
THIS COMPOSITE DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold all your shares in Asia Pacific Silk Road Investment Company Limited, you should at once hand this Composite Document and the accompanying Form of Acceptance to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

This Composite Document should be read in conjunction with the accompany Form of Acceptance, the contents of which form part of the terms of the Offer contained herein.

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



絲路投資

**Asia Pacific Silk Road Investment
Company Limited**

亞太絲路投資有限公司

*(Incorporated in Bermuda with
limited liability)*

(Stock Code: 767)

Success Seven Limited

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

**COMPOSITE DOCUMENT RELATING TO
UNCONDITIONAL MANDATORY GENERAL CASH OFFER
FOR ALL THE ISSUED SHARE CAPITAL IN
ASIA PACIFIC SILK ROAD INVESTMENT COMPANY LIMITED
(OTHER THAN THOSE ALREADY OWNED OR
AGREED TO BE ACQUIRED BY SUCCESS SEVEN LIMITED
AS OFFEROR AND PARTIES ACTING IN CONCERT WITH IT) BY**



**Pacific
Foundation**

**PACIFIC FOUNDATION SECURITIES LIMITED
FOR AND ON BEHALF OF SUCCESS SEVEN LIMITED**

Financial Adviser to the Offeror

Financial Adviser to the Company



**GREAT WALL PAN ASIA
CORPORATE FINANCE**



**Lego Corporate
Finance Limited**
力高企業融資有限公司

Independent Financial Adviser to the Independent Board Committee



Gram Capital Limited
嘉林資本有限公司

Unless the context otherwise requires, capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this Composite Document.

A letter from Pacific Foundation Securities containing, among other things, details of the terms of the Offer is set out on pages 12 to 22 of this Composite Document. A letter from the Board is set out on pages 23 to 29 of this Composite Document.

A letter from the Independent Board Committee containing its advice on the Offer to the Independent Shareholders is set out on pages 30 to 31 of this Composite Document. A letter from Gram Capital, containing its advice to the Independent Board Committee, is set out on pages 32 to 46 of this Composite Document.

The procedures for acceptance and settlement of the Offer and other related information are set out in Appendix 1 to this Composite Document and in the accompanying Form of Acceptance. The Form of Acceptance should be received by the Registrar as soon as possible and in any event no later than 4:00 p.m. (Hong Kong time) on 2 January 2020 or such later time and/or the date as the Offeror may decide and announce in accordance with the requirements under the Takeovers Code.

The Composite Document will remain on the websites of the Stock Exchange at <http://www.hkexnews.hk> and the Company at www.irasia.com/listco/hk/asiapacificsilkroad as long as the Offer remains open.

12 December 2019

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EXPECTED TIMETABLE

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

Event	Time & Date
	2019
Despatch date of this Composite Document and the Form of Acceptance (<i>Note 1</i>)	Thursday, 12 December
Offer opens for acceptance (<i>Note 1</i>)	Thursday, 12 December
	2020
Latest time and date for acceptance of the Offer and the Closing Date (<i>Note 2</i>)	by 4:00 p.m. on Thursday, 2 January
Announcement of the results of the Offer on the website of the Stock Exchange (<i>Note 2</i>)	by 7:00 p.m. on Thursday, 2 January
Latest date for posting of remittances in respect of valid acceptances received under the Offer (<i>Note 3</i>)	Monday, 13 January

Notes:

1. The Offer, which is unconditional in all respects, is made on the date of posting of this Composite Document, and is capable of acceptance on and from that date until 4:00 p.m. on the Closing Date. Acceptances of the Offer shall be irrevocable and not capable of being withdrawn, except in the circumstances set out in the paragraph headed “6. RIGHT OF WITHDRAWAL” in Appendix I to this Composite Document.
2. In accordance with the Takeovers Code, the Offer must initially be open for acceptance for at least 21 days following the date on which this Composite Document is posted. The latest time and date for acceptance of the Offer is 4:00 p.m. on Thursday, 2 January 2020. An announcement in respect of the result of the Offer will be issued on the website of the Stock Exchange by 7:00 p.m. on the Closing Date. In the event that the Offeror decides to revise or extend any of the Offer and the announcement does not specify the next closing date, at least 14 days’ notice by way of an announcement will be given before the Offer is closed to those Independent Shareholders who have not accepted the Offer.

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

- (a) at any local time before 12:00 noon but no longer in force after 12:00 noon on the latest date for acceptance of the Offer and the latest date for posting of remittances for the amounts due under the Offer in respect of valid acceptances, the latest time for acceptance of the Offer will remain at 4:00 p.m. on the same business day (as defined in the Takeovers Code) and the latest date for the posting of remittances will remain on the same business day (as defined in the Takeovers Code); or

EXPECTED TIMETABLE

- (b) at any local time between 12:00 noon and 4:00 p.m. on the latest date for acceptance of the Offer and the latest date for posting of remittances for the amounts due under the Offer in respect of valid acceptances, the latest time for acceptance of the Offer will be rescheduled to 4:00 p.m. on the following business day (as defined in the Takeovers Code) which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m. and the posting of remittances will be the next following business day (as defined in the Takeovers Code) which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m..
3. Remittances in respect of acceptance of the Offer (after deducting the seller's ad valorem stamp duty) will be made as soon as possible but in any event within seven (7) business days (as defined in the Takeovers Code) following the date on which the duly completed acceptance of the Offer and the relevant documents of title of the Shares in respect of such acceptance are received by or for the Offeror to render each such acceptance of any of the Offer complete and valid. Remittances in respect of acceptance of the Offer will be despatched to the accepting Independent Shareholders by ordinary post at their own risk.

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

IMPORTANT NOTICE

NOTICE TO SHAREHOLDERS OUTSIDE HONG KONG

The making of the Offer to persons with a registered address in jurisdictions outside Hong Kong may be prohibited or affected by the laws of the relevant jurisdictions. Overseas Shareholders should inform themselves about and observe any applicable legal requirements. It is the responsibility of any such person who wishes to accept the Offer to satisfy himself/herself/itself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required or the compliance with other necessary formalities or legal requirements and the payment of any transfer or other taxes or other required payments due in respect of such jurisdiction.

The Offeror and parties acting in concert with it, the Company, Pacific Foundation Securities, Great Wall Pan Asia, Lego Corporate Finance, Gram Capital, the Registrar, their respective ultimate beneficial owners, directors, officers, agents and associates and any other person involved in the Offer shall be entitled to be fully indemnified and held harmless by such person for any taxes as such person may be required to pay. Please see “Overseas Independent Shareholders” set out in the “Letter from Pacific Foundation Securities” in this Composite Document.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Composite Document contains forward-looking statements, which may be identified by words such as “believe”, “expect”, “anticipate”, “intend”, “plan”, “seek”, “estimate”, “will”, “would” or words of similar meaning, that involve risks and uncertainties, as well as assumptions. All statements other than statements of historical fact are statements that could be deemed forward-looking statements. The forward-looking statements included herein are made only as at the Latest Practicable Date. The Offeror and the Company assume no obligation to correct or update the forward-looking statements or opinions contained in this Composite Document, except as required pursuant to applicable laws or regulations, including but not limited to the Listing Rules and/or the Takeovers Code.

DEFINITIONS

In this Composite Document, unless otherwise defined or the context otherwise requires, the following expressions shall have the following meanings. Also, where terms are defined and used in only one section of this Composite Document, these defined terms are not included in the table below:

“acting in concert”	has the meaning ascribed to it in the Takeovers Code
“Allied Summit”	Allied Summit Inc., a company incorporated in the British Virgin Islands with limited liability, which beneficially holds 580,659,755 Shares, representing approximately 15.0% of the entire issued share capital of the Company, and the Convertible Notes in the outstanding principal amount of HK\$2,182,400,000 as at the Latest Practicable Date
“associate(s)”	has the meaning ascribed thereto in the Listing Rules or the Takeovers Code (as the case may be)
“Board”	the board of the Directors
“Business Day(s)”	a day on which the Stock Exchange is open for the transaction of business
“BVI”	the British Virgin Islands
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Change of General Partner”	the change of general partner of the Partnership from the General Partner to the New General Partner
“Charge over BVI Shares (Ng)”	the deed of share charge dated 31 August 2017 in relation to the charge over 20% of the issued share capital of Allied Summit by Mr. Ng Kwok Fai in favour of the Partnership
“Charge over BVI Shares (Su)”	the deed of share charge dated 31 August 2017 in relation to the charge over 80% of the issued share capital of Allied Summit by Mr. Su Weibiao in favour of the Partnership
“Charges over BVI Shares”	collectively, the Charge over BVI Shares (Ng) and the Charge over BVI Shares (Su)

DEFINITIONS

“Charge over Convertible Notes”	the first fixed charge of all interests, rights and title, present and future in and to the Convertible Notes and the dividends and distributions of any kind in relation thereof dated 31 August 2017 executed by Allied Summit in favour of the Partnership to secure the performance or discharge of all obligations of Mr. Su Weibiao, Mr. Ng Kwok Fai and Allied Summit under, among others, the sale and purchase agreement dated 27 August 2016 (as amended and supplemented by supplemental agreements thereto dated 4 October 2016, 15 November 2016, and as amended and restated by the amendment and restatement agreement thereto dated 7 June 2017) entered into between, among others, Allied Summit and the Partnership pursuant to the Security Deed
“Charged Shares”	580,659,755 Shares charged under the Share Charge
“Closing Date”	Thursday, 2 January 2020, being the closing date of the Offer which is 21 days following the date on which this Composite Document is posted (or if the Offer are extended, any subsequent closing date as may be determined by the Offeror and jointly announced by the Offeror and the Company in accordance with the Takeovers Code)
“Company”	Asia Pacific Silk Road Investment Company Limited, a company incorporated in Bermuda and the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 767)
“Completion”	completion of the Change of General Partner, which took place on 16 October 2019
“Composite Document”	the composite offer and response document jointly issued by the Offeror and the Company to the Shareholders in connection with the Offer in compliance with the Takeovers Code containing, among other things, details of the Offer (accompanied by the Form of Acceptance) and the respective letters of advice from the Independent Board Committee and Gram Capital
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it in the Listing Rules
“Convertible Notes”	the amended and restated convertible note or notes in the aggregate outstanding principal amount of HK\$2,182,400,000 due in 2020 (or, if applicable, 2024 pursuant to the terms thereof) issued by the Company on 31 August 2017

DEFINITIONS

“Deed of Settlement”	the deed of settlement dated 8 October 2019 entered into between DeTai Finance and Allied Summit in relation to the settlement of the payment obligations and liabilities of Allied Summit under a loan agreement dated 5 December 2017 entered into between DeTai Finance as lender and Allied Summit as borrower in relation to a loan in the principal amount of HK\$40,000,000. After the repayment of HK\$11,000,000 on 3 October 2019 by Allied Summit to DeTai Finance to settle the interest, the default interest accrued on the loan and part of the principal amount of the loan, the outstanding principal amount of the loan is HK\$36,643,520.36 as at the Latest Practicable Date
“Deed of Transfer and Adherence”	the deed of transfer and adherence dated 10 October 2019 entered into between the General Partner and the Offeror pursuant to which the General Partner assigned, novated and transferred the entirety of its interest in the Partnership to the Offeror, and the Offeror accepted all of the General Partner’s right, title and interest in and to the interest and assumed all of the obligation in relation to the interest
“Deed of Undertaking”	the deed of undertaking dated 10 October 2019 executed by Allied Summit in favour of the Offeror in relation to the Undertakings
“DeTai Finance”	DeTai Finance Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of DeTai New Energy Group Limited, the issued shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 559)
“DeTai Finance Confirmation”	the undertakings given by DeTai Finance to Allied Submit, details of which are set out in the Letter from Pacific Foundation Securities
“Director(s)”	the director(s) of the Company
“Encumbrances”	any charge, mortgage, lien, option, equitable right, power of sale, pledge, hypothecation, retention of title, right of pre-emption, right of first refusal or other third-party right or security interest of any kind or an agreement, arrangement or obligation to create any of the foregoing
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Facility”	a loan facility of up to HK\$67,500,000 granted by Pacific Foundation Securities to the Offeror

DEFINITIONS

“Form of Acceptance”	the form of acceptance and transfer of the Offer Shares in respect of the Offer accompanying this Composite Document
“General Partner”	Huarong International Capital Limited, an exempted limited liability company incorporated in the Cayman Islands
“Great Wall Corporate Finance”	Great Wall Pan Asia Corporate Finance Limited, a corporation licensed under the SFO to carry out Type 6 (advising on corporate finance) regulated activity, being the financial adviser to the Offeror in respect of the Offer
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company comprising all the non-executive Directors, namely Ms. Yu Yang, Mr. Zheng Zhen and Mr. To Langa Samuelson, formed for the purpose of making a recommendation to the Independent Shareholders regarding the terms of the Offer
“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited, a licensed corporation to carry on Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser to the Independent Board Committee regarding the terms of the Offer
“Independent Shareholder(s)”	the Shareholders, other than the Offeror and the Partnership and parties acting in concert with any of them
“Joint Announcement”	the announcement jointly published by the Offeror and the Company dated 31 October 2019 in relation to, among other things, the Offer pursuant to Rule 3.5 of the Takeovers Code
“Last Trading Day”	10 October 2019, being the last trading day immediately prior to the suspension in the trading of the Shares on the Stock Exchange pending the publication of the Joint Announcement
“Latest Practicable Date”	9 December 2019, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information contained herein

DEFINITIONS

“Lego Corporate Finance”	Lego Corporate Finance Limited, a corporate licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the financial adviser to the Company in relation to the Offer
“Limited Partners”	the limited partners as appeared on the record of the Partnership as at the Latest Practicable Date, being Mr. Jiang Jianhui (interested in approximately 9.27% interest therein), Mr. Cui Zhanhui (interested in approximately 9.27% interest therein), Mr. Tong Liang (interested in approximately 9.27% interest therein), Ms. Sha Meiling (interested in approximately 9.27% interest therein), Mr. Dong Jiming (interested in approximately 9.27% interest therein), Mr. Liu Jun (interested in approximately 7.02% interest therein), Top Forest Holding Limited 恆森控股集團有限公司 (interested in approximately 7.02% interest therein), Juhe Investment Co., Ltd 聚和投資有限公司 (interested in approximately 7.02% interest therein), Longhe Investment Ltd 隆合投資有限公司 (interested in approximately 7.02% interest therein), Rich Wealth Global Limited 豐裕環球有限公司 (interested in approximately 7.02% interest therein), Mr. Liu Yanhong (interested in approximately 6.18% interest therein), Oceanic Sun Holdings Limited 海日控股有限公司 (interested in approximately 4.78% interest therein), Mr. Zhao Zhe (interested in approximately 2.53% interest therein), Mr. Ding Moyan (interested in approximately 2.53% interest therein) and Mr. Yuan Chufeng (interested in approximately 2.53% interest therein)
“Limited Partnership Agreement”	the amended and restated limited partnership agreement of the Partnership dated 5 August 2016 entered into by, amongst others, the General Partner and the Limited Partners listed therein, together with any amendments thereto from time to time
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Agreement”	the loan agreement dated 18 September 2019 and entered into between Youth Force Asia Limited (a company which is legally and beneficially owned as to 81% by Mr. Jiang Jianhui and 19% by Mr. Bi Yongquan) as lender and the Partnership as the borrower in relation to the provision of loan in the amount of up to HK\$5.2 million at the interest rate of 12% per annum for a term of one year as the general working capital of the Partnership

DEFINITIONS

“New General Partner” or “Offeror”	Success Seven Limited, being the new general partner of the Partnership, a company incorporated in the Cayman Islands and is legally and beneficially owned as to 100% by Mr. Jiang Jianhui
“Offer”	the mandatory unconditional general offer in cash being made by Pacific Foundation Securities for and on behalf of the Offeror to acquire all of the Offer Shares in accordance with the Takeovers Code
“Offer Consideration”	the cash consideration payable by the Offeror for the purchase of the Offer Share(s) under the Offer
“Offer Period”	has the meaning ascribed to it under the Takeovers Code, being the period commencing on 25 September 2019 and ending on the Closing Date
“Offer Price”	the price at which the Offer will be made, being HK\$0.05775 per Offer Share
“Offer Share(s)”	any and all of the issued share capital of the Company not already owned or agreed to be acquired by the Offeror and parties acting in concert with it
“Overseas Shareholder(s)”	Shareholder(s) whose address(es), as shown on the register of members of the Company, is/are outside Hong Kong
“Pacific Foundation Securities”	Pacific Foundation Securities Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 9 (asset management) regulated activities under the SFO, being the agent making the Offer for and on behalf of the Offeror
“Partnership”	Hong Kong Financial Services Asset Management L.P. (previously known as Huarong Financial Services Asset Management L.P.), an exempted limited partnership established in the Cayman Islands
“Partnership Undertaking”	the undertakings given by the Partnership to the Offeror, details of which are set out in the Letter from Pacific Foundation Securities
“PRC”	the People’s Republic of China excluding, for the purpose of this Composite Document, Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Registrar”	Computershare Hong Kong Investor Services Limited, the Hong Kong branch share registrar and transfer office of the Company, located at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong

DEFINITIONS

“Relevant Period”	the period from 25 March 2019, being the date falling six months immediately preceding the commencement of the Offer Period, up to and including the Latest Practicable Date
“Right of First Offer”	the first right to transfer or dispose of all or part of the Convertible Notes or any interests therein to any independent third party by Allied Summit that Allied Summit shall serve a notice to the General Partner if it or its nominee intends to purchase the relevant Convertible Notes based on the same terms pursuant to the sale and purchase agreement dated 27 August 2016 as amended and supplemented by supplemental agreements thereto dated 4 October 2016 and 15 November 2016, and as amended and restated by the amendment and restatement agreement thereto dated 7 June 2017 entered into between, among others, the General Partner and Allied Summit, which constituted a special deal on the part of the Company under Rule 25 of the Takeovers Code which was approved by the independent shareholders of the Company at the special general meeting held on 27 July 2017
“Rule 3.7 Announcement”	the announcement of the Company dated 25 September 2019 made pursuant to Rule 3.7 of the Takeovers Code, Rule 13.09(2) of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the SFO, in relation to the possible change in general partner of the Partnership
“Section 10 Statement”	Section 10(1) Amended Registration Statement of the Partnership filed on 16 October 2019 pursuant to the Exempted Limited Partnership Law, 2018 of the law of the Cayman Islands in relation to the change of General Partner
“Security Deed”	the security deed dated 31 August 2017 entered into between Allied Summit and the Partnership in relation to the Charge over Convertible Notes
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.001 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Share Charge”	the share charge dated 8 October 2019 over 580,659,755 Shares executed by Allied Summit in favour to DeTai Finance

DEFINITIONS

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed thereto under the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers and Shares Buy-backs
“Undertakings”	the undertakings given by Allied Summit in favour to the Offeror pursuant to the Deed of Undertaking
“%”	per cent.



Pacific
Foundation

11/F, New World Tower II,
16–18 Queen’s Road Central, Hong Kong
Telephone: (852) 2877 3188
Fax: (852) 2877 2088

12 December 2019

To the Independent Shareholders

Dear Sir/Madam,

**UNCONDITIONAL MANDATORY GENERAL CASH OFFER FOR ALL THE
ISSUED SHARE CAPITAL IN ASIA PACIFIC SILK ROAD INVESTMENT
COMPANY LIMITED (OTHER THAN THOSE ALREADY OWNED OR
AGREED TO BE ACQUIRED BY SUCCESS SEVEN LIMITED AS OFFEROR
AND PARTIES ACTING IN CONCERT WITH IT) BY PACIFIC FOUNDATION
SECURITIES LIMITED FOR AND ON BEHALF OF THE OFFEROR**

INTRODUCTION

Reference is made to the Joint Announcement.

The Partnership is a private equity fund organized for the purpose of investing in listed companies which are principally engaged in online financing. As at the Latest Practicable Date, the Partnership holds 2,129,143,068 Shares, representing approximately 55.02% of the entire issued share capital of the Company. Immediately prior to Completion, the general partner of the Partnership is Huarong International Capital Limited.

On 10 October 2019, the General Partner and the Limited Partners entered into a deed of amendment to the Limited Partnership Agreement pursuant to which, among others, the Limited Partnership Agreement is amended such that the general partner of the Partnership may voluntarily withdraw from the Partnership and transfer all its interest as the general partner to a replacement general partner with the approval of an ordinary resolution approved by the Limited Partners. On 10 October 2019, ordinary resolutions were passed by the Limited Partners to approve, among others, (a) the voluntary withdrawal of the General Partner as the general partner of the Partnership and the transfer of all its interest as the general partner of the Partnership with effect from the appointment of a replacement general partner in accordance with the Limited Partnership Agreement, and (b) the appointment of the New General Partner as the new general partner of the Partnership. On 10 October 2019, the General Partner and the New General Partner entered into the Deed of Transfer and Adherence, pursuant to which the General Partner agreed to transfer 100% of its interest as the general partner of the Partnership to the New General Partner and the New General Partner agreed to accept such transfer and be admitted as the replacement general partner of the Partnership. Upon the filing of the Section 10 Statement in respect of the Change of General Partner to the Registrar of Exempted Limited Partnerships in the Cayman Islands on 16 October 2019, the Change of General Partner became effective.

LETTER FROM PACIFIC FOUNDATION SECURITIES

Upon Completion, the General Partner ceased to be a general partner of the Partnership and the New General Partner was appointed to take part in the conduct, management, representation or control of the business and affairs of the Partnership. Despite and after the Change of General Partner, the composition of the Limited Partners remains unchanged, and the Partnership's shareholding interests and percentage in the Company remains the same. No consideration was involved in the Change of General Partner.

Pursuant to Rule 26.1 of the Takeovers Code, a mandatory general offer obligation arises on the part of the New General Partner as the Offeror as a result of the Change of General Partner given that the Change of General Partner would result in the New General Partner acquiring control of the assets owned by the Partnership, including the right to exercise or refrain from exercising rights of voting conferred by such assets, which would include the approximate 55.02% shareholding interest in the Company held by the Partnership.

The Offeror is legally and beneficially owned as to 100% by Mr. Jiang Jianhui ("Mr. Jiang"), who is one of the Limited Partners under the Limited Partnership Agreement. Each of the General Partner and the Partnership is a party presumed to be acting in concert with the Offeror under the Takeovers Code prior to Completion.

This letter forms part of this Composite Document which sets out, among other things, the details of the Offer, certain information on the Offeror and the intention of the Offeror regarding the Group. Further details of terms of the Offer and the procedures for acceptances are set out in this letter, Appendix I to this Composite Document and the Form of Acceptance.

The Independent Shareholders are strongly advised to carefully consider the information contained in the "Letter from the Board", the "Letter from the Independent Board Committee" and the "Letter from Gram Capital" as set out in this Composite Document before reaching a decision as to whether or not to accept the Offer.

THE OFFER

Pacific Foundation Securities, on behalf of the Offeror, hereby makes the mandatory unconditional cash Offer to acquire all issued Shares in the share capital of the Company (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) pursuant to Rule 26.1 of the Takeovers Code.

For each Offer Share HK\$0.05775 in cash

The Offer Price of HK\$0.05775 per Offer Share is determined based on the volume weighted average price of the Shares on 11 September 2019, i.e. the last trading day prior to the publication of the Rule 3.7 Announcement and has been rounded to five decimal places. The Offer is unconditional in all respects.

LETTER FROM PACIFIC FOUNDATION SECURITIES

The Offer is extended to all Independent Shareholders in accordance with the Takeovers Code. The Offer Shares to be acquired under the Offer shall be fully paid and free from all Encumbrances and together with all rights attaching to them, including the right to receive in full all dividends and other distributions, if any, recommended, declared, made or paid by reference to a record date on or after the date on which the Offer is made, being the date of despatch of this Composite Document.

As at the Latest Practicable Date, the Company has 3,870,102,650 Shares in issue and the Convertible Notes with an outstanding principal amount of HK\$2,182,400,000, pursuant to which 10,912,000,000 new Shares may fall to be issued upon exercise of the conversion right attached thereto in full. Save as disclosed above, the Company does not have any outstanding options, derivatives, warrants or securities which are convertible into or which confer rights to require the issue of Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible into or which confer rights to require the issue of Shares. Other than the 3,870,102,650 issued share capital of the Company and the Convertible Notes, the Company does not have any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in issue. In view of the Undertakings, the Offer will not be extended to the Convertible Notes.

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

Comparisons of value

The Offer Price of HK\$0.05775 per Offer Share represents:

- (i) a premium of approximately 6.94% over the closing price of HK\$0.05400 per Share as quoted on the Stock Exchange on the last trading day prior to the publication of the Rule 3.7 Announcement;
- (ii) a premium of approximately 8.96% over the closing price of HK\$0.05300 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a premium of approximately 14.58% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day of approximately HK\$0.05040 per Share;
- (iv) a premium of approximately 11.06% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day of approximately HK\$0.05200 per Share;
- (v) a premium of approximately 1.32% over the closing price of HK\$0.05700 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

LETTER FROM PACIFIC FOUNDATION SECURITIES

- (vi) a discount of approximately 90.77% to the unaudited consolidated net asset value attributable to owners of the parent per Share as at 30 June 2019 of approximately HK\$0.62589 per Share based on 3,870,102,650 Shares in issue as at the Latest Practicable Date; and
- (vii) a discount of approximately 85.50% to the audited consolidated net asset value attributable to owners of the parent per Share as at 31 December 2018 of approximately HK\$0.39829 per Share based on 3,870,102,650 Shares in issue as at the Latest Practicable Date.

Highest and lowest Share prices

During the six-month period immediately prior to the date of the Rule 3.7 Announcement, being the commencement date of the offer period, up to and including the Latest Practicable Date, the highest closing price per Share as quoted on the Stock Exchange was HK\$0.062 on 26 March 2019, and the lowest closing price per Share as quoted on the Stock Exchange was HK\$0.036 on 19 August 2019, 23 August 2019 and 26 August 2019.

Value and total consideration of the Offer

As at the Latest Practicable Date, there are 3,870,102,650 Shares in issue. Based on the Offer Price of HK\$0.05775 per Offer Share, the entire issued share capital of the Company would be valued at approximately HK\$223,498,428.04.

Assuming that there is no change in the issued share capital of the Company and taking into account the Undertakings and assuming that the Offer is accepted in full (other than in respect of 580,659,755 Shares owned by Allied Summit), there are 1,160,299,827 Shares subject to the Offer and the total consideration payable by the Offeror for the Offer will be approximately HK\$67,007,315.01.

Undertakings not to accept the Offer

As at the Latest Practicable Date, Allied Summit is the beneficial owner of 580,659,755 Shares (representing approximately 15.0% of the issued share capital of the Company) and the Convertible Notes. Allied Summit is owned as to 80% by Mr. Su Weibiao and as to remaining 20% by Mr. Ng Kwok Fai. Under the Deed of Undertaking, Allied Summit has irrevocably and unconditionally undertaken to and covenanted with the Offeror (i) not to exercise the conversion rights attached to the Convertible Notes; (ii) not to accept the Offer if made by the Offeror in respect of the Convertible Notes and the Shares held by Allied Summit; and (iii) other than the Charge over Convertible Notes in favour of the Partnership pursuant to the Security Deed and the Share Charge in respect of 580,659,755 Shares held by Allied Summit, not to dispose of, pledge to any other parties, transfer, and/or otherwise make any Shares held by Allied Summit and/or the Convertible Notes available for acceptance for the Offer. The Deed of Undertaking will cease upon the close of the Offer. There are no other circumstances on which the Deed of Undertaking will cease.

LETTER FROM PACIFIC FOUNDATION SECURITIES

On 31 August 2017, (i) Allied Summit executed the Security Deed in favour of the Partnership; (ii) Mr. Su Weibiao executed the Charge over BVI Shares (Su) in favour of the Partnership; and (iii) Mr. Ng Kwok Fai executed the Charge over BVI Shares (Ng) in favour of the Partnership. In this regard, on 31 October 2019, the Partnership has also irrevocably and unconditionally undertaken to and covenanted with the Offeror, among others, not to enforce and/or transfer or assign all or any part of its rights under the Security Deed and the Charge over BVI Shares. Such undertaking will also cease upon the close of the Offer (the “**Partnership Undertaking**”). There are no other circumstances on which the Partnership Undertaking will cease.

On 8 October 2019, the Deed of Settlement was entered into between DeTai Finance and Allied Summit in relation to the settlement of the payment obligations and liabilities of Allied Summit under a loan agreement dated 5 December 2017 entered into between DeTai Finance as lender and Allied Summit as borrower in relation to a loan in the principal amount of HK\$40,000,000. After the repayment of HK\$11,000,000 on 3 October 2019 by Allied Summit to DeTai Finance to settle the interest, the default interest accrued on the loan and part of the principal amount of the loan, the outstanding principal amount of the loan is HK\$36,643,520.36. Allied Summit is obliged to pay to DeTai Finance an amount of HK\$40,307,872.40 in four instalments, with the first instalment in the amount of HK\$5 million being due and payable on a date falling 6 months from the date of the Deed of Settlement. On 8 October 2019, Allied Summit also executed the Share Charge in respect of the Deed of Settlement in favour of DeTai Finance and to which the rights thereunder are enforceable in the event of any default in repayment of any sums payable by Allied Summit pursuant to the Deed of Settlement.

In this regard, on 8 October 2019, DeTai Finance has also undertaken (as amended and supplemented by a confirmation dated 31 October 2019, the “**DeTai Finance Confirmation**”) to Allied Summit that in case of enforcement of its rights under the Share Charge, whether by way of foreclosure, appointment of receivers or disposal in respect of the Charged Shares or otherwise, DeTai Finance (i) will not accept the Offer; (ii) will procure the receivers not to accept the Offer; and (iii) will procure all the transferee(s) of the Charged Shares to provide an undertaking not to accept the Offer and/or disposal of the Charged Shares, up to the date of the close of the Offer or the date falling three months from the date of the Share Charge, whichever is the earlier (the “**Undertaking Period**”). On 31 October 2019, DeTai Finance agreed to extend the Undertaking Period to the date of the close of Offer or 29 February 2020, whichever is the earlier.

Confirmation of financial resources of the Offeror

The Offer Consideration shall be payable in cash. The Offeror intends to finance the Offer Consideration by the Facility granted from Pacific Foundation Securities, which is secured by (i) the charge over account (the “**Charge over Account**”) dated 10 October 2019 and executed by the Offeror in favour of Pacific Foundation Securities, pursuant to which the Offeror shall charge the securities account in the name of the Offeror maintained with Pacific Foundation Securities, in which the Offeror shall deposit all the Shares to be acquired by the Offeror pursuant to the Offer; and (ii) the personal guarantee dated 10 October 2019 and executed by Mr. Jiang in favour of Pacific Foundation Securities. There

LETTER FROM PACIFIC FOUNDATION SECURITIES

is no arrangement in relation to the Facility under which the payment of interest of repayment of security for any liability, contingent or otherwise, will depend, to any significant extent, on the business of the Company.

Great Wall Corporate Finance, as the financial adviser to the Offeror in respect of the Offer, is satisfied that sufficient financial resources are available to the Offeror to satisfy its maximum payment obligations upon full acceptance of the Offer of 1,160,299,827 Shares (excluding 580,659,755 Shares owned by Allied Summit).

Effect of accepting the Offer

Acceptance of the Offer by any Shareholder will be deemed to constitute a warranty by such person that all Offer Shares sold by such person under the Offer are free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them as at the date on which the Offer is made or subsequently becoming attached to them, including the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after the date on which the Offer is made, being the date of the despatch of the Composite Document.

As at the Latest Practicable Date, (a) no dividends or distributions have been declared, made or paid; and (b) there is no intention for the Company to make, declare or pay any further dividends or distributions until the close of the Offer.

Acceptance of the Offer shall be irrevocable and not capable of being withdrawn, subject to the provisions of the Takeovers Code.

Independent Shareholders are reminded to read the recommendations of the Independent Board Committee and the advice from Gram Capital in respect of the Offer which are included in this Composite Document.

Payment

Settlement of the consideration in cash in respect of acceptances of the Offer will be made as soon as possible but in any event within seven (7) business days (as defined under the Takeovers Code) following the date on which the duly completed acceptance of the Offer and the relevant documents of title of the Offer Shares in respect of such acceptance are received by the Offeror (or its agent) to render each such acceptance complete and valid.

Hong Kong stamp duty

Seller's ad valorem stamp duty at a rate of 0.1% of the market value of the Offer Shares or consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, will be deducted from the amount payable to the relevant Shareholder on acceptance of the Offer. The Offeror will arrange for payment of the sellers' ad valorem stamp duty on behalf of accepting Shareholders and pay the buyer's ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

LETTER FROM PACIFIC FOUNDATION SECURITIES

Taxation advice

Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror and parties acting in concert with it, the Company, Great Wall Corporate Finance, Pacific Foundation Securities and their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offer accepts any responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

Overseas Independent Shareholders

The Offeror intends to make the Offer available to all Independent Shareholders, including those who are not residents in Hong Kong. The availability of the Offer to persons who are not resident in Hong Kong may be affected by the laws of the relevant overseas jurisdictions. The making of the Offer to the Independent Shareholders whose registered addresses are in jurisdictions outside Hong Kong may be prohibited or affected by the laws or regulations of the relevant jurisdictions. Such Independent Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe relevant applicable legal or regulatory requirements and, where necessary, seek legal advice. It is the responsibility of the individual Independent Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any regulatory or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due in respect of such jurisdictions).

Any acceptance of the Offer by any Overseas Shareholder will be deemed to constitute an additional representation and warranty from such Overseas Shareholder to the Offeror that the local laws and requirements have been complied with. The Overseas Shareholders should consult their professional advisers if in doubt.

Acceptance and Settlement

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

INFORMATION OF THE GROUP

Details of the information on the Group are set out in the paragraph headed “Information on the Group” in the “Letter from the Board” in this Composite Document.

INFORMATION OF THE OFFEROR

The Offeror is a company incorporated in the Cayman Islands with limited liability. The Offeror had not carried on any business since its incorporation until Completion. As at the Latest Practicable Date, the Offeror is the general partner of the Partnership, and is legally and beneficially owned as to 100% by Mr. Jiang. As at the Latest Practicable Date, the directors of the Offeror are Mr. Jiang and Mr. Choi Wai Yin (“**Mr. Choi**”). After Completion and as at the Latest Practicable Date, the Offeror is interested in 2,129,143,068 Shares through the interest held by the Partnership.

Mr. Jiang Jianhui (姜建輝), aged 44, has extensive experience in the financial services and investment industry in the PRC. Mr. Jiang used to be the general manager of a non-banking financial institution in the PRC which is principally engaged in, among others, money-lending, guarantee and pawning businesses. Mr. Jiang (i) is one of the Limited Partners interested in approximately 9.27% of the limited partnership interests in the Partnership as at the Latest Practicable Date; and (ii) is deemed to be interested in (a) 150,000,000 shares (representing 75% of the issued share capital thereof) of Bisu Technology Group International Limited (stock code: 1372) through a company which was legally and beneficially owned as to 81% by Mr. Jiang and 19% by Mr. Bi Yongquan; and (b) 984,754,355 shares (representing approximately 18.93% of the issued share capital thereof) of Sino Golf Holdings Limited (stock code: 361) through a company which was legally and beneficially owned as to 80% by Mr. Jiang and 20% by Mr. Yan Kim Po, the issued shares of each of them are listed on the main board of the Stock Exchange.

Mr. Choi Wai Yin (蔡偉賢), aged 61, has extensive experience in the fields of finance and fund management. Mr. Choi holds a master degree of science in finance from the City University of Hong Kong, a bachelor degree in business administration from The Chinese University of Hong Kong and a bachelor degree in law from the Peking University.

Mr. Choi is currently a director and a responsible officer of Tap Capital Limited, a company carrying on Type 9 regulated activity (asset management) under the SFO. He is also an independent non-executive Director of Shougang Fushan Resources Group Limited (stock code: 639), a company listed on the main board of the Stock Exchange.

INTENTION OF THE OFFEROR IN RELATION TO THE GROUP

It is the intention of the Offeror that the Group will continue with its existing principal activities after the close of the Offer and will maintain the listing status of the Company. The Offeror will, following the close of the Offer, conduct a review on the business activities and financial position of the Group to formulate business plans and strategies for the future business development of the Group. The Offeror currently has no plan to downsize or change the scale of the Group’s existing business.

Save as disclosed above, as at the Latest Practicable Date, the Offeror has no intention or plans for any acquisition or disposal of assets and/or business of the Group and no investment or business opportunity has been identified nor has the Offeror entered into any agreement, arrangements, understandings or negotiation in relation to the injection of any assets or business into the Group, and the Offeror has no intention to discontinue the

LETTER FROM PACIFIC FOUNDATION SECURITIES

employment of any employees of the Group (save for the proposed changes to the composition of the Board as detailed in the below) or to redeploy the fixed assets of the Group other than those in its ordinary and usual course of business. However, the Offeror reserves the right to make any changes that it deems necessary or appropriate to the Group's businesses and operations to optimise the value of the Group.

COMPULSORY ACQUISITION

The Offeror does not intend to exercise any right which may be available to it to compulsorily acquire any outstanding Offer Shares not acquired under the Offer after the close of the Offer.

BOARD COMPOSITION OF THE COMPANY

The Board is currently made up of four Directors, comprising one executive Director, being Mr. Li Jiuhua, one non-executive Director, being Ms. Yu Yang and two independent non-executive Directors, being Mr. Zheng Zhen and Mr. To Langa Samuelson. It is intended by the Offeror that the current independent non-executive Directors will continue to remain in their offices after the close of the Offer.

Subject to further confirmation after internal discussion, Mr. Li Jiuhua may give notice to resign as Director with effect from the earliest date as may be permitted under (or pursuant to any dispensation from) the Takeovers Code or consent by the Executive.

The Offeror intends to nominate new Directors with effect not earlier than such date as is permitted under the Takeovers Code (that is, with effect from immediately after posting of this Composite Document) or such later date the Offeror considers to be appropriate. The Offeror intends to nominate Mr. Yeung Siu Keung (“**Mr. Yeung**”) to be appointed as an executive Director and Mr. Lee Man To (“**Mr. Lee**”) to be appointed as an independent non-executive Director. The biographical details of the nominated Directors are set out below:

Mr. Yeung Siu Keung (楊少強), aged 36, obtained a Bachelor Degree of Commerce in Accounting from Hong Kong Shue Yan University in July 2008. He was admitted as a certified public accountant of Hong Kong Institute of Certified Public Accountants in January 2012.

Mr. Yeung was an independent non-executive director of Huarong International Financial Holdings Limited (華融國際金融控股有限公司), the issued shares of which are listed on the main board of the Stock Exchange (Stock Code: 993), from December 2012 to May 2017 and a company secretary of Boill Healthcare Holdings Limited (保集健康控股有限公司), the issued shares of which listed on the main board of the Stock Exchange (stock code: 1246), from May 2015 to August 2017.

LETTER FROM PACIFIC FOUNDATION SECURITIES

Mr. Lee Man To (李敏滔), aged 46, graduated in the Hong Kong Polytechnic University with a Bachelor Degree in Accountancy in October 1995. Mr. Lee was admitted as an associate member of the Hong Kong Institute of Certified Public Accountants in March 1999 and a fellow member of the Association of Chartered Certified Accountants in September 2003.

Mr. Lee is currently an executive director, the financial controller, qualified accountant and company secretary of Combest Holdings Limited (康佰控股有限公司), the issued shares of which listed on the GEM of the Stock Exchange (stock code: 8190). He is also currently an independent non-executive director, the chairman of the audit committee and a member of each of the remuneration committee and nomination committee of Sino Harbour Holdings Group Limited (漢港控股集團有限公司), the issued shares of which listed on main board of the Stock Exchange (stock code: 1663) and an independent non-executive director of PacRay International Holdings Limited (太睿國際控股有限公司), the issued shares of which listed on main board of the Stock Exchange (stock code 1010).

The Offeror expects the business of the Group will not be materially affected in the immediate future after the formation of the new Board. Any changes to the Board will be made in compliance with the Takeovers Code and the Listing Rules and further announcement will be made as and when appropriate.

MAINTAINING THE LISTING STATUS OF THE COMPANY

The Offeror has no intention to privatise the Group and intends to maintain the listing of the Shares on the Stock Exchange. The directors of the Offeror and the new directors proposed to be appointed to the Board have jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that not less than 25% of the issued share capital of the Company will be held by the public at all times following closing of the Offer.

The Stock Exchange has stated that if, at the closing of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued share capital of the Company, are held by the public or if the Stock Exchange believes that:

- (i) a false market exists or may exist in the trading of the Shares; or
- (ii) there are insufficient Shares in public hands to maintain an orderly market, the Stock Exchange will consider exercising its discretion to suspend dealing in the Shares.

GENERAL

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

LETTER FROM PACIFIC FOUNDATION SECURITIES

All documents and remittances will be sent to the Independent Shareholders by ordinary post at their own risk. Such documents and remittances will be sent to the Independent Shareholders at their respective addresses as specified on the relevant Form of Acceptance or if no name and address is specified, to the Independent Shareholder or the first named Independent Shareholder (in the case of joint registered holders) at their respective addresses as shown in the register of members of the Company. None of the Offeror, its beneficial owners and parties acting in concert with any of them, the Company, Great Wall Corporate Finance, Pacific Foundation Securities, Gram Capital, the Registrar or any of their respective ultimate beneficial owners, directors, officers, agents or associates, or professional advisers or the company secretary of the Company or any other parties involved in the Offer will be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof or in connection therewith.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information regarding the Offer set out in the appendices to this Composite Document and the accompanying Form of Acceptance, which form part of this Composite Document. You are reminded to carefully read the “Letter from the Board”, the recommendation of the “Letter from the Independent Board Committee”, the advice of the “Letter from Gram Capital” and other information about the Group, which are set out in this Composite Document before deciding whether or not to accept the Offer.

Yours faithfully,
For and on behalf of
Pacific Foundation Securities Limited
Lo Tak Wing Benson
Executive Director



絲路投資

Asia Pacific Silk Road Investment Company Limited

亞太絲路投資有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 767)

Executive Director:

Mr. Li Jiuhua

Non-executive Director:

Ms. Yu Yang

Independent non-executive Directors:

Mr. Zheng Zhen

Mr. To Langa Samuelson

Registered Office:

Victoria Place, 5th Floor

31 Victoria Street

Hamilton HM 10

Bermuda

*Head office and principal place
of business:*

Office A, 3/F

Man Lok Building

No. 93 Bonham Strand

Hong Kong

12 December 2019

To the Independent Shareholders,

Dear Sir or Madam,

**UNCONDITIONAL MANDATORY GENERAL CASH OFFER FOR
ALL THE ISSUED SHARE CAPITAL IN
ASIA PACIFIC SILK ROAD INVESTMENT COMPANY LIMITED (OTHER
THAN THOSE ALREADY OWNED OR
AGREED TO BE ACQUIRED BY SUCCESS SEVEN LIMITED
AS OFFEROR AND PARTIES ACTING IN CONCERT WITH IT) BY
PACIFIC FOUNDATION SECURITIES LIMITED
FOR AND ON BEHALF OF SUCCESS SEVEN LIMITED**

LETTER FROM THE BOARD

INTRODUCTION

Reference is made to the Joint Announcement. Terms used in this letter shall have the same meanings as defined in this Composite Document unless the context otherwise requires.

On 10 October 2019, the General Partner and the Limited Partners entered into a deed of amendment to the Limited Partnership Agreement pursuant to which, among others, the Limited Partnership Agreement is amended such that the general partner of the Partnership may voluntarily withdraw from the Partnership and transfer all its interest as the general partner to a replacement general partner with the approval of an ordinary resolution approved by the Limited Partners. On 10 October 2019, ordinary resolutions were passed by the Limited Partners to approve, among others, (a) the voluntary withdrawal of the General Partner as the general partner of the Partnership and the transfer of all its interest as the general partner of the Partnership with effect from the appointment of a replacement general partner in accordance with the Limited Partnership Agreement, and (b) the appointment of the New General Partner as the new general partner of the Partnership. On 10 October 2019, the General Partner and the New General Partner entered into the Deed of Transfer and Adherence, pursuant to which the General Partner agreed to transfer 100% of its interest as the general partner of the Partnership to the New General Partner and the New General Partner agreed to accept such transfer and be admitted as the replacement general partner of the Partnership. Upon the filing of the Section 10 Statement in respect of the Change of General Partner to the Registrar of Exempted Limited Partnerships in the Cayman Islands on 16 October 2019, the Change of General Partner became effective.

Upon Completion, the General Partner ceased to be a general partner of the Partnership and the New General Partner was appointed to take part in the conduct, management, representation or control of the business and affairs of the Partnership. Despite and after the Change of General Partner, the composition of the Limited Partners remains unchanged, and the Partnership's shareholding interests and percentage in the Company remains the same. No consideration was involved in the Change of General Partner.

Pursuant to Rule 26.1 of the Takeovers Code, a mandatory general offer obligation will arise on the part of the New General Partner as the Offeror as a result of the Change of General Partner given that the Change of General Partner would result in the New General Partner acquiring control of the assets owned by the Partnership, including the right to exercise or refrain from exercising rights of voting conferred by such assets, which would include approximately 55.02% shareholding interest in the Company held by the Partnership.

As at the Latest Practicable Date, the Company has 3,870,102,650 Shares in issue and the Convertible Notes with an outstanding principal amount of HK\$2,182,400,000, pursuant to which 10,912,000,000 new Shares may fall to be issued upon exercise of the conversion right attached thereto in full. Save as disclosed above, the Company does not have any outstanding options, derivatives, warrants or securities which are convertible into or which confer rights to require the issue of Shares and has not entered into any agreement

LETTER FROM THE BOARD

for the issue of such options, derivatives, warrants or securities which are convertible into or which confer rights to require the issue of Shares. Other than the 3,870,102,650 issued share capital of the Company and the Convertible Notes, the Company does not have any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in issue. In view of the Undertakings, the Offer will not be extended to the Convertible Notes.

The purpose of this Composite Document (of which this letter forms part) is to provide you with, among other things, (i) the details of the Offer (including the expected timetable and terms of the Offer); (ii) the letter from the Independent Board Committee containing its recommendations to the Independent Shareholders in relation to the Offer; and (iii) the letter from Gram Capital containing its advice to the Independent Board Committee on whether the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned and on acceptance in respect of the Offer.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

Under Rule 2.1 of the Takeovers Code, a board which receives an offer or which is approached with a view to an offer being made, must, in the interests of shareholders, establish an independent committee of the board to make a recommendation: (i) as to whether the offer is, or is not, fair and reasonable; and (ii) as to the acceptance thereof.

The Independent Board Committee comprising all non-executive Directors, namely, Ms. Yu Yang, Mr. Zheng Zhen, and Mr. To Langa Samuelson, has been established for the purpose of making recommendations to the Independent Shareholders as to whether the terms of the Offer are fair and reasonable and as to acceptance of the Offer.

The Company has appointed Gram Capital as the Independent Financial Adviser with the approval of the Independent Board Committee to advise the Independent Board Committee in respect of the Offer, and in particular as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer.

The full texts of the letter from the Independent Board Committee addressed to the Independent Shareholders and the letter from Gram Capital addressed to the Independent Board Committee are set out in this Composite Document. You are advised to read both letters and the additional information contained in the appendices to this Composite Document carefully before taking any action in respect of the Offer.

LETTER FROM THE BOARD

THE OFFER

Principal terms of the Offer

Pacific Foundation Securities, on behalf of the Offeror, is making the Offer to all the Independent Shareholders in compliance with Rule 26.1 of the Takeovers Code on the following basis:

For every Offer Share HK\$0.05775 in cash

The Offer is unconditional in all respects. The Offer Shares to be acquired under the Offer shall be fully paid and free from all Encumbrances and together with all rights and benefits attached thereto, including all rights to any dividend or other distribution declared, made or paid on or after the date on which the Offer is made.

Comparison of value

The Offer Price of HK\$0.05775 per Offer Share (being the volume weighted average price of the Shares on 11 September 2019, i.e. the last trading day prior to the publication of the Rule 3.7 Announcement and has been rounded to five decimal places) represents:

- (i) a premium of approximately 6.94% over the closing price of HK\$0.05400 per Share as quoted on the Stock Exchange on the last trading day prior to the publication of the Rule 3.7 Announcement;
- (ii) a premium of approximately 8.96% over the closing price of HK\$0.05300 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a premium of approximately 14.58% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day of approximately HK\$0.05040 per Share;
- (iv) a premium of approximately 11.06% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day of approximately HK\$0.05200 per Share;
- (v) a premium of approximately 1.32% over the closing price of HK\$0.05700 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (vi) a discount of approximately 90.77% to the unaudited consolidated net asset value attributable to owners of the parent per Share as at 30 June 2019 of approximately HK\$0.62589 per Share based on 3,870,102,650 Shares in issue as at the Latest Practicable Date; and

LETTER FROM THE BOARD

- (vii) a discount of approximately 85.50% to the audited consolidated net asset value attributable to owners of the parent per Share as at 31 December 2018 of approximately HK\$0.39829 per Share based on 3,870,102,650 Shares in issue as at the Latest Practicable Date.

Highest and lowest Share prices

During the Relevant Period, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$0.062 on 26 March 2019, and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.036 on 19 August 2019, 23 August 2019 and 26 August 2019.

Further details of the Offer

Further details of the Offer, including, among other things, the value of the Offer, its extension to the Overseas Shareholders, effects of accepting the Offer, information on stamp duty, taxation, the terms and conditions and the procedures for acceptance and settlement and acceptance period are set out in the “Letter from Pacific Foundation Securities” and Appendix I to this Composite Document and the accompanying Form of Acceptance.

INFORMATION OF THE OFFEROR AND ITS INTENTION IN RELATION TO THE GROUP

Your attention is drawn to the sections headed “Information on the Offeror” and “Intention of the Offeror in relation to the Group” in the “Letter from Pacific Foundation Securities” in this Composite Document. The Board is aware of the intention of the Offeror in respect of the Group and its employees and is willing to render reasonable co-operation with the Offeror which is in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE GROUP

The Company was incorporated in Bermuda with limited liability as an exempted company and its Shares are listed on the Main Board of the Stock Exchange (stock code: 767). The principal activity of the Company is investment holding and through its subsidiaries, operation of loan facilitation services, money lending, securities and other investments and financial and investment advisory.

Financial and general information in relation to the Group are set out in Appendices II and III to this Composite Document.

LETTER FROM THE BOARD

SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below are the shareholding structure of the Company as at the Latest Practicable Date:

	<i>Number of Shares</i>	<i>Approximate %</i>
The Offeror and parties acting in concert with it		
— Allied Summit (<i>Note 2</i>)	580,659,755	15.00
— The Partnership	<u>2,129,143,068</u>	<u>55.02</u>
Sub-total	2,709,802,823	70.02
Other public Shareholders	<u>1,160,299,827</u>	<u>29.98</u>
Total	<u><u>3,870,102,650</u></u>	<u><u>100.00</u></u>

Notes:

- (1) Certain percentage figures included in the above table have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.
- (2) Allied Summit held the Convertible Notes and the maximum number of conversion shares that may fall to be issued upon the exercise of the conversion right attached to the Convertible Notes in full is 10,912,000,000 Shares.

MAINTAINING THE LISTING STATUS OF THE COMPANY

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

- (i) a false market exists or may exist in the trading of the Shares; or
- (ii) there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend dealings in the Shares.

As stated in the “Letter from Pacific Foundation Securities” in this Composite Document, the Offeror intends the Group to remain listed on the Stock Exchange. The directors of the Offeror and the new director to be appointed to the Company have jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares following the close of the Offer.

LETTER FROM THE BOARD

RECOMMENDATIONS

Your attention is drawn to (i) the letter from the Independent Board Committee as set out on pages 30 to 31 of this Composite Document, which sets out its recommendations to the Independent Shareholders as to whether the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned, and as to the acceptance thereof; and (ii) the letter from Gram Capital as set out on pages 32 to 46 of this Composite Document, which sets out its advice and recommendation to the Independent Board Committee as to whether the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned, and as to the acceptance thereof, and the principal factors considered by it in arriving at its advice and recommendation.

The Independent Shareholders are urged to read those letters carefully before taking any action in respect of the Offer.

Taking into account the terms of the Offer and the advice from the Independent Board Committee, and the principal factors and reasons taken into account in arriving at its recommendations, we consider that the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to accept the Offer.

ADDITIONAL INFORMATION

You are advised to read this Composite Document together with the accompanying Form of Acceptance in respect of the acceptance and settlement procedures of the Offer. Your attention is also drawn to the additional information contained in the appendices to this Composite Document.

In considering what action to take in connection with the Offer, you should also consider your own tax positions, if any, and in case of any doubt, consult your professional advisers.

Yours faithfully,
By order of the Board
Asia Pacific Silk Road Investment Company Limited
Li Jihua
Executive Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Set out below is the text of the letter of recommendation from the Independent Board Committee in respect of the Offer.



絲路投資

Asia Pacific Silk Road Investment Company Limited

亞太絲路投資有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 767)

12 December 2019

To the Independent Shareholders,

Dear Sir or Madam,

**UNCONDITIONAL MANDATORY GENERAL CASH OFFER
FOR ALL THE ISSUED SHARE CAPITAL IN
ASIA PACIFIC SILK ROAD INVESTMENT COMPANY LIMITED
(OTHER THAN THOSE ALREADY OWNED OR
AGREED TO BE ACQUIRED BY SUCCESS SEVEN LIMITED
AS OFFEROR AND PARTIES ACTING IN CONCERT WITH IT) BY
PACIFIC FOUNDATION SECURITIES LIMITED
FOR AND ON BEHALF OF SUCCESS SEVEN LIMITED**

We refer to the composite offer and response document dated 12 December 2019 issued jointly by the Offeror and the Company (the “**Composite Document**”) of which this letter forms part. Capitalised terms used in this letter have the same meanings as defined in the Composite Document unless the context requires otherwise.

We have been appointed by the Board to form the Independent Board Committee to consider the terms of the Offer and to make a recommendation to you as to whether, in our opinion, the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned, and as to the acceptance thereof.

Gram Capital has been appointed as the independent financial adviser to advise us in respect of the terms of the Offer and as to acceptance thereof. Details of its advice and the principal factors considered by it in arriving at its advice and recommendation are set out in the “Letter from Gram Capital” on pages 32 to 46 of the Composite Document.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

We also wish to draw your attention to the “Letter from the Board”, the “Letter from Pacific Foundation Securities” and the additional information set out in the appendices to the Composite Document.

RECOMMENDATION

Having considered the terms of the Offer, taking into account the advice from Gram Capital, in particular the factors, reasons and recommendations as set out in its letter in the Composite Document, we are of the opinion that the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend you to accept the Offer.

However, Independent Shareholders who wish to realise their investments in the Company are reminded to monitor the trading price and liquidity of the Shares during the Offer Period and should, having regard to their own circumstances, consider selling their Shares in the open market instead of accepting the Offer if the net proceeds obtained from such disposal of the Shares (after deducting all transaction costs) would be higher than the net proceeds from accepting the Offer.

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

Yours faithfully,
For and on behalf of

**Independent Board Committee of
Asia Pacific Silk Road Investment Company Limited**

Ms. Yu Yang
*Non-executive
Director*

Mr. Zheng Zhen
*Independent non-executive
Director*

Mr. To Langa Samuelson
*Independent non-executive
Director*

LETTER FROM GRAM CAPITAL

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



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

12 December 2019

To: The independent board committee of Asia Pacific Silk Road Investment Company Limited

Dear Sir/Madam,

**UNCONDITIONAL MANDATORY GENERAL CASH OFFER FOR
ALL THE ISSUED SHARE CAPITAL IN
ASIA PACIFIC SILK ROAD INVESTMENT COMPANY LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED
BY SUCCESS SEVEN LIMITED AS OFFEROR AND
PARTIES ACTING IN CONCERT WITH IT)
BY PACIFIC FOUNDATION SECURITIES LIMITED
FOR AND ON BEHALF OF SUCCESS SEVEN LIMITED**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Offer, details of which are set out in the Composite Document dated 12 December 2019 jointly issued by the Company and the Offeror to the Independent Shareholders, of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Composite Document unless the context requires otherwise.

With reference to the letter from the Board (the “**Board Letter**”) contained in the Composite Document, on 10 October 2019, the General Partner and the Limited Partners entered into a deed of amendment to the Limited Partnership Agreement pursuant to which, among others, the Limited Partnership Agreement is amended such that the general partner of the Partnership may voluntarily withdraw from the Partnership and transfer all its interest as the general partner to a replacement general partner with the approval of an ordinary resolution approved by the Limited Partners. On 10 October 2019, ordinary resolutions were passed by the Limited Partners to approve, among others, (a) the

LETTER FROM GRAM CAPITAL

voluntary withdrawal of the General Partner as the general partner of the Partnership and the transfer of all its interest as the general partner of the Partnership with effect from the appointment of a replacement general partner in accordance with the Limited Partnership Agreement, and (b) the appointment of the New General Partner as the new general partner of the Partnership. On 10 October 2019, the General Partner and the New General Partner entered into the Deed of Transfer and Adherence, pursuant to which the General Partner agreed to transfer 100% of its interest as the general partner of the Partnership to the New General Partner and the New General Partner agreed to accept such transfer and be admitted as the replacement general partner of the Partnership.

As further mentioned in the Board Letter, upon Completion, the General Partner ceased to be a general partner of the Partnership and the New General Partner was appointed to take part in the conduct, management, representation or control of the business and affairs of the Partnership. Despite and after the Change of General Partner, the composition of the Limited Partners remains unchanged, and the Partnership's shareholding interests and percentage in the Company remains the same. No consideration was involved in the Change of General Partner.

According to the Composite Document, pursuant to Rule 26.1 of the Takeovers Code, a mandatory general offer obligation will arise on the part of the New General Partner as the Offeror as a result of the Change of General Partner given that the Change of General Partner would result in the New General Partner acquiring control of the assets owned by the Partnership, including the right to exercise or refrain from exercising rights of voting conferred by such assets, which would include approximately 55.02% shareholding interest in the Company held by the Partnership. Under the Deed of Undertaking, Allied Summit (the beneficial owner of 580,659,755 Shares, representing approximately 15.00% of the issued share capital of the Company, and the Convertible Notes) has irrevocably and unconditionally undertaken to and covenanted with the Offeror (i) not to exercise the conversion rights attached to the Convertible Notes; (ii) not to accept the Offer if made by the Offeror in respect of the Convertible Notes and the Shares held by Allied Summit; and (iii) other than the Charge over Convertible Notes in favour of the Partnership pursuant to the Security Deed and the Share Charge, not to dispose of, pledge to any other parties, transfer, and/or otherwise make any Shares held by Allied Summit and/or the Convertible Notes available for acceptance for the Offer. The Deed of Undertaking will cease upon the close of the Offer.

The Independent Board Committee comprising Ms. Yu Yang, Mr. Zheng Zhen, and Mr. To Langa Samuelson (being all non-executive Directors) has been formed to advise the Independent Shareholders as to whether the Offer is, or is not, fair and reasonable and as to the acceptance of the Offer. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee in this respect, and our opinion herein is solely for the assistance of the Independent Board Committee in connection with its consideration of the Offer pursuant to Rule 2.1 of the Takeovers Code. The appointment of Gram Capital as the Independent Financial Adviser has been approved by the Independent Board Committee.

LETTER FROM GRAM CAPITAL

INDEPENDENCE

There were no relationships or interests between Gram Capital and the Company during the past two years immediately preceding the Latest Practicable Date, or any other parties that could be reasonably regarded as hindrance to Gram Capital's independence to act as the Independent Financial Adviser to the Independent Board Committee.

BASIS OF OUR OPINION

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

Your attention is drawn to the responsibility statements as set out in the sections headed "RESPONSIBILITY STATEMENT" of Appendix III and "RESPONSIBILITY STATEMENT" of Appendix IV to the Composite Document. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Composite Document, save and except for this letter of advice.

We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Composite Document, save and except for this letter of advice. We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, the Partnership, the General Partner, the Offeror or their respective subsidiaries or associates (if applicable), nor have we considered the taxation implication on the Group or the Shareholders as a result of the Offer. The Company has been separately advised by its own professional advisers with respect to the Offer and the preparation of the Composite Document (other than this letter).

LETTER FROM GRAM CAPITAL

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

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

PRINCIPAL FACTORS AND REASONS CONSIDERED

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

(1) Background and terms of the Offer

According to the Composite Document, Pacific Foundation Securities, on behalf of the Offeror, is making the Offer on the following terms:

For every Offer Share HK\$0.05775 in cash

With reference to the Composite Document, as at the Latest Practicable Date, the Company has 3,870,102,650 Shares in issue and the Convertible Notes with an outstanding principal amount of HK\$2,182,400,000, pursuant to which 10,912,000,000 new Shares may fall to be issued upon exercise of the conversion right attached thereto in full. Save as disclosed above, the Company does not have any outstanding options, derivatives, warrants or securities which are convertible into or which confer rights to require the issue of Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible into or which confer rights to require the issue of Shares. Other than the 3,870,102,650 issued share capital of the Company and the Convertible Notes, the Company does not have any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in issue. In view of the Undertakings, the Offer will not be extended to the Convertible Notes.

Assuming that there is no change in the issued share capital of the Company and taking into account the Undertakings and assuming that the Offer is accepted in full (other than in respect of 580,659,755 Shares owned by Allied Summit), there are 1,160,299,827 Shares subject to the Offer and the total consideration payable by the Offeror for the Offer will be approximately HK\$67,007,315.01 (i.e. the Offer Consideration).

LETTER FROM GRAM CAPITAL

Further details of the Offer are set out in Appendix I to the Composite Document and the accompanying Form of Acceptance.

(2) Financial information on the Group

With reference to the Board Letter, the principal activity of the Company is investment holding and through its subsidiaries, operation of loan facilitation services, money lending, securities and other investments and financial and investment advisory.

Set out below are the financial information of the Group for the six months ended 30 June 2019, the six months ended 30 June 2018 and the two years ended 31 December 2018 as extracted from the Company's interim report for the six months ended 30 June 2019 (the "2019 Interim Report") and the Company's annual report for the year ended 31 December 2018 (the "2018 Annual Report"):

	For the year ended 31 December 2018 ("FY2018") (audited) HK\$'000	For the year ended 31 December 2017 ("FY2017") (audited) HK\$'000	Year on year change %
Revenue	180,048	273,347	(34.13)
— <i>Loan facilitation services</i>	63,154	164,730	(61.66)
— <i>Money lending</i>	96,378	108,617	(11.27)
— <i>Securities and other investments</i>	20,516	Nil	N/A
(Loss)/profit for the year	(2,196,597)	87,449	N/A

The Group recorded revenue of approximately HK\$180.05 million for FY2018, representing a decrease of approximately 34.13% as compared to that for FY2017. The loan facilitation services and money lending segments recorded a decrease in revenue of approximately 61.66% and 11.27% respectively for FY2018 as compared to that for FY2017; while the Group also recorded revenue of approximately HK\$20.52 million from securities and other investments segment for FY2018.

The Group recorded loss of approximately HK\$2.20 billion for FY2018 as compared to a profit of approximately HK\$87.45 million for FY2017. With reference to the 2018 Annual Report and as advised by the Directors, such occurrence of loss was mainly due to (i) the impairment in respect of the goodwill of the business of the operation of peer-to-peer ("**P2P**") financing platform of the Group; and (ii) the impairment of loan and interest receivables; (iii) the loss on disposal of items of plant and equipment; and (iv) the decrease in revenue contributed by the business segment of operation of P2P financing platform and other loan facilitation services of the Group during FY2018.

LETTER FROM GRAM CAPITAL

	For the six months ended 30 June 2019 ("HY2019") (<i>unaudited</i>) HK\$'000	For the six months ended 30 June 2018 ("HY2018") (<i>unaudited</i>) HK\$'000	Year on year change %
Revenue	74,551	122,252	(39.02)
— <i>Loan facilitation services</i>	19	62,986	(99.97)
— <i>Money lending</i>	40,413	50,232	(19.55)
— <i>Securities and other investments</i>	23,035	9,034	154.98
— <i>Financial and investment advisory</i>	11,084	<i>Nil</i>	<i>N/A</i>
Profit/(loss) for the period	38,362	(1,710,734)	<i>N/A</i>

The Group recorded revenue of approximately HK\$74.55 million for HY2019, representing a decrease of approximately 39.02% as compared to that for HY2018. The loan facilitation services and money lending segments recorded a decrease in revenue of approximately 99.97% and 19.55% respectively for HY2019 as compared to that for HY2018; while the securities and other investments segment recorded an increase in revenue of approximately 154.98%. The Group also recorded revenue of approximately HK\$11.08 million from financial and investment advisory segment for HY2019.

The Group recorded profit of approximately HK\$38.36 million for HY2019 as compared to a loss of approximately HK\$1.71 billion for HY2018. With reference to the 2019 Interim Report and as advised by the Directors, such turnaround from loss to profit was attributable due to (i) the absence of impairment recognized in respect of the goodwill of the loan facilitation services business; and (ii) the absence of loss on disposal of items of plant and equipment.

According to the 2019 Interim Report, the Group had net assets of approximately HK\$2.45 billion as at 30 June 2019.

As mentioned above, revenue from loan related business (i.e. the loan facilitation services and money lending segments) represented approximately 88.61% and 54.23% of the Group's revenue for FY2018 and HY2019. As advised by the Directors, the money lending segment generated its revenue from Hong Kong and the PRC, while the loan facilitation services segment generated its revenue from the PRC.

With reference to the 2018 Annual Report and the 2019 Interim Report, the Group was engaged in the operation of a P2P online financing platform in the PRC, matching borrowers with private lenders for various financial products through the internet under the "CAIJIA" brand, and other loan facilitation services. As mentioned above, revenue from loan facilitation services recorded decrease of approximately 61.66% for FY2018 (as compared to that for FY2017) and 99.97% for HY2019 (as compared to HY2018). According to the 2018 Annual Report, the decrease in revenue

LETTER FROM GRAM CAPITAL

for FY2018 was primarily due to the decrease in provision of P2P financing platform services during FY2018. According to the 2019 Interim Report, with the pressure from the slow down of PRC's economy, investment and financing activities in the market were greatly reduced due to the tightening regulatory measures and market liquidity which caused the outbreak of a series of defaults in the market, and the demand for the loan facilitation services were significant decreased.

As mentioned above, revenue from money lending business recorded decrease of approximately 11.27% for FY2018 (as compared to that for FY2017) and 19.55% for HY2019 (as compared to HY2018). As advised by the Directors, such decrease were due to the decrease in loan outstanding during the relevant period.

For our due diligence purpose, we performed the following analysis on the financing market in Hong Kong based on the annual report of Hong Kong Monetary Authority (“**HKMA**”) for the year ended 31 December 2018 (despite that, as confirmed by the Directors, the Group's operating subsidiaries for the money lending segment were not authorized institutions under the HKMA, the statistics can provide a general reference for the Hong Kong financing environment):

	2018	2017	2016	2015	2014
Nominal GDP growth in Hong Kong	6.9%	6.9%	3.9%	6.1%	5.7%
Loans to customers (by all authorized institutions under HKMA) (<i>HK\$' billion</i>)	9,723	9,314	8,023	7,535	7,276
Growth rate of loans to customers (by all authorized institutions under HKMA)	4.39%	16.09%	6.48%	3.56%	

Nominal GDP growth of Hong Kong increased from 5.7% in 2014 to 6.9% in 2018. Nominal GDP growth increased from 2014 to 2015 and recorded a drop in 2016. Nominal GDP growth increased from 3.9% in 2016 to 6.9% in 2017 and remained the same in 2018.

Loans to customers (recorded by authorized institutions under HKMA) increased from HK\$7,276 billion in 2014 to approximately HK\$9,723 billion in 2018, representing a compounded annual growth rate (“**CAGR**”) of approximately 7.52%. Loans to customers (recorded by authorized institutions under HKMA) recorded growth in each of the year from 2015 to 2018, and the growth rate continuously increased from 2015 to 2017. The growth rate slowed down in 2018.

LETTER FROM GRAM CAPITAL

Given that the Group's loan related business (i.e. the loan facilitation services and money lending segments) also generated revenue from the PRC, for our due diligence purpose, we also performed the following analysis on the financing market in PRC based on the statistics published by the National Bureau of Statistics of the PRC:

	2018	2017	2016	2015	2014
GDP per capita of PRC (<i>RMB</i>)	64,644	59,201	53,680	50,028	47,005
Growth rate of GDP per capita in PRC	9.19%	10.29%	7.30%	6.43%	
Aggregate financing to the real economy in PRC (<i>RMB' billion</i>)	19,258.4	19,444.5	17,815.9	15,406.3	15,876.1
Growth rate of aggregate financing to the real economy in PRC	-0.96%	9.14%	15.64%	-2.96%	

GDP per capita of PRC increased from RMB47,005 in 2014 to RMB64,644 in 2018. Growth rate of GDP per capita in PRC continuously increased from 6.43% in 2015 to 10.29% in 2017. In 2018, the growth rate slowed down to 9.19%.

Aggregate financing to the real economy in PRC increased from RMB15,876.1 billion in 2014 to approximately RMB19,258.4 billion in 2018, representing a CAGR of approximately 4.95%. Aggregate financing to the real economy in PRC recorded positive growth in 2016 and 2017. Aggregate financing to the real economy in PRC recorded a slight decrease of approximately 0.96% in 2018.

(3) Information on the Offeror

To provide Independent Shareholders with basic information on the background of the Offeror, set out below is the key information on the Offeror as extracted from the "Letter from Pacific Foundation Securities" of the Composite Document:

The Offeror is a company incorporated in the Cayman Islands with limited liability. The Offeror had not carried on any business since its incorporation until Completion. As at the Latest Practicable Date, the Offeror is the general partner of the Partnership, and is legally and beneficially owned as to 100% by Mr. Jiang. As at the Latest Practicable Date, the directors of the Offeror are Mr. Jiang and Mr. Choi. After Completion and as at Latest Practicable Date, the Offeror is interested in 2,129,143,068 Shares through the interest held by the Partnership.

Mr. Jiang Jianhui (姜建輝), aged 44, has extensive experience in the financial services and investment industry in the PRC. Mr. Jiang used to be the general manager of a non-banking financial institution in the PRC which is principally engaged in, among others, money-lending, guarantee and pawning businesses. Mr. Jiang (i) is one of the Limited Partners interested in approximately 9.27% of the limited partnership interests in the Partnership as at Latest Practicable Date; and (ii) is deemed to be interested in (a) 150,000,000 shares (representing 75% of the issued share capital thereof) of Bisu Technology Group International Limited (stock code: 1372) through a

LETTER FROM GRAM CAPITAL

company which was legally and beneficially owned as to 81% by Mr. Jiang and 19% by Mr. Bi Yongquan; and (b) 984,754,355 shares (representing approximately 18.93% of the issued share capital thereof) of Sino Golf Holdings Limited (stock code: 361) through a company which was legally and beneficially owned as to 80% by Mr. Jiang and 20% by Mr. Yan Kim Po, the issued shares of each of them are listed on the main board of the Stock Exchange.

Mr. Choi Wai Yin (蔡偉賢), aged 61, has extensive experience in the fields of finance and fund management. Mr. Choi holds a master degree of science in finance from the City University of Hong Kong, a bachelor degree in business administration from The Chinese University of Hong Kong and a bachelor degree in law from the Peking University.

Mr. Choi is currently a director and a responsible officer of Tap Capital Limited, a company carrying Type 9 regulated activities (asset management) under the SFO. He is also an independent non-executive Director of Shougang Fushan Resources Group Limited (stock code: 639), a company listed on the main board of the Stock Exchange.

(4) Intention of the Offeror in relation to the Group

To provide Independent Shareholders with information on the intentions of the Offeror, set out below is the Offeror's intentions regarding the Group as extracted from the "Letter from Pacific Foundation Securities" of the Composite Document:

It is the intention of the Offeror that the Group will continue with its existing principal activities after the close of the Offer and will maintain the listing status of the Company. The Offeror will, following the close of the Offer, conduct a review on the business activities and financial position of the Group to formulate business plans and strategies for the future business development of the Group. The Offeror currently has no plan to downsize or change the scale of the Group's existing business.

Save as disclosed above, as at the Latest Practicable Date, the Offeror has no intention or plans for any acquisition or disposal of assets and/or business of the Group and no investment or business opportunity has been identified nor has the Offeror entered into any agreement, arrangements, understandings or negotiation in relation to the injection of any assets or business into the Group, and the Offeror has no intention to discontinue the employment of any employees of the Group (save for the proposed changes to the composition of the Board as detailed in the section headed "BOARD COMPOSITION OF THE COMPANY" of the "Letter from Pacific Foundation Securities") or to redeploy the fixed assets of the Group other than those in its ordinary and usual course of business. However, the Offeror reserves the right to make any changes that it deems necessary or appropriate to the Group's businesses and operations to optimise the value of the Group.

(5) The Offer Price

Offer Price comparison

The Offer Price of HK\$0.05775 represents:

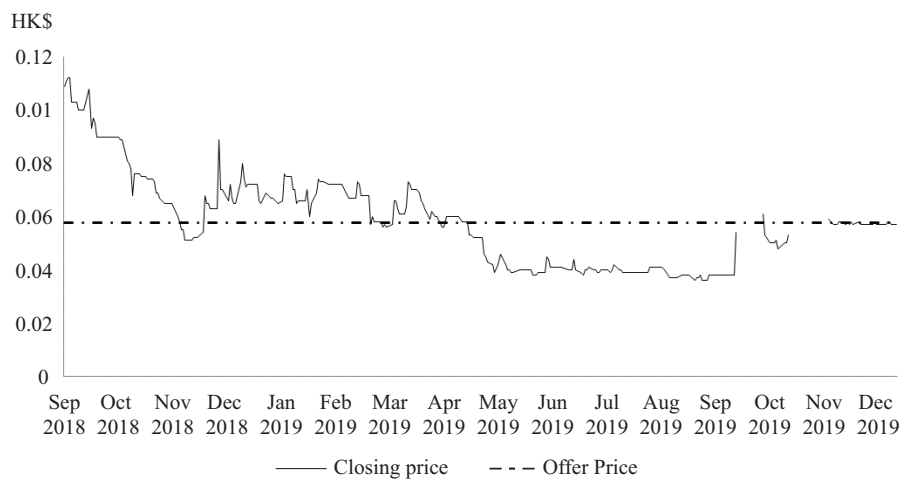
- (i) a premium of approximately 1.32% over the closing price of HK\$0.057 per Share as quoted on the Stock Exchange as at the Latest Practicable Date;
- (ii) a premium of approximately 8.96% over the closing price of HK\$0.053 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a premium of approximately 14.58% over the average closing prices of the Shares as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.05040 per Share;
- (iv) a premium of approximately 11.06% over the average closing prices of the Shares as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day of HK\$0.05200 per Share;
- (v) a premium of approximately 42.24% over the average closing prices of the Shares as quoted on the Stock Exchange for the 90 consecutive trading days up to and including the Last Trading Day of HK\$0.04060 per Share;
- (vi) a premium of approximately 51.97% over the closing price of HK\$0.038 per Share as quoted on the Stock Exchange on 10 September 2019, being the last full trading day of Shares prior to the publication of the Rule 3.7 Announcement;
- (vii) a discount of approximately 90.77% to the unaudited consolidated net asset value attributable to owners of the parent per Share (“**NAV per Share**”) as at 30 June 2019 of approximately HK\$0.62589 per Share based on 3,870,102,650 Shares in issue as at the Latest Practicable Date; and
- (viii) a discount of approximately 85.50% to the audited consolidated net asset value attributable to owners of the parent per Share as at 31 December 2018 of approximately HK\$0.39829 per Share based on 3,870,102,650 Shares in issue as at the Latest Practicable Date.

LETTER FROM GRAM CAPITAL

Historical price performance of the Shares

Set out below is a chart showing the movement of the closing prices of the Shares during the period from 3 September 2018 (being approximately one year prior to 11 September 2019, being the last trading day prior to the publication of the Rule 3.7 Announcement) up to the Latest Practicable Date (the “**Review Period**”), to illustrate the general trend and level of movement of the closing prices of the Shares.

Historical daily closing price per Share



Source: the Stock Exchange's website

Note: Trading in Shares was halted from 10:51a.m. on 11 September 2019 to 25 September 2019; and from 11 October 2019 to 31 October 2019.

During the Review Period, the highest and lowest closing prices of the Shares as quoted on the Stock Exchange were HK\$0.112 recorded on 5 September 2018 and 6 September 2018 and HK\$0.036 recorded on 19 August 2019, 23 August 2019 and 26 August 2019 respectively. The Offer Price of HK\$0.05775 falls within the closing price of the Shares as quoted on the Stock Exchange during the Review Period.

The closing price of Shares was on a general decreasing trend since the start of the Review Period on 3 September 2018. The closing price of Shares decreased from HK\$0.109 on 3 September 2018 to HK\$0.051 on 13 November 2018. During the period between mid-November 2018 (i.e. 14 November 2018) and mid-March 2019 (i.e. 13 March 2019), the closing price of Shares fluctuated between HK\$0.052 and HK\$0.089. After that, the closing price of Shares decreased again from mid-March 2019 to late-April 2019.

The Offer Price of HK\$0.05775 is higher than the historical closing price of Shares during the entire period from 16 April 2019 until 10 September 2019 (being the last full trading day of Shares prior to the publication of the Rule 3.7 Announcement). The closing price of Shares was HK\$0.038 on 10 September 2019

LETTER FROM GRAM CAPITAL

and HK\$0.054 on 11 September 2019. Trading in the Shares was halted at 10:51a.m. on 11 September 2019 pending the release of the Rule 3.7 Announcement. The Company published the Rule 3.7 Announcement after trading hours on 25 September 2019; and trading in Shares was resumed on 26 September 2019. Trading in the Shares was halted again before trading hours on 11 October 2019 pending the release of the Joint Announcement. The Company published the Joint Announcement on 31 October 2019; and trading in Shares was resumed on 1 November 2019.

During the Offer Period (from 25 September 2019 until the Latest Practicable Date), the closing price of Shares ranged between HK\$0.048 and HK\$0.061.

We also noted that the closing price of the Shares represented deep discount to the NAV per Share during the whole Review Period. Set out below are the closing price of Shares discount the NAV per Share at the relevant time (i.e. 30 August 2019, 28 March 2019 and 3 September 2018, being the next trading day following the announcement of the financial results for HY2019, FY2018 and HY2018 respectively) during the Review Period:

	As at 30 June 2019 <i>(unaudited)</i> <i>HK\$</i>	As at 31 December 2018 <i>(audited)</i> <i>HK\$</i>	As at 30 June 2018 <i>(unaudited)</i> <i>HK\$</i>
Net assets value attributable to owners of the parent	2,422,240,000	1,541,407,000	2,221,550,000
	As at 30 August 2019	As at 28 March 2019	As at 3 September 2018
Number of Shares in issue	3,870,102,650	3,870,102,650	3,870,102,650
NAV per Share (<i>HK\$</i>)	0.63	0.40	0.57
Closing price of the Shares (<i>HK\$</i>)	0.038	0.06	0.109
Closing price discount to NAV per Share	93.93%	84.94%	81.01%

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Historical trading liquidity of the Shares

The number of trading days, the average daily number of the Shares traded per month, and the respective percentages of the Shares' monthly trading volume as compared to (i) the total number of issued Shares held by the Independent Shareholders as at the Latest Practicable Date; and (ii) the total number of issued Shares as at the Latest Practicable Date during the Review Period are tabulated as below:

Month	No. of trading days	Average daily trading volume (the "Average Volume") Shares	% of the Average Volume to total number of issued Shares held by Independent Shareholders as at Latest Practicable Date (Note 1) %	% of the Average Volume to total number of issued Shares as at Latest Practicable Date (Note 2) %
2018				
September	19	779,145	0.07	0.02
October	21	273,123	0.02	0.01
November	22	1,571,644	0.14	0.04
December	19	696,208	0.06	0.02
2019				
January	22	583,507	0.05	0.02
February	17	20,445,491	1.76	0.53
March	21	5,363,098	0.46	0.14
April	19	6,868,474	0.59	0.18
May	21	2,102,207	0.18	0.05
June	19	800,169	0.07	0.02
July	22	101,422	0.01	0.00
August	22	433,037	0.04	0.01
September	11	16,829,102	1.45	0.43
— <i>Before commencement of Offer Period</i>	8	2,395,016	0.21	0.06
— <i>After commencement of Offer Period</i>	3	55,320,000	4.77	1.43
October	6	2,140,000	0.18	0.06
November	21	14,037,327	1.21	0.36
December (up to and including the Latest Practicable Date)	6	886,729	0.08	0.00

Source: the Stock Exchange website

Notes:

1. Based on 1,160,299,827 Shares held by the public as at the Latest Practicable Date.
2. Based on 3,870,102,650 Shares in issue as at the Latest Practicable Date.

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3. Trading in Shares was halted from 10:51a.m. on 11 September 2019 to 25 September 2019; and from 11 October 2019 to 31 October 2019.

We noted from the above table that the average daily trading volume of the Shares was generally thin during the Review Period. During the relevant months in the Review Period, the average daily trading volume of the Shares was (i) below 1% of the total number of issued Shares held by the Independent Shareholders as at the Latest Practicable Date (except for February 2019 and September 2019 and November 2019); and (ii) below 1% of the total number of issued Shares as at the Latest Practicable Date.

During the 288 trading days during the Review Period, the Shares recorded zero trading volume in 58 trading days.

RECOMMENDATION

In light of the factors below:

- (i) the closing price of Shares had been trading at a deep discount to the NAV per Share during the Review Period, despite that the Offer Price represents a discount of approximately 90.77% to the unaudited NAV per Share as at 30 June 2019, (a) the Offer Price represents a premium of approximately a premium of approximately 51.97% over the closing price as quoted on the Stock Exchange on 10 September 2019 (being the last full trading day of Shares prior to the publication of the Rule 3.7 Announcement); (b) the Offer Price represents a premium of approximately 42.24% over the average closing prices of the Shares as quoted on the Stock Exchange for the 90 consecutive trading days up to and including the Last Trading Day; and (c) the Offer Price of HK\$0.05775 is higher than the historical closing price of Shares during the entire period from 16 April 2019 until 10 September 2019 (being the last full trading day of Shares prior to the publication of the Rule 3.7 Announcement);
- (ii) although the closing price of Shares increased on the last trading day prior to the commencement of the Offer Period (i.e. on 11 September 2019 prior to the trading halt of Shares) and was close to the Offer Price during the Offer Period, there is no guarantee that the Share price will sustain at a level close to the Offer Price after the Closing Date given the trend of closing price of the Shares before the Offer Period; and
- (iii) the trading volume of the Shares was generally thin during the Review Period. Independent Shareholders (especially those with relatively sizeable shareholdings) may not be able to realise their investments in the Shares at a price close to the Offer Price, in particular when they are going to dispose of their entire holdings,

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we consider that (1) the terms of the Offer (including the Offer Price) are fair and reasonable and (2) the Offer provides a realisation opportunity with the Offer Price being fair and reasonable for the Independent Shareholders who would like to realise their investments in the Shares. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to accept the Offer.

However, Independent Shareholders who, after reading through the 2019 Interim Report, the 2018 Annual Report and the Composite Document, are optimistic about the financial performance of the Group after the Offer, may, having regard to their own circumstances, consider retaining all or any part of their Shares.

We would also like to remind the Independent Board Committee to remind the Independent Shareholders to closely monitor the market price and liquidity of the Shares during the Offer Period, and consider selling their Shares in the open market, where possible, instead of accepting the Offer, if the net proceeds from such sales exceed the net amount receivable under the Offer.

Accordingly, Independent Shareholders should closely monitor the market price and liquidity of the Shares during the Offer Period and carefully consider the relevant risks and uncertainties based on their individual risk preference and tolerance level. Those Independent Shareholders who decide to retain part or all of their investments in the Shares should also carefully monitor the financial performance of the Group as well as the intentions of the Offeror in relation to the Company in the future, and the potential difficulties they may encounter in disposing of their investments in the Shares after the close of the Offer.

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

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

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

To accept the Offer, you should complete and sign the accompanying Form of Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms of the Offer. The instructions set out in this Composite Document should be read together with the instructions printed on the Form of Acceptance which form part of the terms of the Offer.

1. PROCEDURES FOR ACCEPTANCE OF THE OFFER

1.1 The Offer

- (a) To accept the Offer, you should complete and sign the Form of Acceptance in accordance with the instructions printed thereon, which form part of the terms of the Offer.
- (b) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name, and you wish to accept the Offer in respect of your Shares (whether in full or in part), you must send the duly completed and signed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for the number of Shares in respect of which you intend to accept the Offer, by post or by hand, to the Registrar, being Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, in an envelope marked “**Asia Pacific Silk Road Investment Company Limited — Offer**”, as soon as possible, and in any event no later than 4:00 p.m. on the Closing Date or such later time(s) and/or date(s) as the Offeror may determine and announce in accordance with the Takeovers Code.
- (c) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Offer (whether in full or in part), you must either:
 - i. lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, and with instructions authorising it to accept the Offer on your behalf and requesting it to deliver in an envelope marked “**Asia Pacific Silk Road Investment Company Limited — Offer**” the duly completed and signed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or

- ii. arrange for the Shares to be registered in your name by the Company through the Registrar, and deliver in an envelope marked “**Asia Pacific Silk Road Investment Company Limited — Offer**” the duly completed and signed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code; or
 - iii. if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or
 - iv. if your Shares have been lodged with your investor participant’s account maintained with CCASS, give your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited.
- (d) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost and you wish to accept the Offer in respect of your Shares, the Form of Acceptance should nevertheless be duly completed and signed and delivered in an envelope marked “**Asia Pacific Silk Road Investment Company Limited — Offer**” to the Registrar together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, it/they should be forwarded to the Registrar as soon as possible thereafter. If you have lost your share certificate(s), you should also write to the Registrar for a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.

- (e) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your share certificate(s), and you wish to accept the Offer in respect of your Shares, you should nevertheless complete and sign the Form of Acceptance and deliver it in an envelope marked “**Asia Pacific Silk Road Investment Company Limited — Offer**” to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable instruction and authority to each of Pacific Foundation Securities and/or the Offeror and/or any of their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such share certificate(s) to the Registrar and to authorise and instruct the Registrar to hold such share certificate(s), subject to the terms and conditions of the Offer, as if it was/they were delivered to the Registrar with the Form of Acceptance.
- (f) Acceptance of the Offer will be treated as valid only if the duly completed and signed Form of Acceptance is received by the Registrar by no later than 4:00 p.m. on the Closing Date or such later time(s) and/or date(s) as the Offeror may determine and announce in accordance with the Takeovers Code and the Registrar has recorded that the Form of Acceptance and any relevant documents required by Note 1 to Rule 30.2 of the Takeovers Code have been so received, and is:
- i. accompanied by the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if that/those share certificate(s) is/are not in your name, such other documents (e.g. a duly stamped transfer of the relevant Share(s) in blank or in your favour executed by the registered holder) in order to establish your right to become the registered holder of the relevant Shares; or
 - ii. from a registered Shareholder or his personal representatives (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under other subparagraph of this paragraph (f)); or
 - iii. certified by the Registrar or the Stock Exchange.

If the Form of Acceptance is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority (such as grant of probate or certified copy of power of attorney) to the satisfaction of the Registrar must be produced.

- (g) No acknowledgement of receipt of any Form of Acceptance, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

- (h) The address of the Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong.

2. SETTLEMENT UNDER THE OFFER

2.1 The Offer

Provided that a valid Form of Acceptance and the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the relevant Shares as required by Note 1 to Rule 30.2 of the Takeovers Code are complete and in good order and in all respects and have been received by the Registrar by 4:00 p.m. on the Closing Date, a cheque or a banker’s cashier order for the amount due to each of the Independent Shareholders, who accept the Offer less seller’s *ad valorem* stamp duty in respect of the Offer Shares tendered by him/her/it under the Offer, will be despatched to such Independent Shareholder by ordinary post at his/her/its own risk as soon as possible but in any event within seven (7) Business Days following the later of the date on which the duly completed acceptances of the Offer and the relevant documents of title in respect of such acceptances are received by the Registrar to render each such acceptance complete and valid and the date the Offer become, or are declared, unconditional.

Settlement of the consideration to which any accepting Independent Shareholder is entitled under the Offer will be implemented in full in accordance with the terms of the Offer (save with respect to the payment of seller’s *ad valorem* stamp duty), without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such accepting Independent Shareholder.

If the Offer is withdrawn with the consent of the Executive in accordance with the Takeovers Code, the Offeror shall, as soon as possible but in any event within 10 days thereof, return by ordinary post the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the Shares lodged with the Form of Acceptance to the relevant Shareholders who have tendered acceptances to the Offer.

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

3. ACCEPTANCE PERIOD AND REVISIONS

- a) In order to be valid for the Offer, the Form of Acceptance must be received by the Registrar in accordance with the instructions printed thereon by 4:00 p.m. on the Closing Date, unless the Offer are extended or revised in accordance with the Takeovers Code. The Offer is unconditional.
- b) The Offeror reserves the right to revise the terms of the Offer after the despatch of this Composite Document until such day as it may determine and in accordance with the Takeovers Code. If the Offeror revises the terms of the Offer, all the Independent Shareholders, whether or not they have already accepted the Offer, will be entitled to accept the revised Offer under the revised terms.
- c) If the Offer are extended or revised, announcement of such extension or revision will state the next closing date or the Offer will remain open until further notice. In the latter case, at least fourteen (14) days' notice in writing will be given before the Offer are closed to the Independent Shareholders who have not accepted the Offer, and an announcement will be released. The revised Offer will be kept open for at least fourteen (14) days thereafter.
- d) If the Closing Date of the Offer is extended, any reference in this Composite Document and in the Form of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the closing date of the Offer as so extended.
- e) Any acceptance of the relevant revised Offer shall be irrevocable unless and until the Independent Shareholders who accept the Offer become entitled to withdraw their acceptance under the paragraphs headed "6. RIGHT OF WITHDRAWAL" of this appendix below and duly do so.

4. NOMINEE REGISTRATION

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

5. ANNOUNCEMENTS

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

The announcement must state the following:

- i. the total number of Offer Shares for which acceptances for the Offer have been received;
- ii. the total number of Shares held, controlled or directed by the Offeror and parties acting in concert with it before the Offer Period; and
- iii. the total number of Shares acquired or to be acquired as the case may be in connection during the Offer Period by the Offeror and the persons acting in concert with it.

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

In computing the total number or principal amount of Shares represented by acceptances, only valid acceptances that are complete, in good order and fulfill the acceptance conditions set out in section 1 of this appendix, and which have been received by the Registrar (in respect of the Offer) no later than 4:00 p.m. on the Closing Date, unless the Offer is extended or revised in accordance with the Takeovers Code, shall be included.

- (b) As required under the Takeovers Code, all announcements in relation to the Offer which the Executive and the Stock Exchange have confirmed that they have no further comments thereon must be made in accordance with the requirements of the Takeovers Code and the Listing Rules respectively.

6. RIGHT OF WITHDRAWAL

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

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

7. HONG KONG STAMP DUTY

The seller's Hong Kong ad valorem stamp duty arising in connection with the acceptance of the Offer amounting to 0.1% of the amount payable in respect of the relevant acceptance or if higher, the market value of the Shares, will be deducted from the amount payable to the Independent Shareholders who accept the Offer.

The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the relevant Independent Shareholders accepting the Offer and will pay its respective portion of the buyer's ad valorem stamp duty (being 0.1% of the amount payable in respect of the relevant acceptance or if higher, the market value of the Shares) in connection with the acceptance of the Offer and the transfer of the Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

8. OVERSEAS SHAREHOLDERS

As the Offer to persons not residing in Hong Kong might be affected by the laws of the relevant jurisdictions in which they are resident, Overseas Shareholders should obtain information about and observe any applicable legal or regulatory requirements and, where necessary, seek legal advice in respect of the Offer. It is the responsibility of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection therewith (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due in respect of such jurisdictions).

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

9. TAXATION ADVICE

Independent Shareholders are recommended to consult their own professional advisers as to the taxation implications of accepting or rejecting the Offer. None of the Offeror and/or parties acting in concert with it, the Company, Pacific Foundation Securities, Great Wall Corporate Finance, nor their respective ultimate beneficial owners, directors, officers, advisers, agents or associates or any other person involved in the Offer accepts any responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

10. GENERAL

- a) All communications, notices, Form of Acceptance, share certificate(s), transfer receipts(s), other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Offer to be delivered by or sent to or from the Independent Shareholders will be delivered by or sent to or from them, or their designated agents by post at their own risk, and the Offeror, the Company, Pacific Foundation Securities, Great Wall Corporate Finance, Gram Capital, the Registrar or any of their respective directors and professional advisers or the company secretary of the Company, and any other parties involved in the Offer and any of their respective agents do not accept any liability for any loss or delay in postage or any other liabilities that may arise as a result thereof.
- b) The provisions set out in the Form of Acceptance form part of the terms and conditions of the Offer.
- c) The accidental omission to despatch this Composite Document and/or Form of Acceptance or any of them to any person to whom the Offer are made will not invalidate either the Offer in any way.
- d) The Offer is, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong.
- e) Due execution of the Form of Acceptance will constitute an irrevocable authority to the Offeror, Pacific Foundation Securities, Great Wall Corporate Finance or such person or persons as the Offeror may direct to complete, amend and execute any document on behalf of the person or persons accepting the Offer and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror, or such person or persons as it may direct, the Shares in respect of which such person or persons has/have accepted the Offer.
- f) Acceptance of the Offer by any Independent Shareholders will be deemed to constitute a warranty by such person or persons to the Offeror and the Company that their Shares are free from all third party rights and Encumbrances whatsoever and together with all rights accruing or attaching thereto including in the case of the Shares, the right to receive in full all dividends and distributions recommended, declared, made or paid on or after the date of this Composite Document.
- g) References to the Offer in this Composite Document and the Form of Acceptance shall include any revision and/or extension thereof.
- h) The making of the Offer to the Overseas Shareholders may be prohibited or affected by the laws of the relevant jurisdictions. The Overseas Shareholders should inform themselves about and observe any applicable legal or regulatory requirements. It is the responsibility of each Overseas Shareholder who wishes to

accept the Offer to satisfy himself/herself/itself as to the full observance of the laws and regulations of all relevant jurisdictions in connection therewith, including, but not limited to the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required and the compliance with all necessary formalities, regulatory and/or legal requirements. Such Overseas Shareholders shall be fully responsible for the payment of any transfer or cancellation or other taxes and duties due by such Overseas Shareholders in respect of the relevant jurisdictions. The Overseas Shareholders are recommended to seek professional advice on deciding whether or not to accept the Offer.

- i) Acceptances of the Offer by any nominee will be deemed to constitute a warranty by such nominee to the Company that the number of the Shares in respect of which as indicated in the Form of Acceptance is the aggregate number of Shares held by such nominee for such beneficial owner who is accepting the Offer.
- j) Subject to the Takeovers Code, the Offeror reserves the right to notify any matter (including the making of the Offer) to all or any Independent Shareholders and with registered address(es) outside Hong Kong or whom the Offeror, Pacific Foundation Securities, Great Wall Corporate Finance knows to be nominees, trustees or custodians for such persons by announcement in which case such notice shall be deemed to have been sufficiently given notwithstanding any failure by any such Independent Shareholders to receive or see such notice, and all references in this Composite Document to notice in writing shall be construed accordingly.
- k) In making their decision, the Independent Shareholders must rely on their own examination of the Offeror, the Group and the terms of the Offer, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the Form of Acceptance shall not be construed as any legal or business advice on the part of the Offeror, the Company, Pacific Foundation Securities, Great Wall Corporate Finance or Gram Capital or their respective professional advisers. The Independent Shareholders should consult their own professional advisers for professional advice.
- l) All acceptances, instructions, authorities and undertakings given by the Independent Shareholders in the Form of Acceptance shall be irrevocable except as permitted under the Takeovers Code.
- m) The English texts of this Composite Document and the Form of Acceptance shall prevail over their respective Chinese texts for the purpose of interpretation in case of inconsistency.

1. FINANCIAL INFORMATION

Set out below is a summary of the audited consolidated financial results of the Group for the years ended 31 December 2016, 2017 and 2018, as extracted from the annual reports of the Company for the years ended 31 December 2017 and 2018, and a summary of the unaudited consolidated financial results of the Group for the six months ended 30 June 2019 as extracted from the interim report of the Company for the six months ended 30 June 2019.

	Six months ended	For the year ended 31 December		
	30 June 2019	2018	2017	2016
	<i>(unaudited)</i> HK\$'000	<i>(audited)</i> HK\$'000	<i>(audited)</i> HK\$'000	<i>(audited)</i> HK\$'000
Revenue	74,551	180,048	273,347	555,386
(Profit)/(loss) before tax	49,846	(2,179,053)	128,668	422,354
Income tax expenses	(11,484)	(17,544)	(41,219)	(89,290)
Profit/(loss) for the period/ year attributable to	38,362	(2,196,597)	87,449	333,064
— Owners of the Company	37,817	(2,199,094)	82,274	321,907
— Non-controlling interests	545	2,497	5,175	11,157
Earnings (loss) per Share				
Basic (HK cents)	0.98	(56.82)	2.13	9.40
Diluted (HK cents)	0.26	(56.82)	0.56	2.18

No dividend was paid or proposed for the Shareholders during the years ended 31 December 2016, 2017 and 2018, nor has any dividend been proposed since the end of the year ended 31 December 2018.

The auditors of the Company, Zenith CPA Limited, did not issue any qualified or modified opinion (including emphasis of matter, adverse opinion and disclaimer of opinion) on the respective financial statements of the Group for the years ended 31 December 2016, 2017 and 2018.

Save as disclosed below, there were no items any income or expense which were material in respect of the consolidated financial results of the Group for each of the aforesaid periods:

- (i) During the year ended 31 December 2018, an impairment loss of approximately HK\$2,182.7 million was recognised in respect of the goodwill arose from the acquisition of 96% of the issued share capital of Katar Global Limited and its subsidiaries (the “**Katar Global Group**”) on 20 October 2015, with reference to its recoverable amount which was determined based on the fair value less costs of disposal in Katar Global Group as at 31 December 2018.

2. CONSOLIDATED FINANCIAL STATEMENTS

The Company is required to set out or refer to in this Composite Document the consolidated statement of financial position, consolidated statement of cash flows and any other primary statement as shown in (i) the audited consolidated financial statements of the Group for the year ended 31 December 2016 (the “**2016 Financial Statements**”); (ii) the audited consolidated financial statements of the Group for the year ended 31 December 2017 (the “**2017 Financial Statements**”); (iii) the audited consolidated financial statements of the Group for the year ended 31 December 2018 (the “**2018 Financial Statements**”); and (iv) the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2019 (the “**2019 Interim Financial Statements**”), together with the notes to the relevant published accounts which are of major relevance to the appreciation of the above financial information.

The 2016 Financial Statements are set out from page 65 to page 160 in the annual report of the Company for the year ended 31 December 2016 (the “**Annual Report 2016**”), which was published on 27 April 2017. The Annual Report 2016 is posted on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.irasia.com/listco/hk/asiapacificsilkrroad>), and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2017/0427/ltn201704272550.pdf>

The 2017 Financial Statements are set out from page 60 to page 144 in the annual report of the Company for the year ended 31 December 2017 (the “**Annual Report 2017**”), which was published on 26 April 2018. The Annual Report 2017 is posted on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.irasia.com/listco/hk/asiapacificsilkrroad>), and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0426/ltn20180426977.pdf>

The 2018 Financial Statements are set out from page 58 to page 160 in the annual report of the Company for the year ended 31 December 2018 (the “**Annual Report 2018**”), which was published on 26 April 2019. The Annual Report 2018 is posted on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.irasia.com/listco/hk/asiapacificsilkrroad>), and is accessible via the following hyperlinks:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0426/ltn201904261737.pdf>

The 2019 Interim Financial Statements are set out from page 22 to page 60 in the interim report of the Company for the six months ended 30 June 2019 (the “**Interim Report 2019**”), which was published on 20 September 2019. The Interim Report 2019 is posted on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.irasia.com/listco/hk/asiapacificsilkroad>), and is accessible via the following hyperlinks:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0920/2019092000325.pdf>

The 2016 Financial Statements, the 2017 Financial Statements, the 2018 Financial Statements and the 2019 Interim Financial Statements (but not any other part of the Annual Report 2016, the Annual Report 2017, the Annual Report 2018 and the Interim Report 2019 in which they respectively appear) are incorporated by reference into this Composite Document and form part of this Composite Document.

3. INDEBTEDNESS

As at the close of business on 30 September 2019, being the latest practicable date for the purpose of ascertaining the following indebtedness statements prior to the printing of this Composite Document, the Group had outstanding other borrowing from independent third party of approximately HK\$6,579,000 and lease liabilities of approximately HK\$1,737,000.

Save as disclosed above and apart from intra-group liabilities and normal accounts payable in the ordinary course of business, the Group did not have any other loan capital issued and outstanding or agreed to be issued but unissued, loans, bank overdrafts, or other similar indebtedness, financial lease or hire purchase commitment, liabilities under acceptances (other than normal trade bills) or acceptances credits, debentures, mortgages, charges, guarantees or other material contingent liabilities as at the close of business on 30 September 2019.

4. MATERIAL CHANGE

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

- (i) On 1 February 2019, the Group entered into an acquisition agreement to acquire the entire issued share capital of Sky State Holdings Limited with a cash consideration of HK\$25,000,000. According to the Company’s interim report for the six months ended 30 June 2019, the acquisition was completed on 1 February 2019.
- (ii) According to the Company’s interim report for the six months ended 30 June 2019, the Group recorded (a) substantial increase in equity investments designated at fair value through other comprehensive income as at 30 June 2019 as compared to that as at 31 December 2018 (which was mainly due to the fair value change in

listed shares investment of the Group); (b) substantial decrease in financial assets at amortised costs as at 30 June 2019 as compared to that as at 31 December 2018 (which was mainly due to the redemption of such assets); (c) substantial increase in deposits, prepayments and other receivables as at 30 June 2019 as compared to that as at 31 December 2018 (which was mainly due to the consolidation of financial information of Sky State Holdings Limited); (d) substantial decrease in cash and cash equivalents as at 30 June 2019 as compared to that as at 31 December 2018 (which was mainly due to the net cash flow used in operating and financing activities); (e) substantial increase in other payables and accruals as at 30 June 2019 as compared to that as at 31 December 2018 (which was mainly due to the consolidation of financial information of Sky State Holdings Limited); (f) substantial decrease in revenue for the six months ended 30 June 2019 as compared to that for the six months ended 30 June 2018 (which was mainly due to the decrease in the loan facilitation services rendered); (g) substantial decrease in administrative expenses for the six months ended 30 June 2019 as compared to that for the six months ended 30 June 2018 (which was due to expenses arising from the office relocation and termination of previous lease during the six months ended 30 June 2018); and (h) profit attributable to owners of the parent for the six months ended 30 June 2019 as compared to loss attributable to owners of the parent for the six months ended 30 June 2018 (which was mainly due to the significant amount of impairment recognized in respect of the goodwill of the loan facilitation services business classified as other expenses for the six months ended 30 June 2018).

- (iii) The Group recorded substantial increase in other income and gains for the nine months ended 30 September 2019 as compared to that for the nine months ended 30 September 2018, which was mainly due to an one-off gain arising from the de-registration of certain subsidiaries of the Company during the nine months ended 30 September 2019.

1. RESPONSIBILITY STATEMENT

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

2. SHARE CAPITAL

As at the Latest Practicable Date, the authorised share capital of the Company was HK\$400,000,000 divided into 400,000,000,000 Shares of HK\$0.001 each, of which 3,870,102,650 Shares had been issued and were fully paid or credited as fully paid.

Since 31 December 2018 (being the date to which the Company's latest published audited accounts were prepared) and up to the Latest Practicable Date, no new Shares had been issued by the Company.

All of the Shares currently in issue are fully paid up and rank *pari passu* in all respects with each other, including, in particular, as to dividends, voting and capital.

Save for the outstanding Convertible Notes in the principal amount of HK\$2,182,400,000, the Company did not have any other outstanding securities, options, derivatives, warrants or other convertible securities or rights affecting the Shares as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code).

3. DISCLOSURE OF INTERESTS

(i) Interests of the Directors or chief executive of the Company

As at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in the existing Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of 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 in which they are deemed or taken to have under such provisions of the SFO) or which were required pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules to be notified to the Company and the Stock Exchange.

(ii) Interests of the substantial Shareholders

As at the Latest Practicable Date, so far as is known to the Directors and the chief executive of the Company, the following person had an interest or short position in the Shares and underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at a general meeting of any member of the Group:

Name	Capacity and nature of interest	Number of Shares held (Position)	Number of underlying Shares entitled	Total number of Shares	Percentage of the Company's issued share capital (%)
Mr. Su Weibiao (Note 1)	Interests held by controlled corporation	580,659,755 (Long)	10,912,000,000	11,492,659,755	296.96
Allied Summit (Note 1)	Beneficial owner	580,659,755 (Long)	10,912,000,000	11,492,659,755	296.96
The Partnership (Notes 2 and 3)	Beneficial owner	2,129,143,068 (Long)	10,912,000,000	13,041,143,068	336.97

Notes:

- (1) Allied Summit is owned as to 80% by Mr. Su Weibiao and as to remaining 20% by Mr. Ng Kwok Fai. As at the Latest Practicable Date, Allied Summit was interested in (i) 580,659,755 Shares; and (ii) the Convertible Notes in the aggregate outstanding principal amount of HK\$2,182,400,000 and convertible into 10,912,000,000 Shares at the conversion price of HK\$0.2 per conversion share.
- (2) Hong Kong Financial Services Asset Management L.P. (previously known as Huarong Financial Services Asset Management L.P.), an exempted limited partnership established in the Cayman Islands.
- (3) Pursuant to the Charge over Convertible Notes, the Partnership has security interest over 10,912,000,000 Shares which may fall to be issued upon exercise in full the conversion rights attached to the Convertible Notes.

Save as disclosed above, the Directors or chief executive of the Company are not aware of any party who, as at the Latest Practicable Date, had, or were deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

4. DEALINGS IN SECURITIES

During the Relevant Period,

- (i) the Directors did not have any dealings in the Shares, warrants, options, derivatives and securities carrying conversion or subscription rights into Shares;
- (ii) the Company and the Directors did not own or control any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Offeror and had not dealt for value in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Offeror;
- (iii) none of the subsidiaries of the Company, nor pension funds of any member of the Group nor any person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert” in the Takeovers Code or who is an associate of the Company by virtue of class (2) of the definition of “associate” under the Takeovers Code, owned or controlled any securities, Shares, warrants, options, derivatives or convertible securities of the Company and none of them had dealt for any value in any securities, Shares, options, warrants, derivatives or convertible securities of the Company;
- (iv) no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3), and (5) of the definition of “acting in concert” in the Takeovers Code or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of “associate” under the Takeovers Code, and no such person had owned, controlled or dealt for value in the Shares or other securities of the Company carrying voting rights or any convertible securities, warrants, options and derivatives of the Company;
- (v) no Shares, convertible securities, warrants, options or derivatives of the Company was managed on a discretionary basis by any fund managers (other than exempt fund managers) connected with the Company, and no such person had dealt for value in any such securities of the Company.

5. OTHER DISCLOSURE OF INTEREST

As at the Latest Practicable Date,

- (i) no Shares or other securities of the Company carrying voting rights or any convertible securities, warrants, options and derivatives of the Company were owned or controlled by a subsidiary of the Company or by a pension fund (if any) of any member of the Group or by an adviser to the Company as specified in class (2) of the definition of associate under the Takeovers Code (including the Independent Financial Adviser);

- (ii) there were no Shares or other securities of the Company carrying voting rights or convertible securities, warrants, options or derivatives of the Company which the Company and any Directors had borrowed or lent;
- (iii) save for the Undertakings, the Partnership Undertaking and the DeTai Finance Confirmation, no person who owned or controlled any Shares or other securities of the Company carrying voting rights or convertible securities, warrants, options or derivatives of the Company had irrevocably committed himself/herself to accept or not to accept the Offer;
- (iv) no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of associate under the Takeovers Code;
- (v) no Shares or other securities of the Company carrying voting rights or any convertible securities, warrants, options or derivatives of Company were managed on a discretionary basis by fund managers connected with the Company;
- (vi) none of the Directors had any interests in any Shares, convertible securities, warrants, options or other derivatives of the Company;
- (vii) no benefit was or would be given to any Director as compensation for loss of office or otherwise in connection with the Offer;
- (viii) there was no agreement or arrangement between any Director and any other person which is conditional on or dependent upon the outcome of the Offer or otherwise connected with the Offer;
- (ix) no material contracts had been entered into by the Offeror in which any Director had a material personal interest; and
- (x) the Company confirms that, save for the Convertible Notes, the Charge over BVI Shares, the Charge over Convertible Notes, the Loan Agreement, the Right of First Offer, the Undertakings and the Partnership Undertaking, there is no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (i) any Shareholder; and (ii) the Company, its subsidiaries or associated companies.

6. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with the Company or any of its subsidiaries or associated companies which:

- (i) (including both continuous and fixed term contracts) have been entered into or amended within six months before the commencement of the Offer Period;
- (ii) are continuous contracts with a notice period of 12 months or more; and

- (iii) are fixed term contracts with more than 12 months to run irrespective of the notice period.

7. MATERIAL CONTRACTS

Save as disclosed below, there were no other material contracts entered into after the date two years before commencement of the Offer Period and up to and including the Latest Practicable Date, not being a contract entered into in the ordinary course of business carried on or intended to be carried on by the Group:

- (i) the contribution agreement dated 28 December 2017 entered into among Beijing Huiju Yitong Financial Consultation Limited* (北京匯聚壹通財務諮詢有限公司) (“**Beijing Huiju**”), Zhongtong Financing Fund Management (Beijing) Company Limited* (中通融金基金管理(北京)有限責任公司) (“**Zhongtong Financing**”) and Century Fine Limited in relation to the capital contribution of RMB50,000,000 by Zhongtong Financing to Beijing Huiju;
- (ii) the transfer agreement dated 23 March 2018 entered into between Beijing Huiju and Beijing Yiboantai Investment Management Company Limited* (北京億博安泰投資管理有限公司), pursuant to which Beijing Huiju acquired 283,310,000 trust units under a trust scheme and all rights and obligations thereunder for a consideration of RMB240,000,000;
- (iii) the China Guangfa Bank RMB Structured Deposit Agreement, Product Description Letter and Risk Warnings Letter entered into between the Company and China Guangfa Bank dated 3 December 2018, pursuant to which Beijing Huiju purchased financial products issued by China Guangfa Bank in an amount of RMB40.0 million; and
- (iv) the acquisition agreement dated 1 February 2019 entered into between Best Harvest Asia Limited as purchaser and Lucky Stream Investments Limited as vendor, pursuant to which Best Harvest Asia Limited purchased the entire issued share capital of Sky State Holdings Limited for a consideration of HK\$25,000,000.

8. LITIGATION

As at the Latest Practicable Date, none of the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

9. EXPERT'S QUALIFICATION AND CONSENT

The following are the qualifications of the expert who has given opinion or advice which is contained or referred to in this Composite Document:

Name	Qualification
Gram Capital Limited	a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

Gram Capital has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of the text of its letter, report, and/or references to its name in the form and context in which it appears.

10. GENERAL

- (i) The registered office of the Company is situated at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton, HM 10, Bermuda.
- (ii) The Company's principal place of business in Hong Kong is at Office A, 3/F., Man Lok Building, No. 93 Bonham Strand, Hong Kong.
- (iii) The Hong Kong branch share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.
- (iv) The company secretary of the Company is Mr. Liu Wai Kin. He is an associate member of both The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators of the United Kingdom.
- (v) The registered office of Gram Capital is situated at Room 1209, 12/F, Nan Fung Tower, 173 Des Voeux Road Central, Central, Hong Kong.
- (vi) The English text of this Composite Document and the Form of Acceptance shall prevail over the Chinese translation in the case of inconsistency.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection on (i) the websites of the SFC (<http://www.sfc.hk>) and the Company (<http://www.irasia.com/listco/hk/asiapacificsilkroad>); and (ii) at the principal place of business of the Company in Hong Kong at Office A, 3/F., Man Lok Building, No. 93 Bonham Strand, Hong Kong during normal business hours from 9:00 a.m. to 5:00 p.m., Monday to Friday (except public holidays) from the date of this Composite Document for so long as the Offer remains open for acceptance:

- (i) the Bye-laws of the Company;
- (ii) the annual reports of the Company for each of the years ended 31 December 2016, 2017 and 2018;
- (iii) the interim report of the Company for the six months ended 30 June 2019;
- (iv) the letter from the Board, the text of which is set out in this Composite Document;
- (v) the letter from the Independent Board Committee, the text of which is set out in this Composite Document;
- (vi) the letter from Gram Capital, the text of which is set out in this Composite Document;
- (vii) the written consent referred to under the paragraph headed “9. Expert’s qualification and consent” in this appendix;
- (viii) the material contracts referred to under the paragraph headed “7. Material contracts” in this appendix; and
- (ix) this Composite Document and the accompanying Form of Acceptance.

1. RESPONSIBILITY STATEMENT

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

2. DEALINGS IN SECURITIES IN THE COMPANY

Save for 2,129,143,068 Shares held by the Partnership, the Offeror and parties acting in concert with it (including the Limited Partners) have not dealt in any Shares or relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company during the Relevant Period.

3. DISCLOSURE OF INTERESTS

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

Name	Capacity and nature of interest	Number of Shares (Position)	Percentage of the Company's issued share capital (%)
the Partnership (Notes 1 & 2)	Beneficial owner	2,129,143,068 (L)	55.02%
	Security interest	10,912,000,000 (L)	281.96%
the Offeror (Notes 1, 2, 3 & 4)	Interest of controlled corporation	13,041,143,068 (L)	336.97%
Allied Summit (Notes 2, 5, 6 & 7)	Beneficial owner	11,492,659,755 (L)	296.96%
Mr. Su Weibiao (Notes 5, 6 & 7)	Interest of controlled corporation	11,492,659,755 (L)	296.96%

Notes:

1. The Partnership, an exempted partnership incorporated in the Cayman Islands, is the beneficial owner of 2,129,143,068 Shares.
2. Pursuant to the Charge over Convertible Notes, the Partnership has security interest over 10,912,000,000 Shares which may fall to be issued upon exercise in full the conversion rights attached to the Convertible Notes.

3. With effect from 16 October 2019, the Offeror became the new general partner of the Partnership which result in the Offeror acquiring control of the assets owned by the Partnership.
4. The Offeror is legally and beneficially owned as to 100% by Mr. Jiang, which is one of the Limited Partners.
5. Allied Summit is the beneficial owner of 580,659,755 Shares and is the registered owner of the Convertible Notes which is convertible into 10,912,000,000 Shares upon exercise in full the conversion rights attached to the Convertible Notes.
6. Allied Summit is owned as to 80% by Mr. Su Weibiao and as to remaining 20% by Mr. Ng Kwok Fai.
7. Pursuant to the Share Charge, Allied Summit has created a security interest over 580,659,755 Shares in favour of DeTai Finance.

Save as disclosed above, as at the Latest Practicable Date, none of the Offeror and parties acting in concert with it owned or controlled any Shares, underlying shares, debentures or other relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company.

4. OTHER ARRANGEMENTS

As at the Latest Practicable Date:

- (i) save as indirectly interested in a total of 2,129,143,068 Shares through the Partnership, and 580,659,755 Shares and the Convertible Notes held by Allied Summit, none of the Offeror or parties acting in concert with it (including the directors of the Offeror) owned or had control or direction over any voting rights or rights over the Shares, options, derivatives, warrants or other securities convertible into Shares;
- (ii) save for the Undertakings and the DeTai Finance Confirmation, none of the Offeror or parties acting in concert with it has received any irrevocable commitment to accept or reject the Offer;
- (iii) save for the Undertakings, the Partnership Undertaking, the DeTai Finance Confirmation, the Facility, the Charge over Account, the Charge over Convertible Notes, the Share Charge and the Right of First Offer, there is no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Shares and which might be material to the Offer;
- (iv) there is no agreement or arrangement to which the Offeror 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 Offer;

- (v) save for the Convertible Notes, the Charge over Convertible Notes and the Undertakings, none of the Offeror or parties acting in concert with it has entered into any arrangements or contracts in relation to any outstanding derivative in respect of the securities in the Company;
- (vi) none of the Offeror or 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;
- (vii) save for the Facility and the Charge over Accounts, there was no agreement, arrangement or understanding which may result in the securities of the Company to be acquired in pursuance of the Offer being transferred, charged or pledged to any other persons;
- (viii) no benefit will be given to any Director as compensation for loss of office or otherwise in connection with the Offer;
- (ix) there is no agreement, arrangement or understanding (including any compensation arrangement) existing between the Offeror or any person acting in concert with it and any Directors, recent Directors, Shareholders or recent Shareholders having any connection with or dependent upon the Offer;
- (x) there is no other consideration or compensation or benefit in whatever form paid or payable by the Offeror or parties acting in concert with it to the General Partner and parties acting in concert with it in connection with the Change of General Partner; and
- (xi) save for the Convertible Notes, the Charges over BVI Shares, the Charge over Convertible Notes, the Loan Agreement, Right of First Offer, the Undertakings, the Partnership Undertaking and the Deed of Transfer and Adherence, there is no other understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between the Offeror, its ultimate beneficial owner and/or any parties acting in concert with it on the one hand, and the General Partner and any party acting in concert with it on the other hand.

The Offeror confirms that, as at the Latest Practicable Date, save for the Convertible Notes, the Charge over BVI Shares, the Charge over Convertible Notes, the Loan Agreement, the Right of First Offer, the Undertakings and the Partnership Undertaking, there is no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (i) any Shareholder; and (ii) the Offeror and any party acting in concert with it.

As at the Latest Practicable Date, save for (i) the Partnership is interested in 2,129,143,068 Shares and has security interest over the Convertible Notes held by Allied Summit; (ii) Allied Summit is interested in 580,659,755 Shares and the Convertible Notes; and (iii) DeTai Finance has security interest over 580,659,755 Shares held by Allied Summit, each of the Partnership, the Limited Partners, Allied Summit, DeTai Finance, the

General Partner and Pacific Foundation Securities is not interested in any securities of the Company. DeTai Finance have not dealt in any Shares or relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company during the Relevant Period.

5. MARKET PRICES

The table below shows the closing price of the Shares quoted on the Stock Exchange on (i) the last trading day in each of the calendar months during the Relevant Period; (ii) the last trading day prior to the publication of the Rule 3.7 Announcement; (iii) the Last Trading Day; and (iv) the Latest Practicable Date.

Date	Closing price per Share HK\$
2019	
29 March	0.060
30 April	0.039
31 May	0.041
28 June	0.040
31 July	0.041
30 August	0.038
11 September (last trading day prior to the publication of the Rule 3.7 Announcement)	0.054
30 September	0.050
10 October (Last Trading Day)	0.053
31 October	Trading in Shares halted
29 November	0.057
9 December 2019 (being the Latest Practicable Date)	0.057

Note: Trading in the Shares was suspended from 11 September 2019 to 25 September 2019 (both dates inclusive) pending the release of the Rule 3.7 Announcement. Trading in the Shares was suspended from 11 October 2019 to 31 October 2019 (both dates inclusive) pending the release of the Joint Announcement.

During the Relevant Period, the highest closing price per Share as quoted on the Stock Exchange was HK\$0.062 on 26 March 2019, and the lowest closing price per Share as quoted on the Stock Exchange was HK\$0.036 on 19 August 2019, 23 August 2019 and 26 August 2019.

6. CONSENTS AND QUALIFICATIONS

Set out below are the names and qualifications of the professional advisers to the Offeror whose letter, opinion or advice are contained or whose names are referred to in this Composite Document:

Name	Qualification
Pacific Foundation Securities Limited	a corporation licensed under the SFO to carry on type 1 (dealing in securities) and type 9 (asset management) regulated activities
Great Wall Pan Asia Corporate Finance Limited	a corporation licensed under the SFO to carry on type 6 (advising on corporate finance) regulated activity

Each of Pacific Foundation Securities and Great Wall Corporate Finance has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of its respective advice and/or letter and the references to its name included herein in the form and context in which they respectively appear.

7. MISCELLANEOUS

- a) The Offeror is wholly-owned by Mr. Jiang, who is one of the directors of the Offeror. The principal members of the Offerors concert group are the Offeror and Mr. Jiang.
- b) The registered office of the Offeror is at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The correspondence address of the Offeror and Mr. Jiang is Flat B, 40/F, No 297-303 Avenida Sir Anders Ljunstedt, San Hau On Nape, Macau.
- c) The registered office of Pacific Foundation Securities is at 11/F, New World Tower Two, 16–18 Queen’s Road Central, Hong Kong.
- d) The registered office of Great Wall Corporate Finance is at 21st Floor, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong.
- e) In case of inconsistency, the English text of this Composite Document and the Form of Acceptance shall prevail over the Chinese text.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection (i) on the website of the SFC (www.sfc.hk); (ii) on the website of the Company (<http://www.irasia.com/listco/hk/asiapacificsilkroad>); and (iii) at the head office and principal place of business of the Company in Hong Kong at Office A, 3/F Man Lok

Building No. 93 Bonham Strand Hong Kong during normal business hours from 9:00 a.m. to 5:00 p.m., Monday to Friday (except public holidays), from the date of this Composite Document up to and including the Closing Date:

- (a) the memorandum and articles of association of the Offeror;
- (b) the letter from Pacific Foundation Securities, the text of which is set out on pages 12 to 22 of this Composite Document;
- (c) the written consents as referred to in the section headed “CONSENTS AND QUALIFICATIONS” in this appendix;
- (d) the Deed of Undertaking;
- (e) the Partnership Undertaking;
- (f) the DeTai Finance Confirmation;
- (g) the Deed of Transfer and Adherence;
- (h) the Loan Agreement; and
- (i) the Section 10 Statement.