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

If you have sold or transferred all your shares in **Minth Group Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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**MINTH**  
**敏實集團**  
**MINTH GROUP LIMITED**  
**敏實集團有限公司**  
*(incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 425)**

**CONNECTED TRANSACTION**  
**AND**  
**NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent Financial Adviser to the Independent Board Committee and  
the Independent Shareholders**

**ANGLO CHINESE** 英高  
CORPORATE FINANCE, LIMITED

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A letter from the Board is set out on pages 4 to 13 of this circular and a letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 14 to 15 of this circular. A letter from the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders, is set out on pages 16 to 32 of this circular.

A notice convening the extraordinary general meeting of Minth Group Limited to be held at 10:00 a.m. at Unit 1901, 19F FWD Financial Centre, 308 Des Voeux Road Central, Hong Kong on Thursday, 13 April 2017 is set out on pages 66 to 67 of this circular. Whether or not you are able to attend the extraordinary general meeting, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same as soon as possible and in any event not later than 48 hours before the time of the extraordinary general meeting to the Hong Kong branch share registrar of Minth Group Limited, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting in person at the extraordinary general meeting or any adjournment thereof should you so wish.

27 March 2017

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## DEFINITIONS

*In this circular, the following expressions have the following meanings, unless the context otherwise requires:*

“Announcement”	the announcement of the Company dated 2 March 2017
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Best Treasure”	Best Treasure (China) Limited (實益(中國)有限公司), a company incorporated in Hong Kong with limited liability
“Board”	the Board of Directors
“Business Day”	a day (except public holidays, Saturdays and Sundays) on which licensed banks are open for business in the PRC
“Capital Increase”	the capital contributions by each of Best Treasure and Huai’an Development of approximately US\$49.7 million (equivalent to approximately HK\$385.4 million) to Jiangsu Min’an
“Capital Increase Agreement”	the capital increase agreement dated 2 March 2017 and entered into between Cheerplan (China), Huai’an Development and Best Treasure in relation to the Capital Increase
“Cheerplan (China)”	Cheerplan (China) Investments Co. Ltd*, (展圖(中國)投資有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company as at the Latest Practicable Date
“Company”	Mint Group Limited, a company incorporated in the Cayman Islands with limited liability, and the shares of which are listed on the Main Board of the Stock Exchange
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the terms of the Capital Increase Agreement
“Group”	the Company and its subsidiaries

## DEFINITIONS

“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Huai’an Development”	Huai’an Development Holdings Co., Ltd.* (淮安開發控股有限公司), a state-owned company incorporated in the PRC with limited liability
“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors, namely Mr. Wu Fred Fong, Dr. Wang Ching and Ms. Yu Zheng, established for the purpose of advising the Independent Shareholders on the terms of the Capital Increase Agreement
“Independent Financial Advisor” or “Anglo Chinese”	Anglo Chinese Corporate Finance, Limited, a corporation licensed to carry on type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO, and which is the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Capital Increase Agreement
“Independent Shareholders”	Shareholders other than Mr. Chin and Mr. Chin’s associates and those who are required to abstain from voting on the resolution at the EGM approving the Capital Increase Agreement and the transactions contemplated thereunder
“Jiangsu Min’an”	Jiangsu Min’an Electric Cars Co., Ltd.* (江蘇敏安電動汽車有限公司), a company incorporated in the PRC with limited liability, and which is an indirect subsidiary of the Company as at the Latest Practicable Date
“Latest Practicable Date”	23 March 2017, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Chin”	Mr. Chin Jong Hwa, the ultimate controlling Shareholder of the Company which currently indirectly holds approximately 39.47% of the total issued Shares and also a non-executive Director of the Company

## DEFINITIONS

“Ms. Chin”	Ms. Chin Chien Ya, being associate of Mr. Chin
“PRC”	the People’s Republic of China, which shall, for the purposes of this circular, exclude Hong Kong, the Macau Special Administrative Region of the PRC or Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Shareholders”	the shareholders of the Company
“Shares”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	dollars of the United States of America, the lawful currency of the United States of America
“Valuer” or “GCA”	Greater China Appraisal Limited, the independent valuer appointed by the Company for valuation of Jiangsu Min’an

*Note:* Unless otherwise specified, the conversion of RMB into HK\$ is based on the exchange rate of RMB1.00 to HK\$1.13 and the conversion of US\$ into HK\$ is based on the exchange rate of US\$1.00 to HK\$7.75. These conversion rates are for illustration purposes only and there is no guarantee that the relevant currencies could be converted at such rates or at all.

\* *for identification purpose only*



**MINTH GROUP LIMITED**

**敏實集團有限公司**

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

**(Stock Code: 425)**

*Executive Directors:*

Shi Jian Hui (*Chairman and Chief Executive Officer*)

Zhao Feng

Bao Jian Ya

Chin Chien Ya

Huang Chiung Hui

*Registered office:*

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

*Non-executive Director:*

Chin Jong Hwa (*Honorary Chairman*)

*Principal place of business*

*in Hong Kong:*

Unit 1901, 19F

FWD Financial Centre

308 Des Voeux Road Central

Hong Kong

*Independent Non-executive Directors:*

Wang Ching

Wu Fred Fong

Yu Zheng

27 March 2017

*To the Shareholders*

Dear Sir or Madam,

**CONNECTED TRANSACTION  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**INTRODUCTION**

Reference is made to the Announcement in which the Company announced that Cheerplan (China), a wholly-owned subsidiary of the Company, entered into the Capital Increase Agreement with Huai'an Development and Best Treasure, pursuant to which each of Huai'an Development and Best Treasure agreed to make capital contributions of approximately US\$49.7 million (equivalent to approximately HK\$385.4 million), respectively, to Jiangsu Min'an.

The Group intends to continue to diversify into the electric vehicle manufacturing business through Jiangsu Min'an as it strongly believes in the growth potential of electric vehicle market. However given the investment size and the uncertainty of the success and

## LETTER FROM THE BOARD

return in connection with such project, the Board believes that it would be commercially more prudent to invite Best Treasure and Huai'an Development to share in the requisite additional financial commitment to such project. This enables the Group to continue to deploy its core resources for its principal business without the risk of a significant investment in this project at this time and, through the Call Option (as defined below), to continue to have the option to participate in the potential upside in the next two years, during which time the Group can monitor the development of such market.

Upon completion of the Capital Increase, (i) the registered capital of Jiangsu Min'an will be increased from US\$33.0 million (equivalent to approximately HK\$255.8 million) to US\$130.0 million (equivalent to approximately HK\$1,007.5 million); and (ii) the equity interest in Jiangsu Min'an will be held as to approximately 12.7% by Cheerplan (China), 50% by Huai'an Development and approximately 37.3% by Best Treasure. Accordingly, Jiangsu Min'an will cease to be an indirect subsidiary of the Company and its results of operations and financial position will cease to be consolidated in the Group's consolidated financial statements.

Best Treasure is a connected person (as defined under the Listing Rules) of the Company by virtue of it being a company indirectly wholly-owned by Mr. Chin, a substantial Shareholder and non-executive Director. Accordingly, the transaction under the Capital Increase Agreement constitutes a connected transaction of the Company.

Pursuant to Rule 14.29 of the Listing Rules, the Capital Increase Agreement constitutes a deemed disposal. As all of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the deemed disposal are less than 5%, the transaction contemplated under the Capital Increase Agreement is exempt from reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Under Chapter 14A of the Listing Rules, the transaction contemplated under the Capital Increase Agreement constitutes a connected transaction of the Company. Since all of the applicable percentage ratios exceed 0.1% but are less than 5%, the transaction is subject to the reporting and announcement requirements but is exempt from the circular (including independent financial advice) and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Notwithstanding that shareholders' approval is not required under the Listing Rules, given the importance of the Group's diversification into the electric vehicle manufacturing business, the Directors decided to hold a shareholders' meeting and seek the Independent Shareholders' approval on the transaction.

An Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on the terms of the Capital Increase Agreement. Anglo Chinese has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

## LETTER FROM THE BOARD

The purpose of this circular is to provide the Shareholders with (i) further details of the Capital Increase Agreement; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders regarding the Capital Increase Agreement; (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in connection thereto; (iv) a valuation report from the Valuer in relation to Jiangsu Min'an and (v) the notice of the EGM.

### The Capital Increase Agreement

Date of the Transaction: 2 March 2017

Parties: (a) Cheerplan (China);  
(b) Huai'an Development; and  
(c) Best Treasure.

Target Company: Jiangsu Min'an

Capital Commitment: Pursuant to the Capital Increase Agreement, Best Treasure will become a new equity holder of Jiangsu Min'an, and each of Best Treasure and Huai'an Development will make capital contributions of approximately US\$49.7 million (equivalent to approximately HK\$385.4 million) respectively to Jiangsu Min'an. Such capital contributions will be recognised as to US\$48.5 million (equivalent to approximately HK\$375.9 million) as registered capital of Jiangsu Min'an, and as to approximately US\$1.2 million (equivalent to approximately HK\$9.5 million) as share premium. Upon completion of the Capital Increase, the registered capital of Jiangsu Min'an will be increased from US\$33.0 million (equivalent to approximately HK\$255.8 million) to US\$130.0 million (equivalent to approximately HK\$1,007.5 million) which will comprise contributions by the following equity holders:

Cheerplan (China)	US\$16.5 million (approximately HK\$127.9 million)
Huai'an Development	US\$65.0 million (approximately HK\$503.8 million)
Best Treasure	US\$48.5 million (approximately HK\$375.9 million)

## LETTER FROM THE BOARD

Accordingly, upon the completion of the Capital Increase, Jiangsu Min'an will be owned as to approximately 12.7 % by Cheerplan (China), as to 50% by Huai'an Development and as to approximately 37.3% by Best Treasure.

The amount of capital contributions of approximately US\$49.7 million (equivalent to approximately HK\$385.4 million), payable by each of Best Treasure and Huai'an Development respectively, was determined after arm's length negotiations among the parties to the Capital Increase Agreement with reference to, among other things, the registered capital of Jiangsu Min'an, the then preliminary valuation by an independent valuer (which values Jiangsu Min'an at approximately US\$33,840,000 (equivalent to approximately HK\$262.3 million)) and the expected capital requirements of Jiangsu Min'an.

In determining the capital contributions of approximately US\$49.7 million payable by each of Best Treasure and Huai'an Development respectively, the Company appointed the Valuer to conduct a valuation of Jiangsu Min'an, under which the fair value of 100% equity interest in Jiangsu Min'an as at 31 December 2016 was approximately US\$33,840,000 (equivalent to approximately HK\$262.3 million). The valuation report is set out in Appendix I of this circular.

### Completion

Jiangsu Min'an shall complete the necessary registration procedures with the relevant authorities in the PRC in connection with the capital contributions within 90 Business Days of the date of the Capital Increase Agreement, that is, by 11 July 2017.

Best Treasure has committed to make such funding within two years after signing the Capital Increase Agreement, that is, by 2 March 2019. Huai'an Development will make its contribution on or before the relevant deadline to be stipulated in the amended articles of association of Jiangsu Min'an in connection with the registration of the capital increase.

### Board Composition:

Upon completion of the Capital Increase, the Board shall comprise four directors, of whom two shall be nominated by Best Treasure, one by Cheerplan (China) and one by Huai'an Development.

## LETTER FROM THE BOARD

Other material terms:

Within two years after the signing of the Capital Increase Agreement, Cheerplan (China) or its designated company shall be entitled to purchase from Best Treasure approximately 12.3% of the equity interests in Jiangsu Min'an, as enlarged by the capital contributions pursuant to the Capital Increase Agreement, at the price at which Best Treasure contributed to Jiangsu Min'an under the Capital Increase Agreement (hereinafter referred to as the "**Call Option**"). The Call Option can be exercised in stages, partial or in full. The Call Option not exercised within the prescribed period will lapse.

If Best Treasure proposes to transfer all or part of the equity interest in Jiangsu Min'an to a third party within two years from the signing of the Capital Increase Agreement, Cheerplan (China) shall have the right to sell the same proportion of equity interest in Jiangsu Min'an (that is, the proportion representing the equity interest being transferred by Best Treasure to the total equity of Jiangsu Min'an held by Best Treasure immediately prior to such transfer) to the same third party with Best Treasure at a price not less than Best Treasure's transfer price to such third party, and Best Treasure shall procure the third party to buy such equity interest in Jiangsu Min'an from Cheerplan (China). Cheerplan (China) shall also have the right to transfer the Call Option not yet exercised, in part or in full, under the Capital Increase Agreement to the same third party according to the terms of the Capital Increase Agreement.

### INFORMATION OF THE TARGET COMPANY

The principal business of Jiangsu Min'an is research and development, and the manufacture of pure electric passenger vehicles.

In February 2015, Cheerplan (China) and Huai'an Development entered into an agreement, pursuant to which Cheerplan (China) and Huai'an Development agreed to establish Jiangsu Min'an as a joint venture with registered capital to be US\$33.0 million (equivalent to approximately HK\$255.8 million). Jiangsu Min'an was established in February 2015 as a limited liability company in PRC with its registered capital to be US\$33.0 million (equivalent to approximately HK\$255.8 million). As at the Latest Practicable Date, Jiangsu Min'an is owned as to 50% by Cheerplan (China) and 50% by Huai'an Development.

## LETTER FROM THE BOARD

Set out below is the financial information of Jiangsu Min'an for the two years ended 31 December 2016:

	For the year ended	
	31 December	
	2015	2016
	(audited under	(unaudited)
	PRC GAAP)	
	RMB'000	RMB'000
Net loss before tax	4,760	34,105
Net loss after tax	4,760	34,105

As at 31 December 2016, the unaudited net asset value of Jiangsu Min'an was approximately RMB62,033,000 (equivalent to approximately HK\$70,097,000).

### GENERAL INFORMATION AND RELATIONSHIP OF THE PARTIES

#### The Group

Headquartered in the PRC, the Group is principally engaged in the design, manufacture and sale of trims, body structural parts, decorative parts, roof racks and other related parts of passenger cars and supplies to many world-renowned international automakers. The Group has established over 30 production facilities in China and the Group also established production facilities in the US, Thailand, Mexico and Germany. For more information on the Group, please visit its official website at <http://www.minthgroup.com> (information that appears in that website does not form part of this circular).

#### Huai'an Development

According to the information provided by Huai'an Development, Huai'an Development is a company established under the laws of the PRC on 22 April 2005 and is ultimately owned by the Huai'an municipal government. Huai'an Development is principally engaged in the investment, operation and management of state-owned assets within the Huai'an Economic Development Zone.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, as at the Latest Practicable Date, Huai'an Development and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

#### Best Treasure

Best Treasure is an investment company incorporated in Hong Kong on 8 October 2015 with limited liability. It is indirectly wholly-owned by Mr. Chin (the ultimate controlling Shareholder of the Company) and is therefore a connected person of the Company under the Listing Rules.

## LETTER FROM THE BOARD

### FINANCIAL EFFECT OF THE CAPITAL INCREASE

As at the Latest Practicable Date, Jiangsu Min'an is held as to 50% by the Company and is an indirect subsidiary of the Company. Upon completion of the Capital Increase, Jiangsu Min'an will cease to be an indirect subsidiary of the Company and its results of operations and financial position will cease to be consolidated in the Group's consolidated financial statements as an indirect subsidiary.

Based on the information available to the Company, it is estimated that (i) the gain on the deemed disposal of approximately 37.3% equity interest in Jiangsu Min'an amounting to approximately RMB55.3 million (equivalent to approximately HK\$62.5 million) will be recognised in the Group's consolidated financial statements, being the difference of the fair value of equity interest in Jiangsu Min'an being disposed which amounts to approximately US\$16.9 million (equivalent to approximately HK\$131.1 million) and the net asset value of Jiangsu Min'an as of the date of disposal; and (ii) value of the Call Option of approximately US\$4.6 million (equivalent to approximately HK\$35.7 million) will also be recognized in the Group's consolidated financial statements. For calculating the gain on the deemed disposal, reference is made to the then preliminary valuation performed by an independent valuer as to the fair value of the equity interest in Jiangsu Min'an as at 31 December 2016.

### REASONS FOR AND BENEFITS OF ENTERING INTO THE TRANSACTION

The Group is principally engaged in the design, manufacture and sale of parts for passenger cars. In order to diversify into pure electric vehicle business, the Group has injected approximately US\$16.5 million (equivalent to approximately HK\$127.9 million) into Jiangsu Min'an. The development of pure electric vehicle requires substantial financial resources for its research. The introduction of new investor into Jiangsu Min'an and the increase in its registered capital can raise additional funds to meet its long term business development needs and research. The Capital Increase Agreement also provides the Company with the Call Option to purchase from Best Treasure approximately 12.3% of the equity interest in Jiangsu Min'an, as enlarged by the capital contributions pursuant to the Capital Increase Agreement, within two years at the same price at which Best Treasure entered into the Capital Increase Agreement. Given the uncertainty on the success and return in connection with such new project the Call Option gives the Group more flexibility in its financial commitment whilst locking in the level of investment cost and mitigating investment risk.

In view of the above, the Directors (excluding the Directors who abstained from voting in the relevant board resolutions) are of the view that the Capital Increase Agreement is in the ordinary and usual course of business of the Group, and the terms of the Capital Increase Agreement are on normal commercial terms, and fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Mr. Chin, a Director and substantial Shareholder holding 447,072,000 Shares, representing 39.47% of the Company's issued share capital, is also the sole director and ultimate beneficial owner of Best Treasure, a party to the Capital Increase Agreement. Consequently, Mr. Chin has a material interest in the Capital Increase Agreement and he

## LETTER FROM THE BOARD

and his daughter, Ms. Chin Chien Ya, who is also a Director, abstained from voting on the Board resolution in respect of the Capital Increase Agreement.

### USE OF CAPITAL CONTRIBUTIONS

The Capital Increase Agreement will strengthen the capital base of Jiangsu Min'an, providing it with additional funds to advance its electric vehicle project. Such capital contributions are expected to be used primarily for (i) construction of a production plant and a research and development centre; (ii) acquisition of production equipment; (iii) implementation of information technology systems; and (iv) the research and development for the prototype of pure electric vehicle in 2017.

### LISTING RULES IMPLICATIONS

Upon completion of the Capital Increase, (i) the registered capital of Jiangsu Min'an will be increased from US\$33.0 million (equivalent to approximately HK\$255.8 million) to US\$130.0 million (equivalent to approximately HK1,007.5 million); and (ii) the equity interest in Jiangsu Min'an will be held as to approximately 12.7% by Cheerplan (China), 50% by Huai'an Development and approximately 37.3% by Best Treasure. Accordingly, Jiangsu Min'an will cease to be a subsidiary of the Company and its results of operations and financial position will cease to be consolidated in the Group's consolidated financial statements.

Best Treasure is a connected person (as defined under the Listing Rules) of the Company by virtue of it being a company indirectly wholly-owned by Mr. Chin, a substantial shareholder and non-executive Director of the Company. Accordingly, the transaction contemplated under the Capital Increase Agreement constitutes a connected transaction of the Company.

Pursuant to Rule 14.29 of the Listing Rules, the Capital Increase Agreement constitutes a deemed disposal. As all of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the deemed disposal are less than 5%, the transaction contemplated under the Capital Increase Agreement is exempt from reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Under Chapter 14A of the Listing Rules, the transaction contemplated under the Capital Increase Agreement constitutes a connected transaction of the Company. Since all of the applicable percentage ratios exceed 0.1% but are less than 5%, the transaction is subject to the reporting and announcement requirements but is exempt from the circular (including independent financial advice) and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Notwithstanding that shareholders' approval is not required under the Listing Rules, given the importance of the Group's diversification into the electric vehicle manufacturing business, the Directors decided to hold a shareholders' meeting and seek the Independent Shareholders' approval on the transaction.

## LETTER FROM THE BOARD

### EGM

The EGM will be held at 10:00 a.m. on 13 April 2017, Thursday at Unit 1901, 19F FWD Financial Centre, 308 Des Voeux Road Central, Hong Kong for the purpose of considering, and if appropriate, approving the Capital Increase Agreement and the transactions contemplated thereunder. A notice of the EGM is set out on pages 66 to 67 of this circular.

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

Any Shareholder with a material interest in the Capital Increase Agreement will not vote at the EGM. Mr. Chin is a Director and substantial Shareholder holding 447,072,000 Shares, representing 39.47% of the Company's issued share capital, and is also the sole director and ultimate beneficial owner of Best Treasure (a party to the Capital Increase Agreement). Consequently, Mr. Chin has a material interest in the Capital Increase Agreement and he and his associates will abstain from voting on the resolution(s) to approve the Capital Increase Agreement and the transaction contemplated thereunder at the EGM.

### RECOMMENDATION

Independent Board Committee comprising all the independent non-executive Directors, namely Wang Ching, Wu Fred Fong and Yu Zheng, has been established to advise the Independent Shareholders as to whether the terms of the Capital Increase Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole, and to advise the Independent Shareholders as to how to vote. Your attention is drawn to the Letter from the Independent Board Committee set out on pages 14 to 15 of this circular and the Letter from Anglo Chinese set out on pages 16 to 32 of this circular.

The Board (excluding Mr. Chin and Ms. Chin who had abstained from voting on the Board Resolution) consider that the terms of the Capital Increase Agreement and the transactions contemplated thereunder are on normal commercial terms and fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Board, accordingly, recommends Independent Shareholders to vote in favor of the ordinary resolution to be proposed at the EGM in relation to the Capital Increase Agreement and the transactions contemplated thereunder.

**LETTER FROM THE BOARD**

**Additional Information**

Your attention is drawn to the additional information set out in the Letter from the Independent Board Committee, Letter from Anglo Chinese and the Appendices to this circular.

Yours faithfully  
For and on behalf of the Board  
**Minth Group Limited**  
**Shi Jian Hui**  
*Chairman and Chief Executive Officer*

**MINTH**  
**敏實集團**  
**MINTH GROUP LIMITED**  
**敏實集團有限公司**  
*(incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 425)**

27 March 2017

*To the Independent Shareholders,*

Dear Sir or Madam,

**CONNECTED TRANSACTION**

We refer to the circular issued by the Company to its shareholders dated 27 March 2017 (the “**Circular**”), of which this letter forms part. Terms defined in the Circular will have the same meanings when used in this letter unless the context otherwise requires.

We have been appointed by the Board as members of the Independent Board Committee to consider the terms of the Capital Increase Agreement and to advise you as to whether the transactions contemplated thereunder are on normal commercial terms and in the ordinary and usual course of business, fair and reasonable so far as the Independent Shareholders are concerned and whether it is in the interests of the Company and the Shareholders as a whole.

Anglo Chinese has been appointed as the independent financial adviser to advise us and the Independent Shareholders as to whether the terms of the Capital Increase Agreement and the transaction contemplated thereunder are on normal commercial terms and in the ordinary and usual course of business, fair and reasonable so far as the Independent Shareholders are concerned and whether it is in the interests of the Company and the Shareholders as a whole.

We wish to draw your attention to the Letter from the Board set out on pages 4 to 13 of the Circular and Letter from Anglo Chinese set out on pages 16 to 32 of the Circular and to the appendices to the Circular.

Having considered, among other things, the terms of the Capital Increase Agreement and the transactions thereunder, and having taken into account the principal factors and reasons considered by and the opinion of the Independent Financial Adviser as stated in its letter of advice dated 27 March 2017, the text of which is set out on pages 16 to 32 of the Circular, we consider that the Capital Increase Agreement is in the ordinary and usual course of business of the Group, and the terms of the Capital Increase Agreement are fair and reasonable so far as the Independent Shareholders are concerned, on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

We therefore recommend the Independent Shareholders to vote in favour of the resolutions set out in the Notice of the EGM.

Yours faithfully,  
Independent Board Committee

**Wang Ching**  
*Independent non-executive  
Director*

**Wu Fred Fong**  
*Independent non-executive  
Director*

**Yu Zheng**  
*Independent non-executive  
Director*

27 March 2017

## LETTER FROM ANGLO CHINESE

*The following is the text of the letter of advice from Anglo Chinese Corporate Finance, Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders for the purpose of incorporation into this document.*

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**ANGLO CHINESE**  
CORPORATE FINANCE, LIMITED  
www.anglochinesegroup.com

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40th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong

27 March 2017

Independent Board Committee and  
the Independent Shareholders of  
Mint Group Limited

Dear Sir or Madam,

**CONNECTED TRANSACTION  
IN RELATION TO CAPITAL INCREASE AGREEMENT AND  
DEEMED DISPOSAL IN A SUBSIDIARY**

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders with respect to the terms of the Capital Increase Agreement, details of which are set out in the Letter from the Board set out in this circular and in our letter. As the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, we are required to state whether the terms of the Capital Increase Agreement are fair and reasonable and in the interests of the Company and its Shareholders as a whole, whether the Capital Increase Agreement are on normal commercial terms (within the meaning of the Listing Rules) and in the ordinary and usual course of the Company's business (within the meaning of the Listing Rules) and advise on whether the Independent Shareholders should vote in favour of the Capital Increase Agreement. The terms used in this letter shall have the same meaning as defined in this circular of which this letter forms a part, unless the context requires otherwise.

The parties to the Capital Increase Agreement are Cheerplan (China), a wholly-owned subsidiary of the Company, Huai'an Development which is ultimately owned by the Huai'an municipal government, and Best Treasure. Under the Listing Rules, Best Treasure is a connected person of the Company by virtue of it being a company indirectly wholly-owned by Mr. Chin, a substantial Shareholder and non-executive Director of the Company. Accordingly, the Capital Increase Agreement constitutes a connected transaction of the Company.

## LETTER FROM ANGLO CHINESE

Pursuant to Rule 14.29 of the Listing Rules, the Capital Increase Agreement constitutes a deemed disposal. As all of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the deemed disposal are less than 5%, the transaction contemplated under the Capital Increase Agreement is exempt from reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Directors (excluding the Directors who are required to abstain from voting, and excluding the independent non-executive Directors whose opinion will be given after receiving the advice from us as the Independent Financial Adviser) are of the view that the Capital Increase Agreement is in the ordinary and usual course of business of the Group, the terms of the Capital Increase Agreement are on normal commercial terms, and fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Under Chapter 14A of the Listing Rules, the transaction contemplated under the Capital Increase Agreement constitutes a connected transaction of the Company. Since all of the applicable percentage ratios exceed 0.1% but are less than 5%, the transaction is subject to the reporting and announcement requirements but is exempt from the circular (including independent financial advice) and the independent shareholders' approval requirement under Chapter 14A of the Listing Rules. Notwithstanding that shareholders' approval is not required under the Listing Rules, given the importance of the Group's diversification into the electric vehicles manufacturing business, the Directors decided to hold a shareholders' meeting and seek the Independent Shareholders' approval on the transaction. An EGM will be convened to consider and, if thought fit, approve the Capital Increase Agreement and the transactions contemplated thereunder.

Mr. Chin, a non-executive Director and the ultimate controlling shareholder of the Company, is also the sole director and ultimate beneficial owner of Best Treasure, a party to the Capital Increase Agreement. As Mr. Chin has a material interest in the Capital Increase Agreement, he and his daughter, Ms. Chin Chien Ya, who is also a Director, abstained from voting on the Board resolution in respect of the Capital Increase Agreement.

The Independent Board Committee, comprising all the independent non-executive Directors of the Company has been formed to advise the Independent Shareholders on the terms of the Capital Increase Agreement and the transactions contemplated thereunder. We have been appointed to advise the Independent Board Committee and the Independent Shareholders accordingly.

In formulating our opinion and recommendation, we have relied on the information, opinions and the facts supplied to us by the Company and the Directors, including those contained or referred to in this circular and related announcements of the Company, and the opinions expressed by GCA, an independent valuer and consultancy group appointed by the Company and as more fully described below. We have reviewed (i) the Capital Increase Agreement; (ii) the published information on the Company including the annual reports/annual results announcements for the past three years, the last of which ended on 31 December 2016; (iii) the financial data on comparable listed companies in Hong Kong; and (iv) various valuation and review reports by GCA

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described below. We have also discussed with (i) the management of the Company on the business strategy and prospects for the Group and the outlook of electric vehicles industry in the PRC; and (ii) GCA regarding its valuation reports relating to Jiangsu Min'an and the call option (the "**Call Option**"), and its review report relating to the budget of the electric vehicles project (the "**Electric Vehicles Project**") of the Company to be implemented by Jiangsu Min'an.

We have assumed that the information, facts, representations and opinions were true at the time provided or made and continue to be true at the date of this circular and will continue to be true at the date of EGM. We consider the information we have reviewed is sufficient to reach the conclusions set out in this letter and have no reason to doubt the truth, accuracy or completeness of the information provided to us by the Company and, or the Directors, and have been advised by the Directors that no material information has been omitted or withheld from the information supplied to us or the information relating to the Company or Jiangsu Min'an referred to in this circular. We have not, however, carried out any independent verification of the information provided to us by the Directors, nor have we conducted any form of in-depth investigation into the business and affairs or the prospects of the Company or Jiangsu Min'an.

The Company engaged GCA which is a provider of business and asset valuation, financial risk management and business consultancy services, to act as an independent expert and undertake valuations of Jiangsu Min'an and the Call Option, and an independent review of the budget ("**Budget**") of the Electric Vehicles Project. Mr. Max K.P. Tsang, Mr. Jimmy S. K. Wong and Mr. Bobby Zhu were involved in the valuation of 100% equity interest in Jiangsu Min'an. Mr. Brian W. C. Wong and Mr. Holman H.W. Yuen were involved in the valuation of the Call Option. Mr. Max K.P. Tsang and Mr. Jimmy S. K. Wong were involved in the review of the Budget in relation to the Electric Vehicles Project. Each of Messrs. Max K.P. Tsang, Jimmy S. K. Wong, Brian W. C. Wong, Holman H.W. Yuen and Bobby Zhu has relevant experience in the valuation of business or financial instruments and derivatives for advisory and reporting purposes.

Apart from normal professional fees for our services to the Company in connection with the engagement described above, no arrangement exists whereby we will receive any fees or benefits from the Company, its subsidiaries, directors, chief executives, substantial shareholders or any associates of any of them.

### **BACKGROUND**

#### **The Group's plans to invest in electric passenger vehicles business**

The Group, headquartered in the PRC, is principally engaged in the design, manufacture and sale of trims, body structural parts, decorative parts, roof racks and other related parts of passenger cars and supplies to many world-renowned international automakers. The Group has established production facilities in China, the United States of America, Thailand, Mexico and Germany. The Group recorded profit attributable to owners of the Company of approximately RMB1,719.1 million for the year ended 31 December 2016. Net assets of the Group amounted to approximately RMB10,855.7 million as at 31 December 2016.

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The Group has consistently focused on enhancing its research and development capability for new products including new energy vehicles in order to strengthen its competitive edge and market share in China's passenger vehicle market. As stated in the Company's 2015 annual report, it is expected that China's passenger vehicle market would experience stable growth given the adjustments of policies in China's automotive industry and the household registration system reform. Since 2014, the Group has planned to increase its investment in new energy vehicles in order to explore new growth drivers for its business.

According to the Company's 2015 annual report, the production and sales of China's new energy vehicles during 2015 recorded a year-on-year growth of more than three times when compared to 2014, of which the production and sales of pure electric vehicles achieved a growth of more than four times. On this basis, China surpassed the United States of America and became the largest consuming country of new energy vehicles in the world. As stated in the Company's 2016 annual results announcement, the implementation of the stimulus policy of automobile purchase tax reduction played an important role in promoting energy saving and emission reduction and driving the consumption of vehicles with low emission. During 2016, the annual sales of new energy vehicles in China recorded a rapid year-on-year growth of approximately 53%, of which the sales of pure electric vehicles recorded a year-on-year increase of approximately 65.1%. On 26 October 2016, the Society of Automotive Engineers of China published the "Technology Roadmap for Energy-saving and New Energy Vehicle" (節能與新能源汽車技術路線圖) (the "Roadmap") which identified seven directions for the future technological development of the PRC automobile industry and the overall objectives for such development over the next 15 years. Based on the objectives of the Roadmap, the sales volume of new energy vehicles is expected to account for over 7% of the total sales volume in the automobile market by 2020, and the market share of new energy vehicles is expected to exceed 15% by 2025 and 40% by 2030.

According to the "Notice on 2016–2020 Financial Support Policy for Promoting Popularisation and Application of New Energy Automobile" (2016–2020年新能源汽車推廣應用財政支持政策的通知) of 22 April 2015, the PRC government subsidies to be granted and included in the retail purchase prices of new energy vehicles, including pure electric vehicles, will decrease by 20% from 2017 to 2018 on basis of subsidies granted in 2016, and by 40% from 2019 to 2020 on basis of subsidies granted in 2016. This policy was reinforced by the "Notice on Reward Policy for New Energy Vehicle Charging Infrastructure and Strengthening the Promotion and Application of New Energy Vehicle during the "13th Five-Year Plan" Period ("十三五"新能源汽車充電基礎設施獎勵政策及加強新能源汽車推廣應用的通知) dated 11 January 2016. According to the "Notice on Adjusting the Financial Subsidy Policies for Promotion and Application of New Energy Vehicle" (《關於調整新能源汽車推廣應用財政補貼政策的通知》) published on 30 December 2016, effective from 1 January 2017, stricter requirements will be imposed on applications for the said subsidies relating to new energy vehicles, and the amounts of upper limits of subsidies will be reduced by 20% from 2019 to 2020 on current standard.

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### Formation of Jiangsu Min'an joint venture

On 9 February 2015, Cheerplan (China), a wholly-owned subsidiary of the Company, and Huai'an Development, a company which is ultimately owned by the Huai'an municipal government, entered into an agreement to form a 50/50 joint venture known as Jiangsu Min'an to undertake the Electric Vehicles Project. Huai'an Development is principally engaged in the investment, operation and management of state-owned assets within the Huai'an Economic Development Zone. As stated in this circular, Huai'an Development and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

At the time of its formation, the registered capital of Jiangsu Min'an was US\$33.0 million. Cheerplan (China) injected its share of capital of US\$16.5 million in 2015. Huai'an Development has yet to inject its share of capital contribution of US\$16.5 million and is required to do so by 31 March 2020.

### The Electric Vehicles Project

The Electric Vehicles Project involves the research and development, manufacture and sale of pure electric passenger vehicles in the PRC. This project is large in terms of capital requirements at each of the research and manufacturing stages, and carries to some extent uncertainties as to whether or not the project will be successfully implemented as it requires the approval from relevant PRC authorities for each of the different phases of its programme to completion. In addition, electric vehicle sales will be subject to market demand which in turn depends, to some extent, on the relevant supportive PRC government policies including the policies of government subsidies remaining in place.

Jiangsu Min'an is the 50/50 joint venture formed to implement the Electric Vehicles Project. Set out below is the financial information of Jiangsu Min'an for the two years ended 31 December 2016:

	For the year ended	
	31 December	
	2015	2016
	(Audited under	(Unaudited)
	PRC GAAP)	(Unaudited)
	RMB'000	RMB'000
Net loss before tax	4,760	34,105
Net loss after tax	4,760	34,105

During 2015 and 2016, Jiangsu Min'an did not record any sales revenue as the Electric Vehicles Project was in a preparatory stage, and incurred principally research and development expenses in relation to the Electric Vehicles Project.

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As at 31 December 2016, the unaudited net asset value of Jiangsu Min'an was approximately RMB62.0 million (equivalent to approximately HK\$70.1 million), which included intangible assets (comprising technology, land use rights and software) of RMB45.7 million, fixed assets including machinery and equipment, information technology related equipment, transportation and other facilities totalling RMB6.3 million, and construction in progress of RMB5.9 million.

Based on the business plan and the Budget relating to the Electric Vehicles Project prepared by the Group, it is expected that the capital requirements for implementing the Electric Vehicles Project amount to approximately RMB819.0 million (equivalent to approximately US\$119.4 million or approximately HK\$925.5 million) up to end of 2017 ("**2017 Cost Estimate**").

With a view to meeting the substantial financial resources required and mitigating the risks associated with the investment in Electric Vehicles Project, the Company through its subsidiary, Cheerplan (China), Huai'an Development and a new investor, Best Treasure entered into the Capital Increase Agreement following negotiations between themselves relating to the provision of interim financing for the Electric Vehicles Project. Best Treasure is an investment company which is indirectly wholly-owned by Mr. Chin who is the ultimate controlling Shareholder of the Company and a non-executive Director of the Company. Mr. Chin held approximately 39.47% of the total issued Shares as at the date of the Announcement and the Latest Practicable Date. Further details of the Capital Increase Agreement are set out below.

### THE CAPITAL INCREASE AGREEMENT

On 2 March 2017, Cheerplan (China), a wholly-owned subsidiary of the Company, Huai'an Development and Best Treasure entered into the Capital Increase Agreement relating to the funding of the Electric Vehicles Project to be implemented via Jiangsu Min'an. The Capital Increase Agreement provides that:

**a. Capital commitment**

Best Treasure will become a new shareholder of Jiangsu Min'an.

Each of Best Treasure and Huai'an Development will make capital contributions of approximately US\$49.7 million (equivalent to approximately HK\$385.4 million) respectively to Jiangsu Min'an. Best Treasure is required to make its capital contribution in stages within two years of entering into the Capital Increase Agreement, that is, by 2 March 2019, and the stage payments of such capital contribution have to meet the actual funding needs for the operation of Jiangsu Min'an. Huai'an Development is required to make its initial capital contribution of US\$16.5 million by 31 March 2020 and the remaining capital contribution of approximately US\$49.7 million pursuant to the Capital Increase Agreement on or before the relevant deadline to be stipulated in the amended articles of association of Jiangsu Min'an in connection with the registration of the Capital Increase. The Capital Increase of approximately US\$49.7 million will be recognised as to US\$48.5 million (equivalent to HK\$375.9 million) as registered capital of Jiangsu Min'an, and

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as to approximately US\$1.2 million (equivalent to approximately HK\$9.5 million) as share premium. Upon completion of the Capital Increase, the registered capital of Jiangsu Min'an will be increased from US\$33.0 million (equivalent to approximately HK\$255.8 million) to US\$130.0 million (equivalent to approximately HK\$1,007.5 million) which will comprise contributions by the following equity holders:

Cheerplan (China)	:	US\$16.5 million (approximately HK\$127.9 million)
Huai'an Development	:	US\$65.0 million (approximately HK\$503.8 million)
Best Treasure	:	US\$48.5 million (approximately HK\$375.9 million)

Accordingly, upon the completion of the Capital Increase, Jiangsu Min'an will be owned as to approximately 12.7% by Cheerplan (China), as to 50% by Huai'an Development and as to approximately 37.3% by Best Treasure.

Cheerplan (China) has completed its capital contribution of US\$16.5 million to Jiangsu Min'an in 2015.

### **b. Call Option**

Within two years after the signing of the Capital Increase Agreement, Cheerplan (China) or its designated company shall be entitled to purchase from Best Treasure approximately 12.3% of the equity interests in Jiangsu Min'an as enlarged by the capital contributions pursuant to the Capital Increase Agreement, at the price at which Best Treasure contributed to Jiangsu Min'an under the Capital Increase Agreement (known as the Call Option). The Call Option can be exercised in stages, partial or in full. The Call Option not exercised within the prescribed two-year period will lapse.

### **c. Tag Along Rights**

If Best Treasure proposes to transfer all or part of the equity interest in Jiangsu Min'an to a third party within two years from the signing of the Capital Increase Agreement, Cheerplan (China) shall have the right to sell the same proportion of equity interest in Jiangsu Min'an (that is, the proportion representing the equity interest being transferred by Best Treasure to the total equity of Jiangsu Min'an held by Best Treasure immediately prior to such transfer) to the same third party with Best Treasure at a price not less than Best Treasure's transfer price to such third party, and Best Treasure shall procure the third party to buy such equity interest in Jiangsu Min'an from Cheerplan (China). Cheerplan (China) shall also have the right to transfer the Call Option not yet exercised, in part or in full, under the Capital Increase Agreement to the same third party (collectively known as "**Tag Along Rights**") according to the terms of the Capital Increase Agreement.

**d. Completion**

Jiangsu Min'an is required to complete the necessary registration procedures with the relevant authorities in the PRC in connection with the Capital Increase within 90 Business Days of the date of the Capital Increase Agreement, that is, by 11 July 2017.

**e. Board composition**

Upon completion of the Capital Increase, the Board will comprise four directors, of whom two will be nominated by Best Treasure, one by Cheerplan (China) and one by Huai'an Development.

**STATUS OF THE ELECTRIC VEHICLES PROJECT**

**Establishment of Jiangsu Min'an and capital contributions by existing shareholders**

Jiangsu Min'an was established in February 2015 as a limited liability company in the PRC. The registered capital of Jiangsu Min'an would, upon full payment of the agreed initial capital contributions in full by Huai'an Development, be US\$33.0 million (equivalent to approximately HK\$255.8 million) immediately prior to the Capital Increase.

The Group will not be required to make further capital contribution to Jiangsu Min'an under the Capital Increase Agreement.

As at the Latest Practicable Date, Jiangsu Min'an was owned as to 50% by Cheerplan (China) and 50% by Huai'an Development.

**Preliminary stage of investment and research and development**

As mentioned above, the Electric Vehicles Project is at a preliminary stage with the Group having injected capital of US\$16.5 million in 2015. According to the Capital Increase Agreement, Huai'an Development has committed to make its capital contribution of US\$16.5 million by 31 March 2020, while the remaining approximately US\$49.7 million will be made on or before the relevant deadline to be stated in the amended articles of association of Jiangsu Min'an upon completion of the registration procedures with relevant authorities in the PRC in connection with the Capital Increase, and for which the Company has confirmed that the deadline was not known as at the Latest Practicable Date. Best Treasure agreed to make its capital contribution of approximately US\$49.7 million by 2 March 2019.

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Following the formation of Jiangsu Min'an in 2015, research and development and other expenses were incurred during the two years ended 31 December 2016, resulting in Jiangsu Min'an posting net losses of approximately RMB4.8 million and RMB34.1 million, respectively. Based on the Group's business plan, it is expected that the Group will manufacture and sell the first model of electric vehicles as early as around late 2019.

According to the business plan of the Company, four vehicle types, which includes two types of sport utility vehicles, one multi-purpose vehicle and one sedan, and their corresponding modified versions will be launched for commercial sales from late 2019 in stages.

### **Approval by the NDRC**

On 16 November 2016, the Company announced that it noted the publication dated 15 November 2016 from the On-line Approval and Supervision Platform for Investment Projects (投資項目線上審批監管平台) of the National Development and Reform Commission ("NDRC") of the PRC, that Jiangsu Min'an was granted the approval ("NDRC Approval") for the construction project for pure electric passenger vehicles of Jiangsu Min'an. The NDRC Approval means that Jiangsu Min'an has been approved to invest in the Electric Vehicles Project. As at the Latest Practicable Date, the Group received formal written notification in relation to the NDRC Approval.

The obtaining of the NDRC Approval marks a major milestone for the Group. Jiangsu Min'an is the fifth enterprise being awarded approval to manufacture electric passenger vehicles in the PRC. Prior to obtaining the approval from the NDRC, relevant experts and officials from the NDRC conducted a review process on the Group's research and development capability, product design and manufacturing capability.

### **Other regulatory admission conditions**

Upon completion of making capital contributions to the Electric Vehicles Project, Jiangsu Min'an will be subject to further obtaining or complying with (a) admission conditions for new energy vehicle manufacturers and products under the relevant laws of the PRC; (b) permission and approval request from relevant competent PRC administrative authorities for the commencement of manufacture and sale of new energy vehicles. In the circumstance, the Group faces uncertainties as to the project development cycle and whether Jiangsu Min'an can ultimately implement its plan to manufacture and sell electric passenger vehicles.

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### VALUATION OF JIANGSU MIN'AN AND THE CALL OPTION, AND REVIEW OF THE COST ESTIMATE RELATING TO THE ELECTRIC VEHICLES PROJECT BY AN INDEPENDENT CONSULTANT

In determining the capital contributions of approximately US\$49.7 million payable by each of Best Treasure and Huai'an Development, the Company has engaged GCA to conduct a valuation of Jiangsu Min'an and the Call Option, both as at 31 December 2016, and to undertake an independent review of the business plan and its Budget (which includes the 2017 Cost Estimate) relating to the Electric Vehicles Project for the period from 2017 to 2028. The report issued by GCA relating to the valuation of 100% equity interest in Jiangsu Min'an is set out in the appendix I to this circular.

#### Valuation of Jiangsu Min'an as at 31 December 2016

GCA valued 100% equity interest in Jiangsu Min'an at US\$33,840,538 as at 31 December 2016. The valuation was determined on a going concern basis and on a non-marketable minority interest basis since the equity percentages in Jiangsu Min'an to be subscribed by each of Huai'an Development and Best Treasure after completion of the Capital Increase are approximately 37.3% and approximately 37.3%, respectively, and do not represent controlling stakes. A key assumption underlying the valuation by GCA is that Huai'an Development will pay up its initial capital contribution of US\$16.5 million to Jiangsu Min'an before 2020 according to its articles of association (which will be revised). GCA adopted the market approach to value Jiangsu Min'an which involved the use of recent trading price-to-book multiples ("P/B") of listed comparable companies. (Note: P/B multiple is calculated by dividing market capitalisation by net asset value). Based on relevant data from MergerStat Review from 2006 to 2015 for unlisted securities, GCA also applied a discount for lack of marketability of 26% in determining the valuation.

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### Review of the valuation of Jiangsu Min'an

We have considered the P/B multiple used in the valuation of 100% equity interest in Jiangsu Min'an by GCA with comparable Hong Kong listed companies engaged in the manufacture and sale of pure electric automobile business in the PRC as shown below.

Ticker	Company name	Price per share as at the date of the Announcement (HK\$)	Price per share as at the Latest Practicable Date (HK\$)	P/B multiple based on the price per share as at the date of the Announcement <sup>(note 1)</sup> (x)	P/B multiple based on the price per share as at the Latest Practicable Date <sup>(note 1)</sup> (x)
175.HK	Geely Automobile Holdings Limited	10.680	11.860	3.40	3.78
305.HK	Wuling Motors Holdings Limited	0.630	0.750	0.51	0.61
476.HK	China Dynamics (Holdings) Limited	0.285	0.280	0.39	0.38
489.HK	Dongfeng Motor Group Company Limited	9.120	9.050	0.72	0.72
729.HK	FDG Electric Vehicles Limited	0.335	0.345	1.92	1.97
1114.HK	Brilliance China Automotive Holdings Limited	12.500	13.020	2.59	2.69
1211.HK	BYD Company Limited	45.500	44.200	2.83	2.75
1958.HK	BAIC Motor Corporation Limited	8.430	8.500	1.11	1.12
2238.HK	Guangzhou Automobile Group Co., Ltd.	12.980	12.520	1.73	1.67
2333.HK	Great Wall Motor Company Limited	9.400	8.770	1.82	1.70
3836.HK	China Harmony New Energy Auto Holding Limited	4.000	3.260	0.92	0.75
			<b>Minimum</b>	0.39	0.38
			<b>Average</b>	1.63	1.65
			<b>Median</b>	1.73	1.67
			<b>Maximum</b>	3.40	3.78

Sources: Bloomberg, [www.etnet.com.hk](http://www.etnet.com.hk), and latest published annual or interim reports or result announcements as at the date of the Announcement and, or the Latest Practicable Date

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*Note:*

1. The P/B multiples were calculated by dividing the respective closing price per share of the comparable companies as at the date of the Announcement and, or the Latest Practicable Date by their latest published net asset value per share.

As shown in the above table, it is noted that the P/B multiple of 1.80 times adopted by GCA in its valuation of 100% equity interest in Jiangsu Min'an is in line with both the average and median P/B multiples of the comparable companies.

### **Review of the valuation of the Call Option as at 31 December 2016**

GCA opined that the fair value of the Call Option was US\$4,611,427.61 as at 31 December 2016. In its valuation, GCA has adopted the Black-Scholes model and Binomial Tree computation method commonly used for valuing equity derivative instruments. GCA has adopted the following parameters:

- Time to maturity: two years being the remaining life of the Call Option as at 31 December 2016;
- Exercise price of US\$16,407,533.59 for approximately 12.3% equity interest in Jiangsu Min'an, calculated based on the same price per share in Jiangsu Min'an to be paid by Best Treasure under the Capital Increase Agreement;
- Risk-free rate of 1.4580% which was interpolated from the USD Swap Rate (IYC 52) Zero Coupon Yield Curve as at 31 December 2016, quoted from Bloomberg;
- Dividend yield which was assumed to be zero, taking into account the current early stage of research of Jiangsu Min'an. It is expected that Jiangsu Min'an will not pay dividend payments during the remaining life of the Call Option; and
- Volatility of 48.9120%, being the average of historical daily volatility of sixteen comparable companies' share prices as at 31 December 2016 selected by GCA.

We have reviewed the assumptions and valuation methodology adopted by GCA in its valuation of the Call Option.

### **Review of reasonableness of the Budget of the Electric Vehicles Project**

The review by GCA included, and tested, the assumptions, methodology and process used to arrive at the Budget (which includes the 2017 Cost Estimate) for implementing the Electric Vehicles Project. GCA undertook a high level review of the quantitative assessments that have been applied by the Group in its preparation of the Budget. GCA reviewed the Group's business strategy and plan to diversify into the new energy vehicles business and the suitability of the Company's assessments to arrive at its opinion as to whether the Company's approach in preparing the Budget, including the assumptions and allowances, is reasonable and therefore whether the Budget is reasonable.

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The high-level review involved the review of the current state of progress of the Electric Vehicles Project; how the costs to complete the project have been established; and the risks attached to the project. Based on a benchmarking analysis on various financial ratios of industry peers, GCA considers that the Company has in principle adopted and consistently applied a reasonable method and process which appears to have considered most of the likely and essential elements that could contribute to the formulation of the Budget and cost to complete exercise, and that any deviations and subjectivity of the Budget do not materially impair GCA's conclusion on the overall reasonableness of the Electric Vehicles Project. GCA remarked that establishing the Budget for the Electric Vehicles Project which is at a preliminary stage, lengthy and subject to various regulatory approvals in the PRC and market conditions, does involve a degree of projection and will include a range of assumptions and allowances, and the actual costs and capital requirements for the Electric Vehicles Project until 2028 will be subject to future market conditions and relevant government policies in the PRC. GCA concluded that the Company had adopted a reasonable, consistent and logical approach to estimating the revenue, costs and capital requirements for the Electric Vehicles Project based on the latest market information.

### FACTORS FOR CONSIDERATION

#### **Basis of determining the amount of capital contribution of approximately US\$49.7 million by each of Huai'an Development and Best Treasure**

The Capital Increase of approximately US\$49.7 million payable by each of Huai'an Development and Best Treasure was determined after arm's length negotiation among the three parties to the Capital Increase Agreement with reference to:

- a. the registered capital of Jiangsu Min'an of US\$33.0 million as at 31 December 2016 and prior to the Capital Increase;
- b. the fair value valuation by GCA of 100% equity interest in Jiangsu Min'an of approximately US\$33.84 million (equivalent to approximately HK\$262.3 million as at 31 December 2016), assuming Huai'an Development will contribute its initial share of capital of US\$16.5 million (equivalent to approximately HK\$127.9 million as planned); and
- c. the 2017 Cost Estimate of RMB819 million to be contributed to Jiangsu Min'an for meeting the capital requirements in 2017. The 2017 Cost Estimate includes capital expenditure relating to construction of production plants, and cost for research and development.

It is noted that the aggregate capital contributions to be made by Huai'an Development and Best Treasure of approximately US\$99.5 million (being approximately US\$49.7 million for each party) represents some 83% of the 2017 Cost Estimate and for which GCA has opined to be reasonable from the perspective of the overall project roadmap. According to the Budget, it is expected that the 2017 Cost Estimate will be funded primarily by the contributions from the Capital Increase and partly by external borrowings on the assumption that Jiangsu Min'an continues to have access to its required

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debt and equity capital. In this connection, GCA has remarked that it is not aware of any adverse signs denying access by Jiangsu Min'an to debt and equity capital.

Based on the abovementioned factors (which are items (a) to (c)), the Group, Huai'an Development (which is ultimately owned by the Huai'an municipal government) and Best Treasure have accepted that the 2017 Cost Estimate is a reasonable assessment of the likely costs of the Electric Vehicles Project for 2017, and have agreed to the Capital Increase by Huai'an Development and Best Treasure. In particular, the 2017 Cost Estimate has been determined after careful review by the Company taking into account the preliminary stage of the investment. After considering the steps taken by the Company in relation to the 2017 Cost Estimate and the advice of GCA, we consider the 2017 Cost Estimate and the Capital Increase, for the agreed scope of the Electric Vehicles Project, has been determined by the Company after due and careful consideration.

### **Use of Proceeds**

The additional funds resulting from the Capital Increase totalling approximately US\$99.5 million (equivalent to HK\$771.1 million) are expected to be used primarily for (i) the construction of production plants and research and development centre; (ii) the acquisition of production equipment; (iii) the implementation of information technology systems; and (iv) the research and development for the prototype of pure electric vehicle in 2017.

### **Reasons for and benefits of the Capital Increase Agreement**

The Independent Shareholders are referred to the reasons for and benefits of the Capital Increase Agreement as described in the Letter from the Board.

### **The opportunity to diversify into new energy vehicles business**

As mentioned above, in 2015, the Group injected capital of US\$16.5 million, representing its then 50% share of capital contribution in Jiangsu Min'an which was established to implement the Electric Vehicles Project. Since then the Electric Vehicles Project has progressed and relevant NDRC approval has been obtained to proceed with the investment. Should the Electric Vehicles Project not proceed or be further delayed by reasons of lack of funding, the Group will lose the opportunity to tap into the new energy vehicles market which is expected to grow, and diversify its revenue stream. The successful completion of the Electric Vehicles Project will likely contribute positively to the financial performance of the Group. Further, the Capital Increase Agreement will provide certainty as to the funding to completion of the Electric Vehicles Project.

### **Costs to date**

The Electric Vehicles Project has absorbed some RMB100.9 million of funds as at the end of December 2016 (being funded from initial capital contribution of US\$16.5 million by Cheerplan (China) and before taking into account the initial capital contribution of US\$16.5 million due to be made by Huai'an Development into Jiangsu Min'an) and has recorded approximately RMB38.9 million accumulated losses as at the end of December 2016, and to suspend or abandon the project for lack of funding is not economically beneficial to the Group.

**Additional capital requirements**

Following completion of the Capital Increase Agreement, each of Huai'an Development and Best Treasure will make their respective agreed capital contributions of approximately US\$49.7 million to Jiangsu Min'an while the Group is not required to make further capital contributions under the Capital Increase Agreement.

Subject to vehicle sales to be generated by Jiangsu Min'an in the future after completion of the Capital Increase Agreement and the performance and progress of the Electric Vehicles Project, it is possible that Cheerplan (China) in its capacity as an approximately 12.7% shareholder of Jiangsu Min'an (immediately after completion of the Capital Increase Agreement) may be required to make further capital contributions to Jiangsu Min'an for financing the Electric Vehicles Project.

**Flexibility to acquire a further 12.3% stake in Jiangsu Min'an**

The Capital Increase Agreement provides the Company with the Call Option to purchase from Best Treasure approximately 12.3% of the equity interest in Jiangsu Min'an, as enlarged by the capital contributions pursuant to the Capital Increase Agreement, within two years at the same price at which Best Treasure entered into the Capital Increase Agreement. This Call Option gives the Group flexibility in its financial commitment in investing further in Electric Vehicles Project. The Group has a two-year period to consider the progress and performance of the Electric Vehicles Project before deciding on whether or not to exercise the Call Option at a pre-agreed investment cost which is equal to the investment cost for Best Treasure under the Capital Increase Agreement. We concur with the Director's view that the granting of the Call Option to the Group provides more flexibility in its financial commitment whilst locking in the level of investment cost and mitigating investment risk owing to the uncertainty of the success and return in connection with the Electric Vehicles Project.

**Tag Along Rights**

The Capital Increase Agreement provides Cheerplan (China) with Tag Along Rights if Best Treasure propose to transfer all or part of the equity interest in Jiangsu Min'an to a third party within two years from the signing of the Capital Increase Agreement, Cheerplan (China) shall have the right to sell the same proportion of equity interest in Jiangsu Min'an (that is, the proportion representing the equity interest being transferred by Best Treasure to the total equity of Jiangsu Min'an held by Best Treasure immediately prior to such transfer) to the same third party with Best Treasure at a price not less than Best Treasure's transfer price to such third party, and to transfer the Call Option to the same third party. The Tag Along Rights provide the Group with potential exit opportunities and are therefore beneficial to the Group.

## LETTER FROM ANGLO CHINESE

### Financial Effects of the Capital Increase on the Group

#### *Jiangsu Min'an ceasing to be an indirect subsidiary of the Company*

As at the Latest Practicable Date, Jiangsu Min'an is held as to 50% by the Company through Cheerplan (China) and is accounted for as an indirect subsidiary of the Company. Upon completion of the Capital Increase, Jiangsu Min'an will cease to be accounted for as an indirect subsidiary of the Company and its results of operations and financial position will cease to be consolidated in the Group's consolidated financial statements as a subsidiary.

#### *Impact on the Net Asset Value*

A gain on the deemed disposal of approximately 37.3% equity interest in Jiangsu Min'an amounting to approximately RMB55.3 million (equivalent to approximately HK\$62.5 million) will be recognised in the Group's consolidated financial statements, being the difference of the fair value of equity interest in Jiangsu Min'an being disposed of and which amounts to approximately US\$16.9 million (equivalent to approximately HK\$131.1 million) and the net asset value of Jiangsu Min'an as of the date of disposal. In relation to the gain on the deemed disposal, reference is made to the preliminary valuation of US\$33.84 million performed by GCA as to the fair value of 100% equity interest in Jiangsu Min'an as at 31 December 2016.

The value of the Call Option of approximately US\$4.6 million (equivalent to approximately HK\$35.7 million) will be recognised in the Group's consolidated financial statements. This amount of US\$4.6 million equals to the valuation prepared by GCA as at 31 December 2016.

For illustrative purpose only, the table below shows the quantitative impact of the Capital Increase on the net asset value of the Group as at 31 December 2016.

	<i>RMB million</i>	<i>RMB per share in the Company</i>
Net asset value of the Group as at 31 December 2016	10,855.7	9.60
Add: Gain on the deemed disposal of 37.3% equity interest in Jiangsu Min'an	55.3	
Add: Call Option	32.0	
Total	10,943.0	9.68

The net asset value of the Group is expected to increase slightly due to the gain on the deemed disposal of approximately 37.3% equity interest in Jiangsu Min'an and the Call Option, and accordingly, the Capital Increase is not expected to bring any material impact to the Group's net asset value.

## LETTER FROM ANGLO CHINESE

### Impact on Earnings

Other than the recognition of the gain on deemed disposal of RMB55.3 million and the Call Option of approximately RMB32.0 million in the Group's consolidated financial statements as mentioned above, the Capital Increase is not expected to have any other material impact on the earnings of the Group.

### OPINION AND RECOMMENDATION

The diversification of the Group's automobile parts business to pure electric vehicle business is part of the future business development of the Group and we therefore believe that the entering into the Capital Increase Agreement relating to the interim financing of the Electric Vehicles Project is in the ordinary and usual course of the business of the Company. Based on the factors set out in our letter, we consider that (i) the terms of the Capital Increase Agreement are on normal commercial terms as the Capital Increase Agreement was the subject of negotiation by the Company, Huai'an Development (which is an independent third party) and Best Treasure independently and represented terms which a party could obtain on an arm's length basis; and (ii) the terms of the Capital Increase Agreement are fair and reasonable and in the interests of the Company and its Shareholders as a whole. We therefore advise the Independent Board Committee to recommend that the Independent Shareholders vote in favour of the resolution to approve the Capital Increase Agreement and the transactions contemplated thereunder. We also recommend that Independent Shareholders vote in favour of the resolution to be proposed at the EGM to approve the Capital Increase Agreement and the transactions contemplated thereunder.

Yours faithfully,  
For and on behalf of  
**Anglo Chinese Corporate Finance, Limited**  
**Stephanie Wong<sup>#</sup>**  
*Director*

*Note:* Ms. Stephanie Wong is a licensed person registered with the Securities and Futures Commission and as a responsible officer of Anglo Chinese Corporate Finance, Limited to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO. She has over 25 years of experience in corporate finance.

*The following is the text of the extract of the valuation report prepared for the purpose of incorporation in this circular received from Greater China Appraisal Limited, an independent valuer, in connection with its valuation as at 31 December 2016 of the interests of Jiangsu Min'an.*

**GREATER CHINA APPRAISAL LIMITED**  
漢華評估有限公司

Room 2703, 27th Floor,  
Shui On Centre,  
6-8 Harbour Road,  
Wanchai, Hong Kong

27 February 2017

Board of Directors  
Mint Group Limited  
Unit 1901, 19/F  
FWD Financial Centre  
308 Des Voeux Road Central

Dear Sirs/Madams,

### **Valuation of 100% Equity Interest in Jiangsu Min'an Electric Cars Co., Ltd.**

In accordance with the instructions from Mint Group Limited (the "**Company**"), we were engaged to assist you in the analysis pertaining to the fair value ("**Fair Value**") of 100% equity interest (the "**Equity Interest**") in Jiangsu Min'an Electric Cars Co., Ltd. (the "**Target Company**") as at 31 December 2016 (the "**Valuation Date**").

It is our understanding that our analysis will be used by the management of the Company for in their determination of the Fair Value of the Equity Interest solely for transaction reference only for a proposed capital increase agreement ("**Capital Increase Agreement**"). Our analysis was conducted for the above purpose only and this report should be used for no other purpose without our express written consent. Our work was performed subject to the limiting conditions and general service conditions described in this report. The standard of value is Fair Value; whilst the premise of value is going concern.

The approaches and methodologies used in our work did not comprise an examination in accordance with generally accepted accounting principles, the objective of which is an expression of an opinion regarding the fair presentation of financial statements or other financial information, whether historical or prospective, presented in accordance with generally accepted accounting principles.

We express no opinion and accept no responsibility for the accuracy and completeness of the financial information or other data provided to us by others. We assume that the financial and other information provided to us is accurate and complete, and we have relied upon this information in performing our valuation.

#### **I. PURPOSE OF ENGAGEMENT**

The purpose of this particular engagement is for transaction reference only.

## II. SCOPE OF SERVICES

We were engaged by the management of the Company to assist in their determination of the Fair Value of the Equity Interest in the Target Company as at the Valuation Date.

## III. BASIS OF VALUATION

We have performed the valuation on the basis of Fair Value which is defined as

*“the estimated price for the transfer of an asset or liability between identified knowledgeable and willing parties that reflects the respective interests of those parties”.*

Our valuation has been prepared in accordance with the International Valuation Standards (2013 Edition) on business valuation published by International Valuation Standards Council. This standard contains guideline on the basis and valuation approaches used in business valuation.

## IV. PREMISE OF VALUE

Premise of value relates to the concept of valuing a subject in the manner in which it would generate the greatest return to the owner of the property, taking account of what is physically possible, financially feasible, and legally permissible. Premises of value include the following:

1. **Going Concern:** appropriate when a business is expected to continue operating without the intention or threat of liquidation in the foreseeable future;
2. **Orderly Liquidation:** appropriate for a business that is clearly going to cease operations in the near future and is allowed sufficient time to sell its assets in the open market;
3. **Forced Liquidation:** appropriate when time or other constraints do not allow an orderly liquidation; and
4. **Assembled Group of Assets:** appropriate when all assets of a business are sold in the market piecemeal instead of selling the entire business.

This valuation is prepared on a Going Concern basis.

## V. LEVEL OF VALUE

Current valuation theories suggest that there are at least three basic “levels” of value applicable to a business or business interest. The levels of value are respectively:

1. **Controlling interest:** the value of the controlling interest, always evaluate an enterprise as a whole;
2. **As if freely tradable minority interest:** the value of a minority interest, lacking control, but enjoying the benefit of market liquidity; and
3. **Non-marketable minority interest:** the value of a minority interest, lacking both control and market liquidity.

This valuation was prepared on a non-marketable minority interest basis, since the ownership stakes of new shares to issue to each investor under the Capital Increase Agreement do not represent any controlling stakes upon completion of the subscription.

## VI. SOURCES OF INFORMATION

Our analysis and conclusion of opinion of value were based on our discussions with the management of the Company, as well as reviews of key documents and records, including but not limited to:

1. Consolidated management accounts of the Target Company for the period ended 31 December 2016;
2. Target Company’s latest Business License, Articles of Association (which will be amended) and business introduction materials;
3. Business plan and the budget plan in relation to the development of electric vehicle business (“electric vehicle “ and “EV” are used interchangeably in this report);
4. Shareholding structure before and after the proposed Capital Increase Agreement;
5. Fixed asset register of the existing assets and breakdown of the planned capital expenditure; and
6. Published circulars and announced documents of comparable guideline public companies listed on Hong Kong Stock Exchange, Shanghai Stock Exchange and Shenzhen Stock Exchange.

We also relied upon publicly available information from sources on capital markets, including industry reports, and various databases of publicly traded companies and the news.

## VII. ECONOMIC OVERVIEW

In conjunction with the preparation of this valuation, we have reviewed and analysed the current economic conditions of China where the profit of the Target Company is derived from, and how the valuation may be impacted.

### 1. Nominal GDP Growth in China

In the period of 12th Five-year Plan (2011-2015), the status of economic development has been altered from rapid growth to medium-high speed growth. Under the new 13th Five-Year Plan (2016-2020), economy growth is expected to shift into lower gear as the country pursues a more sustainable and balanced expansion based on consumption, while striving to achieve a moderately prosperous society. Although the authorities are unlikely to roll out large-scale measures to drive growth, supply side reforms should gradually free up market vitality. A number of initiatives, notably the Belt and Road Initiative, Internet Plus and Made in China 2025, should also facilitate economic upgrading and increased global integration. As such, efforts to boost consumption are likely to whet an appetite for consumer goods, whereas industry upgrading is expected to stimulate demand for capital goods.

It can be observed that the real gross domestic products (“GDP”) annual growth rate has been stabilised at around 7% from 2012 onwards, whereas the inflation has remained moderate at around 2%. The slowdown of the economic expansion was not a turning signal of economic downturn, but in fact it was matched with the expectation of Chinese government. Upon the inauguration of Chinese President Mr. Xi Jinping and the new government officials in 2013, the core of economic policy has been shifted from focusing on short-term stimulus to no stimulus, deleveraging and structural reform on the national economy. Premier Mr. Li Ke Qiang has expressed his administration’s policies, named as “Likonomics”, on the future direction of Chinese economy. In the nutshell, it represents short-term pain in return for a long term gain in the economy.

**Table 7 – 1 Real GDP Annual Growth Rate and Inflation of China**

	2012A	2013A	2014A	2015A	2016E
Real GDP Annual Growth					
Rate (%)	7.90	7.80	7.30	6.90	6.59
Inflation (%)	2.65	2.62	1.99	1.44	2.08

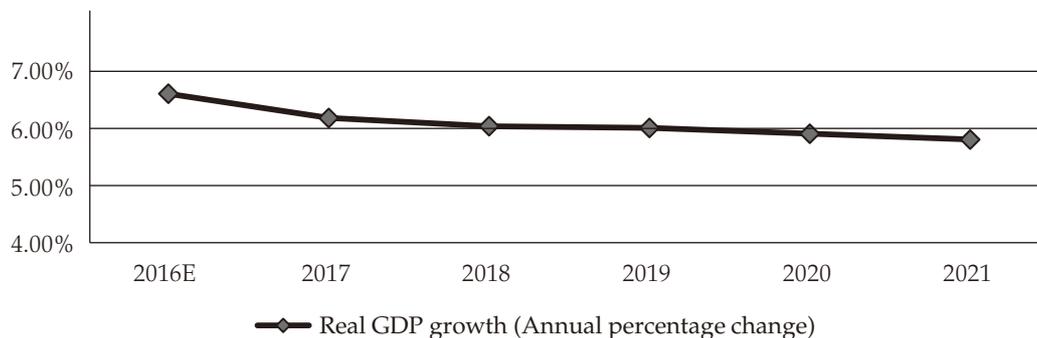
Source: *World Economic Outlook Database (October 2016), International Monetary Fund*

According to analysts’ comment of Barclays bank, the Likonomics will put Chinese economy into a sustainable path, and it was estimated the annual growth for the next 10 years would lie at between 6% and 7%. In accordance with the forecast published by International Monetary Fund (“IMF”), the overall real GDP

growth is at 6.90% in 2015, while the projection of the real GDP growth in the next five years would follow a steady decline from 6.59% in 2016 to 5.90% in 2020, which is in line with Mr Li's administration direction.

The following diagram shows the real GDP annual growth rate forecasts from 2016 to 2021.

**Figure 7 – 1 Forecasts of Real GDP Annual Growth Rate of China**



Source: World Economic Outlook Database (October 2016), International Monetary Fund

According to "World Economic Outlook Database (October 2016)" by IMF, the Chinese economy was ranked 2nd in terms of size in 2015, it possesses the greatest growth prospect among top six economies in the world; the Chinese economy was forecasted to grow from USD11,392 billion in 2016 to USD18,033 billion in 2021 with a compound annual growth rate ("CAGR") of 9.6%. It is worth noting that the gap between the United States and China was projected to be narrowing over time.

**Table 7 – 2 Worldwide GDP**

	Country	GDP - Billions of the United States Dollar ("USD")						
		2015A	2016E	2017F	2018F	2019F	2020F	2021F
1	United States	18,037	18,562	19,377	20,251	21,105	21,927	22,767
2	China	11,182	11,392	12,362	13,576	14,918	16,458	18,033
3	Japan	4,124	4,730	5,106	5,230	5,396	5,506	5,604
4	Germany	3,365	3,495	3,619	3,736	3,867	4,008	4,114
5	United Kingdom	2,858	2,650	2,610	2,709	2,814	2,928	3,022
6	France	2,420	2,488	2,570	2,650	2,741	2,851	2,941

Source: World Economic Outlook Database (October 2016), International Monetary Fund

In the near-term outlook, there are several challenges affecting China's economy. The rapid growth in credit financing has derived a so-called 'shadow banking system', raising concerns about the quality of investment and the ability on repayment, especially when capital is flowing through less-well supervised parts of the financial system. Furthermore, China suffered from the first corporate bond default in March 2014. It sent a warning signal to the bond investors regarding the creditability of the borrowers and the stability of the market.

In addition, China's economic growth in the past was highly dependent on continuous investment in infrastructure projects. Redundant and duplicate developments resulted in a mismatch and wastage of resources. The recovery of these substantial investments which mainly financed by borrowing is challenging. In 2013, when the Chinese government tried to tighten the funding channel, the capital market had immediately quaked. Not only the GDP growth rate but also the stability of the entire capital market system in China would potentially be impacted if the problem cannot be handled properly.

Furthermore, President Xi's campaign against corruption and extravagant spending will improve the image of the government and increase the operational efficiency. On the other hand, it will affect the consumer spending sector, especially, the luxury goods, fine dining and business travelling which used to be the unofficial fringe benefits of the government officers.

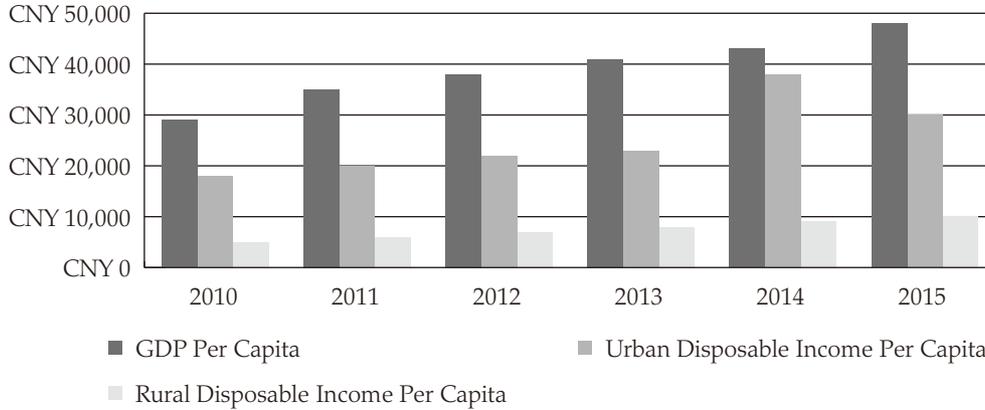
While the GDP growth of China's market stalls, the other markets start recovering. The World Bank commented that the major obstacles to the recovery, including a Eurozone meltdown have been overcome. The Chinese policymaker must clamp down on lending to prevent asset bubbles. Unless the Chinese economy faces imminent risk collapse, the "temporary hard-landing" will not deter the long-term growth prospect of China.

## **2. GDP per Capita in China**

Improving standard of living was one of the main issues in social aspect of the 12th Five-year plan. The disposable income level, being a good measure, has grown significantly over the past few years. According to the National Bureau of Statistics of China, annual disposable income per capita of urban households in China has increased from RMB19,109 in 2010 to RMB31,195 in 2015, representing a CAGR of approximately 10.3%; annual disposable income per capita of rural households has increased from RMB5,919 in 2010 to RMB11,422 in 2015, representing a CAGR approximate to 14.1%. In comparison to the inflationary figures, the annual inflation rate is between 1.44% and 5.40% during the period from 2010 to 2015. Hence, there were improvement of the standard of living of Chinese people overall in the period from 2010 to 2015.

The following diagram shows the GDP per capita, annual urban and rural disposal income per capita from 2010 to 2015.

**Figure 7 – 2 GDP per Capita of China**



Source: National Bureau of Statistics of China

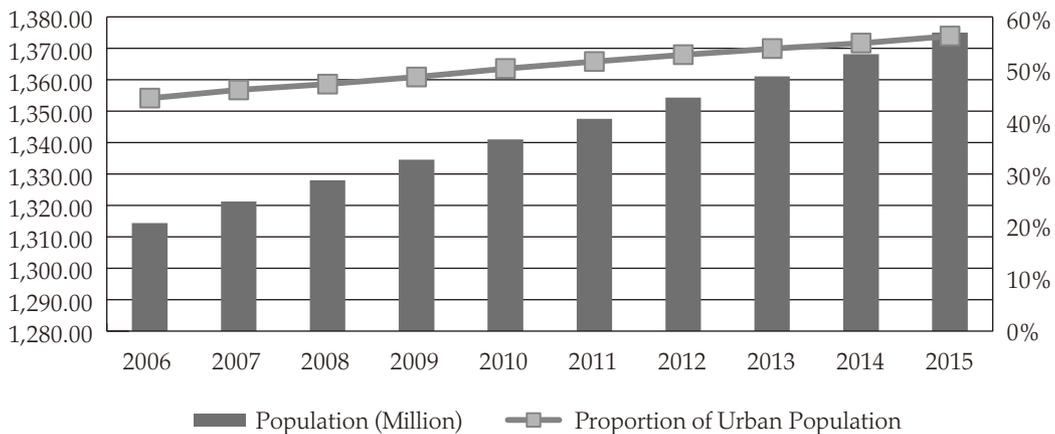
**3. Population Growth**

The population of China accounts for almost one fifth of the world’s population. According to the National Bureau of Statistics of China, the population has grown from 1.31 billion in 2006 to 1.37 billion in 2015, representing a CAGR of approximately 0.44%.

The proportion of urban population in China increased from 44.34% in 2006 to 56.10% in 2015, representing a CAGR of approximately 2.65%.

The following diagram shows the population growth and corresponding urban population growth in China from 2006 to 2015.

**Figure 7 – 3 Population and Portion of Urban Population in China**



Source: National Bureau of Statistics of China

Population growth is expected to be steady in this decade. Population growth along with increasing urbanization and expansion of the middle class are particularly important to support the future growth of the domestic demand on affordable luxury goods, such as vehicles, luxury watches, etc. Steady growth in population together with improving living standard continuously derives a strong demand on housing and transportation. On the other hand, the unemployment rate was recorded at around 4.1% for the past few years, and it is estimated the status will not change from 2015 to 2020.

**Table 7 – 3 Population Forecast of China**

	2015A	2016E	2017F	2018F	2019F	2020F
Population (Million)	1,373.49	1,378.98	1,384.50	1,389.94	1,394.82	1,399.08
Unemployment rate (%)	4.05	4.05	4.05	4.05	4.05	4.05

Source: *World Economic Outlook Database (October 2016), International Monetary Fund*

Although the one-child policy has curbed the growth of birth rate in China, the rising trend of China's population has not been slowed down in few decades. At the same time, the side effect of the policy has started to take effect in the current decade; the number of elderly people is rising and this age group is forecasted to grow in the next few decades. However, the Government now has realized this trend and introduced Two-child policy which comes into effect throughout the country since October 2015. Hopefully this policy will offset the aging population structure in the next few decades.

**Table 7 – 4 Age Distribution of China from 2006 to 2015 and CAGR**

Age distribution	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	CAGR
0-14 (Million)	260	257	252	247	223	222	223	223	226	227	-1.47%
15-64 (Million)	951	958	967	975	999	1,003	1,004	1,006	1,005	1,004	0.60%
>=65 (Million)	104	106	110	113	119	123	127	132	138	144	3.65%

Source: *National Bureau of Statistics of China*

#### 4. Inflation

Managing inflation risk has been one of the key missions for the Chinese government since 2010. The latest economic data released by National Bureau of Statistics of China indicated that the inflation rate was reported at 2.50% in January 2017 on year-over-year basis, as compared with that of 1.80% in January 2016. China is expected to continue a prudent monetary policy, keep money supply, deliver the state-led investment to a reasonable level, and optimize financing and credit structures in the future.

In comparison to the inflation of world's average and of emerging and developing economies, the outlook of China's inflation is far left behind. The continual appreciation on RMB during the period from mid-2010 to 2013 as well as the dominating role of export in China's economy were the primary reasons. On one hand, with the Federal Reserve raising interest rate in December 2016, a new round of currency depreciation is expected to incur in emerging countries; on the other hand, in domestic, the total import trading volume keeps increasing. Due to these two factors, expectation for RMB depreciation becomes much stronger and the situation has been prevailing since 2014.

**Table 7 – 5 Annual Inflation Forecasts of China**

	Inflation, Average Consumer Prices Changes (%)						
	2015A	2016E	2017F	2018F	2019F	2020F	2021F
World	2.78	2.90	3.28	3.28	3.23	3.27	3.25
Emerging and developing economies	4.71	4.51	4.43	4.23	4.09	4.10	4.05
China	1.44	2.08	2.30	2.40	2.60	3.00	3.00

*Source: World Economic Outlook Database (October 2016), International Monetary Fund*

## 5. Government Policy

The Chinese government has issued the 13th Five-Year Plan (2016-2020) with the supply side reform as the main thread. The plan aims at 1) maintaining modest economy growth on a balanced, inclusive and sustainable basis, targeting to double GDP and per capita income of urban and rural residents comparing to 2010 by 2020; 2) upgrading the industry towards high-end level accompanied with contributions of consumption to economic growth accounting more, and improving the urbanization rate to a higher level; 3) Enhancing agricultural modernization, improving people's living standards and quality, and helping the rural poor population out of poverty; 4) improving overall national quality, ecological environment quality and social civilization significantly; 5) implementing a more mature and stereotyped political system and achieving significant progress in national governance systems and governance capacity modernization.

In the Central Economic Work Conference held in Beijing at the end of 2016, the top leaders of the Communist Party of China emphasised that the main tasks in 2017 were as follows:

- Keeping stability while progressing in governance and economy development;
- Keeping advancing the “Three Cutting, One Reducing, One Supplement” policy;
- Enhancing the supply side reform of agriculture;

- Renovating hypostatic economy and industry development;
- Establishing long-term stable and healthy mechanism for real estate industry; and
- Actively attracting foreign investment to expand opening to the outside world.

Overall speaking, inflation was mild and the economy may suffer a short-term slowdown, but it is just the part of the structural reform of the economy as stated in Likonomics. Currently, it leaves policy makers sufficient flexibility if they believe the economy needs any stimulation policies.

## VIII. INDUSTRY OVERVIEW

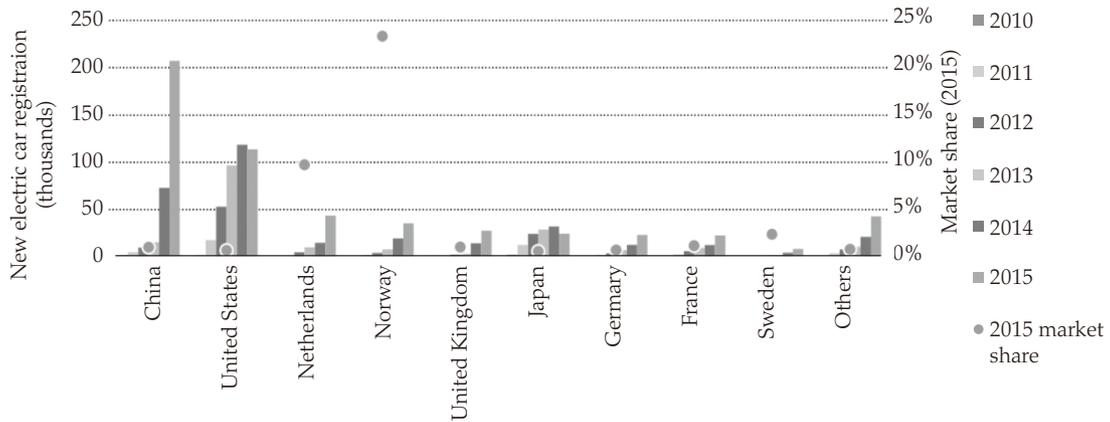
### 1. Market and Industry Background

During the last few decades, environmental impact of the petroleum-based transportation infrastructure, along with the fear of peak oil (an event based on M. King Hubbert's theory), has led to renewed interest in electric transportation infrastructure. The electric vehicle ("EV") industry has been rapidly developing internationally due to a confluence of factors such as government support, industry shifts, and private consumer demand. According to International Energy Agency ("IEA"), new registrations of EVs (including both battery electric and plug-in hybrids) increased by 70% between 2014 and 2015, with over 550,000 vehicles being sold worldwide in 2015. According to the forecast from Bloomberg New Energy Finance ("BNEF"), sales of electric vehicles will hit 41 million by 2040, representing 35% of new light duty vehicle sales, which would be almost 80 times of the equivalent figure for 2015<sup>1</sup>. As the largest passenger EV market, China has also begun to develop a large and reputable electric vehicle sector, supported by both private and public capital.

According to the Global EV Outlook 2016 report released by IEA, the United States was overtaken by China as the largest market for EVs in 2015, with over 200,000 new registrations. Taken together, these two markets accounted for more than half of the global new electric car registrations in 2015. In the meanwhile, the market share of EVs in 2015 was close to 1% for China and 0.7% for the United States. New registrations of EVs declined in the United States between 2014 and 2015, while they experienced a threefold growth in China. In 2015, 90% of sales of EV took place in eight main markets, including China, the United States, the Netherlands, Norway, the United Kingdom, Japan, Germany and France.

<sup>1</sup> Source: BNEF, [https://about.bnef.com/blog/electric-vehicles-to-be-35-of-global-new-car-sales-by-2040/#\\_ftn1](https://about.bnef.com/blog/electric-vehicles-to-be-35-of-global-new-car-sales-by-2040/#_ftn1)

**Figure 8 – 1 EV Sales and Market Share in a Selection of Countries and Regions, 2015**

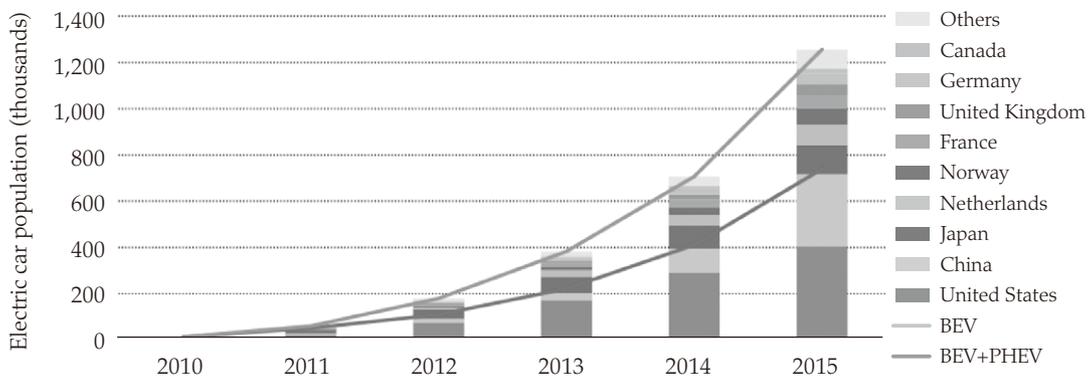


Source: International Energy Agency, Global EV Outlook 2016

Generally speaking, EVs come in two categories – battery electric vehicles, or BEVs, that rely entirely on their batteries to provide power; and plug-in hybrid electric vehicles, or PHEVs, that have batteries that can be recharged but have conventional engines as back-up. The best-selling BEV over the last six years has been the Nissan Leaf, and the best-selling PHEV the Chevrolet Volt.

According to IEA, the electric car population has been growing since 2010, with a BEV uptake slightly ahead of PHEV uptake, and 80% of the EVs on road worldwide were located in the United States, China, Japan, the Netherlands and Norway.

**Figure 8 – 2 Evolution of the Global Electric Car Population, 2010-2015**



Source: International Energy Agency, Global EV Outlook 2016

The electric vehicle market at present is heavily dependent on “early adopters” who are keen to try out new technology or reduce their emissions, and on government incentives offered in markets such as China, Netherlands and Norway. Ambitious targets and policy support have lowered vehicle costs, extended vehicle

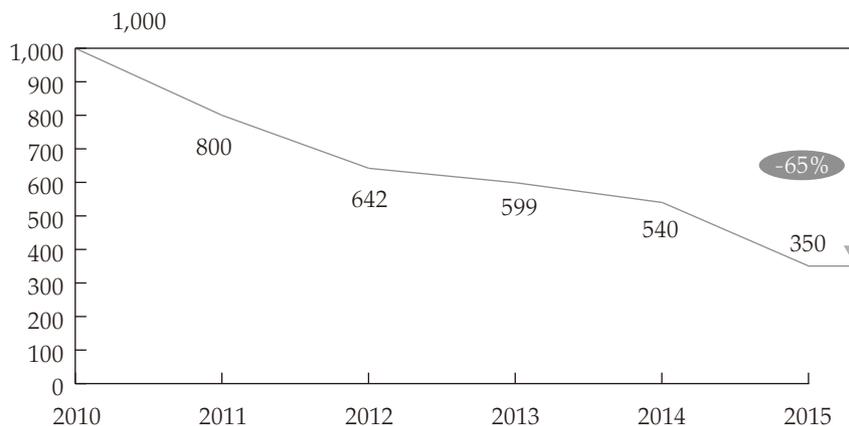
range and reduced consumer barriers. Substantial new implementation of electric vehicle supply equipment (“EVSE”) was also observed in 2015, in line with the growth of the global electric car population. In China, public policies now encourage publicly accessible charging environment through direct investment and public-private partnerships. Such partnerships occur in urban areas and beyond, with charging networks aiming to enable long-distance travel on EVs even at the continental scale.

## 2. EV Battery Market

Most electric vehicles use lithium ion batteries, which have higher energy density, longer life span and higher power density than most other practical batteries. Other positive factors include its safety, durability, thermal breakdown and cost. Li-ion batteries should be used within safe temperature and voltage ranges in order to operate safely and efficiently.

Continuing reduction in battery prices will bring the total cost of ownership of EVs below that for conventional-fuel vehicles, which make EV a more economical option than gasoline or diesel cars in most countries. According to a report released by BNEF, lithium-ion battery costs have already dropped by 65% since 2010, reaching US\$350 per kWh in 2015. It is expected to reach below US\$120 per kWh by 2030, and to fall further after that as new chemistries come in<sup>2</sup>. Although China is already the world’s largest market for passenger electric vehicles, the battery production has still outpaced its demand. In particular, demand for EV lithium-ion batteries (“LiB”) across all vehicle types was 15.7 gigawatt hours (“GWh”) in 2015, and is increasing. The 57 battery companies approved by the Ministry of Industry and Information Technology have roughly 37GWh of annual manufacturing volume, while they are still expanding their capacities.

**Figure 8 – 3 Average EV Battery Pack Price (Unit: US\$/kWh), 2010-2015**



Source: Bloomberg New Energy Finance

<sup>2</sup> Source: BNEF, [https://about.bnef.com/blog/electric-vehicles-to-be-35-of-global-new-car-sales-by-2040/#\\_ftn1](https://about.bnef.com/blog/electric-vehicles-to-be-35-of-global-new-car-sales-by-2040/#_ftn1)

At present, the majority of lithium-ion batteries in electric vehicles sold in China have cathodes based on lithium-iron phosphate (“LFP”) chemistry. Similarly the bulk of EV battery production capacity in China is, at present, geared towards LFP cathodes. However domestic demand is shifting towards lithium-nickel manganese cobalt (“NMC”) cathodes, due to policy and market reasons. Chinese battery manufacturers are currently lagged behind its foreign competitors in NMC technology. As a result, the Chinese government has the plan to support them in closing the gap.

### 3. Subsidy Policy for EV Industry in China

EVs in China enjoy an exemption from acquisition tax and from the excise tax, normally based on engine displacement and price. On 30 December 2016, the Chinese government released Announcement of Electric Vehicle Subsidy Adjustments<sup>3</sup>, which reduced EV subsidies by 25-30% beginning 1 January 2017. Sales of electric vehicles in H1 2017 are likely to be momentarily hit as a result.

**Table 8 – 4 Comparing Subsidies before and after the New Policy**  
(Unit: CNY, USD)

Range	2016 national	Original 2017 national	New 2017 national	New 2017 (national + local)
BEV 100-150km	25,000 (\$3,623)	20,000 (\$2,899)	Unchanged	30,000 (\$4,348)
BEV 150-250km	45,000 (\$6,522)	36,000 (\$5,217)	Unchanged	54,000 (\$7,826)
BEV >250km	55,000 (\$7,971)	44,000 (\$6,377)	Unchanged	66,000 (\$9,565)
PHEV >50km	30,000 (\$4,348)	26,000 (\$3,768)	24,000 (\$3,478)	36,000 (\$5,217)

Source: Bloomberg New Energy Finance, State Council

Compared with the original subsidy policy, the new policy is structured to incentivize EV quality improvements instead of aggressive sales expansion. This will benefit the EV industry in the long term, but will hit sales in H1 2017. The impact will be largest on sales of compact EVs and upgraded low-speed models. Impact on large-size sedan and SUV models will be limited. The new policy also appoints the Ministry of Industrial & Information Technology (“MIIT”) as the central regulator. Also, a formal punishment mechanism for cheating the subsidy system has been established.

<sup>3</sup> For identification only, the original Chinese name is 《關於調整新能源汽車推廣應用財政補貼政策的通知》

In an effort to further improve the EV technology and marketability of the produced battery cells, the Chinese government is further backing the local's R&D efforts on EV production to strengthen their 'hardware' and 'software' capabilities. Overall speaking, the government support and huge market scale creates a huge potential demand for the EV industry.

## IX. COMPANY OVERVIEW

### 1. Minth Group Limited (the "Company")

The Company is an investment holding company listed on the main board of the Stock Exchange of Hong Kong Limited (Stock Code: 425.HK). The Company, along with its subsidiaries, is engaged in design, manufacturing, processing, developing and sales of automobile body parts and molds of passenger cars.

### 2. Jiangsu Min'an Electric Cars Co., Ltd (the "Target Company")

The Target Company is incorporated in PRC in 2015 under a 50/50 joint venture ("JV") between the Company (50%) and Huai'an Development<sup>4</sup>. The Target Company is engaged in the research and development, manufacturing and sale of battery electric vehicles in PRC. As at the Valuation Date, the Company has already paid-up its capital to the JV whereas Huai'an Development has yet to pay up the registered capital. According to management's latest understanding, Huai'an Development will pay up the capital no later than 2020 based on its Articles of Association (which will be amended).

## X. VALUATION METHODOLOGY

The valuation of any business can be broadly classified into one of three approaches, namely the asset approach, the market approach and the income approach. In any valuation analysis, all three approaches must be considered, and the most relevant approach or approaches will then be selected for determining the Fair Value of that business.

### 1. Asset Approach

This is a general way of determining a Fair Value indication of a business, business ownership interest, security, or intangible asset by using one or more methods based on the value of the assets net of liabilities.

Value is established based on the cost of reproducing or replacing the property, less depreciation from physical deterioration and functional and economic obsolescence, if present and measurable.

<sup>4</sup> 淮安開發股份有限公司

## 2. Income Approach

This is a general way of determining a Fair Value indication of a business, business ownership interest, security, or intangible asset by using one or more methods that convert anticipated benefits into a present value amount.

In the income approach, an economic benefit stream of the asset under analysis is selected, usually based on historical and/or forecasted cash flow. The focus is to determine a benefit stream that is reasonably reflective of the asset's most likely future benefit stream. This selected benefit stream is then discounted to present value with an appropriate risk-adjusted discount rate. Discount rate factors often include general market rates of return at the valuation date, adjusted by business risks associated with the industry in which the company operates, and other risks specific to the asset being valued.

## 3. Market Approach

This is a general way of determining a Fair Value indication of a business, business ownership interest, security, or intangible asset by using one or more methods that compare the subject to similar businesses, business ownership interests, securities, or intangible assets that have been sold.

Value is established based on the principle of competition. This simply means that if one thing is similar to another and could be used for the other, then they must be equal. Furthermore, the price of two alike and similar items should be approximate to one another. In order to adopt the market approach, there must be a sufficient number of comparable companies/transactions to make comparisons, such that meaningful comparisons can be made.

## 4. Selection of Valuation Approach

We have selected the valuation methodology based on the following reasoning.

- *Asset approach – Rejected*

Under the asset approach, the equity interest in the Target Company is determined based on the replacement cost or reproduction cost rather than the ability to generate streams of benefits in the future. For the Target Company, future economic benefits will be generated from the Target Company's business potential from selling manufactured electric vehicles based on the acquired production permit. As such, the asset approach cannot reliably reflect the Fair Value of the Equity Interest in the Target Company. Accordingly, the asset approach was rejected.

- *Income approach – Rejected*

Under the income approach, the equity interest in the Target Company is determined based on the estimation of the projected inputs, such as projected revenue, operating costs and risk-adjusted discount rates. A major challenge to income approach is its sensitivity to growth inputs and discount rates for start-up business, as slight deviation would result in significantly different valuation results. As such, the income approach was rejected to value the Target Company.

- *Market approach – Accepted*

Under the market approach, the equity interest in the Target Company is determined based on the recent trading/acquisition multiples of listed comparable companies and transactions. The recent purchase prices could reflect the comparable target companies' fundamentals, the growth and risk expectation of the industry. As there were a number of recent comparable companies/transactions, we have accepted the Market Approach.

## **XI. GENERAL VALUATION ASSUMPTIONS**

A number of general valuation assumptions have to be established in order to sufficiently support our conclusion. The general assumptions adopted in this valuation are:

1. There will be no material changes in the existing political, legal, fiscal, foreign trade and economic conditions in the PRC;
2. There will be no significant deviation in the industry trends and market conditions from the current market expectation;
3. There will be no major change in the current taxation law in the PRC and countries of origin of our comparable companies;
4. There will be no material changes in interest rates or foreign currency exchange rates from those currently prevailing;
5. All relevant legal approvals, business certificates or licenses for the normal course of operation are formally obtained, in good standing and that no additional costs or fees are needed to procure such during the application;
6. The Target Company will retain competent management, key personnel, and technical staff to support the ongoing operation of its business.

## XII. SPECIFIC VALUATION ASSUMPTIONS

A number of valuation assumptions specific to the Target Company were made in order to sufficiently support our conclusion. The specific assumptions adopted in this valuation are:

1. The Net Asset Value of the Target Company were reasonably determined and supported by management accounts;
2. Relevant operating licenses and permits were obtained/would be obtained along the project roadmap;
3. The market trading multiples could reasonably reflect the industry growth expectation, profit margins and level of risk perceived as at the Valuation Date, of which The Target Company was engaged in. In particular, PRC-based automobile manufacturing companies with demonstrated initiative in manufacturing EVs can reasonably be considered comparable to the Target Company;
4. The market trading prices of comparable peers were conducted on an arm's length basis;
5. The Target Company's performance will be similar to its comparable peers in relation to the development of EVs in long run;
6. The Target Company could reasonably execute its business plan to develop its electric vehicle products in an economically sound manner and execution risk was minimal;
7. The Target Company could continue to access its required debt and equity capital, and short term working capital, without significant incremental costs. In particular, Huai'an Development will pay up the capital before 2020 per management's agreement with them.

## XIII. INTRODUCTION TO MARKET APPROACH

There are 2 principal methods under the Market Approach:

### 1. Guideline Publicly Traded Company ("GPTC") Method

Under the GPTC Method, the Fair Value is derived from trading price multiples of a selected set of comparable companies (i.e. guideline companies). The price multiple is a value measure computed by dividing the market capitalisation of the guideline company by some relevant economic variable(s) observed or calculated from guideline company's latest public financial fundamental data (such as revenue, EBIT, net profit, book equity or other operating figure, etc) as at the Valuation Date. A major challenge in applying the GPTC method is to identify an

adequate number of public companies that are comparable to the Target Company in terms of principal business and underlying operational risks.

## 2. Guideline Merger and Acquisition (“GMA”) Method

Under the GMA Method, the Fair Value is derived from the acquisition prices at which business similar to that of the Target Company was exchanged. GMA provides an indication of value by comparing the prices at which business of similar properties (business nature and risk assumed) are being exchanged between independent and informed willing buyers and sellers. Similar to GPTC method, when GMA is applied, an indicative price multiple is derived by referring to the consideration transferred in comparable acquisitions. Application of GMA is subject to the following requirements:

- Existence of historical (and recent) comparable transactions;
- Availability of public information on comparable transactions; and
- Arm’s length transactions between the independent uncontrolled parties

The GPTC and GMA Methods both served the purpose of market comparison to provide objective evidence on the values at which investors were willing to buy and sell the interests in companies of the same or similar industry to the Target Company.

## XIV. MARKET APPROACH – GTPC METHOD

The first step in applying the Market approach was to identify an adequate amount of comparable companies/transactions with relevant financials disclosed. With reference to the fact that the Target Company is actively engaged in developing its electric vehicle business, we have categorized the Target Company as a start-up manufacturer of electric vehicle in PRC. We have adopted the GPTC Method and identified adequate guideline public companies for further study. The GMA Method is not applied since there are no adequate comparable EV transactions with publicly announced performance metrics for us to compute and conclude a reliable multiple estimate. The GPTC Method is applied as follows.

### 1. Application of the GTPC Method

Under the GPTC Method, we have identified 24 automobile manufacturing public companies that have a strong PRC presence with demonstrated initiative in manufacturing new energy vehicles as follows:

- Company listed in Hong Kong and the PRC;
- Company with principal business operations carried out in the PRC;
- Company with principal business operations in manufacturing automobile; and

- Company with demonstrated initiative in manufacturing battery/hybrid electric vehicles;

Latest fundamental data of the public companies were extracted from Bloomberg.

## 2. Valuation Multiple

For the subject valuation, we have considered the Price-to-Book Ratio (“P/B”) to be the relevant Multiple. The P/B ratio is defined as: Market Capitalisation / Net Asset Value. We have chosen the P/B ratio due to the following reasoning:

- Compared with other valuation multiples, such as Price-to-Earnings (“P/E”) and Enterprise Value-to-Earnings before Interests, Taxes, Depreciation, and Amortization (“EV/EBITDA”), P/B is relatively less susceptible to sub-optimal operating efficiency of the stage-up manufacturing plants during their initial stages, before their productivity reaches the designed/planned capacities. P/E and EV/EBITDA could under-estimate the value of manufacturing plants before designed capacity/ operating efficiency is reached.
- For capital intensive industry (i.e. automobile manufacturer), the Net Asset Value is a reliable measure of the amount of upfront capital invested and asset procured in expectation of future productivity. The higher the upfront capital committed, the more risk-adjusted economic profit is expected and hence the higher the valuation. As such, P/B can better capture this scale effect.

Given the above considerations from business and data observation, we confirm to adopt P/B as the relevant valuation multiple. We proceeded to compute the median P/B ratio of the 24 selected companies as at the Valuation Date as follows.

**Table 14 – 1 GPTC Guideline Companies as at the Valuation Date**

	GPTC Guideline Companies	Ticker	P/B Ratio*
1	BRILLIANCE CHINA AUTOMOTIVE	1114 HK EQUITY	2.05
2	BYD CO LTD-H	1211 HK EQUITY	2.54
3	GEELY AUTOMOBILE HOLDINGS LT	175 HK EQUITY	2.67
4	BAIC MOTOR CORP LTD-H	1958 HK EQUITY	1.24
5	GUANGZHOU AUTOMOBILE GROUP-H	2238 HK EQUITY	2.71
6	GREAT WALL MOTOR COMPANY-H	2333 HK EQUITY	1.90
7	WULING MOTORS HOLDINGS LTD	305 HK EQUITY	0.80
8	CHINA DYNAMICS HOLDINGS LTD	476 HK EQUITY	0.39
9	DONGFENG MOTOR GRP CO LTD-H	489 HK EQUITY	0.62

	GPTC Guideline Companies	Ticker	P/B Ratio*
10	FDG ELECTRIC VEHICLES LTD	729 HK EQUITY	2.32
11	JIANGLING MOTORS CORP LTD-A	000550 CH EQUITY	1.57
12	HAIMA AUTOMOBILE GROUP CO-A	000572 CH EQUITY	1.13
13	CHONGQING CHANGAN AUTOMOB-A	000625 CH EQUITY	1.65
14	FAW CAR COMPANY LIMITED-A	000800 CH EQUITY	2.14
15	ANHUI ANKAI AUTOMOBILE-A	000868 CH EQUITY	3.43
16	TIANJIN FAW XIALI AUTOMOB-A	000927 CH EQUITY	12.98**
17	ZHONGTONG BUS & HOLDING CO-A	000957 CH EQUITY	3.69
18	ZHENGZHOU YUTONG BUS CO -A	600066 CH EQUITY	3.53
19	SAIC MOTOR CORP LTD-A	600104 CH EQUITY	1.35
20	BEIQI FOTON MOTOR CO LTD-A	600166 CH EQUITY	1.06
21	YANGZHOU YAXING MOTOR CO-A	600213 CH EQUITY	29.83**
22	ANHUI JIANGHUAI AUTO GROUP-A	600418 CH EQUITY	1.56
23	XIAMEN KING LONG MOTOR GR -A	600686 CH EQUITY	2.25
24	LIFAN INDUSTRY GROUP CO LT-A	601777 CH EQUITY	1.70
	<b>Median (excluding outliers)</b>		<b><u>1.80x</u></b>

\* Rounded to 2 decimal places for presentation purpose

\*\* Rejected outliers, excluded from taking sample median

**Table 14 – 2 Business Descriptions of the GPTC Guideline Companies**

GPTC Comparable Companies	Ticker
1 BRILLIANCE CHINA AUTOMOTIVE	<ul style="list-style-type: none"> <li>Brilliance China Automotive Holdings Limited, through its subsidiaries, manufactures and distributes minibuses and sedans in the People's Republic of China. The Company also manufactures and trades automotive components.</li> </ul>
2 BYD CO LTD-H	<ul style="list-style-type: none"> <li>BYD Company Limited, through its subsidiaries, manufactures and sells automobiles. The Company also researches, develops, manufactures and sells batteries, which are applied on mobile phones, cordless phones, power tools and other kinds of portable electronic devices.</li> </ul>
3 GEELY AUTOMOBILE HOLDINGS LT	<ul style="list-style-type: none"> <li>Geely Automobile Holdings Limited, through its subsidiaries, manufactures and sells automobiles and related components.</li> </ul>

	GPTC Comparable Companies	Ticker
4	BAIC MOTOR CORP LTD-H	<ul style="list-style-type: none"> <li>BAIC Motor Corporation Limited designs, researches, develops, manufactures and sells a variety of passenger vehicles in China.</li> </ul>
5	GUANGZHOU AUTOMOBILE GROUP-H	<ul style="list-style-type: none"> <li>Guangzhou Automobile Group Company Limited manufactures, sells, and services automobiles. The Company is also involved in automobile parts and components, and auto finance and related services for both overseas and domestic markets.</li> </ul>
6	GREAT WALL MOTOR COMPANY-H	<ul style="list-style-type: none"> <li>Great Wall Motor Company Limited, through its subsidiaries, manufactures and sells pick-up trucks and sport-utility vehicles (SUVs) in China under branded names. The Company also researches and develops, and manufactures principal automotive parts and components for use in the assembly of pick-up trucks and SUVs.</li> </ul>
7	WULING MOTORS HOLDINGS LTD	<ul style="list-style-type: none"> <li>Wuling Motors Holdings Limited manufactures motor vehicle engines, parts and special vehicles in China.</li> </ul>
8	CHINA DYNAMICS HOLDINGS LTD	<ul style="list-style-type: none"> <li>China Dynamics Holdings Ltd is a solutions provider that integrates technologies to develop high-tech products and applications people use every day. The Company's electric vehicles business leverages solid state polymer lithium battery and motor control technology to produce tailor made electric vehicles. China Dynamics also has a mining business that produces thenardite.</li> </ul>
9	DONGFENG MOTOR GRP CO LTD-H	<ul style="list-style-type: none"> <li>Dongfeng Motor Group Company Limited, through joint ventures, designs, manufactures, and markets diesel engines, light trucks, automobiles, castings, and related spare parts.</li> </ul>
10	FDG ELECTRIC VEHICLES LTD	<ul style="list-style-type: none"> <li>FDG Electric Vehicles Limited researches, develops, and produces Ion Lithium Materials and power battery technologies.</li> </ul>

GPTC Comparable Companies	Ticker
11 JIANGLING MOTORS CORP LTD-A	<ul style="list-style-type: none"> <li>Jiangling Motors Corp. Ltd. manufactures and sells vehicles and related components. The Company's main products include JMC series trucks and pickups, and Transit series commercial buses.</li> </ul>
12 HAIMA AUTOMOBILE GROUP CO-A	<ul style="list-style-type: none"> <li>Haima Automobile Group Co., Ltd. develops and manufactures branded automobiles and automobile accessories in China and internationally.</li> </ul>
13 CHONGQING CHANGAN AUTOMOB-A	<ul style="list-style-type: none"> <li>Chongqing Changan Automobile Company Limited develops, manufactures, and markets mini cars, mini sedans, full size sedans, and engines.</li> </ul>
14 FAW CAR COMPANY LIMITED-A	<ul style="list-style-type: none"> <li>FAW Car Co., Ltd., through joint ventures, manufactures and markets cars and auto parts. The Company produces automobiles, transmission systems, and engines. FAW Car also provides auto repair and customizing services.</li> </ul>
15 ANHUI ANKAI AUTOMOBILE-A	<ul style="list-style-type: none"> <li>Anhui Ankai Automobile Co., Ltd. manufactures and markets large and middle size buses and bus chassis. The Company also sells auto parts and provides auto repair services.</li> </ul>
16 TIANJIN FAW XIALI AUTOMOB-A	<ul style="list-style-type: none"> <li>Tianjin FAW Xiali Automobile Co., Ltd. manufactures and markets cars, gasoline engines, internal combustion engines, and other automobile parts.</li> </ul>
17 ZHONGTONG BUS & HOLDING CO-A	<ul style="list-style-type: none"> <li>Zhongtong Bus &amp; Holding Co., Ltd. designs, manufactures, and markets inter-city coaches and transit buses.</li> </ul>
18 ZHENGZHOU YUTONG BUS CO -A	<ul style="list-style-type: none"> <li>Zhengzhou Yutong Bus Co., Ltd. manufactures and markets medium and large size buses.</li> </ul>
19 SAIC MOTOR CORP LTD-A	<ul style="list-style-type: none"> <li>SAIC Motor Corporation Ltd., through joint ventures, manufactures and markets automobiles and related parts and accessories.</li> </ul>

GPTC Comparable Companies	Ticker
20 BEIQI FOTON MOTOR CO LTD-A	<ul style="list-style-type: none"> <li>Beiqi Foton Motor Co., Ltd. manufactures and markets automobiles, agricultural transportation vehicles, agricultural machinery, auto parts, industrial molds, and other related products.</li> </ul>
21 YANGZHOU YAXING MOTOR CO-A	<ul style="list-style-type: none"> <li>Yangzhou Yaxing Motor Coach Co., Ltd. designs, manufactures, and markets a variety of buses, chassis, and other vehicle parts.</li> </ul>
22 ANHUI JIANGHUAI AUTO GROUP-A	<ul style="list-style-type: none"> <li>Anhui Jianghuai Automobile Group Corp., Ltd. manufactures automobiles. The Company designs, produces, and markets buses, trucks, commercial vehicles, and other auto parts around the world.</li> </ul>
23 XIAMEN KING LONG MOTOR GR -A	<ul style="list-style-type: none"> <li>Xiamen King Long Motor Group Co., Ltd. manufactures and markets buses, minivans, and related auto parts and accessories.</li> </ul>
24 LIFAN INDUSTRY GROUP CO LT-A	<ul style="list-style-type: none"> <li>Lifan Industry (Group) Company Limited develops, manufactures and sells motorcycles, cars and gasoline engines. The Company's major products include motorcycles, motorcycle engines, passenger cars, passenger car engines, gasoline engines and other terminal products such as generator sets, water pumps and lawn mowers.</li> </ul>

### 3. Adjustments for Marketability

Discount for Lack of Marketability (“**DLOM**”) is the valuation adjustment with the single largest monetary impact on the final determination of value. Marketability is defined as the ability to convert an investment into cash quickly at a known price and with minimal transaction costs. DLOM is a downward adjustment to the value of an investment to reflect its reduced level of marketability. In selecting the appropriate DLOM, we considered the length of time and effort required by management in order to sell the private shares of the Equity Interest. This typically would take at least three to nine months if a transaction could be consummated at all. Lastly, we considered the expenses that are typically incurred to sell a business which are substantial such as legal fees, accounting fees and intermediary fees. Per MergerStat Review data from 2006 to 2015, an implied average DLOM of 26% is observed on transactions of unlisted (private) securities. As such, we have considered and applied DLOM of 26% to the valuation of the Target Company.

#### 4. Conclusion of the Market Approach under the GPTC Method

It is observed that a median publicly listed company of automobile manufacturer with recent initiative in electric vehicles should be valued at approximately 1.80x of its Net Asset Value. The 100% Equity Interest of the Target Company should further be valued at approximately 1.33x of the Net Asset Value, after adjusting for marketability (after DLOM of 26%). As such, we concluded that the Fair Value of the Equity Interest is as follows:

**Table 14 – 3 Fair Value of the 100% Equity Interest in the Target Company**

Selected multiple		P/B
P/B median of Guideline Public Companies		1.798147x (Rounded to 1.80x)
Multiply by:		
Adjusted Net asset value of the Target Company (Table 14 – 4)	USD	25,431,985
Equals: Fair Value of the 100% Equity Interest before DLOM	USD	<u>45,730,457</u>
Less: DLOM	-26%	(11,889,919)
Fair Value of the 100% Equity Interest	USD	<u><u>33,840,538</u></u>

**Table 14 – 4 Adjusted Net asset value of the Target Company**

##### Adjusted NAV

Net asset value of the Target Company	RMB	62,032,634
Net asset value of the Target Company in USD (USD/RMB = 6.945)	USD	8,931,985
Add: Outstanding capital from Huai'an Development*	USD	16,500,000
Equals: Adjusted Net asset value of the Target Company	USD	25,431,985

\* Assuming Huai'an Development will pay up its capital before 2020 as agreed with management.

**XV. SYNTHESIS AND RECONCILIATION**

The following comparative data summarizes the methods we have accepted or considered and rejected, along with their respective final values. Each method is rated relative to the applicability of the method relative to the facts and circumstances of the Target Company.

**Asset Approach**

Application ..... Rejected

**Income Approach**

Application ..... Rejected

**Market Approach**

Guideline Publicly Traded Company ..... USD 33,840,538

Application ..... Accepted

As the market approach is the only applied methodology, we concluded that the Fair Value of the Equity Interest as at the Valuation Date should be USD 33,840,538.

**XVI. LIMITING CONDITIONS**

We have made no investigation of and assumed no responsibility for the title to or any liabilities against the Company and the Target Company.

The opinions expressed in this report have been based on the information supplied to us by the Company and their staff, as well as from various institutes and government bureaus without verification. All information and advice related to this valuation are provided by the management of the Company. Readers of this report may perform due diligence themselves. We have exercised all due care in reviewing the supplied information. Although we have compared key supplied data with expected values, the accuracy of the results and conclusions from the review are reliant on the accuracy of the supplied data. We have relied on this information and have no reason to believe that any material facts have been withheld, or that a more detailed analysis may reveal additional information. We do not accept responsibility for any errors or omissions in the supplied information and do not accept any consequential liability arising from commercial decision or actions resulting from them.

This valuation reflects facts and conditions existing at the Valuation Date. Subsequent events have not been considered, and we have no obligation to update our report for such events and conditions.

**XVII. CONCLUSION OF VALUE**

In conclusion, based on the analysis stated above and the valuation method employed, it is our opinion that the Fair Value of 100% equity interest in Jiangsu Min'an Electric Cars Co., Ltd as at 31 December 2016 is as follows:

<b>Target Company</b>	<b>Fair Value</b>
100% Equity Interest in Jiangsu Min'an Electric Cars Co., Ltd	USD33,840,538

The opinion of value was based on generally accepted valuation procedures and practices that rely extensively on the use of numerous assumptions and consideration of many uncertainties, not all of which can be easily quantified or ascertained.

We hereby certify that we have neither present nor prospective interests in the subject under valuation. Moreover, we have neither personal interests nor bias with respect to the parties involved.

This valuation report is issued subject to our general service conditions.

Yours faithfully,  
For and on behalf of  
**GREATER CHINA APPRAISAL LIMITED**

**Max K.P. Tsang**, CPA, CFA, FRM, MStat  
*Director*

Analysed and Reported by:

**Jimmy S.K. Wong**, CPA, CFA, FRM, MFin  
*Manager, Business Valuation and Transaction Advisory*

**Bobby Zhu**  
*Assistant Manager, Business Valuation and Transaction Advisory*

**INVOLVED STAFF BIOGRAPHY**

**Max K.P. Tsang**, CPA, CFA, FRM, MStat  
*Director*

Mr Tsang is presently the Director of Greater China Appraisal Limited. Mr Tsang is experienced in business valuation for private and listed companies for the purposes of financial reporting, initial public offerings, mergers and acquisitions, financing, tax and litigation support purposes. The valuation services provided included business valuation, intangible asset valuation (such as trademarks, distribution networks, patents and customer relationship), biological assets valuation, mining valuation and financial instrument valuation. Mr. Tsang has extensive experience in serving private and listed

enterprises in Hong Kong, China, Singapore and the United States. His experience covers a wide range of industries including agriculture, financial services, infrastructure, telecommunications, information technology, retail, real estate, mining and multimedia.

**Jimmy S.K. Wong**, CPA, CFA, FRM, MFin

*Manager, Business Valuation and Transaction Advisory*

Mr. Wong is experienced in providing valuation and business consulting services for public and private companies for financial reporting, transaction and transfer pricing purposes. He has previously served clients from several multinational groups to formulate their global restructuring strategies and model their financial and operational impacts. His industry exposure covers consumer and industrial, technology and media, alternative energy, financial services, utility and infrastructure, forestry, agriculture and mining sectors.

**Bobby Zhu**

*Assistant Manager, Business Valuation and Transaction Advisory*

Mr. Zhu graduated from Shanghai University of Finance & Economics with major in Financial Management. He has experiences in valuation of business and intangible assets for different industries including manufacturing, clean-tech energy and etc. Prior to joining GCA, he worked as Corporate Financial Analyst in Sony, and Internal Auditor in Natuzzi China.

## 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 the Directors and chief executives in the Company and its associated corporations

Save as disclosed below, as at the Latest Practicable Date, none of the Directors or the chief executives of the Company and their respective associates had any interests or short positions in the shares, underlying shares and/or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to the Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Director or chief executive of the Company was taken or deemed to have under such provisions of the SFO) or; (b) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) which were required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules to be notified to the Company and the Stock Exchange.

#### *Interests and short positions in the Shares and underlying Shares*

Name of Director	Company/Name of Associated Corporation	Long/ Short position	Nature of interest	Total Number of Shares	Percentage of the Company's Issued Shares Capital (Note 1)
Chin Jong Hwa	Company	Long position	Interest of controlled corporation	447,072,000 (Note 2)	39.47%
Shi Jian Hui ("Mr. Shi")	Company	Long position	Beneficial owner	1,952,000 (Note 3)	0.17%

Name of Director	Company/Name of Associated Corporation	Long/ Short position	Nature of interest	Total Number of Shares	Percentage of the Company's
					Issued Shares Capital (Note 1)
Zhao Feng ("Mr. Zhao")	Company	Long position	Beneficial owner Interest of spouse	2,050,000	0.18%
				100,000 (Note 4)	0.01%
Bao Jian Ya ("Ms. Bao")	Company	Long position	Beneficial owner	1,272,000 (Note 5)	0.11%
Huang Chiung Hui ("Ms. Huang")	Company	Long position	Beneficial owner Interest of spouse	1,000,000	0.09%
				530,000 (Note 6)	0.05%
Wu Fred Fong ("Mr. Wu")	Company	Long position	Beneficial owner	140,000 (Note 7)	0.01%
Wang Ching ("Dr. Wang")	Company	Long position	Beneficial owner	140,000 (Note 7)	0.01%
Yu Zheng ("Ms. Zheng")	Company	Long position	Beneficial owner Interest of spouse	200,000	0.02%
				350,000 (Note 8)	0.03%

## Notes:

- The percentage of the Company's issued share capital is based on the 1,132,568,500 Shares issued as at the Latest Practicable Date.
- Minth Holdings Limited (formerly known as Linkfair Investments Limited) is beneficially interested in 447,072,000 Shares. Minth Holdings Limited is wholly-owned by Mr. Chin and he is therefore deemed to be interested in the entire 447,072,000 Shares held by Minth Holdings Limited.
- This figure represents the aggregated number of 952,000 Shares held by Mr. Shi and 1,000,000 share options granted to Mr. Shi under the Company's share option scheme. Upon exercise of the share options and no other changes to Mr. Shi's shareholding, Mr. Shi will own an aggregate of 1,952,000 Shares.
- These figures represent (i) the aggregated number of 1,100,000 Shares held by and 950,000 share options granted to Mr. Zhao under the Company's share option scheme and (ii) 100,000 Shares held by Ms. Zhu Chun Ya ("Ms. Zhu"). Upon exercise of the Share Options and no other changes to Mr. Zhao's shareholding, Mr. Zhao will own an aggregate of 2,050,000 Shares. Since Mr. Zhao is the spouse of Ms. Zhu, he is also deemed to be interested in the aforesaid Shares in which Ms. Zhu is interested.

5. This figure represents the aggregated number of 222,000 Shares held by Ms. Bao and 1,050,000 share options granted to Ms. Bao under the Company's share option scheme. Upon exercise of the share options and no other changes to Ms. Bao's shareholding, Ms. Bao will own an aggregate of 1,272,000 Shares.
6. These figures represent (i) 1,000,000 share options granted to Ms. Huang under the Company's share option scheme and (ii) 530,000 shares options granted to Mr. Bau Hsin Hong ("**Mr. Bau**") under the Company's share option scheme. Upon exercise of the Share Options and no other changes to Ms. Huang's shareholding, Ms. Huang will own 1,000,000 Shares. Since Ms. Huang is the spouse of Mr. Bau, she is also deemed to be interested in the aforesaid Shares in which Mr. Bau is interested. Ms. Huang was appointed as an executive Director on 26 May 2016.
7. These figures represent the share options granted to Mr. Wu and Dr. Wang respectively under the Company's share option scheme. Upon exercise of the share options and no other changes to Mr. Wu's and Dr. Wang's shareholding, Mr. Wu and Dr. Wang will own 140,000 Shares and 140,000 Shares, respectively.
8. These figures represent (i) 200,000 share options granted to Ms. Zheng under the Company's share option scheme and (ii) 350,000 Shares held by Mr. Wei Wei ("**Mr. Wei**"). Upon exercise of the share options and no other changes to Ms. Zheng's shareholding, Ms. Zheng will own 200,000 Shares. Since Ms. Zheng is the spouse of Mr. Wei, she is also deemed to be interested in the aforesaid Shares in which Mr. Wei is interested.

Other than as disclosed above, as at the Latest Practicable Date, none of the Directors, chief executives and their associates had any interests or short positions in any Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

*Interests and short positions of substantial Shareholders in the Company*

As at the Latest Practicable Date, according to the register kept by the Company pursuant to Section 336 of the SFO, so far as is known to the Directors, the persons (other than a Director and chief executive of the Company) or entities who had or were deemed or taken to have an interest or a short position in the Shares or the underlying Shares of the Company 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, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, or of any other

company which is a member of the Group, or in any options in respect of such share capital were as follows:

(i) *Interests or short positions in the Company*

Name of Substantial Shareholder	Capacity	Long/ Short position	Total Number of Shares	Percentage of the Company's Issued Shares Capital
Wei Ching Lien ("Ms. Wei")	Interest of spouse	Long position	447,072,000 (Note 2)	39.47%
Minth Holdings Limited (formerly Linkfair Investments Limited) ("Minth Holdings")	Beneficial owner	Long position	447,072,000	39.47%
Commonwealth Bank of Australia	Interest of controlled corporations	Long position	101,828,000 (Note 3)	8.99%
Matthews International Capital Management, LLC	Investment manager	Long position	76,211,000	6.73%

*Notes:*

1. The percentage of the Company's issued share capital is based on the 1,132,568,500 Shares issued at the Latest Practicable Date.
2. Minth Holdings was beneficially interested in 447,072,000 Shares. Minth Holdings is wholly-owned by Mr. Chin and he is therefore deemed to be interested in the entire 447,072,000 Shares held by Minth Holdings. Since Ms. Wei is the spouse of Mr. Chin, Ms. Wei is deemed to be interested in the 447,072,000 Shares in which Mr. Chin is deemed to be interested.
3. According to the information disclosed to the Company under Division 2 and Division 3 of Part XV of the SFO, these Shares were held by corporations controlled directly or indirectly as to 100% by Commonwealth Bank of Australia.

Save as disclosed above, so far as is known to the Directors, as at the Latest Practicable Date, no person (other than a Director and chief executive of the Company) had or was deemed or taken to have an interest or a short position in the Shares or the 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 was directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, or any options in respect of such share capital.

**3. SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had entered into, or proposed to enter into, any service contracts with the Company or any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

**4. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2015, being the date to which the latest published audited consolidated financial statements of the Group were made up.

**5. DIRECTORS' INTERESTS IN ASSETS AND CONTRACTS OF SIGNIFICANCE**

As at the Latest Practicable Date, no Directors was materially interested in any subsisting contracts or arrangements which is significant in relation to the business of the Group and no Director was interested in any assets which have been acquired or disposed of by or leased to (or are proposed to be acquired or disposed of by or leased to) any member of the Group since the date of the latest published audited consolidated financial statements of the Group.

**6. COMPETING INTERESTS**

As at the Latest Practicable Date, to the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, since 31 December 2015, being the date to which the latest published audited consolidated financial statements of the Group were made up, none of Directors and their respective close associates was considered to have any interests in businesses which competed or was likely to compete, either directly or indirectly, with the businesses of the Group as required to be disclosed pursuant to the Listing Rules, other than those businesses where the Directors were appointed as directors to represent the interests of the Company and/or the Group.

**7. QUALIFICATIONS AND CONSENT OF THE EXPERTS**

The following are the qualifications of the experts who have been named in this circular or have given opinions or advice which are contained in this circular:

<b>Name</b>	<b>Qualifications</b>
Anglo Chinese Corporate Finance, Limited	a corporation licensed to carry on type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO
Greater China Appraisal Limited	independent valuer

Each of Anglo Chinese and GCA has given and has not withdrawn its written consent to the issue of this circular with the inclusion of Anglo Chinese's letter of advice dated 27 March 2017, GCA's valuation report dated 27 February 2017, and references to their respective names in the form and context in which they are included.

As at the Latest Practicable Date, each of Anglo Chinese and GCA did not have any shareholding, direct or indirect, in the Company or any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group.

As at the Latest Practicable Date, none of Anglo Chinese and GCA had any direct or indirect interests in any assets which have been, since 31 December 2015, being the date to which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by, or leased to any member of the Group, or proposed to be acquired or disposed of by, or leased to, any member of the Group.

#### **8. MISCELLANEOUS**

The English text of this circular shall prevail over the Chinese text, in case of any 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 5:00 p.m. (other than Saturdays, Sundays and public holidays) at the principal place of business of the Company in Hong Kong from the date of this circular up to and including 13 April 2017:

- (a) the letter from the Independent Board Committee, the text of which is set out on pages 14 to 15 of this circular;
- (b) the letter from the Independent Financial Adviser, the text of which is set out on pages 16 to 32 of this circular;
- (c) the letter from the Valuer, the text of which is set out on pages 33 to 59 of this circular;
- (d) the written consent given by the Independent Financial Adviser and Valuer as referred to in the paragraph 7 of this appendix;
- (e) the Capital Increase Agreement; and
- (f) this circular.

NOTICE OF EXTRAORDINARY GENERAL MEETING



**MINTH GROUP LIMITED**

**敏實集團有限公司**

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

**(Stock Code: 425)**

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting of Minth Group Limited (“**Company**”) will be held at 10:00 a.m. on 13 April 2017, Thursday at Unit 1901, 19/F, FWD Financial Centre, 308 Des Voeux Road Central, Hong Kong for the purpose of considering and, if thought fit, passing with or without modifications, the following resolutions as ordinary resolution of the Company:

**ORDINARY RESOLUTION**

**“1. THAT:**

- (a) the Capital Increase Agreement and the transactions contemplated thereunder (a copy of which has been produced to the EGM marked “A” and signed by the chairman of the EGM for the purpose of identification), be and are hereby approved;
- (b) any one or more of the directors of the Company (other than Mr. Chin and Ms. Chin) be authorised, for and on behalf of the Company, to take all steps necessary or expedient in his/their opinion to approve and implement and/or give effect to the Capital Increase Agreement and the respective transactions contemplated thereunder.”

For and on behalf of the Board  
**Minth Group Limited**  
**Shi Jian Hui**  
*Chairman and Chief Executive Officer*

Hong Kong, 27 March 2017

*Notes:*

- 1. A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or, if he is the holder of two or more shares, more than one proxy to attend and, subject to the provisions of the articles of association of the Company, vote in his stead. A proxy need not be a member of the Company.
- 2. To be valid, the form of proxy together with a power of attorney or other authority, if any, under which it is signed or a certified copy of such power or authority must be deposited at the offices of the Company’s Hong Kong branch registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than 48 hours before the time of the above meeting or any adjourned meeting.

## NOTICE OF EXTRAORDINARY GENERAL MEETING

3. The transfer books and register of members of the Company will be closed from Monday, 10 April 2017 to Thursday, 13 April 2017 (both days inclusive) during which no transfer of share will be effected. In order to qualify for attending the extraordinary general meeting, all transfers of Shares, accompanied by the relevant share certificates, must be lodged with the Company's branch register in Hong Kong at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Friday, 7 April 2017 for registration.
4. Delivery of an instrument appointing a proxy should not preclude a member from attending and voting in person at the above meeting or any adjournment thereof and in such event, the instrument appointing a proxy shall be deemed to be revoked.
5. In the case of joint holders of a share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto and if more than one of such joint holders are present at the above meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.