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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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

**If you have sold or transferred** all your shares in **China Investments Holdings Limited**, you should at once hand this circular 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).

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**CHINA INVESTMENTS HOLDINGS LIMITED**

**中國興業控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 132)**

**(1) PROPOSED MANDATE IN RELATION TO  
THE POTENTIAL VERY SUBSTANTIAL DISPOSAL  
THROUGH PUBLIC TENDER  
AND  
(2) NOTICE OF FIRST SPECIAL GENERAL MEETING OF 2018**

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A letter from the Board is set out on pages 4 to 10 of this circular.

A notice convening the First SGM to be held at the Luxembourg Room, 3rd Floor, Regal Kowloon Hotel, 71 Mody Road, Tsimshatsui, Kowloon, Hong Kong on Friday, 25 May 2018 at 10:40 a.m. (or such time immediately following the conclusion (or adjournment) of the annual general meeting of the Company to be held on the same date and at the same place, whichever is later) is set out on pages SGM-1 to SGM-2 of this circular. Whether or not you are able to attend and/or vote at the First SGM in person, you are requested to complete the enclosed form of proxy and return it to the Company's principal place of business at Unit 501, Wing On Plaza, 62 Mody Road, Tsimshatsui, Kowloon, Hong Kong in accordance with the instructions printed thereon as soon as possible but in any event not later than 48 hours before the time appointed for the holding of the First SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from subsequently attending and voting in person at the First SGM or any adjournment thereof (as the case may be) should you so wish.

9 May 2018

\* For identification purposes only

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## DEFINITIONS

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*In this circular (other than those set out in the notice of the First SGM), the following expressions shall have the meanings set out below unless the context requires otherwise:*

“Announcement”	announcement of the Company dated 20 April 2018 in relation to the Proposed Mandate for the Potential Disposal
“Articles of Association”	the articles of association of the Company
“Asset Transaction Agreement”	an asset transaction agreement (產權交易合同) to be entered into between CIH Finance and the successful bidder of the Public Tender in respect of the Disposal Interest according to the rules and regulations of GDUAEE
“Asset Valuation Report”	the asset valuation report of the equity attributable to owners of Guangdong Financial Leasing dated 4 April 2018 issued by the PRC Valuer
“Board”	the board of Directors of the Company
“CIH Finance”	CIH Finance Investments Holdings Limited (中國興業金融投資控股有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Company”	China Investments Holdings Limited (中國興業控股有限公司), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 132)
“Consideration”	the consideration for the Disposal Interest payable by the transferee under the Asset Transaction Agreement
“Director(s)”	the director(s) of the Company
“Disposal Interest”	the 25% equity interest in Guangdong Financial Leasing held by CIH Finance

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## DEFINITIONS

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“First SGM”	the first special general meeting of 2018 of the Company to be held at Luxembourg Room, 3rd Floor, Regal Kowloon Hotel, 71 Mody Road, Tsimshatsui, Kowloon, Hong Kong on Friday, 25 May 2018 at 10:40 a.m. (or such time immediately following the conclusion (or adjournment) of the annual general meeting of the Company to be held on the same date and at the same place, whichever is later) for the Shareholders to consider and, if thought fit, grant the Proposed Mandate and approve the transactions contemplated thereunder
“GDUAAE”	Guangdong United Assets and Equity Exchange (廣東聯合產權交易中心), an institution authorised by the State-owned Assets Supervision and Administration Commission to transact assets and equity of State-owned enterprises under the central government of the PRC
“Group”	the Company and its subsidiaries
“Guangdong Financial Leasing”	廣東粵科融資租賃有限公司 (Guangdong Financial Leasing Co., Ltd.*), a company incorporated in the PRC with limited liability and is 25% owned by CIH Finance
“HK\$”	Hong Kong Dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	7 May 2018, being the latest practicable date for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Minimum Consideration”	the minimum consideration for the Disposal Interest, being the initial bidding price of RMB201,005,800, which was determined based on the Asset Valuation Report
“Potential Disposal”	the potential disposal of the Disposal Interest by the Group
“PRC” or “State”	the People’s Republic of China which, for the purpose of this circular only, excludes Hong Kong, the Macau Special Administrative Region and Taiwan

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## DEFINITIONS

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“PRC Valuer”	Shenzhen Lixin Asset Appraisal Co., Ltd. (深圳立信資產評估有限公司), an independent PRC asset appraisal company
“Proposed Mandate”	a general mandate proposed to be granted in advance by the Shareholders at the First SGM to the Group to enter into and complete the Potential Disposal through the Public Tender
“Public Tender”	the public tender for the Potential Disposal through GDUAAE
“Publication Period”	the publication period for the Public Tender during which qualified bidders may indicate their intention to purchase the Disposal Interest and register themselves as interested bidders
“Remaining Group”	the Group immediately after completion of the Potential Disposal
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shares”	shares of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“USD”	United States dollar, the lawful currency of the United States of America
“Working Day(s)”	a day other than Saturday, Sunday and statutory holiday in the PRC, on which commercial banks in the PRC are open for normal business
“%”	per cent

\* For identification purposes only

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LETTER FROM THE BOARD

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**CHINA INVESTMENTS HOLDINGS LIMITED**

**中國興業控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 132)**

*Executive Directors:*

He Xiangming (*Chairman of the Board*)

Lin Pingwu (*Managing Director*)

You Guang Wu (*Director*)

Huang Zhihe (*Deputy Managing Director*)

Wang Xin (*Deputy Managing Director*)

*Registered office:*

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

*Independent Non-executive Directors:*

Chan Kwok Wai

Chen Da Cheng

Deng Hong Ping

9 May 2018

*To the Shareholders*

Dear Sir or Madam,

**(1) PROPOSED MANDATE IN RELATION TO  
THE POTENTIAL VERY SUBSTANTIAL DISPOSAL  
THROUGH PUBLIC TENDER**

**AND**

**(2) NOTICE OF FIRST SPECIAL GENERAL MEETING OF 2018**

**INTRODUCTION**

Reference is made to the announcement of the Company dated 20 April 2018 in relation to the Proposed Mandate relating to the Potential Disposal through the Public Tender.

\* For identification purposes only

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## LETTER FROM THE BOARD

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The Board has resolved to dispose of the Disposal Interest, being the 25% equity interest held by CIH Finance, a wholly-owned subsidiary of the Company, in Guangdong Financial Leasing. Since CIH Finance is a State-owned enterprise, the Disposal Interest constitutes a State-owned asset and the disposal of which is required to undergo the process of Public Tender through an approved equity exchange in accordance with the relevant PRC laws and regulations governing the disposal of State-controlled assets. The Potential Disposal will be carried out through GDUAAE and the successful bidder will enter into the Asset Transaction Agreement with CIH Finance according to the relevant rules and regulations of GDUAAE.

The purpose of this circular is to provide you with, among other things, (i) further details of the Potential Disposal; (ii) the Asset Valuation Report; (iii) the notice of the First SGM; and (iv) other information as required under the Listing Rules.

### THE POTENTIAL DISPOSAL THROUGH THE PUBLIC TENDER

#### 1. The Disposal Interest

Guangdong Financial Leasing was incorporated in the PRC in March 2014 and is principally engaged in finance leasing business and related advisory and guarantee services. As at the Latest Practicable Date, it was held as to 25% by CIH Finance, a wholly-owned subsidiary of the Company.

Set out below is the key audited financial information of Guangdong Financial Leasing for the two financial years ended 31 December 2016 and 31 December 2017 prepared according to the PRC accounting standards.

	<b>For the year ended</b>	
	<b>31 December</b>	<b>31 December</b>
	<b>2016</b>	<b>2017</b>
	<i>RMB</i>	<i>RMB</i>
	(audited)	(audited)
Profit before tax	74,987,793.75	86,282,147.35
Profit after tax	56,202,604.48	65,169,245.15

The audited equity attributable to owners of Guangdong Financial Leasing as at 31 December 2017 amounted to RMB804,021,631. The equity attributable to owners of Guangdong Financial Leasing as at 31 December 2017 as appraised by the PRC Valuer amounted to RMB804,023,300.

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## LETTER FROM THE BOARD

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### 2. Major terms of the Potential Disposal

#### A. *Qualifications of Potential Bidders*

The potential bidders shall satisfy, including but not limited to, the following descriptions and qualifications:

1. a potential bidder must be a validly existing enterprise incorporated outside the PRC; and
2. a potential bidder must not be a connected person (as defined under Chapter 14A of the Listing Rules) of the Group.

#### B. *Date and Procedures of the Public Tender*

In order to commence the formal process of the Public Tender, the Company will have to submit to GDUAAE the tender notice setting out, *inter alia*, (i) the Minimum Consideration; (ii) the principal terms of the bidding; and (iii) descriptions and qualifications of potential bidders. The Company will submit the tender notice to GDUAAE as soon as practicable and in any event, within two weeks after the Shareholders have granted the Proposed Mandate at the First SGM.

The Publication Period will be 20 Working Days from the date of the tender notice. During the Publication Period, qualified bidders may indicate their intention to purchase the Disposal Interest and register themselves as interested bidders. Upon the expiry of the Publication Period, GDUAAE will notify the Company of the identity of the successful bidder, being the highest bidder. Within 5 Working Days upon the notification of the successful bidder by GDUAAE, CIH Finance is required to enter into the Asset Transaction Agreement with such successful bidder.

As at the Latest Practicable Date, material information of the Asset Transaction Agreement including the bidder(s), final Consideration, payment, delivery and transfer time have not been determined. CIH Finance will enter into the Asset Transaction Agreement upon confirmation of the successful bidder and perform its relevant approval procedures and information disclosure obligations. As at the Latest Practicable Date, no agreement has been entered into between the Group and any other party in relation to the Potential Disposal.



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## LETTER FROM THE BOARD

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### ***C. Consideration***

The Minimum Consideration, being the initial bidding price for the Disposal Interest, is RMB201,005,800, which was determined based on the appraised value of the Disposal Interest on 31 December 2017 using the asset-based approach in the Asset Valuation Report issued by the PRC Valuer. The full text of the Asset Valuation Report (excluding annexes) is set out in Appendix V to this circular.

The final Consideration will depend on the final bid price of the Public Tender, but will not be less than the Minimum Consideration in any event.

The Consideration shall be settled within 5 Working Days in one instalment after the entering into of the Asset Transaction Agreement. The specific payment and settlement details including the payee account and the settlement currency will be determined by the parties in the Asset Transaction Agreement.

### ***D. Profit and loss during transitional period***

The transitional period is the period from the valuation reference date, being 31 December 2017, to (and including) the date of completion of the business registration procedures in relation to the Potential Disposal. The profit and loss of Guangdong Financial Leasing during the transitional period will be audited by a firm engaged by the transferor. The transferor will be entitled to such audited net profit whereas the audited loss will be borne by the transferee. The transferee shall, within 5 Working Days after the issue of the audit report, pay the transferor an amount equal to the portion of the audited net profit to which the transferor is entitled in accordance with its shareholding as compensation in one instalment. The specific payment and settlement details including the payee account and the settlement currency will be determined by the parties in the Asset Transaction Agreement.

### ***E. Others***

After completion of the Potential Disposal, Guangdong Financial Leasing will continue to assume its creditor's rights and debts and continue its operations. The employment contracts with its employees will continue to be performed and there will be no issue of employee resettlement.

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## LETTER FROM THE BOARD

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### FINANCIAL IMPACT OF THE POTENTIAL DISPOSAL

The Group is expected to record a gain of HK\$781,232 from the Potential Disposal (excluding profit or loss during transitional period), which was estimated based on the expected minimum bidding price of RMB201,005,800 with the deduction of the carrying amounts of the Disposal Interest amounting to HK\$241,303,000 plus the relevant withholding tax and other transaction expenditures totally amounting to HK\$8,570,000. The final gain from the Potential Disposal will be determined based on the final Consideration for the Potential Disposal, subject to audit by the auditors of the Company. The Group intends that the proceeds from the Potential Disposal will be used as working capital for Canton Risen Financial Leasing Co., Ltd.\* (廣東粵盛科融資租賃有限公司), a wholly-owned subsidiary of the Company incorporated in December 2017 which is engaged in finance leasing business and related factoring business with an initially intended business focus on areas of government public utility projects, environment protection and energy saving projects, new energy projects and telecommunication projects.

### REASONS FOR AND BENEFITS OF THE POTENTIAL DISPOSAL

Since the establishment of Guangdong Financial Leasing in 2014, the Group has engaged in and gradually accumulated relevant experience in the operation and management of finance leasing business through Guangdong Financial Leasing. The Group is optimistic about the development prospects of the finance leasing industry in the PRC. As such, it has set up a wholly-owned subsidiary, Canton Risen Financial Leasing Co., Ltd.\* (廣東粵盛科融資租賃有限公司) in the PRC to operate related business, and thus proposes to dispose of its interest held in Guangdong Financial Leasing in order to avoid the issue of competition in businesses within the Group.

The Company was informed by its PRC legal counsels that according to the relevant PRC rules and regulations including those of GDUAE, the Public Tender can only be commenced after obtaining the approval of the Shareholders and such approval shall not be set as a precondition of the Public Tender. Therefore, it is proposed that the Proposed Mandate will be granted in advance to the Group to undertake the Potential Disposal through the Public Tender.

The Directors are of the view that the Potential Disposal and the transactions contemplated thereunder will be on normal commercial terms which are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

### INFORMATION ABOUT THE GROUP

The Group is principally engaged in hotel investment, management and operation, property investments in both properties held for sale and investment properties, and wellness elderly care business. Through its joint ventures and associates, the Group also participates and invests in fast-growing sectors, including the electric utilities as well as financial leasing in the PRC. CIH Finance is a wholly-owned subsidiary of the Company and is principally engaged in financial and project investment.

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## LETTER FROM THE BOARD

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### IMPLICATIONS UNDER THE LISTING RULES

Using the Minimum Consideration as the basis of calculation, the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Potential Disposal is more than 75%. Therefore, the Potential Disposal, if materialised, is expected to constitute a very substantial disposal of the Company subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

### FIRST SGM

A notice convening the First SGM to be held at Luxembourg Room, 3rd Floor, Regal Kowloon Hotel, 71 Mody Road, Tsimshatsui, Kowloon, Hong Kong on Friday, 25 May 2018 at 10:40 a.m. (or such time immediately following the conclusion (or adjournment) of the annual general meeting of the Company to be held on the same date and at the same place, whichever is later) is set out on pages SGM-1 to SGM-2 of this circular. Ordinary resolution will be proposed at the First SGM for the Shareholders to consider, and if thought fit, grant the Proposed Mandate to the Group and approve the transactions contemplated thereunder by way of poll.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder shall abstain from voting on the resolution to be proposed at the First SGM.

Pursuant to Rule 13.39(4) of the Listing Rules, except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands, all votes at the First SGM will be taken by poll and the Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

Whether or not you are able to attend and/or vote at the First SGM in person, you are requested to complete the enclosed form of proxy and return it to the Company's principal place of business at Unit 501, Wing On Plaza, 62 Mody Road, Tsimshatsui, Kowloon, Hong Kong in accordance with the instructions printed thereon as soon as possible but in any event not later than 48 hours before the time appointed for the holding of the First SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from subsequently attending and voting in person at the First SGM or any adjournment thereof (as the case may be) should you so wish.

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## LETTER FROM THE BOARD

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### RECOMMENDATIONS

The Directors (including the independent non-executive Directors) are of the view that the Potential Disposal and the transactions contemplated thereunder will be conducted on normal commercial terms, which are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Board therefore recommends the Shareholders to vote in favour of the resolution as set out in the notice of the First SGM.

### ADDITIONAL INFORMATION

Your attention is drawn to the financial and general information as set out in the appendices to this circular.

On behalf of  
**China Investments Holdings Limited**  
**HE Xiangming**  
*Chairman*

**1. FINANCIAL INFORMATION OF THE GROUP**

Details of the audited financial information of the Group for each of the three years ended 31 December 2015, 2016 and 2017 are disclosed in the following annual reports of the Company for the years ended 31 December 2015, 2016 and 2017, respectively, which have been published and are available on the website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) and the website of the Company (<http://chinainvestments.oceanwir.com>):

- the annual report 2015 of the Company for the year ended 31 December 2015 which was published on 15 April 2016 (available on: <http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0415/LTN20160415877.pdf>), please refer to pages 27 to 103 in particular;
- the annual report 2016 of the Company for the year ended 31 December 2016 which was published on 20 April 2017 (available on: <http://www.hkexnews.hk/listedco/listconews/SEHK/2017/0420/LTN201704201313.pdf>), please refer to pages 33 to 121 in particular; and
- the annual report 2017 of the Company for the year ended 31 December 2017 which was published on 18 April 2018 (available on: <http://www.hkexnews.hk/listedco/listconews/SEHK/2018/0418/LTN20180418892.pdf>). Please refer to pages 49 to 178 in particular.

**2. INDEBTEDNESS STATEMENT**

As at the close of business on 31 March 2018, the Group had outstanding secured interest bearing bank loans of approximately HK\$744,306,000 and an unsecured fixed interest bearing loan from its associate, immediate holding company and related companies of approximately HK\$40,741,000, HK\$111,111,000 and HK\$86,420,000 respectively. The Group had outstanding convertible notes in the aggregate principal amount of HK\$166,232,000 issued by the Company on 13 October 2014.

The Group has obtained a loan facility from a bank of approximately USD110,090,000 for which a controlling shareholder has provided the necessary corporate guarantee. As at the close of business on 31 March 2018, the Group has utilised the loan facility of USD70,000,000.

Save as aforesaid or otherwise discussed herein, as at the close of business on 31 March 2018, the Group did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

**3. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2017, being the date to which the latest published audited consolidated financial statements of the Company were made up.

**4. WORKING CAPITAL**

The Directors are of the opinion that, after taking into account the existing cash and bank balances, other internal resources and available existing unutilised credit facilities and those under negotiation, the Group has sufficient working capital for its present requirements and to satisfy its requirements for at least the next 12 months from the date of publication of this circular in the absence of unforeseen circumstances.

**5. EFFECT OF THE POTENTIAL DISPOSAL ON THE EARNINGS, ASSETS AND LIABILITIES OF THE GROUP****Financial Effects of the Potential Disposal**

Upon completion of the Potential Disposal, Guangdong Financial Leasing will cease to be an associate of the Group. As a result, the results and assets and liabilities will no longer be incorporated using equity method in the consolidated financial statements of the Group.

For illustration purpose, the Group is expected to record a gain of HK\$781,232 from the Potential Disposal (excluding profit or loss during transitional period), which was estimated based on the expected minimum bidding price of RMB201,005,800 with the deduction of the carrying amounts of the Disposal Interest amounting to HK\$241,303,000 plus the relevant withholding tax and other transaction expenditures totally amounting to HK\$8,570,000. The final gain from the Potential Disposal will be determined based on the final consideration for the Potential Disposal, subject to audit by the auditors of the Company.

Shareholders should note that the actual gain from the Potential Disposal will be calculated on the basis of the relevant figures as at the date of completion of the Potential Disposal and subject to audit and therefore would be different from the aforementioned amount. Based on the unaudited pro forma financial information of the Remaining Group as set out in Appendix IV to this circular, the financial effects of the Potential Disposal on the Group are as follows:

- (1) the Group's total assets would increase by approximately HK\$781,232;
- (2) the Group's total liabilities would remain the same; and
- (3) the Group's consolidated profit for the year would increase by approximately HK\$781,232.

The unaudited pro forma financial information of the Remaining Group is for illustrative purpose only based on the judgments and assumptions of the Directors, and because of its hypothetical nature, does not purport to represent the true picture of the financial position of the Group as at 31 December 2017 or any future date has the Potential Disposal been completed on 31 December 2017 or the financial results and cash flows of the Group for the year ended 31 December 2017 or for any future period has the Potential Disposal been completed on 1 January 2017.

## **6. FINANCIAL AND TRADING PROSPECT OF THE REMAINING GROUP**

The Remaining Group's multifaceted businesses are more resilient to sector-specific fluctuations in the economy, with diversified fields spanning from hotel investment, management and operation, property investments in both properties held for sale and investment properties and wellness elderly care business.

Regarding the Remaining Group's hotel business, in order to adapt to market changes, Guilin Plaza has carried out a comprehensive renovation in business model, by joining as a franchisee of the James Joyce Coffetel owned by Plateno Group, and through comprehensive renovation work, the hotel business will be divided into two segments, namely hotel tourism and commercial leasing. Guilin Plaza has been closed from March to October in 2017 to carry out such work. Following the reopening of the hotel with a brand-new look in November 2017, the Remaining Group's hotel business would grow gradually with improved performance.

Regarding the Remaining Group's property investment business, the continuous increase of occupancy rate of 中控大廈 (Zhongkong Tower\*) is expected to bring continuous and steady income to the Remaining Group. In addition, the Remaining Group intends to invest in and develop property projects in the core region of the Pearl River Delta, increase its investments in properties with high appreciation potential and dispose of non-core properties with unsatisfactory yields.

During transformation and upgrade in the past few years, the Remaining Group has basically confirmed its development focus and direction by continuous exploration and survey, steady investment, and gaining of industry experience. In addition to keep advancing the traditional businesses of real estate, hotels and industrial sectors for guaranteeing stable recurring revenue, the Remaining Group will seize opportunities for market development in finance, technology and wellness elderly care sectors in coming years. In terms of the finance sector, the Remaining Group has established a wholly-owned subsidiary Canton Risen Financial Leasing Co., Ltd\* (廣東粵盛科融資租賃有限公司) leveraged on its accumulated experience in the financial leasing industry in order to further develop the financial leasing business. In terms of the technology sector, taking advantage of the opportunity of the Nanhai District new smart city construction plan, the Remaining Group actively researches on and develops the Big Data industry projects. In terms of the wellness elderly care sector, the Remaining Group shall continue to develop towards constructing the 3-folded elderly care system of Nanhai District organisation, community and domestics based on the foundation of the Smart Elderly Care Services Platform. Through the above development plans, it shall expand the Remaining Group's business and gradually achieve the goal of improving returns for the Shareholders.



**FINANCIAL INFORMATION OF GUANGDONG FINANCIAL LEASING**

Set out below are the unaudited consolidated statements of financial position of Guangdong Financial Leasing as at 31 December 2015, 2016 and 2017 and the unaudited consolidated statements of profit or loss and other comprehensive income, unaudited consolidated statements of changes in equity and unaudited consolidated statements of cash flows of Guangdong Financial Leasing for the years ended 31 December 2015, 2016 and 2017, and certain explanatory notes (the “Financial Information”). The Financial Information has been presented on the basis set out in note 2 of the notes to the Financial Information and are prepared in accordance with the accounting policies adopted by the Company as shown in its annual report for the year ended 31 December 2017, and Rule 14.68(2)(a)(i) of the Listing Rules.

The Financial Information is prepared by the Directors solely for the purpose of inclusion in this circular in connection with the Potential Disposal. The Company’s auditors, HLM CPA Limited (the “reporting accountants”), were engaged to review the Financial Information of Guangdong Financial Leasing set out on pages II-2 to II-8 of this appendix in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” and with reference to Practice Note 750 “Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal” issued by the Hong Kong Institute of Certified Public Accountants.

A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable the reporting accountants to obtain assurance that the reporting accountants would become aware of all significant matters that might be identified in an audit. Accordingly, the reporting accountants do not express an audit opinion.

Based on their review on the Financial Information of Guangdong Financial Leasing, nothing has come to their attention that causes them to believe that the Financial Information is not prepared, in all material respects, in accordance with the basis of preparation as set out in note 2 below.

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**APPENDIX II FINANCIAL INFORMATION OF GUANGDONG FINANCIAL LEASING**

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**A. UNAUDITED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	<b>For the year ended 31 December</b>		
	<b>2015</b>	<b>2016</b>	<b>2017</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Revenue</b>	145,762	179,611	230,857
Direct cost	<u>(62,482)</u>	<u>(93,950)</u>	<u>(133,517)</u>
	83,280	85,661	97,340
Other income	8,029	13,209	20,445
Administrative expenses	(16,302)	(17,927)	(24,684)
Selling expenses	<u>(6,637)</u>	<u>(5,956)</u>	<u>(6,819)</u>
<b>Profit before tax</b>	<b>68,370</b>	<b>74,987</b>	<b>86,282</b>
Income tax expense	<u>(17,168)</u>	<u>(18,785)</u>	<u>(21,113)</u>
Profit for the year	<u><u>51,202</u></u>	<u><u>56,202</u></u>	<u><u>65,169</u></u>
<b>Other comprehensive income, net of tax:</b>			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
– Exchange difference arising on translation of foreign operations	<u>–</u>	<u>1,264</u>	<u>(2,431)</u>
Other comprehensive income/(expenses) for the year, net of tax	<u>–</u>	<u>1,264</u>	<u>(2,431)</u>
<b>Total comprehensive income for the year</b>	<u><u>51,202</u></u>	<u><u>57,466</u></u>	<u><u>62,738</u></u>
<b>Profit for the year attributable to:</b>			
Owners of the Company	51,202	53,645	57,755
Non-controlling interests	<u>–</u>	<u>2,557</u>	<u>7,414</u>
	<u><u>51,202</u></u>	<u><u>56,202</u></u>	<u><u>65,169</u></u>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company	51,202	54,340	56,418
Non-controlling interests	<u>–</u>	<u>3,126</u>	<u>6,320</u>
	<u><u>51,202</u></u>	<u><u>57,466</u></u>	<u><u>62,738</u></u>

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**APPENDIX II FINANCIAL INFORMATION OF GUANGDONG FINANCIAL LEASING**

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**B. UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	<b>As at 31 December</b>		
	<b>2015</b>	<b>2016</b>	<b>2017</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Non-current asset</b>			
Property, plant and equipment	1,751	1,417	1,293
Accounts receivables	<u>1,463,038</u>	<u>2,022,968</u>	<u>2,271,380</u>
	<u>1,464,789</u>	<u>2,024,385</u>	<u>2,272,673</u>
<b>Current assets</b>			
Accounts receivables	671,630	788,960	1,216,637
Prepayment and other receivables	65,631	90,609	133,678
Available-for-sale finance assets	708,000	38,000	46,000
Cash and cash equivalents	<u>198,400</u>	<u>144,752</u>	<u>328,972</u>
	<u>1,643,661</u>	<u>1,062,321</u>	<u>1,725,287</u>
<b>Current liabilities</b>			
Accruals and other payables	18,641	40,260	65,527
Tax payable	1,599	3,743	7,390
Bills payable	115,000	–	–
Borrowings	997,934	374,994	594,300
Debentures	<u>197,897</u>	<u>280,103</u>	<u>388,097</u>
	<u>1,331,071</u>	<u>699,100</u>	<u>1,055,314</u>
<b>Net current assets</b>	<u><b>312,590</b></u>	<u><b>363,221</b></u>	<u><b>669,973</b></u>
<b>Total assets less current liabilities</b>	<u><b>1,777,379</b></u>	<u><b>2,387,606</b></u>	<u><b>2,942,646</b></u>
<b>Non-current liabilities</b>			
Accounts payables	115,723	148,228	98,411
Borrowings	688,290	858,769	1,400,033
Debentures	<u>280,103</u>	<u>494,880</u>	<u>495,735</u>
	<u>1,084,116</u>	<u>1,501,877</u>	<u>1,994,179</u>
<b>NET ASSETS</b>	<u><b>693,263</b></u>	<u><b>885,729</b></u>	<u><b>948,467</b></u>

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**APPENDIX II FINANCIAL INFORMATION OF GUANGDONG FINANCIAL LEASING**

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	<b>As at 31 December</b>		
	<b>2015</b>	<b>2016</b>	<b>2017</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	620,000	620,000	620,000
Reserve	<u>73,263</u>	<u>127,603</u>	<u>184,021</u>
	693,263	747,603	804,021
Non-controlling interests	<u>–</u>	<u>138,126</u>	<u>144,446</u>
<b>Total equity</b>	<b><u>693,263</u></b>	<b><u>885,729</u></b>	<b><u>948,467</u></b>

**APPENDIX II FINANCIAL INFORMATION OF GUANGDONG FINANCIAL LEASING**

**C. UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	Share capital	Statutory reserve	Exchange reserve	Retained earnings	Total	Non- controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2015	620,000	2,214	-	19,847	642,061	-	642,061
Total comprehensive income for the year	-	-	-	51,202	51,202	-	51,202
Transfer to statutory reserve	-	5,120	-	(5,120)	-	-	-
At 31 December 2015 and 1 January 2016	620,000	7,334	-	65,929	693,263	-	693,263
Profit for the year	-	-	-	53,645	53,645	2,557	56,202
Other comprehensive income for the year							
- Exchange differences arising from translations of foreign operations	-	-	695	-	695	569	1,264
Total comprehensive income for the year	-	-	695	53,645	54,340	3,126	57,466
Capital injection from non-controlling interests	-	-	-	-	-	135,000	135,000
Transfer to statutory reserve	-	5,052	-	(5,052)	-	-	-
At 31 December 2016 and 1 January 2017	620,000	12,386	695	114,522	747,603	138,126	885,729
Profit for the year	-	-	-	57,755	57,755	7,414	65,169
Other comprehensive expense for the year							
- Exchange differences arising from translations of foreign operations	-	-	(1,337)	-	(1,337)	(1,094)	(2,431)
Total comprehensive income for the year	-	-	(1,337)	57,755	56,418	6,320	62,738
Transfer to statutory reserve	-	4,869	-	(4,869)	-	-	-
At 31 December 2017	<u>620,000</u>	<u>17,255</u>	<u>(642)</u>	<u>167,408</u>	<u>804,021</u>	<u>144,446</u>	<u>948,467</u>

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**APPENDIX II FINANCIAL INFORMATION OF GUANGDONG FINANCIAL LEASING**

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**D. UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<b>For the year ended 31 December</b>		
	<b>2015</b>	<b>2016</b>	<b>2017</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Operating activities</b>			
Profit before tax	68,370	74,987	86,282
Adjustment for:			
Depreciation	461	438	494
Interest expense	53,678	85,911	125,991
Interest income	<u>(2,691)</u>	<u>(1,903)</u>	<u>(3,042)</u>
<b>Operating profits before change in working capital</b>	<b>119,818</b>	<b>159,433</b>	<b>209,725</b>
Increase in accounts receivable	(1,560,493)	(677,260)	(676,089)
Increase in prepayment and other receivables	(63,381)	(26,475)	(43,136)
Increase in accruals and other payables	6,986	8,687	22,517
Decrease/(increase) in bills payable	115,000	(115,000)	–
Increase/(decrease) in long-term payables	<u>76,283</u>	<u>32,505</u>	<u>(49,817)</u>
<b>Cash used in operation</b>	<b>(1,305,787)</b>	<b>(618,110)</b>	<b>(536,800)</b>
Tax paid	<u>(22,934)</u>	<u>(16,641)</u>	<u>(17,466)</u>
<b>Net cash used in operating activities</b>	<b>(1,328,721)</b>	<b>(634,751)</b>	<b>(554,266)</b>
<b>Investing activities</b>			
Purchase of plant and equipment	(63)	(104)	(370)
Purchase of available-for-sale financial assets	(2,049,000)	(2,145,700)	(1,345,500)
Proceeds from redemption of available-for-sale financial assets	1,511,000	2,815,700	1,337,500
Interest received	<u>989</u>	<u>3,400</u>	<u>3,109</u>
<b>Net cash (used in)/generated from investing activities</b>	<b>(537,074)</b>	<b>673,296</b>	<b>(5,261)</b>

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**APPENDIX II FINANCIAL INFORMATION OF GUANGDONG FINANCIAL LEASING**

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	<b>For the year ended 31 December</b>		
	<b>2015</b>	<b>2016</b>	<b>2017</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Financing activities</b>			
Capital injection from			
non-controlling interests	–	135,000	–
Proceeds from borrowings	1,548,800	1,805,500	1,505,385
Proceeds from issue of debentures	478,000	494,880	600,000
Repayment of borrowings	(65,492)	(2,257,961)	(744,815)
Repayment of debentures	–	(197,897)	(492,006)
Interest paid	<u>(46,475)</u>	<u>(72,979)</u>	<u>(122,386)</u>
<b>Net cash generated from/(used in)</b>			
<b>financing activities</b>	<u><b>1,914,833</b></u>	<u><b>(93,457)</b></u>	<u><b>746,178</b></u>
<b>Net increase/(decrease) in cash and</b>			
<b>cash equivalents</b>	<b>49,038</b>	<b>(54,912)</b>	<b>186,651</b>
Effect of foreign exchange rates changes	–	1,264	(2,431)
Cash and cash equivalents at 1 January	<u>149,362</u>	<u>198,400</u>	<u>144,752</u>
<b>Cash and cash equivalents</b>			
<b>at 31 December</b>	<u><u><b>198,400</b></u></u>	<u><u><b>144,752</b></u></u>	<u><u><b>328,972</b></u></u>

**NOTES TO THE FINANCIAL INFORMATION OF GUANGDONG FINANCIAL LEASING****1. GENERAL INFORMATION**

Guangdong Financial Leasing Co., Ltd and its subsidiaries (together, the “Guangdong Financial Leasing”) is a limited liability company incorporated in the People’s Republic of China (the “PRC”). The Guangdong Financial Leasing principally engaged in finance leasing business and related advisory and guarantee services in the PRC.

On 20 April 2018 (after trading hours), the Company has resolved to dispose its 25% equity interest in Guangdong Financial Leasing through public tender. The minimum consideration of the bidding price is RMB201,005,800. Upon completion, Guangdong Financial Leasing will cease to be an associate of the Company.

**2. BASIS OF PREPARATION**

The Financial Information of Guangdong Financial Leasing has been prepared solely for the purpose of inclusion in the circular to be issued by the Company in connection with the Disposal Interest in accordance with Rule 14.68(2)(a)(i) of the Listing Rules and in accordance with the relevant accounting policies adopted by the Company as set out in its annual report for the year ended 31 December 2017, which conform with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants. The Financial Information of the Guangdong Financial Leasing has been prepared under the historical cost convention.

The Financial Information of Guangdong Financial Leasing is presented in Renminbi (RMB) and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

The Financial Information of Guangdong Financial Leasing does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 (Revised) “Presentation of Financial Statements” nor an complete condensed interim financial report as defined in Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants, and that it should be read in connection with the relevant published annual financial statements of the Company.



**MANAGEMENT DISCUSSION AND ANALYSIS OF THE RESULTS AND OPERATIONS  
OF THE REMAINING GROUP**

The Remaining Group is principally engaged in hotel investment, management and operation, property investments in both properties held for sale and investment properties, and wellness elderly care business.

Set out below is the management discussion and analysis on the Remaining Group for each of the three years ended 31 December 2015, 2016 and 2017. The financial data in respect of the Remaining Group, for the purpose of this circular, is derived from the consolidated financial statements of the Company for the corresponding reporting periods.

**(a) For the year ended 31 December 2015*****Business review***

For the year ended 31 December 2015, the Remaining Group recorded total revenue of HK\$39,275,000, representing a year-on-year increase of 21%, and a loss of HK\$10,005,000, representing a decrease of 113.5% as compared to the year ended 31 December 2014. This was attributable to the fact that special one-off gain of HK\$86,388,000 arising from acquisition, including the revaluation gain from issue of consideration shares, was recorded in the year ended 31 December 2014.

The Remaining Group was principally engaged in hotel operations and property investment during the year ended 31 December 2015. Set out below is the discussion on the financial performance of each segment:

***Hotel operation***

The domestic hotel industry was continuously affected by the tightening national policy, which has led to a sluggish market overall and fierce competition in room rates. The hotel management devoted to stabilising the existing number of customers and stepped up sales efforts on corporate meetings and online customers, which made the average occupancy rate increase slightly by 1% to 51% during the year. However, as the room rates continued to be under pressure, average room rate declined by 4.5%. On the back of surging operating costs, gross profit margin declined from 45% to 43.6% of the year ended 31 December 2014. As a result, through the year ended 31 December 2015, Guilin Plaza recorded a year-on-year decline of 4.3% in revenue to HK\$22,655,000, and operating loss of HK\$6,354,000, representing an increase of 9.0% as compared to that of the year ended 31 December 2014.

***Property investment***

During the year ended 31 December 2015, the Remaining Group continued efforts to adjust and optimise its property assets and to dispose of its non-core properties. During the period, the Remaining Group completed the sale of a total of 12 units of Shantou Commercial Plaza, recording a revenue of HK\$8,056,000, up by 7.7 times as compared to that of the same period in the year ended 31 December 2014.

The overall rental income from properties held was HK\$4,871,000, representing an increase of 82% as compared to the year ended 31 December 2014. The ancillary facilities enhancement works at 中控大廈 (Zhongkong Tower\*) in Foshan were completed and consequently the building's overall image and quality have been upgraded. Leasing promotions of the building were now in full swing and it was expected that rental income would be generated for the Remaining Group in the year ended 31 December 2016. However, as the Remaining Group commenced leasing promotion of 中控大廈 (Zhongkong Tower\*) in August, after adjustments the overall occupancy rate fell from 70.2% to 64.9% of the year ended 31 December 2014.

On 18 March 2015, the Remaining Group completed the acquisition of premises of Unit No. 1, 14 and 15, 5th floor, Wing On Plaza, Tsim Sha Tsui, Kowloon, Hong Kong, which were leased back to the vendor for a term of 12 months at an annual rent of HK\$1,900,000. The above leasing agreement had expired earlier and the Company had recovered such premises which would be used as the Remaining Group's headquarters in Hong Kong.

***Financial position and analysis***

As at 31 December 2015, the Remaining Group had total assets of HK\$1,352,241,000. The Remaining Group had bank loans and other long-term liabilities of HK\$256,001,000. Net assets amounted to HK\$974,419,000. Gearing ratio (being bank loans and long-term borrowings divided by total assets) was 22.3%. Net assets per share amounted to HK56.91 cents.

The Remaining Group's net current assets amounted to HK\$76,284,000. Current ratio (being current assets divided by current liabilities) was approximately 1.53 times, while bank balances and cash amounted to HK\$158,952,000. There would be sufficient funds to meet the capital requirements for the Remaining Group's operations and new projects or business development in the future.

The Remaining Group adopted prudent funding and treasury policies. Surplus funds were primarily maintained in the form of cash deposits with banks and invested in principal guaranteed products. Acquisition transactions were financed partly by internal resources and partly by bank and other loans. The Remaining Group's bank loans were mainly denominated in Hong Kong dollars and Renminbi, and granted on a floating rate basis. The Remaining Group did not use any derivative contracts to hedge its exposure to fair value interest rate risk. However, the management would consider hedging significant interest rate exposure should the need arise.

***Pledge of assets***

For the year ended 31 December 2015, self-occupied and investment properties of the Remaining Group with a carrying amount of approximately HK\$320,147,000 were pledged to bank as the security for the bank borrowings granted to the Remaining Group.

***Foreign Exchange Exposure***

The Remaining Group's main operating income and costs were denominated in RMB. During the Remaining Group's operating process, the foreign exchange fluctuation of the income and costs could be mutually offset. However, due to the Hong Kong-based Remaining Group putting a great deal of business loans into wholly-owned subsidiaries and the great amount of RMB-denominated monetary assets owned by the Remaining Group, the RMB appreciation or depreciation should bring exchange gain and loss respectively. It was expected that, when the exchange rate of Renminbi to HK dollar appreciated or depreciated by 5%, it would cause an increase or decrease of approximately HK\$12,956,000 in the profit of that year. In retrospect of the past few years, Renminbi was always in the trend of appreciation, and gradually became stable until the second half of 2008 and still maintained upward momentum. But the exchange rate of RMB started to trend downward to a limited extent last year, resulting in an exchange loss of approximately HK\$10,510,000 by the Remaining Group. The Board believed that the chance of significant Renminbi depreciation would not be high and would not bring material adverse foreign exchange exposure to the Remaining Group in the long run. Accordingly, it was temporarily unnecessary for the Remaining Group to hedge against any foreign exchange risk.

***Significant Investments, material acquisitions and disposals***

On 18 March 2015, the Remaining Group completed the acquisition of premises of Unit No. 1, 14 and 15, 5th floor, Wing On Plaza, Tsim Sha Tsui, Kowloon, Hong Kong at a consideration of HK\$72,900,000, which were leased back to the vendor for a term of 12 months at an annual rent of HK\$1,900,000. The above leasing agreement had expired earlier and the Company had recovered such premises which would be used as the Remaining Group's headquarters in Hong Kong.

On 23 October 2015, Zhong Chuang Xing Ke (Shenzhen) Investments Company Limited, a wholly-owned subsidiary of the Remaining Group, acquired 5% equity interest in Guangdong Certificate Authority Company Limited through the listing-for-sale process at a consideration of RMB4,038,033 and, on 28 October 2015, injected additional capital of RMB3,500,000 into Guangdong Certificate Authority Company Limited in proportion to its stake in accordance with the provisions of the shareholders' capital injection agreement.

**(b) For the year ended 31 December 2016*****Business review***

For the year ended 31 December 2016, the Remaining Group recorded total revenue of HK\$26,832,000, representing a year-on-year decrease of 32%, and a loss of HK\$19,999,000. The decrease in profit during the period was mainly attributable to the increase in exchange loss of approximately HK\$6,068,000 arising from the accelerated depreciation of the Renminbi.

The Remaining Group was principally engaged in hotel operations and property investment during the year ended 31 December 2016. Set out below is the discussion on the financial performance of each segment:

***Hotel operation***

In Guilin, competition in the hotel industry remained fierce. Over the past year, the management of Guilin Plaza further strengthened promotional efforts and developed online sales channels, which made the average occupancy rate increase by 5.9% to 56.7% during the year ended 31 December 2016. However, as price competition was severe in the industry, room rates continued to fall. As a result, throughout the year, Guilin Plaza recorded a year-on-year decline of 11.8% in revenue to HK\$19,988,000 and an operating loss of HK\$5,196,000, representing an improvement of 18.2% as compared to the same period of the year ended 31 December 2015.

***Property Investments***

The Group's overall rental income for 2016 was HK\$4,566,000, representing a decrease of 6.3% as compared to the same period in the year ended 31 December 2015. This was mainly attributable to the fact that, in March 2016, the Remaining Group recovered premises in Wing On Plaza which is used as the Remaining Group's headquarters in Hong Kong, resulting in a decrease of 38.1% in income from properties in Hong Kong to HK\$1,755,000.

After the ancillary facilities enhancement works at 中控大廈 (Zhongkong Tower\*) in Foshan were completed, leasing promotions of the building were carried out in full swing in 2016. As at 31 December 2016, the full-year rental income of Zhongkong Tower amounted to HK\$787,000. As the effects of the promotions emerged, it was expected that the occupancy rate and rental income of Zhongkong Tower would rise gradually in 2017.

The overall rental income of Shantou Commercial Plaza and Huizhou International Commerce Building was more or less the same as that of the year ended 31 December 2015. Through the year, rental income from the two properties amounted to HK\$2,024,000.

In terms of property sales, during the year ended 31 December 2016, the Remaining Group completed the disposal of two units of President Commercial Centre and Yan On Building in Hong Kong, cashing in a total of HK\$11,212,000.

***Financial position and analysis***

As at 31 December 2016, the Remaining Group had total assets of HK\$1,316,578,000. The Remaining Group had bank loans and other long-term liabilities of HK\$257,475,000. Net assets amounted to HK\$931,287,000. Gearing ratio (being bank loans and long-term borrowings divided by total assets) was 19.6%. Net assets per share amounted to HK54.39 cents.

The Remaining Group's net current assets amounted to HK\$60,051,000. Current ratio (being current assets divided by current liabilities) was approximately 1.39 times, while bank balances and cash amounted to HK\$151,097,000. There would be sufficient funds to meet the capital requirements for the Remaining Group's operations and new projects or business development in the future.

The Remaining Group adopted prudent funding and treasury policies. Surplus funds were primarily maintained in the form of cash deposits with banks and invested in principal guaranteed products. Acquisition transactions were financed partly by internal resources and partly by bank and other loans. The Remaining Group's bank loans were mainly denominated in Hong Kong dollars and Renminbi, and granted on a floating rate basis. The Remaining Group did not use any derivative contracts to hedge its exposure to fair value interest rate risk. However, the management would consider hedging significant interest rate exposure should the need arise.

***Pledge of assets***

For the year ended 31 December 2016, self-occupied and investment properties of the Remaining Group with a carrying amount of approximately HK\$301,578,000 were pledged to bank as the security for the bank borrowings granted to the Remaining Group.

***Foreign Exchange Exposure***

The Remaining Group's main operating income and costs were denominated in RMB. During the Remaining Group's operating process, the foreign exchange fluctuation of the income and costs could be mutually offset. However, due to the Hong Kong-based Remaining Group putting a great deal of business loans into wholly-owned subsidiaries and the great amount of RMB-denominated monetary assets owned by the Remaining Group, the RMB appreciation or depreciation should bring exchange gain and loss respectively. It was expected that, when the exchange rate of Renminbi to HK dollar appreciated or depreciated by 5%, it would cause an increase or decrease of approximately HK\$10,978,000 in the profit of that year. In retrospect of the past few years, Renminbi was always in the trend of appreciation, and gradually became stable until the second half of 2008 and still maintained upward momentum. However, the exchange rate of RMB started to trend downward in recent years. Although an exchange gain of HK\$1,862,000 was recorded in the first half of last year due to a short-term rebound of RMB, Renminbi trended downward again in the second half of last year, resulting in an exchange loss of approximately HK\$16,578,000 by the Remaining Group. The Board believed that, despite that Renminbi would continue a downward adjustment to a limited extent in the medium and short term, the chance of significant Renminbi depreciation would not be high and would not bring material adverse foreign exchange exposure to the Remaining Group in the long run. Accordingly, it was temporarily unnecessary for the Remaining Group to hedge against any foreign exchange risk.

***Significant Investments, material acquisitions and disposals***

There was no significant investment, material acquisition and disposal for the year ended 31 December 2016.

**(c) For the year ended 31 December 2017*****Business review***

For the year ended 31 December 2017, the Group recorded total revenue of HK\$29,846,000, representing a year-on-year increase of 21.6%. As a result of the revenue from investment properties and rental income increased by HK\$17,751,000 as well as exchange gain of HK\$8,775,000 arising from the appreciation of the Renminbi, the Group recorded operating profit of HK\$10,995,000, reversing the loss recorded for the year ended 31 December 2016.

The Remaining Group was principally engaged in hotel operations, property investment and wellness elderly care business during the year ended 31 December 2017. Set out below is the discussion on the financial performance of each segment:

***Hotel operation***

Coffetel Guilin Plaza (“Guilin Plaza”) underwent renovation work from March to October in 2017, leading to significant decrease of 77.9% to HK\$4,423,000 in annual operating income. In addition, due to the business reorganisation of Guilin Plaza, reduction in the number of hotel rooms, increase in room for rental properties, demand for labor decreased and severance payment of HK\$3,555,000 was incurred, resulting in a year-on-year increase of 230% to HK\$17,133,000 in the operating loss of Guilin Plaza.

Guilin Plaza reopened in November 2017 and the business operation gradually returned to normal. With more efficient use of room resources, decrease in operating costs and increase in rental income, the operating performance of the hotel is expected to improve.

In order to expand the diversified business related to the hotel industry, the Remaining Group formed China Select Small Hotel Union Limited (a 51%-owned joint venture of the Remaining Group) with T-Box Union (China) Financial Holdings Investments Limited and T-Box Union Investments Limited on 29 September 2017, in an effort to provide integrated service in the homestay inn and small hotel industry, including offering quickly-constructed T-BOX<sup>®</sup> mobile homes with zero-sewage discharge environmental-friendly system as well as homestay inn sales management software and financing solutions. On 14 December 2017, China Select Small Hotel Union Limited and China New Town Development Company Limited entered into strategic cooperation framework agreement for joint development of the homestay inn tourist services industry fund.

#### ***Property Investments***

The Remaining Group's overall rental income in 2017 was HK\$6,373,000, representing an increase of 39.6% as compared to the same period of the year ended 31 December 2016. As the ancillary facilities enhancement work at Zhongkong Tower in Foshan was completed, the overall occupancy rate of Zhongkong Tower increased to 53.84% and the full-year rental income amounted to HK\$3,085,000, representing a significant increase of 292% as compared to the same period of the year ended 31 December 2016. The full-year rental income of Shantou Commercial Plaza amounted to HK\$1,558,000, which was similar to the year ended 31 December 2016. As most of the properties of Huizhou International Commerce Building were sold in the second half of the year, annual rental income decreased by 21.67% to HK\$359,000 from the year ended 31 December 2016.

In terms of property sales, during the year, the Remaining Group completed the disposal of 29 units of Huizhou International Commerce Building, 5 units of Shantou Commercial Plaza and unit A on the ground floor in Kai Yip Factory Building, San Po Kong, Hong Kong, cashing out totally HK\$49,743,000 and generating total gains of HK\$20,671,000.

As disclosed by the Company on 16 November 2017, Guangdong Sino Rock Tyco Construction Co., Ltd. ("Sino Rock Tyco"), a subsidiary of the Company and a 80%-owned joint venture of the Remaining Group, would invest in the development and construction of the high-end industrial parks project for electric vehicle and hydrogen powered fuel cell vehicle production operated in Danzao Town, Nanhai District, Foshan City. The construction of the industrial parks is expected to complete in 2019.



***Wellness Elderly Care Business***

Guangdong Yibaijian Comprehensive Health Technology Ltd. (“Guangdong Yibaijian”), a 70%-owned joint venture company of the Remaining Group, has completed the whole construction work and passed the comprehensive system test of smart platform for management of integrated elderly care services in Nanhai District (“Smart Elderly Care Services Platform”). It has officially conducted pilot operation in Dali Town and Shishan Town, Nanhai District on 12 July 2017. The platform has operated smoothly so far and was planned to gradually expand to other towns in Nanhai District. On 4 December 2017, Guangdong Yibaijian won the tender of the second phase construction of the Smart Elderly Care Services Platform for further optimisation of the Platform and development of various value-added services in healthy elderly care management so as to increase channels of operating income. Smart Elderly Care Services Platform is a point of entry for the Remaining Group into the wellness elderly care industry. As the elderly care project is at the initial investment and construction stage, it has yet to generate any profits or gains for the Remaining Group.

In order to focus resources on the development of wellness elderly care industry, the Remaining Group has shelved plans to invest in maternal and child health care development projects.

***Financial position and analysis***

As at 31 December 2017, the Remaining Group had total assets of HK\$2,277,412,000, bank loans and other long-term liabilities of HK\$945,849,000, net assets of HK\$1,177,859,000 and gearing ratio (being bank loans and long-term borrowings divided by total assets) of 41.5%. Equity attributable to owners of the Company per share was HK59.58 cents.

The Remaining Group’s net current assets amounted to HK\$244,777,000. Current ratio (being current assets divided by current liabilities) was approximately 1.32 times, while bank balances and cash amounted to HK\$886,861,000. There will be sufficient funds to meet the capital requirements for the Remaining Group’s operations and new projects or business development in the future.

The Remaining Group adopted prudent funding and treasury policies. Surplus funds were primarily maintained in the form of cash deposits with banks and invested in principal guaranteed products. Acquisition transactions were financed partly by internal resources and partly by bank and other loans. The Remaining Group's bank loans and other loan were mainly denominated in Hong Kong dollars, Renminbi, and United States Dollars. During the year ended 31 December 2017, the Remaining Group's fair value interest rate risk related primarily to floating interest rate borrowings from banks. The management would consider hedging significant interest rate exposure should the need arise.

#### ***Pledge of assets***

For the year ended 31 December 2017, properties of the Remaining Group for own use and investment and bank deposit with carrying value of approximately HK\$387,660,000 were pledged to banks as the security for the bank borrowings granted to the Remaining Group.

#### ***Foreign Exchange Exposure***

The Remaining Group's main operating income and costs were denominated in RMB. In the business operation of the Remaining Group, foreign exchange fluctuation of income and costs would be mutually offset. However, as the Hong Kong-based Remaining Group has invested substantial borrowings into domestic wholly-owned subsidiaries in the Mainland whilst owning substantial RMB monetary assets, in this circumstance an increase or a decrease in the profit of the Remaining Group would be resulted if the exchange rate of RMB to HK dollars appreciated or depreciated. The Remaining Group had invested registered capital of US\$70,000,000 into Sino Rock Tyco by the end of this year for the construction of the industrial parks project. As Sino Rock Tyco has not exchanged the US\$70,000,000 into RMB, exchange loss or gain would be generated from appreciation or depreciation of RMB before exchange. It was expected that a decrease or an increase of about HK\$17,374,000 in the profit of the year would be resulted if the exchange rate of RMB to HK dollars appreciated or depreciated by 5%. Reversely, after exchanging the US\$70,000,000 into RMB, it was expected that an increase or a decrease of about HK\$9,967,000 in the profit of the year would be resulted if the exchange rate of RMB to HK dollars appreciated or depreciated by 5%. For the past few years, RMB constantly showed an upward trend and only gradually became stable in the second half of 2008 while still maintaining an upward momentum. However, the exchange rate of RMB started to adjust downwards repeatedly in recent years while began to rebound and recorded an exchange gain of HK\$8,775,000 this year. Therefore, the Board believed that the magnitude of the downward adjustment of RMB will be limited in the medium and short term and substantial depreciation or appreciation would be unlikely in the future. It is expected that RMB would be stable in the long term in the future and would not significantly pose adverse foreign exchange risk to the Remaining Group in the long run. Accordingly, at the moment, it was temporarily not necessary for the Remaining Group to hedge against foreign exchange risk.

***Significant Investments, material acquisitions and disposals***

On 29 September 2017, Remaining group entered into a joint venture agreement with T-Box Union (China) Financial Holdings Investments Limited and T-Box Union Investments Limited for the establishment of the China Select Small Hotel Union Limited in an effort to provide integrated service in the homestay inn and small hotel industry, including offering quickly-constructed T-BOX<sup>®</sup> mobile homes with zero-sewage discharge environmental-friendly system as well as homestay inn sales management software and financing solutions. The initial share capital of the China Select Small Hotel Union Limited was HK\$12,000,000, which was contributed as to 51% by the Remaining Group.

On 16 November 2017, CIH Finance entered into the joint venture agreement for the establishment of Sino Rock Tyco to invest in the development and construction of the high-end industrial parks project for electric vehicle and hydrogen powered fuel cell vehicle production operated in Danzao Town, Nanhai District, Foshan City. Pursuant to the joint venture agreement, CIH Finance has agreed to contribute an equivalent amount of RMB728,000,000 to Sino Rock Tyco, representing 80% of the total capital contributions.

**(d) Contingent liabilities**

As at 31 December 2015, 2016 and 2017, the Directors were not aware of any material contingent liabilities.

**(e) Capital commitments**

As at 31 December, 2015, 2016 and 2017, the Remaining Group's had recorded commitments of HK\$2,865,000, HK\$2,984,000 and HK\$837,657,000 respectively.

**(f) Employees**

The total number of employees of the Remaining Group as at 31 December 2015, 2016 and 2017 was approximately 191, 161 and 113 respectively. For the year ended 31 December 2015, 2016 and 2017, the Remaining Group reported total staff costs (including directors' emoluments) of HK\$21,172,000, HK\$21,176,000, and HK\$25,027,000 respectively.

The remuneration of the employees of the Remaining Group is determined on the basis of performance and responsibility of the employees. The Remaining Group provides education allowances to the employees. The Remaining Group also provides internal training to its employees to enable them to achieve self-improvement and to enhance their job-related skills. The Remaining Group also operates a share option scheme, under which qualified employees may exercise their options at an agreed price to subscribe for shares of the Company.

*The following is the unaudited pro forma financial information of the Remaining Group as if the Potential Disposal had been completed for the sole purpose of inclusion in this circular, received from the Company's reporting accountants, HLM CPA Limited.*

**A. INTRODUCTION TO THE UNAUDITED PRO FORMA FINANCIAL  
INFORMATION OF THE REMAINING GROUP**

The accompanying unaudited pro forma financial information of the Remaining Group has been prepared to illustrate the effect of the disposal of 25% of the issued share capital of Guangdong Financial Leasing Co., Limited (the "Disposal") might have affected the financial information of the Group.

The unaudited pro forma consolidated statement of profit and loss and other comprehensive income and statement of cash flows of the Remaining Group for the year ended 31 December 2017 are prepared based on the audited consolidated statement of profit or loss and other comprehensive income and statement of cash flows of the Group for the year ended 31 December 2017 as extracted from the annual report of the Company for the year ended 31 December 2017 as if the Disposal had been completed on 1 January 2017.

The unaudited pro forma consolidated statement of financial position of the Remaining Group as at 31 December 2017 is prepared based on the audited consolidated statement of financial position of the Group as at 31 December 2017 as extracted from the annual report of the Company for the year ended 31 December 2017 as if the Disposal had been completed on 31 December 2017.

The unaudited pro forma financial information of the Remaining Group is prepared based on a number of assumptions, estimates, uncertainties and currently available information, and is provided for illustrative purposes only. Accordingly, as a result of the nature of the unaudited pro forma financial information of the Remaining Group, it may not give a true picture of the actual financial position, results of operation or cash flows of the Remaining Group that would have been attained had the Disposal actually occurred on the dates indicated herein. Furthermore, the unaudited pro forma financial information of the Remaining Group does not purport to predict the Remaining Group's future financial position, results of operation or cash flows.

The unaudited pro forma financial information of the Remaining Group should be read in conjunction with the financial information of the Group as set out in Appendix I and other financial information included elsewhere in this circular.

**APPENDIX IV**
**UNAUDITED PRO FORMA FINANCIAL  
INFORMATION OF THE REMAINING GROUP**
**B. UNAUDITED PRO FORMA CONSOLIDATED PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME OF THE REMAINING GROUP**

	The Group as at 31 December 2017			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	Note 1	Note 2	Note 3	
<b>Continuing operations</b>				
Revenue	29,846	-	-	29,846
Cost of sales and services	<u>(22,551)</u>	<u>-</u>	<u>-</u>	<u>(22,551)</u>
Gross profit	7,295	-	-	7,295
Other operating income	12,741	-	-	12,741
Selling and distribution costs	(123)	-	-	(123)
Administrative expenses	(53,623)	-	-	(53,623)
Net gain on disposal of an investment property	14,472	-	-	14,472
Share of profit of associates	75,494	-	(16,635)	58,859
Gain on disposal of an associate	-	781	-	781
Increase in value of investment properties	1,094	-	-	1,094
Finance costs	<u>(25,449)</u>	<u>-</u>	<u>-</u>	<u>(25,449)</u>
Profit before taxation	31,901	781	(16,635)	16,047
Income tax expense	<u>(4,271)</u>	<u>-</u>	<u>-</u>	<u>(4,271)</u>
Profit for the year	27,630	781	(16,635)	11,776
<b>Other comprehensive income/(expense), net of income tax</b>				
Items that will not be reclassified to profit or loss:				
Surplus on revaluation of hotel properties	<u>2,818</u>	<u>-</u>	<u>-</u>	<u>2,818</u>
Items that may be subsequently reclassified to profit or loss:				
Exchange differences arising on translation of foreign operations	6,544	-	-	6,544
Share of exchange difference of associates	<u>49,690</u>	<u>-</u>	<u>(16,073)</u>	<u>33,617</u>
Other comprehensive income for the year, net of income tax	<u>59,052</u>	<u>-</u>	<u>(16,073)</u>	<u>42,979</u>
Total comprehensive income for the year	<u>86,682</u>	<u>781</u>	<u>(32,708)</u>	<u>54,755</u>
<b>Profit/(loss) for the year attributable to:</b>				
Owners of the Company	31,266	781	(16,634)	15,413
Non-controlling interests	<u>(3,636)</u>	<u>-</u>	<u>-</u>	<u>(3,636)</u>
	<u>27,630</u>	<u>781</u>	<u>(16,634)</u>	<u>11,777</u>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	88,947	781	(32,708)	57,020
Non-controlling interests	<u>(2,265)</u>	<u>-</u>	<u>-</u>	<u>(2,265)</u>
	<u>86,682</u>	<u>781</u>	<u>(32,708)</u>	<u>54,755</u>

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

	<b>The Group as at 31 December 2017</b>		
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>Note 1</i>	<i>Note 2</i>	
<b>Non-current assets</b>			
Investment properties	232,525	–	232,525
Property, plant and equipment	283,080	–	283,080
Interests in associates	745,571	(241,303)	504,268
Available for sale financial asset	9,172	–	9,172
	<u>1,270,348</u>	<u>(241,303)</u>	<u>1,029,045</u>
<b>Current assets</b>			
Properties held for sale	47,820	–	47,820
Inventories	494	–	494
Trade and other receivables	7,926	–	7,926
Pledged bank deposit	63,963	–	63,963
Cash and cash equivalents	886,861	242,084	1,128,945
	<u>1,007,064</u>	<u>242,084</u>	<u>1,249,148</u>
<b>Current liabilities</b>			
Trade and other payables	130,852	–	130,852
Tax payables	7,137	–	7,137
Borrowings	624,298	–	624,298
	<u>762,287</u>	<u>–</u>	<u>762,287</u>
<b>Net current assets</b>	<u>244,777</u>	<u>242,084</u>	<u>486,861</u>
<b>Total assets less current liabilities</b>	<u>1,515,125</u>	<u>781</u>	<u>1,515,906</u>
<b>Capital and reserves</b>			
Share capital	171,233	–	171,233
Reserves	849,001	781	849,782
<b>Equity attributable to owners of the Company</b>	1,020,234	781	1,021,015
<b>Non-controlling interests</b>	<u>157,625</u>	<u>–</u>	<u>157,625</u>
	<u>1,177,859</u>	<u>781</u>	<u>1,178,640</u>
<b>Non-current liabilities</b>			
Borrowings	185,965	–	185,965
Convertible notes	135,586	–	135,586
Deferred tax liabilities	15,715	–	15,715
	<u>337,266</u>	<u>–</u>	<u>337,266</u>
	<u>1,515,125</u>	<u>781</u>	<u>1,515,906</u>

D. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT CASH FLOWS OF  
THE REMAINING GROUP

	The Group as at 31 December 2017			
	HK\$'000 Note 1	HK\$'000 Note 2	HK\$'000 Note 3	HK\$'000
<b>Operating activities</b>				
Profit for the year	27,630	781	(16,635)	11,776
Adjustment for:				
Interest income	(3,015)	–	–	(3,015)
Interest expense	25,449	–	–	25,449
Income tax expenses	4,271	–	–	4,271
Increase in fair value of investment properties	(1,094)	–	–	(1,094)
Share of profit of associates	(75,494)	–	16,635	(58,859)
Gain from disposal of Disposal Associate	–	(781)	–	(781)
Net gain on disposal of investment properties	(14,472)	–	–	(14,472)
Loss/(gain) on disposal of property, plant and equipment	928	–	–	928
Depreciation of property, plant and equipment	10,556	–	–	10,556
Impairment loss on trade and other receivables	240	–	–	240
Net foreign exchange gain	(8,775)	–	–	(8,775)
Operating cash flow before movements in working capital	(33,776)	–	–	(33,776)
Decrease in inventories	287	–	–	287
Decrease in properties held for sale	7,208	–	–	7,208
Increase in trade and other receivables	(2,772)	–	–	(2,772)
Increase in trade and other payables	18,987	–	–	18,987
Cash used in operations	(10,066)	–	–	(10,066)
Tax paid	(6)	–	–	(6)
<b>Net cash used in operating activities</b>	<b>(10,072)</b>	<b>–</b>	<b>–</b>	<b>(10,072)</b>
<b>Investing activities</b>				
Purchase of property, plant and equipment	(42,695)	–	–	(42,695)
Addition to investment properties	(5,991)	–	–	(5,991)
Decrease in time deposits with more than three months to maturity when placed	16,741	–	–	16,741
Dividend received	777	–	–	777
Placement of pledged bank deposit	(63,963)	–	–	(63,963)
Interest received	3,331	–	–	3,331
Net proceeds from disposal of property, plant and equipment	548	–	–	548
Net proceeds from disposal of investment properties	33,472	–	–	33,472
Net proceeds from disposal of Disposal Associate	–	242,084	–	242,084
<b>Net cash (used in)/generated from investing activities</b>	<b>(57,780)</b>	<b>242,084</b>	<b>–</b>	<b>184,304</b>

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

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	<b>The Group as at 31 December 2017</b>			
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>Note 1</i>	<i>Note 2</i>	<i>Note 3</i>	
<b>Financing activities</b>				
Capital injection from non-controlling interests	159,890	-	-	159,890
Interest paid	(9,794)	-	-	(9,794)
Repayment of bank loan	(10,441)	-	-	(10,441)
Proceeds from borrowings	<u>674,801</u>	<u>-</u>	<u>-</u>	<u>674,801</u>
<b>Net cash generated from financing activities</b>	<b><u>814,456</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>814,456</u></b>
<b>Net increase in cash and cash equivalents</b>	<b>746,604</b>	<b>242,084</b>	<b>-</b>	<b>988,688</b>
Cash and cash equivalents at 1 January	134,356	-	-	134,356
Effect of foreign exchange rates changes	<u>5,901</u>	<u>-</u>	<u>-</u>	<u>5,901</u>
<b>Cash and cash equivalents at 31 December</b>	<b><u>886,861</u></b>	<b><u>242,084</u></b>	<b><u>-</u></b>	<b><u>1,128,945</u></b>



**E. NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE  
REMAINING GROUP***Notes:*

1. The unadjusted audited consolidated statement of financial position of the Group as at 31 December 2017, the unadjusted audited consolidated statement of profit or loss and other comprehensive income and the unadjusted audited consolidated cash flow statement of the Group for the year ended 31 December 2017 are extracted from the published annual report of the Group for the year ended 31 December 2017.
2. These adjustments reflect the derecognition of the Group's investment in Disposal Interest, which has been classified as an associate in the consolidated financial statements, as if the Disposal had been completed on 31 December 2017. The Group is expected to record a gain of HK\$781,232 from the Potential Disposal (excluding profit or loss during transitional period), which was estimated based on the expected minimum bidding price of RMB201,005,800 (equivalent to approximate HK\$250,654,232 at exchange rate @1.247) with the deduction of the carrying amounts of the Disposal Interest amounting to HK\$241,303,000 plus the relevant withholding tax and other transaction expenditures totally amounting to HK\$8,570,000. The adjustment has no continuing effect to the consolidated statement of financial position of the Group but will be reflected in the consolidated statement of profit or loss and other comprehensive income of the Group in the year this gain from Disposal are actually incurred.
3. The adjustments reflects the derecognition of the share of the operating results of the Disposal Interest for the year ended 31 December 2017, which has been accounted for as the Group's associates using the equity method, as if the Disposal had been completed on 1 January 2017. The adjustment has continuing effect consolidated statement for profit or loss and other comprehensive income of the Group in subsequent years. Figures are extracted from financial information of this circular in Appendix II and annual report 2017 of the Group.

**F. ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL  
INFORMATION**

*The following is the text of a report, prepared for the sole purpose of inclusion in this circular, from the independent reporting accountants, HLM CPA Limited, Certified Public Accountants, Hong Kong.*

**恒健會計師行有限公司****HLM CPA LIMITED****Certified Public Accountants**

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Dear Sirs,

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of China Investments Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 31 December 2017, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2017, the unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2017 as set out on pages IV-1 to IV-9 of the circular issued by the Company. The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described in Appendix IV of the circular issued by the Company.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the disposal of 25% of the issued share capital of Guangdong Financial Leasing Co., Ltd. on the Group's financial position as at 31 December 2017 as if the transaction had been taken place at 31 December 2017, and on the Group's financial performance and cash flows for the year ended 31 December 2017 as if the transaction had been taken place at 1 January 2017. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's consolidated financial statements as included in the annual report for the year ended 31 December 2017, on which an audit report has been published.

**Directors' Responsibility for the Pro Forma Financial Information**

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

**Our Independence and Quality Control**

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

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

**Reporting Accountants' Responsibilities**

Our responsibility is to express an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

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

The purpose of the pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 1 January 2017 and 31 December 2017 would have been as presented.

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

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

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

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

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

**Opinion**

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purpose of the unaudited pro forma financial information as disclosed pursuant to paragraph 29 (1) of Chapter 4 of the Listing Rules.

**HLM CPA Limited**

*Certified Public Accountants*

**Ng Fai Fiona**

Practicing Certificate Number P4986

Hong Kong, 9 May 2018

*The following is the full text of the letter and valuation certificate prepared for the purpose of incorporation in this circular received from the PRC Valuer in connection with its valuation as at 31 December 2017 of the 100% equity interest in Guangdong Financial Leasing.*

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**STATEMENT**

1. This Asset Valuation Report was prepared in accordance with the Basic Rules for Asset Appraisal issued by the Ministry of Finance and Practicing Standards and Professional Code of Ethics for the Appraisal of Assets issued by China Appraisal Society.
2. The consignor or other users of the Asset Valuation Report shall use the Asset Valuation Report in accordance with laws, administrative regulations and requirements and within the scope of use as set out in this Asset Valuation Report. Where the consignor or other users of the Asset Valuation Report use this Asset Valuation Report in a way that is in breach of the above requirements, the asset appraisal institute and its asset appraisers would take no responsibility.
3. This Asset Valuation Report shall only be used by the consignor, other users of the Asset Valuation Report specified in the asset valuation commission contract, and users of Asset Valuation Report as required by laws, administrative regulations and requirements. Save for the above, any other institutions or individuals shall not be the users of this Asset Valuation Report.
4. The asset appraisal institute and the asset appraisers advise that users of the Asset Valuation Report shall correctly interpret the appraisal results, which is not equivalent to the realisable value of the subject of valuation and should not be viewed as a guarantee for the realisable value of the subject of valuation.
5. The asset appraisal institute and the asset appraisers have complied with the laws, administrative regulations and asset valuation standards and adhere to the principles of independence, objectivity and impartiality, and are legally liable for the asset valuation report issued by them.

6. The list of assets and liabilities of the subject of valuation has been reported and confirmed with signatures, seals or other ways as permitted under the laws by the consignor and the appraised enterprise; the consignor and other relevant parties are legally liable for the authenticity, completeness and legality of the information provided.
7. The asset appraisal institute and the asset appraisers have no existing or expected relationship of interests with the subject of valuation in the Asset Valuation Report nor with the relevant parties and have no prejudice against the relevant parties.
8. The asset appraisers have carried out on-site inspection on the subject of valuation in the Asset Valuation Report and its assets involved; we have put necessary emphasis on the legal ownership of the subject of valuation and the assets involved, verified the information of the legal ownership of the subject of valuation and the assets involved, made proper disclosure in respect of the identified issues, and requested the consignor and other relevant parties to consummate the title in order to fulfil the requirements for the issuance of an asset valuation report.
9. The analyses, judgements and results in the Asset Valuation Report issued by the asset appraisal institute are subject to the assumptions and limitations in the Asset Valuation Report. Users of the Asset Valuation Report shall take into full account of the assumptions, limitations and special notes stipulated in the Asset Valuation Report and their impact on the appraisal results.

**SUMMARY**

1. Project name: The asset valuation project of the total equity value of shareholders of Guangdong Financial Leasing Co., Ltd involved in the proposed equity transfer by CIH Finance Investments Holdings Limited
2. Consignor: CIH Finance Investments Holdings Limited
3. Other users of the asset valuation report: Other users of the Asset Valuation Report specified in the asset valuation commission contract, and users of Asset Valuation Report as required by laws and administrative regulations and requirements
4. Appraised enterprise: Guangdong Financial Leasing Co., Ltd
5. Valuation purposes: for the proposed equity transfer of CIH Finance Investments Holdings Limited. The involved total equity value of shareholders of Guangdong Financial Leasing Co., Ltd is appraised to provide value reference for the equity transfer
6. Economic behaviour: CIH Finance Investments Holdings Limited proposed to transfer 25% of its equity interests in Guangdong Financial Leasing Co., Ltd
7. Subject of valuation: The total equity value of shareholders of Guangdong Financial Leasing Co., Ltd
8. Scope of valuation: Entire assets and related liabilities of Guangdong Financial Leasing Co., Ltd as of 31 December 2017 as reported by the consignor and the appraised enterprise
9. Type of value: Market value
10. Valuation base date: 31 December 2017



11. Valuation methods: Asset-based approach and income approach
12. Appraisal results: Through performance of applicable asset valuation procedures (except for the special notes contained in this Asset Valuation Report), subject to the appraised enterprise operating as a going concern and the purpose of valuation, type of value, assumptions for valuation and restrictions as set out in this Asset Valuation Report, the total equity value of shareholders of Guangdong Financial Leasing Co., Ltd is appraised to be RMB804,023,300 (i.e. Renminbi Eight Hundred and Four Million Twenty-Three Thousand and Three Hundred Only), representing an appreciation of RMB11,546,400 with an appreciation rate of 1.46%.
13. Special Notes
  - (1) On 23 January 2016, GTF Maritime Financial Leasing Co., Ltd., a first-tier subsidiary of the Enterprise, signed a lease receivables factoring business agreement (Agreement No.: 2016 Liwan (EFR) Zi No. 00006) with Guangzhou Liwan branch of Industrial and Commercial Bank of China Limited to obtain a factoring financing of RMB246,460,000. On 23 January 2017, the Enterprise signed a guarantee contract (Contract No.: 2016 Liwan (Bao) Zi No. 0089) with Guangzhou Liwan branch of Industrial and Commercial Bank of China Limited in order to assume joint responsibility guarantee for the factoring financing of GTF Maritime Financial Leasing Co., Ltd.. The guarantee commenced on 26 January 2017 and expires on 28 December 2023.
  - (2) Financial leasing is a liability-operated industry. The equity value of enterprises is from financial risk premium and is highly dependent on loans. As of the valuation base date, if the loans relied by the Enterprise cannot be renewed or replaced in the future, it will adversely affect the valuation results.

#### 14. Validity Period for the Use of Appraisal Results

The appraisal results are formed on the valuation base date as set out in this Asset Valuation Report. The appraisal results shall be valid for one year commencing from the valuation base date (i.e. from 31 December 2017 to 29 December 2018). When there are material changes in the conditions of the appraised assets and external market subsequent to the valuation base date and result in void of the original appraisal results, users of the Asset Valuation Report should rearrange asset valuation.

**The above contents are extracted from the body text of the Asset Valuation Report. To explore the details of this valuation engagement and to understand the appraisal results accurately, please refer to the body text of the Asset Valuation Report.**

**GUANGDONG FINANCIAL LEASING CO., LTD****Total Equity Value of Shareholders****Asset Valuation Report**

ShenLixin Ping Bao Zi [2018] No.012

**BODY TEXT**

To CIH Finance Investments Holdings Limited

Shenzhen Lixin Asset Appraisal Co., Ltd. is engaged by the Company to appraise the market value of total equity value of shareholders of Guangdong Financial Leasing Co., Ltd (which is involved in the proposed equity transfer by CIH Finance Investments Holdings Limited) as at 31 December 2017 following necessary valuation procedures and using asset-based approach and income approach with principles of independence, objectivity and fairness in accordance with the requirements of relevant laws, administrative regulations and asset valuation standards. The asset valuation is reported as follows.

**I. CONSIGNOR, APPRAISED ENTERPRISE AND OTHER USERS OF ASSET VALUATION REPORT****(1) Consignor and Other Users of the Asset Valuation Report****1. Consignor**

Consignor: CIH Finance Investments Holdings Limited

**2. Other Users of the Asset Valuation Report**

Other users of the Asset Valuation Report specified in the asset valuation commission contract and users of the Asset Valuation Report as required by laws and administrative regulations.

**(2) Appraised Enterprise****1. Overview of the Appraised Enterprise**

Name of the Enterprise: Guangdong Financial Leasing Co., Ltd (short name: Guangdong Financial Leasing or the Enterprise)

Unified Social Credit Code: 91440605093123391G

Registered Capital: RMB620,000,000

Address: Unit 301 and 302, Block 1, Guangdong-Hongkong Finance & Technology Park, 6 Jinke Road, Guicheng Street, Nanhai District, Foshan City

Legal Representative: Mai Yanhou (麥延厚)

Type of Company: Limited company (Taiwan, Hong Kong, Macao and domestic equity joint)

Date of Establishment: 17 March 2014

Term of Business: 17 March 2014 to 17 March 2044

Scope of Business: Financial leasing business, leasing business, acquisition of domestic and foreign leased assets, treatment and maintenance of the residual value of leased assets, leasing transaction consultation and guarantee (excluding financing guarantees) business (involving applications in accordance with the relevant requirements in the PRC as permitted to be managed in the industry), and engagement in commercial factoring business related to financial leasing business. None of the above includes business listed in the Measures for the Administration of Financial Leasing Companies (《金融租賃公司管理辦法》) that must be approved by the CBRC. (Projects which are subject to the approval in accordance with laws shall only be carried out with the approval by relevant departments.)

## 2. Changes in Shareholding of the Appraised Enterprise

Guangdong Financial Leasing Co., Ltd, approved by People's Government of Guangdong Province (Shang Wai Mou Yue Equity Joint Certificate Zi [2014] No. 0009 (商外貿粵合資證字[2014]0009號)), was jointly funded and established by Guangdong Technology Financial Group Co., Ltd, CIH Finance Investments Holdings Limited, Guangdong Qunxing Toys Joint-Stock Co., Ltd and Centenio Group Co., Ltd. The registered capital is RMB620,000,000 upon establishment. The contribution amount and proportion of shareholders are set out in the following table:

Shareholders	Amount of contribution	<i>Unit: RMB'0000</i>
		Proportion of contribution (%)
Guangdong Technology Financial Group Co., Ltd	21,700.00	35.00
CIH Finance Investments Holdings Limited	15,500.00	25.00
Guangdong Qunxing Toys Joint-Stock Co., Ltd	12,400.00	20.00
Centenio Group Co., Ltd.	<u>12,400.00</u>	<u>20.00</u>
Total	<u><u>62,000.00</u></u>	<u><u>100.00</u></u>

On 13 April 2016, as approved by Yue Shang Wu Zi Zi [2016] No. 114 (粵商務資字[2016]114號) “Department of Commerce of Guangdong Province’s Reply on the Equity Transfer and Enlargement of Scope of Business of the Joint Venture, Guangdong Financial Leasing Co., Ltd (廣東省商務廳關於合資企業廣東粵科融資租賃有限公司股權轉讓及增加經營範圍的批復) from the Department of Commerce of Guangdong Province, Centenio Group Co., Ltd. transferred 20% equity in Guangdong Financial Leasing Co., Ltd held by it to Guangdong Henghua Investment Development Ltd\* (廣東恆華投資發展有限公司) at RMB140,100,000. Upon this change in shareholding, the contribution amount and proportion of shareholders are set out in the following table:

Shareholders	Unit: RMB'0000	
	Amount of contribution	Proportion of contribution (%)
Guangdong Technology Financial Group Co., Ltd	21,700.00	35.00
CIH Finance Investments Holdings Limited	15,500.00	25.00
Guangdong Qunxing Toys Joint-Stock Co., Ltd	12,400.00	20.00
Guangdong Henghua Investment Development Ltd* (廣東恆華投資發展有限公司)	<u>12,400.00</u>	<u>20.00</u>
Total	<u><u>62,000.00</u></u>	<u><u>100.00</u></u>

As of the valuation base date, there was no change in the contribution amount and proportion of shareholders of the appraised enterprise.

### 3. The Historical Financial Information of the Appraised Enterprise

The following table sets out the assets and liabilities of the appraised enterprise in the last two years and as at the valuation base date (on consolidated basis):

Item	<i>Unit: RMB'0000</i>		
	31 December 2015	31 December 2016	31 December 2017
Assets	323,045.01	320,870.53	401,320.17
Liabilities	253,718.71	232,297.58	306,473.43
Owner's equity	69,326.29	88,572.95	94,846.74
In which: equity attributable to the owners of the parent company	69,326.29	74,760.37	80,402.16

The following table sets out the operating conditions of the appraised enterprise during the current periods in the last two years and as at the valuation base date (on consolidated basis):

Item	<i>Unit: RMB'0000</i>		
	Year 2015	Year 2016	Year 2017
1. Operating income	14,576.22	17,961.09	24,936.56
Operating cost	6,248.21	9,395.03	15,202.52
Taxes and surcharges	24.67	25.57	21.72
Selling expenses	663.69	595.55	681.95
Administrative expenses	1,586.78	1,743.64	2,438.84
Financial expenses	-250.28	-181.26	-296.64
Asset impairment loss	-	-	-
Gain from changes in fair value	-	-	-
Gain on investments	482.44	843.10	896.85
2. Operating profits	6,785.61	7,225.67	7,785.01
Add: non-operating income	51.32	273.11	843.21
Less: non-operating expenses	-	-	-
3. Total profit	6,836.93	7,498.78	8,628.21
Less: income tax expenses	1,716.76	1,878.52	2,111.29
4. Net profit	5,120.17	5,620.26	6,516.92
Net profit attributable to the owners of the parent company	5,120.17	5,364.56	5,775.52
Minority shareholders' profit or loss	-	255.70	741.41

The following table sets out the assets and liabilities of the appraised enterprise in the last three years and as at the valuation base date (on parent company basis):

*Unit: RMB'0000*

Item	31 December 2014	31 December 2015	31 December 2016	31 December 2017
Assets	89,631.58	323,045.01	306,253.93	375,451.45
Liabilities	25,425.45	253,718.71	231,875.60	296,203.76
Owner's equity	64,206.12	69,326.29	74,378.33	79,247.69

The following table sets out the operating conditions of the appraised enterprise during the current period in the last three years and as at the valuation base date (on parent company basis):

*Unit: RMB'0000*

Item	March to December 2014	Year 2015	Year 2016	Year 2017
1. Operating income	2,487.23	14,576.22	17,119.69	21,538.40
Operating cost	160.53	6,248.21	9,395.03	14,520.34
Taxes and surcharges	62.90	24.67	9.01	19.86
Selling expenses	148.77	663.69	595.55	681.95
Administrative expenses	809.16	1,586.78	1,505.56	1,561.37
Financial expenses	-190.05	-250.28	-167.59	-268.66
Asset impairment loss	-	-	-	-
Gain from changes in fair value	-	-	-	-
Gain on investments	856.28	482.44	695.59	651.20
2. Operating profit	2,352.20	6,785.61	6,477.71	5,674.74
Add: non-operating income	600.00	51.32	273.11	843.21
Less: non-operating expenses	-	-	-	-
3. Total profit	2,952.20	6,836.93	6,750.83	6,517.95
Less: income tax expenses	746.08	1,716.76	1,698.79	1,648.59
4. Net profit	2,206.12	5,120.17	5,052.03	4,869.36

The current financial data for 2014, 2015, 2016 and as at the valuation base date are extracted from audit reports, of which the audit institution in 2014 was Deloitte Touche Tohmatsu Certified Public Accountants LLP and the reference number of the audit report is De Shi Bao (Shen) Zi [15] No. P2975 (德師報(審)字[15]第P2975號); the audit institution in 2015 was WUYIGE Certified Public Accountants LLP and the reference number of the audit report is Da Xin Shen Zi [2016] No. 22-00143 (大信審字[2016]第22-00143號); the audit institution in 2016 was the Nansha Free Trade Zone Branch of WUYIGE Certified Public Accountants LLP and the reference number of the audit report is Da Xin Sui Mao Shen Zi [2017] No. 00013 (大信穗貿審字[2017]第00013號); the current audit institution on the valuation base date was Union Power Certified Public Accountants (Special General Partnership) and the reference number of the audit report is Zhong Huan Shen Zi (2018) No. 050011 (眾環審字(2018)050011號).

#### ***4. The Organizational Structure and Business Model of the Appraised Enterprise***

Guangdong Financial Leasing established a board of directors, which is its highest decision-making body. Under the board of directors are the business review committee and strategy committee.

Guangdong Financial Leasing established a board of supervisors, which is mainly responsible for the supervision on the compliance of the management (including directors and managers) with laws, regulations, bye-laws, and resolutions at the general meeting.

The operating management consists of the general manager, secretary of the board, vice general manager and chief risk control officer, who manage the business department, the risk control department, the finance department and the general management department, respectively.

The main business models are: direct financial leasing, leasebacks, leveraged leases, entrusted leases, structured participating leases, subleases, venture leases, bundled financial leasing, financing type operating lease, and project financial leasing.



### 5. Summarised Information of Equity Investments

As of the valuation base date, the direct external investments or indirect investments of Guangdong Financial Leasing are as follows:

No.	Name of enterprise	Shareholding percentage	Type	Date of investment	Unit: RMB'0000	
					Carrying amount	Note
1	GTF Maritime Financial Leasing Co., Ltd	55%	Tier-1 subsidiary	March 2016	16,500.00	Subsisting
2	GTF Maritime International Co. Limited	100%	Tier-2 subsidiary	July 2016	4,038.28	Subsisting

### 6. Principal Accounting Policies Implemented

The appraised enterprise implemented the Accounting Standards for Enterprises – Basic Standards (《企業會計準則—基本準則》) and concrete accounting standards, guidelines on the application of the Accounting Standards for Enterprises, the interpretation of the Accounting Standards for Enterprises and other relevant requirements issued by the Ministry of Finance.

#### 6.1 Major Taxations of the Enterprise

Major taxations and tax rate applicable to the Enterprise are set out as follows:

Taxation	Taxation basis	Tax rate (%)
Value-added tax	The value-added tax payable is the difference between output tax (calculated based on sales of goods and taxable service income under the tax laws) and the deductible input tax of the period; the Company implements the “exemption, deduction and rebate” policy for its general goods export business; the policy of refunding the value-added tax for procurement according to the export section; rate of tax rebate for export is 13% – 15%	6.00, 17.00
Urban maintenance and construction tax	Calculated according to the turnover tax	7.00
Educational Surtax	Calculated according to the turnover tax	3.00
Local educational surtax	Calculated according to the turnover tax	2.00
Corporate income tax	Calculated according to the taxable income	16.50, 25.00

*Note:* The income tax rate of Guangdong Financial Leasing Co., Ltd and its tier-1 subsidiary, GTF Maritime Financial Leasing Co., Ltd, is 25%. The income tax rate of the tier-2 subsidiary, GTF Maritime International Co. Limited, is 16.50%. The direct lease value-added tax rate of Guangdong Financial Leasing Co., Ltd is 17% while the leaseback value-added tax rate is 6% and the value-added tax rate for financial leasing consulting services and factoring business is 6%.

### **7. Relationship between the Consignor and the Appraised Enterprise**

As of the valuation base date, CIH Finance Investments Holdings Limited, the consignor, held 25% equity interests in Guangdong Financial Leasing Co., Ltd, the appraised enterprise.

## **II. VALUATION PURPOSES**

In light of the proposed transfer of equity interests by CIH Finance Investments Holdings Limited, asset valuation is required for the involved total equity value of shareholders of Guangdong Financial Leasing Co., Ltd to provide value reference for the equity transfer.

## **III. SUBJECT AND SCOPE OF VALUATION**

- (1) The subject of this valuation is the total equity value of shareholders of Guangdong Financial Leasing Co., Ltd.
- (2) The scope of valuation is the entire assets and relevant liabilities of Guangdong Financial Leasing Co., Ltd as of 31 December 2017 as reported by the consignor and the appraised enterprise and audited by Union Power Certified Public Accountants (Special General Partnership), in particular:

Carrying amount of current assets:	RMB854,476,122.73
Carrying amount of non-current assets:	RMB2,900,038,378.14
In which: Carrying amount of available-for-sale financial assets:	RMB134,000,000.00
Carrying amount of held-to-maturity investments:	RMB58,000,000.00
Carrying amount of long-term receivables:	RMB2,538,173,718.84
Carrying amount of long-term equity investments:	RMB165,000,000.00
Carrying amount of fixed-assets:	RMB507,819.44
Carrying amount of intangible assets:	RMB56,250.00
Carrying amount of long-term deferred expenses:	RMB4,300,589.86
Total carrying amount of assets:	RMB3,754,514,500.87
Carrying amount of current liabilities:	RMB1,017,453,524.62
Carrying amount of non-current liabilities:	RMB1,944,584,139.13
Total carrying amount of liabilities:	RMB2,962,037,663.75
Carrying amount of the equity attributable to the owners:	RMB792,476,837.12

The above financial data has been audited by Union Power Certified Public Accountants (Special General Partnership) and an audit report entitled Zhong Huan Shen Zi (2018) No. 050011 (眾環審字(2018)050011號) has been issued.

**(3) Summary of the Major Assets of the Appraised Enterprise**

**(1) Available-for-sale financial assets**

				<i>Unit: RMB</i>
No.	Debt Securities	Maturity date	Carrying balance	Note
1	Repurchase of the Subordinated Tranche of GF Hengjin Guangdong Financial Leasing Phase 1 Plan (廣發恆進粵科租賃1期計劃次級份額)	21 December 2018	64,000,000.00	
2	Repurchase of the Subordinated Tranche of GF Hengjin Guangdong Financial Leasing Phase 2 Plan (廣發恆進粵科租賃2期計劃次級份額)	21 March 2020	70,000,000.00	
Total			<u>134,000,000.00</u>	

**(2) Held-to-maturity investment**

				<i>Unit: RMB</i>
Debt Securities	Maturity date	Coupon rate	Carrying amount	Note
Asset-backed Securities B in GF Hengjin – Guangdong Financial Leasing Phase 1 Asset-backed Special Project (廣發恆進—粵科租賃1期資產支持專項計劃優先級資產支持證券B)	21 December 2018	6%	58,000,000.00	

**(3) Long-term receivables***Unit: RMB*

Item	Quantity	Carrying balance	Provision for bad debt	Carrying amount	Note
Financial lease payment	60	2,538,173,718.84	-	2,538,173,718.84	
Others	-	-	-	-	
Total		<u>2,538,173,718.84</u>	<u>-</u>	<u>2,538,173,718.84</u>	

**(4) Fixed assets***Unit: RMB*

Item	Carrying amount	Location	Existing State and Feature
Fixed assets	507,819.44	Offices	The account is in line with fact; functioning normally

As of the Valuation base date, the carrying amount of fixed assets represents vehicles and electrical equipment. Details are as follows:

*Unit: RMB*

No.	Item	Quantity	Original carrying amount	Net carrying amount	Note
1	Vehicles	1	360,000.00	114,000.00	
2	Electrical equipment	80	<u>970,509.38</u>	<u>393,819.44</u>	
	Total		<u>1,330,509.38</u>	<u>507,819.44</u>	

Vehicles represent Buick commercial vehicles which currently function normally. Electrical equipment mainly comprises computers in offices and office furniture which function normally.

**(5) Intangible assets**

*Unit: RMB*

Name	Quantity	Date of acquisition	Expected useful lives (years)	Initial book value	Carrying amount
Computer software	1	June 2015	10	75,000.00	56,250.00
Total				75,000.00	56,250.00

**(4) Summary of Major Liabilities of the Appraised Enterprise****(1) Short-term borrowings**

*Unit: RMB*

No.	Lending institution	Date of occurrence	Expiry date	Annual interest rate	Carrying amount	Note
1	Guangzhou Branch of Everbright Bank	2017/1/13	2018/1/12	4.350%	23,301,736.45	
2	Guangzhou Branch of Everbright Bank	2017/3/22	2018/1/15	4.568%	10,334,574.63	
3	Minsheng Bank	2017/9/27	2018/9/26	5.500%	12,500,403.48	
4	Huacheng Branch of China CITIC Bank	2017/9/21	2018/9/20	6.090%	50,000,000.00	
5	Huacheng Branch of China CITIC Bank	2017/9/21	2018/9/21	6.090%	25,384,600.00	
6	Huacheng Branch of China CITIC Bank	2017/10/27	2018/2/26	6.090%	93,435,000.00	
7	Huacheng Branch of China CITIC Bank	2017/10/19	2018/1/31	6.090%	39,690,000.00	
8	Everbright Bank	2017/11/21	2018/11/13	4.930%	91,184,500.00	
9	Luso International Banking Limited	2017/11/30	2018/2/28	5.400%	30,000,000.00	
10	Dongfeng Branch of SPD Bank	2017/12/14	2018/3/27	5.655%	50,000,000.00	
Total					425,830,814.56	

**(2) Long-term borrowings***Unit: RMB*

No.	Lending bank (or institution)	Date of occurrence	Expiry date	Annual interest rate	Carrying amount	Note
1	China Construction Bank (Asia) Corporation Limited	2015/7/14	2020/6/30	4.00%	181,300,000.00	
2	Liwan Branch of the Industrial and Commercial Bank of China	2016/4/29	2021/4/28	4.28%	194,000,000.00	
3	Liwan Branch of ICBC in Guangzhou	2016/5/18	2021/5/17	4.28%	315,000,000.00	
4	Huayuan Branch of PingAn Bank	2017/5/24	2020/5/23	4.99%	166,666,666.66	
5	Chinese Mercantile Bank	2017/6/8	2019/6/7	5.50%	18,750,000.00	
6	Liwan Branch of ICBC in Guangzhou	2017/6/20	2021/3/22	4.99%	15,971,116.27	
7	Dongfeng Branch of SPD Bank	2017/7/14	2020/7/6	5.70%	27,500,000.00	
8	Dongfeng Branch of SPD Bank	2017/7/17	2020/5/18	5.70%	20,000,000.00	
9	Liwan Branch of ICBC in Guangzhou	2017/7/1	2021/3/22	4.99%	47,000,000.00	
10	The Bank of East Asia	2017/9/21	2018/9/21	6.09%	44,375,971.70	
11	Daye Trust	2017/9/14	2019/9/20	5.50%	80,000,000.00	
12	Hitachi Capital Leasing	2017/10/13	2022/6/13	5.57%	29,874,000.00	
	Total				<u>1,140,437,754.63</u>	

**(3) Debt securities payables***Unit: RMB*

No.	Issuer of debt securities	Type of debt securities	Carrying amount	Note
1	GF Securities Asset Management (Guangdong) Co., Ltd. (廣發證券資產管理(廣東)有限公司)	ABS2 Subordinated	70,000,000.00	
2	GF Securities Asset Management (Guangdong) Co., Ltd. (廣發證券資產管理(廣東)有限公司)	ABS2 Priority B	80,000,000.00	
3	GF Securities Co., Ltd. (廣發證券股份有限公司)	Company Bond 01	297,472,812.45	
4	GF Securities Co., Ltd. (廣發證券股份有限公司)	Company Bond 02	198,262,087.76	
	Total		<u>645,734,900.21</u>	

**(4) Long-term payables**

		<i>Unit: RMB</i>	
No.	Item	Carrying amount	Note
1	Lease security deposit	158,411,484.29	

**(5) Non-current liabilities due within one year**

		<i>Unit: RMB</i>	
No.	Item	Carrying amount	Note
1	Long-term borrowings due within one year	168,469,090.86	
2	Debt securities due within one year	360,097,000.00	
3	Lease security deposit due within one year	<u>22,060,000.00</u>	
	Total	<u>550,626,090.86</u>	

**(5) Contingencies, undertakings and off-balance-sheet matters****(1) Guarantee for related parties**

The enterprise as the guarantor:

Guaranteed party	Guarantee amount	Commencement of guarantee	Expiration of guarantee	Whether the guarantee has been completed
GTF Maritime Financial Leasing Co., Ltd.	246,460,000	2017/1/26	2023/12/28	No

**(2) Other Commitments and Contingencies**

None.

As of the valuation base date, the place of business of the appraised enterprise was situated at Unit 301 and 302, Block 1, Guangdong-Hongkong Finance & Technology Park, 6 Jinke Road, Guicheng Street, Nanhai District, Foshan City, which was leased properties and the lessor of which was Chen Huaishui (陳淮水). After inspection, rental charges had been settled.

All physical assets being appraised were under normal use or controlled state. Except for the aforesaid circumstances, no other off-balance-sheet asset or other state of right such as existing security and litigation was noted.

The above assets and liabilities included in the scope of valuation are in line with the scope determined during valuation engagement.

**IV. TYPE OF VALUE**

This asset valuation report assessed the concluded type of value as market value.

Market value is defined as the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction, wherein the parties had each acted knowledgeably, prudently and without compulsion.

**V. Valuation Base Date**

The valuation base date is 31 December 2017.

The reasons for selecting the above date as the valuation base date are:

1. The valuation base date was negotiated and determined with the consignor according to the purpose of valuation. The major consideration is the valuation base date should be as close as possible to the realisation date of the purpose of valuation so that the appraisal results reasonably serve the purpose of valuation.
2. Selecting a month-end accounting settlement date as the valuation base date allows comprehensive reflection of the overall conditions of the appraised assets and liabilities for carrying out asset inspection and verification.

The value basis adopted in this asset valuation is valid on the valuation base date.



**VI. BASIS FOR VALUATION****(1) Economic behaviours**

1. the asset valuation commission contract.

**(2) Laws and regulations**

1. the Company Law of the People's Republic of China (Order of the President of the People's Republic of China (No.42))(《中華人民共和國公司法》(中華人民共和國主席令第四十二號));
2. Asset Appraisal Law of the People's Republic of China (Order of the President of the People's Republic of China (No.46))(《中華人民共和國資產評估法》(中華人民共和國主席令第四十六號));
3. Enterprise Income Tax Law of the People's Republic of China (Order of the President of the People's Republic of China (No. 63))(《中華人民共和國企業所得稅法》(中華人民共和國主席令第六十三號));
4. Regulation on the Implementation of the Enterprise Income Tax Law of the People's Republic of China (Order of the State Council of the People's Republic of China (No. 512))(《中華人民共和國企業所得稅法實施條例》(中華人民共和國國務院令第512號));
5. Interim Regulation of the People's Republic of China on Vehicle Purchase Taxes (Order of the State Council of the People's Republic of China (No. 294))(《中華人民共和國車輛購置稅暫行條例》(中華人民共和國國務院令第294號));
6. Notice of Taxation on Implementing the Pilot Program of Replacing Business Tax with Value-Added Tax in an All-round Manner (Cai Shui [2016] No. 36) (《關於全面推開營業稅改徵增值稅試點的通知》(財稅[2016]36號));
7. Accounting Standards for Enterprises (Cai Kuai [2006] No. 3)(《企業會計準則》(財會[2006]3號));
8. Provisions on the Accounting Treatment of Value-added Tax (Cai Kuai [2016] No. 22)(《增值稅會計處理規定》(財會[2016]22號));
9. Measures for the Supervision and Administration of Finance Lease Enterprises (Shang Liu Tong Fa [2013] No. 337)(《融資租賃企業監督管理辦法》(商流通發[2013]337號));
10. other related laws, regulations and regulatory frameworks.

**(3) Assets Evaluation Standards**

1. Basic Rules for Asset Appraisal (No. 43 [2017] of the Ministry of Finance)(《資產評估基本準則》(財資[2017]43號));
2. Professional Code of Ethics for the Appraisal of Assets (No. 30 [2017] of the China Appraisal Society)(《資產評估職業道德準則》(中評協[2017]30號));
3. Practicing Standards for the Appraisal of Assets – Procedures of Asset Appraisal (No. 31 [2017] of the China Appraisal Society)(《資產評估執業準則—資產評估程序》(中評協[2017]31號));
4. Practicing Standards for the Appraisal of Assets – Reporting of Asset Appraisal (No. 32 [2017] of the China Appraisal Society)(《資產評估執業準則—資產評估報告》(中評協[2017]32號));
5. Practicing Standards for the Appraisal of Assets – Asset Valuation Commission Contract (No. 33 [2017] of the China Appraisal Society)(《資產評估執業準則—資產評估委託合同》(中評協[2017]33號));
6. Practicing Standards for the Appraisal of Assets – Asset Appraisal Files (No. 34 [2017] of the China Appraisal Society)(《資產評估執業準則—資產評估檔案》(中評協[2017]34號));
7. Practicing Standards for the Appraisal of Assets – Enterprise Value (No. 36 [2017] of the China Appraisal Society)(《資產評估執業準則—企業價值》(中評協[2017]36號));
8. Practicing Rules Standards for the Appraisal of Assets – Intangible Assets (No. 37 [2017] of the China Appraisal Society)(《資產評估執業準則—無形資產》(中評協[2017]37號));
9. Standards for the Appraisal of Assets – Machinery and Equipment (No. 189 [2007] of the China Appraisal Society)(《資產評估準則—機器設備》(中評協[2007]189號));

10. Guidelines for Business Quality Control of Asset Valuation Institutions (No. 46 [2017] of the China Appraisal Society)(《資產評估機構業務質量控制指南》(中評協[2017]46號));
11. Guiding Opinions on Types of Value for the Appraisal of Assets (No. 47 [2017] of the China Appraisal Society)(《資產評估價值類型指導意見》(中評協[2017]47號));
12. Guiding Opinions on the Legal Titles of the Appraisal Objects for the Appraisal of Assets (No. 48 [2017] of the China Appraisal Society)(《資產評估對象法律權屬指導意見》(中評協[2017]48號)).

**(4) Titles**

1. copies of business licenses of the consignor and the appraised enterprise;
2. copies of business license of the long-term equity investment legal person;
3. copies of the approval documents from the Department of Commerce of Guangdong Province and the equity transfer contract;
4. copies of vehicle licenses;
5. other supporting documents on ownerships.

**(5) Value**

1. Manual of Data Commonly Used in the Asset Appraisal (《資產評估常用數據手冊》)(China Machine Press);
2. Statistical information and technical standards information released by relevant authorities in the PRC and deposit and loan interest rate and base date exchange rate released by the People's Bank of China;
3. Eastmoney's database;
4. Declaration Form of Profit Forecasts for the Appraisal of Assets (《資產評估盈利預測申報明細表》) provided by the appraised enterprise;
5. The auditor's report issued by Union Power Certified Public Accountants (Special General Partnership) with document number "Zhong Huan Shen Zi (2018) No. 050011 (眾環審字(2018)050011號)";

6. Relevant value information in the market on the valuation base date;
7. All contracts, accounting evidence, books and other accounting information in respect of the acquisitions and uses of assets of the appraised enterprise;
8. Valuation details of all assets and liabilities being appraised;
9. Relevant quotation information and parameter information collected by professional asset valuation personnel;
10. Other information related to this asset valuation provided by the consignor and the appraised enterprise.

## **VII. VALUATION METHODOLOGIES**

Valuation of total equity value of shareholders is conducted according to relevant conditions including the purpose of valuation, the subject of valuation, type of value, market condition during valuation and data collection during the valuation process. By analysing the applicability of basic asset valuation methods, one or more basic asset valuation methods are selected as appropriate.

Basic asset valuation methods include asset-based approach, income approach and market approach.

Asset-based approach: A valuation method to determine the value of the subject of valuation by valuating the value of on-balance sheet and identifiable off-balance-sheet assets and liabilities based on the balance sheet of the appraised enterprise as at the valuation base date.

Income approach: A valuation method to determine the value of the subject of valuation by capitalising or discounting the expected revenue.

Market approach: A valuation method to determine the value of the subject of valuation by comparing the subject of valuation with comparable listed companies or comparable transactions.

### **(1) Selection of valuation methods**

This valuation is conducted for the proposed equity transfer by CIH Finance Investments Holdings Limited. The involved total equity value of shareholders of Guangdong Financial Leasing Co., Ltd was appraised to provide value reference for the equity transfer.

As complete financial information and asset management information of the appraised enterprise are available, there is a wide range of sources of data and information in respect of asset acquisition costs. Accordingly, asset-based approach could be adopted in this valuation.

Income approach is the quantisation of the expected profitability of an enterprise's entire assets. It focuses on the overall expected profitability of an enterprise. According to the appraised enterprise's current operations, operating plans and development plans, the business possesses expectable going-concern ability and profitability in future periods as well as new business perspectives and sustainable development prospects. Considering the appraised enterprise possesses basis and conditions for going concern and future revenue and risks can be forecasted and quantised, income approach could be adopted for appraisal in this valuation.

The appraised enterprise is within the finance lease sector. There are few similar enterprise equity transactions of similar scale in the securities market in the PRC and so are comparable listed companies and public industrial data. Therefore, market approach is not suitable for measuring the value of the appraised enterprise.

Through the aforesaid analysis, asset-based approach and income approach have been adopted in this valuation. Based on the comparison between the appraisal results of both valuation methods, reasons of differences are analysed to determine final valuation.

## **(2) Introduction to asset-based approach**

The asset-based approach refers to the method of calculating the value of each asset and summing them up, and then deducting the appraised value of the liabilities so as to reach the value of the enterprise.

Brief introduction to the approach adopted for each asset item:

### **1. *Appraisal on monetary funds***

Monetary funds are mainly appraised based on book value verification approach. The appraised value of bank deposits was determined by collating the balance of the deposit as at the benchmark date on the bank deposit subsidiary ledger with bank statement and bank deposit inquiry letter.

**2. *Appraisal on receivables***

Appraisal on receivables was conducted by a letter of inquiry or alternative review procedures to determine the accuracy of the book item balance and analyzed its recoverability, based on which the appraised value shall be determined.

**3. *Appraisal on interest receivable***

Professional asset appraisers verified book entry, spot checked certain original vouchers and related information, checked time of provisions for interests, interest rates, date of occurrence and authenticity of interest entry amount and accuracy of calculations. Appraised value is determined by verified book value of interest receivables.

**4. *Appraisal on other receivables***

Appraisal on other receivables was conducted by a letter of inquiry or alternative review procedures to determine the accuracy of the book item balance and analyzed its recoverability, based on which the appraised value shall be determined.

**5. *Appraisal on non-current assets due within one year***

Professional asset appraisers verified the authenticity of the business of non-current assets due within one year and accuracy of book records through checking accounts and various original vouchers in combination with relevant contracts and agreements. This appraisal determines appraised value based on examined and verified book value.

**6. *Appraisal on other current assets***

Other current assets are primarily wealth management products purchased by the enterprise. The accuracy of the book item balance is determined by the statement of wealth management product or alternative review procedures, based on which the appraised value shall be determined.

**7. Appraisal on available-for-sale financial assets**

Firstly, original vouchers of available-for-sale financial assets were examined to ascertain that the accounting records of available-for-sale financial assets are complete and verify whether the book values are accurate. Secondly, item by item inspection of available-for-sale financial assets was conducted to determine whether available-for-sale financial assets are impaired. Lastly, the appraised value in this appraisal was determined based on the verified book value.

**8. Appraisal on held-to-maturity investments**

Firstly, original vouchers of held-to-maturity investments were examined to ascertain that the accounting records of held-to-maturity investments are complete and verify whether the book values are accurate are accurate. Secondly, item by item inspection of held-to-maturity investments was conducted to determine whether held-to-maturity investments are impaired. Lastly, the appraised value in this appraisal was determined based on the verified book value.

**9. Appraisal on long-term receivables**

Long-term receivables within the scope of this appraisal are mainly deposits for projects. The authenticity of the book item balance was determined by relevant project contracts and alternative review procedures, based on which the appraised value shall be determined.

**10. Appraisal on long-term equity investments**

Based on the objectives of this appraisal, professional asset appraisers verified by evidence the reasons for the formation of long-term equity investments, book values and actual conditions with reference to investment agreements, resolutions in general meeting, share transfer agreements, articles of associations and relevant accounting records so as to determine the authenticity and completeness of long-term equity investments. Yueke Shipping Financial Leasing Co., Ltd., a long-term equity investee, was appraised by applying the asset-based approach. Based on the appraised total equity value of shareholders, the registered capital of the investee, aggregate paid-in capital contribution amount, subscribed shareholding ratio of the appraised entity, and paid-in capital contribution amount were considered to determine the appraised value of long-term equity investments with the following formula:

Appraised value of long-term equity investments = [appraised total equity value of shareholders of the investee + (registered capital of the investee – aggregate paid-in capital contribution amount)] x subscribed shareholding ratio of the appraised entity – (subscribed capital contribution amount of the appraised entity – paid-in capital contribution amount of the valued entity)

### ***11. Appraisal on fixed assets***

Fixed assets are booked as equipment-type assets, including motor vehicles and electronic devices and is mainly appraised using the replacement cost approach.

The replacement cost approach is based on the replacement cost of appraised equipment in brand-new condition less physical consumption, functional depreciation and economic depreciation, or determine the appraised value of the equipment based on the determined integrated depreciation rate. Mathematical expression of the replacement cost approach is as follow:

Replaced appraised value = complete replacement value x integrated depreciation rate

### ***12. Appraisal on Intangible assets***

Intangible assets are computer software. This appraisal adopts true and accurate amortized value after review as the appraised value.

### ***13. Appraisal on long-term prepaid expenses***

Long-term prepaid expenses are mainly building renovation expenses, financing service expenses and factoring expenses, etc.

Professional asset appraisers first collated general ledger, subsidiary ledger and valuation list. Professional asset appraisers conducted investigation of the reasons of incurring long-term prepaid expenses, checked relevant information, verified its authenticity, accuracy of book value and correctness of amortization, and appraised value was determined by verified book value on this basis.



#### **14. Appraisal on liabilities**

Appraised value of different types of liabilities was determined according to liabilities items and amounts actually borne by the investee after realization of the appraisal objectives.

##### **(3) Introduction to income approach**

In accordance with the “Assets Valuation Standards: Enterprise Value”, expected revenue in the income approach could be represented by cash flow, different forms of profit or cash dividend. Asset appraisers should select appropriate revenue benchmarks based on the conditions of appraised items.

In accordance with Rule 5 of the “Asset Valuation Expert Guide No.3 – Financial Enterprise Income Approach Valuation Model and Variable Determination”, Valuation Model: income approach valuation of financial enterprises can adopt either equity free discounted cash flow model (e.g. banks, insurance companies and securities companies) or enterprise free discounted cash flow model (e.g. finance lease companies), of which:

Calculation of enterprises free cash flow could be referred to the following formula:

Enterprises free cash flow = net earnings before interest and after tax + depreciation and amortization – capital expenditure – net increase in liquidity;

Capital expenditure refers to expenses on purchase, improvement, expansion of fixed assets of the enterprise;

Net increase in liquidity refers to cash prepared for operations. Normally defined as current assets less current liabilities.

This income approach appraisal adopted the enterprise free cash flow model, i.e. the balance of the entire cash inflow of the enterprise less cost, expenses and necessary investment. It represents the after-tax cash flow of the enterprise that can be provided to all investors (including equity investor and debt investor) within a specific period.

This appraisal is based on the entire cash flow of the enterprise in future years, by aggregating the amount discounted at an appropriate rate to derive the overall value of the enterprise, on which the residual assets value and non-operating assets value will be added and non-operating liabilities will be subtracted and interest-bearing debts' value will be deducted to arrive at the total equity of shareholders. The calculation formula is as follows:

$$E = B - D \quad (1)$$

In the formula:

E: Total equity interests of the shareholders of the appraised enterprise

B: Enterprise value of the appraised enterprise

D: Value of the interest-bearing debts of the subject of the valuation

$$B = P + \sum C_i \quad (2)$$

P: Operating assets value of appraised enterprise

$\sum C_i$ : Value of the long term investment, other non-operating or residual asset of appraised enterprise on the benchmark date

$$P = \sum_{i=1}^n \frac{R_i}{(1+r)^i} + \frac{R_{n+1}}{r(1+r)^n} \quad (3)$$

In the formula:

R<sub>i</sub>: the projected revenue (free cash flow) of the appraised enterprise for the future year i

r: Discount rate

n: Future forecast period of the subject of the valuation

**VIII. IMPLEMENTATION PROCESS AND SITUATION OF APPRAISAL PROCEDURES**

The Company assigned asset appraisal professionals to form appraisal project teams. It underwent early preparation works, commencement of fieldwork in the enterprise, commencement of valuation work, completion of fieldwork and the issuance of asset valuation report. Detailed processes are shown below:

**(1) Confirmation of basic information of appraisal**

When undertaking the appraisal, we confirmed the relevant parties such as the consignor, the appraised enterprise, other users of the assets appraisal report, appraisal purpose, the subject of valuation and the scope of valuation, type of value, valuation base date, assumptions of the valuation, and limitations through various ways such as communication with consignor and checking of information as well as the preliminary survey.

**(2) Entering into of asset valuation commission contract**

According to the specific circumstances of the appraisal, after comprehensive analysis of our professional competence and independence, and evaluation of risks of the project, we determined to undertake the appraisal and entered into the asset valuation commission contract with the consignor.

**(3) Formulation of asset valuation plan**

We formulated a reasonable asset valuation plan based on the characteristics, scale and complexity of this valuation project and we shall revise, supplement the asset valuation plan during the course of asset valuation in tandem with the circumstances in a timely manner.

**(4) Fieldwork**

We shall perform fieldwork necessary to check the subject of valuation as required by the circumstances of the valuation, and guide the appraised enterprise in examining assets, preparing appraisal information, verifying assets and checking of data, including collating asset valuation declaration form with relevant financial statements, general ledger and subsidiary ledger of the appraised enterprise and verify the relevant information and take necessary steps to ensure the credibility of the information source. We conducted necessary site survey on properties and other physical assets to have a better understanding of the usage and function of the assets.

**(5) Valuation method determination and information collection**

We determined appropriate valuation methods by understanding the subject of the valuation and assets within the scope of valuation. Meanwhile, we collected market information and data relating to asset valuation, which shall be supplemented with the necessary information as need during the course of appraisal.

**(6) Financial and operational analysis and review of profit forecast**

We conducted analysis on historical operational performance, revenue, cost and expense formation and the reasons for their changes, business model, profitability and development trend, comprehensive strength, level of management, profitability, development capacity and competitive edge of the appraised enterprise. The profit forecast prepared by the enterprise was reviewed according to the financial plan and development plan of the appraised enterprise, as well as the analysis on economic condition and market development condition.

**(7) Validation and estimating and inhouse review**

We organised information provided by the appraised enterprise and market information and data collected. Based on the analysis of financial operation condition of the appraised enterprise, we properly adopted valuation methods in accordance with the fundamental principles and standard requirements of appraisal to derive the preliminary appraisal conclusion. We shall synthetically analyse the quantity, quality and selection rationality of the information, materials and parameters to reach the asset appraisal conclusion. Asset valuation institutions shall prepare the asset valuation report according to the valuation standard and necessary internal review shall be conducted.

**(8) Issuance of asset valuation report**

We shall present the asset valuation report to the consignor in a proper way through necessary communication with the consignor and parties concerned and taking into consideration feedback on the appraisal result from different parties and guide the consignor and other users of the report to correctly understand the appraisal result.

**IX. VALUATION ASSUMPTIONS****(1) Fundamental Assumptions**

1. Trading assumptions: If the subject of valuation is in the course of transaction processes, it is assumed that the asset appraiser will conduct the assessment according to simulated marketplace situation, including transaction conditions of the subject of valuation. The result of the valuation is an estimate of the price at which the subject of valuation is most likely to be transacted.
2. Open market assumptions: If the subject of valuation and its assets involved are traded in the open market where each of the buyer and the seller is provided with equal opportunity and time to have access to adequate market information, it is assumed that the trading behaviours of both the buyer and the seller are conducted under voluntary, rational, non-mandatory conditions.
3. Enterprise going concern assumptions: Upon realisation of the economic behaviours of valuation purposes, it is assumed that the subject of valuation and its assets involved will be subject to continuous usage on an *in-situ* basis in accordance with their purposes and uses as of its valuation base date.

**(2) Macroeconomic Environment Assumptions**

1. No major change in the existing national economic policy;
2. No major change in the bank credit rate, exchange rate, taxation rate within the forecasting years;
3. No major change in the socioeconomic environment of the locality of the appraised enterprise;
4. Stable development trend of the industry of the appraised enterprise and the steady prevailing laws, administrative regulations and economic policy.

**(3) Assumptions for State of Subject of Valuation as of Valuation Base Date**

1. Save for the knowledge as to the appraiser, it is assumed that the purchase, acquisition or development processes of the subject of valuation and its assets involved are in compliance with relevant national laws and regulations.
2. Save for the knowledge as to the appraiser, it is assumed that the subject of valuation and its assets involved bear no defects of rights, liabilities and restrictive conditions that may affect their value, and it is presumed that considerations, taxes and amounts payable relating to the subject of valuation and its assets involved have been fully settled.
3. Save for the knowledge as to asset appraisal professionals, it is assumed that the tangible assets involved in the subject of valuation are free from any major technical failure that may affect their continuous usage, that such assets contain no hazardous substances that may adversely influence their value, and that the places where such assets are located are subject to no hazardous materials and other harmful environmental conditions that may cause detrimental impacts on the value of such assets.

**(4) Prediction Assumptions under Income Approach****1. General Assumptions**

- (1) Assuming that the enterprise involved with subject of valuation will continue to operate according to its original operation purpose and operation manner after the realisation of the economic activities relevant to the appraisal purpose and the revenue is predictable;
- (2) Assuming that the enterprise involved with subject of valuation remains at the same management level as at the base date or as those of general market participants in its subsequent operation and disregarding the future ownership management level's influence on the prospective revenue of the enterprise;
- (3) The accounting policies adopted in the future earnings forecast are basically consistent with all the major aspects of the accounting policies adopted by the assessed enterprise in previous years and at the time of compiling this report;

- (4) No significant change in tax policy and current tax rate;
- (5) The calculation of the revenue is conducted in accordance with the accounting years in the PRC, in which the time of revenue is assumed to be the end of each forecast period;
- (6) No other unpredictable factors or force majeure having major influence on the appraised enterprise;
- (7) Possible synergy upon the implementation of this economic activity is not considered for future earnings.

**2. *Special Assumptions and Major Parameters***

- (1) This assessment refers to the overall business model provided by the management of the appraised enterprise;
- (2) Various operation and fund-raising plans formulated by the appraised enterprise can be smoothly implemented;
- (3) Assuming that the capital required by the appraised enterprise for operating activities can be resolved through contribution from shareholders or bank debt business and there is no stagnant business due to tight capital;
- (4) Assuming the appraised enterprise can perform normal and continuous production and operation with business scale and capability, operating conditions, business scope and operating strategy as planned by its management;

The valuers believe that these assumption conditions provided by the management are established as at the valuation base date based on the requirements of the income approach for valuation of the enterprise and deduce the corresponding appraisal results based on these assumptions. If there is material change in the future economic environment or other assumption conditions are unjustifiable, the valuers will not assume responsibility for the possible derivation of different assessment results due to changes in assumption conditions.

**(5) Limitation assumptions**

1. This appraisal report assumes that the legal documents, technical information and operational information and other information provided by the consignor are authentic, and we bear no legal liabilities arising from the appraisal object's assets ownership undertaken by us.
2. Unless otherwise stated, this appraisal report assumes that the results of fieldwork of tangible assets identified through their visible physical appearance are roughly consistent with their actual economic usage life. Specific tech check, including data, situation, structure and attachments were not performed.

**X. APPRAISAL RESULTS****(1) Appraisal results**

Through the implementation of appropriate asset appraisal procedures, save for the special issues stated in this assets appraisal report and subject to the going concern of the appraised enterprise, the valuation purposes, value types, assessment assumptions and restrictions as set out in this asset appraisal report, the appraisal results of the total equity value of the shareholders of Guangdong Financial Leasing Co., Ltd. are detailed as follows:

On the valuation base date (i.e. 31 December 2017), the audited total assets of Guangdong Financial Leasing Co., Ltd. was RMB3.7545145 billion, total liability was RMB2.9620376 billion, and the equity of the owners was RMB792.4769 million.

After adopting the asset-based assessment, the total assets were RMB3.7660609 billion, total liability was RMB2.9620376 billion, and the equity of the owners was RMB804.0233 million (i.e. Renminbi Eight Hundred and Four Million Twenty-Three Thousand and Three Hundred Only), the assessment increment was RMB11.5464 million and the appreciation rate was 1.46%.

After adopting the income approach, the evaluated value of the total equity value of the shareholders of Guangdong Financial Leasing Co., Ltd. was RMB788.2576 million (i.e. Renminbi Seven Hundred Eighty-Eight Million Two Hundred Fifty-Seven Thousand and Six Hundred Only), which represented assessment impairment of RMB4.2192 million compared with book net assets and a depreciation rate of 0.53%.



**(2) Selection of appraisal results**

The asset-based approach and income approach were chosen for the assessment. The two assessment approaches consider different perspectives. The asset-based approach is considered from the reacquisition of assets, which reflects the replacement value of the existing assets of an enterprise. The income approach is considered from the perspective of the future profitability of an enterprise, which reflects comprehensive profitability of its various assets. The income approach emphasises the expected profitability of its overall assets, and the assessment results is the quantification and present value of the expected profitability of its overall assets. It is a reflection of the market value of complexes that are composed of multiple individual assets and have complete production and operation capabilities. The focus is on the future profitability of an enterprise. The asset-based approach considers the equity value of an enterprise from the perspective of reconstruction. Since corporate profitability and capital costs are close to each other, the two assessment methods bring upon similar appraisal results.

The assessment results from the asset-based approach was selected for this assessment as the appraisal results of the total equity value of the shareholders of the assessed enterprise. First, the assessment results of the income approach and the asset-based approach are close to each other. Second, the corporate profit has been declining in the past two years. As such, it would not be a cautious professional judgment if the income method was adopted for appraisal results. Accordingly, the asset-based approach was selected.

The estimated net profit of the appraised enterprise from 2014 to 2017 is shown in the following table.

Project/Year	<i>Unit: RMB (Ten Thousand)</i>			
	2014	2015	2016	2017
Net Profit	2,206.12	5,120.17	5,052.03	4,869.36
Growth Rate	-	132.09%	-1.33%	-3.62%

In light of the abovementioned factors, this assessment adopts the asset-based assessment results as appraisal results of the total equity value of the shareholders of the assessed enterprise. Accordingly, the total equity value of the shareholders of Guangdong Financial Leasing Co., Ltd. amounted to RMB804.0233 million (i.e. Renminbi Eight Hundred and Four Million Twenty-Three Thousand and Three Hundred Only).

**(3) Terms for Appraisal Results to be True**

1. The appraisal results are based on the above principles, bases, assumptions, approaches and procedures, and are valid only when the above principles, bases, assumptions, approaches and procedures exist;
2. The appraisal results only serve for the appraisal purposes;
3. This assessment results are a fair reflection of the entire equity value of the shareholders of the assessed enterprise on the valuation base date;
4. The appraisal results do not take into account significant changes in national macroeconomic policies and the impact of natural forces and other force majeure;
5. The appraisal results do not take into account the impact of special transaction modes on the appraisal results;
6. The appraisal results are issued by the asset appraisal institute and subject to the competency and ability of our asset appraisal professionals.

**XI. SPECIAL NOTICES**

- (1) The asset appraisal institute and the asset appraisal professionals assume the legal responsibility for making professional judgment on the value of the assets under the appraisal purpose described in this asset appraisal report, but do not bear the legal responsibility for making any judgment on the feasibility of any economic activity for the appraisal purposes described in this report. The asset appraisal inevitably depends to some extent on the information on the appraisal object provided by the consignor, the appraised enterprise and other related parties. Therefore, the appraisal is based on the premise of the truthfulness and lawfulness of the relevant documents and materials provided by the consignor and the appraised enterprise, such as the economic activity documents, the documents of ownership of the assets, the certificates and accounting vouchers, and the technical parameters and business data. The authenticity and completeness of the relevant information have an impact on the appraisal results. The professional appraisers assume that the information is reliable and do not guarantee their authenticity and integrity. The consignor and the appraised enterprise shall take responsibility for the authenticity and completeness of the information, and the asset appraisal professionals are not responsible for verifying the information from relevant departments or undertaking any legal matters related to the property rights of the subject assets in the appraisal.

- (2) In the absence of special notices from the consignor and the appraised enterprise and the appraisers are not generally aware by professional experience, the asset appraisal institute and the asset appraisal professionals shall not be liable for the flaws in the enterprise that may affect the appraisal of total equity value of shareholders.
- (3) This asset appraisal report is based on the fact that the information provided by the appraised enterprise is true, legal and complete. The assets appraisal institute did not conduct an independent review on the economic resolutions, business licenses, warrants, accounting documents and other evidence provided by the appraised enterprise or the responsibilities involved, and it takes no responsibility for the authenticity of the above information.
- (4) This asset appraisal report only provides reference for the appraisal purpose. In general, the value of the same assets varies due to different appraisal purpose, value type and appraisal base date. We are not responsible for the consequences arising from improper use of the appraisal report.
- (5) Since the implementation date of appraisal purpose is different from the valuation base date, the equity of the owners may change during this period, causing an impact on all value of equity of shareholders. It is recommended that the users of the asset appraisal report use different time points to adjust the assessment results based on the difference between the equity of the owners and the base date.
- (6) The parameters used for this asset appraisal exclude the impact of inflation.
- (7) This asset appraisal does not take into account the taxes that may be resulted from the appreciation or depreciation of the value of total equity value of shareholders.
- (8) GTF Maritime Financial Leasing Co., Ltd. (the first-tier subsidiary of the enterprise) entered into a lease receivables factoring business agreement (Agreement No.: 2016 Liwan (EFR) Zi No. 00006) with Industrial and Commercial Bank of China Co., Ltd. Guangzhou Liwan Branch on 23 January 2016, pursuant to which, RMB246.46 million factoring financing was obtained. The enterprise entered into a guarantee contract (Contract No.: 2016 Liwan (Bao) Zi No. 0089) with Industrial and Commercial Bank of China Co., Ltd. Guangzhou Liwan Branch on 23 January 2017, which it undertook joint and several liability guarantee on factoring financing for GTF Maritime Financial Leasing Co., Ltd.. The commencement date of the guarantee is 26 January 2017, and the expiration date is 28 December 2023.

- (9) Financial leasing is a liability business. The value of corporate equity derives from the financial risk premium which highly relies on loans. As of the valuation base date, if the enterprise-dependent loans cannot be renewed nor replaced in the future, there will be an adverse effect on the assessment results.

The users of this asset appraisal report are advised to note that significant changes in the appraisal results may occur when there are changes in the aforementioned factors or circumstances or inconsistency with the circumstances we stated.

## **XII. INSTRUCTIONS FOR USE RESTRICTIONS OF ASSET APPRAISAL REPORT**

### **(1) Instructions for use of asset appraisal report**

1. Asset appraisal reports, if required, shall be approved by or filed with the state-owned assets administrative authorities, this asset appraisal report shall be formally used upon completion of approval and filing procedures.
2. This asset appraisal report is only for use by the users of the asset appraisal report within the assessment purposes and expiration date specified in the asset appraisal report.
3. If the client or any other user of the asset valuation report fails to use the report in accordance with the laws, administrative regulations and the scope of use set out in the report, we and our valuers disclaim any liability arising therefrom.
4. This report contains professional advice on value. Although we have disclosed the ownership and financial statuses of relevant assets within the scope of appraisal, the valuers may not be able to express their opinions on such legal and financial matters and they do not have corresponding qualifications. Therefore, if the users of the asset appraisal report consider such legal and financial matters are more important to the realisation of economic behaviour, they should engage a lawyer or accountant and other professionals to provide corresponding services.

**(2) Restriction instructions**

1. No entity or individual other than the client, other users specified in the asset appraisal engagement contract and the users of the asset appraisal report set out in the laws and administrative regulations shall become a user of the asset appraisal report.
2. The contents of this report shall not be excerpted, quoted or disclosed in the public media without the permission of the institute, unless otherwise required by laws, regulations or agreed by relevant parties.
3. The users of the asset valuation report shall have a correct understanding of the appraisal results, which does not represent the realisable price of the subject of valuation and shall not be deemed a guarantee for the realisable price of the subject of valuation.

**(3) Terms of validity of appraisal results**

This asset appraisal report is valid within one year from the valuation base date (i.e. from 31 December 2017 to 30 December 2018). The users should re-entrust for appraisal when the conditions of the appraised assets and the external market have significant changes which will invalidate the original appraisal results after the base date.

**XIII. DATE OF ASSET APPRAISAL REPORT**

The date of this asset appraisal report is 4 April 2018.

**XIV. SIGNATURES OF ASSET APPRAISAL PROFESSIONALS AND SEAL OF ASSET APPRAISAL INSTITUTE**

Shenzhen Lixin Asset Appraisal Co., Limited      CPV:

Legal Representative:      CPV:

4 April 2018

**ANNEXES**

1. Copy of audit report of the appraised enterprise (Z.H.S.Z. (2018) No. 050011);
2. Copy of business license for legal person of entrusting party;
3. Copy of business license for legal person of the appraised enterprise;
4. Copy of business license for long-term equity investment;
5. Copy of driving license for motor vehicles;
6. Letter of undertaking of entrusting party for the asset appraisal project and the appraised enterprise;
7. Letter of undertaking by valuers for the asset appraisal project;
8. Copy of registration notice from Shenzhen Finance Committee in relation to Shenzhen Lixin Asset Appraisal Co., Ltd.;
9. Copy of business license of the asset appraisal institute;
10. Copy of qualification certificates of valuers;
11. List of asset appraisal results.

## 1. RESPONSIBILITY STATEMENT

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

## 2. DISCLOSURE OF INTERESTS

### (a) Interests and short positions of Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations

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

#### *Long positions in the Shares*

Name of Director	Capacity	Nature of interest	Number of Shares held	Approximate percentage of total issued Shares as at the Latest Practicable Date <sup>1</sup>
He Xiangming	Beneficial owner	Personal	1,441,000	0.08%

*Note:*

- The percentage was calculated based on 1,712,329,142 Shares in issue as at the Latest Practicable Date.

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

**(b) Interests and short positions of the Shareholders in the Shares and underlying Shares of the Company**

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

Name of Shareholder	Capacity of Shareholder	Number of Shares/ underlying Shares		Approximate percentage of total issued Shares as at the Latest Practicable Date <sup>1</sup>
		Long position	Short position	
廣東南海控股投資有限公司 (Guangdong Nanhai Holding Investment Co., Ltd.*)	Corporate interest	1,426,439,842 <sup>2</sup>	–	83.30%
Nam Keng Van Investment Company Limited	Beneficial owner	121,864,487 <sup>3</sup>	–	7.12%
Cui Guo Jing	Corporate interest	121,864,487 <sup>3</sup>	–	7.12%
Pu Jian Qing	Corporate interest	121,864,487 <sup>3</sup>	–	7.12%

*Notes:*

- The percentage was calculated based on 1,712,329,142 Shares in issue as at the Latest Practicable Date.



2. These 1,426,439,842 Shares comprises (i) 1,207,713,527 Shares held by Prize Rich Inc. which was wholly-owned by 廣東南海控股投資有限公司 (Guangdong Nanhai Holding Investment Co., Ltd.\*); and (ii) 218,726,315 new Shares to be allotted and issued by the Company to Prize Rich Inc. upon the exercise of conversion rights attaching to the convertible bonds issued by the Company to Prize Rich Inc. pursuant to an acquisition agreement as part of the consideration.
3. These 121,864,487 Shares were held by Nam Keng Van Investment Company Limited which was wholly-owned by Mr. Cui Guo Jian and Mr. Pu Jian Qing equally.

Saved as disclosed above, as at the Latest Practicable Date, the Company had not been notified by any person (other than Directors and chief executives of the Company) who had interests or short positions in the Shares and underlying Shares under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were entered in the register required to be kept under Section 336 of the SFO.

As at the Latest Practicable Date, no Director or proposed Director was a director or employee of a company which had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

### **3. COMPETING INTERESTS**

As at the Latest Practicable Date, none of the Directors or his or her respective close associates was considered to have an interest in a business which competes or was likely to compete, either directly or indirectly, with the business of the Group other than those business to which the Directors or his or her close associates were appointed to represent the interests of the Company and/or the Group.

### **4. DIRECTORS' INTEREST IN CONTRACTS AND ASSETS OF THE GROUP**

As at the Latest Practicable Date,

- (a) none of the Directors was materially interested in any contract or arrangement subsisting and which was significant in relation to the business of the Group; and
- (b) none of the Directors had any interest, direct or indirect, in any assets which had been acquired or disposed of by or leased to any member of the Group or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2017, being the date to which the latest published audited consolidated financial statements of the Company were made up.

## 5. MATERIAL CONTRACTS

The following are contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Group) entered into by the members of the Group within the two years immediately preceding the date of this circular and which is or may be material:

- (a) the provisional sale and purchase agreement dated 25 July 2017 entered into among Greenwood Property Limited (建和物業有限公司) (“**Greenwood**”) (an indirect wholly-owned subsidiary of the Company) as vendor, China Queen Investment Limited (中崑投資有限公司) (“**China Queen**”) as purchaser and Flourish Property Agency (C. I. S.) Limited as the selling agent, pursuant to which Greenwood has agreed to sell Portion A on the Ground Floor of Kai Yip Factory Building, Nos. 15-17 Sam Chuk Street, San Po Kong, Kowloon, Hong Kong to China Queen for the consideration of HK\$33,800,000;
- (b) the letter of intent dated 31 August 2017 entered into between China Investments Limited (“**CIL**”) (a direct wholly-owned subsidiary of the Company) as vendor and LIN Zhongxing (“**LIN**”) as purchaser, pursuant to which CIL agreed to sell and LIN agreed to purchase 33 offices and 4 shops located at Shantou Commercial Plaza, 106 Jinsha Road, Shantou of Guangdong Province in the PRC (the “**Properties**”) and the tenancies of the Properties (if any) by way of disposal by CIL of the entire equity interest of 13 companies being the indirect wholly-owned subsidiaries of the Company incorporated in Hong Kong with limited liability and holding the Properties at the consideration of RMB39,500,000; as LIN has failed to settle any of the consideration payments despite repeated requests, a notice was served on LIN, terminating the letter of intent and reserving the right to seek compensation from LIN in respect of any loss suffered by the Group;
- (c) the investment agreement dated 29 September 2017 entered into amongst CIL and T-Box Union (China) Financial Holdings Investments Limited (“**T-Box Holdings**”) and T-Box Union Investments Limited (“**T-Box Investments**”) in relation to the establishment of Xingye Homestay Inn Union Limited (re-named as China Select Small Hotel Union Limited) (“**Small Hotel Union**”) to engage in the platform operation, investment and management of the homestay accommodation and hotels and other related business in the PRC, under which CIL will contribute HK\$6,120,000 to Small Hotel Union (representing 51% of the total initial share capital), T-Box Holdings will contribute HK\$3,600,000 (representing 30% of the total initial share capital) and T-Box Investments will contribute HK\$2,280,000 (representing 19% of the total initial share capital);

- (d) the joint venture agreement dated 16 November 2017 entered into amongst CIH Finance and 佛山市南海金融高新區投資控股有限公司 (Nanhai Financial Hi-Tech Zone Investment Holdings Co., Ltd.\*) in relation to the establishment of 廣東中岩泰科建設有限公司 (Guangdong Sino Rock Tyco Construction Co., Ltd.) (“**Sino Rock Tyco**”) pursuant to which CIH Finance has agreed to contribute an equivalent amount of RMB728,000,000 to Sino Rock Tyco, representing 80% of the total capital contributions; and
- (e) the capital contribution agreement dated 28 March 2018 entered into amongst Foshan City Nanhai Canmanage Investments Holdings Limited\* (佛山市南海康美投資有限公司)(“**Nanhai Canmanage**”), Foshan City Nanhai District Lianhua Asset Operation & Management Co., Ltd\* (佛山市南海區聯華資產經營管理有限公司)(“**Nanhai Lianhua**”), Guangdong Nanhai Chemical Factory Co., Ltd.\* (廣東省南海化工總廠有限公司), and Guangdong Tiannuo Civil Explosives Co., Ltd.\* (廣東天諾民爆有限公司)(“**Tiannuo Civil Explosives**”) in relation to the contribution of RMB130,333,102.44 and RMB5,319,718.47 to the capital of Tiannuo Civil Explosives respectively by Nanhai Canmanage and Nanhai Lianhua (the “**Capital Contribution**”).

## 6. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

## 7. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered, or proposed to enter, into a service contract with any member of the Group which is not determinable by the Group within one (1) year without payment of compensation (other than statutory compensation).

**8. EXPERTS' QUALIFICATIONS AND CONSENTS**

The following are the qualifications of the experts who have given opinion or advice which is contained in this circular:

<b>Name</b>	<b>Qualification</b>
HLM CPA Limited	Certified Public Accountants
Shenzhen Lixin Asset Appraisal Co., Ltd.	Independent PRC valuer

Each of the experts above has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its report or letter or opinion as set out in this circular and references to its names in the form and context in which they appear in this circular.

As at the Latest Practicable Date, none of the experts above had any shareholding, directly or indirectly, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, none of the experts above had any interest, direct or indirect, in any asset which since 31 December 2017, being the date to which the latest published audited consolidated financial statements of the Group were made up, have been acquired or disposed of by or leased to any member of the Remaining Group, or are proposed to be acquired or disposed of by or leased to any member of the Remaining Group.

**9. GENERAL**

- (a) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- (b) The branch share registrar of the Company is Tricor Progressive Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (c) The Company's head office and principal place of business in Hong Kong is at Unit 501, Wing On Plaza, 62 Mody Road, Tsimshatsui, Kowloon, Hong Kong.
- (d) The company secretary of the Company is Mr. Lo Tai On, who is a member of the Hong Kong Institute of Certified Public Accountants.
- (e) The English text of this circular shall prevail over the Chinese text in the case of inconsistency (save for the Asset Valuation Report, the original text of which is in Chinese).

**10. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during normal business hours from 9:00 a.m. to 6:00 p.m. (except Saturdays, Sundays and public holidays) at the principal place of business of the Company in Hong Kong at Unit 501, Wing On Plaza, 62 Mody Road, Tsimshatsui, Kowloon, Hong Kong from the date of this circular up to and including the date of the First SGM:

- (a) the memorandum of association and bye-laws of the Company;
- (b) the financial information of Guangdong Financial Leasing from HLM CPA LIMITED as set out in Appendix II to this circular;
- (c) the report on the unaudited pro forma financial information of the Remaining Group from HLM CPA LIMITED as set out in Appendix IV to this circular;
- (d) the Asset Valuation Report from the PRC Valuer as set out in Appendix V to this circular;
- (e) the annual reports of the Company for the three financial years ended 31 December 2015, 2016 and 2017 respectively;
- (f) the material contracts referred to in the section headed “*Material contracts*” in this appendix;
- (g) the circular of the Company dated 9 May 2018 in relation to the Capital Contribution; and
- (h) this circular.

\* For identification purposes only

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## NOTICE OF THE FIRST SGM

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### CHINA INVESTMENTS HOLDINGS LIMITED

中國興業控股有限公司\*

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 132)**

### NOTICE OF FIRST SPECIAL GENERAL MEETING OF 2018

**NOTICE IS HEREBY GIVEN** that the first special general meeting of 2018 of China Investments Holdings Limited (the “**Company**”) will be held at the Luxembourg Room, 3rd Floor, Regal Kowloon Hotel, 71 Mody Road, Tsimshatsui, Kowloon, Hong Kong, on Friday, 25 May 2018 at 10:40 a.m. (or such time immediately following the conclusion (or adjournment) of the annual general meeting of the Company to be held on the same date and at the same place, whichever is later) for the purpose of considering and, if thought fit, passing (with or without modifications) the following resolution as an ordinary resolution of the Company:

#### ORDINARY RESOLUTION

“**THAT** the Company is hereby authorised and approved to dispose of its 25% equity interest held by CIH Finance Investments Holdings Limited (中國興業金融投資控股有限公司), a wholly-owned subsidiary of the Company, in Guangdong Financial Leasing Co., Ltd.\* (廣東粵科融資租賃有限公司) through the Guangdong United Assets and Equity Exchange by way of open tender in accordance with the major terms as stated in the circular of the Company dated 9 May 2018 and all such acts and things as may be necessary, expedient or desirable for the purpose of or in connection with the implementation of or giving effect to the aforesaid transactions contemplated or incidental thereto by the Company or any of its subsidiaries are hereby authorised and approved.”

On behalf of  
**China Investments Holdings Limited**  
**HE Xiangming**  
*Chairman*

Hong Kong, 9 May 2018

\* For identification purposes only

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## NOTICE OF THE FIRST SGM

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*Head Office and Principal Place of Business:*

Unit 501, Wing On Plaza,  
62 Mody Road,  
Tsimshatsui,  
Kowloon, Hong Kong

*Notes:*

1. Any member of the Company entitled to attend and vote at the meeting shall be entitled to appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company but must attend the meeting in person to represent you.
2. To be valid, the proxy form, together with any power of attorney or other authority (if any) under which it is signed, or a certified copy thereof, must be lodged with the principal place of business of the Company at Unit 501, Wing On Plaza, 62 Mody Road, Tsimshatsui, Kowloon, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the proxy form shall not preclude any member from attending and voting at the meeting if the member so wishes and in such event, the proxy form shall be deemed to be revoked.
3. Where there are joint holders of any share, any one of such joint holder may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders is present at the meeting, the vote of the such holder so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased member in whose name any share stands shall be deemed joint holders thereof.