

1 August 2018

To the Independent Shareholders and the Optionholders

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFERS BY
CMBC SECURITIES COMPANY LIMITED
FOR AND ON BEHALF OF MACROLINK INTERNATIONAL HOLDINGS LIMITED
TO ACQUIRE ALL THE ISSUED SHARES AND
CANCEL ALL THE OUTSTANDING OPTIONS IN
JUNEFIELD DEPARTMENT STORE GROUP LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED
TO BE ACQUIRED BY MACROLINK INTERNATIONAL HOLDINGS LIMITED AND
PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

The Offeror and the Company jointly issued an announcement dated 1 June 2018 which stated that, the Offeror had entered into the Sale and Purchase Agreement with the Selling Shareholder and the Guarantor on 9 May 2018 (after trading hours) (which is supplemented and amended by the SPA Supplemental Agreement dated 31 May 2018), pursuant to which the Offeror had conditionally agreed to purchase and the Selling Shareholder had conditionally agreed to sell the Sale Shares, representing approximately 66.75% of the entire issued share capital of the Company as at the date of the Joint Announcement, for a total cash consideration of HK\$433,845,522.15, equivalent to HK\$0.6217 per Sale Share.

Immediately after the Sale and Purchase Completion which took place on 26 July 2018 and as at the Latest Practicable Date, the Offeror and parties acting in concert with it were interested in a total of 697,837,417 Shares, representing approximately 66.75% of the issued share capital of the Company. Accordingly under Rule 26.1 of the Takeovers Code, the Offeror is required to make the Share Offer for all the issued Shares (other than those Shares already owned by or agreed to be acquired by the Offeror and parties acting in concert with it). The Offeror is also required to make the Option Offer for the cancellation of all the outstanding Options pursuant to Rule 13 of the Takeovers Code.

This letter sets out, among other things, principal terms of the Offers, together with the information on the Offeror and the Offeror's intentions regarding the Group. Further details of the Offers are also set out in Appendix I to this Composite Document and the accompanying Form(s) of Acceptance. Your attention is also drawn to the "Letter from the Board", the "Letter from the Independent Board Committee" to the Independent Shareholders and Optionholders and the "Letter from Optima Capital" to the Independent Board Committee as contained in this Composite Document.

THE OFFERS

Principal terms of the Offers

CMBC Securities, for and on behalf of the Offeror and in compliance with the Takeovers Code, hereby unconditionally make the Share Offer to acquire all the issued Shares (other than those Shares already owned by or agreed to be acquired by the Offeror and parties acting in concert with it) and to make the Option Offer for the cancellation of all the outstanding Options in accordance with Rule 26.1 and Rule 13 of the Takeovers Code on the following basis:

The Share Offer

For each Offer Share held HK\$0.6217 in cash

The Share Offer Price of HK\$0.6217 for each Offer Share is the same as the purchase price that has been paid for each Sale Share by the Offeror pursuant to the Sale and Purchase Agreement.

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

The Offer Shares to be acquired under the Share Offer shall be fully paid, free from all Encumbrances and with all rights and benefits at any time accruing and attached to them, including the rights to receive all dividends and distributions declared, made or paid on or after the date on which the Share Offer is made, i.e., the date of this Composite Document.

The Option Offer

For cancellation of each outstanding Option:

Date of grant	Exercise price per Option (HK\$)	Number of new Shares to be issued upon exercise of Options by Optionholders	Offer price per Option (HK\$)
6 July 2009	0.229	13,280,000	0.3927 in cash

As at the Latest Practicable Date, the Company has 13,280,000 outstanding Options as disclosed above. The Option Offer to cancel each Option will be calculated on a see-through basis pursuant to Rule 13 and Practice Note 6 of the Takeovers Code, so that each Optionholder will be entitled to receive a price for his/her Options being the amount by which the consideration for the Share Offer exceeds the exercise price of his/her Options with details as set out above.

As at the Latest Practicable Date, there are 1,045,399,967 Shares in issue and 13,280,000 outstanding Options. Save as disclosed above, as at the Latest Practicable Date, there are no other outstanding options, warrants, derivatives or convertible securities which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into Shares.

The procedures for acceptance and further details of the Offers are set out in Appendix I to this Composite Document and the accompanying Form(s) of Acceptance.

Total Consideration for the Offers

As at the Latest Practicable Date, there are 1,045,399,967 Shares in issue. Assuming that there is no change in the issued share capital of the Company and none of the outstanding Options is exercised prior to the making of the Offers and on the basis of the Share Offer Price at HK\$0.6217 per Share, the entire issued share capital of the Company is valued at approximately HK\$649,925,159.

Assuming that all the 13,280,000 outstanding Options are fully exercised prior to the making of the Offers, there will be 1,058,679,967 Shares in issue and, on the basis of the Share Offer Price at HK\$0.6217 per Share, the entire issued share capital of the Company is valued at approximately HK\$658,181,335.

On the basis the Offeror and parties acting in concert with it will own 697,837,417 Shares immediately after the Sale and Purchase Completion, (i) assuming no Options are exercised and full acceptances under the Offers, the total consideration of the Offers would be approximately HK\$221,294,693, (ii) assuming all Options are exercised and full acceptances under the Offers, the total consideration of the Offers would be approximately HK\$224,335,813.

Comparisons of value

The Share Offer Price of HK\$0.6217 represents:

- (a) a premium of approximately 139.12% over the closing price of the Shares of HK\$0.260 per Share as quoted on the Stock Exchange on the last Trading Day prior to the suspension of trading in the Shares pending the publication of the Memorandum Announcement;
- (b) a discount of approximately 21.30% to the closing price of the Shares of HK\$0.790 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (c) a discount of approximately 26.16% to the average closing price of the Shares of approximately HK\$0.842 per Share for the last 5 consecutive Trading Days up to and including the Last Trading Day;
- (d) a premium of approximately 169.13% over the audited net asset value attributable to equity holders of the Company as at 31 December 2017 of approximately HK\$0.231 per Share based on 1,045,399,967 Shares in issue as at the Latest Practicable Date; and
- (e) a discount of approximately 7.21% to the closing price of the Shares of HK\$0.67 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

Highest and lowest Share price

During the Relevant Period, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$1.49 on 18 April 2018 and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.206 on 13 February 2018.

Confirmation of financial resources available for the Offers

The Offeror intends to finance the consideration payable under, among others, the Offers and the Sale and Purchase Agreement by a term loan facility provided by CMBC Securities and the Offeror's internal financial resources. CMBC International Capital, as the financial adviser to the Offeror, is satisfied that sufficient resources are available to the Offeror to satisfy the amount of funds required for full acceptance of the Offers.

Payment

Payment in cash in respect of acceptance of the Offers will be made as soon as possible but in any event within 7 business days (as defined under the Takeovers Code) after the date on which the duly completed acceptance of the Offers and the relevant documents of title in respect of such acceptance are received by or for the Offeror to render each such acceptance complete and valid.

Effect of accepting the Offers

By validly accepting the Share Offer, Shareholders will sell their tendered Shares to the Offeror free from all encumbrances and together with all rights attached to them, including the rights to receive all dividends and distribution declared, made or paid by reference to a record date on or after the date on which the Share Offer is made, that is, the date of posting of this Composite Document by or on behalf of the Offeror in respect of the Offers.

By validly accepting the Option Offer, Optionholders will agree to the cancellation of their tendered Options and all rights attached thereto with effect from the date on which the Option Offer is made, that is, the date of posting of this Composite Document by or on behalf of the Offeror in respect of the Offers. Optionholders should note that under the rules of the Share Option Scheme, all Options that remain unexercised will lapse automatically and not be exercisable (to the extent not already exercised) upon the close of the Offers.

The Offers are unconditional in all respects and will remain open for acceptance from the date of this Composite Document until 4:00 p.m. on the Closing Date. Acceptance of the Offers shall be irrevocable once given and cannot be withdrawn except in circumstances set out in Rule 19.2 of the Takeovers Code, details of which are set out in section 5 headed "Right of Withdrawal" in Appendix I to this Composite Document.

Overseas Shareholders

The making of the Offers to persons who are not Hong Kong residents may be affected by the laws and regulations of the relevant jurisdictions. The Overseas Shareholders should observe any applicable legal or regulatory requirements and, where necessary, seek legal advice. It is the responsibilities of the Overseas Shareholders who wish to accept the Offers to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offers (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 other necessary formalities, regulatory and/or legal requirements and the payment of any transfer or other taxes due by such Overseas Shareholders in respect of such jurisdictions).

Acceptance by any Overseas Shareholders will be deemed to constitute a representation and a warranty by such person that such person is permitted under all applicable laws and regulations to receive and accept the Offers, and any revision thereof, and such acceptance shall be valid and binding in accordance with all applicable laws and regulations. Any such person is recommended to seek professional advice on deciding whether or not to accept the Offers. Overseas Shareholders who are in doubt as to the action they should take should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

Hong Kong Stamp duty

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

No stamp duty is payable in connection with the acceptance of the Option Offer.

INFORMATION ON THE OFFEROR

The Offeror is a company incorporated in the Cayman Islands with limited liability and is legally and beneficially owned:

- (a) as to approximately 42.06% by Truly Industry Investment Company Limited (which is in turn owned as to 70% by Mr. Fu Kwan (傅軍), who is currently the chairman of the board of directors and the president of Macrolink Group and also a member of the National Committee of the Chinese People's Political Consultative Conference, and 30% by Ms. Wu Xiangming (吳向明)). Mr. Fu Kwan found the Macrolink Group in the year of 1990. Macrolink Group is a comprehensive corporate covering various industries such as real estate, petroleum, mining, chemical engineering, finance, etc. Ms. Wu Xiangming is the wife of Mr. Fu Kwan. Mr. Fu Kwan has almost 28 years of experience and Ms. Wu Xiangming has more than 20 years of experience in real estate, mining, petroleum, chemicals and investment industry;
- (b) as to approximately 17.29% by Famous Victory Limited (which is in turn wholly owned by Ms. Xiao Wenhui (肖文慧)), who is currently the senior vice president of the Macrolink Group and used to be the chairman of Macrolink Mineral Inc. (新華聯礦業有限公司). Macrolink Mineral Inc. was found in 2006 and engages in mineral industry. Ms. Xiao Wenhui has experience in mineral industry for more than 7 years;
- (c) as to approximately 13.84% by Vats Group Inc. (which is in turn wholly owned by Mr. Wu Xiangdong (吳向東)), who has more than 10 years of experience in the investment industry in Hong Kong and is currently the chairman of Vats Liquor Chain Store Management Joint Stock Co., Ltd. (華致酒行連鎖管理股份有限公司)("Vats Liquor"). Vats Liquor was found in 2005 and engages in wine industry;
- (d) as to approximately 13.45% by New Pacific Glory Limited (which is in turn wholly owned by Ms. Liu Jing (劉靜)), who has more than 20 years of experience in the investment industry and is currently the senior vice president of Macrolink Group, the chairman of Chang-Shi Investment Limited (長石投資公司) and a director of Macrolink International Investment Co. Limited (新華聯國際投資公司)("Macrolink Investment"). Macrolink Investment carries out business in investment industry in Hong Kong and in other overseas financial markets;
- (e) as to approximately 6.28% by Mr. Chung Shan Kwang (曾憲光), who has more than 15 years of experience in the investment industry and is a director of Macrolink Investment;
- (f) as to approximately 1.95% by Ms. Fu Shuangshuang (傅爽爽), who has worked for several multinational companies and has been the chairman of New Power Capital Investment Limited (新活力資本投資有限公司) since 2014;

- (g) as to approximately 1.68% by Dongyue Team Limited (which is a substantial shareholder of Dongyue Group Limited (the shares of which are listed on the Main Board of the Stock Exchange with stock code. 189), and is in turn wholly owned by Mr. Zhang Jianhong (張建宏), who is the chairman and chief executive officer of Dongyue Group Limited and has more than 20 years of experience in the chemical industry);
- (h) as to approximately 1.41% by Mr. Chan Yeuk (陳躍), who is a director of Macrolink Investment and has more than 15 years of experience in the investment industry;
- (i) as to approximately 1.40% by Mr. Xu Junqi (許君奇) who has been the chairman of Hualian China Industry Co., Ltd. (華聯瓷業股份有限公司) since 1994; and
- (j) as to approximately 0.64% by Ms. Tang Li (唐莉), who is currently working for Vats Liquor.

The Offeror, Truly Industry Investment Company Limited, Famous Victory Limited, Vats Group Inc., New Pacific Glory Limited and Dongyue Team Limited are companies principally engaged in investment holding.

INFORMATION ON THE GROUP

The Company is a company incorporated in Bermuda with limited liability and its Shares are listed on the Main Board of the Stock Exchange (stock code: 758). The Group is principally engaged in the businesses of property investment and development, the manufacture and sale of construction materials, securities investments, trading of mineral concentrates and coal mining.

The following table is a summary of certain financial information of the Group for the three years ended 31 December 2015, 31 December 2016 and 31 December 2017 as extracted from the annual report of the Company for the year ended 31 December 2015, 2016 and 2017.

	For the year ended 31 December		
	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000
	(audited)	(audited)	(audited)
Revenue	298,688	154,401	36,275
Gross profit	19,588	6,850	5,237
Loss after tax attributable to owners of the Company	69,434	36,495	44,895

Note: The figures have taken into account both continuing and discontinued operations.

The audited net asset value of the Group as at 31 December 2017 was approximately HK\$294,648,000. Details of financial information of the Group are set out in Appendix II to this Composite Document.

INTENTION OF THE OFFEROR ON THE REMAINING GROUP

Following the close of the Offers, it is the intention of the Offeror that the Group will continue to focus on the development of its existing businesses, and does not intend to introduce any major changes to the existing operations and business of the Company, dispose of any existing business of the Group or acquire any business or assets immediately after the Sale and Purchase Completion and the close of the Offers. The Offeror intends to conduct a detailed review of the operations and business activities of the Group and formulate business strategies for the Group's long term development and will explore other business opportunities for the Group, including the feasibility of diversifying the income stream of the Group by exploring business and investment opportunities in different business areas, which may or may not include any assets and/or business acquisitions or disposals, fund raising, restructuring of the business and/or business diversification, which will be appropriate in order to enhance its growth. Subject to further investigation into the business opportunities in the related areas, the Offeror will present suitable propositions to the Company in due course. However, as of the date of this letter, no such business opportunities have been identified by the Offeror nor has the Offeror entered into any agreement, arrangements, understandings, intention or negotiation in relation to the injection of any assets or business into the Group. Also, the Offeror has not entered into any agreement, arrangements, understandings, intention or negotiations in relation to the continued employment of the employees, disposal and/or re-deployment of the assets (including fixed assets) of the Group, other than in its ordinary course of business. The Board is of the view that the Offeror's plan in respect of the Company is in the best interest of the Company and the Shareholders as a whole.

PROPOSED CHANGES TO THE COMPOSITION OF THE BOARD

The Board is currently made up of nine Directors, comprising five executive directors, namely Mr. Zhou Chu Jian He, Mr. Zhang Min, Mr. Zhou Jianren, Mr. Xiang Xianhong and Mr. Lei Shuguang; one non-executive director, namely Mr. Jorge Edgar Jose Muñiz Ziches; and three independent non-executive directors, namely Mr. Lam Man Sum, Albert, Mr. Cao Kuangyu and Mr. Cheung Ka Wai.

In compliance with Rule 7 of the Takeovers Code, it is intended the following existing executive Directors and non-executive Director as at the Latest Practicable Date will resign with effect from the earliest time permitted under the Takeovers Code (that is, upon the first Closing Date of the Offers). Mr. Zhou Chu Jian He, Mr. Zhang Min, Mr. Xiang Xianhong and Mr. Lei Shuguang intend to resign as executive Directors; and Mr. Jorge Edgar Jose Muñiz Ziches intends to resign as a non-executive Director, all with effect from the first Closing Date of the Offer.

The Offeror intends to nominate Mr. Fu Kwan, Mr. Zhang Jian, Ms. Liu Jing, Mr. Chan Yuek and Mr. Zhang Bishu to the Board for appointment with effect from a date which is no earlier than such date as permitted for appointment of Directors under Rule 26.4 of the Takeovers Code (that is, with effect from immediately after posting of this Composite Document). The biographies of the new Directors are set out in the joint announcement in relation to the despatch of the Composite Document dated 1 August 2018.

COMPULSORY ACQUISITION

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

MAINTAINING THE PUBLIC FLOAT AND THE LISTING STATUS OF THE COMPANY

The Stock Exchange has stated that if, at the close of the Offers, less than the minimum prescribed percentage applicable to the Company, being 25%, of the issued Shares are held by the public or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend dealings in the Shares.

The Offeror intends the Company to remain listed on the Stock Exchange. The directors of the Offeror, and the new directors to be appointed to the Board have jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Company's Shares.

PROCEDURES FOR ACCEPTANCE OF THE OFFERS

To accept any of the Offers, Independent Shareholders and Optionholders should complete the accompanying relevant Form(s) of Acceptance in accordance with the instructions printed thereon. The Form(s) of Acceptance form part of the terms of the relevant Offers. The completed Form(s) of Acceptance should then be forwarded, together with the relevant 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) stating the number of Shares or Options in respect of the relevant Offers which you intend to accept, by post or by hand, to:

- (in case of the Share Offer) the Registrar, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong in an envelope marked "Junefield Department Store Group Limited Share Offer" as soon as possible after the receipt of this Composite Document but in any event no later than 4:00 p.m. on the Closing Date; or
- (in case of the Option Offer) the company secretary of the Company at 15/F, COFCO Tower, 262 Gloucester Road, Causeway Bay, Hong Kong in an envelope marked "Junefield Department Store Group Limited Option Offer" as soon as possible after the receipt of this Composite Document but in any event no later than 4:00 p.m. on the Closing Date.

No acknowledgement of receipt of any Form(s) of Acceptance and the title documents will be given.

Your attention is drawn to section 1 headed "General procedures for acceptance of the Offers" as set out in Appendix I to this Composite Document and the accompanying Form(s) of Acceptance.

Settlement of the Offers

Provided that the accompanying Form(s) of Acceptance, together with the relevant 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) are valid, complete and in good order and have been received by:

- (in case of the Share Offer) the Registrar no later than 4:00 p.m. on the Closing Date, a cheque for the amount due to each accepting Independent Shareholder in respect of the Offer Shares tendered under the Share Offer (less seller's ad valorem stamp duty payable by him/her/it) will be despatched to the accepting Independent Shareholder by ordinary post at his/her/its own risk as soon as possible but in any event within 7 Business Days after the date of receipt of all relevant documents (receipt of which renders such acceptance complete and valid) by the Registrar; or

- (in case of the Option Offer) the company secretary of the Company no later than 4:00 p.m. on the Closing Date, a cheque for the amount due to each accepting Optionholder in respect of the Options tendered under the Option Offer will be despatched to the accepting Optionholder by ordinary post at his/her/its own risk or made available for collection by relevant Optionholder from the company secretary of the Company as soon as possible but in any event within 7 Business Days after the date of receipt of all relevant documents (receipt of which renders such acceptance complete and valid) by the company secretary of the Company.

The consideration to which any accepting Independent Shareholder/Optionholder is entitled under the Share Offer/Option Offer will be paid by the Offeror in full in accordance with the terms of the Share Offer (save with respect to the payment of seller's ad valorem stamp duty) or the Option Offer set out in this Composite Document (including Appendix I to this Composite Document) and the accompanying Form(s) of Acceptance 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/Optionholder.

Tax Implications

Independent Shareholders and Optionholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of their acceptance of the Offers. It is emphasised that none of the Offeror, the Company, their respective ultimate beneficial owners and parties acting in concert with them, CMBC International Capital, CMBC Securities, Optima Capital, the Registrar or any of their respective directors, officers, advisers, associates, agents or any persons involved in the Offers is in a position to advise the Independent Shareholders and Optionholders on their individual tax implications, nor do they accept any responsibility for any taxation effects on, or liabilities of, any person or persons as a result of their acceptance of the Offers.

GENERAL

To ensure equality of treatment of all Independent Shareholders, those 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. In order for the beneficial owners of the Shares, whose investments are registered in nominee names, to accept the Share Offer, it is essential that they provide instructions of their intentions with regard to the Share Offer to their nominees.

All documents and remittances will be sent to the Independent Shareholders and Optionholders by ordinary post at their own risk. These documents and remittances will be sent to them at their respective addresses as they appear in the register of members of the Company (in the case of the Share Offer) or the register of Optionholders of the Company (in the case of the Option Offer) or, in the case of joint holders, to the holder whose name appears first in the relevant register of the Company, as applicable. None of the Offeror, the Company, their respective ultimate beneficial owners and parties acting in concert with them, CMBC International Capital, CMBC Securities, Optima Capital, the Registrar or any of their respective directors, officers, advisers, associates, agents or any persons involved in the Offers will be responsible for any loss or delay in transmission of such documents and remittances or any other liabilities that may arise as a result thereof.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information regarding the Offers set out in the appendices to this Composite Document and the accompanying Form(s) of Acceptance, which form part of this Composite Document. In addition, your attention is also drawn to the "Letter from the Board", the "Letter from the Independent Board Committee" and the letter of advice by the Independent Financial Adviser to the Independent Board Committee in respect of the Offers as set out in the "Letter from Optima Capital" contained in this Composite Document.

Yours faithfully,
For and on behalf of
CMBC Securities Company Limited



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Li Jianyang
Head of Securities

