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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)

**MAJOR AND CONNECTED TRANSACTION
IN RELATION TO
DISPOSAL OF INTERESTS IN
25%-OWNED ASSOCIATE
GUANGDONG FINANCIAL LEASING CO., LTD.***

A letter from the Board is set out on pages 5 to 19 of this circular.

The transaction being the subject matter of this circular has been approved by written shareholder's approval pursuant to the Listing Rules and this circular is being despatched to the Shareholders for information only.

31 October 2019

* For identification purpose only

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DEFINITIONS

In this circular, unless the context requires otherwise, the following terms have the meanings as respectively ascribed below:–

“Associate Interest”	25% equity interest in Guangdong Financial Leasing owned by the Group
“Board”	the board of Directors of the Company
“Canton Risen”	廣東粵盛科融資租賃有限公司(Canton Risen Financial Leasing Co., Ltd.*), a company incorporated in the PRC with limited liability and a non-wholly-owned subsidiary 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
“CIH Finance Leasing”	CIH Finance Leasing Company Limited (國興融資租賃有限公司), a company incorporated in Hong Kong with limited liability, a direct wholly-owned subsidiary of the Disposal Target which holds the Associate Interest
“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)
“Completion”	shall have the meaning as ascribed to it under the section headed “ <i>Letter from the Board – The Disposal Agreement – Completion</i> ” of this circular
“Conditions Precedent”	shall have the meaning as ascribed to it under the section headed “ <i>Letter from the Board – The Disposal Agreement – Conditions Precedent</i> ” of this circular
“connected person”	shall have the meaning as ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company

DEFINITIONS

“Disposal”	the disposal of the Sale Interest by the Vendors to Nanhai Financial Hi-Tech Holdings pursuant to the terms of the Disposal Agreement
“Disposal Agreement”	the main disposal agreement dated 30 September 2019 entered into amongst the Vendors, Nanhai Financial Hi-Tech Holdings and the Disposal Target in relation to the Disposal and the continued loan by ZCXX to the Disposal Group in the form of the outstanding Shareholder’s Loan following Completion which was treated as financial assistance by the Group, and its ancillary documents (including the two disposal agreements entered into by each of the Vendors and Nanhai Financial Hi-Tech Holdings in relation to the disposal of their respective portion of the Sale Interest)
“Disposal Group”	the Disposal Target, CIH Finance Leasing and the Associate Interest
“Disposal Target”	粵盛科融資租賃(廣州)有限公司 (Canton Risen Financial Leasing (Guangzhou) Co., Ltd*), a company incorporated in the PRC with limited liability and, as at the Latest Practicable Date, an indirect wholly-owned subsidiary of the Company which is held as to 75% by ZCXX and 25% by CIH Finance
“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 an indirect 25%-owned associate of the Disposal Target
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong Dollar, the lawful currency of Hong Kong
“Inter-group Indebtedness Restructuring”	shall have the meaning as ascribed to it under the section headed “ <i>Letter from the Board – The Disposal Agreement – Shareholder’s Loan, bad debts retention and the repayment schedule – Shareholder’s Loan</i> ” of this circular

DEFINITIONS

“Latest Practicable Date”	25 October 2019, being the latest practicable date prior to printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
Nanhai Financial Hi-Tech Holdings”	佛山市南海金融高新區投資控股有限公司 (Foshan City Nanhai Financial Hi-Tech Zone Investment Holdings Co., Ltd.*), a company incorporated in the PRC with limited liability
“PRC”	the People’s Republic of China which, for the purpose of this circular, excludes the Hong Kong Special Administrative Region of the People’s Republic of China and the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Pre-Disposal Internal Restructuring”	shall have the meaning as ascribed to it under the section headed “ <i>Letter from the Board – Information on the Disposal Group – Equity structure of Guangdong Financial Leasing and the Pre-Disposal Internal Restructuring</i> ” of this circular
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Interest”	the entire equity interest in the Disposal Target owned by the Vendors (75% by ZCXX and 25% by CIH Finance) and to be acquired by Nanhai Financial Hi-Tech Holdings pursuant to the terms of the Disposal Agreement
“SFO”	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Shareholder(s)”	shareholder(s) of the Company
“Shareholder’s Loan”	shall have the meaning as ascribed to it under the section headed “ <i>Letter from the Board – The Disposal Agreement – Shareholder’s Loan, bad debts retention and the repayment schedule – Shareholder’s Loan</i> ” of this circular

DEFINITIONS

“Shares”	shares of HK\$0.1 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendors”	ZCXK and CIH Finance
“ZCXK”	中創興科(深圳)投資有限公司 (Zhong Chuang Xing Ke (Shenzhen) Investments Company Limited*), a wholly foreign-owned enterprise incorporated in the PRC and a wholly-owned subsidiary of the Company
“%”	per cent

For the purpose of this circular, amounts denominated in RMB have been translated into HK\$ at the exchange rate of RMB1 = HK\$1.095. Such translations should not be construed as a representation that the amounts in question have been, could have been or could be converted at any particular rate at all.

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LETTER FROM THE BOARD



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

31 October 2019

To the Shareholders

Dear Sir or Madam,

**MAJOR AND CONNECTED TRANSACTION
IN RELATION TO
DISPOSAL OF INTERESTS IN
25%-OWNED ASSOCIATE
GUANGDONG FINANCIAL LEASING CO., LTD.***

INTRODUCTION

Reference is made to the announcement of the Company dated 30 September 2019 in relation to the entering into of the Disposal Agreement amongst ZCXK and CIH Finance (both wholly-owned subsidiaries of the Company) as the Vendors, Nanhai Financial Hi-Tech Holdings as the purchaser and the Disposal Target, pursuant to which (i) the Vendors agreed to sell the Sale Interest to Nanhai Financial Hi-Tech Holdings at a cash consideration of RMB52,720,000 (equivalent to approximately HK\$57,728,400), and (ii) ZCXK agreed to continue to lend to the Disposal Group in the form of the outstanding Shareholder's Loan in the amount of approximately RMB157,120,000 (equivalent to approximately HK\$172,046,400) following Completion.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things, further information on the Disposal Agreement and the transactions contemplated thereunder and other information as required under the Listing Rules.

THE DISPOSAL AGREEMENT

Date

30 September 2019 (after trading hours)

The Disposal Agreement will be effective upon the obtaining of the approval of the transactions contemplated under the Disposal Agreement from 佛山市南海區國有資產監督管理局(State-owned Assets Supervision and Administration Bureau of Nanhai District, Foshan City*).

Parties

- (i) ZCXX (as vendor 1);
- (ii) CIH Finance (as vendor 2);
- (iii) Nanhai Financial Hi-Tech Holdings (as purchaser); and
- (iv) the Disposal Target.

Subject-matter of the Disposal

The Sale Interest

The equity-holding structure of the Disposal Target before the Disposal with reference to the registered capital and the currently paid-up capital are illustrated below:

Equity holder(s) of the Disposal Target before the Disposal	Registered capital (RMB)	Percentage
ZCXX	52,500,000 (fully paid-up)	75%
CIH Finance	17,500,000 (unpaid)	25%
Total	70,000,000	100%

Pursuant to the Disposal Agreement, ZCXX and CIH Finance respectively conditionally agreed to sell and Nanhai Financial Hi-Tech Holdings conditionally agreed to purchase the aforementioned 75% and 25% of the Sale Interest held by each of ZCXX and CIH Finance, which together represents the entire equity interest of the Disposal Target.

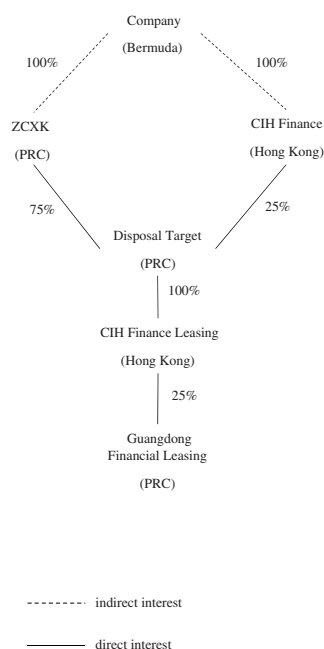
LETTER FROM THE BOARD

Shareholder's Loan, bad debts retention and the repayment schedule

Shareholder's Loan

Prior to Completion, the Vendors and the Disposal Group will restructure the intra-group indebtedness as follows (the “**Intra-group Indebtedness Restructuring**”), which following such restructuring, the Disposal Target will owe ZCXX approximately RMB157,120,000 (equivalent to approximately HK\$172,046,400) (the “**Shareholder's Loan**”). The Shareholder's Loan represented the amount lent by ZCXX to the Disposal Target to effect the Pre-Disposal Internal Restructuring.

Before the Intra-group Indebtedness Restructuring



Intra-group Indebtedness Restructuring

Registered capital: RMB70,000,000

- RMB52,500,000, i.e. 75% of which, was to be contributed by, and recorded as fully paid-up by, ZCXX, in the form of a loan owed by ZCXX to the Disposal Target in the amount of RMB52,500,000
- RMB17,500,000, i.e. 25% of which, was to be contributed by CIH Finance and was unpaid

The Associate Interest was transferred from CIH Finance to CIH Finance Leasing during the Pre-Disposal Internal Restructuring for the consideration of approximately RMB209,620,000, which remained unpaid and recorded as a loan owed by CIH Finance Leasing to CIH Finance in the amount of approximately RMB209,620,000 ^{Note}

Step 1:

- ZCXX to repay the loan owed to the Disposal Target in full in the amount of RMB52,500,000

Step 2:

- ZCXX to provide a shareholder's loan to the Disposal Target in the amount of approximately RMB157,120,000 in preparation of step 4

Step 3:

- Disposal Target to contribute approximately RMB209,620,000 to the capital of CIH Finance Leasing

Step 4:

- CIH Finance Leasing to repay the loan owed to CIH Finance in full in the amount of approximately RMB209,620,000

Note: Under paragraph 3 of page II-7 of “Appendix II – Valuation Report” of this circular, it was stated that “On 3 July 2019, CIH Finance and CIH Finance Leasing entered into an equity transfer agreement in relation to the transfer of 25% equity of GD Financial i.e. Guangdong Financial Leasing held by CIH Finance to CIH Finance Leasing at RMB209,608,316.08 on the basis of the equity attributable to the owner of the parent of RMB838,433,264.33 in the audited consolidated statement of GD Financial i.e. Guangdong Financial Leasing on 31 December 2018 as a base date.” For the avoidance of doubt, such amount of RMB838,433,264.33 has included the fair value of 55% equity interest of GTF Maritime Financial Leasing Co., Ltd and GTF Maritime International Co., Ltd. when considering the restructuring, and the difference between RMB209,620,000 and RMB209,608,316.08 represents administrative costs associated with such transfer.

Following Completion, the Shareholder's Loan will continue to be owed by the Disposal Target to ZCXX, and will be repaid according to the terms of the Disposal Agreement. Such obligation of the Disposal Target to repay the Shareholder's Loan (including the Bad Debts Retention Amount) will be guaranteed by Nanhai Financial Hi-Tech Holdings.

LETTER FROM THE BOARD

Bad debts retention

As part of the inherent risk of the finance leasing business of Guangdong Financial Leasing, certain debtors have defaulted on loan payments, and recovery actions have been instituted against such debtors. Parties to the Disposal Agreement agreed that, with respect to payment defaults of certain those debtors of Guangdong Financial Leasing in relation to which recovery actions have been instituted (“**Potential Bad Debts**”), if by the date of Completion, any part of such outstanding debts has not been recovered in full, an amount equivalent to 25% of such non-recovered amount (after deducting relevant bad debts provision under the financial statements of Guangdong Financial Leasing as at 31 December 2018) (the “**Bad Debts Retention Amount**”) shall be carved out from the Shareholder’s Loan, and retained and repaid by the Disposal Target according to the terms of the Disposal Agreement. In view of the quality of security collaterals and guarantees associated with the Potential Bad Debts, it is the Company’s assessment that such outstanding amounts will not fully materialise as bad debts and the possible loss to be borne by the Group for the Potential Bad Debts is currently expected to be approximately RMB20,000,000. It is agreed by the parties to the Disposal Agreement that ZCXK shall be entitled to and shall bear any benefits and liabilities in relation to 25% of the said Potential Bad Debts. The Potential Bad Debts arose when members of the Group were equity holders of Guangdong Financial Leasing. The Board has taken into account of the Potential Bad Debts, the Bad Debts Retention Amount and the possible loss of approximately RMB20,000,000 when considering the Disposal and determining the consideration, which are on normal commercial terms and fair and reasonable.

Repayment schedule

Taking into account the aforementioned, the Shareholder’s Loan will be repaid by the Disposal Target according to the following repayment schedule:

- (1) an amount equivalent to the Shareholder’s Loan amount deducted by the Bad Debts Retention Amount will be repaid by the Disposal Target latest by 31 December 2020, in a maximum of 3 installments (payment intervals to be determined at the sole discretion of the Disposal Target) at a fixed interest rate of 6.125% per annum (accruing from the date of lending of the Shareholder’s Loan); and
- (2) in relation to the Bad Debts Retention Amount, for each repayment received by Guangdong Financial Leasing post-Completion, 25% of such payment will be paid by the Disposal Target to ZCXK within the month after the said repayment is recorded in the financial statements of Guangdong Financial Leasing (for the avoidance of doubt, no interest will be payable by the Disposal Target to ZCXK in relation to the Bad Debts Retention Amount).

LETTER FROM THE BOARD

Before the Intra-group Indebtedness Restructuring, all intra-group loans were interest-free and repayable on demand. Pursuant to the terms of the Disposal Agreement, the Shareholder's Loan (which will continue to be owed by the Disposal Target to ZCXX following Completion) will additionally be subject to the following more favourable terms, which will generate further income to the Group:

- (i) an interest at a fixed rate of 6.125% per annum, which is higher than the Group's costs of borrowing the same amount from bank, will be charged on the Shareholder's Loan amount (deducted by the Bad Debts Retention Amount);
- (ii) the obligation of the Disposal Target to repay the Shareholder's Loan (including the Bad Debts Retention Amount) to be guaranteed by Nanhai Financial Hi-Tech Holdings, which is a creditable guarantor as it is a PRC-incorporated company wholly-owned by 佛山市南海區國有資產監督管理局 (State-owned Assets Supervision and Administration Bureau of Nanhai District, Foshan City*); and
- (iii) the Shareholder's Loan amount (deducted by the Bad Debts Retention Amount) to be repaid by the Disposal Target latest by 31 December 2020, which is only around a year from the date of Completion.

Furthermore, in relation to any proposed subsequent sale of any interests in the Disposal Group, such proposed sale must be conditional upon the proposed subsequent purchaser's unconditional undertaking to honour the Disposal Target's repayment obligation in relation to the Bad Debts Retention Amount, upon which Nanhai Financial Hi-Tech Holdings shall be released from its guaranteed obligations.

In light of the above, the Board considers that the obligation of the Disposal Target to repay the Shareholder's Loan after Completion and its terms (including the interest rate, the repayment schedule and the guarantee) are on normal commercial term, fair and reasonable and in the interest of the Company and its Shareholders as a whole.

Consideration and payment terms

The Sale Interest

The consideration for the Sale Interest in the amount of RMB52,720,000 (equivalent to approximately HK\$57,728,400) shall be paid and satisfied by the Purchaser in cash to ZCXX in full after the fulfillment of all the Conditions Precedent and before 30 November 2019 (unless otherwise agreed).

As the registered capital of the Disposal Target subscribed by CIH Finance remained unpaid, the consideration for the Sale Interest to be allocated to CIH Finance will be RMB0.

LETTER FROM THE BOARD

Basis of determining the consideration and the amount of the Shareholder's Loan

The consideration for the Sale Interest and the amount of the Shareholder's Loan were determined based on arm's length negotiation between the parties and with reference to the valuation by an independent valuer as of 31 December 2018 using the asset-based approach (which has made reference to the audited consolidated financial statements of the Disposal Target for the period from 9 October 2018 to 31 December 2018 prepared by certified PRC accountants according to generally accepted accounting principles, as adjusted assuming completion of the Intra-group Indebtedness Restructuring of:

- (i) the Associate Interest in the amount of approximately RMB209,840,000 (equivalent to approximately HK\$229,774,800);
- (ii) the net assets (owner's equity) of the Disposal Target in the amount of approximately RMB52,720,000 (equivalent to approximately HK\$57,728,400);
- (iii) the loan owed by ZCXX to the Disposal Target as of 31 December 2018 in the amount of RMB52,500,000 (equivalent to approximately HK\$57,487,500);
- (iv) the shareholders' loan owed by CIH Finance Leasing to CIH Finance as of 31 December 2018 in the amount of approximately RMB209,620,000 (equivalent to approximately HK\$229,533,900); and
- (v) the net shareholders' loan owed by the Disposal Target to ZCXX as of 31 December 2018 in the amount of approximately RMB157,120,000 (equivalent to approximately HK\$172,046,400).

Negotiation with Nanhai Financial Hi-Tech Holdings for the Disposal commenced months ago. During the course of the lengthy negotiation, parties to the Disposal Agreement commissioned the aforementioned independent valuations as of 31 December 2018, which formed the basis of determining the consideration for the Sale Interest and the amount of the Shareholder's Loan. As there was no material adverse change in the operating environments of the Disposal Group since 31 December 2018, and given the fear of potential economic downturn in the PRC in view of the strained Sino-US economic relations, the Board considered it in the interest of the Company and the Shareholders as a whole not to take extra time to prepare any updated valuations and unnecessarily prolong the negotiation process, and that it was fair and reasonable to conclude the transactions contemplated under the Disposal Agreement based on its terms.

LETTER FROM THE BOARD

Consolidated profits or losses of the Disposal Group following 1 January 2019

Nanhai Financial Hi-Tech Holdings will be entitled to the benefits of the consolidated profits or losses of the Disposal Group accrued during the period from 1 January 2019 to the date of Completion.

Conditions Precedent

Completion of the Disposal will be subject to the fulfillment of all of the following conditions precedent (the “**Conditions Precedent**”):

- (i) completion of the Intra-group Indebtedness Restructuring; and
- (ii) the obtaining of the approval of the transactions contemplated under the Disposal Agreement from 佛山市南海區國有資產監督管理局 (State-owned Assets Supervision and Administration Bureau of Nanhai District, Foshan City*).

As at the Latest Practicable Date, none of the Conditions Precedent have been fulfilled.

Completion

Within 30 business days following the receipt of the consideration for the Sale Interest under the Disposal Agreement, the Vendors and the Disposal Target will proceed with the change of industrial and commercial registration procedures and the change of shareholders registration and filing procedures with the relevant authorities in the PRC. Commencing from the date of completion of such registrations (“**Completion**”), Nanhai Financial Hi-Tech Holdings will become the sole shareholder of the Disposal Target, and the Disposal Group will cease to be subsidiaries and/or associate of the Company.

LETTER FROM THE BOARD

INFORMATION ON THE DISPOSAL GROUP

Equity structure of Guangdong Financial Leasing and the Pre-Disposal Internal Restructuring

Guangdong Financial Leasing, a Sino-foreign joint venture company principally engaging in finance leasing and related advisory services in the PRC, was established in the PRC on 17 March 2014. Since its establishment in 2014, Guangdong Financial Leasing has been providing finance leasing services for energy-saving equipment, medical equipment, technology equipment and others in the PRC. CIH Finance, being the only Hong Kong partner at that time, contributed to 25% of its total registered capital. The initial equity-holding structure of Guangdong Financial Leasing with reference to its registered capital is illustrated below:

Equity holder	Registered capital (RMB)	Percentage
廣東省粵科金融集團有限公司 (Guangdong Technology Financial Group Co., Ltd) (“ Guangdong Tech-Finance ”)	217,000,000	35%
CIH Finance	155,000,000	25%
廣東群興玩具股份有限公司 (Guangdong Qunxing Toys Joint-Stock Co., Ltd) (“ Guangdong Qunxing ”)	124,000,000	20%
中南恒展集團有限公司 (Centenio Group Co., Ltd.)	<u>124,000,000</u>	<u>20%</u>
Total	<u>620,000,000</u>	<u>100%</u>

Over the years, there had been various changes of equity holders of Guangdong Financial Leasing, with CIH Finance continued to remain the sole Hong Kong partner holding 25% of the total registered capital. The equity-holding structure of Guangdong Financial Leasing with reference to its registered capital before the Pre-Disposal Internal Restructuring is illustrated below:

Equity holder	Registered capital (RMB)	Percentage
Guangdong Tech-Finance	341,000,000	55%
CIH Finance	155,000,000	25%
Guangdong Qunxing	<u>124,000,000</u>	<u>20%</u>
Total	<u>620,000,000</u>	<u>100%</u>

LETTER FROM THE BOARD

Since the establishment of its own finance leasing subsidiary Canton Risen in 2017, the Group has been seeking to dispose of the Associate Interest. During 2018, the Group attempted unsuccessfully such disposal through the default method of public tender, as legally required in the PRC for disposal of state-owned assets unless approved by the relevant PRC authorities. Please refer to the announcements of the Company respectively dated 20 April 2018, 7 June 2018 and 13 July 2018, and the circular of the Company dated 9 May 2018 for details. Following the disposal attempt in 2018, the Group continued to lobby the relevant PRC authorities to provide special approval for a disposal by private contract with state-owned entity. Since then, the Group has resolved to push for the approval of relevant PRC authorities to effect such disposal by contract with identified purchaser instead.

Taking into account (i) that Guangdong Financial Leasing, which operates as a Sino-foreign joint venture company, needs to retain a foreign investor following the departure of CIH Finance as its sole Hong Kong partner; (ii) other than holding the Associate Interest, CIH Finance is also engaging in other businesses, which CIH Finance would be more cumbersome to reorganise for sale; and (iii) most potential purchasers for the Associate Interest were expected to be PRC entities preferring a direct holding of a domestic company, the Group has, in July 2019, transferred the Associate Interest to CIH Finance Leasing (a company established for such purpose in Hong Kong), which would be held entirely by the Disposal Target (a company established for such purpose in the PRC). Following such internal restructuring (the “**Pre-Disposal Internal Restructuring**”), the equity-holding structure of Guangdong Financial Leasing with reference to its registered capital immediately is illustrated below:

Equity holder	Registered capital (RMB)	Percentage
Guangdong Tech-Finance ^{Note 1}	341,000,000	55%
CIH Finance Leasing	155,000,000	25%
Guangdong Qunxing ^{Note 2}	<u>124,000,000</u>	<u>20%</u>
Total	<u>620,000,000</u>	<u>100%</u>

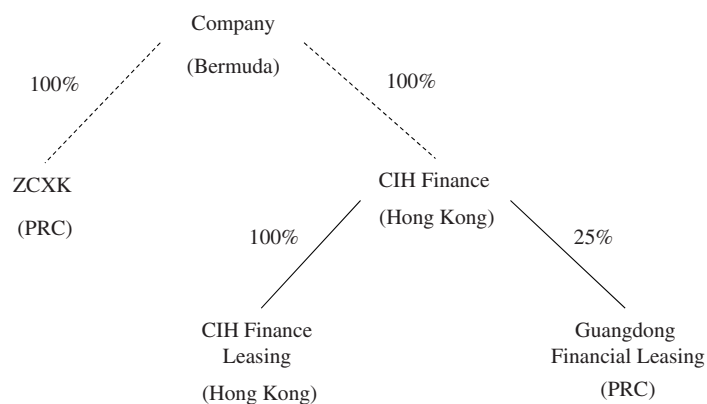
Notes:

1. The sole ultimate beneficial owner of Guangdong Tech-Finance is 廣東省國有資產監督管理委員會 (State-owned Assets Supervision and Administration Commission of Guangdong Province).
2. Guangdong Qunxing is a company listed on the Shenzhen Stock Exchange. The largest ultimate beneficial owner of which is an individual named 王叁壽, who holds 20% equity interest in Guangdong Qunxing through various intermediate companies.

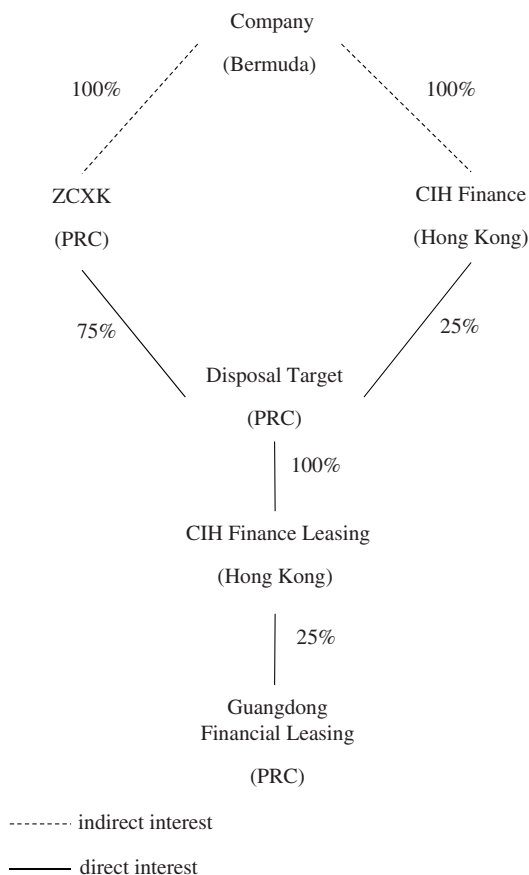
LETTER FROM THE BOARD

For illustration purpose, the equity-holding structures of the Disposal Group both before and after the Pre-Disposal Internal Restructuring are illustrated below:

Before the Pre-Disposal Internal Restructuring



After the Pre-Disposal Internal Restructuring



LETTER FROM THE BOARD

Business operation and financial information of Guangdong Financial Leasing

According to the audited financial statements of Guangdong Financial Leasing (a summary of which has been disclosed on pages 187 to 188 of the annual report 2018 of the Company and pages 145 to 146 of the annual report 2017 of the Company), the audited net asset value of Guangdong Financial Leasing was approximately HK\$1,133,795,000 as at 31 December 2018. The audited net profits (both before and after taxation) of Guangdong Financial Leasing for the two financial years ended 31 December 2018 are set out below:

	For the year ended 31 December 2018 RMB	For the year ended 31 December 2017 RMB
Profit before tax	59,039,000	86,282,000
Profit after tax	44,496,000	65,169,000

Guangdong Financial Leasing had seen an increase in the amount of bad debt impairment as affected by growing economic uncertainties for the financial year ended 31 December 2018 when compared with its previous years, which have impacted on profitability for the year and may continue in 2019. It is expected that any continued economic uncertainty dampening the business growth of its lessees could also affect the business and financial performance of Guangdong Financial Leasing in 2019.

Financial information of the Disposal Target

The Disposal Target, established in the PRC on 9 October 2018, is principally engaged in finance leasing. The original acquisition costs of the Sale Interest was deemed to be RMB155,000,000 (equivalent to approximately HK\$169,725,000), being the amount of capital contribution originally paid by the Group for its 25% equity interest in the establishment of Guangdong Financial Leasing in 2014.

According to the unaudited consolidated financial statements of the Disposal Target, the unaudited consolidated net asset value of the Disposal Target was approximately RMB53,720,000 (equivalent to approximately HK\$58,823,400) as at 31 August 2019 (for reference, the consideration for the Sale Interest is RMB52,720,000 (equivalent to approximately HK\$57,728,400)) and its unaudited consolidated net profits for the period since 9 October 2018 (date of incorporation of the Disposal Target) and ended 31 August 2019 before and after taxation were both approximately RMB1,220,000 (equivalent to approximately HK\$1,335,900).

LETTER FROM THE BOARD

INFORMATION ON OTHER PARTIES TO THE DISPOSAL AGREEMENT

The Group is engaged in hotel investment, management and operation, property investments in both properties held for sale and investment properties, wellness elderly care, finance leasing and big data businesses. Through its joint ventures and associates (including Guangdong Financial Leasing prior to Completion), the Group also participates and invests in fast-growing sectors, including electric utilities, civil explosives and finance leasing in the PRC.

ZCXX, a wholly foreign-owned enterprise incorporated in the PRC and a wholly-owned subsidiary of the Company, is principally engaged in investment holding.

CIH Finance, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company, is principally engaged in finance and project investment.

Nanhai Financial Hi-Tech Holdings, a company incorporated in the PRC with limited liability, is principally engaged in the financing, investment, development and management of properties in hi-tech development zones.

FINANCIAL EFFECTS OF THE DISPOSAL TO THE GROUP

Upon Completion, Guangdong Financial Leasing will cease to be an associate of the Group. As a result, its results and assets and liabilities will no longer be equity accounted for in the consolidated financial statements of the Group.

For illustration purpose, the Group is expected to record a loss of approximately HK\$30,195,000 from the Disposal (excluding profit or loss following 1 July 2019), which was estimated based on the total consideration for the Sale Interest and repayment amount of the Shareholder's Loan received amounting to RMB209,840,000 (equivalent to approximately HK\$229,775,000), with deduction of the carrying amount of the Associate Interest as at 30 June 2019 amounting to approximately HK\$240,019,000 which has been translated from RMB210,977,000 at the exchange rate as at 30 June 2019 of @1.138, the reclassification of relevant exchange reserve of HK\$18,351,000 to profit or loss and the relevant transaction expenditures totalling HK\$1,600,000 but without deduction of the Bad Debts Retention Amount. The actual gain or loss as a result of the Disposal to be recorded by the Group is subject to the final default of the Potential Bad Debts of Guangdong Financial Leasing and share of profit or loss of Guangdong Financial Leasing for the period from 1 July 2019 to the date of Completion, as well as audit, and will be assessed after Completion. Moreover, the expected loss of approximately HK\$30,195,000 from the Disposal is mainly generated from depreciation of RMB including the reclassification of relevant exchange reserve of HK\$18,351,000 and further exchange loss of approximately HK\$8,999,000 in respect of the carrying amount of the Associate Interest (i.e. RMB210,977,000 converted into HK\$231,020,000 at the current exchange rate of @1.095 minus carrying amount of the Associate Interest as at 30 June 2019 amounting to approximately HK\$240,019,000).

LETTER FROM THE BOARD

Upon Completion, the interests in associates of the non-current assets of the Group will be decreased by HK\$240,019,000 and there will be an increase in bank balances and cash and other receivables of the current assets totally amounting to HK\$228,175,000. As a result, the total assets and the net assets value of the Group will be decreased by HK\$11,844,000.

In view of the previous unsuccessful attempts to effect such disposal by the Group, the Board values expediency and the present disposal opportunity and considers that the terms of the Disposal as whole to be fair and reasonable notwithstanding the expected loss (which is mostly accounting loss) to be recorded.

USE OF THE AMOUNT RECEIVED FROM THE DISPOSAL

The amount of the consideration provided by Nanhai Financial Hi-Tech Holdings and the repayment of the Shareholder's Loan by the Disposal Target in respect of the Disposal will be used by the Group in its ordinary course of business and, subject to the Group's fund allocation at the relevant time, the majority of which is presently expected to be used for the paid-up capital of Canton Risen, with a lesser part for new investments (which no target has currently been identified) and for internal operation use.

REASONS FOR AND BENEFITS OF ENTERING INTO OF THE DISPOSAL AGREEMENT

Since 2014, through Guangdong Financial Leasing, a 25%-owned associate of the Group, the Group has gradually accumulated experience in the operation and management of financial leasing business. The Group holds an optimistic view on the prospects of the development of financial leasing business in the PRC and in 2017, the Group has established a subsidiary Canton Risen to further develop the said business. In order to avoid the issue of competition in business within the Group and to dedicate management focus and the Group's resources on the development of financial leasing business through Canton Risen, the Group considers the Disposal an appropriate opportunity to realise its investment in Guangdong Financial Leasing.

Since none of the Directors has a material interest in the Disposal, no Director was required to abstain from voting on the resolutions of the Board approving the Disposal.

LETTER FROM THE BOARD

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio calculated in accordance with the Listing Rules in respect of the transactions contemplated under the Disposal Agreement (including the Disposal and the continued loan by ZCXX to the Disposal Group in the form of the outstanding Shareholder's Loan following Completion which was treated as financial assistance by the Group) is more than 25% but less than 75%, the transactions contemplated under the Disposal Agreement constitute a major transaction of the Company and is therefore subject to the announcement, circular and shareholders' approval requirements pursuant to Chapter 14 of the Listing Rules.

As no Shareholder is materially interested in the transactions contemplated under the Disposal Agreement and no Shareholder is required to abstain from voting at a general meeting of the Company approving the transactions contemplated under the Disposal Agreement, and the Company has, pursuant to Rule 14.44 of the Listing Rules, obtained written approval of the transactions contemplated under the Disposal Agreement from Prize Rich Inc., a Shareholder holding 1,222,713,527 issued ordinary shares of the Company (representing 71.41% of its entire issued share capital) as at the Latest Practicable Date. As such, the Company is exempted from convening a general meeting to approve the transactions contemplated under the Disposal Agreement.

As at the Latest Practicable Date, Nanhai Financial Hi-Tech Holdings held 20% equity interest in Guangdong Sino Rock Tyco Construction Co., Ltd.* (廣東中岩泰科建設有限公司), an 80%-owned subsidiary of the Company, and is accordingly a substantial shareholder of the Company's subsidiary and a connected person at the subsidiary level according to Rule 14A.07(1) of the Listing Rules. Accordingly, the transactions contemplated under the Disposal Agreement constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. By virtue of Rule 14A.101 of the Listing Rules, since (i) Nanhai Financial Hi-Tech Holdings is a connected person at the subsidiary level; (ii) the Board has approved the Disposal and the transactions contemplated under the Disposal Agreement; and (iii) the independent non-executive Directors have confirmed that the terms of the Disposal Agreement are fair and reasonable, and the transactions contemplated under the Disposal Agreement are on normal commercial terms or better and in the interests of the Company and its Shareholders as a whole, the transactions contemplated under the Disposal Agreement are subject to the reporting and announcement requirements only, and are exempt from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

RECOMMENDATIONS

The Directors (including the independent non-executive Directors) are in the opinion that the terms of the Disposal Agreement are fair and reasonable, and the transactions contemplated under the Disposal Agreement are on normal commercial terms or better which are made on an arm's length basis and in the ordinary and usual course of business of the Group and in the interests of the Company and its Shareholders as a whole.

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

* *For identification purpose only*

1. FINANCIAL INFORMATION OF THE GROUP

Details of the audited consolidated financial information of the Group for each of the three years ended 31 December 2016, 2017 and 2018 are disclosed in the following annual reports of the Company for the years ended 31 December 2016, 2017, 2018, respectively, and details of the unaudited consolidated interim financial information of the Group for the six months ended 30 June 2019 are disclosed in the following interim report of the Company for the six months ended 30 June 2019, which have been published and are available on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (<http://chinainvestments.tonghair.com>):

- 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 43 to 121 in particular;
- 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 63 to 178 in particular;
- the annual report 2018 of the Company for the year ended 31 December 2018 which was published on 15 April 2019 (available on: <http://www.hkexnews.hk/listedco/listconews/sehk/2019/0415/ltn20190415209.pdf>), please refer to pages 66 to 244 in particular; and
- the interim report of the Company for the six months ended 30 June 2019 which was published on 12 September 2019 (available on: <https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0912/ltn20190912561.pdf>), please refer to pages 19 to 84 in particular.

2. INDEBTEDNESS STATEMENT

As at the close of business on 31 August 2019, the Group had outstanding secured interest bearing bank loans of approximately HK\$1,669,524,000 which were secured by the pledge of investment property of HK\$202,851,000, property, plant and equipment of HK\$102,421,000, bank deposit of HK\$43,265,000 and finance lease receivables of HK\$697,416,000. Among such loans, a small number of them are having a maturity profile in the near term (maturing in 2019 and 2020) and the rest are in the mid (maturing in 2021, 2023 and 2024) to long term (maturing in 2028, 2029 and 2035). The Group also had an unsecured interest bearing loan from its immediate holding company, associate and other independent third parties of approximately HK\$90,000,000, HK\$10,960,000 and HK\$76,721,000 respectively, all of which will mature in 2020 and 2022. In addition, the Group had outstanding convertible notes in the aggregate principal amount of HK\$166,232,000 issued by the Company on 13 October 2014 which were extended on 12 March 2019 and will mature on 13 October 2024.

The Group has obtained a loan facility from a bank of approximately USD110,090,000 which a controlling shareholder has provided the necessary corporate guarantee. As at the close of business on 31 August 2019, the Group has drawn down USD100,000,000 of the loan facility.

Save as aforesaid or otherwise disclosed herein, as at the close of business on 31 August 2019, 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

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 2018, 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, 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. FINANCIAL AND TRADING PROSPECT OF THE GROUP

With experience accumulated during the course of transformation and upgrading over the past few years, the Group has generally set its focus and direction for development. To seize opportunities of market development, the Group will strive to adjust and optimize its businesses, shifting to segments such as industrial parks/property development and investment, finance, technology and wellness elderly care.

In respect of property development and investment, with our solid position in the property development and investment sector and by capitalizing on relevant experience in such fields, the Group will continue to develop the new energy industrial park in Danzao Town, Nanhai District, Foshan City, China.

In respect of the finance sector, with China's economic growth, changes of financing models and increasing demand for finance lease, the Group will further develop the financial leasing business and intends to focus on business areas including public utilities projects, energy conservation and environmental protection projects, new energy projects and telecommunication projects, while being cautious to risk management.

In respect of the technology sector, by taking advantages of the opportunities arising from the new smart city construction plan in Nanhai District, the Group will continue the research on and development of the Big Data industry projects, as a main drive contributing to our profit growth in the future.

In the wellness elderly care sector, based on the Smart Elderly Care Services Platform, the Group will expand to cover other wellness elderly care services. After the establishing of the first institutional care project in the first half of the year, the Group will continue to head in the direction of institutional elderly care business and the development of a 3-tier elderly care system comprising institutes, communities and households in Nanhai District.

Meanwhile, the Group will also, through its joint ventures and associates, participate and invest in power generation, civil explosives, and other high-growth industries in the PRC. With the aforesaid business development directions, the Group will be able to expand its business and gradually achieve the goal of increasing and maintaining stable returns for shareholders.

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 2018 of the 100% equity interest in Canton Risen Financial Leasing (Guang Zhou) Company Limited (“Canton Risen (GZ)”).

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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 appraisal professionals 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 appraisal professionals 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 appraisal professionals 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 appraisal professionals 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.
10. If the consignor begins to use this valuation report for external purposes, it shall be deemed that the client has acknowledged that there are no false statements herein.
11. Unless otherwise stated, the default currency of this report is Renminbi, and the default unit of amount is RMB0'000, which may result in mantissa due to rounding.

SUMMARY

1. Project name: The asset valuation project of the 100% equity value of shareholders of Canton Risen (GZ) is proposed to be transferred by CIH Finance Investments Holdings Limited (“CIH Finance”) and Zhong Chuang Xing Ke (Shenzhen) Investmewnt Co., Ltd. (“ZCXX”) and the involved total shareholders’ equity value of Canton Risen (GZ), the total shareholder’s equity value of CIH Finance Leasing Company Limited (“CIH Leasing”) and the total shareholders’ equity value of Guangdong Financial Leasing Co., Ltd (“GD Financial”)
2. Consignor: ZCXX, Fanshan City Nanhai Finance High Tech Zong Investment Holding Co., Ltd (“Nanhai Finance”).
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: Canton Risen (GZ), CIH Leasing, GD Financial
5. Valuation purposes: for the proposed transfer of the 100% equity value of shareholders of Canton Risen (GZ) by CIH Finance and ZCXX and the involved total shareholders’ equity value of Canton Risen (GZ), the total shareholder’s equity value of CIH Leasing and the total shareholders’ equity value of GD Financial are undergoing valuation for the reference of the consideration of the transfer of the share.
6. Economic behaviour: ZCXX and CIH Finance Investments Holdings Limited proposed to transfer 100% of its equity interests in Canton Risen (GZ)
7. Subject of valuation: The total shareholders’ equity value of shareholders of Canton Risen (GZ), total shareholders’ equity value of CIH Leasing, total shareholders’ equity value of GD Financial
8. Scope of valuation: Entire assets and related liabilities of Canton Risen (GZ), CIH Leasing and GD Financial as of 31 December 2018 as reported by the consignor and the appraised enterprise
9. Type of value: Market value
10. Valuation base date: 31 December 2018

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, as at the valuation date:
- (I) The audited total assets of GD Financial amounted to RMB4,200,467,700, while total liabilities amounted to RMB3,388,969,600 and net assets amounted to RMB811,498,100. The income approach and the asset-based approach were adopted for the valuation and the ultimate valuation conclusion adopted the valuation results from the asset-based approach. Upon valuation, total assets amounted to RMB4,228,315,100 while total liabilities amounted to RMB3,388,969,600 and net assets amounted to RMB839,345,500, representing an appreciation of net assets amounting to RMB27,847,400 and an appreciation rate of 3.43 %. The valuation of 25% equity interest in Guangdong Financial Leasing Co., Ltd. was RMB209,836,400. Details are set out in the table below:

Unit: RMB'0,000

Item	Carrying amount	Appraised value	Appreciation or depreciation	Appreciation rate %
1 Current assets	119,145.01	119,145.01	–	–
2 Non-current assets	300,901.76	303,686.50	2,784.74	0.93
3 In which: Available-for-sale finance asset	7,000.00	7,000.00	–	–
4 Held-to-maturity investments	–	–	–	–
5 Long term receivables	274,985.09	274,985.09	–	–
6 Long term equity investment	16,500.00	19,274.79	2,774.79	16.82
7 Investment real estate	–	–	–	–
8 Fixed assets	24.58	34.52	9.94	40.44
9 Construction-in-progress	–	–	–	–
10 Construction material	–	–	–	–
11 Disposal of fixed assets	–	–	–	–
12 Productive biological assets	–	–	–	–
13 Oil and gas assets	–	–	–	–
14 Intangible assets	4.88	4.88	–	–
15 Development expenses	–	–	–	–
16 Goodwill	–	–	–	–
17 Long-term deferred expenses	1,385.94	1,385.94	–	–

Item		Carrying amount	Appraised value	Appreciation or depreciation	Appreciation rate %
18	Deferred tax assets	982.44	982.44	–	–
19	Other non-current assets	18.84	18.84	–	–
20	Total assets	420,046.77	422,831.51	2,784.74	0.66
21	Current liabilities	104,443.33	104,443.33	–	–
22	Non-current liabilities	234,453.62	234,453.62	–	–
23	Total liabilities	338,896.96	338,896.96	–	–
24	Ownership interests	81,149.81	83,934.55	2,784.74	3.43
25	25% ownership interests	20,287.45	20,983.64	696.19	3.43

(II) Canton Risen (GZ): As of the valuation base date, the carrying amount of assets was RMB0, liabilities amounted to RMB0 and ownership interests amounted to RMB0. Upon valuation, the valuation of assets was RMB0, the valuation of liabilities was RMB0 and the valuation of the entire shareholders' equity was RMB0, representing an appreciation of RMB0 and an appreciation rate of 0%.

(III) CIH Finance Leasing Company Limited: As of the valuation base date, the carrying amount of assets was RMB0.88 liabilities amounted to RMB10,474.97 and ownership interests amounted to RMB-10,474.97. Upon valuation, the valuation of assets was RMB0.88, the valuation of liabilities was RMB10,474.97 and the valuation of the entire shareholders' equity was RMB-10,474.09, representing an appreciation of RMB0 and an appreciation rate of 0%.

13. Special Significant Notes for Events after valuation base date

Prior to the valuation base date, ZCXK and Canton Risen Financial Leasing Co., Ltd. ("Canton Risen") entered into an agreement in relation to the transfer of 75% equity in Canton Risen (GZ), the change of industrial and commercial registration procedures of which were completed on 2 June 2019. According to the equity transfer agreement entered into prior to the valuation base date, ZCXK became a de facto shareholder and Canton Risen quitted and ceased to participate in the operation and management. During the valuation, in order to faithfully reflect the actual situation at that time and to unify the report, it was determined that ZCXK was entitled to the all interests of Canton Risen in Canton Risen (GZ) on valuation base date according to the relevant agreement and contract.

Explanations on the economic events for the valuation purpose after the valuation base date

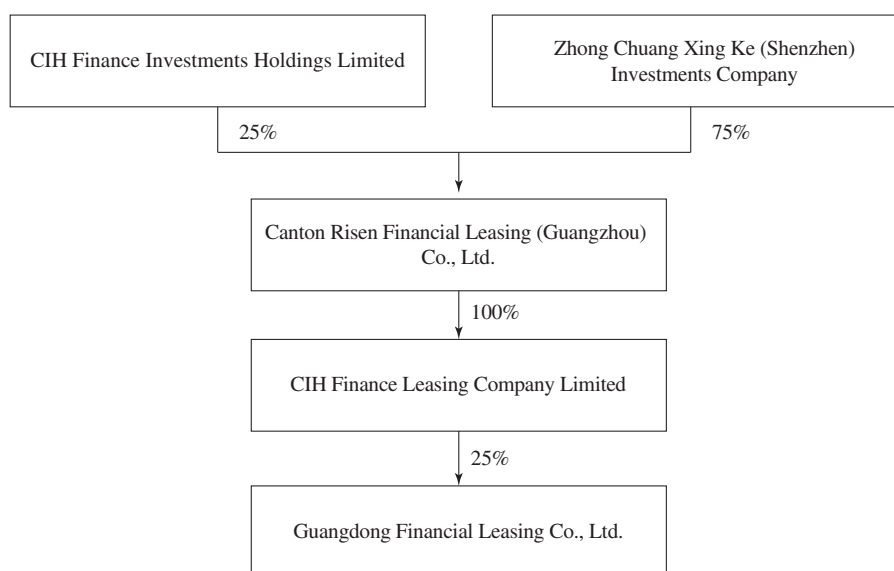
Prior to the base date, at the second meeting of the first session of the board of directors of Canton Risen (GZ) held on 1 November 2018, it was unanimously resolved to purchase the entire shares of CIH Leasing held by CIH Finance at a price of HK\$1. CIH Finance and Canton Risen (GZ) entered into the M&A Leasing Agreement (IT&BS)(《粵盛科廣州併購中興租賃協議(IT&BS)》) on the same day to transfer 100% equity interest of CIH Leasing to Canton Risen (GZ) at the price of HK\$1.

On 24 December 2018, the Executive Board of China Investments Holdings Limited made a written resolution on the disposal of 25% equity interest in GD Financial, to invest 25% equity interest of GD Financial held by CIH Finance to CIH Leasing at the audited carrying amount.

On 3 July 2019, CIH Finance and CIH Leasing entered into an equity transfer agreement in relation to the transfer of 25% equity of GD Financial held by CIH Finance to CIH Leasing at RMB209,608,316.08 on the basis of the equity attributable to the owner of the parent of RMB838,433,264.33 in the audited consolidated statement of GD Financial on 31 December 2018 as a base date. On 1 August 2019, Market Supervision Administration of Foshan City Nanhai District (佛山市南海區市場監督管理局) approved the above change of industrial and commercial registration.

On 10 June 2019, ZCXX made a paid-up capital injection of RMB52,500,000 into the 75% equity of Canton Risen (GZ) Co., Ltd.

From the valuation base date to the reporting date of the valuation, the above transferrer and the valuated enterprise completed the following commercial restructuring registration of the shareholding relationship upon the above restructuring work. The shareholding relationship below is thereby formed.



The equity attributable to the owner of the parent of GD Financial in the audited consolidated statement as at 31 December 2018 was RMB838,433,300 and the 25% equity was RMB209,608,300 while its 25% equity in this valuation was RMB209,836,400, representing an appreciation of RMB228,100.

According to the Audit Report on the Pro Forma Consolidated Financial Statement of Canton Risen (GZ) (Zong Huan Yue Shen Zi (2019) No. 0703) and the supplemental illustration, the carrying amount of the 3 valuated companies above upon restructuring and the amount after consideration of the factors of valuation appreciation are set out in the table below (unit: RMB'0000):

Item		Carrying amount	Valuation appreciation	Ultimate value
Creditor's right	Other receivables – ZCXK	5,250.00	–	5,250.00
Long-term investment	Long-term investment – GD Financial (25%)	20,960.83	22.81	20,983.64
Debt	Other payables – CIH Finance	20,961.88	–	20,961.88
Equity	Net assets (ownership interests)	5,248.95	–	5,271.76
	Net debt	15,711.88	–	15,711.88
	Net debt + net assets	20,960.83	–	20,983.64

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 2018 to 30 December 2019). 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.

This Report shall only be used by the users of the asset valuation report as specified therein. Without the consent of the valuation institutions, the contents of the asset valuation report shall not be excerpted, quoted or disclosed in the public media, except as otherwise provided by laws, regulations and parties concerned.

The above contents are extracted from the 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.

Asset Valuation Report of
The total shareholders' equity value of Canton Risen Financial Leasing (Guang Zhou)
Company Limited,
The total shareholder's equity value of CIH Finance Leasing Company Limited and
The total shareholders' equity value of Guangdong Financial Leasing Co.
involved in CIH Finance Investments Holdings Limited and Zhong Chuang Xing Ke
(Shenzhen) Investment Co., Ltd. proposed to transfer 100% equity value of Canton Risen
Financial Leasing (Guang Zhou) Company Limited:
ShenLixin Ping Bao Zi [2019] No.076

Shenzhen Lixin Land and Real Estate and Asset Appraisal Co., Ltd. is engaged by ZCXX and Nanhai Finance to appraise the market value of total equity interest of shareholders of Canton Risen (GZ) (which is involved in the proposed equity transfer by ZCXX as at 31 December 2018), total equity interest of shareholders of CIH Leasing and the total equity interest of shareholders of GD Finance 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 asset appraisal report users

1. Overview of the Client

Client 1: ZCXX.

ZCXX held 75% shares of the appraised enterprise, and CIH Finance held 25% shares, the two shareholders are the same controller who transferred 100% shares of the appraised enterprise.

Name of Enterprise: Zhong Chuang Xing Ke (Shenzhen) Investments Company Limited

Unified Social Credit Code: 914403003427046571

Registered Capital: RMB150,000,000.00

Address: Room 201, Block A, No. 1 Qianwan 1st Road, Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen (settled in Shenzhen Qianhai Business Secretary Co., Ltd.* (入駐深圳市前海商務秘書有限公司))

Legal Representative: He Xiangming (何向明)

Type of Company: Limited company (sole proprietorship invested or controlled by natural persons)

Date of Establishment: 9 June 2015

Term of Business: From 9 June 2015 to an indefinite term

Scope of Business: Industrial and commercial investments (specific programs to be separately applied for); investment consulting, financial consulting, business information consulting, business management consulting (all of which do not include restricted projects); equity investment; entrusted asset management (trust, financial asset management, securities asset management and other restricted projects are not allowed); entrusted manage equity investment funds (securities investment activities, raising funds to conduct investment activities, public fundraising management business are not allowed); corporate marketing planning. (Except for the projects involved in laws, administrative regulations or projects prohibited by the State Council, and the restricted projects shall only be carried out upon approval).

Client 2: 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.*) (the proposed transferee of this equity transfer)

Name of Enterprise: Nanhai Financial Hi-Tech Zone Investment Holdings Co., Ltd.*

Unified Social Credit Code: 91440605559142421W

Registered Capital: RMB1,031,660,000.00

Address: Unit 509-515, 5/F, Chengye Building, No.13 Nanping West Road, Guicheng Street, Nanhai District, Foshan City

Legal Representative: Luo Ling (駱玲)

Type of Company: Limited company (wholly state-owned)

Date of Establishment: 21 July 2010

Term of Business: 21 July 2010 to an indefinite term

Scope of Business: Investment, development, construction and management of financial high-tech zone projects; real estate development and management; real estate agency services and property management; new technology and product project investment; provision of consulting services, technical support, planning services, investment management for business decision-making; corporate management; acceptance of other equity investment entrustment, provision of equity investment, management, consulting services. (The projects which are subject to the approval in accordance with laws shall only be carried out upon the approval by relevant departments).

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 – Canton Risen (GZ)

1. Overview of the Canton Risen (GZ)

Name of the Enterprise: Canton Risen Financial Leasing (GZ) Co., Ltd

Unified Social Credit Code: 91440101MA5CHXL62N

Registered Capital: RMB70,000,000

Address: 106 Fengze Dong Road, X1301-G6174 (self registered building No.1), Nansha District Guangzhou (cluster registration (JM))

Legal Representative: Lin Pingwu (林平武)

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

Date of Establishment: 9 October 2018

Term of Business: 9 October 2018 to 9 October 2048

Scope of Business: Mechanical equipment leasing, leasing business, acquisition of domestic and foreign leased assets, treatment and maintenance of the residual value of leased assets, water transportation equipment rental service, financial leasing service (for foreign-invested enterprises only), commercial factoring business related to the principal business (for financial leasing companies only) (The projects which are subject to the approval in accordance with laws shall only be carried out upon the approval by relevant departments).

2. *Shareholding Structure of the Canton Risen (GZ)*

Canton Risen (GZ) is a limited company (Taiwan, Hong Kong, Macao and domestic equity joint ventures) jointly established by CIH Finance and Canton Risen on 9 October 2018 upon approval by Nansha District Market and Quality Supervision Administration Bureau of Guangzhou, with a registered capital of RMB70,000,000.00 upon establishment. The contribution amount and proportion of shareholders are set out in the following table:

Shareholders	Subscribed amount	Paid-in amount	Unit: RMB0'000
			Proportion of contribution (%)
CIH Finance Investments Holdings Limited	1,750.00	0.00	25.00
Canton Risen Financial Leasing Co., Ltd.* (廣東粵盛科融資租賃 有限公司)	<u>5,250.00</u>	<u>0.00</u>	<u>75.00</u>
Total	<u><u>7,000.00</u></u>	<u><u>0.00</u></u>	<u><u>100.00</u></u>

As of the valuation base date, neither CIH Finance nor Canton Risen actually invested in the subscribed capital contributions.

Explanation on the events after valuation base date to reporting date

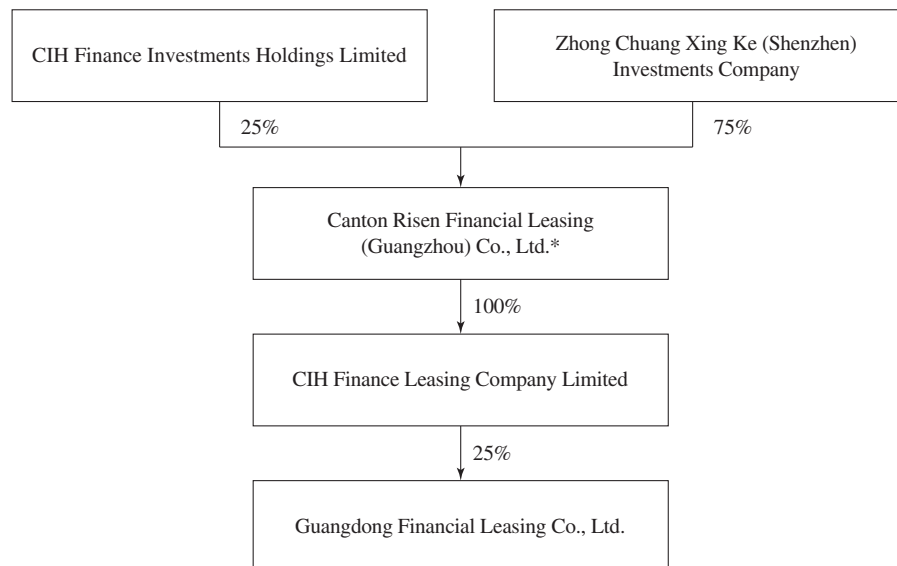
On 2 June 2019, ZCXX was granted 75% equity interest of Canton Risen (GZ) held by Canton Risen and completed the business registration change. Upon this change in shareholding, the contribution amount and proportion of shareholders are as follows:

Unit: RMB0'000

Shareholders	Subscribed amount	Paid-in amount	Proportion of contribution (%)
CIH Finance	1,750.00	0.00	25.00
ZCXX	<u>5,250.00</u>	<u>5,250.00</u>	<u>75.00</u>
Total	<u><u>7,000.00</u></u>	<u><u>5,250.00</u></u>	<u><u>100.00</u></u>

On 14 June 2019, ZCXX injected contribution amount of RMB52,500,000 to Canton Risen (GZ), which has been verified by Foshan Branch of Ruihua Certified Public Accountants LLP with a capital verification report numbered Ruihua Foshan Yan Zi [2019]49010004.

As of the date of issuance of the valuation report, the shareholding relationship formed by the completion of the industrial and commercial change registration is as follows:



3. The Historical Financial Information of the Appraised Enterprise

The following table sets out the assets and liabilities of the appraised enterprise:

	<i>Unit: RMB</i>
	31 December
Item	2018
Assets	0
Liabilities	0
Owners' equity	0

4. *The Organizational Structure and Business Model of the Canton Risen (GZ)*

Canton Risen (GZ) has not actually carried out business since its establishment. The directors of the company are Lin Pingwu, You Guangwu and Wang Xin. Lin Pingwu is the chairman and legal representative. You Guangwu is the general manager of the company, and Cao Zichao as the company's financial controller. There is no other organizational structure and personnel. The company is an investment holding platform to hold a 100% cross border equity interest of a Hong Kong company, the CIH Leasing.

According to the registration information, the business scope of the enterprise is mechanical equipment leasing, acquisition of domestic and foreign leased assets, treatment and maintenance of the residual value of leased assets, water transportation equipment rental service, financial leasing services (for foreign-invested enterprises only); concurrently engaged in commercial factoring business related to the main business. The Company and its subsidiaries are mainly engaged in leasing services and within the sector.

5. *Summary of the External Investee of the Canton Risen (GZ)*

The second meeting of the first session of the board of directors of Canton Risen (GZ) held on 1 November 2018 agreed to purchase the entire shares of CIH Leasing held by CIH Finance at the price of HK\$1. CIH Finance and Canton Risen (GZ) entered into the M&A Agreement (IT&BS) on the same day to transfer 100% equity interest of CIH Leasing to Canton Risen (GZ) at the price of HK\$1.

Event after reporting period: The relevant commercial registration work was completed before the reporting date of the valuation report.

Unit: RMB0'000

No.	Name of enterprise	Shareholding percentage	Date of investment	Carrying amount	Note
1	CIH Leasing	100%	1 November 2018	-10,474.09	Subsisting

6. *Canton Risen (GZ) Principal Accounting Policies Implemented*

Canton Risen (GZ) 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.

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, 16.00
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	25.00

Note: In April 2019, the adjusted VAT rate was adopted, the direct lease VAT rate was 13%, and other tax rates remain unchanged.

(3) Appraised Enterprise – CIH Leasing**1. Overview of CIH Leasing**

Name of Enterprise: CIH Finance Leasing Company Limited (established in Hong Kong)

Date of Establishment: 23 October 2017

Company Code: 2595523

Registration Number: 68361771-000-10-18-0

Type of Company: Limited company (private limited company)

Address: UNIT 501, WING ON PLAZA, 62 MODY ROAD, TSIMSHATSUI, KOWLOON

2. Shareholding of CIH Leasing

CIH Leasing, formerly known as CIH Leasing Company Limited, renamed CIH Finance Leasing Company Limited on 26 January 2019. CIH Leasing is a private limited company established by CIH Finance on 23 October 2018, with a registered capital of HK\$1. On 1 November 2018, the shareholders' meeting of CIH Finance proposed to transfer CIH Leasing Company Limited it held to Canton Risen (GZ) and renamed CIH Leasing Company Limited as CIH Finance Leasing Company Limited. Report users please be advised that the Report uses the change new name of the Company.

3. The Organizational Structure and Business Model of CIH Leasing

CIH Leasing has not actually carried out operations since its establishment. The directors of the company are He Xiangming, Lin Pingwu and You Guangwu. There are no other organizational structures and personnel. The company is a investment holding platform to hold a 25% cross-border equity interest of GD Financial.

4. Financial Information of CIH Leasing

CIH Leasing: as at the valuation base date has not actually carried out operation and the carrying amount of assets is 0.88, the liabilities is 10,474.97 and the shareholders' equity is -10,474.09.

5. Summarised Information of External Equity Investments of CIH Leasing

On 24 December 2018, the board of executive directors of China Investments Holdings Limited proposed a written resolution regarding the disposal of 25% equity interest in GD Financial, to inject the 25% equity interest of GD Financial held by CIH Finance into CIH Leasing at the audited carrying amount.

Event after reporting period: as at the valuation report date, the relevant commercial registration work was completed.

No.	Name of enterprise	Shareholding percentage	Date of investment	Carrying amount	Note
1	GD Financial	25%	1 August 2018	209,608,316.08	Subsisting

6. Principal Accounting Policies Implemented

As CIH Leasing is located in Hong Kong, it implements accounting policies of Hong Kong and the income tax rate is 16.5%.

(4) Appraised Enterprise – GD Finance

1. Overview of GD Finance

Name of Enterprise: Guangdong Financial Leasing Co., Ltd.

Unified Social Credit Code: 91440605093123391G

Registered Capital: RMB620,000,000.00

Address: Unit 909B, Block 2, Aenon International Plaza, No. 2 Guilan North Road, Guicheng Street, Nanhai District, Foshan City

Legal Representative: Wang Peng (王鵬)

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 (excluding finance 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 GD Financial

GD Financial 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, 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	Unit: RMB'0000	
	Amount of contribution	Proportion of contribution (%)
Guangdong Technology Financial Group Co., Ltd	21,700.00	35.00
CIH Finance	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, GD Financial (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 GD Financial 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	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>

On 7 June 2018, Guangdong Henghua Investment Development Ltd. transferred 20% equity in GD Financial to Guangdong Technology Financial Group Co., Ltd. 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	34,100.00	55.00
CIH Finance Investment Holdings Limited	15,500.00	25.00
Guangdong Qunxing Toys Joint-Stock 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>

Event after reporting period: As at 1 August 2019, CIH Finance transfer all the equity interest to CIH Leasing. As at the valuation reporting date, the contribution amount and proportion of shareholders of GD Financial are set out below:

Shareholders	Unit: RMB'0000	
	Amount of contribution	Proportion of contribution (%)
Guangdong Technology Financial Group Co., Ltd	34,100.00	55.00
CIH Finance Investment Holdings Limited	15,500.00	25.00
Guangdong Qunxing Toys Joint-Stock 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>

3. The Historical Financial Information of the GD Financial

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	Unit: RMB'0000		
	31 December 2016	31 December 2017	31 December 2018
Assets	308,670.53	401,320.17	488,744.98
Liabilities	220,097.58	306,473.43	389,227.87
Owner's equity	88,572.95	94,846.74	99,547.10
In which: equity attributable to the owners of the parent company	74,760.37	80,402.16	83,843.33

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

Item	Unit: RMB'0000		
	Year 2016	Year 2017	Year 2018
1. Operating income	17,961.09	24,936.56	30,785.55
Operating cost	9,395.03	15,202.52	18,987.34
Taxes and surcharges	25.57	21.72	27.26
Selling expenses	595.55	681.95	612.09
Administrative expenses	1,743.64	2,438.84	2,414.59
Financial expenses	-181.26	-296.64	-334.77
Asset impairment loss	—	—	4,002.02
Gain from changes in fair value	—	—	—
Gain on investments	843.10	896.85	675.49
Gain on disposal of assets	—	-0.24	-1.66
Other income	—	828.33	147.00
2. Operating profits	7,225.67	8,613.10	5,897.86
Add: non-operating income	273.11	15.12	6.04
Less: non-operating expenses	—	—	—
3. Total profit	7,498.78	8,628.21	5,903.90
Less: income tax expenses	1,878.52	2,111.29	1,454.29
4. Net profit	5,620.26	6,516.92	4,449.61
Net profit attributable to the owners of the parent company	5,364.56	5,775.52	3,303.25
Minority shareholders' profit or loss	255.70	741.41	1,146.36

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

Unit: RMB'0000

Item	31 December 2016	31 December 2017	31 December 2018
Assets	306,253.93	375,451.45	420,046.78
Liabilities	231,875.60	296,203.76	338,896.96
Owner's equity	74,378.33	79,247.68	81,149.82

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

Unit: RMB'0000

Item	Year 2016	Year 2017	Year 2018
1. Operating income	17,119.69	21,538.40	24,432.69
Operating cost	9,395.03	14,520.34	16,730.77
Taxes and surcharges	9.01	19.86	24.14
Selling expenses	595.55	681.95	523.15
Administrative expenses	1,505.56	1,561.37	1,484.01
Financial expenses	-167.59	-268.66	-304.31
Asset impairment loss	—	—	3,929.78
Gain from changes in fair value	—	—	—
Gain on investments	695.59	651.20	473.26
Gain on disposal of assets	—	-0.24	-1.66
Other income	270	828.33	25.00
2. Operating profit	6,747.71	6,502.83	2,541.74
Add: non-operating income	3.11	15.12	6.04
Less: non-operating expenses	—	—	—
3. Total profit	6,750.83	6,517.95	2,547.78
Less: income tax expenses	1,698.79	1,648.59	645.64
4. Net profit	5,052.03	4,869.36	1,902.14

The current financial data for 2016, 2017, 2018 and as at the valuation base date are extracted from audit reports of GD Financial, of which 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 audit institution in 2017 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) and Zhong Huan Shen Zi (2018) No.050012 (眾環審字(2018) 050012號); the audit institution in 2018 on the valuation base date was Union Power Certified Public Accountants (Special General Partnership) and the reference number of the unqualified audit report is Zhong Huan Shen Zi (2019) No. 050017 (眾環審字(2019) 050017號).

4. The Organizational Structure and Business Model of the GD Financial

GD Financial 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.

GD Financial 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 of GD Financial

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

						<i>Unit: RMB'0000</i>	
No.	Name of enterprise	Shareholding percentage	Type	Date of investment	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 of GD Financial*

The GD Finance 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.

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, 16.00
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 16% while the leaseback value-added tax rate and the value-added tax rate for financial leasing consulting services and factoring business is 6%. The revised VAT rate was implemented in April 2019, the VAT rate of the direct leasing was 13%, and the other tax rates remained unchanged.

7. *Risk control system*

The enterprise has established a comprehensive risk management and control system. The standard risk coefficient upon classifying the lease assets by risk: normal (0.10%), attention-required (3.00%), sub-standard (30.00%), doubtful (60.00%) and loss (100.00%).

The specifications of the risk categories of lease receivables are:

Risk category	Category specification
Normal	<p>With the following characteristics:</p> <ol style="list-style-type: none"> 1. Normal rent payment by lessee or rent overdue within 3 months; 2. Normal production and operation of the lessee with good operating efficiency; 3. Strong will of repayment of the lessee and normal performance with the Company and the banks with good credit record; 4. No substantial risk alert for the lessee; 5. No change in the structure of major shareholders, senior management personnel, and organizational management of the lessee which would be adverse to the repayment of rent; 6. Normal functioning of the leased assets and in good condition; 7. Complete and valid guarantee, normal operation and financial condition of the guarantor and the secured/pledged asset being intact.
Attention-required	<p>With the following characteristics:</p> <ol style="list-style-type: none"> 1. Default in payment of rent by lessee for 3 to 6 months (inclusive);

Risk category	Category specification
	<ol style="list-style-type: none"> 2. Adverse change in the status of the lessee or the guarantor, which is obviously affecting the repayment of rent; 3. Material adverse change in the major shareholders, related enterprises or parent (subsidiaries) of the lessee; 4. Embezzlement of financing capital by the lessee to fields not related to the principal businesses, which involves great risk of collection; 5. Incomplete credit profile or loss of substantial document, which has an actual adverse impact on the legality of the creditor's right of the Company; 6. Breach of the relevant law and regulations or the relevant approval procedures of the granting of financial leasing; 7. Adverse change in security/pledge which may significantly influence of repayment of rents; 8. The lessee being suspected of evading debts maliciously by the ways of merger, reorganization, division, etc; 9. Other substantial warning signals which may significantly influence the repayment of rent.
Sub-standard	<p>Lease receivables with one of the following characteristics are at least categorized as sub-standard:</p> <ol style="list-style-type: none"> 1. Default in payment of rent by lessee for 6 months to 1 year (inclusive); 2. Evasion of bank debts maliciously by the lessee by the ways of merger, division, etc., and the principal and interests being overdue;

Risk category	Category specification
Doubtful	<ol style="list-style-type: none"> 3. Initiation of litigation to recover the lease assets; 4. Part of the lessee's debts owned to the Company or banking financial institutions becoming non-performing; 5. Due to the deterioration in the financial position of the debtor, the Company having agreed to conduct negative restructuring; 6. Other circumstances that may result in the debtor not being able to repay the rent in full.
	Lease receivables with one of the following characteristics are at least categorized as doubtful:
	<ol style="list-style-type: none"> 1. Default in payment of rent by the lessee for 1 to 2 years (inclusive); 2. Significant insolvency, heavy operating loss and serious shortage of cash flows of the lessee; 3. Substantial loss on the lease assets being incurred, but the amount of loss is yet to be determined due to the existence of various factors such as a restructuring, merger or acquisition of the lessee, the handling of (pledged) secured assets, pending litigation or unfinished execution and other factors.
Loss	Lease receivables with one of the following characteristics are characterized as loss:
	<ol style="list-style-type: none"> 1. Default in payment of rent by lessee for over 2 years; 2. Declaration of bankruptcy by the lessee and the guarantor and the failure of full repayment of rent after the statutory settlement;

Risk category**Category specification**

3. Full repayment of rent having been confirmed impossible because, despite the legal person status of the lessee not being terminated, the production and operating activities of the lessee have ceased; and the lessee exists in name only and there is no chance to resume its operations;
4. Full or partial repayment of rent having been confirmed impossible since the lessee has suffered from a serious natural calamity or accident, and has suffered substantial loss which is not covered by insurance, or the rent cannot be repaid in full even after insurance compensation;
5. Settlement of rent having been confirmed impossible because the lessee has been rescinded, shut down and dissolved pursuant to the law and its legal person status has been terminated;
6. Both the lessee and the guarantor possessing no property that can be executed, and the rent still cannot be recovered after the court has ruled that the enforcement be ended, terminated or suspended.

Based on the standards such as whether the amount due of the customers are recovered and overdue days of the amount due, the factoring assets receivables are classified into the following types of customer risk: normal (customers without overdue amounts), attention-required (customers with amounts overdue 1 to 90 days), sub-standard (customers with amounts overdue 91 to 180 days) and loss (customers with amounts overdue more than 181 days).

The standard risk coefficients upon classification of the factoring assets receivables by risk are: normal (0.10%), attention-required (3.00%), sub-standard (30.00%) and loss (100.00%).

(5) Summary of GTF Maritime Financial Leasing Co., Ltd., a Long-term Equity Investee of GD Financial

1. Overview of the GTF Maritime Financial Leasing Co., Ltd.

Name of Enterprise: GTF Maritime Financial Leasing Co., Ltd.

Unified Social Credit Code: 91440115MA59BE0378

Type: Limited company (Sino-foreign joint venture)

Legal Representative: Zeng Weizhong (曾偉中)

Registered Capital: RMB300,000,000.00

Date of Establishment: 6 January 2016

Term of Business: 6 January 2016 to 1 January 2046

Address: (Self-called Block 1) X1301-I247 (for office purpose only) (JM), No. 106 Fengze East Road, Nansha District, Guangzhou

Scope of Business: Water transportation equipment rental service, treatment and maintenance of the residual value of leased assets (Foreign-invested enterprises shall operate with certificates of approval); acquisition of domestic and foreign leased assets (Foreign-invested enterprises shall operate with certificates of approval); financial leasing business (limited to foreign-invested enterprises only), lease and maintenance service of port facilities, equipment and port machinery. (The projects which are subject to the approval in accordance with laws shall only be carried out upon the approval by relevant departments).

2. *Change in Shareholding of GTF Maritime Financial Leasing Co., Ltd.*

GTF Maritime Financial Leasing Co., Ltd. is a sino-foreign joint venture financial leasing company approved by the State Administration for Industry and Commerce and incorporated in the Nansha District of China (Guangdong) Pilot Free Trade Zone on 1 March 2016 with a registered capital of RMB300 million. The shareholders and proportion of contribution are as follows:

Shareholders	Contribution amount	Unit: RMB'0,000	
		Proportion of contribution	(%)
Guangdong Financial Leasing Co., Ltd.	16,500.00	55.00	
Always Profit Investment Limited	7,500.00	25.00	
Guangzhou Nansha Industrial Investment Fund Management Co., Ltd. (廣州南沙產業投資基金管理有限公司)	6,000.00	20.00	
Total	30,000.00	100.00	

As of the asset valuation date, the above shareholding remains unchanged.

3. *The Historical Financial Information of GTF Maritime Financial Leasing Co., Ltd.*

The following table sets out the assets and liabilities of GTF Maritime Financial Leasing Co., Ltd. in the last three years:

Item	Unit: RMB'0,000		
	31 December 2016	31 December 2017	31 December 2018
Assets	30,686.66	59,254.65	90,161.85
Liabilities	226.68	27,817.76	56,454.62
Owners' equity	30,459.98	31,436.89	33,707.23

The operation of GTF Maritime Financial Leasing Co., Ltd. in last three years is as follows:

Item	Unit: RMB'0000		
	2016	2017	2018
I. Operating income	711.28	2,597.10	5,953.65
Operating cost	–	1,010.49	2,461.49
Taxes and surcharges	16.55	1.86	3.12
Selling expenses	–	–	88.93
Administrative expenses	238.08	876.63	928.855
Financial expenses	-13.67	-28.10	-30.58
Asset impairment loss	–	–	–
Gain from changes in fair value	–	–	–
Other gains	–	–	122.00
Gain on investments	147.51	573.95	407.155
Gain on disposal of assets	–	–	–
Other gains	–	–	–
II. Operating profits	617.83	1,310.17	3,031.00
Add: non-operating income	–	–	–
Less: non-operating expenses	–	–	–
III. Total profit	617.83	1,310.17	3,031.00
Less: income tax expenses	157.85	333.26	760.65
IV. Net profit	459.98	976.91	2,270.35

The financial information above was provided by Nansha Free Trade Zone Branch of WUYIGE Certified Public Accountants LLP (Da Xin Shui Mao Shen Zi [2017] No. 00009-1) (with unqualified opinion) and Guangdong Branch of Union Power Certified Public Accountants (Special General Partnership) (Zhong Huan Yu Yue Zi (2018) No. 0371). The 2018 valuation base date auditor is Guangdong Branch of Union Power of Certificated Public Accountants (Special General Partnership) and reporting reference is (Zhong Huan Yu Yue Zi (2019) No. 0255) with unqualified opinion.

4. The Organisational Structure and Business Model of GTF Maritime Financial Leasing Co., Ltd.

GTF Maritime Financial Leasing Co., Ltd established a board of directors, which is its highest decision making body. Under the board of directors are the review committee and strategy committee. The board of supervision is mainly responsible for the supervision on the compliance on the management (including directors and managers) with laws, regulations, by-laws and resolution at the general meeting.

The operating management consist 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 manage department respectively.

The main business models are: direct financial leasing, leasebacks, operating lease, assets management lease, financing consultation and shipping industrial fund.

5. Summary of External Equity Investment of GTF Maritime Financial Leasing Co., Ltd.

As of the valuation base date, the external investments of GTF Maritime Financial Leasing Co., Ltd. are as follows:

		Unit: RMB'0000		
No.	Name of enterprise	Shareholding percentage	Date of investment	Carrying amount Note
1	GTF Maritime International Co. Limited	100%	July 2016	4,038.28 Subsisting

6. Principal Accounting Policies Implemented by GTF Maritime Financial Leasing Co., Ltd.

GTF Maritime Financial Leasing Co., Ltd. implemented the Accounting Standards for Enterprises – Basic Standards (《企業會計準則—基本準則》) and specific 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. The direct rent VAT rate of GTF Maritime Financial Leasing Co., Ltd. is 16%, leaseback VAT rate is 6%, and VAT rate of financial leasing consulting service and factoring business is 6%. Urban construction tax, education surcharge and local education surcharge are calculated based on 7%, 3%, and 2% of the value-added tax, respectively. The income tax rate is 25%. After the valuation base date, the adjusted VAT rate will be implemented in April 2019 and the VAT rate of the direct rental business is 13%, and the other tax rates remain unchanged.

(6) Summary of GTF Maritime International Co. Limited, a Long-term Equity Investee of GTF Maritime Financial Leasing Co., Ltd.

1. Overview of the GTF Maritime International Co. Limited

Name of Enterprise: GTF Maritime International Co. Limited (established in Hong Kong)

Date of Establishment: 8 July 2016

Company Code: 2400415

Registration Number: 66397229-000-07-17-2

Type of Company: Limited company (Private limited company)

Address: FLAT C 23/F LUCKY PLAZA 315-321 LOCKHART RD WAN CHAI HK

2. Change in Shareholding of GTF Maritime International Co. Limited

GTF Maritime International Co. Limited is a wholly-owned subsidiary of GTF Maritime Financial Leasing Co., Ltd. established in Hong Kong on 8 July 2016, with a registered capital of USD6,000,000.00, namely an investment cost of RMB40,382,766.40. As at the valuation base date, there is no change on the above shareholding.

3. The Historical Financial Information of GTF Maritime International Co. Limited

The following table sets out the assets and liabilities of GTF Maritime International Co. Limited in the last three years:

Unit: RMB'0000

Item	31 December 2016	31 December 2017	31 December 2018
Total assets	4,296.96	6,352.35	6,159.30
In which: monetary funds	254.25	189.85	355.34
Interest receivable	47.63	4.02	4.55
Long-term receivables	3,995.08	6,158.48	5,799.40
Total liabilities	172.92	1,651.91	779.48
In which: taxes payable	6.14	129.44	92.28
Other payables	166.78	1,522.47	687.20
Total owners' equity	4,124.04	4,700.44	5,379.82

The operating conditions of GTF Maritime International Co. Limited in the last three years are as follow:

Unit:RMB'0000

Item	Year 2016	Year 2017	Year 2018
1. Operating income	127.52	484.03	405.18
Other income	—	298.10	0.06
Operating cost	—	—	—
Selling expenses	—	—	—
Administrative expenses	—	1.02	2.72
Financial expenses	—	—	—
Other revenue	—	—	—
2. Total profit	127.52	781.11	402.52
Less: income tax expenses	6.14	45.79	50.62
3. Net profit	121.38	735.32	351.90

The above data is extracted from the 2016, 2017 and 2018 audit reports of GTF Maritime International Co. Limited. There might be exchange differences as the accounts of GTF Maritime International Co. Limited are denominated in USD.

4. *The Organizational Structure and Business Model of GTF Maritime International Co. Limited*

GTF Maritime International Co. Limited and the parent company, GTF Maritime Financial Leasing Co., Ltd., implement “one institution bearing two names”. The specific business of the company is conducted based on the relevant system of the parent company, Maritime Leasing.

(7) Relationship between the Consignor and the Appraised Enterprise

As of the valuation base date, ZCXX, the consignor, propose to transfer the 75% equity interests in Canton Risen (GZ). Appraised Enterprises CIH Leasing, GD Finance are companies involved in the re-structuring for disposal.

II. VALUATION PURPOSES

In light of the proposed transfer of equity interests, 100% equity interest of Canton Risen (GZ) held by CIH Finance and ZCXX, asset valuation is required for the involved total equity value of owners of Canton Risen (GZ), the total owners’ equity value of CIH Leasing, the total owners’ equity value of GD Financial 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 Canton Risen (GZ), the total equity value of shareholders of CIH Leasing and the total equity value of shareholders of GD Finance.
- (2) The scope of the valuation is the corresponding assets and liabilities of the above three companies. As at the valuation basis date, Canton Risen (GZ) has carrying amount of assets RMB0, the liability 0 and the owner’s equity 0. As at the valuation base date, CIH Leasing has asset of 0.88, liabilities of 10,474.97 and the net asset of -10,474.09. The assets are other receivables from CIH Finance, which is 0.88, and the liabilities are other payables to CIH Financial 10,474.97. It has not been actually operated as at the valuation base date.

As a result, the main scope of valuation is on the assets and liabilities GD Financial as at the valuation base date.

- (3) The scope of valuation of GD Financial is the entire assets and relevant liabilities of the Consignor and the GD Financial reported and audited by Union Power Certified Public Accountants (Special General Partnership), in particular:

	<i>Unit: RMB</i>
Carrying amount of current assets:	1,191,450,118.40
Carrying amount of non-current assets:	3,009,017,649.28
In which: Carrying amount of available-for-sale	
financial assets:	70,000,000.00
Carrying amount of long-term receivables:	2,749,850,874.17
Carrying amount of long-term equity	
investments:	165,000,000.00
Carrying amount of fixed-assets:	245,805.03
Carrying amount of intangible assets:	48,750.00
Carrying amount of long-term deferred expenses:	13,859,394.16
Carrying amount of deferred taxation	9,824,448.56
Carrying amount of others non-current assets	188,377.36
Total carrying amount of assets:	4,200,467,767.68
Carrying amount of current liabilities:	1,044,433,347.24
Carrying amount of non-current liabilities:	2,344,536,221.91
Total carrying amount of liabilities:	3,388,969,569.15
Carrying amount of the equity attributable to the owners:	811,498,198.53

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 (2019) No. 050011 (眾環審字(2019) 050017號) has been issued.

(4) Summary of the Major Assets of the GD Financial

(1) Available-for-sale financial assets

				Unit: RMB
No.	Debt Securities	Maturity date	Carrying balance	Note
1	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>70,000,000.00</u>	

(2) Long-term receivables

						Unit: RMB
Item	Quantity	Carrying balance	Provision for bad debt	Carrying amount	Note	
Financial lease payment	65	<u>2,772,281,098.93</u>	<u>22,430,224.76</u>	<u>2,749,850,874.17</u>		
Total		<u>2,772,281,098.93</u>	<u>22,430,224.76</u>	<u>2,749,850,874.17</u>		

(3) Fixed assets

				Unit: RMB
Item	Carrying amount	Location	Existing State and Feature	
Fixed assets	245,805.03	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	42,000.00	
2	Electrical equipment	84	<u>883,716.86</u>	<u>203,805.03</u>	
	Total		<u>1,243,716.86</u>	<u>245,805.03</u>	

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

(4) Intangible assets

Unit: RMB

Name	Quantity	Date of acquisition	Expected useful lives (years)	Initial book value	Carrying amount
Computer software	1	June 2015	10	<u>75,000.00</u>	<u>48,750.00</u>
Total				<u>75,000.00</u>	<u>48,750.00</u>

(5) 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	Dongfeng branch of SPD Bank	2018/5/4	2019/3/17	6.0900%	19,000,000.00	
2	Dongfeng branch of SPD Bank	2018/1/9	2019/1/9	4.3900%	33,000,000.00	
3	Dongfeng branch of SPD Bank	2018/3/27	2019/3/17	6.0900%	48,000,000.00	
4	Minsheng Bank Guangzhou branch Sales Department	2018/4/27	2019/3/13	6.0900%	7,276,173.92	
5	Minsheng Bank Guangzhou branch Sales Department	2018/3/9	2019/3/8	6.0900%	3,196,403.70	
6	Minsheng Bank Guangzhou branch Sales Department	2018/1/5	2019/1/4	5.5000%	12,679,939.35	
7	Minsheng Bank Guangzhou branch Sales Department	2018/3/14	2019/3/13	6.0900%	31,250,000.00	
8	Guangzhou branch of China CITIC Bank	2018/8/9	2019/8/9	7.0035%	91,740,000.00	
9	Guangzhou branch of China CITIC Bank	2018/6/11	2019/3/12	0.0000%	7,000,000.00	
10	Guangzhou branch of China CITIC Bank	2018/5/23	2019/3/12	0.0000%	150,000,000.00	
11	Guangzhou branch of China CITIC Bank	2018/9/7	2019/9/7	6.5250%	42,120,000.00	
12	Guangzhou branch of Zhuhai China Resources Bank	2018/9/3	2019/9/3	5.6550%	66,770,000.00	
13	Shenzhen branch of Fubon Bank	2018/10/26	2019/2/22	6.3001%	45,000,000.00	
14	Guangzhou branch of Zhuhai China Resources Bank	2018/10/8	2019/10/8	6.9600%	33,230,000.00	
15	Guangdong Yuecai Trust	2018/8/15	2019/8/15	7.2000%	170,000,000.00	
Total					823,262,516.97	

(2) Long-term borrowings

Unit: RMB

No.	Lending bank (or institution)	Date of occurrence	Expiry date	Annual interest rate	Carrying amount	Note
1	Liwan Branch of ICBC	2018/3/21	2023/1/2	5.2250%	90,610,000.00	
2	Liwan Branch of ICBC	2017/12/28	2022/11/28	5.2250%	98,000,000.00	
3	Liwan Branch of ICBC	2016/4/29	2021/4/27	4.2750%	190,000,000.00	
4	Liwan Branch of ICBC	2016/6/23	2021/5/17	4.2700%	282,900,000.00	
5	Liwan Branch of ICBC	2017/6/20	2021/3/22	4.9875%	43,315,133.23	
6	China Construction Bank	2015/7/3	2020/7/3	4.0000%	113,300,000.00	
7	Foshan Huayuan Branch of Pingan Bank	2017/5/23	2020/5/23	4.9875%	99,999,999.98	
8	Guangdong branch of SPB	2017/7/17	2020/7/8	4.7500%	17,500,000.00	
9	Daye Trust	2018/1/20	2022/5/25	6.0000%	113,505,868.09	
10	Daye Trust	2018/1/20	2022/5/25	6.0000%	20,000,000.00	
11	Guangdong Nansha Branch of Jiujiang Bank	2018/6/26	2021/4/30	6.1750%	16,732,164.04	
12	Guangzhou Branch of East Asia Branch	2018/8/24	2021/8/24	6.8875%	37,654,403.65	
13	Guangzhou Branch of East Asia Branch	2017/9/19	2021/12/23	5.2250%	33,947,792.40	
14	Guangzhou Branch of Macau International Bank	2018/9/28	2023/9/28	7.8000%	47,952,389.76	
15	China Railway Construction Financial Leasing	2018/6/12	2021/5/5	6.3000%	42,303,981.48	
16	China Railway Construction Financial Leasing	2018/9/21	2022/10/5	6.3800%	160,000,000.00	
17	China Railway Construction Financial Leasing (Business)	2018/9/29	2022/10/5	6.3800%	100,000,000.00	
18	China Railway Construction Financial Leasing (Pufa)	2018/8/3	2021/8/5	6.6800%	92,404,634.91	
19	Guangzhou Branch of Macau International Bank	2018/9/28	2023/9/28	7.8000%	50,000,000.00	
20	Guangzhou Development Leasing Co., Ltd	2018/12/6	2021/4/27	6.6163%	21,176,173.92	
Total					<u>1,671,302,541.46</u>	

(3) Debt securities payables

<i>Unit: RMB</i>				
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)	16Yuezu01	298,244,723.43	
2	GF Securities Asset Management (Guangdong) Co., Ltd. (廣發證券資產管理(廣東)有限公司)	16Yuexu02	198,761,116.48	
3	GF Securities Asset Management (Guandong) Co., Ltd. (廣發證券資產管理(廣東)有限公司)	Guangfa Hengjin Subprime Asset-backed Securities of Special Supporting Plan II to Guangdong Financial Leasing	70,000,000.00	
Total			<u>567,005,839.91</u>	

(4) Long-term payables

<i>Unit: RMB</i>				
No.	Item	Quantity	Carrying amount	Note
1	Lease security deposit	35	106,227,840.54	

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

The GD Finance 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.

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 2018.

The valuation base date the valuation is selected on 31 December 2018 and is mainly considered by the consignor that the major assets were audited at that time and the operating environment do not have significant change.

The result of the valuation of asset is reference to the market value as at the valuation base date.

VI. BASIS FOR VALUATION

(1) *Economic behaviours*

1. China Investments Holdings Limited Executive Board Resolution (Z20181224)
2. The written resolution of board of directors CIH Financial for the transfer the equity interest of GD Finance;
3. The transfer agreement between CIH Finance and CIH Leasing regarding the equity transfer the equity interest of Canton Risen (GZ);
4. The resolution of the second meeting of the first board of directors of Canton Risen (GZ) on the acquisition of CIH Leasing Co., Ltd.;

(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五十二號));
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二九四號));
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 2018 (《企業會計準則2018年版》);
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. 36 [2018] of the China Appraisal Society)(《資產評估執業準則—資產評估程序》(中評協[2018]36號));
4. Practicing Standards for the Appraisal of Assets – Reporting of Asset Appraisal (No. 35 [2018] of the China Appraisal Society)(《資產評估執業準則—資產評估報告》(中評協[2018]35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. 37 [2018] of the China Appraisal Society)(《資產評估執業準則—資產評估檔案》(中評協[2018]37號));
7. Practicing Standards for the Appraisal of Assets – Enterprise Value (No. 38 [2018] of the China Appraisal Society)(《資產評估執業準則—企業價值》(中評協[2018]38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. Signed memorandum for the transfer of Canton Risen (GZ)
2. China Investments Holdings Limited Executive Board Resolution (Z20181224)
3. Copies of business licenses of the consignor and the appraised enterprise;
4. The resolution of the second meeting of the first board of directors of Canton Risen (GZ);
5. copies of business license of the long-term equity investment legal person;
6. copies of the approval documents from the Department of Commerce of Guangdong Province and the equity transfer contract;
7. copies of vehicle licenses;
8. 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 and iFinD;
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 GD Financial;

5. The auditor's report issued by Union Power Certified Public Accountants (Special General Partnership) with document number "Zhong Huan Shen Zi (2019) No. 050017 (眾環審字(2019)050017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

Pursuant to the Practising Standards for the Appraisal of Assets Enterprise Value, the appraisers performs the valuation of total equity value of shareholders should according to relevant conditions including the purpose of valuation, the subject of valuation, type of value, data collection during the valuation process. By analysing the applicability of income approach, market approach and asset based approach to the 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.

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.

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

The appraised enterprise enterprise Canton Risen (GZ), as at the valuation base date, has a carrying amount of asset 0, a liability of 0, and a shareholders' equity of 0.

CIH Leasing: as at the valuation base date, the carrying amount of assets is 0.88, the liabilities is 10,474.97 and the shareholders' equity was -10,474.09.

The two companies did not actually operate on the valuation base date. Therefore, only the asset-based approach can be used.

GD Financial is a sustainably profitable enterprise with the option for evaluation method.

(1) Selection of valuation methods

The appraised enterprise – the valuation method of the total shareholders' equity of GD Financial is as follow:

GD Financial have complete accounting records. The assets and liabilities included in the valuation are clearly defined. The relevant information is relatively complete which can reasonably use for the valuation of the assets and liabilities. The complete financial information and asset management information 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.

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

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 current operations, operating plans and development plans of GD Financial, the business possesses the expectable going-concern ability and profitability in future periods as well as new business perspectives and sustainable development prospects. Given that GD Financial possesses the basis and conditions for going concern, the future revenue and risks can be forecasted and quantised, therefore, income approach could be adopted for appraisal in this valuation.

Through the aforesaid analysis, asset-based approach has been adopted in valuation of the GD Financial. Based on the comparison between the appraisal results of both valuation methods, reasons of differences are analysed to determine the total equity value of shareholders of GD Financial.

(2) Brief introduction to the approach adopted for each asset item:

A. *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.

Introduction to various asset valuation methods

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 prepayments

Appraisal on prepayments adopted an alternative audit procedure to determine the accuracy of the balance of the book and analyzed its recoverability, based on which the appraised value shall be determined.

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 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.

9. 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:

$$\text{Appraised value of long-term equity investments} = \text{appraised total equity value of shareholders of the investee} + (\text{registered capital of the investee} - \text{aggregate paid-in capital contribution amount}) \times \text{subscribed shareholding ratio of the appraised entity} - (\text{subscribed capital contribution amount of the appraised entity} - \text{paid-in capital contribution amount of the valued entity})$$
10. 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:

$$\text{Replaced appraised value} = \text{complete replacement value} \times \text{integrated depreciation rate}$$
11. Appraisal on Intangible assets

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

12. 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.

13. Appraisal on deferred tax assets

Deferred tax assets are mainly deductible temporary difference, on the basis of free of error upon checking and verification, the appraised value is determined by the audited book value.

14. Appraisal on other non-current assets

Professional asset appraisers verified the authenticity of the business of other non-current assets and accuracy of carrying amount through checking accounts and various original vouchers in combination with relevant contracts and agreements. The appraisal value is determined by the book value upon checking and verification. This appraisal determines appraised value based on examined and verified book value.

15. 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.

B. 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 free cash flow to equity could be referred to the following formula:

Free cash flow to Equity = net profit + depreciation and amortization – capital expenditure – increase in working capital – repayment interest-bearing debts + new issuance of interest-bearing debts;

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 free cash flow to equity model, i.e. the cash flow attributable to equity investors after deducting the operating expenses, taxation, principal and interest repayments, and all capital expenditures requiring to secure the expected cash flow growth.

This appraisal is based on the entire cash flow to equity 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 repayment of interest-bearing debts’ value will be deducted and add the new issuance of interest-bearing debts to arrive at the total equity of shareholders. The calculation formula is as follows:

$$E = P + \sum C_i$$

In the formula:

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

P: Appraised value of shareholder’s equity

$\sum C_i$: Value of residual assets, repayment of debts and new debts on the benchmark date

The calculation formula of P of valuation of shareholders equity is:

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

In the formula:

R_i : 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

Details of residual assets, are set out at the introduction to Asset Basis Law.

VIII. IMPLEMENTATION PROCESS AND SITUATION OF APPRAISAL PROCEDURES

Start from the early of July and completed at the end of August, 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, as at the valuation base date:

- (I) Canton Risen (GZ): As of the valuation base date, the carrying amount of assets was 0, liabilities amounted to 0 and ownership interests amounted to 0. Upon valuation, the valuation of assets was 0, the valuation of liabilities was 0 and the valuation of the entire shareholders' equity was 0, representing an appreciation of 0 and an appreciation rate of 0%.
- (II) CIH Leasing: As of the valuation base date, the carrying amount of assets was 0.88, liabilities amounted to 10,474.97 and ownership interests amounted to 10,474.09. Upon valuation, the valuation of assets was 0.88, the valuation of liabilities was 10,474.97 and the valuation of the entire shareholders' equity was 10,474.09, representing an appreciation of 0 and an appreciation rate of 0%.

For CIH Leasing, the assets are other receivables from CIH Finance, which is 0.88, and the liabilities are other payables to CIH Financial 10,474.97. It has not been actually operated as at the valuation base date. As the financial structure is simple, the summary table of the asset valuation and the detail list are omitted.

- (III) The audited total assets of GD Financial amounted to RMB4,200,467,700, while total liabilities amounted to RMB3,388,969,600 and net assets amounted to RMB811,498,100.

By using of assets-based approach, the total assets amounted to RMB4,228,315,100 while total liabilities amounted to RMB3,388,969,600 and net assets amounted to RMB839,345,500, representing an appreciation of net assets amounting to RMB27,847,400 and an appreciation rate of 3.43%. Details are set out in the table below:

		<i>Unit: RMB'0,000</i>			
Item		Carrying amount	Appraised value	Appreciation or depreciation	Appreciation rate %
1	Current assets	119,145.01	119,145.01	–	–
2	Non-current assets	300,901.76	303,686.50	2,784.74	0.93
3	In which: Available-for-sale finance asset	7,000.00	7,000.00	–	–
4	Held-to-maturity investments	–	–	–	–
5	Long term receivables	274,985.09	274,985.09	–	–
6	Long term equity investment	16,500.00	19,274.79	2,774.79	16.82
7	Investment real estate	–	–	–	–
8	Fixed assets	24.58	34.52	9.94	40.44
9	Construction-in-progress	–	–	–	–
10	Construction material	–	–	–	–
11	Disposal of fixed assets	–	–	–	–
12	Productive biological assets	–	–	–	–
13	Oil and gas assets	–	–	–	–
14	Intangible assets	4.88	4.88	–	–
15	Development expenses	–	–	–	–
16	Goodwill	–	–	–	–
17	Long-term deferred expenses	1,385.94	1,385.94	–	–
18	Deferred tax assets	982.44	982.44	–	–
19	Other non-current assets	18.84	18.84	–	–
20	Total assets	420,046.77	422,831.51	2,784.74	0.66
21	Current liabilities	104,443.33	104,443.33	–	–
22	Non-current liabilities	234,453.62	234,453.62	–	–
23	Total liabilities	338,896.96	338,896.96	–	–
24	Ownership interests	81,149.81	83,934.55	2,784.74	3.43
25	25% ownership interests	20,287.45	20,983.64	696.19	3.43

Upon the income approach valuation, the total equity interest of owners is RMB813,276,800, representing an appreciation of RMB1,778,600 comparing to the carrying amount of the net asset value and an appreciation rate of 0.22%.

(2) The Selection of Valuation Conclusion

The income approach and asset-based approach were adopted for the assessment of the 25% equity interest of, GD Financial, and the conclusion of the valuation adopted the asset-based method, the valuated value of the 25% equity interest of GD Finance is RMB209,836,400.

The lease sector is essentially a financial lending industry. Due to the full competition of the industry, the return of capital lending is directly proportional to the risk assumed. The high return is inevitably accompanied by a high-risk premium rate (the discount rate is the risk-free rate plus the risk premium rate), and low return corresponds to a lower risk premium rate. Therefore, under different risk conditions in the future, the discount rate used for future earnings is also different. After the high and low matching, the present value is convergent. Therefore, the assessment results from the asset-based approach are not much different from those from the income approach. The assessment results from the income approach of this assessment is lower than those from the asset-based approach, which is due to conservative income forecast and thorough risk consideration according to the current development.

In summary, the final conclusion is based on the asset-based approach.

(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) Description of events from valuation base date to reporting date**

Prior to the valuation base date, ZCXK and Canton Risen entered into an agreement in relation to the transfer of 75% equity in Canton Risen (GZ) the change of industrial and commercial registration procedures of which were completed on 2 June 2019. According to the equity transfer agreement entered into prior to the valuation base date, ZCXK became a de facto shareholder and Canton Risen quitted and ceased to participate in the operation and management. During the valuation, in order to faithfully reflect the actual situation at that time and to unify the report, it was determined that ZCXK was entitled to the all interests of Canton Risen in Canton Risen (GZ) on valuation base date according to the relevant agreement and contract.

(2) Description of the change of economic events related to valuation purpose after valuation base date

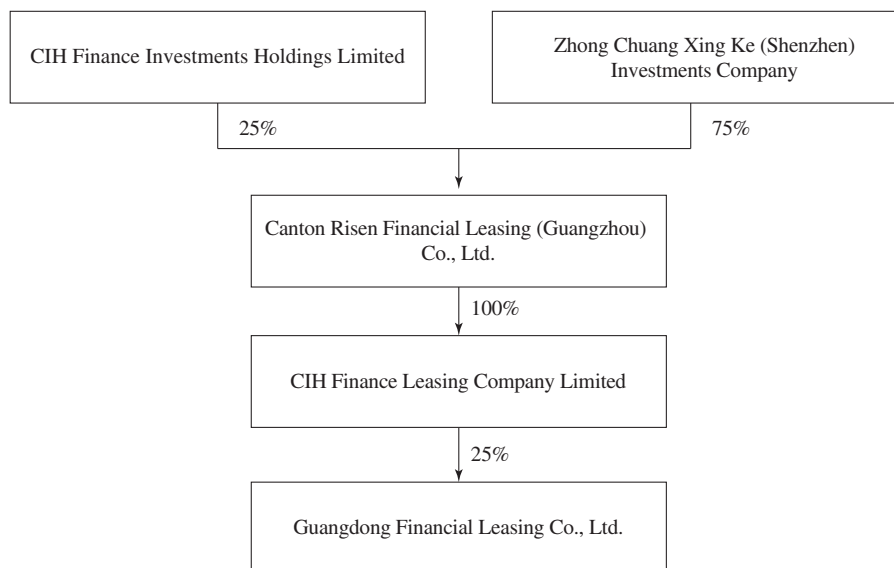
Prior to the base date, at the second meeting of the first session of the board of directors of Canton Risen (GZ) held on 1 November 2018, it was unanimously resolved to purchase the entire shares of CIH Leasing held by CIH Finance at a price of HK\$1. CIH Finance and Canton Risen (GZ) entered into the M&A Leasing Agreement (IT&BS)(《粵盛科廣州併購中興租賃協議(IT&BS)》) on the same day to transfer 100% equity interest of CIH Leasing to Canton Risen (GZ) at the price of HK\$1.

On 24 December 2018, the Executive Board of China Investments Holdings Limited made a written resolution on the disposal of 25% equity interest in GD Financial, to invest 25% equity interest of GD Financial held by CIH Finance to CIH Leasing at the audited carrying amount.

On 3 July 2019, CIH Finance and CIH Leasing entered into an equity transfer agreement in relation to the transfer of 25% equity of GD Financial held by CIH Finance to CIH Leasing at RMB209,608,316.08 on the basis of the equity attributable to the owner of the parent of RMB838,433,264.33 in the audited consolidated statement of GD Financial on 31 December 2018 as a base date. On 1 August 2019, Market Supervision Administration of Foshan City Nanhai District (佛山市南海區市場監督管理局) approved the above change of industrial and commercial registration.

On 19 June 2019, ZCXX made a paid-up capital injection of RMB52,500,000 into the 75% equity of Canton Risen (GZ).

From the valuation base date to the issue date of the valuation report, the above transferrer and the valuated enterprise completed the following commercial restructuring registration of the shareholding relationship upon the above restructuring work. The shareholding relationship below is thereby formed.



The equity attributable to the owner of the parent of GD Financial in the audited consolidated statement as at 31 December 2018 was RMB838,433,300 and the 25% equity was RMB209,608,300 while its 25% equity in this valuation was RMB209,836,400, representing an appreciation of RMB228,100.

According to the Audit Report on the Pro Forma Consolidated Financial Statement of Canton Risen (GZ) (Zong Huan Yue Shen Zi (2019) No. 0703) and the supplemental illustration, the carrying amount of the 3 valuated companies above upon restructuring and the amount after consideration of the factors of valuation appreciation are set out in the table below (unit: RMB'0000):

Item		Carrying amount	Valuation appreciation	Ultimate value
Creditor's right	Other receivables – Zhong Chuang Xing Ke (Shenzhen) Investments Company Limited	5,250.00	–	5,250.00
Long-term investment	Long-term investment – Guangdong Financial Leasing Co., Ltd. (25%)	20,960.83	22.81	20,983.64
Debt	Other payables – CIH Finance Investments Holdings Limited	20,961.88	–	20,961.88
Equity	Net assets (ownership interests)	5,248.95	–	5,271.76
	Net debt	15,711.88	–	15,711.88
	Net debt + net assets	20,960.83	–	20,983.64

(3) General 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. The valuation base date was fixed on December 31, 2018, mainly considering that the time point was close to the economic behavior decision-making time. In addition, all decisive term have been completed before the issuance date of the evaluation report. The difference between the profit and loss on the valuation report base date and the issuance of report date can be adjusted by increasing or decreasing the consideration and the chosen of the valuation base date on 31 December 2018 does not affect the fairness of conclusion of the appraisal.
9. GTF Maritime Financial Leasing Co., Ltd. (the first-tier subsidiary of the GD Finance) 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.

10. The audit report of GD Financial for 2018 was issued on February 21, 2019. The audit report of the subsidiary GTF Maritime International Co., Ltd. was issued on June 21, 2019. The valuation was adopted to use the information of the audited report of the GTF Maritime International Co., Ltd.
11. 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. Users of the valuation report please should especially pay attention to the events after the valuation base date to the reporting date.

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 2018 to 30 December 2019). 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 13 August 2019.

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

Shenzhen Lixin Asset Appraisal Co., Limited CPV:

CPV:

ANNEXES

1. Copy of audit report of the appraised enterprise (Canton Risen (Consolidated); Canton Risen (Company); GD Financial);
2. The share capital verification report of the appraised company (Canton Risen);
3. Simulated financial statements (Canton Risen (GZ), CIH Finance (GTF Maritime Leasing, GTF Maritime International));
4. Copy of business license for legal person of entrusting party (ZCXK, Foshan Financial);
5. Copy of business license for legal person of the appraised enterprise (Canton Risen (GZ) (CIH Leasing; GD Financial));
6. Copy of business license for long-term equity investment (GTF Maritime Leasing; GTF Maritime International);
7. China Investments Holdings Limited Executive Board Resolution (Z20181224). The written resolution of board of directors CIH Financial for the transfer the equity interest of GD Finance; The transfer agreement between CIH Finance and CIH Leasing regarding the equity transfer the equity interest of GD Finance; The resolution of the second meeting of the first board of directors of Canton Risen (GZ);
8. The certificate of change of name of CIH Leasing;
9. Letter of undertaking of entrusting party for the asset appraisal project and the appraised enterprise;
10. Letter of undertaking by valuers for the asset appraisal project;
11. Copy of registration notice from Shenzhen Finance Committee in relation to Shenzhen Lixin Asset Appraisal Co., Ltd.;
12. Copy of business license of the asset appraisal institute;
13. Copy of qualification certificates of valuers.

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
He Xiangming	Beneficial owner	Personal	1,441,000	0.08%

Notes:

- 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
		Long position	Short position	
廣東南海控股投資有限公司 (Guangdong Nanhai Holding Investment Co., Ltd.*)	Corporate interest	1,441,439,842 (note 2)	–	84.18%
Nam Keng Van Investment Company Limited	Beneficial owner	121,864,487 (note 3)	–	7.12%
Cui Guo Jian	Corporate interest	121,864,487 (note 3)	–	7.12%
Pu Jian Qing	Corporate interest	121,864,487 (note 3)	–	7.12%

Notes:

1. The percentage was calculated based on 1,712,329,142 Shares in issue as at the Latest Practicable Date.
2. These 1,441,439,842 Shares comprises (i) 1,222,713,527 Shares held by Prize Rich Inc. which was wholly-owned by Guangdong Nanhai Holding Investment Co., Ltd.* (廣東南海控股投資有限公司); 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 is a director or employee of a company which has 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. DIRECTORS' COMPETING INTERESTS

As at the Latest Practicable Date, none of the directors of the Group 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 were 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 2018, 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 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 joint venture agreement dated 16 November 2017 entered into amongst CIH Finance and Nanhai Financial Hi-Tech Holdings 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 agreed to contribute an equivalent amount of RMB728,000,000 to Sino Rock Tyco, representing 80% of the total capital contributions;
- (b) the capital contribution agreement dated 28 March 2018 entered into amongst 佛山市南海康美投資有限公司 (Foshan City Nanhai Canmanage Investments Holdings Limited*) (“**Nanhai Canmanage**”), a wholly-owned subsidiary of the Company, 佛山市南海區聯華資產經營管理有限公司 (Foshan City Nanhai District Lianhua Asset Operation & Management Co., Ltd.*), 廣東省南海化工總廠有限公司 (Guangdong Nanhai Chemical Factory Co., Ltd.*) and 廣東天諾民爆有限公司 (Guangdong Tiannuo Civil Explosives Co., Ltd.*) (“**Tiannuo Civil Explosives**”) in relation to the contribution of RMB130,333,102.44 to the capital of Tiannuo Civil Explosives for 49% of the enlarged equity interest of Tiannuo Civil Explosives;
- (c) the capital injection agreement dated 27 September 2018 entered into amongst CIH Finance, ZCXX, Canton Risen and 佛山市粵樵資產管理有限公司 (Foshan City Yueqiao Assets Management Co., Ltd.*) (“**Yueqiao Assets Management**”), in relation to the contribution of RMB52,145,000 in cash to the capital of Canton Risen by Yueqiao Assets Management;
- (d) the capital injection agreement dated 28 December 2018 entered into amongst CIH Finance, ZCXX, Yueqiao Assets Management, Canton Risen and 佛山市南海大瀝自來水公司 (Foshan City Nanhai Dali Water Supply Company*) (“**Dali Water Supply**”) in relation to the contribution of RMB52,146,900 in cash to the capital of Canton Risen by Dali Water Supply;
- (e) the lease agreements dated 21 January 2019 entered into between Sino Rock Tyco and 佛山市南海聯運投資有限公司 (Foshan City Nanhai Lianyun Investment Co., Ltd.*) in respect of the leasing of the unencumbered land use right for 4 parcels of industrial land situated at Danzao Logistics Centre for a consideration of approximately RMB709,160,697 for a term of approximately 33 years;

- (f) the lease agreements dated 7 March 2019 entered into between Sino Rock Tyco and 佛山市南海區丹灶鎮土地資源開發公司 (Foshan City Nanhai District Danzao Town Land Resources Development Ltd.*) in respect of the leasing of the unencumbered land use right for 4 parcels of industrial land situated at Danzao Logistics Centre for an aggregate amount of rents and management fees of approximately RMB1,049,932,600 for terms ranging from approximately 32 to 34 years;
- (g) the acquisition agreement dated 7 March 2019 entered into between Sino Rock Tyco and 佛山市南海區丹灶仙湖灣商業廣場開發有限公司 (Foshan City Nanhai District Danzao Xianhuwan Commercial Plaza Development Co., Ltd.*) and 黃培佳 (Huang Peijia*) in relation to the acquisition of 100% equity interest in 佛山市仙湖灣置業有限公司 (Foshan City Xianhuwan Development Co., Ltd.*) for a consideration of RMB185,000,000;
- (h) the extension deed dated 12 March 2019 entered into between the Company and Prize Rich Inc. to extend the maturity date of the outstanding convertible bonds in the principal amount of HK\$166,232,000 by 5 years from 13 October 2019 to 13 October 2024;
- (i) the capital injection agreement dated 10 April 2019 entered into between Canton Risen and 佛山華興玻璃有限公司 (Foshan Huaxing Glass Co., Ltd.*) (“**Huaxing Glass**”) in relation to the contribution of RMB52,146,900 in cash to the capital of Canton Risen by Huaxing Glass;
- (j) the capital injection agreement dated 20 August 2019 entered into amongst CIH Finance, ZCCK, Yueqiao Assets Management, Dali Water Supply, Huaxing Glass, Canton Risen and 佛山市南海區聯智富投資有限公司 (Foshan City Nanhai District Lianzhifu Investment Co., Ltd.*) (“**Lianzhifu Investment**”) in relation to the contribution of RMB52,146,900 in cash to the capital of Canton Risen by Lianzhifu Investment;
- (k) the capital injection agreement dated 30 August 2019 entered into amongst CIH Finance, ZCCK, Yueqiao Assets Management, Dali Water Supply, Huaxing Glass, Lianzhifu Investment, Canton Risen and 佛山市南海智造投資有限公司 (Foshan City Nanhai Zhizao Investment Co., Ltd.*) (“**Zhizao Investment**”), in relation to the contribution of RMB52,146,900 in cash to the capital of Canton Risen by Zhizao Investment; and
- (l) the main disposal agreement and its ancillary documents dated 30 September 2019 entered into amongst the Vendors, Nanhai Financial Hi-Tech Holdings and the Disposal Target in relation to the Disposal at a cash consideration of RMB52,720,000 and the continued loan by ZCCK to the Disposal Group in the form of the outstanding Shareholder’s Loan in the amount of approximately RMB157,120,000 following Completion.

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 year without payment of compensation (other than statutory compensation).

8. 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 54, 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.

9. 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 15 November 2019:

- (a) the Disposal Agreement;
- (b) the memorandum of association and bye-laws of the Company;
- (c) the annual reports of the Company for the three financial years ended 31 December 2016, 2017 and 2018 respectively;
- (d) the interim report of the Company for the six months ended 30 June 2019;

- (e) each of the material contracts referred to in the section headed “*Material Contracts*” in this appendix;
- (f) the circular of the Company dated 9 January 2019 in relation to the entering into of finance leases as a lessor;
- (g) the circular of the Company dated 15 February 2019 in relation to the deemed disposal of equity interest in Canton Risen;
- (h) the circular of the Company dated 22 February 2019 in relation to the entering into of the land use right lease agreements;
- (i) the circular of the Company dated 14 March 2019 in relation to the entering into of finance lease as a lessor;
- (j) the circular of the Company dated 25 April 2019 in relation to the extension of maturity date of the convertible bonds;
- (k) the circular of the Company dated 25 April 2019 in relation to the entering into of land use right lease agreements and acquisition agreement;
- (l) the circular of the Company dated 20 September 2019 in relation to deemed disposal of equity interest in Canton Risen;
- (m) this circular; and
- (n) the valuation report in relation to the valuation of interests in the Disposal Group as of 31 December 2018 prepared by an independent valuer.

* *For identification purposes only*