii) have not been under compulsory quarantine or medical surveillance order by the Department of Health of Hong Kong, and (iii) have not ever lived with any person under home quarantine (as per guidelines issued by the Hong Kong government at www.chp.gov.hk/en/features/102742.html) at any time in the preceding 14 days. Any person who does not comply with this requirement may be denied entry into the GM venue or be required to leave the GM venue.
- (iii) Every attendee will be required to wear surgical face masks inside the GM venue at all times, and to maintain a safe distance between seats. Any person who does not comply with this requirement may be denied entry into the GM venue and be asked to leave the venue.
- (iv) No refreshments will be served, and there will be no corporate gifts.

To the extent permitted under applicable law, the Company reserves the right to deny entry into the GM venue or require any person to leave the GM venue in order to ensure the safety of the attendees at the GM. For the health and safety of the Shareholders, the Company would like to encourage Shareholders to exercise their right to vote at the GM by appointing the Chairman of the GM as their proxy and to return their proxy forms by the time specified above, instead of attending the GM in person.

In the interest of all stakeholders' health and safety and consistent with recent COVID-19 guidelines for prevention and control, the Company reminds all Shareholders that physical attendance in person at the GM is not necessary for the purpose of exercising voting rights. As an alternative, by using proxy forms with voting instructions inserted, Shareholders may appoint the Chairman of the GM as their proxy to vote on the relevant resolutions at the GM instead of attending the GM in person.

The proxy form is attached to this circular. Alternatively, the proxy form can be downloaded from the "Investor Relations" section of the Company's website at <http://www.sinolinkhk.com/> or the designated website of the Stock Exchange (as defined on page 6 of this circular) at <http://www.hkexnews.hk>. If you are not a registered Shareholder (if your Shares are held via banks, brokers, custodians or the Hong Kong Securities Clearing Company Limited), you should consult directly with your banks or brokers or custodians (as the case may be) to assist you in the appointment of proxy.

PRECAUTIONARY MEASURES FOR THE SPECIAL GENERAL MEETING

If Shareholders choose not to attend the GM in person have any questions about the relevant resolutions, or about the Company or any matters for communication with the Board, they are welcome to contact the Company Secretary of the Company by facsimile or email as follows:

Company Secretary
Email: ir@sinolinkhk.com
Fax: (852) 2851 0970

If Shareholders have any questions relating to the GM, please contact Computershare Hong Kong Investor Services Limited, the Company's branch share registrar in Hong Kong as follows:

Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong
Website: www.computershare.com/hk/contact
Tel: (852) 2862 8555
Fax: (852) 2865 0990

DEFINITIONS

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

acting in concert	has the meaning ascribed to it under the Takeovers Code
Announcement	the joint announcement dated January 6, 2021 issued by the Company and the Controlling Shareholder in relation to (among other things) the Rights Issue and the Whitewash Waiver
Authorised Share Capital Increase	the proposed increase in the authorised share capital of the Company from HK\$600,000,000 divided into 6,000,000,000 Shares to HK\$1,500,000,000 divided into 15,000,000,000 Shares by the creation of an additional 9,000,000,000 unissued Shares
Beneficial Owners	owners of Shares whose Shares are registered in the name of a registered Shareholder as shown in the register of members of the Company
Board	the board of Directors
Business Day	any day on which banks are generally open for business in Hong Kong (excluding Saturday and Sunday)
CCASS	the Central Clearing and Settlement System established and operated by HKSCC
Company	Sinolink Worldwide Holdings Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the Main Board of the Stock Exchange (stock code: 1168)
Composite Document	the composite offer and response document expected to be jointly issued by the Company and the Controlling Shareholder Concert Group in connection with the Possible Offer in accordance with the Takeovers Code
Controlling Shareholder	Asia Pacific Promotion Limited, a company incorporated in British Virgin Islands with limited liability on December 16, 1997, whose principal business is investment holding and as at the Latest Practicable Date is interested in 1,590,283,250 Shares, representing approximately 44.91% of the existing issued share capital of the Company, being a controlling shareholder (as defined under the Listing Rules) of the Company. The Controlling Shareholder is wholly owned by Mr. Ou, who is also a non-executive Director of the Company

DEFINITIONS

Controlling Shareholder Concert Group	the Controlling Shareholder and persons acting in concert with it, including Mr. Ou, Mrs. Ou, Mr. Ou Jin Yi Hugo and Mr. Xiang as at the Latest Practicable Date
Director(s)	the director(s) of the Company
EAF(s)	application form(s) for excess Rights Shares
Executive	the Executive Director of the Corporate Finance Division of the SFC or any of his delegate(s)
GM	the special general meeting of the Company to be convened to approve, among other things, the Authorised Share Capital Increase, the Rights Issue and the Whitewash Waiver
Group	the Company and its subsidiaries
HK\$	Hong Kong dollar(s), the lawful currency of Hong Kong
HKSCC	Hong Kong Securities Clearing Company Limited
Independent Financial Adviser or Lego Corporate Finance	Lego Corporate Finance Limited, a licensed corporation to carry on Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed by the Listing Rules Independent Board Committees and the Takeovers Code Independent Board Committee to advise the Takeovers Code Independent Board Committee, the Listing Rules Independent Board Committee and the Independent Shareholders in relation to the terms of the Rights Issue and the Whitewash Waiver and as to voting
Independent Shareholder(s)	Shareholders other than (i) the Controlling Shareholder Concert Group, (ii) the associates of the Controlling Shareholder and (iii) Shareholders who are involved in, or interested in the Rights Issue and/or the Whitewash Waiver (as the case may be), who are required under the Listing Rules and/or the Takeovers Code (as the case may be) to abstain from voting in the GM
Joint Venture Agreement	the joint venture formation agreement entered into between the Company and ZhongAn Technology, a wholly-owned subsidiary of ZAOIL, dated December 8, 2017 (as amended and supplemented from time to time)

DEFINITIONS

Last Day for Transfer	the last date for lodging transfers of Shares prior to the closure of the register of members of the Company for the purpose of determining entitlements under the Rights Issue, which is currently expected to be March 11, 2021 (Thursday)
Last Trading Day	January 5, 2021 (Tuesday), being the last full trading day for the Shares before the release of the Announcement
Latest Acceptance Date	April 7, 2021 (Wednesday), being the last day for acceptance and payment of the Rights Shares and application for excess Rights Shares, or such other date as the Company may determine
Latest Practicable Date	February 8, 2021 (Monday), being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
Latest time for acceptance	4:00 p.m. on the Latest Acceptance Date
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange
Listing Rules Independent Board Committee	an independent board committee of the Company comprising all the independent non-executive Directors, which has been established under the Listing Rules to advise the Independent Shareholders on the terms of the Rights Issue
Long Stop Date	June 30, 2021 or such later date as the Board may determine and resolve
Main Board	the Main Board of the Stock Exchange
Mr. Ou	Mr. Ou Yaping, the sole shareholder and Director of the Controlling Shareholder who is also a non-executive Director of the Company
Mr. Xiang	Mr. Xiang Ya Bo, brother of Mr. Ou, an executive Director, the Chairman and Chief Executive Officer of the Company
Mrs. Ou	Ms. Cheung Loi Ping, the spouse of Mr. Ou
Non-Qualifying Shareholder(s)	Overseas Shareholder(s) in respect of whom the Directors, based on legal advice provided by legal advisers in the relevant jurisdictions, consider it necessary or expedient to exclude from the Rights Issue, on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place

DEFINITIONS

Overseas Letter	letter from the Company to the Non-Qualifying Shareholders explaining the circumstances in which the Non-Qualifying Shareholders are not permitted to participate in the Rights Issue
Overseas Shareholder(s)	Shareholder(s) whose names appear on the register of members of the Company as at the close of business on the Record Date and whose address(es) as shown on such register is/are outside Hong Kong
Possible Offer	the possible mandatory general offer that may be made by the Controlling Shareholder Concert Group for all the Shares and other securities of the Company which are not already owned or agreed to be acquired by the Controlling Shareholder Concert Group under Rule 26 and Rule 13 of the Takeovers Code in the event that (i) the Rights Issue will proceed in the absence of the Whitewash Waiver, which is when the Whitewash Waiver is not granted by the Executive and/or not approved by at least 75% of the votes cast by Independent Shareholders at the GM and the Rights Issue is approved by at least 50% of the votes cast by the Independent Shareholder at the GM; and (ii) there is undersubscription of the Rights Issue and/or the Controlling Shareholder Concert Group has applied for and successfully been allotted excess Rights Shares resulting in an increase the holding of voting rights of the Controlling Shareholder Concert Group in the Company by more than 2% as a result of the issue of the Rights Shares subject to the terms and conditions as set out in the Announcement
Posting Date	March 19, 2021 (Friday), or such other date as the Company may determine in writing for the despatch of the Prospectus Documents
PRC	the People's Republic of China, which for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
Prospectus	the prospectus to be issued by the Company in relation to the Rights Issue
Prospectus Date	proposed date of Prospectus
Prospectus Documents	the Prospectus, the PALs and the EAFs to be issued by the Company to the Qualifying Shareholders

DEFINITIONS

PALs	the provisional allotment letter(s) to be used in connection with the Rights Issue in such form as the Company may approve
Qualifying Shareholders	Shareholder(s), other than the Non-Qualifying Shareholder(s), whose name(s) appear on the register of members of the Company as at the close of business on the Record Date
Record Date	the date by reference to which entitlements under the Rights Issue are expected to be determined, which is currently scheduled to be on March 18, 2021 (Thursday) or such later date as announced by the Company
Registrar	the Hong Kong branch share registrar of the Company, being Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
Relevant Period	the period commencing six months prior to the date of the Announcement and ending on the Latest Practicable Date
Rights Issue	the issue of no more than 2,924,090,264 Rights Shares and no less than 1,272,226,600 Rights Shares at the Subscription Price on the basis of four Rights Shares for every five existing Shares held on the Record Date payable in full on acceptance
Rights Share(s)	the new Share(s) to be allotted and issued in respect of the Rights Issue
SFC	the Securities and Futures Commission of Hong Kong
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Share(s)	ordinary share(s) of the Company of par value HK\$0.10
Shareholder(s)	the holder(s) of the Share(s)
Share Option(s)	a right to subscribe for Shares pursuant to the Share Option Scheme or any share option granted thereunder
Share Option Scheme	the share option scheme of the Company adopted on May 17, 2012
Sinolink Properties	Sinolink Properties Limited, a company incorporated in the PRC and an indirect non-wholly owned subsidiary of the Company

DEFINITIONS

Stock Exchange	The Stock Exchange of Hong Kong Limited
Subscription Price	the subscription price of HK\$0.28 per Rights Share
subsidiary(ies)	has the same meaning ascribed to it under the Listing Rules
Takeovers Code	the Hong Kong Codes on Takeovers and Mergers and Share Buy-backs
Takeovers Code Independent Board Committee	an independent board committee of the Company comprising all the non-executive Directors (other than Mr. Ou and Mr. Ou Jin Yi Hugo who are non-executive Directors but not part of the Independent Board Committee since they are members of the Controlling Shareholder Concert Group), namely Mr. Tang Yui Man Francis, Mr. Tian Jin, Dr. Xiang Bing and Mr. Xin Luo Lin, which has been established under the Takeovers Code to advise the Independent Shareholders on the terms of the Rights Issue and the Whitewash Waiver
Undertaking	the letter of undertaking executed by the Controlling Shareholder in favour of the Company dated January 6, 2021 (after trading hours of the Stock Exchange)
United States or US	the United States of America (including its territories and dependencies, any state in the US and the District of Columbia)
US Person(s)	any person(s) or entity(ies) deemed to be a US Person for the purposes of Regulation S under the US Securities Act of 1933, as amended
Whitewash Waiver	the whitewash waiver pursuant to Note 1 on dispensations from Rule 26 and Rule 13 of the Takeovers Code of the obligations on the part of the Controlling Shareholder to make a Possible Offer
ZAOIL	ZhongAn Online P & C Insurance Co., Ltd.* (眾安在綫財產保險股份有限公司), a joint stock limited company incorporated in the PRC with limited liability and carrying on business in Hong Kong as “ZA Online Fintech P & C” whose H shares are listed on the Main Board of the Stock Exchange (stock code: 6060)
ZhongAn International	ZhongAn Technologies International Group Limited (眾安科技(國際)集團有限公司), a Hong Kong limited liability company jointly invested by the Company and ZhongAn Technology pursuant to the Joint Venture Agreement

DEFINITIONS

**ZhongAn International
Ordinary Shares**

the voting ordinary shares in the share capital of ZhongAn International

ZhongAn Technology

ZhongAn Information Technology Services Co., Ltd.* (眾安信息技術服務有限公司), a wholly-owned subsidiary of ZAOIL, incorporated in the PRC on July 7, 2016

* *for identification purpose only*

EXPECTED TIMETABLE

The expected timetable for the Rights Issue is set out below. The expected timetable is indicative only and may be subject to change, and any such change will be announced in a separate announcement by the Company as and when appropriate.

ALL TIME AND DATE REFERENCES CONTAINED IN THIS CIRCULAR SHALL REFER TO HONG KONG LOCAL TIME AND DATES.

EVENTS

TIME AND DATE

Latest time for lodging transfer of Shares to be qualified for attendance at GM	4:30 p.m. on March 1, 2021 (Monday)
Closure of register of members of the Company for determining the identity of Shareholders entitled to attend and vote at the GM (both days inclusive)	March 2, 2021 (Tuesday) to March 8, 2021 (Monday)
Latest date and time for lodging forms of proxy for the purpose of the GM	11:00 a.m. on March 6, 2021 (Saturday)
Record date for attendance and voting at GM	March 8, 2021 (Monday)
Date and time of the GM	11:00 a.m. on March 8, 2021 (Monday)
Announcement of poll results of GM	March 8, 2021 (Monday)
Effective date of the Authorised Share Capital Increase	March 8, 2021 (Monday)
Last day of dealings in Shares on a cum-rights basis	March 9, 2021 (Tuesday)
First day of dealings in Shares on an ex-rights basis	March 10, 2021 (Wednesday)
Latest time for lodging transfer documents of Shares in order to be qualified for the Rights Issue	4:30 p.m. on March 11, 2021 (Thursday)
Closure of register of members of the Company for determining entitlements under the Rights Issue (both days inclusive)	March 12, 2021 (Friday) to March 18, 2021 (Thursday)
Record Date for determining entitlements under Rights Issue	March 18, 2021 (Thursday)

EXPECTED TIMETABLE

Register of members of the Company reopens	March 19, 2021 (Friday)
Despatch of Prospectus Documents, including PAL and EAF	March 19, 2021 (Friday)
First day of dealings in nil-paid Rights Shares	March 23, 2021 (Tuesday)
Latest time for splitting nil-paid Rights Shares	4:30 p.m. on March 25, 2021 (Thursday)
Last day of dealings in nil-paid Rights Shares	March 30, 2021 (Tuesday)
Latest time for acceptance of and payment of Rights Shares and application for excess Rights Shares	4:00 p.m. on April 7, 2021 (Wednesday)
Announcement of results of the Rights Issue to be posted on the Stock Exchange's website and the Company's website on or before	April 14, 2021 (Wednesday)
Refund cheques for wholly and partially unsuccessful excess applications to be posted	April 15, 2021 (Thursday)
Share certificates for fully-paid Rights Shares to be posted	April 15, 2021 (Thursday)
First day of dealings in fully-paid Rights Shares	April 16, 2021 (Friday)

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES

The latest time for acceptance of and payment for Rights Shares will not take place if there is a tropical cyclone warning signal no. 8 or above, or “extreme conditions” caused by a super typhoon, or a “black” rainstorm warning:

- i. in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Latest Acceptance Date. Instead the latest time for acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same day; and

EXPECTED TIMETABLE

- ii. in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Latest Acceptance Date. Instead the latest time of acceptance of and payment for the Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m..

If the latest time for acceptance of and payment for the Rights Shares does not take place on the Latest Acceptance Date, the dates mentioned in the “Expected Timetable” section may be affected. The Company will notify the Shareholders by way of announcement(s) of any change to the expected timetable as soon as practicable.

LETTER FROM THE BOARD



百仕達控股有限公司*

SINOLINK WORLDWIDE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1168)

Executive Directors:

Xiang Ya Bo (Chairman and Chief Executive Officer)
Chen Wei

Non-executive Director:

Ou Jin Yi Hugo
Ou Yaping
Tang Yui Man Francis

Independent non-executive Directors:

Tian Jin
Xiang Bing
Xin Luo Lin

Registered office:

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

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

28th Floor, Infinitus Plaza
199 Des Voeux Road Central
Hong Kong

February 11, 2021

To the Shareholders

Dear Sir or Madam,

- (1) PROPOSED RIGHTS ISSUE OF RIGHTS SHARES ON THE BASIS OF
FOUR RIGHTS SHARES FOR EVERY FIVE EXISTING SHARES AT
HK\$0.28 PER RIGHTS SHARE ON A NON-UNDERWRITTEN BASIS;
(2) APPLICATION FOR WHITEWASH WAIVER;
(3) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL;
AND
(4) NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

Reference is made to the joint announcement of the Company and the Controlling Shareholder dated January 6, 2021 in relation to, among other things, the Rights Issue and the application for Whitewash Waiver.

* For identification purpose only

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things, (i) further information on the Rights Issue and the Whitewash Waiver; (ii) a letter of recommendation from the Listing Rules Independent Board Committee in respect of the Rights Issue; (iii) a letter of recommendation from the Takeovers Code Independent Board committee in respect of the Rights Issue and the Whitewash Waiver; (iv) a letter of advice from the Independent Financial Adviser in relation to the Rights Issue and the Whitewash Waiver; (v) other information required pursuant to the Listing Rules and the Takeovers Code in relation to the Rights Issue and the Whitewash Waiver; and (vi) a notice of the GM.

PROPOSED RIGHTS ISSUE

The Rights Issue is proposed to take place with the terms set out as follows:

Issue statistic

Basis of the Rights Issue	:	Four (4) Rights Shares for every five (5) existing Shares held on the Record Date
Subscription Price	:	HK\$0.28 per Rights Share
Number of the existing Shares in issue as at the Latest Practicable Date	:	3,541,112,832 Shares
Minimum number of Rights Shares	:	1,272,226,600 Rights Shares (assuming (i) there is no change to the number of issued Shares on or before the Record Date; (ii) none of the Qualifying Shareholders other than the Controlling Shareholder has taken up its entitlements under the Rights Issue; and (iii) the Controlling Shareholder has not applied for any excess Rights Shares or is not allotted any Rights Shares under EAF and the Controlling Shareholder has accepted all Rights Shares provisionally allotted to it pursuant to the Undertaking)
Maximum number of Rights Shares	:	2,924,090,264 Rights Shares (assuming (i) other than all the outstanding Share Options being exercised in full, there is no change to the number of issued Shares on or before the Record Date; and (ii) all Qualifying Shareholders have taken up their entitlements under the Rights Issue) (i.e. 2,832,890,264 Shares plus the outstanding exercisable Share Options carrying the right to subscribe for a total number of 91,200,000 Rights Shares)

LETTER FROM THE BOARD

Maximum and minimum aggregate nominal value of the Rights Shares to be issued	:	No more than HK\$292,409,026.4 and no less than HK\$127,222,660.0
Minimum enlarged issued share capital upon completion of the Rights Issue	:	4,813,339,432 Shares (assuming (i) there is no change to the number of issued Shares on or before the Record Date; (ii) none of the Qualifying Shareholders other than the Controlling Shareholder has taken up its entitlements under the Rights Issue; and (iii) the Controlling Shareholder has not applied for any excess Rights Shares or is not allotted any Rights Shares under EAF and the Controlling Shareholder has accepted all Rights Shares provisionally allotted to it pursuant to the Undertaking)
Maximum enlarged issued share capital upon completion of the Rights Issue	:	6,579,203,096 Shares (assuming (i) other than all the outstanding Share Options being exercised in full, there is no change to the number of issued Shares on or before the Record Date; and (ii) all Qualifying Shareholders have taken up their entitlements under the Rights Issue)
Funds to be raised before expenses	:	Not more than approximately HK\$818.7 million and not less than approximately HK\$356.2 million

As at the Latest Practicable Date, there are outstanding Share Options carrying the right to subscribe for a total number of 114,000,000 Shares at an exercise price of HK\$1.37 per Share, of which 57,000,000 Shares are exercisable from November 15, 2015 to May 14, 2025 (both dates inclusive); 48,250,000 Shares are exercisable from May 15, 2016 to May 14, 2025 (both dates inclusive); and 8,750,000 Shares are exercisable from November 15, 2016 to May 14, 2025 (both dates inclusive) granted and exercisable under the Share Option Scheme. Save for the foregoing, there are no other options, warrants or other convertible securities granted by the Company that are subsisting as at the Latest Practicable Date. As at the Latest Practicable Date, the Company has no intention to issue or grant any options, warrants or other convertible securities on or before the Record Date.

Assuming (i) there is no change to the number of issued Shares on or before the Record Date; (ii) none of the Shareholders other than the Controlling Shareholder has taken up its entitlements under the Rights Issue; and (iii) the Controlling Shareholder has not applied for any excess Rights Shares or is not allotted any Rights Shares under EAF and the Controlling Shareholder has accepted all Rights Shares provisionally allotted to it pursuant to the Undertaking, the minimum number of 1,272,226,600 Rights Shares to be issued pursuant to the terms of the Rights Issue represents approximately 35.93% of the total number of the existing issued Shares of 3,541,112,832 as at the Latest Practicable Date and approximately 26.43% of the total number of the issued Shares of 4,813,339,432, as enlarged by the allotment and issue of the Rights Shares immediately upon completion of the Rights Issue.

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Assuming (i) other than all the outstanding Share Options being exercised in full, there is no change to the number of issued Shares on or before the Record Date; and (ii) all Shareholders have taken up their entitlements under the Rights Issue, the maximum number of 2,924,090,264 Rights Shares to be issued pursuant to the terms of the Rights Issue represents approximately 82.58% of the total number of the existing issued Shares of 3,541,112,832 as at the Latest Practicable Date and approximately 44.40% of the issued Shares of 6,579,203,096 as enlarged by the allotment and issue of all the Rights Shares immediately upon completion of the Rights Issue.

Qualifying Shareholders

To qualify for the Rights Issue, a Qualifying Shareholder must be registered as a member of the Company on the Record Date and not being a Non-Qualifying Shareholder. In order to be registered as members of the Company on the Record Date, all transfers of Shares (together with the relevant share certificate(s)) must be lodged with the Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by not later than 4:30 p.m. on March 11, 2021 (Thursday). It is expected that the last day of dealings in the Shares on a cum-rights basis is March 9, 2021 (Tuesday) and the Shares will be dealt with on an ex-rights basis from March 10, 2021 (Wednesday).

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing the PAL and lodging the same with remittance for the Rights Shares accepted with the Registrar by 4:00 p.m. on the Latest Acceptance Date.

Closure of register of members

The register of members of the Company will be closed from March 2, 2021 (Tuesday) to March 8, 2021 (Monday) (both days inclusive) for determining the identity of the Shareholders entitled to attend and vote at the GM.

The register of members of the Company will be closed from March 12, 2021 (Friday) to March 18, 2021 (Thursday) (both days inclusive) for determining the entitlements under the Rights Issue.

No transfer of Shares will be registered during the above book closure periods.

Rights of Overseas Shareholders

The Prospectus Documents will not be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. The Board will make enquiry regarding the legal restrictions under the laws of the relevant overseas places and the requirements of the relevant regulatory body or stock exchange pursuant to Rule 13.36(2)(a) of the Listing Rules. If, after making such enquiry and based on legal opinion provided by the legal advisers to the Company, the Board is of the opinion that it would be necessary or expedient not to offer the Rights Shares to any Overseas Shareholders on account either of the legal restrictions under the laws of the relevant place(s) or the requirements of the relevant regulatory body or stock exchange in the relevant place(s), no offer of the Rights Shares will be made to such Overseas Shareholders. Overseas Shareholders may not be eligible to take part in the Rights Issue.

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The Company will send copies of the Overseas Letter and the Prospectus to the Non-Qualifying Shareholders for their information only, but will not send the PAL or EAF to them.

Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders in nil-paid form, to be sold as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses, of more than HK\$100, will be paid pro rata (but rounded down to the nearest cent) to the relevant Non-Qualifying Shareholders to their shareholdings held on the Record Date in Hong Kong dollars. In light of administrative expenses, the Company will retain individual amounts of less than HK\$100 for its own benefit.

Any unsold entitlements of the Overseas Shareholders will be made available for excess application by the Qualifying Shareholders. For the avoidance of doubt, the Non-Qualifying Shareholders will be entitled to vote at the GM unless such person is an associate of the Controlling Shareholder or acting in concert with the Controlling Shareholder or is otherwise not an Independent Shareholder.

The Company reserves the right to treat as invalid any acceptance of or applications for Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Accordingly, Overseas Shareholders should exercise caution when dealing in the Shares.

Subscription Price

The subscription price of HK\$0.28 per Rights Share is payable in full when a Qualifying Shareholder accepts his/her/its provisional allotment under the Rights Issue or when a transferee of nil-paid Rights Shares subscribes for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 25.33% to the closing price of HK\$0.375 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 42.86% to the closing price of HK\$0.49 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 45.21% to the average of the closing prices per Share as quoted on the Stock Exchange for the five previous consecutive trading days up to and including the Last Trading Day of HK\$0.511;
- (iv) a discount of approximately 45.04% to the average of the closing prices per Share as quoted on the Stock Exchange for the ten previous consecutive trading days up to and including the Last Trading Day of HK\$0.5094;
- (v) a discount of approximately 31.37% to the theoretical ex-rights price of approximately HK\$0.408 per Share based on the closing price of HK\$0.49 per Share as quoted on the Stock Exchange on the Last Trading Day;

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- (vi) a discount of approximately 84.94% to the audited consolidated net asset value attributable to the Shareholders as at December 31, 2019 as extracted from the annual report of the Company for the year ended December 31, 2019 of approximately HK\$1.86 per Share;
- (vii) a discount of approximately 84.99% to the consolidated unaudited net asset value attributable to the Shareholders as at June 30, 2020 as extracted from the interim report of the Company for the six months ended June 30, 2020 of approximately HK\$1.865 per Share;
- (viii) a discount of approximately 83.58% to the audited consolidated net asset value (as adjusted*) attributable to the Shareholders as at December 31, 2019 of approximately HK\$1.705 per Share;
- (ix) a discount of approximately 83.65% to the consolidated unaudited net asset value (as adjusted*) attributable to the Shareholders as at June 30, 2020 of approximately HK\$1.713 per Share; and
- (x) a theoretical dilution effect of approximately 20.09% to the existing Shareholders if they elect not to participate in the Rights Issue, which is calculated based on the benchmark price of approximately HK\$0.511 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of the closing price of the Last Trading Day of HK\$0.49 per Share and the average of the closing prices per Share as quoted on the Stock Exchange for the five previous consecutive trading days up to and including the Last Trading Day of HK\$0.511 per Share).

**Note:* for the purpose of paragraphs (viii) and (ix) above, the net asset value of the Group (as adjusted) is made with reference to the net asset value of the Group as at December 31, 2019 as extracted from the annual report of the Company for the year ended December 31, 2019 and June 30, 2020 as extracted from the interim report of the Company for the six months ended June 30, 2020, respectively, and excluding any car parks used and occupied by the Group with no commercial value as at such relevant dates.

The Subscription Price and the subscription ratio of the Rights Issue were determined by the Board with reference to, among other things, the amount of intended funding needs, the financial conditions of the Group, current market conditions, the market price of the Shares prior to and including the Last Trading Day and the reasons for and benefits of the Rights Issue as discussed in the paragraph headed “Reasons for the Rights Issue” in this circular. Each Qualifying Shareholder will be entitled to subscribe for the Rights Shares at the same Subscription Price in proportion to his/her/its shareholding held on the Record Date.

In view of the above, the Directors consider the terms of the Rights Issue, including the Subscription Price (and the discounts to the relative values as indicated above), are fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

Basis of provisional allotments

The basis of the provisional allotment shall be four (4) Rights Shares (in nil-paid form) for every five (5) Shares held by the Qualifying Shareholders as at the close of business on the Record Date.

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Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing the PAL and lodging the same with remittance for the Rights Shares accepted with the Registrar by 4:00 p.m. on the Latest Acceptance Date.

Fractional entitlements to the Rights Shares

The Company will not provisionally allot fractions of Rights Shares. All fractions of Rights Shares will be aggregated (and rounded down to the nearest whole number) and sold in the market and, if a premium (net of expenses) can be achieved, the Company will keep the net proceeds for its own benefit. Any unsold fractions of Rights Shares will be available for excess application by the Qualifying Shareholders.

Odd lots arrangement

In order to facilitate the trading of odd lots of the Shares arising from the Rights Issue, a designated broker will be appointed to match the purchase and sale of odd lots of the Shares at the relevant market price per Share for the period from April 16, 2021 (Friday) to May 7, 2021 (Friday) (both dates inclusive). Details of the odd lots arrangement will be provided in the Prospectus. Holders of odd lots of Shares should note that successful matching of the sale and purchase of odd lots of Shares is not guaranteed. Any Shareholder who is in any doubt about the odd lots arrangement is recommended to consult his/her/its own professional advisers.

Status of the Rights Shares

The Rights Shares (when allotted, issued and fully-paid) will rank *pari passu* in all respects with the existing Shares in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid with a record date falling after the date of allotment and issue of the Rights Shares in their fully-paid form.

Application for excess Rights Shares

Qualifying Shareholders will be entitled to apply for any Rights Share in excess of their respective assured entitlements created by (i) any unsold Right Shares created by aggregating fractions of the Rights Shares, (ii) any unsold entitlements to the Right Shares of the Non-Qualifying Shareholders (if any) and (iii) any nil-paid Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders or otherwise not subscribed for by renouncees or transferees of nil-paid Rights Shares. (i) to (iii) are collectively referred to as "Untaken Rights".

Applications for excess Rights Shares may be made by completing an EAF and lodging the same with a separate remittance for the full amount payable for the excess Rights Shares being applied for. The Directors will allocate the excess Rights Shares (if any) at their discretion on a fair and equitable basis and as far as practicable on a pro rata basis by reference to the number of excess Rights Shares applied for under each application. No reference will be made to the Rights Shares subscribed through applications by PALs or the existing number of Shares held by such Qualifying Shareholders. No preference will be given to applications for topping-up odd lots to whole board lots.

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Beneficial Owners whose Shares are held by a nominee (or held in CCASS) should note that the Board will consider the nominee (including HKSCC Nominees Limited) as one single Shareholder according to the register of members of the Company. Accordingly, such Beneficial Owners should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to them individually. Beneficial Owners whose Shares are held by a nominee (or held in CCASS) are advised to consider whether they would like to arrange for the registration of their relevant Shares under their names before the Record Date. Beneficial Owners whose Shares are held by a nominee (or which are held in CCASS) and who would like to have their names registered on the register of members of the Company must lodge all necessary documents with the Registrar by 4:30 p.m. on the Last Day for Transfer.

Pursuant to Rule 7.21(3)(b) of the Listing Rules, the Company will also take steps to identify the applications for excess Rights Shares made by the Controlling Shareholder or its associates (together, the “**Relevant Shareholders**”), whether in their own names or through nominees. The Company shall disregard the Relevant Shareholders’ applications for excess Rights Shares to the extent that the total number of excess Rights Shares they have applied for exceeds a maximum number equivalent to the total number of Rights Shares offered under the Rights Issue minus the number of Rights Shares taken up by the Relevant Shareholders under their assured entitlement to the Rights Shares.

If the aggregate number of Rights Shares underlying the Untaken Rights is smaller than the aggregate number of excess Rights Shares being applied for under EAFs, the Directors will allocate the excess Rights Shares (if any) at their discretion on a fair and equitable basis and as far as practicable on a pro rata basis by reference to the number of excess Rights Shares applied for under each application. No reference will be made to the Rights Shares subscribed through applications by PALs or the existing number of Shares held by such Qualifying Shareholders. No preference will be given to applications for topping-up odd lots to whole board lots.

If the aggregate number of Rights Shares underlying the Untaken Rights is greater than the aggregate number of excess Rights Shares being applied for under EAFs, the Directors will allocate to each Qualifying Shareholder who applies for excess Rights Shares the actual number of excess Rights Shares being applied for.

The Controlling Shareholder confirmed that it intends to apply for excess Rights Shares if there is an undersubscription of the Rights Issue. Pursuant to Rule 7.21(3)(b), assuming (i) there is no change in the number of issued Shares on or before the Record Date; and (ii) none of the Qualifying Shareholders other than the Controlling Shareholder has taken up its entitlements under the Rights Issue, the maximum number of excess Rights Shares that the Controlling Shareholder may apply for would be 1,560,663,664 Rights Shares.

Undertaking by Controlling Shareholder

The Controlling Shareholder has on January 6, 2021 (Wednesday) (after trading hours of the Stock Exchange) entered into an irrevocable undertaking in favour of the Company whereupon, among others, it will accept in full the Rights Shares to be provisionally allotted to it under the Rights Issue of 1,272,226,600 Rights Shares (being all of the assured entitlement of the Controlling Shareholder under the Rights Issue based on the existing shareholding structure of the Company, assuming that

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there will not be any change to the shareholding structure from the Latest Practicable Date up to and including the Record Date). The Controlling Shareholder, as at the Latest Practicable Date, is interested in an aggregate of 1,590,283,250 Shares, representing approximately 44.91% of the existing issued share capital of the Company, and the full amount payable by the Controlling Shareholder in respect of such Rights Shares provisionally allotted to it amount to not less than HK\$356.2 million.

The Controlling Shareholder confirmed that it intends to apply for excess Rights Shares if there will be an undersubscription of the Rights Issue.

Confirmation of Financial Resources

The financial resources required by the Controlling Shareholder (A) for subscription of Rights Shares pursuant to the Undertaking and such number of excess Rights Shares which will trigger the 2% “creeper rule” under Rule 26.1(c) of the Takeovers Code amount to approximately HK\$402.5 million and (B) to satisfy full acceptance of the Possible Offer (assuming (i) other than all the outstanding Share Options being exercised in full, there is no change to the number of issued Shares on or before the Record Date; (ii) other members of the Controlling Shareholder Concert Group have not taken up their Rights Shares entitlement; and (iii) all Rights Shares are issued) amount to approximately HK\$982.5 million at an offer price of HK\$0.28 per Share. The total amount of cash to be required by the Controlling Shareholder for the purposes of (A) and (B) above is HK\$1,385.0 million. The Controlling Shareholder intends to finance such total amount by its internal resources.

CMB International Capital Limited has been appointed as the financial adviser to the Controlling Shareholder in respect of the Rights Issue and the Possible Offer and is satisfied that sufficient financial resources are available to the Controlling Shareholder for the purposes stated above.

Share certificates for the Rights Issue

Subject to the fulfilment of the conditions of the Rights Issue as set out below, certificates for all fully-paid Rights Shares are expected to be sent by ordinary post on or before April 15, 2021 (Thursday) to those persons who have validly accepted and, where applicable, applied for, and paid for the Rights Shares, at their own risk.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms. Nil-paid Rights Shares are expected to be traded in board lots of 2,000. No part of the securities of the Company in issue or for which listing or permission to deal is being or is proposed to be sought is listed or dealt in or on any other stock exchange.

Subject to the grant of the approval for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from their respective commencement dates of dealings on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the

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second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their stockbrokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Dealings in the Rights Shares (in both nil-paid and fully-paid forms) will be subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy and other applicable fees and charges in Hong Kong.

Taxation

Shareholders are advised to consult their professional advisers if they are in doubt as to the taxation implications of the receipt, purchase, holding, exercising their rights in, disposing of or dealing in the nil-paid Rights Shares or the fully-paid Rights Shares and, regarding the Excluded Shareholders, their receipt of the net proceeds, if any, from sale of the nil-paid Rights Shares on their behalf. It is emphasised that none of the Company, its Directors or any other parties involved in the Rights Issue accepts responsibility for any tax effects or liabilities of any person resulting from the purchase, holding or disposal of, or dealing in, the Rights Share in both their nil-paid and fully-paid forms.

Proposed Authorised Share Capital Increase

The Board proposes to increase the Company's authorised share capital from HK\$600,000,000 divided into 6,000,000,000 Shares to HK\$1,500,000,000 divided into 15,000,000,000 Shares by the creation of an additional 9,000,000,000 unissued Shares.

The proposed Authorised Share Capital Increase is subject to the approval of the Shareholders by way of an ordinary resolution at the GM. As none of the Shareholders has any material interest in the Authorised Share Capital Increase, no Shareholder is required under the Listing Rules to abstain from voting on this resolution at the GM.

The Board is of the view that the Authorised Share Capital Increase will provide flexibility to the Company for future fundraising and expansion in the share capital of the Company, and is therefore in the interest of the Company and the Shareholders as a whole.

Non-underwritten basis

Subject to the fulfillment of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares and the level of subscription of the excess Rights Shares. In the event the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

The legal adviser of the Company has confirmed that there are no applicable statutory requirements under the Companies Act 1981 of Bermuda regarding minimum subscription levels in respect of the Rights Issue.

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The Controlling Shareholder Concert Group's obligation to make a general offer under the Takeovers Code may be triggered as a result of the acceptance in full by it of the provisional allotment of Rights Shares to it pursuant to the Undertaking and/or the allotment of excess Rights Shares to the Controlling Shareholder Concert Group upon successful excess application when there is an undersubscription of the Rights Issue.

Apart from the Controlling Shareholder Concert Group, assuming (i) there is no change in the number of issued Shares on or before the Record Date; and (ii) the Controlling Shareholder has taken up its entitlements under the Rights Issue, the maximum number of excess Rights Shares that a Qualifying Shareholder may apply for and could be successfully allotted under the EAFs would be 1,560,663,664, representing approximately 24.48% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

In respect of a Qualifying Shareholder holding 5.52% or less Shares in the Company upon completion of the Rights Issue, the application for, and the successful allotment of, the maximum number of excess Rights Shares of 1,560,663,664 under EAFs to such Qualifying Shareholder will not result in such Qualifying Shareholder unwittingly incur an obligation to make a general offer under the Takeovers Code.

On the other hand, in respect of a Qualifying Shareholder holding 5.52% or more Shares in the Company upon completion of the Rights Issue, the application for, and the successful allotment of, the maximum number of excess Rights Shares of 1,560,663,664 under EAFs to such Qualifying Shareholder may result in such Qualifying Shareholder unwittingly incur an obligation to make a general offer under the Takeovers Code. If such Qualifying Shareholder intends to apply for a whitewash waiver from the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code, such Qualifying Shareholder shall contact the Company forthwith and the Company shall provide such Qualifying Shareholder assistance needed in the same way the Company provides assistance to the Controlling Shareholder in respect of the Whitewash Waiver.

Accordingly, the Rights Issue will be made on the term that the Company will provide for Shareholders (except for Shareholder(s) who will apply for a whitewash waiver from the Executive to waive the obligation to make a general offer under the Takeovers Code) to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder (other than Shareholder(s) who have applied for a whitewash waiver) for his/her/its assured entitlement under the Rights Issue or for excess Rights Shares under the EAF will be scaled down to a level which does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code.

Conditions of the Rights Issue

The Rights Issue will be conditional upon:

- (a) the approval by Independent Shareholders of the Rights Issue, including the allotment and issue of the Rights Shares (in their nil-paid and fully-paid forms) at the GM;
- (b) the approval by the Shareholders of the Authorised Share Capital Increase at the GM;

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- (c) the delivery to the Stock Exchange and registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) not later than the Prospectus Date and otherwise in compliance with the Listing Rules and section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong);
- (d) the posting of the Prospectus Documents to Qualifying Shareholders and the posting of the Prospectus stamped “For Information Only” to the Non-Qualifying Shareholders, if any, for information purpose only on or before the Prospectus Date;
- (e) the Listing Committee of the Stock Exchange granting or agreeing to grant and not having withdrawn or revoked the listing of, and permission to deal in, the Shares and the Rights Shares in nil-paid and fully-paid forms; and
- (f) the Authorised Share Capital Increase having become effective.

All of the conditions are incapable of being waived. If the conditions above are not satisfied on or before the Long Stop Date, the Rights Issue shall be terminated.

As at the Latest Practicable Date, none of the above conditions has been fulfilled.

Reasons for the Rights Issue and use of proceeds

The Company was incorporated in Bermuda with limited liability, with its shares listed on the Main Board of the Stock Exchange. The principal business activity of the Company is property development, property management, property investment, financial services and asset financing whilst the Company actively explores opportunities to promote financial technology (“**Fintech**”) development, including through the establishment of a joint venture, ZhongAn International, with ZhongAn Technology.

The Company acknowledges that ZhongAn International, as a Fintech company, will take time to build and require substantial upfront investment in development of hardware and underlying technologies before it is capable of generating profit. Fintech industry is fast growing and it is believed that the industry may dramatically alter the financial services model in the coming decade. The Board considers that the investment by the Company in ZhongAn International is a long-term investment and believes that the performance of ZhongAn International will improve over the next few years. Given the considerable impact of Fintech and Hong Kong government’s continuing support for the industry, the Board considers its investment in ZhongAn International presents numerous opportunities which are beneficial to the Company. Therefore, the Board considers that it would be in the interest of the Company to raise equity funding via the Rights Issue to prepare (1) for further investment into the Fintech business through ZhongAn International, (2) to reduce the debt level of, and (3) as additional working capital for the Group. Reducing debt level of the Group helps to enhance the Company’s healthy financial status and attract investors, and may also lead to reduction in required credit spread, i.e. the Company’s funding cost and release the pledged bank deposits and investment properties for securing general banking facilities to the Group, as well as lowering the

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level of the Company's interest expenses. In addition, the Rights Issue would allow the Company to strengthen its capital base and provide an opportunity to all Shareholders (other than the Non-Qualifying Shareholders) to participate in the growth of the Company in proportion to their shareholdings.

As at June 30, 2020, the Company had available cash and bank balances (including short-term bank deposits, structured deposits, and cash and cash equivalents) of approximately HK\$1,629.5 million ("**Available Cash**"), of which approximately HK\$67.2 million was denominated in HK Dollars, while approximately HK\$1,562.3 million was denominated in RMB. The majority of such Available Cash is held by Sinolink Properties and deposited in the commercial banks in the PRC.

Having considered the reasons below, the Directors are of a view that raising additional funds by way of Rights Issue while maintaining the current level of Available Cash in the PRC is in the interests of the Company and the Shareholders as a whole:

- (a) as the majority of the Available Cash are held by Sinolink Properties and are denominated in RMB, the remittance of which is subject to regulatory restrictions imposed by SAFE and could only be made available to the Company as payment of profit distribution. However, since Sinolink Properties is not a wholly-owned subsidiary of the Company and is held as to 80% by the Company and 20% by other minority shareholders, the Company will only receive 80% of the dividends declared. In addition, any distribution from Sinolink Properties will be subject further to a withholding tax of 5% under the applicable income tax law in the PRC. As a result, the Company will only receive approximately 75% of the total amount of profit distribution from Sinolink Properties. For illustrative purpose only, if the Company is to receive HK\$813.7 million (being the maximum amount of net proceeds from the Rights Issue) of cash from Sinolink Properties through profit distribution, the dividend payment to the minority shareholder of Sinolink Properties and the withholding tax would amount to approximately HK\$271.2 million; whereas, the Company would receive over 98% of the proceeds for the Rights Issue on the basis of the estimated expenses of approximately HK\$5 million for the Rights Issue;
- (b) Sinolink Properties is required to comply with certain procedural requirements in order to remit Available Cash denominated in RMB held by Sinolink Properties in the PRC out of PRC. The PRC regulatory authorities have broad discretion in determining whether the profit distribution (including the amount of profit distribution) complies with such procedural requirements. In the past, the PRC regulatory authorities had approved profit distribution by Sinolink Properties in the amount of approximately RMB100 million in a financial year, which would not be sufficient to satisfy the capital requirements of ZhongAn International;
- (c) in order to satisfy the capital requirements of ZhongAn International, the Company and Sinolink Properties shall purchase Hong Kong dollars for settlement of the profit distribution and will be subject to unnecessary foreign exchange risk;

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- (d) the Group currently has two ongoing property development projects in Shanghai, namely Rockbund, which is an integrated property project and Ningguo Mansions, which is a residential project. Rockbund is in its final stage of development and the Company is in the course of obtaining bank financing to satisfy the financial needs for the completion of its development. The Company has reserved certain Available Cash to be maintained in the PRC as financial resources for the completion of Rockbund's development in case such bank financing cannot be obtained;
- (e) the Group is required to maintain sufficient resources for its financing services business in the PRC. While the Group has experienced a decline in interest income from the financing services business since 2019 due to, among other factors, market fluctuations and the negative impact on the overall performance of the asset financing segment of the Group brought by the outbreak of the COVID-19 pandemic, the Directors consider that there are new opportunities within the challenges arising from the COVID-19 pandemic when the enterprises with high growth potential gradually recover from liquidity shortage. As such, it is considered that sufficient level of Available Cash should be maintained in the PRC so that the Group is in the position to take advantage of fast-pacing market opportunities that may arise from time to time to expand the Group's asset financing portfolio; and
- (f) the Company held equity investment of approximately HK\$2.7 billion as at June 30, 2020, such equity investment mainly comprised unlisted domestic shares which could not be disposed of in the open-market immediately. Given the substantial amount of funding required, the Directors consider it is infeasible to dispose a large amount of equity investment in the market by April 2021 when the capital injection of ZhongAn International would be required without suffering a significant discount, and hence is not in the interest of the Company and the Shareholders as a whole.

Proposed Use of Proceeds

The proceeds from the Rights Issue after deducting the expenses are estimated to be no more than HK\$813.7 million and not less than approximately HK\$351.2 million (assuming no new Shares are issued and no repurchase of Shares on or before the Record Date). The Company intends to apply the net proceeds from the Rights Issue as follows:

- (a) approximately 15% will be used for partial repayment of the existing bank loan with Ping An Bank, the aggregate outstanding principal amount of which is HK\$685 million as at the Latest Practicable Date. Ping An Bank is neither an existing shareholder(s) nor connected person (s) (as defined in the Listing Rules) of the Company, and are independent of the Company and the connected person(s) of the Company. As at the Latest Practicable Date, the bank loan with Ping An Bank is the only external bank financing of the Group and it will mature in August 2021. The application of a portion of the net proceeds from the Rights Issue towards the repayment of such existing indebtedness will reduce the financial costs and interest expenses of the Company, reduce the amount that is required to be refinanced upon maturity of such existing indebtedness, and thereby improving the overall financial performance of the Company;

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- (b) approximately 75% will be used for further investment into the Fintech business of the Group. In view of the expansion plan of the Company's Fintech business, the Directors consider that more funding will be required. We have received notices of possible capital requirement from ZhongAn International on November 19, 2020 and December 21, 2020 demanding for further capital injection from ZhongAn Technology and the Company in accordance with their shareholding percentage in ZhongAn International (i.e. 51% and 49%, respectively) in the total amount of no less than HK\$500 million (i.e. no more than HK\$245 million from the Company) to be proceeded in or around April 2021 and HK\$1,000 million (i.e. no more than HK\$490 million from the Company) to be proceeded in or around October 2021; and
- (c) approximately 10% will be used for general working capital.

It is also expected that the Rights Issue will enhance the general working capital of the Group without incurring additional interest burden.

Previous fund raising exercise involving issue of securities in the past 12 months

The Company has not conducted any fund raising activities involving issue of equity securities during the twelve (12) months before the Latest Practicable Date.

WARNING OF THE RISKS OF DEALING IN THE SHARES AND THE NIL-PAID RIGHTS SHARES

The Rights Issue is subject to certain conditions including but not limited to the approval of the Rights Issue by the Independent Shareholders at the GM. It is expected that Shares will be dealt with on an ex-rights basis from March 10, 2021 (Wednesday). The Rights Shares will be dealt with in their nil-paid form from March 23, 2021 (Tuesday) to March 30, 2021 (Tuesday). If the approval of the Rights Issue by the Independent Shareholders at the GM is not obtained, the Rights Issue will not proceed.

Any Shareholder or other person contemplating transferring, selling or purchasing shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the shares and/or Rights Shares. Any person who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s).

Any Shareholder or other person dealing in the shares or in the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled will accordingly bear the risk that the Rights Issue may not proceed.

LETTER FROM THE BOARD

EFFECT OF RIGHTS ISSUE ON SHAREHOLDINGS IN THE COMPANY

The existing shareholding structure of the Company and the effect on the shareholding structure of the Company upon completion of the Rights Issue are set out as below:

Assuming no exercise of the Share Options from the Latest Practicable Date up to and including the Record Date

	Assuming all Shareholders have taken up the Rights Shares		Assuming only the Controlling Shareholder has taken up its Rights Shares entitlement		Assuming only the Controlling Shareholder has taken up its Rights Shares entitlement and has taken up the maximum number of excess Rights Shares	
	As at the Latest Practicable Date	%	No. of Shares	%	No. of Shares	%
Asia Pacific Promotion Limited	1,590,283,250	44.91%	2,862,509,850	44.91%	4,423,173,514	69.39%
Mr. Ou and Mrs. Ou (Note 1)	7,285,410	0.21%	13,113,738	0.21%	7,285,410	0.11%
Sub-total of the Controlling Shareholder Concert Group	1,597,568,660	45.11%	2,875,623,588	45.11%	4,430,458,924	69.51%
Directors						
Mr. Chen Wei (Note 2)	13,500,000	0.38%	24,300,000	0.38%	13,500,000	0.21%
Mr. Tang Yui Man Francis (Note 3)	21,375,000	0.60%	38,475,000	0.60%	21,375,000	0.34%
Sub-total of Directors	34,875,000	0.98%	62,775,000	0.98%	34,875,000	0.55%
Public Shareholders	1,908,669,172	53.90%	3,435,604,508	53.90%	1,908,669,172	29.94%
Total	3,541,112,832	100.00%	6,374,003,096	100.00%	6,374,003,096	100.00%

LETTER FROM THE BOARD

Assuming other than all the outstanding Share Options being exercised in full, there is no change to the number of issued Shares on or before the Record Date

	As at the Latest Practicable Date		Immediately upon full exercise of all outstanding Share Options on or before the Record Date		Assuming all Shareholders have taken up the Rights Shares		Assuming only the Controlling Shareholder has taken up its Rights Shares entitlement		Assuming only the Controlling Shareholder has taken up its Rights Shares entitlement and maximum number of excess Rights Shares	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Asia Pacific Promotion Limited	1,590,283,250	44.91%	1,590,283,250	43.51%	2,862,509,850	43.51%	2,862,509,850	58.09%	4,514,373,514	68.62%
Mr. Ou and Mrs. Ou (Note 1)	7,285,410	0.21%	7,285,410	0.20%	13,113,738	0.20%	7,285,410	0.15%	7,285,410	0.11%
Mr. Xiang Ya Bo (Note 4)	—	—	35,000,000	0.96%	63,000,000	0.96%	35,000,000	0.71%	35,000,000	0.53%
Sub-total of the Controlling Shareholder Concert Group	1,597,568,660	45.11%	1,632,568,660	44.67%	2,938,623,588	44.67%	2,904,795,260	58.95%	4,556,658,924	69.26%
Directors										
Mr. Chen Wei (Note 2)	13,500,000	0.38%	16,500,000	0.45%	29,700,000	0.45%	16,500,000	0.33%	16,500,000	0.25%
Mr. Tang Yui Man Francis (Note 3)	21,375,000	0.60%	56,375,000	1.54%	101,475,000	1.54%	56,375,000	1.14%	56,375,000	0.86%
Mr. Tian Jin (Note 5)	—	—	2,000,000	0.05%	3,600,000	0.05%	2,000,000	0.04%	2,000,000	0.03%
Dr. Xiang Bing (Note 6)	—	—	2,000,000	0.05%	3,600,000	0.05%	2,000,000	0.04%	2,000,000	0.03%
Mr. Xin Luo Lin (Note 7)	—	—	2,000,000	0.05%	3,600,000	0.05%	2,000,000	0.04%	2,000,000	0.03%
Sub-total of Directors	34,875,000	0.98%	78,875,000	2.16%	141,975,000	2.16%	78,875,000	1.60%	78,875,000	1.20%
Public Shareholders	1,908,669,172	53.90%	1,943,669,172	53.18%	3,498,604,508	53.18%	1,943,669,172	39.45%	1,943,669,172	29.54%
Total	3,541,112,832	100.00%	3,655,112,832	100.00%	6,579,203,096	100.00%	4,927,339,432	100.00%	6,579,203,096	100.00%

Notes:

- These shares are held by the joint account of Mr. Ou and Mrs. Ou.
- Mr. Chen Wei is an executive Director.
- Mr. Tang Yui Man Francis is a non-executive Director.
- Mr. Xiang Ya Bo is an executive Director, the Chairman and Chief Executive Officer of the Company. He is also a brother of Mr. Ou.
- Mr. Tian Jin is an independent non-executive Director.
- Dr. Xiang Bing is an independent non-executive Director.
- Mr. Xin Luo Lin is an independent non-executive Director.

LETTER FROM THE BOARD

Information on the Controlling Shareholder Concert Group

The Controlling Shareholder Concert Group comprises of Asia Pacific Promotion Limited, Mr. Ou, Mrs. Ou, Mr. Ou Jin Yi Hugo and Mr. Xiang.

Asia Pacific Promotion Limited, a company incorporated in British Virgin Islands with limited liability on December 16, 1997, whose principal business is investment holding and has been the controlling shareholder (as defined under the Listing Rules) of the Company since April 29, 1998. Asia Pacific Promotion Limited is wholly owned by Mr. Ou, who is also the sole director of Asia Pacific Promotion Limited.

Mr. Ou is a non-executive Director of the Company, father of Mr. Ou Jin Yi Hugo, spouse of Mrs. Ou and brother of Mr. Xiang. Mr. Ou is the founder of the Group and he is currently the chairman of ZAOIL.

Mrs. Ou is the spouse of Mr. Ou and mother of Mr. Ou Jin Yi Hugo.

Mr. Ou Jin Yi Hugo is a non-executive Director of the Company, son of Mr. and Mrs. Ou and the nephew of Mr. Xiang.

Mr. Xiang is an executive Director, the Chairman and Chief Executive Officer of the Company and brother of Mr. Ou and uncle of Mr. Ou Jin Yi Hugo.

It is the intention of the Controlling Shareholder to continue to carry on the businesses of the Group and to continue the employment of the employees of the Group. The Controlling Shareholder has no intention to introduce any major changes to the businesses of the Group, including any redeployment of the fixed assets of the Group.

IMPLICATIONS UNDER THE LISTING RULES

Rights Issue

In accordance with Rule 7.19A(1) of the Listing Rules, as the Rights Issue may increase the number of issued Shares by more than 50%, the Rights Issue is subject to the approval of the Independent Shareholders at the GM by way of poll. Pursuant to Rule 7.27A of the Listing Rules, the Rights Issue must be made conditional on approval by the Shareholders in general meeting by a resolution on which the controlling Shareholders and their associates or, where there are no controlling shareholders, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the Rights Issue. The Controlling Shareholder Concert Group is interested in an aggregate of 1,597,568,660 Shares, representing approximately 45.11% of the total number of the existing issued Shares as at the Latest Practicable Date, shall abstain from voting in favour in respect of the resolution relating to the Rights Issue.

LETTER FROM THE BOARD

Authorised Share Capital Increase

The Authorised Share Capital Increase is conditional upon the approval by the Shareholders by way of an ordinary resolution at the GM. As none of the Shareholders or their associates would have any interest in the Authorised Share Capital Increase, no Shareholder would be required under the Listing Rules to abstain from voting in the resolution(s) relating to the Authorised Share Capital Increase at the GM.

TAKEOVERS CODE IMPLICATIONS AND APPLICATION FOR WHITEWASH WAIVER

As at the Latest Practicable Date, the Controlling Shareholder Concert Group, is the legal and beneficial owners of a total of 1,597,568,660 Shares, representing approximately 45.11% of the entire issued share capital of the Company, which is not less than 30% and not more than 50%, therefore the Controlling Shareholder Concert Group is subject to the 2% “creeper rule” under Rule 26.1(c) and (d) of the Takeovers Code.

Assuming (i) there is no change to the number of issued Shares on or before the Record Date; (ii) none of the Qualifying Shareholders other than the Controlling Shareholder has taken up its entitlements under the Rights Issue; and (iii) the Controlling Shareholder has not applied for any excess Rights Shares or is not allotted any Rights Shares under EAF and has accepted all Rights Shares provisionally allotted to it pursuant to the Undertaking, being 1,272,226,600 Rights Shares, the interests in the Company held by the Controlling Shareholder Concert Group, together with the parties acting in concert with it, upon the close of the Rights Issue will increase from the current level of approximately 45.11% to approximately 59.62% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

Assuming (i) there is no change to the number of issued Shares on or before the Record Date; (ii) none of the Qualifying Shareholders other than the Controlling Shareholder Concert Group has taken up its entitlements under the Rights Issue; and (iii) the Controlling Shareholder Concert Group has applied for and successfully been allotted the maximum number of excess Rights Shares allowed pursuant to Rule 7.21(3)(b) of the Listing Rules, being 1,554,835,336 Rights Shares, the interests in the Company held by the Controlling Shareholder Concert Group upon the close of the Rights Issue will increase from the current level of approximately 45.11% to approximately 69.51% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

An application has been made to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Executive has indicated that the Whitewash Waiver will be granted and will be conditional upon, among others, the approval by at least 75% of the votes cast by Independent Shareholders at the GM.

In the event that the Whitewash Waiver is not granted by the Executive and/or not approved by at least 75% of the votes cast by Independent Shareholders at the GM and the Rights Issue is approved by at least 50% of the votes cast by the Independent Shareholder at the GM, the Rights Issue will proceed in the absence of the Whitewash Waiver. In that case, if there is undersubscription of the Rights Issue and/or the Controlling Shareholder Concert Group has applied for and successfully been allotted excess Rights Shares resulting in an increase in the holding of voting rights in the Company of the Controlling Shareholder Concert Group by more

LETTER FROM THE BOARD

than 2%, the Controlling Shareholder Concert Group will make the Possible Offer in compliance with the Takeovers Code. The Possible Offer, if made, will be made on terms set out in the offer document (which is expected to be part of a Composite Document) to be issued in accordance with the Takeovers Code. Relevant announcement(s) will be made by the Controlling Shareholder Concert Group and the Company in compliance with the Listing Rules and the Takeovers Code as and when appropriate.

Assuming (i) there is no change to the number of issued Shares on or before the Record Date; (ii) none of the Qualifying Shareholders other than the Controlling Shareholder Concert Group has taken up its entitlements under the Rights Issue; and (iii) the Controlling Shareholder Concert Group has applied for and successfully been allotted the maximum number of excess Rights Shares allowed pursuant to Rule 7.21(3)(b) of the Listing Rules, being 1,554,835,336 Rights Shares, upon completion of the Rights Issue, the maximum potential controlling holding of the Company's voting rights will be held by the Controlling Shareholder Concert Group at approximately 69.51%. As such holding exceeds 50% of the Company's voting rights at the completion of the Rights Issue, the Controlling Shareholder Concert Group may thereafter further increase its holding without incurring any further obligation under Rule 26 of the Takeovers Code to make a general offer.

As at the Latest Practicable Date, the Company does not believe that the proposed Rights Issue gives rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules). If a concern should arise after the Latest Practicable Date, the Company will endeavour to resolve the matter to the satisfaction of the relevant authority as soon as possible but in any event before the despatch of the circular relating to the Rights Issue and the Whitewash Waiver. The Company notes that the Executive may not grant the Whitewash Waiver if the proposed Rights Issue does not comply with other applicable rules and regulations.

GM

The GM will be convened and held to consider and, if appropriate, approve the Rights Issue, the Whitewash Waiver (each in accordance with the Listing Rules and the Takeovers Code) and the Authorised Share Capital Increase. A notice convening the GM is set out on pages GM-1 to GM-4 of this circular.

The voting in respect of the resolutions to be proposed at the GM will be conducted by way of poll.

A form of proxy for use at the GM is enclosed. Whether or not you are able to attend the GM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not later than 48 hours before the time appointed for holding the GM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the GM or any adjournment thereof should you so wish.

LETTER FROM THE BOARD

Subject to the approval of the Rights Issue and the Whitewash Waiver by Independent Shareholders at the GM, the Prospectus Documents will be despatched to the Qualifying Shareholders on or before March 19, 2021 (Friday) whereas the Prospectus will be despatched to the Non-Qualifying Shareholders for information only.

RECOMMENDATION

The Listing Rules Independent Board Committee has been formed to advise the Independent Shareholders in connection with the Rights Issue and the Takeovers Code Independent Board Committee has been formed to advise the Independent Shareholders in connection with the Rights Issue and the Whitewash Waiver. Lego Corporate Finance Limited has been appointed with the approval of the Listing Rules Independent Board Committee and the Takeovers Code Independent Board Committee as the Independent Financial Adviser to advise the Listing Rules Independent Board Committee, the Takeovers Code Independent Board Committee and the Independent Shareholders on the same.

You are advised to read carefully the letter of recommendation from the Listing Rules Independent Board Committee, the letter of recommendation from the Takeovers Code Independent Board Committee and the letter of advice from the Independent Financial Adviser set out on pages 32 to 33, pages 34 to 35 and pages 36 to 65 respectively of this circular.

The Listing Rules Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers that the terms of the Rights Issue are fair and reasonable so far as the Independent Shareholders are concerned and the Rights Issue is in the interests of the Company and the Shareholders as a whole. Accordingly, the Listing Rules Independent Board Committee recommends the Independent Shareholders to vote in favour of the proposed resolutions approving the Rights Issue at the GM.

The Takeovers Code Independent Board Committee having taken into account the advice of the Independent Financial Adviser that the terms of the Rights Issue and the Whitewash Waiver are fair and reasonable so far as the Independent Shareholders are concerned and are in the interest of the Company and the Shareholders as a whole. Accordingly, the Takeovers Code Independent Board Committee recommends the Independent Shareholders to vote in favour of the proposed resolutions approving the Rights Issue and the Whitewash Waiver at the GM.

The Board considers that the Rights Issue, the Whitewash Waiver and the Authorised Share Capital Increase are in the interest of the Company and the Shareholders as a whole and so recommends all Shareholders to vote in favour of all the proposed resolutions at the GM.

ADDITIONAL INFORMATION

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

Yours faithfully,
For and on behalf of
Sinolink Worldwide Holdings Limited
Xiang Ya Bo
Chairman and Chief Executive Officer

LETTER FROM THE LISTING RULES INDEPENDENT BOARD COMMITTEE

The following is the text of the Letter of recommendation, prepared for the purpose of incorporation in this circular, from the Listing Rules Independent Board Committee to the Independent Shareholders regarding the Rights Issue.



百仕達控股有限公司*

SINOLINK WORLDWIDE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1168)

February 11, 2021

To the Independent Shareholders

Dear Sirs,

**PROPOSED RIGHTS ISSUE
ON THE BASIS OF FOUR RIGHTS SHARES FOR
EVERY FIVE EXISTING SHARES AT HK\$0.28 PER RIGHTS SHARE
ON A NON-UNDERWRITTEN BASIS**

We refer to the circular dated February 11, 2021 (the “**Circular**”) of the Company of which this Letter forms part. Unless the context requires otherwise, terms defined in the Circular shall have the same meanings when used herein.

We have been appointed by the Board to advise the Independent Shareholders as to whether the terms of Rights Issue is fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote.

Lego Corporate Finance Limited has been appointed as the Independent Financial Adviser to advise us and the Independent Shareholders in this respect. Details of the advice from the Independent Financial Adviser, together with the principal factors taken into consideration in arriving at such advice, are set out on pages 36 to 65 of the Circular. Your attention is also drawn to the Letter from the Board set out on pages 11 to 31 of the Circular and the additional information set out in the appendices to the Circular.

* For identification purpose only

LETTER FROM THE LISTING RULES INDEPENDENT BOARD COMMITTEE

Having considered the terms of the Rights Issue and the letter from the Independent Financial Adviser, we consider that the terms of the Rights Issue is fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed to approve the Rights Issue at the GM.

Yours faithfully,

Listing Rules Independent Board Committee

Mr. Tian Jin Dr. Xiang Bing Mr. Xin Luo Lin

Independent Non-executive Directors

LETTER FROM THE TAKEOVERS CODE INDEPENDENT BOARD COMMITTEE

The following is the text of the letter of recommendation, prepared for the purpose of incorporation in this circular, from the Takeovers Code Independent Board Committee to the Independent Shareholders regarding the Rights Issue and the Whitewash Waiver.



百仕達控股有限公司*

SINOLINK WORLDWIDE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1168)

February 11, 2021

To the Independent Shareholders

Dear Sirs,

**(1) PROPOSED RIGHTS ISSUE
ON THE BASIS OF FOUR RIGHTS SHARES FOR
EVERY FIVE EXISTING SHARES AT HK\$0.28 PER RIGHTS SHARE
ON A NON-UNDERWRITTEN BASIS; AND
(2) APPLICATION FOR WHITEWASH WAIVER**

We refer to the circular dated February 11, 2021 (the “**Circular**”) of the Company of which this Letter forms part. Unless the context requires otherwise, terms defined in the Circular shall have the same meanings when used herein.

We have been appointed by the Board to advise the Independent Shareholders as to whether the terms of Rights Issue and the Whitewash Waiver are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote.

Lego Corporate Finance Limited has been appointed as the Independent Financial Adviser to advise us and the Independent Shareholders in this respect. Details of the advice from the Independent Financial Adviser, together with the principal factors taken into consideration in arriving at such advice, are set out on pages 36 to 65 of the Circular. Your attention is also drawn to the Letter from the Board set out on pages 11 to 31 of the Circular and the additional information set out in the appendices to the Circular.

* For identification purpose only

LETTER FROM THE TAKEOVERS CODE INDEPENDENT BOARD COMMITTEE

Having considered the terms of the Rights Issue, the Whitewash Waiver and the letter from the Independent Financial Adviser, we consider that the terms of the Rights Issue and the Whitewash Waiver are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution and the special resolution to be proposed to approve the Rights Issue and the Whitewash Waiver at the GM, respectively.

Yours faithfully,

Takeovers Code Independent Board Committee

Mr. Tang Yui Man Francis Mr. Tian Jin Dr. Xiang Bing Mr. Xin Luo Lin

Non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter of advice from Lego Corporate Finance, the Independent Financial Adviser to the Listing Rules Independent Board Committee, the Takeovers Code Independent Board Committee and the Independent Shareholders, in respect of the Rights Issue and the Whitewash Waiver, which has been prepared for the purpose of inclusion in this circular.



February 11, 2021

To the Listing Rules Independent Board Committee, the Takeovers Code Independent Board Committee and the Independent Shareholders

Dear Sirs,

**(I) PROPOSED RIGHTS ISSUE ON THE BASIS OF
FOUR RIGHTS SHARES FOR EVERY FIVE EXISTING SHARES
AT HK\$0.28 PER RIGHTS SHARE ON
A NON-UNDERWRITTEN BASIS; AND
(II) APPLICATION FOR WHITEWASH WAIVER**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Listing Rules Independent Board Committee, the Takeovers Code Independent Board Committee and the Independent Shareholders in respect of the Rights Issue and the Whitewash Waiver, details of which are set out in the “Letter from the Board” (the “**Letter from the Board**”) contained in the circular issued by the Company to the Shareholders dated February 11, 2021 (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

Reference is made to the Announcement dated January 6, 2021 issued by the Company and the Controlling Shareholder in relation to (among other things) the Rights Issue and the Whitewash Waiver. On January 6, 2021, the Company proposed to implement the Rights Issue on the basis of four Rights Shares for every five existing Shares in issue on the Record Date at the Subscription Price of HK\$0.28 per Rights Share on a non-underwritten basis, to raise not more than approximately HK\$818.7 million and not less than approximately HK\$356.2 million, before expenses, by way of issuing not less than 1,272,226,600 Rights Shares and not more than 2,924,090,264 Rights Shares to the Qualifying Shareholders.

In accordance with Rule 7.19A(1) of the Listing Rules, as the Rights Issue may increase the number of issued Shares by more than 50%, the Rights Issue is subject to the approval of the Independent Shareholders at the GM by way of poll. Pursuant to Rule 7.27A of the Listing Rules, the Rights Issue must be made conditional on approval by the Shareholders in GM by an ordinary

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

resolution on which the controlling Shareholders and their associates or, where there are no controlling shareholders, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the Rights Issue. The Controlling Shareholder Concert Group therefore shall abstain from voting in respect of the resolution relating to the Rights Issue.

The Controlling Shareholder has on January 6, 2021 entered into an irrevocable undertaking in favour of the Company whereupon, among others, it will accept in full the Rights Shares to be provisionally allotted to it under the Rights Issue of 1,272,226,600 Rights Shares (being all of the assured entitlement of the Controlling Shareholder under the Rights Issue based on the existing shareholding structure of the Company, assuming that there will not be any change to the shareholding structure from the Latest Practicable Date up to and including the Record Date). The Controlling Shareholder also confirmed that it intends to apply for excess Rights Shares if there is an undersubscription of the Rights Issue.

As at the Latest Practicable Date, the Controlling Shareholder Concert Group, is the legal and beneficial owners of a total of 1,597,568,660 Shares, representing approximately 45.11% of the entire issued share capital of the Company, which is not less than 30% and not more than 50%. Therefore the Controlling Shareholder Concert Group is subject to the 2% “creeper rule” under Rules 26.1(c) and (d) of the Takeovers Code.

An application has been made to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted, will be conditional upon, among others, the approval of the Whitewash Waiver by at least 75% of the Independent Shareholders at the GM by way of poll. In the event that the Whitewash Waiver is not granted by the Executive and/or not approved by at least 75% of the votes cast by Independent Shareholders at the GM and the Rights Issue is approved by at least 50% of the votes cast by the Independent Shareholder at the GM, the Rights Issue will proceed in the absence of the Whitewash Waiver. In that case, if there is undersubscription of the Rights Issue and/or the Controlling Shareholder Concert Group has applied for and successfully been allotted excess Rights Shares resulting in an increase in the holding of voting rights in the Company of the Controlling Shareholder Concert Group by more than 2%, the Controlling Shareholder Concert Group will make the Possible Offer in compliance with the Takeovers Code.

The Listing Rules Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable and in the interest of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote at the GM. The Takeovers Code Independent Board Committee comprising all the non-executive Directors (other than Mr. Ou and Mr. Ou Jin Yi Hugo who are non-executive Directors but not part of the Takeovers Code Independent Board Committee since they are members of the Controlling Shareholder Concert Group), namely Mr. Tang Yui Man Francis, Mr. Tian Jin, Dr. Xiang Bing and Mr. Xin Luo Lin, has been established to advise the Independent Shareholders as to whether the terms of the Rights Issue and the Whitewash Waiver are fair and reasonable and in the interest of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote at the GM. Our appointment has been

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

approved by the Takeovers Code Independent Board Committee pursuant to Rule 2.1 of the Takeovers Code. As the Independent Financial Adviser, our role is to give an independent opinion to the Takeovers Code Independent Board Committee, the Listing Rules Independent Board Committee and the Independent Shareholders in such regard.

As at the Latest Practicable Date, Lego Corporate Finance did not have any relationships or interests with the Company and the Controlling Shareholder that could reasonably be regarded as relevant to the independence of Lego Corporate Finance. We are not associated or connected with the Company, the Controlling Shareholder or any party acting, or presumed to be acting, in concert with any of them. In the last two years, Lego Corporate Finance has acted as an independent financial adviser to the then independent board committees and independent shareholders of ZAOIL during the past two years, details of which were disclosed in the circulars of ZAOIL dated April 30, 2019, November 22, 2019 and December 11, 2020, respectively. The Company indirectly holds approximately 5.51% equity interest in ZAOIL. The Company and ZhongAn Technology (a wholly-owned subsidiary of ZAOIL) owns 49% and 51% equity interest, respectively in ZhongAn International. Apart from normal professional fees paid or payable to us in connection with such appointments and this appointment as the Independent Financial Adviser, which is not conditional upon passing of the resolutions to be proposed at the GM, no arrangement exists whereby we have received or will receive any fees or benefits from the Company or any other party to the transactions, therefore we consider such relationship would not affect our independence. Accordingly, we are qualified to give independent advice in respect of the Rights Issue, the Whitewash Waiver and the transactions contemplated thereunder.

BASIS OF OUR OPINION

In formulating our opinion and recommendation, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the information provided by the Group and its advisers; (iii) the opinions expressed by and the representations of the Directors and the management of the Group; and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in the Circular were true, accurate and complete in all material respects as at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Circular are true at the time they were made and continue to be true as at the Latest Practicable Date and all such statements of belief, opinions and intention of the Directors and the management of the Group and those as set out or referred to in the Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors, the management of the Group, and/or the advisers of the Company. We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted from the information provided and referred to in the Circular and that all information or representations provided to us by the Directors and/or the management of the Group are true, accurate, complete and not misleading in all material respects at the time they were made and up to the Latest Practicable Date and may be relied upon. The Company shall inform the Independent Shareholders as soon as possible if there is any material change to such information up to and including the date of the GM in accordance with Rule 9.1 of the Takeovers Code.

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We consider that we have reviewed sufficient information currently available, including, but not limited to, the annual report of the Company for the year ended December 31, 2019 (the “**2019 Annual Report**”), the interim report of the Company for the six months ended June 30, 2020 (the “**2020 Interim Report**”), the announcements and circulars of the Company and other listed companies on the Stock Exchange and industry data and news of the financial technology (“**Fintech**”) industry, to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the Directors and the management of the Group, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Company or any of its respective subsidiaries or associates.

PRINCIPAL FACTORS AND REASONS CONSIDERED

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

1. Background information of the Group

The Company was incorporated in Bermuda with limited liability, with its shares listed on the Main Board of the Stock Exchange. The principal business activities of the Group are property development, property management, property investment, financial services and asset financing whilst the Group actively explores opportunities to promote Fintech development, including through the establishment of a joint venture, ZhongAn International, with ZhongAn Technology.

1.1 Financial information of the Group

Set out below are certain audited financial information of the Group for the years ended December 31, 2018 and 2019 as extracted from the 2019 Annual Report and the unaudited financial information of the Group for the six months ended June 30, 2019 and 2020, as extracted from the 2020 Interim Report:

	For the six months ended June 30,		For the year ended December 31,	
	2020	2019	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(audited)	(audited)
Revenue				
- Interest income	11,013	7,943	29,921	92,775
- Rental income	76,527	110,789	213,226	206,884
- Other revenue	97,856	98,240	205,761	228,765
Total revenue	185,396	216,972	448,908	528,424
Gross profit	110,593	123,947	265,767	273,090
Share of results of associates	(218,754)	(109,040)	(281,349)	(225,200)
Loss for the year/period	(291,121)	(88,535)	(279,187)	(223,174)

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	As at June 30, 2020 HK\$'000 (unaudited)	As at December 31, 2019 HK\$'000 (audited)	2018 HK\$'000 (audited)
Cash and cash equivalents	986,198	1,463,952	1,538,713
Short-term bank deposits	256,667	12,846	141,919
Structured deposits	386,637	408,482	239,726
Borrowings	797,000	797,586	1,026,804
Net assets	7,997,259	7,885,959	8,287,648

For the year ended December 31, 2019, the Group recorded total revenue of approximately HK\$448.9 million, representing a decrease of approximately 15.0% as compared to approximately HK\$528.4 million for the previous year. According to the 2019 Annual Report, such decrease was mainly attributable to the decrease in interest income generated from asset financing, which was primarily due to market fluctuations and inclination to select high-quality borrowers. Despite the decrease in revenue, the gross profit of the Group was relatively stable for the year ended December 31, 2019, which was mainly due to the decrease in cost of sales resulting from the cost control policy implemented and the decrease in insurance expenses for the assets financing business. On the other hand, the Group recorded escalation in loss from approximately HK\$223.2 million for the year ended December 31, 2018 to approximately HK\$279.2 million for the year ended December 31, 2019, which was mainly due to the increase in share of loss of associates, namely (i) Rockefeller Group Asia Pacific, Inc. (“**RGAP**”), which recorded share of loss of approximately HK\$134.7 million for the year due to the changes in the valuation of the investment properties; and (ii) ZhongAn International, which recorded share of loss of approximately HK\$147.1 million for the year due to the initial development costs incurred by it.

For the six months ended June 30, 2020, the Group recorded total revenue of approximately HK\$185.4 million, representing a decrease of approximately 14.6% as compared to approximately HK\$217.0 million for the corresponding period in the prior year. With reference to the 2020 Interim Report, the decrease was mainly attributable to the drop in rental income due to rent concession granted to tenants during the first half of the year with an aim to help the tenants to overcome the challenging situation under the COVID-19 pandemic. As a result, the gross profit of the Group recorded a decrease of approximately 10.8% as compared to the corresponding period in the prior year. Further, due to the escalation in share of loss of associates from approximately HK\$109.0 million for the six months ended June 30, 2019 to approximately HK\$218.8 million for the six months ended June 30, 2020, the Group recorded significant increase in loss for the period to approximately HK\$291.1 million. The increases in share of loss of associates was mainly due to net exchange loss and fair value loss of investment properties of RGAP, and the staff costs and professional fees for the newly start-up operations of ZhongAn International during the period.

As at June 30, 2020, net assets of the Group remained relatively stable at approximately HK\$7,997.3 million as compared to approximately HK\$7,886.0 million as at December 31, 2019. However, the cash and bank balances, including cash and cash equivalents, short-term bank deposits and structured deposits decreased from approximately HK\$1,885.3 million as at December 31, 2019

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to approximately HK\$1,629.5 million as at June 30, 2020. As advised by the Directors, among the cash and bank balances of approximately HK\$1,629.5 million as at June 30, 2020, HK\$67.2 million was denominated in HK\$ and deposited in commercial banks in Hong Kong, and approximately HK\$1,562.3 million was denominated in RMB and deposited in commercial banks in the PRC, which were maintained for working capital purposes for the business operation of the Group in the PRC. On the other hand, the Group had borrowings of approximately HK\$797.0 million as at June 30, 2020, all of which were denominated in HK\$, the proceeds of which were primarily utilised for the investment in ZhongAn International.

1.2 Financial information of ZhongAn International

ZhongAn International was established pursuant to a joint venture agreement dated December 8, 2017 entered into between the Company and ZhongAn Technology, pursuant to which the Company and ZhongAn Technology agreed to jointly invest in ZhongAn International to enable the Company to partner with ZhongAn Technology to explore international business development, collaboration and investment opportunities in the areas of Fintech and insurance technology (“**Insurtech**”) in overseas markets. Pursuant to the joint venture agreement, (i) the Company and ZhongAn Technology made a capital contribution in cash in the amount of RMB60 million and RMB50 million, respectively, to ZhongAn International in consideration of its ordinary shares; and (b) the Company made an additional capital contribution of RMB620 million in cash to ZhongAn International in consideration of redeemable preference shares (“**Redeemable Preference Shares**”), which were fully redeemed in January 2020, details of which are set out below. ZhongAn International is accounted as an associate of the Company.

We have requested and obtained the consolidated financial statements of ZhongAn International for the years ended December 31, 2018 and 2019. Set out below are the key financial information as extracted from the audited consolidated financial statements of ZhongAn International:

	For the year ended	
	December 31,	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
Total revenue and other income	132,213	20,476
Operating expenses	(487,082)	(154,181)
Net exchange gain/(loss)	2,486	(1,890)
Loss for the year	(352,383)	(135,595)
	As at December 31,	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cash and cash equivalents	2,262,853	546,237
Deposits from customers	26,607	—
Amount due to related parties	339,503	74,213
Net assets	2,054,999	1,047,593

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As noted from the above, total revenue and other income of ZhongAn International increased significantly from approximately HK\$20.5 million for the year ended December 31, 2018 to approximately HK\$132.2 million for the year ended December 31, 2019. The significant increase was because ZhongAn International only commenced its virtual bank business following the grant of the virtual bank license in Hong Kong in March 2019. Nonetheless, despite the increase in revenue, loss of ZhongAn International also escalated from approximately HK\$135.6 million for the year ended December 31, 2018 to approximately HK\$352.4 million for the year ended December 31, 2019. The increase in loss was mainly attributable to the increase in operating expenses, which primarily comprised of development costs incurred in respect of the initial development of the programmes and system of the Fintech business.

As at December 31, 2019, net assets of ZhongAn International amounted to approximately HK\$2,055.0 million, of which approximately HK\$2,262.9 million were cash and cash equivalents which were mainly derived from the proceeds from issue of shares and Redeemable Preference Shares during the year ended December 31, 2019. During the year ended December 31, 2019, the Company completed the additional capital contribution of RMB620 million in consideration of Redeemable Preference Shares. In October 2019, ZhongAn International redeemed RMB140 million Redeemable Preference Shares from the Group, and the remaining RMB480 million Redeemable Preference Shares were redeemed in January 2020. On the other hand, the Company also entered into the joint venture share subscription agreement with ZhongAn Technology and ZhongAn International on July 18, 2019, pursuant to which the Company and ZhongAn Technology shall further subscribe for shares of ZhongAn International. The Company completed the subscription of 980,000,000 shares of ZhongAn International with consideration of approximately RMB384.3 million paid in 2019 and consideration of approximately RMB576.5 million paid in 2020, while ZhongAn Technology had subscribed for 1,020,000,000 shares of ZhongAn International with consideration of RMB1,000 million. Upon completion of the subscription, the voting interest held by ZhongAn Technology and the Company in ZhongAn International remained as 51% and 49%, respectively. As at June 30, 2020, the net assets and cash and cash equivalents of ZhongAn International amounted to approximately HK\$2,894.8 million and HK\$1,561.6 million, respectively. ZhongAn International has injected HK\$600 million into ZA Bank Limited (“**ZA Bank**”), an indirect wholly-owned subsidiary of ZhongAn International, in November 2020.

1.3 Industry outlook of the Fintech industry

According to “Fintech Adoption and Innovation in the Hong Kong Banking Industry” published by Hong Kong Institute for Monetary and Financial Research in May 2020, a survey has been conducted with banks in Hong Kong, including incumbent banks and virtual banks on the trend and development of Fintech in the Hong Kong banking industry. According to the survey, Fintech has been widely applied across all types of financial services by incumbent banks, and most of the virtual banks indicated that they would apply Fintech innovations in almost all the services that they plan to operate. The Fintech innovations that have been adopted generally in banks’ operations includes, among others, innovations relating to “mobile banking”, “open banking Application Programming Interfaces (APIs)”, “customer identification and authentication”, “machine learning and predictive analytics” and “cloud computing”.

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Reflecting the growing influence of Fintech on the banking industry, most banks surveyed recognised that they could not be unaffected by Fintech in the future. In particular, with the emergence of new competition from virtual banks and Fintech firms providing greater convenience and attractive pricing via innovative Fintech solutions, customers tend to shift their deposits amongst banks more frequently, and most of the retail banks are of the view that their deposit market shares will decrease moderately. In addition, nearly half of the incumbent banks and most of the virtual banks considered that it is likely to have new bank scenario that traditional banks are replaced by new technology-driven banks, such as neo-banks, or banks instituted by Fintech firms, with full service “built-for-digital” banking platforms.

Based on preliminary findings, Fintech adoption status has showed changes in banks’ cost-to-income ratio and return on assets (“**ROA**”). Banks with more widespread adoption of Fintech are associated with greater cumulative reduction in cost-to-income ratio and larger cumulative rise in ROA, while other things being equal. These preliminary findings suggest that the adoption of Fintech has so far produced some positive effects on banks’ performance.

Fintech is a strategic sector that the Hong Kong government is investing considerable resources to foster the growth of the Fintech ecosystem. According to Invest Hong Kong, a department of the Hong Kong government, US\$49 billion has been deployed by the Hong Kong government to support the economy and one of the goals is to build a world-class Fintech hub. Hong Kong continues to be Asia’s leading financial services hub and stayed resilient during the COVID-19 pandemic. The 2020 FM Global Resilience Index ranked Hong Kong Asia’s most resilient economy given its position as a leading financial services hub. Further, according to IMD World Digital Competitiveness Ranking 2020, which measures the capacity and readiness of 63 economies to adopt and explore digital technologies for economic and social transformation, Hong Kong is number two among Asia economies. These competitive advantages drive the development of Fintech in Hong Kong as Hong Kong is shown to be a resilient financial hub throughout the pandemic and possesses the knowledge, infrastructure and technology necessary for the development of the Fintech industry. The consumer Fintech adoption rate of Hong Kong, being 67% in 2019, is amongst the world’s highest, according to the EY Global FinTech Adoption Index, and demonstrated a significant growth from 32% in 2017. By November 2020, seven virtual banks have officially launched services to the public. Collectively, they have attracted nearly 300,000 retail customers and taken in over US\$1 billion in deposits. According to Statista, an international market and consumer data provider, the Hong Kong Fintech market’s largest segment will be digital payments with a total transaction value of approximately US\$26.0 billion by 2025, representing a compound annual growth rate (“**CAGR**”) of approximately 17.7% between 2020 and 2025. Total transaction value of personal finance is expected to reach approximately US\$7.5 billion by 2025, growing at a CAGR of approximately 38.0% between 2020 and 2025. Number of users in the digital payments segment is expected to grow from approximately 5.2 million in 2020 to 6.5 million by 2025 and the number of users in personal finance segment is expected to grow from approximately 230,000 in 2020 to 420,000 by 2025.

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2. Reasons for and benefits of the Rights Issue and the proposed use of proceeds

The proceeds from the Rights Issue after deducting the expenses are estimated to be no more than HK\$813.7 million and not less than approximately HK\$351.2 million (assuming no new Shares are issued and no repurchase of Shares on or before the Record Date). As stated in the Letter from the Board, the Company intends to apply the net proceeds from the Rights Issue as follows:

- (a) approximately 15% will be used for partial repayment of the existing bank loan from Ping An Bank, the aggregate outstanding principal amount of which is HK\$685 million as at the Latest Practicable Date. As at the Latest Practicable Date, the bank loan from Ping An Bank is the only external bank financing of the Group and it will mature in August 2021. The application of a portion of the net proceeds from the Rights Issue towards the repayment of such existing indebtedness will reduce the financial costs and interest expenses of the Company, reduce the amount that is required to be refinanced upon maturity of such existing indebtedness, and thereby improving the overall financial performance of the Company;
- (b) approximately 75% will be used for further investment into the Fintech business of the Group. In view of the expansion plan of the Company's Fintech business, namely the Fintech business carried on through ZA Bank (an indirect wholly-owned subsidiary of ZhongAn International), the Directors consider that more funding will be required. The Company has received notices of possible capital requirement from ZhongAn International on November 19, 2020 and December 21, 2020 demanding for further capital injection from ZhongAn Technology and the Company in accordance with their shareholding percentage in ZhongAn International (i.e. 51% and 49%, respectively) in the total amount of no less than HK\$500 million (i.e. approximately HK\$245 million from the Company) to be proceeded in or around April 2021 and HK\$1,000 million (i.e. approximately HK\$490 million from the Company) to be proceeded in or around October 2021; and
- (c) approximately 10% will be used for general working capital.

2.1 Investment into the Fintech business

As stated in the Letter from the Board, the Company acknowledges that ZhongAn International, as a Fintech company, will take time to build and require substantial upfront investment in development of hardware and underlying technologies before it is capable of generating profit. Fintech industry is fast growing and it is believed that the industry may dramatically alter the financial services model in the coming decade. The Board considers that the investment by the Company in ZhongAn International is a long-term investment and believes that the performance of ZhongAn International will improve over the next few years. Given the considerable impact of Fintech and Hong Kong government's continuing support for the industry, the Board considers its investment in ZhongAn International presents numerous opportunities which are beneficial to the Company. Therefore, the Board considers that it would be in the interest of the Company to raise equity funding via the Rights Issue to prepare for further investment into the Fintech business through ZhongAn International.

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With reference to the 2020 Interim Report, the Company has been actively responding to the Chinese government's and the Hong Kong SAR government's continued approach to promote Fintech development, and made great effort in exploring the methodology of enhancing its business model and creating value for the Group. While continuing to develop its real estate business and financing services business, the Group actively collaborated with leading Fintech companies in the market and grasped every opportunity to develop in the Fintech market, in particular, the investment in ZhongAn International with ZAOIL to develop and invest in the areas of Fintech and Insurtech in overseas market.

On March 24, 2020, ZA Bank, a wholly-owned subsidiary of ZhongAn International, became the first virtual bank in Hong Kong and launched its flagship demand deposit product, and has attracted over HK\$2.4 billion of savings as of June 30, 2020. As the virtual bank could provide users with a full suite services 24/7, encompassing account registration, deposit, transfer, make loans and other services through its one-stop-shop mobile app, which differentiated it from the physical operating model of traditional banks, the Group is generally optimistic on the prospect of the virtual bank business of ZhongAn International and expects to see a rapid rise in Fintech, virtual banks and new propositions that are driven by the latest technologies, and thereby create business opportunities for ZA Bank due to increasing acceptance of virtual banks. Further, on May 4, 2020, ZhongAn International announced that its joint venture with Fubon Life Insurance (Hong Kong) Company Limited, namely ZA Life Limited ("**ZA Life**"), has obtained a digital-only insurer license from the Hong Kong Insurance Authority. The Group expects that ZA Life would explore the business opportunities in the Insurtech market which enable the development of insurance industry through advanced technologies including big data, cloud computing, artificial intelligence and blockchain, and thereby brings the needs of users back into focus and helps them obtain the most suitable protection at a most reasonable cost.

Since the establishment of ZhongAn International in 2017, the Company has injected in aggregate approximately HK\$1.15 billion in ZhongAn International. As advised by the Directors, the injected capital has been substantially utilised for the development of hardware and software to be used in the Fintech business, such as the development of artificial intelligence on identity recognition, risk management and security system. The Directors consider Fintech will be the trend of financial services model in the coming decades, and the performance of ZhongAn International will improve over the next few years following the initial substantial upfront investment.

As aforesaid, Fintech company required substantial upfront investment in development of hardware and underlying technologies before it is capable of generating profit. In this regard, we have requested for and the Group had provided the business plans for the development of the Fintech and Insurtech businesses of ZhongAn International, and we noted that ZhongAn International has requested further capital of HK\$500 million and HK\$1,000 million in aggregate from the Group and ZAOIL in accordance with their respective holding percentage in ZhongAn International in around March/April and September/October 2021, respectively, which will in turn be injected into ZA Bank. The further capital required to be invested into ZA Bank will be used for maintaining the capital adequacy ratio and liquidity maintenance ratio of ZA Bank in compliance with the relevant regulatory requirements. As at June 30, 2020, ZhongAn International had cash and cash equivalents of approximately HK\$1,561.6 million. Subsequently, ZhongAn International has injected HK\$600 million into ZA Bank in November 2020. Therefore, the current financial resources of ZhongAn International is insufficient to fund the expected capital requirement in 2021. This would require the

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funding from the joint venture partners of ZhongAn International, namely the Group and ZAOIL. The Right Issues, which expects to raise net proceeds of not less than approximately HK\$351.2 million, will therefore help satisfy the Group's expected funding needs for the capital injection into ZhongAn International.

In assessing the capital requirement of ZA Bank, we have reviewed the financial performance and outlook of the bank, in particular we have reviewed the asset growth trend of the bank. It is noted that the total assets of ZA Bank had grew about 5.3 times to approximately HK\$7.4 billion in 2020 driven by strong customer acquisition, deposit build-up and expansion of loan portfolio. Total deposits from customers have increased over 200 times in 2020. It is expected that the total assets of ZA Bank will continue to grow in 2021 driven mainly by increase in number of retail customers and expansion of loan portfolio. Customer deposits is also expected to continue to grow driven by the continuous increase of the consumer Fintech adoption rate. It is noted that the projected additional capital requirement of ZA Bank in 2021 was determined based on the expected deposit growth of ZA Bank in 2021 while maintaining healthy levels of capital adequacy ratio (calculated as the sum of tier-1 capital and tier-2 capital divided by risk-weighted assets) and liquidity maintenance ratio (calculated as liquefiable assets divided by qualifying liabilities (after deductions)) by maintaining sufficient liquid capital.

It is noted that as at June 30, 2020, the Group had short-term bank deposits of approximately HK\$256.7 million, structured deposits of approximately HK\$386.6 million and cash and cash equivalents of approximately HK\$986.2 million. In view of the considerable cash and bank balances of the Group, we have discussed with the management of the Company regarding the capital requirement of the Group within the next 12 months and the need to raise external funding through the Rights Issue. As advised by the Directors, among the cash and bank balances of approximately HK\$1,629.5 million ("**Available Cash**") as at June 30, 2020, HK\$67.2 million was denominated in HK\$ and deposited in commercial banks in Hong Kong, and approximately HK\$1,562.3 million was denominated in RMB and the majority of which was held by Sinolink Properties Limited ("**Sinolink Properties**"), a 80% owned subsidiary of the Company, and deposited in commercial banks in the PRC. As disclosed in the 2020 Interim Report, the Group currently has two ongoing property development projects in Shanghai, namely Rockbund (an integrated property project) and Ningguo Mansions (a residential project). Rockbund is in its final stage of development and the Company is in the course of obtaining bank financing to satisfy the financial needs for the completion of its development. The Company has reserved certain Available Cash to be maintained in PRC as financial resources for the completion of Rockbund's development in case such bank financing cannot be obtained. Rockbund is expected to commence operation upon completion of the construction in 2021. Ningguo Mansions is currently undergoing inspection, with four luxuriously decorated buildings and seven bare shells, and the landscaping work under subsequent improvement and inspection. Due to the unstable market conditions, appropriate operational arrangements, including the completion of construction and decoration work as well as the launching of the project to market, will be made based on the actual situation, and hence the timing of the cash flow requirement of this project is yet to be determined. As advised by the management of the Company, in addition to the aforesaid expected bank financing, it is expected that the capital required for these two property development projects in the next 12 months is approximately HK\$35.6 million. As at June 30, 2020, the Group had capital

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commitments of approximately HK\$33.4 million in respect of properties under development. It is therefore reasonable for the Company to maintain its current cash and bank balances in the PRC for working capital purposes for the business operation of the Group in the PRC, particularly for the property development segment.

The Group is also required to maintain sufficient resources for its financing services business in the PRC. The Group is engaged in provision of efficient financial leasing solutions and multiple consultancy services in the PRC. As at June 30, 2020, loans receivable under this segment amounted to approximately HK\$414.4 million. For the year ended December 31, 2019 and the six months ended June 30, 2020, interest income from financing services business amounted to approximately HK\$34.9 million and HK\$11.0 million, respectively. The Group has experienced a decline in interest income from the financing services business since 2019 primarily due to market fluctuations and inclination to select high-quality borrowers. Further, due to the impacts on various sectors, particularly on start-ups engaged in commuter bikes, information technology services and financing, from the outbreak of the COVID-19 pandemic and the delay in resumption of work and production of the aforementioned start-up enterprises, coupled with the Group's continuous efforts to enhance risk management of the financial leasing and factoring business, the overall performance of the asset financing segment of the Group was affected and slowed down as compared with previous years. Notwithstanding, the Directors consider that there are new opportunities within the challenges arising from the COVID-19 pandemic. Although the clients affected by the pandemic are faced with increasing liquidity risks in the short term, which may negatively impact the Group's asset quality as a result of increased credit risk of the customers and in turn impact its short-term operating results to a certain extent, the Group is confident that with improvement in the situation for mid-to long-run, enterprises with high growth potential will gradually recover from liquidity shortage and remain favourable in the market, to which the Group will pay close attention. The Group will take proactive measures to tackle the new challenges brought by the complex situation. The Group will continue to cautiously expand its loan portfolio while improving credit management. Therefore, the Group expects to set aside certain amount of funds in the PRC so that the Group is in the position to take advantage of fast-pacing market opportunities that may arise from time to time to expand its asset financing portfolio.

In addition, as the majority of the Available Cash are held by Sinolink Properties and are denominated in RMB, the remittance of which is subject to regulatory restrictions imposed by the State Administration of Foreign Exchange of the PRC and the cash and bank balances of the Group denominated in RMB deposited in commercial banks in the PRC could only be made available to the Company as payment of profit distribution and converted into HK\$ for the purpose of investing into ZhongAn International. As advised by the management of the Company, Sinolink Properties is required to comply with certain procedural requirements in order to remit Available Cash denominated in RMB held by Sinolink Properties in the PRC out of the PRC. The PRC regulatory authorities have broad discretion in determining whether the profit distribution (including the amount of profit distribution) complies with such procedural requirements. In the past, the PRC regulatory authorities had approved profit distribution by Sinolink Properties in the amount of approximately RMB100 million in a financial year, which would not be sufficient to satisfy the capital requirements of ZhongAn International.

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Further, as most of the cash balances of the Group were held by the Company's non-wholly owned subsidiary in the PRC, namely Sinolink Properties, the profit distribution from Sinolink Properties to the Company involves the declaration of dividend by Sinolink Properties to all of its shareholders, including the Company and the minority shareholder of Sinolink Properties, which holds 20% interest in Sinolink Properties, and will also trigger the payment of 5% withholding tax on such dividend declared. As a result, cash received by the Company through profit distribution from Sinolink Properties will be no more than 75% of the cash being distributed by Sinolink Properties to its shareholders. For illustrative purpose only, if Sinolink Properties distributes HK\$813.7 million (being the maximum amount of proceeds from the Rights Issue) to its shareholders through profit distribution, the dividend payment to the minority shareholder of Sinolink Properties and the withholding tax would amount to approximately HK\$271.2 million, which is significantly higher than the expected expenses to be incurred for the Rights Issue.

Furthermore, while the Company held equity investment of approximately HK\$2.7 billion as at June 30, 2020, such equity investment mainly comprised unlisted domestic shares which could not be disposed of in the open-market immediately. Given the substantial amount of funding required, the Directors consider it is infeasible to dispose of a large amount of equity investment in the market by April 2021 when the capital injection of ZhongAn International would be required without suffering a significant discount, and hence is not in the interest of the Company and the Shareholders as a whole. In view of such complexity and costs and considering the capital requirement of the Group's operation in the PRC as discussed above, the Directors consider it more appropriate to maintain the Group's cash and bank balances in the PRC for the working capital of the Group's PRC operation, which generally required approximately RMB15 million per month and to maintain sufficient cash reserve based on the capital requirements from time to time, while obtaining external funds in Hong Kong for the further investment in ZhongAn International instead.

Having considered the above, in particular (a) the investment in ZhongAn International is consistent with the Group's business strategy; (b) based on the financial position and capital requirements of the Group, the current internal resources of the Group is insufficient to finance the expected capital injection in ZhongAn International in 2021; and (c) the favourable government policies on Fintech industry as detailed in the paragraph headed "Industry outlook of the Fintech industry" above, which we consider may provide a positive prospect for the Fintech industry in Hong Kong, we concur with the Directors' view that it is justifiable for the Group to apply the net proceeds from the Rights Issue to finance the capital injection in ZhongAn International.

2.2 Repayment of external debts

As at June 30, 2020, the Group had total borrowings of approximately HK\$797.0 million, all of which were denominated in HK\$. Approximately HK\$112.0 million has been repaid in July 2020 and approximately HK\$685 million of the bank borrowings will fall due within the next 12 months. Comparatively, the Group had cash and bank balance in HK\$ of approximately HK\$67.2 million as at June 30, 2020. The Group therefore had a relatively low cash and bank balances in HK\$ taking into consideration its debt level and the amount of bank borrowings that will fall due within the next 12 months. The Group incurred net loss of approximately HK\$223.2 million, HK\$279.2 million and HK\$291.1 million for the years ended December 31, 2018 and 2019 and the six months ended June 30, 2020, respectively. The Group incurred interest expenses on borrowings of approximately HK\$25.2 million, HK\$32.5 million and HK\$16.7 million for the years ended December 31, 2018 and

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2019 and the six months ended June 30, 2020. In view of the net loss position of the Group and the increasing trend in interest expenses, the Directors intend to lower the Group's finance costs and improve the financial results of the Group by repayment of certain outstanding debts. Further, reducing debt level of the Group helps to enhance the Company's healthy financial status and attract investors, and may also lead to reduction in required credit spread, i.e. the Company's funding cost and release the pledged bank deposits and investment properties for securing general banking facilities to the Group.

2.3 Financing alternatives

Upon enquiry with the management of the Company, we understand that the Board has considered various means of fund raising, such as debt financing/bank borrowings, placing of new Shares and open offer before resolving to the Rights Issue. With respect to debt financing/bank borrowings, the Company has approached certain commercial banks to explore the possibility of raising the necessary amount of fund for the Group. However, the banks expressed that they are unlikely to grant such amount of loan to the Group without the provision of significant assets as collaterals. With reference to the 2019 Annual Report, the entire borrowings of the Group were secured by bank deposits, structured deposits and investment properties of the Group. As advised by the Directors, other than the collaterals for the existing banking facilities of the Group, the Group does not have other material asset suitable to be provided as collaterals to obtain bank borrowings with favourable terms. In addition, given the loss-making financial performance of the Group, the Directors are of the view that new debt financing will increase the ongoing interest expenses of the Group, which may in turn further affect the profitability of the Group.

As for equity fundraising, such as placement of Shares, as it is a common market practice to conduct such activity on a best-effort basis and accordingly the amount to be raised would be uncertain and subject to the then market conditions. In addition, as for placement of new Shares, it would lead to immediate dilution in the shareholding interests of existing Shareholders without offering them the opportunity to maintain their shareholding interests in the Company. Furthermore, to raise fund from placing, substantial amount of securities must be issued and it is not uncommon that the subscriber(s) request for a deeper discount to the trading price of the Shares in view of the substantial amount of securities involved. As for open offer, similar to a rights issue, it also offers qualifying shareholders to participate in, but it does not allow the trading of rights entitlements in the open market.

In view of the above, the Rights Issue provides better financial flexibility for the Company as (a) the Group does not have material asset as collaterals for obtaining bank borrowings with favourable terms; (b) if the Group raises funds in the form of debt rather than equity, the Group would incur interest expenses, which would further worsen the Group's performance given that the Group has already been loss-making in the two years ended December 31, 2019 and the six months ended June 30, 2020; (c) the Rights Issue offers all the Qualifying Shareholders equal opportunity to subscribe for their pro-rata provisional entitlement of the Rights Shares and hence avoids dilution, and participate as fully as they wish in the growth opportunity of the Group by way of applying for excess Rights Shares; (d) the Rights Issue allows the Qualifying Shareholders who decide not to take up their entitlements under the Rights Issue to sell the nil-paid Rights Shares in the market for economic

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benefits; (e) the Rights Issue removes a certain degree of uncertainty as compared to best-efforts placing as the placing agent may be unable to timely procure placees to subscribe for the Shares; and (f) the Rights Issue allows the Group to strengthen its capital base and liquidity without incurring interest costs.

Based on all of the above, we concur with the Directors' view that the Rights Issue is the most preferred funding method to raise capital to strengthen the capital base and liquidity position of the Company and to finance the investment plan of the Group.

3. Principal terms of the Rights Issue

Details of the Rights Issue are set out below:

Basis of the Rights Issue	:	Four (4) Rights Shares for every five (5) existing Shares held on the Record Date
Subscription Price	:	HK\$0.28 per Rights Share
Number of the existing Shares in issue as at the Latest Practicable Date	:	3,541,112,832 Shares
Minimum number of Rights Shares	:	1,272,226,600 Rights Shares (assuming (i) there is no change to the number of issued Shares on or before the Record Date; (ii) none of the Qualifying Shareholders other than the Controlling Shareholder has taken up its entitlements under the Rights Issue; and (iii) the Controlling Shareholder has not applied for any excess Rights Shares or is not allotted any Rights Shares under EAF and the Controlling Shareholder has accepted all Rights Shares provisionally allotted to it pursuant to the Undertaking)
Maximum number of Rights Shares	:	2,924,090,264 Rights Shares (assuming (i) other than all the outstanding Share Options being exercised in full, there is no change to the number of issued Shares on or before the Record Date; and (ii) all Qualifying Shareholders have taken up their entitlements under the Rights Issue) (i.e. 2,832,890,264 Shares plus the outstanding exercisable Share Options carrying the right to subscribe for a total number of 91,200,000 Rights Shares)
Maximum and minimum aggregate nominal value of the Rights Shares to be issued	:	No more than HK\$292,409,026.4 and no less than HK\$127,222,660.0

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Minimum enlarged issued share capital upon completion of the Rights Issue	:	4,813,339,432 Shares (assuming (i) there is no change to the number of issued Shares on or before the Record Date; (ii) none of the Qualifying Shareholders other than the Controlling Shareholder has taken up its entitlements under the Rights Issue; and (iii) the Controlling Shareholder has not applied for any excess Rights Shares or is not allotted any Rights Shares under EAF and the Controlling Shareholder has accepted all Rights Shares provisionally allotted to it pursuant to the Undertaking)
Maximum enlarged issued share capital upon completion of the Rights Issue	:	6,579,203,096 Shares (assuming (i) other than all the outstanding Share Options being exercised in full, there is no change to the number of issued Shares on or before the Record Date; and (ii) all Qualifying Shareholders have taken up their entitlements under the Rights Issue)
Funds to be raised before expenses	:	Not more than approximately HK\$818.7 million and not less than approximately HK\$356.2 million

As at the Latest Practicable Date, there are outstanding Share Options carrying the right to subscribe for a total number of 114,000,000 Shares at an exercise price of HK\$1.37 per Share, of which 57,000,000 Shares are exercisable from November 15, 2015 to May 14, 2025 (both dates inclusive); 48,250,000 Shares are exercisable from May 15, 2016 to May 14, 2025 (both dates inclusive); and 8,750,000 Shares are exercisable from November 15, 2016 to May 14, 2025 (both dates inclusive) granted and exercisable under the Share Option Scheme. Save for the foregoing, there are no other options, warrants or other convertible securities granted by the Company that are subsisting as at the Latest Practicable Date. As at the Latest Practicable Date, the Company has no intention to issue or grant any options, warrants or other convertible securities on or before the Record Date.

Assuming (i) there is no change to the number of issued Shares on or before the Record Date; (ii) none of the Shareholders other than the Controlling Shareholder has taken up its entitlements under the Rights Issue; and (iii) the Controlling Shareholder has not applied for any excess Rights Shares or is not allotted any Rights Shares under EAF and the Controlling Shareholder has accepted all Rights Shares provisionally allotted to it pursuant to the Undertaking, the minimum number of 1,272,226,600 Rights Shares to be issued pursuant to the terms of the Rights Issue represents approximately 35.93% of the total number of the existing issued Shares of 3,541,112,832 as at the Latest Practicable Date and approximately 26.43% of the total number of the issued Shares of 4,813,339,432, as enlarged by the allotment and issue of the Rights Shares immediately upon completion of the Rights Issue.

Assuming (i) other than all the outstanding Share Options being exercised in full, there is no change to the number of issued Shares on or before the Record Date; and (ii) all Shareholders have taken up their entitlements under the Rights Issue, the maximum number of 2,924,090,264 Rights Shares to be issued pursuant to the terms of the Rights Issue represents approximately 82.58% of the total number of the existing issued Shares of 3,541,112,832 as at the Latest Practicable Date and approximately 40% of the issued Shares of 6,579,203,096 as enlarged by the allotment and issue of all the Rights Shares immediately upon completion of the Rights Issue.

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3.1 The Subscription Price

The subscription price of HK\$0.28 per Rights Share is payable in full when a Qualifying Shareholder accepts his/her/its provisional allotment under the Rights Issue or when a transferee of nil-paid Rights Shares subscribes for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 25.33% to the closing price of HK\$0.375 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 42.86% to the closing price of HK\$0.49 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 45.21% to the average of the closing prices per Share as quoted on the Stock Exchange for the five previous consecutive trading days up to and including the Last Trading Day of HK\$0.511;
- (iv) a discount of approximately 45.04% to the average of the closing prices per Share as quoted on the Stock Exchange for the ten previous consecutive trading days up to and including the Last Trading Day of HK\$0.5094;
- (v) a discount of approximately 31.37% to the theoretical ex-rights price of approximately HK\$0.408 per Share based on the closing price of HK\$0.49 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (vi) a discount of approximately 84.94% to the audited consolidated net asset value attributable to the Shareholders as at December 31, 2019 as extracted from the 2019 Annual Report of approximately HK\$1.86 per Share;
- (vii) a discount of approximately 84.99% to the consolidated unaudited net asset value attributable to the Shareholders as at June 30, 2020 as extracted from the 2020 Interim Report of approximately HK\$1.865 per Share;
- (viii) a discount of approximately 83.58% to the audited consolidated net asset value (as adjusted*) attributable to the Shareholders as at December 31, 2019 as extracted from the 2019 Annual Report of approximately HK\$1.705 per Share;
- (ix) a discount of approximately 83.65% to the consolidated unaudited net asset value (as adjusted*) attributable to the Shareholders as at June 30, 2020 as extracted from the 2020 Interim Report of approximately HK\$1.713 per Share; and

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- (x) a theoretical dilution effect of approximately 20.09% to the existing Shareholders (other than the Controlling Shareholder Concert Group member) if they elect not to participate in the Rights Issue, which is calculated based on the benchmark price of approximately HK\$0.511 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of the closing price of the Last Trading Day of HK\$0.49 per Share and the average of the closing prices per Share as quoted on the Stock Exchange for the five previous consecutive trading days up to and including the Last Trading Day of HK\$0.511 per Share).

**Note:* for the purpose of paragraphs (viii) and (ix) above, the net asset value of the Group (as adjusted) is made with reference to the net asset value of the Group as at December 31, 2019 as extracted from the 2019 Annual Report and June 30, 2020 as extracted from the 2020 Interim Report, respectively, and excluding any car parks used and occupied by the Group with no commercial value as at such relevant dates.

As stated in the Letter from the Board, the Subscription Price and the subscription ratio of the Rights Issue were determined by the Board with reference to, among other things, the amount of intended funding needs, the financial conditions of the Group, current market conditions, the market price of the Shares prior to and including the Last Trading Day and the reasons for and benefits of the Rights Issue.

3.2 Historical Share price performance

In order to assess the fairness and reasonableness of the Subscription Price, we have reviewed the daily closing prices of the Shares on the Stock Exchange for the period from January 6, 2020 (being the 12 months period immediately prior to the Last Trading Day), up to and including the Last Trading Day (the “**Review Period**”). We consider that a period of 12 months prior to the Last Trading Day is adequate to illustrate the recent price movement of the Shares for conducting a reasonable comparison between the historical closing prices of the Shares and the Subscription Price as it provides a general overview of the recent price performance of the Shares.



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

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As shown in the chart above, the closing prices of the Shares during the Review Period ranged from HK\$0.247 per Share to HK\$0.61 per Share, with an average closing price of approximately HK\$0.423 per Share. The Subscription Price of HK\$0.28 per Rights Share represents a premium of approximately 13.4% over the lowest closing price of the Shares and a discount of approximately 54.1% and 33.8% to the highest closing price and the average closing price of the Shares respectively during the Review Period. The closing price of the Shares has been generally sliding from January 2020 up to March 2020, while it turned around to an upward trend from April 2020 and reached the peak in July 2020, then dropped again up to the Last Trading Day.

We have reviewed and discussed with the Company regarding (i) the financial position of the Group (including the 2020 Interim Report, and capital and other commitments, contingent liabilities and future cash flow and financing requirements of the Group); (ii) the trading position of the Group with respect to its top suppliers and customers; and (iii) the outlook of the Group. Based on such review and discussion, as at the Latest Practicable Date, the Directors advised that save for the impact on the Group's business and financial position from the outbreak of COVID-19 in early 2020 and the matters disclosed in the paragraph headed "4. Material change" in Appendix I to the Circular, they were not aware of any material changes in the financial or trading position or outlook of the Group since 30 June 2020, being the date on which the consolidated financial information of the Company were made up and disclosed in the 2020 Interim Report, and up to and including the Latest Practicable Date. Given that the prevailing historical trading prices have already reflected the market valuation of the Company based on its financial results and corporate actions and the prevailing market sentiment, we are of the view that it is reasonable for the Company to set the Subscription Price with reference to its prevailing historical trading prices.

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3.3 Historical trading volume and liquidity analysis

Apart from the daily closing price of the Shares, we have also reviewed the average daily trading volume per month of the Shares for the Review Period as set out in the following table.

	Number of trading days	Average daily trading volumes (Approximate number of Shares) (Note 1)	Average daily trading volumes to total number of Shares in issue (Approximate %) (Note 2)	Average daily trading volumes to total number of Shares held by public Shareholders (Approximate %) (Note 3)
2020				
January (Note 4)	17	4,818,453	0.14	0.25
February	20	4,976,654	0.14	0.26
March	22	4,799,091	0.14	0.25
April	19	6,462,500	0.18	0.34
May	20	3,845,288	0.11	0.20
June	21	7,710,095	0.22	0.40
July	22	8,073,418	0.23	0.42
August	21	3,684,643	0.10	0.19
September	22	2,207,830	0.06	0.12
October	18	3,537,903	0.10	0.19
November	21	2,694,629	0.08	0.14
December	22	8,390,630	0.24	0.44
2021				
January (Note 5)	3	10,003,333	0.28	0.52

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

Notes:

1. Computed by dividing the total daily trading volumes of the Shares by the number of trading days of the respective corresponding months/periods.
2. Computed by dividing the average daily trading volumes of the Shares by the total number of issued Shares of 3,541,112,832 Shares as at the Last Trading Day.
3. Computed by dividing the average daily trading volumes of the Shares by the total number of issued Shares held by the public Shareholders of 1,908,669,172 Shares as at the Last Trading Day.
4. Represents trading volume for the period from January 6, 2020 to January 31, 2020, both days inclusive.
5. Represents trading volume for the period from January 4, 2021 to January 6, 2021, both days inclusive.

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As shown in the table above, the average daily trading volume of the Shares in each month/period were in the range of approximately 0.06% to 0.28% to the total number of issued Shares and approximately 0.12% to 0.52% to the total number of Shares held in the public Shareholders, respectively, which demonstrated that the liquidity of the Shares was relatively low. Given the relatively thin trading liquidity during the Review Period, we concur with the Directors that the Company may need to offer a relatively larger discount to the prevailing trading price in order to encourage the Shareholders to participate in the Rights Issue and accordingly maintain their shareholdings in the Company and participate in the future development of the Group.

3.4 Comparison with other rights issues

We have also compared the terms of the Rights Issue to other rights issues conducted by other companies listed on the Stock Exchange. We have identified an exhaustive list of 44 rights issue exercises as announced by companies listed on the Stock Exchange (the “**Comparables**”) since January 6, 2020 up to the Last Trading Day, being the Review Period. We consider the Review Period is adequate and appropriate given that (i) such period would provide us with the recent and relevant information to demonstrate the prevailing market practice prior to the Last Trading Day under the prevailing market conditions, in particular the effect of the recent COVID-19 pandemic which has significantly affected the economic sentiment; and (ii) we were able to identify sufficient samples for comparison within the Review Period. Although the businesses, operations, financial positions and prospects of the Company may not be the same as those of the Comparables and none of the Comparables engaged in identical or similar businesses as the Group, it can still demonstrate the recent market practices of rights issue exercises in the market conducted by Hong Kong listed companies under the current economic atmosphere, so as to determine whether the Subscription Price is in line with those of recent rights issue transactions in the market. Set out below is a summary of the Comparables.

Company name (stock code)	Date of announcement	Basis of entitlement	Market capitalisation (HK\$’ million)	Premium/ (discount) of the subscription price over the closing price per share on the last trading day			Theoretical dilution effect	Excess application	Underwritten
				Premium/ (discount)	Premium/ (discount)	Premium/ (discount)			
Newway Group Holdings Limited (55)	January 10, 2020	2 for 1	96	-20.00%	-8.68%	-15.12%		N	Y
Merdeka Financial Group Limited (8163)	January 12, 2020	4 for 1	19	-8.33%	-1.79%	-6.67%		Y	Y
Guotai Junan International Holdings Limited (1788)	January 14, 2020	1 for 3	10,194	-2.68%	-2.03%	-0.67%		Y	Y

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Company name (stock code)	Date of announcement	Basis of entitlement	Market capitalisation (HK\$' million)	Premium/ (discount) of the subscription price over/to the closing price per share on the last trading day	Premium/ (discount) of the subscription price over the theoretical ex-rights price per share on the last trading day	Theoretical dilution effect	Excess application	Underwritten
FDG Electric Vehicles Limited (729)	January 21, 2020	1 for 2	476	-14.16%	-11.50%	-7.14%	N	N
CMMB Vision Holdings Limited (471)	February 3, 2020	1 for 2	69	-5.80%	No information	-4.29% (Note)	N	Y
Ares Asia Limited (645)	February 11, 2020	1 for 2	174	-20.24%	-14.47%	-6.70% (Note)	N	N
China New Economy Fund Limited (80)	March 3, 2020	3 for 1	106	-27.30%	-15.80%	-12.80%	Y	N
Moody Technology Holdings Limited (1400)	March 6, 2020	1 for 2	43	-26.06%	-17.75%	-8.69% (Note)	Y	N
Anxian Yuan China Holdings Limited (922)	March 25, 2020	3 for 2	338	-32.89%	No information	-21.34% (Note)	Y	N
Shen You Holdings Limited (8377)	April 9, 2020	1 for 2	48	-12.20%	-8.50%	-4.10%	Y	Y
Victory City International Holdings Limited (539)	May 11, 2020	2 for 1	135	-30.35%	-12.50%	-20.40%	Y	Y
HongDa Financial Holding Limited (1822)	May 15, 2020	1 for 5	39	0.00%	0.00%	0.00%	Y	N
hmvod Limited (8103)	May 19, 2020	5 for 1	236	-64.00%	-22.90%	-64.59% (Note)	Y	Y
Future World Financial Holdings Limited (572)	May 22, 2020	1 for 2	210	-10.00%	-6.90%	-10.95%	N	Y
Chinese Strategic Holdings Limited (8089)	May 26, 2020	1 for 2	22	-24.53%	-17.81%	-9.90%	Y	Y
Teamway International Group Holdings Limited (1239)	May 27, 2020	2 for 1	237	-14.89%	-5.51%	-10.70%	Y	N
Forebase International Holdings Limited (2310)	May 29, 2020	1 for 2	126	0.00%	0.00%	-0.09%	N	N
Summit Ascent Holdings Limited (102)	June 1, 2020	3 for 2	3,608	0.00%	0.00%	0.00%	N	Y
Cathay Pacific Airways Limited (293)	June 9, 2020	7 for 11	46,090	-46.90%	-35.00%	-15.40%	Y	Y

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Company name (stock code)	Date of announcement	Basis of entitlement	Market capitalisation (HK\$' million)	Premium/ (discount) of the subscription price over/to the closing price per share on the last trading day	Premium/ (discount) of the subscription price over the theoretical ex-rights price per share on the last trading day	Theoretical dilution effect	Excess application	Underwritten
Luxey International (Holdings) Limited (8041)	July 2, 2020	1 for 2	351	-58.30%	-48.20%	-19.90%	Y	N
China Merchants Securities Co., Ltd. (6099)	July 6, 2020	3 for 10	15,218	-24.91%	-20.33%	-9.64%	Y	Y
National Investment Fund Limited (1227)	July 7, 2020	5 for 1	39	-28.57%	-6.25%	-23.81%	Y	Y
Langham Hospitality Investments Limited (1270)	July 16, 2020	1 for 2	3,225	-13.60%	-9.50%	-5.20%	Y	N
Larry Jewelry International Company Limited (8351)	July 30, 2020	5 for 1	36	-29.17%	-6.59%	-24.31% (Note)	Y	Y
Greatwall Inc. (8315)	August 5, 2020	1 for 3	95	-27.54%	-21.88%	-7.25%	Y	Y
Beaver Group (Holding) Company Limited (8275)	August 10, 2020	1 for 2	23	-28.95%	-20.59%	-10.53%	Y	Y
Wealth Glory Holdings Limited (8269)	August 24, 2020	5 for 2	104	-11.10%	-3.60%	-8.50%	Y	Y
Royal Century Resources Holdings Limited (8125)	August 28, 2020	2 for 1	72	-25.00%	-10.00%	-19.05%	N	Y
Milan Station Holdings Limited (1150)	August 29, 2020	5 for 2	159	-10.57%	-3.51%	-9.17% (Note)	Y	Y
Aeso Holding Limited (8341)	September 3, 2020	3 for 1	232	-16.70%	-4.80%	-12.50%	N	N
Amber Hill Financial Holdings Limited (33)	September 11, 2020	3 for 1	473	-23.66%	-7.79%	-20.41%	N	N
Wan Cheng Metal Packaging Company Limited (8291)	September 18, 2020	3 for 1	14	-19.40%	-5.70%	-14.52%	N	N
Green International Holdings Limited (2700)	September 25, 2020	1 for 1	214	-17.81%	-9.77%	-14.03%	Y	Y
The Hong Kong Building and Loan Agency Limited (145)	October 16, 2020	1 for 3	95	-13.90%	-10.90%	-3.50%	Y	Y
CHK Oil Limited (632)	October 19, 2020	3 for 8	240	26.58%	17.99%	6.96%	Y	N

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Company name (stock code)	Date of announcement	Basis of entitlement	Market capitalisation (HK\$' million)	Premium/ (discount) of the subscription price over/to the closing price per share on the last trading day	Premium/ (discount) of the subscription price over/to the closing price per share on the last trading day	Theoretical dilution effect	Excess application	Underwritten
Longhui International Holdings Limited (1007)	October 27, 2020	1 for 1	1,211	-29.00%	-16.96%	-14.50%	Y	Y
Top Form International Limited (333)	November 4, 2020	2 for 5	157	-21.88%	-16.67%	-6.25%	N	Y
Asia-Pac Financial Investment Company Limited (8193)	November 5, 2020	3 for 1	19	-10.70%	-3.70%	-9.90%	N	N
China Fortune Holdings Limited (110)	November 10, 2020	1 for 1	510	-5.36%	-2.75%	-2.75%	Y	N
Global Strategic Group Limited (8007)	November 20, 2020	4 for 1	17	-20.79%	-4.76%	-17.56%	Y	Y
Capital Finance Holdings Limited (8239)	December 3, 2020	2 for 1	35	4.65%	1.50%	3.10% (Note)	N	N
Chinlink International Holdings Limited (997)	December 14, 2020	3 for 1	110	-13.64%	-4.58%	-11.70%	Y	Y
FDG Kinetic Limited (378)	December 22, 2020	9 for 1	216	-91.30%	-51.00%	-82.20% (Note)	N	N
Pacific Century Premium Developments Limited (432)	December 31, 2020	1 for 2	1,333	0.00%	0.00%	-0.40% (Note)	Y	N
		Maximum	46,090	26.58%	17.99%	6.96%		
		Minimum	14	-91.30%	-51.00%	-82.20%		
		Average	2,022	-19.79%	-10.75%	-12.66%		
		Median	146	-18.61%	-8.15%	-9.90%		
The Company	January 6, 2021		1,735	-42.86%	-31.37%	-20.09%	Y	Y

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

Note: The relevant announcements did not disclose the theoretical dilution effect. The theoretical dilution effect of these companies were calculated in accordance with Rule 7.27B of the Listing Rules.

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As illustrated from the above table, it is a common market practice that the pricing of a rights issue represents a discount to both the closing share prices on the last trading day and to the theoretical ex-entitlement prices of the shares. The subscription prices of the Comparables:

- (i) ranged from a discount of approximately 91.30% to a premium of approximately 26.58% (the “**Comparable LTD Range**”), with an average of a discount of approximately 19.79% and a median of a discount of approximately 18.61% as compared to their respective closing prices per share on the last trading day prior to/on the dates of the relevant announcements of the Comparables. The discount of 42.86% to the closing price per Share on the Last Trading Day as represented by the Subscription Price (the “**LTD Discount**”) is within the Comparable LTD Range and represents a larger discount than the average and median of the Comparable LTD Range; and
- (ii) ranged from a discount of approximately 51.00% to a premium of approximately 17.99% (the “**Comparable TERP Range**”), with an average discount of approximately 10.75% and a median of a discount of approximately 8.15% as compared to their respective average theoretical ex-rights prices per share based on the closing prices on the last trading day prior to/on the dates of the relevant announcements of the Comparables. The discount of the Subscription Price of the Rights Issue to the theoretical ex-rights price per Share (the “**TERP Discount**”) is approximately 31.37%, which is within the Comparable TERP Range and represents a larger discount than the average and median of the Comparable TERP Range.

Although each of the Subscription Price discounts represents a larger discount than each of the corresponding average and median subscription price discounts of the Comparables, we are of the view that this comparison should not be solely used to determine whether the Subscription Price is fair and reasonable as the level of discount for each rights issue is dependent on multiple factors such as prevailing market sentiment, historical share price performance and liquidity, and the profile and industry of each company. In particular, in accessing the reasonableness of the Subscription Price, we have also taken into account the following factors:

- (i) given the relatively thin trading liquidity during the Review Period, we consider the Company may need to offer a relatively larger discount to the prevailing trading price in order to encourage the Shareholders to participate in the Rights Issue and accordingly maintain their shareholdings in the Company and participate in the future development of the Group;
- (ii) the financial performance of the Group for the two years ended December 31, 2019 and the six months ended June 30, 2020, during which the Group had been making net losses;
- (iii) the relatively large discount for the Subscription Price attracts the Qualifying Shareholders to reinvest in the Company through the Rights Issue against the backdrop of the COVID-19 pandemic;
- (iv) the net proceeds from the Rights Issue would provide sufficient funds for the Group to support the development of its Fintech business, which allows the Group to benefit from the fast growing Fintech industry in Hong Kong;

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- (v) the Rights Issue is the appropriate fundraising method to raise capital for the Group having considered the funding need of the Group, the market condition and the pros and cons of other financing alternatives;
- (vi) all Qualifying Shareholders are offered an equal opportunity to participate in the Rights Issue; and
- (vii) the comparison of the LTD Discount and the TERP Discount, which falls within the Comparable LTD Range and the Comparable TERP Range, provides a reference that the Subscription Price is being generally in line with those of recent rights issue transactions in the market.

In addition, it is noted that the theoretical dilution effect of the Comparables ranged from a discount of approximately 82.20% to a premium of approximately 6.96% (the “**Comparable TDE Range**”), with an average discount of approximately 12.66% and a median discount of approximately 9.90%. The theoretical dilution effect of the Rights Issue of approximately 20.09% falls within the Comparable TDE Range and does not result in a theoretical dilution effect of 25% or more, which is in compliance with Rule 7.27B of the Listing Rules.

In view of the foregoing, despite the large discount of the Subscription Price, we consider the Subscription Price is fair and reasonable so far as the Independent Shareholders are concerned and in the interest of the Company and the Shareholders as a whole.

Excess application

As mentioned in the Letter from the Board, Qualifying Shareholders will be entitled to apply for any Rights Share in excess of their respective assured entitlements created by (i) any unsold Right Shares created by aggregating fractions of the Rights Shares, (ii) any unsold entitlements to the Right Shares of the Non-Qualifying Shareholders (if any) and (iii) any nil-paid Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders or otherwise not subscribed for by renouncees or transferees of nil-paid Rights Shares.

Among the Comparables, we noted that 29 out of 44 of the Comparables allow for application of excess rights shares. We consider that it is common for rights issue transactions to provide application for excess rights shares and the arrangement allows the Qualifying Shareholders who would like to increase their investments in the Company an opportunity to subscribe for the Shares at a discount to the market Share price, and therefore the excess application arrangement is in the interest of the Shareholders.

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Non-underwritten basis

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares and the level of subscription of the excess Rights Shares. In the event the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

Among the Comparables, we noted that 19 out of 44 of the Comparables were also conducted on a non-underwritten basis. As such, we consider that it is not uncommon for rights issue to be proceed on a non-underwritten basis.

Based on the above analysis and the facts that (i) the prevailing historical trading prices of the Company have already reflected the market valuation of the Company; (ii) it is common for the listed companies on the Stock Exchange to set the subscription price of rights issue at a discount to the market price of the listed shares in order to enhance the attractiveness of the rights issue transactions, which would encourage the Shareholders to participate in the Rights Issue and accordingly maintain their shareholding interests in the Company and participate in the future growth of the Company; (iii) the LTD Discount and the TERP Discount under the Rights Issue falls within the Comparable LTD Range and the Comparable TERP Range, respectively, which provides a reference that the Subscription Price is being generally in line with those of recent rights issue transactions in the market; (iv) the generally thin liquidity of the Shares during the Review Period; and (v) other terms of the Rights Issue were not uncommon in the market, we consider that the terms of the Rights Issue (including the Subscription Price) are on normal commercial term and fair and reasonable so far as the Independent Shareholders are concerned.

4. Potential dilution effect on the interests of the Independent Shareholders

All Qualifying Shareholders are entitled to subscribe for the Rights Shares. For those Qualifying Shareholders who take up their full provisional allotments under the Rights Issue, their shareholding interests in the Company will remain unchanged after the Rights Issue. Qualifying Shareholders who do not accept the Rights Issue can, subject to the then prevailing market conditions, consider selling their nil-paid rights to subscribe for the Rights Shares in the market. Where all Qualifying Shareholders do not accept the Rights Issue and the Controlling Shareholder has taken up its Rights Shares entitlement and has taken up the maximum number of excess Rights Shares, the maximum dilution effect on the other Qualifying Shareholders' shareholding interests will be approximately 42.9% (assuming no exercise of the Share Options on or before the Record Date). Details of such dilution effect are presented in the section headed "Effect of Rights Issue on shareholdings in the Company" in the Letter from the Board.

Notwithstanding the potential dilution impact to the Shareholders who do not participate in the Rights Issue, taking into consideration that (i) all Qualifying Shareholders are offered an equal opportunity to subscribe for the Rights Shares so as to maintain their respective proportionate shareholding interest in the Company, and the shareholding interest of the Qualifying Shareholders would not be diluted if they elect to subscribe for in full their assured entitlements; (ii) the Qualifying Shareholders have the opportunity to realise their nil-paid rights to subscribe for the Rights Shares in the market, subject to availability; (iii) the inherent potential dilutive nature of the Rights Issue in

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general; (iv) the Rights Issue is the most appropriate financing method under present circumstances of the Company; and (v) the net proceeds from the Rights Issue would be applied to develop the Fintech business of ZhongAn International, we are of the opinion that the potential dilution effect of the Rights Issue is justifiable.

5. Financial effects of the Rights Issue

Net tangible assets

As extracted from the unaudited pro forma financial information of the Group as set out in Appendix II to the Circular, assuming the completion of the Rights Issue had taken place on June 30, 2020, the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the Shareholders would have increased from approximately HK\$6,604.2 million to approximately HK\$7,574.2 million immediately after the completion of the Rights Issue assuming the maximum number of Rights Shares are issued and no new Shares are issued (other than the Rights Shares) and no repurchase of Shares on or before the completion of the Rights Issue. Such increase is attributable to the effect of the net proceeds from the Rights Issue.

Consolidated net tangible assets of the Group attributable to owners of the Company per Share before the Rights Issue is approximately HK\$1.87 (based on the latest published unaudited consolidated net tangible asset value of the Group attributable to owners of the Company of approximately HK\$6,604.2 million as at June 30, 2020 and 3,541,112,832 Shares in issue as at the Latest Practicable Date). Immediately after completion of the Rights Issue assuming the maximum number of Rights Shares are issued and no new Shares are issued (other than the Rights Shares) and no repurchase of Shares on or before the completion of the Rights Issue, the total number of Shares would increase to 6,196,947,456 Shares, the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share will decrease to approximately HK\$1.15 per Share.

Such decrease in the consolidated net tangible assets per Share upon completion of the Rights Issue is inevitable because the Rights Shares will be issued at a discount to the net tangible assets per Share. Having considered the benefits of the Rights Issue as mentioned in this letter, and that all Qualifying Shareholders are offered the same opportunities to enjoy the benefit of subscribing the Rights Shares at the Subscription Price which is at a discount to the adjusted market price of the Shares, we consider such decrease in the unaudited consolidated net tangible assets per Share acceptable.

Liquidity

Based on the 2020 Interim Report, the cash and bank balances of the Group amounted to approximately HK\$986.2 million as at June 30, 2020. Immediately upon completion of the Rights Issue, the cash and bank balances of the Group is expected to increase by the estimated net proceeds of the Rights Issue of no more than HK\$813.7 million and not less than approximately HK\$351.2 million. As such, the liquidity of the Group will be enhanced following completion of the Rights Issue.

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Gearing ratio

As at June 30, 2020, the Group's gearing ratio, which is computed as total borrowings over shareholders' equity, was approximately 12.07%. Since part of the net proceeds is intended to be utilised for the repayment of borrowings, the borrowings level of the Group is expected to decrease as a result of the Rights Issue. The capital base of the Group would also be enlarged by the Rights Shares upon completion of the Rights Issue. Accordingly, the gearing ratio of the Group will be improved as a result of the Rights Issue.

Shareholders should note that the above analyses are for illustrative purpose only and do not purport to represent the financial position of the Group upon completion of the Rights Issue.

6. The Whitewash Waiver

As at the Latest Practicable Date, the Controlling Shareholder Concert Group is the legal and beneficial owners of a total of 1,597,568,660 Shares, representing approximately 45.11% of the entire issued share capital of the Company, which is not less than 30% and not more than 50%, therefore the Controlling Shareholder Concert Group is subject to the 2% "creeper rule" under Rules 26.1(c) and (d) of the Takeovers Code.

Assuming (i) there is no change to the number of issued Shares on or before the Record Date; (ii) none of the Qualifying Shareholders other than the Controlling Shareholder has taken up its entitlements under the Rights Issue; and (iii) the Controlling Shareholder has not applied for any excess Rights Shares or is not allotted any Rights Shares under EAF and has accepted all Rights Shares provisionally allotted to it pursuant to the Undertaking, being 1,272,226,600 Rights Shares, the interests in the Company held by the Controlling Shareholder Concert Group, together with the parties acting in concert with it, upon the close of the Rights Issue will increase from the current level of approximately 45.11% to approximately 59.62% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

Assuming (i) there is no change to the number of issued Shares on or before the Record Date; (ii) none of the Qualifying Shareholders other than the Controlling Shareholder Concert Group has taken up its entitlements under the Rights Issue; and (iii) the Controlling Shareholder Concert Group has applied for and successfully been allotted the maximum number of excess Rights Shares allowed pursuant to Rule 7.21(3)(b) of the Listing Rules, being 1,560,663,665 Rights Shares, the interests in the Company held by the Controlling Shareholder Concert Group upon the close of the Rights Issue will increase from the current level of approximately 45.11% to approximately 69.51% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

An application has been made to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Executive may or may not grant the Whitewash Waiver, and if granted, the Whitewash Waiver will be subject to approval by at least 75% of the votes cast by Independent Shareholders at the GM.

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In the event that the Whitewash Waiver is not granted by the Executive and/or not approved by at least 75% of the votes cast by Independent Shareholders at the GM and the Rights Issue is approved by at least 50% of the votes cast by the Independent Shareholder at the GM, the Rights Issue will proceed in the absence of the Whitewash Waiver. In that case, if there is undersubscription of the Rights Issue and/or the Controlling Shareholder Concert Group has applied for and successfully been allotted excess Rights Shares resulting in an increase in the holding of voting rights in the Company of the Controlling Shareholder Concert Group by more than 2%, the Controlling Shareholder Concert Group will make the Possible Offer in compliance with the Takeovers Code. The Possible Offer, if made, will be made on terms set out in the offer document (which is expected to be part of a Composite Document) to be issued in accordance with the Takeovers Code.

Based on our analysis of the terms of the Rights Issue, reasons for the Rights Issue and the use of proceeds of the Rights Issue as set out above, we consider that the terms of the Rights Issue are fair and reasonable and the Rights Issue is in the interests of the Company and the Independent Shareholders as a whole. Given that all Qualifying Shareholders will be provided with an equal opportunity to take up the Rights Shares in accordance with their provisional entitlements under the Rights Issue and their respective interests in the Company will not be diluted if they elect to take up in full of their provisional allotments under the Rights Issue, we are of the opinion that, for the purposes of implementing the Rights Issue as discussed above, the grant of the Whitewash Waiver is in the interests of the Company and the Independent Shareholders as a whole.

RECOMMENDATIONS

Taking into consideration of the principal factors and reasons as set out in this letter, in particular:

- (i) the Rights Issue offers all the Qualifying Shareholders equal opportunity to subscribe for their pro-rata provisional entitlement of the Rights Shares or increase their respective shareholding in the Company by excess applications;
- (ii) the background and rationale of the Rights Issue, including the existing financial position of the Group, the use of proceeds and the fundraising alternatives available to the Group;
- (iii) the LTD Discount and the TERP Discount under the Rights Issue falls within the Comparable LTD Range and the Comparable TERP Range, respectively, which provides a reference that the Subscription Price is being generally in line with those of recent rights issue transactions in the market;
- (iv) the theoretical dilution impact of the Rights Issue complies with Rule 7.27B of the Listing Rules; and

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- (v) the generally positive impact on the financial position of the Group as a result of the Rights Issue as detailed in the section headed “5. Financial effects of the Rights Issue” above,

we are of the view that the terms of the Rights Issue and the Whitewash Waiver are normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders, as well as the Takeovers Code Independent Board Committee and the Listing Rules Independent Board Committee to advise the Independent Shareholders, to vote in favour of the ordinary resolutions to be proposed at the GM to approve the Rights Issue and the Whitewash Waiver.

Yours faithfully,
For and on behalf of
Lego Corporate Finance Limited
Kristie Ho
Managing Director

Ms. Kristie Ho is a licensed person registered with the Securities and Futures Commission and a responsible officer of Lego Corporate Finance Limited to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong). She has over 16 years of experience in the securities and investment banking industries.

1. FINANCIAL INFORMATION OF THE GROUP

The condensed consolidated financial statements of the Group, together with the accompanying notes, for the six months ended June 30, 2020 and the audited consolidated financial statements of the Group for each of the three financial years ended December 31, 2017, 2018 and 2019 are disclosed in following interim and annual reports of the Company which have been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.sinolinkhk.com):

- the condensed consolidated financial statements of the Group for the six months ended June 30, 2020 is disclosed in the 2020 interim report of the Company published on September 17, 2020, from pages 23 to 64. Please see below the link to the 2020 interim report of the Company: <https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0917/2020091700509.pdf>
- the audited consolidated financial statements of the Group for the year ended December 31, 2019 is disclosed in the 2019 annual report of the Company published on April 27, 2020, from pages 53 to 178. Please see below the link to the 2019 annual report of the Company: <https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0427/2020042702002.pdf>
- the audited consolidated financial statements of the Group for the year ended December 31, 2018 is disclosed in the 2018 annual report of the Company published on April 25, 2019, from pages 53 to 172. Please see below the link to the 2018 annual report of the Company: <https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0425/ltn20190425529.pdf>
- the audited consolidated financial statements of the Group for the year ended December 31, 2017 is disclosed in the 2017 annual report of the Company published on April 26, 2018, from pages 52 to 146. Please see below the link to the 2017 annual report of the Company: <https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0426/ltn20180426535.pdf>

APPENDIX I**FINANCIAL INFORMATION OF THE GROUP**

The following is the summary of the consolidated financial information of the Group for each of the years ended December 31, 2017, 2018 and 2019 and for the six months ended June 30, 2020 which were extracted from the Company's 2017, 2018 and 2019 annual reports and 2020 interim report respectively.

	For the year ended December 31			For the six months ended June 30
	2017	2018	2019	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
Revenue	<u>398,261</u>	<u>528,424</u>	<u>448,908</u>	<u>185,396</u>
Profit/(loss) before taxation	212,711	(137,209)	(209,999)	(274,686)
Taxation	<u>(66,817)</u>	<u>(85,965)</u>	<u>(69,188)</u>	<u>(16,435)</u>
Profit/(loss) for the year attributable to:				
Owners of the Company	110,088	(267,723)	(316,575)	(300,434)
Non-controlling interest	<u>35,806</u>	<u>44,549</u>	<u>37,388</u>	<u>9,313</u>
	<u>145,894</u>	<u>(223,174)</u>	<u>(279,187)</u>	<u>(291,121)</u>
Total comprehensive income/(expense) for the year attributable to:				
Owners of the Company	3,323,397	(2,345,967)	(361,038)	21,266
Non-controlling interests	<u>817,697</u>	<u>(464,945)</u>	<u>27,531</u>	<u>90,034</u>
	<u>4,141,094</u>	<u>(2,810,912)</u>	<u>(333,507)</u>	<u>111,300</u>
Earnings/(loss) per share				
Basic (HK cents)	<u>3.11</u>	<u>(7.56)</u>	<u>(8.94)</u>	<u>(8.48)</u>
Dividend per share	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

The consolidated financial statements of the Company for the years ended December 31, 2017, 2018 and 2019 were audited by Deloitte Touche Tohmatsu. No qualification was made by the auditors of the Company in respect of the audited consolidated financial statements of the Company for the years ended December 31, 2017, 2018 and 2019.

The Group did not have any items which are exceptional because of size, nature or incidence for each of the years ended December 31, 2017, 2018 and 2019 and for the six months ended June 30, 2020.

2. INDEBTEDNESS STATEMENT

As at the close of business on December 31, 2020, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had outstanding borrowings of approximately HK\$753.1 million, comprising secured and unguaranteed bank borrowings of approximately HK\$685.0 million and unsecured and unguaranteed other borrowings of approximately HK\$68.1 million. The bank borrowings are secured by bank deposits and structured deposits of the Group.

As at the close of business on December 31, 2020, the Group had guarantees given to banks for the mortgage loans arranged for the purchasers of the Group's properties amounting to approximately HK\$9.5 million.

As at the close of business on December 31, 2020, the Group had secured and unguaranteed outstanding lease obligations in respect of office premises and staff quarters with undiscounted principal amount of approximately HK\$13.1 million. The lease obligations are secured by rental deposits.

Save as aforementioned or as otherwise disclosed herein, and apart from intra-group liabilities within the Group and normal trade and other payables in the ordinary course of business, the Group did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans, debt securities issued and outstanding, and authorised or otherwise created but unissued and term loans of other borrowings, indebtedness in the nature of borrowings, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, other recognised lease liabilities or lease commitments, which are either guaranteed, unguaranteed, secured or unsecured, guarantees or other material contingent liabilities at the close of business as of December 31, 2020.

3. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the existing cash and bank balances, facilities available to the Group and other internal resources available and also the effect of the Rights Issue, the Group has sufficient working capital for its present requirements and for at least 12 months from the date of this circular in the absence of unforeseen circumstances.

4. MATERIAL CHANGE

Save as and except for disclosed below, as of the Latest Practicable Date, the Directors confirm that there is no material change in the financial or trading position or outlook of the Group since December 31, 2019 (being the date to which the latest published audited financial statements of the Group were made up):

- (i) ZhongAn International redeemed the redeemable preference shares in the principal amount of RMB480,000,000 issued by it to the Group at consideration of RMB511,894,000;
- (ii) the subscription of 588,000,000 shares of ZhongAn International for a consideration of RMB576,470,588.24 which took place in 2020 pursuant to the share subscription agreement dated July 18, 2019;
- (iii) the capital injection of RMB75,000,000 into the investment fund 南京寬平晟諾醫藥投資合夥企業(有限合夥) (Nanjing Kuan Ping Cheng Nuo Yiyao Investment Limited Partner*) which took place in 2020 pursuant to the limited partnership agreement dated December 20, 2019;
- (iv) rental income from investment properties decreased by approximately 20% for the year ended December 31, 2020 as compared to the prior year due to rent concession granted to tenants with an aim to help the tenants to overcome the challenging situation under the COVID-19 pandemic;
- (v) share of loss from ZhongAn International for the year ended December 31, 2020 significantly increased by approximately 48% as compared to the prior year mainly due to development costs incurred in respect of the initial development of the programmes and system of the Fintech business; and
- (vi) current portion of borrowings as at December 31, 2020 increased as compared to the amount as at December 31, 2019 mainly due to non-current portion of borrowings as at December 31, 2019 classified to current portion, being amount due within one year, during the year ended December 31, 2020.

5. FINANCIAL AND TRADING PROSPECT OF THE GROUP

The Company and its subsidiaries are principally engaged in property development, property management, property investment and financing services, financial technology investment and management. In the first half of year 2020, the Company has focused on promoting financial technology (“**Fintech**”) development and putting great efforts in exploring the methodology of enhancing its business model and creative value for the Company. For instance, the Company invested in ZhongAn Online P&C Insurance Co., Ltd. (“**ZhongAn Online**”) (stock code: 6060) with whom the Company established a joint venture, ZhongAn Technologies International Group Limited (“**ZhongAn International**”).

The ongoing COVID-19 pandemic delivered a heavy blow to the economic momentum, and in particular small and micro enterprises were hit hard. As set out on page 4 of 2020 interim report of the Company (the “**2020 Interim Report**”), the Company recorded revenue and gross profit were of HK\$185.4 million and HK\$110.6 million respectively for the six month ended June 30, 2020 (the “**2020 Interim Period**”), representing a decrease of 15% and 11% respectively as compared to the same period of last year. During the 2020 Interim Period, the Company also recorded loss attributable to the owners of the Company of HK\$300.4 million, representing a year-on-year increase of 168%.

The details on property rental were also set out on page 4 of the 2020 Interim Report. During the 2020 Interim Period, the total rental income decreased by 31% to HK\$76.5 million due to the rent concession granted to tenants with the purpose to help them to overcome the challenging situation. Nevertheless, the Company will continue to set up its efforts in property development. As at June 30, 2020, the Company has two properties under development, namely Rockbund and Ningguo Mansions. Rockbund is an integrated property project intending to redevelop the heritage buildings and structures into an upscale mixed-use neighborhood with residential, commercial and cultural facilities, whereas Ningguo Mansions is a residential project boasting a fusion of Chinses and Western cultures.

With regard to the asset financing of the Company, the interest income from financing services business amounted to \$11.0 million with effective interest rate of 5.5% per annum during the 2020 Interim Period. The Company will pay close attention to but is optimistic that the situation for mid-to long run enterprises with high growth will gradually recover from liquidity shortage although the clients affected by the COVID-19 pandemic are faced with high liquidity risks in the short term. The other businesses of the Company, including property, facility and project management services, recorded a revenue of HK\$90.7 million during the 2020 Interim Period, representing a year-on-year decrease of 8%.

As aforementioned, the Company has collaborated with leading financial technology companies and seized every opportunity to develop in the Fintech market. In 2019, the Company entered into a joint venture share subscription agreement with ZhongAn Information and Technology Services Co., Ltd and ZhongAn International. During the 2020 Interim Period, the Company’s share of loss of ZhongAn International was HK\$99.5 million, which was mainly attributable to the initial development costs incurred by ZhongAn International.

ZhongAn International has been actively engaged in Fintech and has become one of the successful applicants to receive the first batch of virtual banking license in 2019. ZA Bank Limited (“**ZA Bank**”), which is wholly owned by ZhongAn International, officially became the first virtual bank in Hong Kong on March 24, 2020. ZA Bank launched its flagship demand deposit product — ZA Demand Go, allowing citizens to increase their wealth through considerable deposit interest rates in a low interest environment. ZA Bank provides users with a full range of services 24/7 experience including but not limited to innovative functions such as “7 x 24 time deposit”, “5-second transfer recall” and “facial authentication”. In the meantime, ZA Bank utilizes a variety of technologies including anti-fraud, risk control and cyber security defense in line with international anti-money laundering standards.

In addition, ZhongAn International and its subsidiary ZA Bank announced their cooperation and joint venture with both public and private enterprises. The Company believes that ZhongAn International will develop world-leading cloud-based and open-ended finance industry core platform products with an aim to become the preferred partner for finance digitalization and service provider in the Asia Pacific Region.

Looking forward, the Company will continue to ride on the development momentum of the Fintech industry in the future while striving to balance the profitability and growth of the existing business and exploring novel opportunities. The Company will continue allocate and manage the resources properly and effectively to maintain the stable growth of the Company and bring long-term values for shareholders.

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

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to the owners of the Company (“**Unaudited Pro Forma Financial Information**”) has been prepared by the Directors in accordance with Rule 4.29 of the Listing Rules to illustrate the effect of the Rights Issue on the unaudited consolidated net tangible assets of the Group attributable to owners of the Company as if the Rights Issue had taken place on June 30, 2020.

The Unaudited Pro Forma Financial Information is prepared based on the unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at June 30, 2020, as extracted from the published interim report of the Group for the six months ended June 30, 2020, and is adjusted for the effect of the Rights Issue as if the Rights Issue had taken place on June 30, 2020.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purpose only and, because of its hypothetical nature, it may not give a true picture of the unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at June 30, 2020 or at any future dates immediately after the completion of the Rights Issue.

	Unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as at June 30, 2020 HK\$'000 (Note 1)	Estimated net proceeds from exercise of all outstanding Share Options HK\$'000 (Note 2)	Estimated net proceeds from the Rights Issue HK\$'000 (Note 3)	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company immediately after the completion of the Rights Issue as at June 30, 2020 HK\$'000 (Note 4)
Based on 1,272,226,600 Rights Shares to be issued at the subscription price of HK\$0.28 each	<u>6,604,239</u>	<u>—</u>	<u>351,223</u>	<u>6,955,462</u>
Based on 2,924,090,264 Rights Shares to be issued at the subscription price of HK\$0.28 each	<u>6,604,239</u>	<u>156,180</u>	<u>813,745</u>	<u>7,574,164</u>

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

HK\$

Unaudited consolidated net tangible assets of the Group per Share
attributable to the owners of the Company as at June 30, 2020 before the
completion of the Rights Issue (Note 5) 1.87

Unaudited pro forma adjusted consolidated net tangible assets of the Group
per Share attributable to the owners of the Company immediately after
completion of the Rights Issue (Note 6)
Based on 1,272,226,600 Rights Shares to be issued 1.45

Based on 2,924,090,264 Rights Shares to be issued 1.15

Notes:

- (1) The unaudited consolidated net tangible assets of the Group attributable to the owners of the Company of approximately HK\$6,604,239,000 as at June 30, 2020 is extracted and derived from the unaudited condensed consolidated statement of financial position of the Group as at June 30, 2020 on which review report has been issued on August 27, 2020.
- (2) The estimated net proceeds from exercise of all outstanding Share Options of approximately HK\$156,180,000 are based on 114,000,000 Shares to be issued at exercise price of HK\$1.37 each.
- (3) The Controlling Shareholder, as at the date of this circular, has in an aggregate of 1,590,283,250 Shares and the Controlling Shareholder has undertaken to accept in full the Rights Shares to be provisionally allotted to it under the Rights Issue of 1,272,226,600 Rights Shares.

The estimated net proceeds from the Rights Issue of approximately HK\$351,223,000 are based on 1,272,226,600 Rights Shares to be issued, assuming only the Controlling Shareholder has taken up its Rights Shares entitlement at the subscription price of HK\$0.28 each, after deduction of the estimated related expenses of approximately HK\$5,000,000.

The estimated net proceeds from the Rights Issue of approximately HK\$813,745,000 are based on 2,924,090,264 Rights Shares to be issued, assuming 114,000,000 Shares has been issued upon exercise in full of all the outstanding Share Options and all Shareholders have taken up the Rights Shares at the subscription price of HK\$0.28 each, after deduction of the estimated related expenses of approximately HK\$5,000,000.

- (4) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company immediately after the completion of the Rights Issue represents the unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as at June 30, 2020 plus the estimated net proceeds from the exercise of Share Options and the Rights Issue as set out in Note (2) and (3) above, as appropriate.
- (5) The calculation of the unaudited consolidated net tangible assets of the Group per Share attributable to the owners of the Company as at June 30, 2020 before the completion of the Rights Issue is based on the unaudited consolidated net tangible assets of HK\$6,604,239,000 as set out in Note 1 above divided by 3,541,112,832 Shares as at June 30, 2020.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

- (6) Unaudited pro forma adjusted consolidated net tangible assets of the Group per Share attributable to the owners of the Company as at June 30, 2020 immediately after completion of the Rights Issue is determined based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company immediately after completion of the Rights Issue of approximately HK\$6,955,462,000 or HK\$7,574,164,000 set out in Note (4) above, divided by 4,813,339,432 Shares or 6,579,203,096 Shares which represents:
- (i) 3,541,112,832 Shares in issue as at June 30, 2020; and
 - (ii) 1,272,226,600 Rights Shares to be issued, assuming only the Controlling Shareholder has taken up its Rights Shares entitlement; or 2,924,090,264 Rights Shares to be issued, assuming 114,000,000 Shares has been issued upon exercise in full of all the outstanding Share Options and all Shareholders have taken up the Rights Shares.
- (7) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company to reflect any trading results or other transactions of the Group entered into subsequent to June 30, 2020.

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

The following is the text of the independent reporting accountants' assurance report, received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, in respect of the Unaudited Pro Forma Financial Information of the Group, prepared for the purpose of inclusion in this circular.

Deloitte.

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

To the Directors of Sinolink Worldwide Holdings Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Sinolink Worldwide Holdings Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at June 30, 2020 and related notes as set out on pages II-1 to II-3 of Appendix II to the circular issued by the Company dated February 11, 2021 (the “**Circular**”). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages II-1 to II-3 of Appendix II to the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the rights issue of rights shares on the basis of four rights shares for every five existing shares at HK\$0.28 per rights share on a non-underwritten basis (“**Rights Issue**”) on the Group's financial position as at June 30, 2020 as if the Rights Issue had taken place at June 30, 2020. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's condensed consolidated financial statements for the six months ended June 30, 2020 on which a review report has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

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

Our Independence and Quality Control

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

Our firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants’ Responsibilities

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

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

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

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at June 30, 2020 would have been as presented.

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

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

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

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

February 11, 2021

The following is the text of a letter, a valuation summary and valuation certificates prepared for the purpose of incorporation in this circular received from Cushman & Wakefield Limited, an independent valuer, in connection with its valuation of the property interests held by the Group. Terms defined in this appendix applies to this appendix only.



27/F, One Island East
Taikoo Place
18 Westlands Road
Quarry Bay
Hong Kong

February 11, 2021

The Board of Directors
Sinolink Worldwide Holdings Limited
28th Floor, Infinitus Plaza
199 Des Voeux Road Central
Hong Kong

Dear Sirs,

Instructions, Purpose & Valuation Date

In accordance with your instructions for us to value the “Properties” of Sinolink Worldwide Holdings Limited (the “**Company**”) and its subsidiaries (together referred to as the “**Group**”) in the People’s Republic of China (the “**PRC**”), we confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we considered necessary for the purpose of providing you with our opinion of the market values in existing state of the Properties as at December 31, 2020 (the “**Valuation Date**”).

** For identification only*

Definition of Market Value

Our valuations of each of the Properties represent its Market Value which in accordance with HKIS Valuation Standards 2020 published by The Hong Kong Institute of Surveyors (“**HKIS**”) is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

Valuation Basis & Assumptions

Our valuations of the Properties exclude an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser.

In the course of our valuations of the Properties situated in the PRC, with reference to the legal opinion (the “**PRC Legal Opinion**”) of the Company’s legal advisers as to PRC law, Junhe Law Offices (the “**PRC Legal Advisers**”) dated February 11, 2021, we have prepared our valuation on the basis that transferable land use rights in respect of the Properties for its specific term at nominal annual land use fees have been granted and that any premium payable has already been fully paid. We have relied on the information and advice given by the Company and the PRC Legal Opinion, regarding the title to the Properties and the interest in the Properties. In valuing the Properties, we have prepared our valuation on the basis that the owner has enforceable title to the Properties and have free and uninterrupted rights to use, occupy or assign the Properties for the whole of the unexpired terms as granted.

In respect of the Properties situated in the PRC, the status of titles and grant of major certificates, approvals and licences, in accordance with the information provided by the Company, are set out in the notes in the full property valuation report of the Group.

No allowance has been made in our valuations for any charges, pledges or amounts owing on the Properties nor any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is valued on the basis that the Properties is free from encumbrances, restrictions and outgoing of an onerous nature which could affect their values.

Method of Valuation

In valuing the Properties which are held by the Group for investment, we have adopted Investment Approach by considering the capitalised rental derived from the existing tenancies with due provision of the reversionary rental potential, or where appropriate, Direct Comparison Approach by making reference to comparable sales evidence as available in the relevant market.

The Properties are located in the urban districts of Shenzhen.

According to the Group, the Properties are planned for mainly commercial, office and car parks uses; there are no environment issues and litigation disputes; there are no plan for renovation or change the uses of the Properties.

In respect of the Properties which have not yet obtained all the relevant title certificates (Property nos. 1, 3, 4, 6 and 7), we have relied on the information given by the Company and PRC legal opinion.

Key Assumptions

In undertaking our valuations for the Properties, we have mainly made reference to lettings within the subject Properties as well as other relevant comparable rental evidences of Properties of similar use type subject to appropriate adjustments including but not limited to location, accessibility, age, quality, maintenance standard, size, time, configuration and other relevant factors. The selected rental and sales evidences are within one year.

The capitalisation rates adopted in our valuations are based on our analyses of the yields of Properties of similar use type after due adjustments. Such capitalisation rates are estimated with reference to the yields generally expected by the market for comparable properties of similar use type, which implicitly reflect the type and quality of the properties, the expectation of the potential future rental growth, capital appreciation and relevant risk factors. The capitalisation rates adopted are reasonable and in line with the market norm having regard to the analysed yields of transactions of the relevant use type.

Set out below are the key parameters of market monthly unit rent and capitalisation rate used in our valuations:

Market monthly unit rent (per sq m on GFA basis or per lot)	Capitalisation rate (%)
(i) Commercial: RMB93 to RMB386	(i) Commercial: 4.75-7.25%
(ii) Office: RMB146	(ii) Office: 6.75%
(iii) Carpark: RMB250 to RMB600	(iii) Carpark: 4.75%

Potential Tax Liabilities

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

- Enterprise income tax at 25% on the gain
- Land appreciation tax at progressive rates from 30% to 60% on the appreciation of property value

In respect of the Properties held by the Company for investment, the likelihood of the relevant tax liabilities crystallising is remote as the Company has no plans for the disposal of such Properties yet.

According to our established practice, in the course of our valuation, we have either verified nor taken into account such tax liabilities. The precise tax implication will be subject to prevailing rules and regulations at the time of disposal.

Source of Information

We have been provided by the Company with extracts of documents in relation to the title to the Properties. However, we have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us.

In the course of our valuations, we have relied to a considerable extent on the information given by the Group and have accepted advice on such matters as planning approvals or statutory notices, easements, tenure, identification of the Properties, site and floor areas and all other relevant matters.

Dimensions, measurements and areas included in the valuation reports are based on the information provided to us and are therefore only approximations. We have had no reason to doubt the truth and accuracy of the information provided to us by the Group which is material to the valuation. We were also advised by the Group that no material facts have been omitted from the information provided.

We would point out that the copies of documents provided to us are mainly compiled in Chinese characters and the transliteration into English represents our understanding of the contents. We would therefore advise the Company to make reference to the original Chinese edition of the documents and consult your legal adviser regarding the legality and interpretation of these documents.

Title Investigation

We have been provided by the Group with copies of documents in relation to the current title to the Properties. However, we have not been able to conduct searches to verify the ownership of the Properties or to ascertain any amendments which may not appear on the copies handed to us. We are also unable to ascertain the title of the Properties in the PRC. We have obtained PRC Legal Opinion which confirm the transferability of the land use rights in respect of the Properties, and we have therefore relied on the advice given by the PRC Legal Advisers and the Company.

Site Inspection

Our Shenzhen Office valuers, Cathy Tang (2 years of valuation experience) and Candy Gan (12 years of valuation experience, China Real Estate Appraiser) have inspected the exterior and, wherever possible, the interior of the Properties in January 2021. However, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report whether the Properties are free of rot, infestation or any other structural defects. No tests were carried out to any of the services. Moreover, we have not carried out investigation on site to determine the suitability of the soil conditions and the services etc. for any future development. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary costs or delays will be incurred during the construction period.

Unless otherwise stated, we have not carried out on-site measurements to verify the site and floor areas of the Properties and we have assumed that the areas shown on the copies of the documents handed to us are correct.

Currency

Unless otherwise stated, all monetary amounts indicated herein our valuation are in Renminbi (RMB) which is the official currency of the PRC.

Compliance

In valuing the Properties, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, Rule 11 of The Codes on Takeovers and Mergers published by the Securities and Futures Commission and HKIS Valuation Standards 2020.

Yours faithfully,
For and on behalf of
Cushman & Wakefield Limited
Philip C Y Tsang
Registered Professional Surveyor (General Practice)
Registered China Real Estate Appraiser
MSc, MHKIS
Director

Note: Mr. Philip C Y Tsang is Registered Professional Surveyor who has over 28 years' experience in the valuation of properties in the PRC.

SUMMARY OF VALUATIONS

Property	Market value in existing state as at December 31, 2020 RMB	Interest attributable to the Group %	Market value in existing state as at December 31, 2020 attributable to the Group RMB
Properties held by the Group for investment			
1. 518 car parks, Residence Club House, Phase 1, Sinolink Garden, Taining Road, Luohu District, Shenzhen, Guangdong Province, the PRC	No commercial value	80%	No commercial value
2. Unit Nos. 101, 102 and 103, Ancillary Building, West District, Phase 4, Sinolink Garden, Taining Road, Luohu District, Shenzhen, Guangdong Province, the PRC	461,000,000	80%	368,800,000
3. 4 lorry parking spaces and 1,070 car parks, Phase 4, Sinolink Garden, Taining Road, Luohu District, Shenzhen, Guangdong Province, the PRC	No commercial value	80%	No commercial value

Remarks: For the car parks in Property Nos. 1, 3, 4, 6 and 7, the owners have not obtained Real Estate Ownership Certificate of the car parks, we have assigned no commercial value to the car parks.

Property	Market value in existing state as at December 31, 2020 RMB	Interest attributable to the Group %	Market value in existing state as at December 31, 2020
			attributable to the Group RMB
4. 1,700 car parks, Residence Club House, Mangrove West Coast, Land lot no. T207-0026, Bin Hai Da Dao Bay, Sha He Dong Road, Nanshan District, Shenzhen, Guangdong Province, the PRC	No commercial value	80%	No commercial value
5. Levels 1 to 3 of commercial podium, The Vi City, Phase 5, Sinolink Garden, Taining Road, Luohu District, Shenzhen, Guangdong Province, the PRC	810,000,000	80%	648,000,000
6. 1,942 car parks, The Vi City, Phase 5, Sinolink Garden, Taining Road, Luohu District, Shenzhen, Guangdong Province, the PRC	No commercial value	80%	No commercial value
7. Levels 24 to 36 of office portion and 115 car parks, Sinolink Tower, Taining Road, Luohu District, Shenzhen, Guangdong Province, the PRC	504,000,000	80%	403,200,000
Grand Total:	1,775,000,000		1,420,000,000

VALUATION REPORT

Group I - Properties held by the Group for investment

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2020
1. 518 car parks, Residence Club House, Phase 1, Sinolink Garden, Taining Road, Luohu District, Shenzhen, Guangdong Province, the PRC	<p>The Property comprises 518 car parks located in the Residence Club House, Phase 1, Sinolink Garden which was completed in the 1990's.</p> <p>As advised, the Property has a total gross floor area of approximately 16,500 sq m (177,606 sq ft).</p> <p>As advised, the land use rights of the Property have been granted for a term of 70 years from January 8, 1998 to January 7, 2068 for commercial and residential uses.</p>	The Property is currently occupied as monthly licenced car parks with monthly rent from RMB110 to 250/lot.	No commercial value (80% interest attributable to the Group: no commercial value)

Notes:

- (1) The Property comprises 518 car parks, Residence Club House, Phase 1, Sinolink Garden. The owner has not obtained Real Estate Ownership Certificate of the car parks, we have assigned no commercial value to the car parks.

For reference purposes, the Market Value of the car parks on good title basis would be RMB38,000,000 (80% interest attributable to the Group: RMB30,400,000).

- (2) According to the PRC Legal Opinion:

The car parks were constructed by 深圳百仕達實業有限公司 (Shenzhen Sinolink Enterprises Co., Ltd.), a 80% owned subsidiary of the Company. Due to the historical policies and practices of Shenzhen's local Real Estate Ownership Certificate application, car parks cannot apply for a Real Estate Ownership Certificate. Therefore, 深圳百仕達實業有限公司 (Shenzhen Sinolink Enterprises Co., Ltd.) has not obtained a Real Estate Ownership Certificate and does not have the title to the car parks, but has the rights to use, manage and obtain income from such car parks.

- (3) In accordance with the information provided by the Group and the opinion of the PRC Legal Adviser, the status of title and grant of major approvals and licences are as follows:

Real Estate Ownership Certificate	No
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VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2020
2. Unit Nos. 101, 102 and 103, Ancillary Building, West District, Phase 4, Sinolink Garden, Taining Road, Luohu District, Shenzhen, Guangdong Province, the PRC	<p>The Property comprises 3 commercial units on a 2-storey commercial podium of Phase 4, Sinolink Garden.</p> <p>The Property is erected on a site with a site area of approximately 39,803.26 sq m (428,442 sq ft) which was completed in 2005.</p> <p>The Property has a total gross floor area of approximately 20,232.29 sq m (217,780 sq ft).</p> <p>The land use rights of the Property have been granted for a term of 70 years from January 8, 1998 to January 7, 2068 for residential, commercial and ancillary facility uses.</p>	<p>Portion of the Property with a total gross floor area of 20,016.10 sq m is currently subject to a tenancy for a term due to expire on December 31, 2030. The rent is a basic monthly unit rent of RMB1,282,080,00 for owner-operated portion and RMB226,352 for sublease portion, subject to a rent-free period of 6 months from July 1, 2018 to December 31, 2018.</p> <p>The remaining portions of the Property are currently subject to tenancies for various terms with the latest tenancy due to expire on July 31, 2021, at a total monthly rent of approximately RMB152,000, exclusive of management fee.</p>	<p>RMB461,000,000</p> <p>(RENMINBI FOUR HUNDRED SIXTY ONE MILLION)</p> <p>(80% interest attributable to the Group: RMB368,800,000)</p>

Notes:

- (1) The Property comprises the following units of Sinolink Garden:

Unit Nos. 101, 102 and 103, Ancillary Building, West District, Phase 4, Sinolink Garden.

- (2) According to 3 Real Estate Ownership Certificates issued by Shenzhen City Real Estate Ownership Registration Center on May 16, 2006, the legal title of the Property with a total gross floor area of approximately 20,232.29 sq m is vested in Sinolink Properties Limited (a 80% owned subsidiary of the Company) with details as follows:

Certificate No.	Unit	Land Use	Building Use	Land Use Term		Gross Floor Area (sq m)
				From	To	
2000304922	101	Residential, commercial and facility	Commercial	January 8, 1998	January 7, 2068	9,505.37
2000304909	102	Residential, commercial and facility	Commercial	January 8, 1998	January 7, 2068	10,510.73
2000304918	103	Residential, commercial and facility	Commercial	January 8, 1998	January 7, 2068	216.19
Total:						<u>20,232.29</u>

- (3) According to the PRC Legal Opinion:

Sinolink Properties Limited has obtained valid Real Estate Ownership Certificates and have the ownership of the Property in accordance with the law.

- (4) In accordance with the information provided by the Group and the opinion of the PRC Legal Adviser, the status of title and grant of major approvals and licences are as follows:

Real Estate Ownership Certificate	Yes
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VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2020
3. 4 lorry parking spaces and 1,070 car parks, Phase 4, Sinolink Garden, Taining Road, Luohu District, Shenzhen, Guangdong Province, the PRC	<p>The Property comprises 4 lorry parking spaces and 1,070 car parks in Phase 4 of Sinolink Garden which was completed in 2005.</p> <p>As advised, the Property has a total gross floor area of approximately 44,000 sq m (473,616 sq ft).</p> <p>As advised, the land use rights of the Property have been granted for a term of 70 years from January 8, 1998 to January 7, 2068 for residential, commercial and ancillary facility uses.</p>	<p>4 lorry parking spaces and 350 car parks for the tenants of the commercial units in Phase 4 of Sinolink Garden are currently occupied as temporary loading spaces and car parks for visitors.</p> <p>720 car parks for the residences in Phase 4 of Sinolink Garden are currently occupied as monthly licenced car parks with monthly rent from RMB110 to 250/lot.</p>	<p>No commercial value</p> <p>(80% interest attributable to the Group: no commercial value)</p>

Notes:

- (1) The Property comprises the following parking spaces of Sinolink Garden:

4 lorry parking spaces
 350 car parks for the tenants of the commercial units in Phase 4 of Sinolink Garden
 720 car parks for the residences in Phase 4 of Sinolink Garden

The owner has not obtained Real Estate Ownership Certificate of the car parks, we have assigned no commercial value to the car parks.

For reference purposes, the Market Value of the car parks on good title basis would be RMB108,000,000 (80% interest attributable to the Group: RMB86,400,000).

- (2) According to the PRC Legal Opinion:

The car parks were constructed by Sinolink Properties Limited, a 80% owned subsidiary of the Company. Due to the historical policies and practices of Shenzhen's local Real Estate Ownership Certificate application, car parks cannot apply for a Real Estate Ownership Certificate. Therefore, Sinolink Properties Limited has not obtained a Real Estate Ownership Certificate and does not have the title to the car parks, but has the rights to use, manage and obtain income from such car parks.

- (3) In accordance with the information provided by the Group and the opinion of the PRC Legal Adviser, the status of title and grant of major approvals and licences are as follows:

Real Estate Ownership Certificate

No

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2020
4. 1,700 car parks, Residence Club House, Mangrove West Coast, Land lot no. T207-0026, Bin Hai Da Dao Bay, Sha He Dong Road, Nanshan District, Shenzhen, Guangdong Province, the PRC	<p>The Property comprises 1,700 car parks in Mangrove West Coast which was completed in 2005.</p> <p>As advised, the Property has a total gross floor area of approximately 84,834 sq m (913,153 sq ft).</p> <p>As advised, the land use rights of the Property have been granted for a term of 70 years from December 7, 2001 to December 6, 2071 for commercial and residential uses.</p>	The Property is currently occupied as monthly licenced car parks with monthly rent from RMB110 to 250/lot.	No commercial value (80% interest attributable to the Group: no commercial value)

Notes:

- (1) The Property comprises 1,700 car parks in Mangrove West Coast. The owner has not obtained Real Estate Ownership Certificate of the car parks, we have assigned no commercial value to the car parks.

For reference purposes, the Market Value of the car parks on good title basis would be RMB261,000,000 (80% interest attributable to the Group: RMB208,800,000).

- (2) According to the PRC Legal Opinion:

The car parks were constructed by 深圳紅樹西岸地產發展有限公司 (Shenzhen Mangrove West Coast Property Development Co., Ltd.), a 80% owned subsidiary of the Company. Due to the historical policies and practices of Shenzhen's local Real Estate Ownership Certificate application, car parks cannot apply for a Real Estate Ownership Certificate. Therefore, 深圳紅樹西岸地產發展有限公司 (Shenzhen Mangrove West Coast Property Development Co., Ltd.) has not obtained a Real Estate Ownership Certificate and does not have the title to the car parks, but has the rights to use, manage and obtain income from such car parks.

- (3) In accordance with the information provided by the Group and the opinion of the PRC Legal Adviser, the status of title and grant of major approvals and licences are as follows:

Real Estate Ownership Certificate

No

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2020
5. Levels 1 to 3 of commercial podium, The Vi City, Phase 5, Sinolink Garden, Eastern District, Taining Road, Luohu District, Shenzhen, Guangdong Province, the PRC	<p>The Property comprises the 3-storey commercial podium of Eastern District, Phase 5, Sinolink Garden which was completed in 2008.</p> <p>As advised, the Property has a total gross floor area of approximately 39,434.10 sq m (424,469 sq ft). (Details see Note (1) below.)</p> <p>The land use rights of the Property have been granted for a term of 70 years from January 8, 1998 to January 7, 2068 for commercial and residential uses.</p>	<p>The Property is currently subject to tenancies for various terms with the latest tenancy due to expire on April 21, 2030. The rent is the higher of a basic monthly unit rent or on a turn-over rent basis, subject to various rent-free periods.</p>	<p>RMB810,000,000</p> <p>(RENMINBI EIGHT HUNDRED TEN MILLION)</p> <p>(80% interest attributable to the Group: RMB648,000,000)</p>

Notes:

- (1) The Property comprises levels 1 to 3 of commercial podium. The Vi City, Phase 5, Sinolink Garden.
- (2) According to 2 Real Estate Ownership Certificates issued by Shenzhen Land Resources and Real Estate Management Bureau on July 31, 2009, the legal title of the commercial podium, Eastern District, Phase 5, Sinolink Garden is vested in Sinolink Properties Limited with a total gross floor area of approximately 39,434.10 sq m with details as follows:

Certificate No.	Portion	Land Use	Building Use	Land Use Term		Gross Floor Area (sq m)
				From	To	
2000454124	102	Composite commercial and residential	Cinema	January 8, 1998	January 7, 2068	4,240.44
2000454123	101	Composite commercial and residential	Commercial	January 8, 1998	January 7, 2068	35,193.66
Total:						39,434.10

- (3) According to the PRC Legal Opinion:

Sinolink Properties Limited has obtained valid Real Estate Ownership Certificates and have the ownership of the Property in accordance with the law.

- (4) In accordance with the information provided by the Group and the opinion of the PRC Legal Adviser, the status of title and grant of major approvals and licences are as follows:

Real Estate Ownership Certificate Yes

VALUATION REPORT

				Market value in existing state as at December 31, 2020
Property	Description and tenure	Particulars of occupancy		
6. 1,942 car parks, The Vi City, Phase 5, Sinolink Garden, Taining Road, Luohu District, Shenzhen, Guangdong Province, the PRC	<p>The Property comprises 1,942 car parks in Phase 5 of Sinolink Garden which was completed in 2008.</p> <p>As advised, the Property has a total gross floor area of approximately 72,381.22 sq m (779,111 sq ft).</p> <p>As advised, the land use rights of the Property have been granted for a term of 70 years from January 8, 1998 to January 7, 2068 for commercial and residential uses.</p>	<p>628 car parks for the tenants of the commercial units in Phase 5 of Sinolink Garden are currently occupied as car parks for visitors with monthly rent from RMB110 to 250/lot.</p> <p>1,314 car parks for the residences in Phase 5 of Sinolink Garden are currently occupied as monthly licenced car parks or monthly licenced car parks with monthly rent RMB600/lot.</p>		<p>No commercial value</p> <p>(80% interest attributable to the Group: no commercial value)</p>

Notes:

- (1) The Property comprises the following parking spaces of Sinolink Garden:

628 car parks for the tenants of the commercial units in Phase 5 of Sinolink Garden
1,314 car parks for the residences in Phase 5 of Sinolink Garden

The owner has not obtained Real Estate Ownership Certificate of the car parks, we have assigned no commercial value to the car parks.

For reference purposes, the Market Value of the car parks on good title basis would be RMB191,000,000 (80% interest attributable to the Group: RMB152,800,000).

- (2) According to the PRC Legal Opinion:

The car parks were constructed by Sinolink Properties Limited, a 80% owned subsidiary of the Company. Due to the historical policies and practices of Shenzhen's local Real Estate Ownership Certificate application, car parks cannot apply for a Real Estate Ownership Certificate. Therefore, Sinolink Properties Limited has not obtained a Real Estate Ownership Certificate and does not have the title to the car parks, but has the rights to use, manage and obtain income from such car parks.

- (3) In accordance with the information provided by the Group and the opinion of the PRC Legal Adviser, the status of title and grant of major approvals and licences are as follows:

Real Estate Ownership Certificate

No

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at December 31, 2020
7. Levels 24 to 36 of office portion and 115 car parks, Sinolink Tower, Taining Road, Luohu District, Shenzhen, Guangdong Province, the PRC	<p>Sinolink Tower comprises a 3-tier basement parking lot and above ground floor of 36 stories of office/hotel building. Level 1 is designated for office/hotel lobby, level 2 is designated for the multi-purpose hall, levels 3-4 are designated for restaurant, levels 5-22 are designated for hotel portion, level 23 is refuge floor and levels 24-36 are designated for office.</p> <p>The Property comprises office portions of levels 24-36 and 115 car parks of Sinolink Tower which was completed in 2012.</p> <p>As advised, the Property has a total gross floor area of approximately 20,074.89 sq m (216,084 sq ft) and 115 car parks.</p> <p>The land use rights of the Property have been granted for a term of 70 years from January 8, 1998 to January 7, 2068 for commercial and residential uses.</p>	<p>Portions of the Property with a total gross floor area of 8,517.12, sq m are currently subject to tenancies for various terms with the latest tenancy due to expire on December 30, 2023 at a total monthly rent of approximately RMB1,381,000 exclusive of value-added tax and management fee.</p> <p>Portions of the Property with a total gross floor area of 3,238.37 sq m are owner-occupied, the remaining portions of the Property are currently vacant.</p> <p>115 car parks for the tenants of the office units in Sinolink Tower are currently occupied as car parks for visitors.</p>	<p>RMB504,000,000 (office portion only)</p> <p>(RENMINBI FIVE HUNDRED FOUR MILLION)</p> <p>(80% interest attributable to the Group: RMB403,200,000)</p>

Notes:

- (1) The Property comprises office portion with gross floor area of 20,074.89 sq m and 115 car parks of Sinolink Tower. The owner has not obtained Real Estate Ownership Certificate of the car parks, we have assigned no commercial value to the car parks.

For reference purposes, the Market Value of the car parks on good title basis would be RMB14,500,000 (80% interest attributable to the Group: RMB11,600,000).

- (2) According to 12 Real Estate Ownership Certificates issued by Shenzhen City Real Estate Ownership Registration Center on December 13, 2013, the legal title of the office portion of the Property with a total gross floor area of approximately 20,074.89 sq m is vested in Sinolink Properties Limited with details as follows:

Certificate No.	Unit	Land Use	Building Use	Land Use Term		Gross Floor Area (sq m)
				From	To	
2000601263	2401	Composite residential/commercial	Office	January 8, 1998	January 7, 2068	1,616.92
2000601264	2501	Composite residential/commercial	Office	January 8, 1998	January 7, 2068	1,621.45
2000601265	2601	Composite residential/commercial	Office	January 8, 1998	January 7, 2068	1,622.14
2000601266	2701	Composite residential/commercial	Office	January 8, 1998	January 7, 2068	1,622.95
2000601267	2801	Composite residential/commercial	Office	January 8, 1998	January 7, 2068	1,623.89
2000601268	2901	Composite residential/commercial	Office	January 8, 1998	January 7, 2068	1,624.92
2000601270	3001	Composite residential/commercial	Office	January 8, 1998	January 7, 2068	1,626.04
2000601272	3101	Composite residential/commercial	Office	January 8, 1998	January 7, 2068	1,627.23
2000601273	3201	Composite residential/commercial	Office	January 8, 1998	January 7, 2068	1,628.46
2000601274	3301	Composite residential/commercial	Office	January 8, 1998	January 7, 2068	1,629.70
2000601275	3401	Composite residential/commercial	Office	January 8, 1998	January 7, 2068	1,630.95
2000601276	3501	Composite residential/commercial	Office	January 8, 1998	January 7, 2068	2,200.24*
Total:						20,074.89

* It includes the gross floor area of level 36 of the Sinolink Tower.

(3) According to the PRC Legal Opinion:

- (i) Sinolink Properties Limited has obtained valid Real Estate Ownership Certificates and have the ownership of the office portion of the Property in accordance with the law;
- (ii) The car parks were constructed by Sinolink Properties Limited, a 80% owned subsidiary of the Company. Due to the historical policies and practices of Shenzhen's local Real Estate Ownership Certificate application, car parks cannot apply for a Real Estate Ownership Certificate. Therefore, Sinolink Properties Limited has not obtained a Real Estate Ownership Certificate and does not have the title to the car parks, but has the rights to use, manage and obtain income from such car parks.

(4) In accordance with the information provided by the Group and the opinion of the PRC Legal Adviser, the status of title and grant of major approvals and licences are as follows:

Real Estate Ownership Certificate

Yes (office portion only)

1. RESPONSIBILITY STATEMENT

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

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

2. SHARE CAPITAL**(a) As at the Latest Practicable Date**

Authorised share capital: HK\$

<u>6,000,000,000</u>	Shares of HK\$0.10 each	<u>600,000,000.0</u>
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Issued and fully paid:

<u>3,541,112,832</u>	Shares of HK\$0.10 each	<u>354,111,283.2</u>
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(b) Immediately following the Authorised Share Capital Increase but before the completion of the Rights Issue (assuming there is no change in the number of the issued Shares from the Latest Practicable Date up to the Record Date)

Authorised share capital: HK\$

<u>15,000,000,000</u>	Shares of HK\$0.10 each	<u>1,500,000,000.0</u>
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Issued and fully paid:

<u>3,541,112,832</u>	Shares of HK\$0.10 each	<u>354,111,283.2</u>
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- (c) **Immediately following the Authorised Share Capital Increase and completion of the Rights Issue (assuming (i) there is no change in the number of the issued Shares from the Latest Practicable Date up to the Record Date; and (ii) all Shareholders have taken up the Rights Shares to which they are entitled)**

Authorised share capital: HK\$

<u>15,000,000,000</u>	Shares of HK\$0.10 each	<u>1,500,000,000.0</u>
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Issued and fully paid:

3,541,112,832	Shares of HK\$0.10 each	354,111,283.2
2,832,890,264	Rights Shares to be allotted and issued under the Rights Issue	283,289,026.4

<u>6,374,003,096</u>	Shares in issue immediately upon completion of the Rights Issue	<u>637,400,309.6</u>
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- (d) **Immediately following the Authorised Share Capital Increase and completion of the Rights Issue (assuming (i) there is no change in the number of the issued Shares from the Latest Practicable Date up to the Record Date (except for all outstanding Share Options being exercised in full); and (ii) all Shareholders have taken up the Rights Shares to which they are entitled)**

Authorised share capital: HK\$

<u>15,000,000,000</u>	Shares of HK\$0.10 each	<u>1,500,000,000.0</u>
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Issued and fully paid:

3,541,112,832	Shares of HK\$0.10 each	354,111,283.2
114,000,000	Shares to be allotted and issued upon all the outstanding Share Options being exercised in full	11,400,000.0
2,924,090,264	Rights Shares to be allotted and issued under the Rights Issue	292,409,026.4

<u>6,579,203,096</u>	Shares in issue immediately upon completion of the Rights Issue	<u>657,920,309.6</u>
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- (e) **Immediately following the Authorised Share Capital Increase and completion of the Rights Issue (assuming (i) there is no change in the number of the issued Shares from the Latest Practicable Date up to the Record Date; and (ii) only the Controlling Shareholder has taken up its Rights Shares entitlement)**

Authorised share capital: HK\$

<u>15,000,000,000</u>	Shares of HK\$0.10 each	<u>1,500,000,000.0</u>
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Issued and fully paid:

3,541,112,832	Shares of HK\$0.10 each	354,111,283.2
1,272,226,600	Rights Shares to be allotted and issued under the Rights Issue	127,222,660.0
<u>4,813,339,432</u>	Shares in issue immediately upon completion of the Rights Issue	<u>481,333,943.2</u>

- (f) **Immediately following the Authorised Share Capital Increase and completion of the Rights Issue (assuming (i) there is no change in the number of the issued Shares from the Latest Practicable Date up to the Record Date (except for all outstanding Share Options being exercised in full); and (ii) only the Controlling Shareholder has taken up its Rights Shares entitlement;)**

Authorised share capital: HK\$

<u>15,000,000,000</u>	Shares of HK\$0.10 each	<u>1,500,000,000</u>
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Issued and fully paid:

3,541,112,832	Shares of HK\$0.10 each	354,111,283.2
114,000,000	Shares to be allotted and issued upon all the outstanding Share Options being exercised in full	11,400,000
1,272,226,600	Rights Shares to be allotted and issued under the Rights Issue	127,222,660.0
<u>4,927,339,432</u>	Shares in issue immediately upon completion of the Rights Issue	<u>492,733,943.2</u>

All Shares rank *pari passu* with each other in all respects including the rights as to voting, dividends and return of capital.

Since December 31, 2019 (being the end of the last financial year of the Company) and up to the Latest Practicable Date, no Shares had been issued.

The Rights Shares, when allotted, issued and fully paid, will rank *pari passu* in all respects with the existing Shares in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid with a record date falling after the date of allotment and issue of the Rights Shares in their fully paid form.

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms. Nil-paid Rights Shares are expected to be traded in board lots of 2,000. No part of the securities of the Company in issue or for which listing or permission to deal is being or is proposed to be sought is listed or dealt in or on any other stock exchange.

Dealings in the Rights Shares (in both nil-paid and fully-paid forms) will be subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy and other applicable fees and charges in Hong Kong.

As at the Latest Practicable Date, there were no arrangements under which future dividends are waived or agreed to be waived.

Save for the Share Options, the Company had no outstanding convertible securities, options, warrants or derivatives in issue which conferred any right to subscribe for, convert, or exchange into the Shares and there was no share or loan capital of any member of the Group which was under option, or agreed conditionally or unconditionally to be put under option as at the Latest Practicable Date.

3. DISCLOSURE OF INTERESTS OF DIRECTORS

As at the Latest Practicable Date, the interests and short positions, if any, of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”)) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executives were deemed or taken to have under such provisions of the SFO; or which were required to be and are recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO; or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”)) were as follows:

Directors’ long position in the Shares and underlying Shares

Name of Directors	Capacity	Interest in Shares				Interest in underlying Shares pursuant to share options	Aggregate interest	Approximate percentage of the issued Shares as at the Latest Practicable Date
		Personal interest	Corporate interest	Family interest	Total interest in Shares			
Chen Wei	Beneficial owner	13,500,000	—	—	13,500,000	3,000,000	16,500,000	0.46%
Ou Yaping	Joint interest and interest of controlled corporation	—	2,862,509,850 (Note 1)	7,285,410	2,869,795,260	—	2,869,795,260	81.04%
Tang Yui Man Francis	Beneficial owner	21,375,000	—	—	21,375,000	35,000,000	56,375,000	1.59%
Tian Jin	Beneficial owner	—	—	—	—	2,000,000	2,000,000	0.05%
Xiang Bing	Beneficial owner	—	—	—	—	2,000,000	2,000,000	0.05%
Xiang Ya Bo	Beneficial owner	—	—	—	—	35,000,000	35,000,000	0.98%
Xin Luo Lin	Beneficial owner	—	—	—	—	2,000,000	2,000,000	0.05%

Note:

- These 2,862,509,850 shares of the Company (including 1,272,226,600 Rights Shares pursuant to the irrevocable undertaking on January 6, 2021) are held by Asia Pacific Promotion Limited, a company incorporated in the British Virgin Islands, which is wholly-owned by Mr. Ou Yaping, a non-executive Director of the Company. Accordingly, Mr. Ou is deemed to be interested in the shares of the Company held by Asia Pacific Promotion Limited under the SFO.

Directors' interest in options to subscribe for Shares

Name of Directors	Date of grant	Exercise period	Exercise price HK\$	Number of Shares subject to outstanding options as at the Latest Practicable Date	Approximate percentage of the issued Shares as at the Latest Practicable Date
Chen Wei	15.05.2015	15.11.2015-14.05.2025	1.37	1,500,000	0.04%
		15.05.2016-14.05.2025	1.37	1,500,000	0.04%
Tang Yui Man Francis	15.05.2015	15.11.2015-14.05.2025	1.37	17,500,000	0.49%
		15.05.2016-14.05.2025	1.37	17,500,000	0.49%
Tian Jin	15.05.2015	15.11.2015-14.05.2025	1.37	1,000,000	0.02%
		15.05.2016-14.05.2025	1.37	1,000,000	0.02%
Xiang Bing	15.05.2015	15.11.2015-14.05.2025	1.37	1,000,000	0.02%
		15.05.2016-14.05.2025	1.37	1,000,000	0.02%
Xiang Ya Bo	15.05.2015	15.11.2015-14.05.2025	1.37	17,500,000	0.49%
		15.05.2016-14.05.2025	1.37	17,500,000	0.49%
Xin Luo Lin	15.05.2015	15.11.2015-14.05.2025	1.37	1,000,000	0.02%
		15.05.2016-14.05.2025	1.37	1,000,000	0.02%

Notes:

- (1) The vesting period of the share options is from the date of grant until the commencement date of the exercise period.
- (2) These options represent personal interest held by the Directors as beneficial owners.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

4. DISCLOSURE OF INTERESTS OF SUBSTANTIAL SHAREHOLDERS

So far as was known to any Director or chief executive of the Company, as at the Latest Practicable Date, Shareholders (other than Directors or chief executives of the Company) who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long positions in the Shares or underlying Shares

Name of Shareholders	Capacity/ Nature of interest	Interest in Shares	Interest in derivatives	Total interests	Approximate percentage of the issued Shares as at the Latest Practicable Date
Asia Pacific Promotion Limited (Note 1)	Beneficial owner/ Beneficial interest	2,862,509,850	—	2,862,509,850	80.83%
Fidelity China Special Situations Plc (Note 2)	Beneficial Owner	182,294,000	—	182,294,000	5.15%
FIL Limited (Notes 2, 3)	Interest in controlled corporation	182,844,000	—	182,844,000	5.16%
Pandanus Partners L.P. (Note 3)	Interest in controlled corporation	182,844,000	—	182,844,000	5.16%
Pandanus Associates Inc. (Note 3)	Interest in controlled corporation	182,844,000	—	182,844,000	5.16%

Notes:

- The 2,862,509,850 shares of the Company are held by Asia Pacific Promotion Limited, a company incorporated in the British Virgin Islands, which is wholly-owned by Mr. Ou Yaping, Non-executive Director of the Company. Accordingly, Mr. Ou is deemed to be interested in the shares of the Company held by Asia Pacific Promotion Limited under the SFO. His interests are disclosed in the subsection headed “Directors’ long positions in the Shares and underlying Shares” above. In addition, Asia Pacific Promotion Limited entered into an irrevocable undertaking on January 6, 2021 (the “**Undertaking**”) to subscribe for 1,272,226,600 Rights Shares upon completion of the proposed Rights Issue of the Company. As such, Asia Pacific Promotion Limited is interested in 1,272,226,600 Shares as beneficial owner pursuant to the Undertaking.
- The beneficial ownership of the 182,294,000 shares held by Fidelity China Special Situations Plc arises in the context of passive investment activities only by the various investment accounts managed by FIL Limited on a discretionary basis.
- Pandanus Partners L.P., a wholly-owned subsidiary of Pandanus Associates Inc., is deemed to be interested in 182,844,000 shares of the Company through its direct interest in FIL Limited.

Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors, the Company has not been notified by any persons (other than a Director or chief executive of the Company) who had an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

5. ADDITIONAL DISCLOSURE OF DEALINGS IN SHARES

As at the Latest Practicable Date

- (a) save for the Shares held by the Controlling Shareholder Concert Group as set out in the section headed “Effect of Rights Issue on shareholdings in the Company”, neither the Controlling Shareholder nor any parties acting in concert with it owned, controlled or had direction over any Shares and right over Shares, outstanding options, warrants, or any securities that are convertible into Shares or any derivatives in respect of securities in the Company, or held any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (b) neither the Controlling Shareholder nor any parties acting in concert with it has received an irrevocable commitment to vote for or against the Rights Issue and/or the Whitewash Waiver;
- (c) neither the Controlling Shareholder nor any parties acting in concert with it has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (d) neither the Company nor the Directors has borrowed or lent any Shares, convertible securities, warrants, options or derivatives in respect of any Shares;
- (e) save for the Undertaking, neither the Controlling Shareholder nor any parties acting in concert with it had any arrangement referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) in relation to the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company, which might be material to the Rights Issue and/or the Whitewash Waiver, with any other persons;
- (f) apart from the consideration for the Rights Shares, neither the Controlling Shareholder nor any parties acting in concert with it had any other consideration, compensation or benefit in whatever form paid or to be paid by the Controlling Shareholder or any parties acting in concert with it to the Company or any party acting in concert with the Company in connection with the sale and purchase of the Rights Shares;
- (g) no benefit was to be given to any Directors as compensation for loss of office in any member of the Company or otherwise in connection with the Rights Issue and/or the Whitewash Waiver;
- (h) apart from the Undertaking, there was no understanding, arrangement, agreement or special deal between the Group and the Controlling Shareholder Concert Group members;
- (i) there was no understanding, arrangement, agreement (including any compensation arrangement) or special deal (as defined under Rule 25 of the Takeovers Code) between (i) the Controlling Shareholder or any party acting in concert with it and (ii) any of the Directors, recent Directors, Shareholders or recent Shareholders, having any connection with or dependence upon the Rights Issue and/or the Whitewash Wavier;

- (j) there was no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (1) any Shareholders; and (2)(a) the Controlling Shareholder and any party acting in concert with it, or (b) the Company, its subsidiaries or associated companies;
- (k) there was no agreement or arrangement between any Director and any other person which was conditional on or dependent upon the outcome of the Rights Issue and/or the Whitewash Waiver or otherwise connected therewith;
- (l) save for the Undertaking, there was no material contract entered into by the Controlling Shareholder in which any Director had a material personal interest;
- (m) save for the Undertaking, neither the Controlling Shareholder nor any parties acting in concert with it had any agreement or arrangement to which it is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Rights Issue and/or the Whitewash Waiver;
- (n) neither the Controlling Shareholder nor any parties acting in concert with it had dealt in the Shares, outstanding options, derivatives, warrants or other securities convertible or exchangeable into Shares, during the six months prior to the date of the Undertaking;
- (o) each of Mr. Chen Wei and Mr. Tang Yui Man Francis did not express his intention, in respect of his own beneficial shareholding, to accept or reject the relevant Rights Shares to be provisionally allotted to him under the Rights Issues. Each of Mr. Ou, Mr. Ou Jin Yi Hugo, Mr. Xiang and their respective associates shall abstain from voting in favour of the resolutions to approve the Rights Issue and the transactions contemplated thereunder at the GM in accordance with Rule 7.19A(1) and Rule 7.27A(1) of the Listing Rules. Each of Mr. Ou, Mr. Ou Jin Yi Hugo, Mr. Xiang and their respective associates shall also abstain from voting on the resolution to approve the Whitewash Waiver at the GM with respect of their respective beneficial shareholding. Save for Mr. Chen Wei, Mr. Tang Yui Man Francis, and Mr. Ou (who jointly holds 7,285,410 Shares with Mrs. Ou, and is required to abstain from voting in favour of the resolutions to approve the Rights Issue, the Whitewash Waiver, and the transactions contemplated thereunder at the GM in accordance with the Listing Rules and the Takeovers Code), none of the Directors hold any Share as at the Latest Practicable Date; and
- (p) there was no agreement, arrangement or understanding to transfer, charge or pledge the Rights Shares to be acquired by the Controlling Shareholder in pursuance of the Rights Issue to any other persons.

6. MARKET PRICES

The closing prices of the Shares quoted on the Stock Exchange (i) on the last trading day of each of the calendar months during the Relevant Period; (ii) on the Last Trading Day; and (iii) on the Latest Practicable Date were as follows:

Date	Closing price per Share HK\$
July 31, 2020	0.475
August 31, 2020	0.495
September 30, 2020	0.400
October 30, 2020	0.480
November 30, 2020	0.465
December 31, 2020	0.490
January 5, 2021 (being the Last Trading Day)	0.490
January 29, 2021	0.345
February 8, 2021 (being the Latest Practicable Date)	0.375

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the Relevant Period were HK\$0.61 on July 8, 2020 and HK\$0.247 on March 19, 2020, respectively.

7. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, so far as the Directors were aware, none of the Directors or their respective close associates had any interest in a business which competes or may compete with the business of the Group, or has or may have any other conflicts of interest with the Group pursuant to Rule 8.10 of the Listing Rules.

8. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered or was proposing to enter into any service contracts with any member of the Group which does not expire or is not terminable by such member of the Group within one year without payment of compensation (other than statutory compensation).

9. DIRECTORS' INTERESTS IN GROUP'S ASSETS OR CONTRACT OR ARRANGEMENT OF SIGNIFICANCE

As at the Latest Practicable Date, save as disclosed in this circular, none of the Directors is materially interested in any contract or arrangement subsisting as at the Latest Practicable Date which is significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group since December 31, 2019 (being the date to which the latest published audited accounts of the Group were made up).

10. MATERIAL LITIGATION

As at the Latest Practicable Date, as far as the Directors were aware, none of the members of the Group was engaged in any litigation or arbitration or claim of material importance and there is no litigation or claim of material importance known to the Directors to be pending or threatened by or against any member of the Group.

11. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business of the Group) were entered into by members of the Group within two years immediately preceding the date of the Announcement and this circular, respectively, which are or may be material:

- (a) the share subscription agreement dated July 18, 2019 entered into among the Company, ZhongAn Technology and ZhongAn International in relation to the subscription by the Company in certain new ZhongAn International Ordinary Shares for a total subscription price of RMB960,784,313.73; and
- (b) the limited partnership agreement dated December 20, 2019 entered into among the Company, five other partners and 寧波梅山保稅港區寬源投資管理有限公司 (Ningbo Meishan Bonded Port Kuanyuan Investment Management Co., Ltd.*) in respect of, among other matters, the establishment of an investment fund 南京寬平晟諾醫藥投資合夥企業 (有限合夥) (Nanjing Kuan Ping Cheng Nuo Yiyao Investment Limited Partner*) for a total capital commitment of RMB 708,000,000 (equivalent to approximately HK\$789,000,000).

12. MATERIAL CHANGE

As at the Latest Practicable Date, except as disclosed in the paragraph headed “MATERIAL CHANGE” set out in Appendix I to this circular, the Directors were not aware of any material change in the financial position or trading position of the Group since December 31, 2019, being the date to which the latest published audited financial statements of the Group were made up.

13. EXPENSES

The expenses in connection with the Rights Issue and the Whitewash Waiver, including but not limited to the financial advising fees, printing, registration, translation, legal and accounting fees are estimated to be approximately HK\$5 million and are payable by the Company.

14. EXPERTS AND CONSENTS

The following are the qualifications of the experts who have given their opinions, letters or advice contained in this circular:

Name	Qualifications
Cushman & Wakefield Limited	Independent property valuer
Deloitte Touche Tohmatsu	Certified public accountants
Lego Corporate Finance Limited	A corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter, advice or report, as the case may be, and reference to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, none of the above experts had any shareholding, directly or indirectly, in any member of the Group nor did they have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, none of the above experts had any direct or indirect interest in any assets which had been, since December 31, 2019 (the date to which the latest published audited financial statements of the Group were made up), acquired, or disposed of by or leased to, or were proposed to be acquired, disposed of by or leased to any member of the Group.

15. CORPORATE INFORMATION OF THE COMPANY AND PARTIES INVOLVED IN THE RIGHTS ISSUE

Registered Office of the Company	Clarendon House 2 Church Street Hamilton HM 11 Bermuda
Head Office and Principal Place of Business in Hong Kong of the Company	28th Floor, Infinitus Plaza 199 Des Voeux Road Central Hong Kong
Authorised Representatives of the Company	Ou Jin Yi Hugo House 3, Kellett View Town House, 65-69 Mount Kellett Road, The Peak, Hong Kong Xiang Ya Bo Flat D, 16/F, Tower 1, Sorrento 1 Austin Road West, Tsimshatsui Kowloon, Hong Kong
Company Secretary of the Company	Lo Tai On Member of The Hong Kong Institute of Certified Public Accountants

Auditor/Reporting Accountants of the Company	Deloitte Touche Tohmatsu Certified Public Accountants 35th Floor, One Pacific Place 88 Queensway Hong Kong
Principal Bankers of the Company	Bank of China Bank of China Tower 1 Garden Road Central Hong Kong Bank of China (Hong Kong) Limited Bank of China Tower 1 Garden Road Central Hong Kong Hang Seng Bank Limited 83 Des Voeux Road Central Hong Kong Ping An Bank 42/F, One Exchange Square 8 Connaught Place Central Hong Kong
Principal Share Registrar and Transfer Office of the Company	MUFG Fund Services (Bermuda) Limited 4th Floor North Cedar House 41 Cedar Avenue Hamilton HM12 Bermuda
Hong Kong Branch Share Registrar and Transfer Office of the Company	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor, Hopewell Centre 183 Queen's Road East Wan Chai Hong Kong
Legal Advisers to the Company	<i>As to Bermuda law</i> Conyers Dill & Pearman 29th Floor, One Exchange Square 8 Connaught Place Central, Hong Kong

	<i>As to PRC law</i>
	Junhe Law Offices Suite 3701, 37th Floor, Jardine House 1 Connaught Place Central, Hong Kong
	<i>As to Hong Kong law</i>
	Cleary Gottlieb Steen & Hamilton (Hong Kong) 37th Floor, Hysan Place 500 Hennessy Road Causeway Bay Hong Kong
The Controlling Shareholder	Asia Pacific Promotion Limited Pasea Estate, Road Town, Tortola British Virgin Islands
Sole Director of the Controlling Shareholder	Mr. Ou Yaping House 3, Kellett View Town House 65-69 Mount Kellett Road The Peak, Hong Kong
Financial Adviser to the Controlling Shareholder	CMB International Capital Limited 45/F, Champion Tower 3 Garden Road Central, Hong Kong
Independent Financial Adviser to the Listing Rules Independent Board Committee, the Takeovers Code Independent Board Committee and the Independent Shareholders	Lego Corporate Finance Limited Room 1601, 16/F, China Building 29 Queen's Road Central, Hong Kong

16. PARTICULARS OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Xiang Ya Bo, aged 64, was appointed as the chairman of the board of Directors and a member of remuneration committee and nomination committee of the Company on June 28, 2017. He was an executive Director of the Company in 2011 and the Chief Executive Officer in August 2013. Mr. Xiang is the chairman and the general manager of Sinolink Properties Limited, a subsidiary of the Company. He is a brother of Mr. Ou Yaping, a non-executive Director and a substantial shareholder of the Company and is an uncle of Mr. Ou Jin Yi Hugo, a non-executive Director of the Company. He graduated with an engineering degree. Mr. Xiang has over 35 years of experience in the field of corporate management, investment management and technical administration on computer technologies and e-commerce. Save as disclosed above, Mr. Xiang has not held any directorship in other listed public companies in the past three years.

Mr. Chen Wei, aged 59, was appointed as an executive Director of the Company in December 1997. He holds a Bachelor of Engineering Management degree from the Beijing Institute of Technology in the People's Republic of China (the "PRC"). Mr. Chen was previously employed by a number of large organisations and has over 35 years of experience in engineering, business administration, market development and management. Mr. Chen joined the Group in February 1992 and is responsible for the overall business development, management and strategic planning of the Group. Save as disclosed above, Mr. Chen has not held any directorship in other listed public companies in the past three years.

Non-executive Director

Mr. Ou Jin Yi Hugo, aged 29, was appointed as a non-executive Director of the Company in January 2016. He was appointed as a non-executive director of ZhongAn Online P & C Insurance Co., Ltd., a company whose shares are listed on the Stock Exchange (SEHK: 6060), on July 3, 2017 and was redesignated as an executive director on November 27, 2017. He obtained a Bachelor's degree in East Asian Studies from Princeton University. He worked as an associate of the investment team at Thrive Capital, a New York-based venture capital firm with investments in Instagram, Twitch, Spotify, and other software companies. He had served as an investment manager and the deputy director of the Corporate Development Department of the Company from 2010 to 2012 and 2012 to 2015, respectively. He has extensive experience in reviewing residential and commercial property development deals in the United States and portfolio managing of public and private equities, including stocks, bonds, startups, and private equity firms. Mr. Hugo Ou is a son of Mr. Ou Yaping who is a non-executive Director and substantial shareholder of the Company. Mr. Hugo Ou is also a nephew of Mr. Xiang Ya Bo, the Chairman, Chief Executive Officer and an executive Director of the Company. Save as disclosed above, Mr. Hugo Ou has not held any directorship in other listed public companies in the past three years.

Mr. Ou Yaping, aged 59, was appointed as the chairman and an executive Director of the Company in December 1997 and re-designated as a non-executive director and resigned as the chairman of the board of directors and a member of remuneration committee of the Company in August 2013. Mr. Ou is the founder of the Group and a substantial shareholder of the Company. He is the chairman of ZhongAn Online P&C Insurance Co., Ltd., a company whose shares are listed on the Stock Exchange (SEHK: 6060). Mr. Ou holds a Bachelor of Engineering Management degree from the Beijing Institute of Technology in the PRC. Mr. Ou is a brother of Mr. Xiang Ya Bo, an executive director, the Chairman and Chief Executive Officer of the Company and the father of Mr. Ou Jin Yi Hugo, a non-executive Director of the Company. He is also the director and shareholder of Asia Pacific Promotion Limited, a substantial shareholder of the Company, whose interest in shares of the Company is disclosed in the section of "Letter from the Board". Save as disclosed above, Mr. Ou has not held any directorship in other listed public companies in the past three years.

Mr. Tang Yui Man Francis, aged 58, was appointed as an executive Director of the Company in September 2001 and the chief executive officer in 2002 and ceased to act as chief executive officer and appointed as the Chairman and a member of the remuneration committee of the Company in August 2013. Mr. Tang was also appointed as a member of nomination committee of the Company since March 27, 2012. Mr. Tang was re-designated as a non-executive

director and ceased to act as the Chairman, a member of remuneration committee and nomination committee on June 28, 2017. He is currently a director of Sinolink Properties Limited, a subsidiary of the Company. Mr. Tang was the chief financial officer of ZhongAn Online P & C Insurance Co., Ltd., a company listed on the Stock Exchange, from July 3, 2017 to March 23, 2020. Mr. Tang holds a Bachelor's degree in Computer Studies from the University of Victoria in Canada and a Master of Business Administration degree from The City University of New York in the United States. Mr. Tang has numerous years of experience in management, accounting and finance. Mr. Tang was responsible for corporate planning, strategic development and financial planning and management of the Group. Save as disclosed above, Mr. Tang has not held any directorship in other listed public companies in the past three years.

Independent non-executive Directors

Mr. Tian Jin, aged 63, was appointed as an independent non-executive Director of the Company in May 2005. He is also a member of audit committee and chairman of nomination committee of the Company. Mr. Tian holds a Bachelor of Arts from Hunan University, Master of Arts from Wuhan University and Doctorate in Administration and Management from Auburn University. He is the Principal of Tur Partners LLC effective from November 14, 2011. Before joining Tur Partners LLC, Mr. Tian served as CEO of Morningstar Asia and chairman of Morningstar China and was a lecturer of Hunan University, visiting professor of Auburn University, director of Academic Technology Development of DePaul University, director of Institutional Planning and Research of DePaul University. Mr. Tian has not held any directorship in other listed public companies in the past three years.

Dr. Xiang Bing, aged 59, was appointed as an independent non-executive Director of the Company in December 2008. He is also a member of audit committee, remuneration committee and nomination committee of the Company. Dr. Xiang obtained a Doctoral degree in accounting from the University of Alberta in Canada. Dr. Xiang is currently the founding dean and a professor of the Cheung Kong Graduate School of Business (長江商學院). He is an independent non-executive director and a member of audit committee and remuneration committee of Longfor Properties Co., Ltd., a company listed on the Stock Exchange. Save as disclosed above, Dr. Xiang has not held any directorship in other listed public companies in the past three years.

Mr. Xin Luo Lin, aged 72, was appointed as an independent non-executive Director of the Company in June 2002. He is also the chairman of audit committee and remuneration committee and a member of nomination committee of the Company. Mr. Xin was a postgraduate from the Peking University in PRC. He was a research associate at the Waseda University in Japan, an honorary research associate at the University of British Columbia, Canada and a visiting fellow at the University of Adelaide, Australia from 1984 to 1985. He was appointed as a Justice of the Peace in New South Wales of Australia in 1991. Mr. Xin is a co-author of a book titled "China's iron and steel industry policy: implications for Australia". Mr. Xin is also an independent non-executive director, member of audit committee and remuneration committee of Central China Real Estate Limited and an independent non-executive director, member of audit committee, remuneration committee and nomination committee of Beijing Sports and

Entertainment Industry Group Limited, all are listed companies on the Stock Exchange. Mr. Xin is a director of Daikokuya Holdings Co., Ltd., a public company listed on the Tokyo Stock Exchange. Save as disclosed above, Mr. Xin has not held any directorship in other listed public companies in the past three years.

Business address of the Directors

The business address of the Directors and Chief Executive Officer is the same as the Company's head office and principal place of business in Hong Kong at 28th Floor, Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong.

17. MISCELLANEOUS

- (a) As at the Latest Practicable Date, save for the foreign exchange control in the PRC and payment of the relevant tax incidental to the remittance of profit or repatriation of capital, to the best knowledge of the Directors, there was no other restriction affecting the remittance of profits or repatriation of capital into Hong Kong from outside of Hong Kong.
- (b) The English text of this circular and the accompanying form of proxy shall prevail over the respective Chinese text in case of inconsistency.

18. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours from 9:30 a.m. to 5:00 p.m. at the head office and principal place of business of the Company in Hong Kong at 28th Floor, Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong and on the websites of the Company (www.sinolinkhk.com) and the SFC (www.sfc.hk) from the date of this circular up to and including the date of GM:

- (a) the memorandum of association and bye-laws of the Company;
- (b) the memorandum and articles of association of the Controlling Shareholder;
- (c) the interim report of the Company for the six months ended June 30, 2020;
- (d) the annual reports of the Company for the financial years ended December 31, 2019, December 31, 2018 and December 31, 2017;
- (e) the letter from the Board, the text of which is set out on pages 11 to 31 of this circular;
- (f) the letter from the Listing Rules Independent Board Committee, the text of which is set out on pages 32 to 33 of this circular;
- (g) the letter from the Takeovers Code Independent Board Committee, the text of which is set out on pages 34 to 35 of this circular;

- (h) the letter of advice from the Independent Financial Adviser, the text of which is set out on pages 36 to 65 of this circular;
- (i) the report from Deloitte Touche Tohmatsu on the unaudited pro forma financial information of the Group as set out in appendix II to this circular;
- (j) the valuation certificate and the property valuation report issued by Cushman & Wakefield Limited dated February 11, 2021, the full text of which is set out in appendix III to this circular;
- (k) the material contracts referred to in the paragraph headed “Material Contracts” in this appendix;
- (l) the written consents referred to in the paragraph headed “Experts and Consents” in this appendix;
- (m) the Undertaking; and
- (n) this circular.

NOTICE OF SPECIAL GENERAL MEETING



百仕達控股有限公司*

SINOLINK WORLDWIDE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1168)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT a special general meeting (the “**Meeting**”) of Sinolink Worldwide Holdings Limited (the “**Company**”) will be held at the 28th Floor, Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong on March 8, 2021 (Monday) at 11:00 a.m. for considering and if thought fit, to approve the following resolutions of the Company:

ORDINARY RESOLUTIONS

1. “**THAT**

- (a) the Company’s authorised share capital be increased from HK\$600,000,000 divided into 6,000,000,000 shares of the Company (the “**Shares**”) of HK\$0.10 each to HK\$1,500,000,000 divided into 15,000,000,000 shares of HK\$0.10 each by creation of an additional 9,000,000,000 unissued Shares, and such Shares shall rank *pari passu* in all respects with each other and have the rights and privileges and be subject to the restrictions in respect of ordinary shares contained in the bye-laws of the Company (the “**Share Capital Increase**”); and
- (b) any one director of the Company (the “**Director**”) be and is hereby authorised to approve, sign and execute such documents and do and/or procure to be done any and all acts, deeds and things which in his opinion may be necessary, desirable or expedient to effect and implement this resolution.”

* For identification purpose only

NOTICE OF SPECIAL GENERAL MEETING

2. **“THAT** subject to and conditional upon (i) The Stock Exchange of Hong Kong Limited granting or agreeing to grant the listing of, and permission to deal in, the Rights Shares (as defined below) (in their nil-paid and fully-paid forms); (ii) the passing of the resolution numbered 1 in respect of the Share Capital Increase; and (iii) satisfaction of all conditions as set out in the paragraph headed “Conditions of the Rights Issue” in the letter from the board of the circular of the Company dated February 11, 2021 (the **“Circular”**):
- (a) the issue by way of rights issue (the **“Rights Issue”**) of not less than 1,272,226,600 rights shares and not more than 2,924,090,264 rights shares (the **“Rights Shares”**) at a subscription price of HK\$0.28 per Rights Share to the shareholders of the Company (the **“Shareholders”**) whose names shall appear on the register of members of the Company at the close of business on March 18, 2021 (Thursday) or such other date as may be determined by the Company as the record date for the determination of the provisional entitlements of the Shareholders under the Rights Issue (the **“Record Date”**) (the **“Qualifying Shareholders”** and excluding those Shareholders (the **“Non-Qualifying Shareholders”**)) whose addresses as shown on the register of members of the Company are outside Hong Kong whom the Directors, after making relevant enquiries, consider their exclusion from the Rights Issue to be necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place) on the basis of four Rights Shares for every five shares in the Company (the **“Shares”**) then held on the Record Date be and is hereby approved;
 - (b) any Director be and is hereby authorised to allot and issue the Rights Shares pursuant to and in connection with the Rights Issue in particular, (i) the Rights Shares may be offered, allotted or issued otherwise than *pro rata* to the Qualifying Shareholders and, in particular, the Directors be and are hereby authorised to make such exclusions or other arrangements in relation to fractional entitlements and/or the Non-Qualifying Shareholders as they deem necessary, desirable or expedient having regard to any restrictions or obligations under the bye-laws of the Company or the laws of, or the rules and regulations of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong; (ii) the Rights Shares which would otherwise have been made available for application by the Qualifying Shareholders will be made available for subscription under forms of application for excess Rights Shares; and
 - (c) any one or more Director(s) be and is/are hereby authorised to do all such acts and things, to sign and execute all such documents and to take such steps as he/they may, in his/their absolute discretion, consider necessary, appropriate, desirable or expedient to implement or to give effect to or in connection with the Rights Issue and the transactions contemplated thereunder.”

NOTICE OF SPECIAL GENERAL MEETING

SPECIAL RESOLUTION

3. “THAT

- (a) subject to the granting of the Whitewash Waiver (as defined below) by the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong or any of his delegate(s) and any conditions that may be imposed thereon, the granting of a waiver to the Controlling Shareholder and parties acting in concert with it of any obligation to make a mandatory general offer under the Hong Kong Codes on Takeovers and Mergers and Share Buy-backs for all the Shares (other than those owned or agreed to be acquired by the Controlling Shareholder and the parties acting in concert with it) as a result of the Rights Issue (the “**Whitewash Waiver**”) be and is hereby approved; and
- (b) any one or more Directors be and is/are hereby authorised to take such actions, do all such acts and things and execute all such further documents or deeds as he/they may, in his/their absolute discretion, consider necessary, appropriate, desirable or expedient for the purpose of, or in connection with, the implementation of or giving effect to or the completion of any matters relating to the Whitewash Waiver and the transactions contemplated thereunder.”

By Order of the Board
Sinolink Worldwide Holdings Limited
Xiang Ya Bo
Chairman and Chief Executive Officer

Hong Kong, February 11, 2021

Registered Office
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head office and principal place of
business in Hong Kong:
28th Floor, Infinitus Plaza
199 Des Voeux Road Central
Hong Kong

Notes:

- (i) Any member entitled to attend and vote at the meeting is entitled to appoint another person as his proxy to attend and vote instead of him. A proxy needs not be a member of the Company.
- (ii) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorized to sign the same.
- (iii) To be valid, a proxy form and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be delivered to the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjourned meeting.

NOTICE OF SPECIAL GENERAL MEETING

- (iv) The register of members of the Company will be closed from March 2, 2021 (Tuesday) to March 8, 2021 (Monday) (both days inclusive) for determining the identity of the Shareholders entitled to attend and vote at the GM. Record date for the purpose of determining the entitlements of the Shareholders to attend and vote at the GM will be on March 8, 2021 (Monday). In order to qualify for the aforesaid entitlements, all transfers must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, by no later than 4:30 p.m. on March 1, 2021 (Monday).
- (v) In the case of joint holders of a share, if more than one of such joint holders be present at any meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holder, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
- (vi) If Typhoon Signal No. 8 or above is expected to be hoisted or "extreme conditions" caused by a super typhoon or a Black Rainstorm Warning Signal is expected to be in force any time after 8:00 a.m. on the date of the GM, then the GM will be postponed and the shareholders will be informed of the date, time and venue of the rescheduled meeting by a supplementary notice posted on the websites of the Company and the Stock Exchange.
- (vii) The GM will be held as scheduled when an Amber or Red Rainstorm Warning Signal is in force. Shareholders should decide on their own whether they would attend the GM under bad weather condition bearing in mind their own situations and if they do so, they are advised to exercise care and caution.

As at the date of this notice, the Board comprises Mr. Xiang Ya Bo (Chairman and Chief Executive Officer) and Mr. Chen Wei as executive Directors; Mr. Ou Yaping, Mr. Ou Jin Yi Hugo and Mr. Tang Yui Man Francis as non-executive Directors; and Mr. Tian Jin, Dr. Xiang Bing and Mr. Xin Luo Lin as independent non-executive Directors.

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

PRECAUTIONARY MEASURES AT THE SPECIAL GENERAL MEETING

In view of the recent developments of the Novel Coronavirus (COVID-19) pandemic, and taking into consideration of the guidelines issued by the Government of Hong Kong, the Company will implement the following preventive measures at the GM to protect attending shareholders from the risk of infection:

- compulsory body temperature check will be conducted for every shareholder or proxy at the entrance of the venue of the GM;
- every shareholder or proxy is required to wear surgical face mask throughout the GM; and
- no distribution of corporate gifts and no refreshment will be served.

Any person who does not comply with the precautionary measures may be denied entry into the venue. The Company wishes to remind all shareholders that physical attendance in person at the GM is not necessary for the purpose of exercising voting rights. Shareholders may appoint the chairman of the GM as their proxy to vote on the resolution at the GM as an alternative to attending the GM in person.

For further details of the precautionary measures at the special general meeting of the Company, please refer to the circular of the Company dated February 11, 2021.