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**UNITED ELITE AGENTS
LIMITED**

*(Incorporated in the British Virgin Islands
with limited liability)*

**CHINA METAL INTERNATIONAL
HOLDINGS INC.**

勤美達國際控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 319)

JOINT ANNOUNCEMENT

**(1) PROPOSED PRIVATIZATION OF
CHINA METAL INTERNATIONAL HOLDINGS INC.
BY UNITED ELITE AGENTS LIMITED
BY WAY OF A SCHEME OF ARRANGEMENT
UNDER SECTION 86 OF THE CAYMAN COMPANIES LAW**

**(2) PROPOSED WITHDRAWAL OF LISTING OF THE SHARES OF
CHINA METAL INTERNATIONAL HOLDINGS INC.**

AND

(3) RESUMPTION OF TRADING IN SHARES

Financial Adviser to the Offeror



KGI CAPITAL ASIA LIMITED

INTRODUCTION

On 29 May 2017, the Offeror requested the Board to put forward to the Scheme Shareholders a proposal for the privatization of the Company by way of a scheme of arrangement under Section 86 of the Companies Law involving (i) the reduction of the issued share capital of the Company by the cancellation of the Scheme Shares and, in consideration therefor, the payment by the Offeror to the Scheme Shareholders of the Cancellation Price HK\$3.01 in cash for each Scheme Share so cancelled, (ii) the restoration of the issued share capital of the Company to the amount immediately before the cancellation of the Scheme Shares by means of the issuance of new Shares in the same number as the Scheme Shares (which were cancelled) to the Offeror credited as fully paid out of the credit arising in the Company's books of account as a result of the issued share capital reduction referred to in (i) above, and (iii) the withdrawal of the listing of the Shares on the Stock Exchange.

SHAREHOLDING OF THE COMPANY

As at the date of this announcement, the Company has outstanding 997,366,000 Shares. The Offeror holds 597,128,059 Shares, representing approximately 59.87% of the issued share capital of the Company. Another 174,084,525 Shares, representing approximately 17.45% of the issued share capital of the Company, are held by Vald Birn and Yanmar, who are both long-term strategic business partners and customers of the Group, and by Mr. Tsao and the Ho Shareholders, Mr. Tsao and Mr. Ho being the original founders of the Company's business. Such Shareholders have provided undertakings opting out of the Scheme and will remain as Shareholders after completion of the Proposal. Their respective Undertakings are conditional on approval as special deals pursuant to Rule 25 of the Takeovers Code.

The remaining 226,153,416 Shares of the Company apart from those held by the Offeror or subject to the Undertakings, representing approximately 22.68% of the issued capital of the Company, constitute the Scheme Shares.

As at the date of this announcement, Share Options previously granted under the Old ESOP remain outstanding, pursuant to which up to a maximum of 6,070,000 new Shares may be issued at HK\$2.52 per new Share, representing approximately 0.61% of the issued share capital of the Company as at the date of this announcement and approximately 0.60% of the issued share capital of the Company as enlarged by the issue of such new Shares. Mr. Tsao has agreed under his Undertaking not to exercise his Share Options, which are exercisable into 1,000,000 new Shares, from the date hereof until the date the Proposal has been

completed or (as the case may be) until such time it is determined that the Proposal will not be proceeded with. An offer would also be made concurrently to the other Optionholders to cancel the Share Options held by them in exchange for the payment to them of the see-through price of the Share Options of HK\$0.49 in cash.

TOTAL CONSIDERATION AND FINANCIAL RESOURCES

On the assumption that no outstanding Share Options would be exercised before the Scheme Record Date, the amount of cash required to satisfy the consideration payable for the cancellation of the Scheme Shares (before taking into account the Option Offer to be made) would be approximately HK\$680,721,782, and the amount of cash required for the Option Offer would be approximately HK\$2,484,300.

On the assumption that all the outstanding Share Options subject to the Scheme were to be exercised before the Scheme Record Date, the amount of cash required to satisfy the consideration payable for the cancellation of the Scheme Shares would increase to approximately HK\$695,982,482.

KGI Capital, the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror for discharging its obligations in respect of the cancellation of the Scheme Shares and the Option Offer in full.

The Cancellation Price will not be increased, and the Offeror does not reserve the right to do so.

CONDITIONS TO THE PROPOSAL AND THE SCHEME

The implementation of the Proposal is, and the Scheme will become effective and binding on the Company and all the Scheme Shareholders, and the Option Offer will be made, subject to the fulfillment or waiver (as applicable) of the Conditions which include:

- (a) the approval of the Scheme (by way of poll) by a majority in number of the Scheme Shareholders representing not less than 75% in value of the Scheme Shares held by the Scheme Shareholders present and voting either in person or by proxy at the Court Meeting;
- (b) the approval of the Scheme (by way of poll) by Scheme Shareholders holding at least 75% of the votes attaching to the Scheme Shares held by Scheme Shareholders that are cast either in person or by proxy at the Court Meeting; provided that the number of votes cast (by way of poll) by Scheme

Shareholders present and voting either in person or by proxy at the Court Meeting against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all Scheme Shares held by the Scheme Shareholders;

- (c) the passing of a special resolution by a majority of not less than three-fourths of the votes cast by the Shareholders present and voting in person or by proxy at an extraordinary general meeting of the Company to approve and give effect to (i) the reduction of the issued share capital of the Company by cancelling and extinguishing the Scheme Shares; (ii) the increase of the issued share capital of the Company to the amount prior to the cancellation of the Scheme Shares by issuing to the Offeror such number of new Shares as is equal to the number of Scheme Shares cancelled as a result of the Scheme; and (iii) the application of the credit arising in the Company's books of accounts as a result of such issued share capital reduction in paying up in full at par value the new Shares issued to the Offeror, credited as fully paid;
- (d) (i) the receipt of an opinion from the independent financial adviser to the Independent Board Committee to be appointed by the Company, confirming that the Undertakings are fair and reasonable;
- (ii) the passing of an ordinary resolution by the Scheme Shareholders at an extraordinary general meeting of the Company, to approve the Undertakings subject to (1) the consent of the Executive for the Undertakings obtained pursuant to Rule 25 of the Takeovers Code and (2) any conditions that may consequentially be imposed thereon by the Executive; and
- (iii) the consent of the Executive for the Undertakings obtained pursuant to Rule 25 of the Takeovers Code;
- (e) the Grand Court's sanction of the Scheme (with or without modifications) and its confirmation of the reduction of the share capital of the Company, and the delivery to the Registrar of Companies in the Cayman Islands of a copy of the orders of the Grand Court for registration; and
- (f) the approval of the Investment Commission of the Ministry of Economic Affairs of Taiwan (經濟部投資審議委員會) in connection with the Proposal, the Scheme and the Option Offer having been obtained and remaining in full force and effect without variation up to and at the time when the Scheme has been completed.

Conditions (a), (b), (c), (d) and (e) above cannot be waived in any event.

Please refer to pages 12 to 16 of this announcement for further details of the Conditions.

WITHDRAWAL OF LISTING OF SHARES

Upon the Scheme becoming effective, all Scheme Shares will be cancelled and the share certificates for the Scheme Shares will thereafter cease to have effect as documents or evidence of title. The Company will apply to the Stock Exchange for withdrawal of the listing of the Shares on the Stock Exchange following the Scheme becoming effective.

DESPATCH OF SCHEME DOCUMENT

The Scheme Document containing, among other things, further details of the Proposal, the Scheme and the Option Offer, the expected timetable, an explanatory statement as required under the Companies Law and the Rules of the Grand Court, information regarding the Group, recommendations from the Independent Board Committee with respect to the Proposal, the Scheme and the Option Offer and the letter of advice from the independent financial adviser to the Independent Board Committee, a notice of the Court Meeting and a notice of an extraordinary general meeting of the Company, together with the relevant forms of proxy in relation thereto, will be despatched to the Shareholders as soon as practicable and in compliance with the requirements of the Takeovers Code, the Companies Law, the Grand Court and other applicable regulations.

ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEE

An Independent Board Committee has been established by the Board to make a recommendation to the Scheme Shareholders as to whether the terms of the Proposal, the Undertakings and the Scheme are, or are not, fair and reasonable and as to voting, and to the Optionholders as to its views on acceptance of the Option Offer. An independent financial adviser will be appointed by the Company (with the approval of the Independent Board Committee) to advise the Independent Board Committee, the Scheme Shareholders and the Optionholders in connection with the Proposal, the Undertakings, the Scheme and the Option Offer.

TRADING HALT AND RESUMPTION

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 29 May 2017 pending the release of this announcement.

An application has been made by the Company to the Stock Exchange for the resumption of trading of the Shares on the Stock Exchange with effect from 9:00 a.m. on 31 May 2017.

Warning: Shareholders, Optionholders and potential investors should exercise caution when dealing in the Shares and any options or other rights in respect of them. The implementation of the Proposal, the Scheme and/or the Option Offer is subject to the satisfaction of the Conditions being fulfilled or waived, as applicable, and thus the Proposal, the Scheme and the Option Offer may or may not be implemented and the Scheme may or may not become effective. Persons who are in doubt as to the action they should take should consult their licensed securities dealers or registered institutions in securities, bank manager, solicitor or other professional advisers.

This announcement is not intended to and does not constitute, or form part of, any offer to sell, purchase or subscribe for or an invitation to sell, purchase or subscribe for any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the Proposal or otherwise, nor shall there be any sale, transfer or issuance of securities of the Company in any jurisdiction in contravention of applicable law.

The Proposal will be made solely through the Scheme Document, which will contain the full terms and conditions of the Proposal, including details of how to vote on the Proposal. Any acceptance, rejection or other response to the Proposal should be made only on the basis of information in the Scheme Document or any other document by which the Proposal is made.

The availability of the Proposal to persons who are not resident in Hong Kong may be affected by the laws of the relevant jurisdictions in which they are located or of which they are nationals. Persons who are not so resident in Hong Kong should inform themselves about, and observe, any applicable legal or regulatory requirements of their jurisdictions. Further details pertinent to overseas shareholders will be contained in the Scheme Document.

NOTICE TO UNITED STATES SECURITY HOLDERS

The Proposal is being made to cancel shares of a Cayman Islands company in exchange for cash by means of a scheme of arrangement provided for under Cayman law. The scheme of arrangement must be approved by the requisite majority of shareholders and sanctioned by the Cayman court. The shares of the Cayman Islands company are listed on the Hong Kong stock exchange and are not listed on a United States national securities exchange or registered under the United States Securities Exchange Act of 1934, as amended (the “Exchange Act”). A transaction effected by means of such a scheme of arrangement is not subject to either the tender offer rules under the Exchange Act or the proxy solicitation rules under the Exchange Act. Accordingly, the Proposal is subject to the solicitation and disclosure requirements

and practices applicable in the Cayman Islands and/or Hong Kong to such schemes of arrangement which differ from the solicitation and disclosure requirements and practices of the United States under the Exchange Act for tender offers and proxy solicitation.

It may be difficult for United States holders of Scheme Shares and Share Options to enforce their rights and claims arising out of the United States federal or state securities laws, since the Offeror and the Company are each organized and located in a country other than the United States, some or all of their respective officers and directors may be residents of a country other than the United States, and some or all of their respective assets may be located outside the United States. United States holders of Scheme Shares or Share Options may not be able to sue a non-United States company or its officers or directors in a non-United States court for violations of United States federal or state securities laws. Further, it may be difficult to compel a non-United States company and its affiliates to subject themselves to a United States court's judgment.

Any financial information included in this announcement has been prepared in accordance with Hong Kong Financial Reporting Standards and thus may not be comparable to financial information of United States companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States.

The receipt of cash pursuant to the Proposal by a United States holder of Scheme Shares as consideration for the cancellation of its Scheme Shares pursuant to the Scheme or by an Optionholder as consideration for the cancellation of its Options pursuant to the Scheme may be a taxable transaction for United States federal income tax purposes and under applicable United States state and local, as well as foreign and other tax laws. Each holder of Scheme Shares or Share Options is urged to consult his independent professional advisers immediately regarding the tax consequences of the Proposal applicable to him.

The scheme of arrangement has not been approved or disapproved by the United States Securities and Exchange Commission or the securities regulatory authority of any state of the United States, nor has the Commission or any such state regulatory authority passed on the adequacy or accuracy of this announcement. Any representation to the contrary is a criminal offence in the United States.

INTRODUCTION

On 29 May 2017, the Offeror requested the Board to put forward to the Scheme Shareholders a proposal for the privatization of the Company by way of a scheme of arrangement under Section 86 of the Companies Law involving (i) the reduction of

the issued share capital of the Company by the cancellation of the Scheme Shares and, in consideration therefor, the payment by the Offeror to the Scheme Shareholders in cash of the Cancellation Price for each Scheme Share so cancelled, (ii) the restoration of the issued share capital of the Company to the amount immediately before the cancellation of the Scheme Shares by means of the issuance of new Shares in the same number as the Scheme Shares (which were cancelled) to the Offeror credited as fully paid out of the credit arising in the Company's books of account as a result of the issued share capital reduction referred to in (i) above, and (iii) the withdrawal of the listing of the Shares on the Stock Exchange. An offer would also be made concurrently to the Optionholders to cancel the Share Options held by them in exchange for the payment to them of the see-through price of the Share Options in cash.

As at the date of this announcement, the Company has outstanding 997,366,000 Shares. The Offeror holds 597,128,059 Shares, representing approximately 59.87% of the issued share capital of the Company.

Another 174,084,525 Shares, representing approximately 17.45% of the issued share capital of the Company, are held by Vald Birn and Yanmar, who are both long-term strategic business partners and customers of the Group, and by Mr. Tsao and the Ho Shareholders, Mr. Tsao and Mr. Ho being the original founders of the Company's business. Vald Birn and Yanmar made equity investments into the Group 15 years ago in 2002, and have since provided technical assistance to the Group and actively supported the Group and its business. Mr. Tsao and Mr. Ho's daughter Ms Ho Pei-Lin are current executive Directors of the Company. Mr. Tsao joined the Group in 1994 and has since been involved in its affairs as Vice-chairman and executive Director of the Company. Mr. Tsao is responsible for the supervision of the execution of the overall business strategies of the Group. Mr. Ho in turn joined the Group in 1992 and was chairman of the Company until 2010. Mr. Ho was responsible for the formulation of the overall business strategies of the Group. Mr. Ho's daughter Ms Ho Pei-Lin became an executive Director in 2014 and currently is responsible for formulation and execution of the business strategies of the Group. Mr. Tsao and the Ho Shareholders also have 1.58% and 8.91% shareholding interest, respectively, in the listed parent company CMP in Taiwan as at the date of this announcement.

Because of the ongoing commercial arrangements between the Group and such long-term customers, the status of Mr. Tsao and Mr. Ho as founders of the Company's business, Mr. Tsao and Ms Ho Pei-Lin's role as executive Directors of the Company, and the continuing role of such parties in the further development of the Company's business, the Offeror wishes such Shareholders, and such Shareholders have irrevocably undertaken, to opt out of the Scheme and remain as Shareholders even after the delisting of the Shares. Their respective Undertakings are conditional on approval as special deals pursuant to Rule 25 of the Takeovers Code.

No consideration, compensation or benefit in whatever form is provided by the Offeror or the Offeror Concert Parties to the Shareholders providing the Undertakings or their respective concert parties in connection with the Proposal. Save for the Undertakings, there are no other arrangements or special deals (under Rule 25 of the Takeovers Code) between the Offeror and the Offeror Concert Parties on one hand and the Shareholders providing the Undertakings and their respective concert parties on the other hand.

The Shareholders providing Undertakings hold Shares in the following proportions: (i) Vald Birn holds 103,900,922 Shares representing approximately 10.42% of the issued share capital of the Company; (ii) Yanmar holds 43,494,286 Shares representing approximately 4.36% of the issued share capital of the Company; (iii) Mr. Tsao holds 6,373,766 Shares representing approximately 0.64% of the issued share capital of the Company; and (iv) Mr. Ho, his daughter Ms Ho and their family controlled company Grand Dragon Co., Ltd, collectively hold 20,315,551 Shares representing approximately 2.04% of the issued share capital of the Company.

The remaining 226,153,416 Shares of the Company apart from those held by the Offeror or subject to the Undertakings, representing approximately 22.68% of the issued capital of the Company, constitute the Scheme Shares.

Share Options were previously granted under the Old ESOP which remain exercisable into an aggregate of 6,070,000 new Shares. Mr. Tsao has agreed under his Undertaking not to exercise his Share Options, which are exercisable into 1,000,000 new Shares, from the date hereof until the date the Proposal has been completed or (as the case may be) until such time it is determined that the Proposal will not be proceeded with. The rest of the Share Options will be subject to the concurrent offer to Optionholders. No options have been granted under the New ESOP.

TERMS OF THE PROPOSAL AND THE OPTION OFFER

The Scheme

Subject to the Scheme becoming effective, the Scheme Shares will be cancelled and, in consideration therefor, each Scheme Shareholder will be entitled to receive from the Offeror HK\$3.01 in cash for each Scheme Share so cancelled.

The Cancellation Price will not be increased, and the Offeror does not reserve the right to do so.

As at the date of this announcement, there are 997,366,000 Shares in issue and the Scheme Shareholders are interested in 226,153,416 Shares, representing approximately 22.68% of the issued share capital of the Company. Accordingly, the total consideration payable for the cancellation of the Scheme Shares under the Scheme will be approximately HK\$680,721,782.

The Cancellation Price of HK\$3.01 per Scheme Share represents:

- a premium of approximately 27.54% over the closing price of HK\$2.36 per Share as quoted on the Stock Exchange on the Last Trading Day;
- a premium of approximately 26.47% over the average closing price of approximately HK\$2.38 per Share based on the daily closing prices as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Day;
- a premium of approximately 25.94% over the average closing price of approximately HK\$2.39 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- a premium of approximately 22.86% over the average closing price of approximately HK\$2.45 per Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Day;
- a premium of approximately 24.38% over the average closing price of approximately HK\$2.42 per Share based on the daily closing prices as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Day;
- a premium of approximately 23.36% over the average closing price of approximately HK\$2.44 per Share based on the daily closing prices as quoted on the Stock Exchange for the 120 trading days up to and including the Last Trading Day; and
- a premium of approximately 27.54% over the audited consolidated net asset value per Share of approximately HK\$2.36 as 31 December 2016.

During the six-month period preceding and including the date of this announcement, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$ 2.73 on 21 March 2017 and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$2.29 on 17 February 2017.

The Cancellation Price has been determined on a commercial basis after taking into account the prices of the Shares traded on the Stock Exchange, the trading multiples of comparable companies listed on the Stock Exchange and with reference to other privatization transactions in Hong Kong in recent years.

The Option Offer

As at the date of this announcement, Share Options previously granted under the Old ESOP remain outstanding, pursuant to which up to a maximum of 6,070,000 new Shares may be issued at HK\$2.52 per new Share, representing approximately 0.61% of the issued share capital of the Company as at the date of this announcement and approximately 0.60% of the issued share capital of the Company as enlarged by the issue of such new Shares.

Except for such outstanding Share Options, there are outstanding no options, convertible securities, warrants, derivatives or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) issued by the Company that carry a right to subscribe for or which are convertible or exchangeable into Shares.

Under Rule 13 of the Takeovers Code, the Offeror is required, in connection with the making of the offer to the Scheme Shareholders, also to extend an appropriate offer to Optionholders. Mr. Tsao has agreed under his Undertaking not to exercise his Share Options, which are exercisable into 1,000,000 new Shares, from the date hereof until the date the Proposal has been completed or (as the case may be) until such time it is determined that the Proposal will not be proceeded with. The Offeror will therefore, subject to the Scheme becoming effective, make an offer to the other Optionholders to cancel all their outstanding Share Options, vested and unvested, in exchange for cash, being an amount equal to HK\$0.49 for each outstanding Share Option. Such price is the “see-through” price, which is the Cancellation Price minus the per Share exercise price of HK\$2.52 under the Share Options.

Further information on the Option Offer will be set out in a letter to the Optionholders which will be despatched as far as practicable contemporaneously with the despatch of the Scheme Document.

In the event that any of the outstanding Share Options are exercised on or prior to the Scheme Record Date in accordance with the relevant provisions of the Old ESOP, any Shares issued as a result of the exercise of such outstanding Share Options will be subject to and eligible to participate in the Scheme.

As of the date of this announcement, Share Options held by Directors comprise: (i) Share Options exercisable into 1,000,000 new Shares held by Mr. Tsao; (ii) Share Options exercisable into 900,000 new Shares held by Ms. Chen Shun Min; (iii) Share Options exercisable into 300,000 new Shares held by Mr. Christian Odgaard Pedersen; and (iv) Share Options exercisable into 180,000 new Shares held by Mrs. Chiu Lin Mei-Yu.

Total consideration and financial resources

On the basis of the Cancellation Price of HK\$3.01 per Scheme Share and 226,153,416 Scheme Shares being in issue as at the date of this announcement, the Scheme Shares are in aggregate valued at approximately HK\$680,721,782.

On the basis of the see-through price of the Option Offer being equal to HK\$0.49 per Share Option, no outstanding Share Options being exercised or lapsing before the Scheme Record Date, and Share Options exercisable into a maximum of 5,070,000 new Shares being subject to the Option Offer, the Share Options under the Option Offer are in aggregate valued at approximately HK\$2,484,300.

On the assumption that no outstanding Share Options would be exercised before the Scheme Record Date, the amount of cash required to satisfy the consideration payable for the cancellation of the Scheme Shares (before taking into account the Option Offer to be made) would be approximately HK\$680,721,782, and the amount of cash required for the Option Offer would be approximately HK\$2,484,300.

On the assumption that all the outstanding Share Options subject to the Option Offer were to be exercised before the Scheme Record Date, the amount of cash required to satisfy the consideration payable for the cancellation of the Scheme Shares would increase to approximately HK\$695,982,482.

The Offeror intends to finance the cash required for the cancellation of the Scheme Shares and the Option Offer using the proceeds of a facility granted by CTBC Bank Co., Ltd., Hong Kong Branch, a third party independent of the Offeror and its own internal resources. KGI Capital, the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror for discharging its obligations in respect of the cancellation of the Scheme Shares and the Option Offer in full.

CONDITIONS OF THE PROPOSAL AND THE SCHEME

The implementation of the Proposal is, and the Scheme will become effective and binding on the Company and all the Scheme Shareholders, and the Option Offer will be made, subject to the fulfillment or waiver (as applicable) of the following Conditions:

- (a) the approval of the Scheme (by way of poll) by a majority in number of the Scheme Shareholders representing not less than 75% in value of the Scheme Shares held by the Scheme Shareholders present and voting either in person or by proxy at the Court Meeting;

- (b) the approval of the Scheme (by way of poll) by Scheme Shareholders holding at least 75% of the votes attaching to the Scheme Shares held by Scheme Shareholders that are cast either in person or by proxy at the Court Meeting; provided that the number of votes cast (by way of poll) by Scheme Shareholders present and voting either in person or by proxy at the Court Meeting against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all Scheme Shares held by the Scheme Shareholders;
- (c) the passing of a special resolution by a majority of not less than three-fourths of the votes cast by the Shareholders present and voting in person or by proxy at an extraordinary general meeting of the Company to approve and give effect to
 - (i) the reduction of the issued share capital of the Company by cancelling and extinguishing the Scheme Shares; (ii) the increase of the issued share capital of the Company to the amount prior to the cancellation of the Scheme Shares by issuing to the Offeror such number of new Shares as is equal to the number of Scheme Shares cancelled as a result of the Scheme; and (iii) the application of the credit arising in the Company's books of accounts as a result of such issued share capital reduction in paying up in full at par value the new Shares issued to the Offeror, credited as fully paid;
- (d)
 - (i) the receipt of an opinion from the independent financial adviser to the Independent Board Committee to be appointed by the Company, confirming that the Undertakings are fair and reasonable;
 - (ii) the passing of an ordinary resolution by the Scheme Shareholders at an extraordinary general meeting of the Company, to approve the Undertakings subject to (1) the consent of the Executive for the Undertakings obtained pursuant to Rule 25 of the Takeovers Code and (2) any conditions that may consequentially be imposed thereon by the Executive; and
 - (iii) the consent of the Executive for the Undertakings obtained pursuant to Rule 25 of the Takeovers Code;
- (e) the Grand Court's sanction of the Scheme (with or without modifications) and its confirmation of the reduction of the share capital of the Company, and the delivery to the Registrar of Companies in the Cayman Islands of a copy of the orders of the Grand Court for registration;

- (f) all necessary Approvals in connection with the Proposal, the Scheme and the Option Offer having been obtained from, given by or made with or by (as the case may be) the relevant Authorities, in the Cayman Islands, Hong Kong and any other relevant jurisdictions (including the approval from the Investment Commission of the Ministry of Economic Affairs of Taiwan (經濟部投資審議委員會));
- (g) all necessary Approvals in connection with the Proposal, the Scheme and the Option Offer remaining in full force and effect without variation, and all necessary statutory or regulatory requirements or obligations in all relevant jurisdictions having been complied with and no requirement or obligation having been imposed by any Authorities which is not expressly provided for, or is in addition to requirements provided for, in any relevant laws, rules, regulations or codes in connection with the Proposal, the Scheme and the Option Offer or any matters, documents or things relating thereto, in each aforesaid case up to and at the time when the Scheme has been completed;
- (h) all necessary consents or waivers which may be required for the implementation of the Proposal, the Scheme or the Option Offer under any existing contractual obligations of the Group being obtained or waived by the relevant party(ies), where any failure to obtain such consent or waiver would have a material adverse effect on the business, assets or liabilities of the Group;
- (i) no Authority in any jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry, or enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order that would make the Proposal, the Scheme or the Option Offer or the implementation in accordance with their respective terms void, unenforceable, illegal or impracticable (or which would impose any material and adverse conditions or obligations with respect to the Proposal, the Scheme or the Option Offer or the implementation in accordance with their respective terms), other than such actions, proceedings, suits, investigations or enquiries as would not have a material adverse effect on the legal ability of the Offeror to proceed with the Proposal, the Scheme and the Option Offer; and

- (j) save as publicly announced prior to the date of this announcement (and except in so far as such event forms part of the Proposal), since 31 December 2016 (being the date to which the latest published audited accounts of the Company were made up):
- (i) there having been no material adverse change in the business, financial or trading position or prospects of any member of the Group to an extent which is material in the context of the Group taken as a whole or in the context of the Proposal, the Scheme or the Option Offer;
 - (ii) there not having been instituted or remaining outstanding any material litigation, arbitration proceedings, prosecution or other legal proceedings to which any member of the Group is a party (whether as plaintiff or defendant or otherwise) and no such proceedings having been threatened in writing against any such member of the Group and no investigation by any Authorities against or in respect of any member of the Group (or the business carried on by any such member of the Group) having been threatened in writing, announced, instituted or remaining outstanding by, against or in respect of any such member, in each case which is material and adverse in the context of the Group taken as a whole or in the context of the Proposal, the Scheme or the Option Offer; and
 - (iii) each member of the Group remaining solvent and not being subject to any insolvency or bankruptcy proceedings or likewise and no liquidator, receiver or other person carrying out any similar function having been appointed anywhere in the world in respect of the whole or any substantial part of the assets or undertakings of any member of the Group up to the date immediately preceding the Effective Date, in each case which is material and adverse in the context of the Group taken as a whole or in the context of the Proposal, the Scheme or the Option Offer.

All of the above Conditions will have to be fulfilled or waived, as applicable, on or before the Long Stop Date (or such later date as the Offeror and the Company may agree or, to the extent applicable, as the Executive may consent and the Grand Court may direct), failing which the Proposal and the Scheme will lapse and the Option Offer will not be implemented.

The Offeror reserves the right to waive the conditions set out in paragraphs (f), (g), (h), (i) and/or (j) above either in whole or in part, either generally or in respect of any particular matter. Conditions (a), (b), (c), (d) and (e) cannot be waived in any event. Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror may only invoke any or all of the Conditions as a basis for not proceeding with the Proposal, Scheme or the Option Offer if the circumstances which give rise to the right to invoke any such Condition are of material significance to the Offeror in the context of the Proposal.

The Offeror is currently the controlling shareholder of the Company, and will, under the Scheme, acquire new Shares in the Company in the same number as the Scheme Shares cancelled under the Scheme. Its percentage shareholding in the Company will increase from approximately 59.87% as of the date of this announcement, to approximately 82.55% upon completion of the Scheme. Although the Company is incorporated in the Cayman Islands, the operations of the Group are mainly in the PRC. The Offeror is a wholly owned subsidiary of CMP, which is a Taiwan company, and increasing the stake of the Offeror in the Company will be considered an overseas indirect investment by a Taiwan company in the PRC. CMP is required to obtain the approval of the Investment Commission of the Ministry of Economic Affairs of Taiwan (經濟部投資審議委員會) for such increase and such approval will be an Approval for the purpose of the Conditions set out in paragraphs (f) and (g) above. Save for such approval, neither the Offeror nor the Company is aware that any other Approvals or any of aforesaid consents or waivers referred to in the Conditions set out under paragraphs (f) to (i) above is required for the purpose of the Proposal, the Scheme or the Option Offer.

The Company has no right to waive any of the Conditions.

The Proposal has been approved by the board of directors of the Offeror, but is not required to be approved by the shareholder of the Offeror.

The implementation of the Option Offer will be conditional upon the Scheme becoming effective.

Warning:

Shareholders, Optionholders and potential investors should be aware that the implementation of the Proposal, the Scheme and/or the Option Offer is subject to the Conditions being fulfilled or waived, as applicable, and thus the Proposal, the Scheme and the Option Offer may or may not be implemented and the Scheme may or may not become effective.

Shareholders, Optionholders and potential investors should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their licensed securities dealers or registered institutions in securities, bank manager, solicitor or other professional advisers.

SHAREHOLDING STRUCTURE OF THE COMPANY

On the assumption that no outstanding Share Options will be exercised before the Scheme Record Date and that there is no change in the issued share capital of the Company from the date of this announcement to the date of completion of the Scheme, the table below sets out the shareholding structure of the Company as at the date of this announcement and immediately upon completion of the Proposal:

Shareholders	As at the date of this announcement		Immediately upon completion of the Scheme	
	Number of Shares	Approximate % of the total issued share capital (Note 1)	Number of Shares	Approximate % of the total issued share capital (Note 1)
Offeror and Offeror Concert Parties (Note 2)	597,128,059	59.87	823,281,475	82.55
Parties to the Undertakings (Note 3)				
Vald Birn	103,900,922	10.42	103,900,922	10.42
Yanmar	43,494,286	4.36	43,494,286	4.36
Mr. Tsao (Note 4)	6,373,766	0.64	6,373,766	0.64
The Ho Shareholders	20,315,551	2.04	20,315,551	2.04
Sub-total	174,084,525	17.45	174,084,525	17.45
Scheme Shareholders	<u>226,153,416</u>	<u>22.68</u>	<u>0</u>	<u>0.00</u>
Total	<u>997,366,000</u>	<u>100.00</u>	<u>997,366,000</u>	<u>100.00</u>

Notes:

- (1) As at the date of this announcement, the authorised share capital of the Company is HK\$ 100,000,000 divided into 10,000,000,000 Shares, of which 997,366,000 Shares have been issued and are outstanding.
- (2) The Offeror holds 597,128,059 Shares representing approximately 59.87% of the issued share capital of the Company, and the Offeror Concert Parties do not hold any Shares.

- (3) Vald Birn, Yanmar, Mr. Tsao and the Ho Shareholders collectively hold 174,084,525 Shares, representing approximately 17.45% of the issued share capital of the Company.
- (4) As at the date of this announcement, there are 6,070,000 outstanding Share Options. Mr. Tsao has agreed under his Undertaking not to exercise his Share Options, which are exercisable into 1,000,000 new Shares, from the date hereof until the date the Proposal has been completed or (as the case may be) until such time it is determined that the Proposal will not be proceeded with.
- (5) The remaining 226,153,416 Shares of the Company representing approximately 22.68% of the issued share capital of the Company constitute the Scheme Shares.

INDEPENDENT BOARD COMMITTEE

An Independent Board Committee, which comprises three independent non-executive Directors, namely, Mr. Lam Ting Lok, Mrs. Chiu Lin Mei-Yu (also known as Mary Lin Chiu) and Mr. Chen Pou-Tsang (also known as Angus P.T. Chen), has been established by the Board to make a recommendation to the Scheme Shareholders as to whether the terms of the Proposal, the Undertakings and the Scheme are, or are not, fair and reasonable and as to voting, and to the Optionholders as to its views on acceptance of the Option Offer.

Mr. Chen Pou-Tsang (also known as Angus P.T. Chen), who is an independent non-executive Director, has been included into the Independent Board Committee notwithstanding that he holds 212,000 Scheme Shares as he does not have any direct or indirect interest in the Proposal other than as a Shareholder. Mr. Christian Odgaard Pedersen, who is a non-executive Director, has not been included into the Independent Board Committee as he is managing director of Vald Birn, and chairman of the Birn Foundation which is a shareholder of Vald Birn. Vald Birn has provided to the Offeror an Undertaking. Mr. Pederson also personally holds 1,500,000 Scheme Shares as well as 300,000 Share Options at the date of this announcement. Mr. Christian Odgaard Pedersen will be abstaining from voting on the resolutions described in paragraphs (a), (b) and (d)(ii) under the section entitled “Conditions of the Proposal and the Scheme” of this announcement.

The Directors of the Company (excluding members of the Independent Board Committee) believe that the terms of the Proposal, the Undertakings, and the Scheme are fair and reasonable and in the interests of the Shareholders as a whole.

The Scheme Shareholders are reminded that they should, before making a decision and casting their vote in the Court Meeting, and the Optionholders are reminded that they should, before making a decision with respect to the Option Offer, carefully read the Scheme Document, including the letter of advice from each of the Independent Board Committee and from the independent financial adviser to the Independent Board Committee to be appointed by the Company, which will be contained in the Scheme Document.

INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT BOARD COMMITTEE

An independent financial adviser will be appointed by the Company (with the approval of the Independent Board Committee) to advise the Independent Board Committee, the Scheme Shareholders and the Optionholders in connection with the Proposal, the Undertakings, the Scheme and the Option Offer. Further announcement will be made by the Company in accordance with the requirements of the Takeovers Code, after such appointment has been made.

REASONS FOR AND BENEFITS OF THE PROPOSAL, AND THE OFFEROR'S INTENTION IN RELATION TO THE GROUP

Many of the Company's customers are overseas automakers or component manufacturers, and the market outlook for automobile parts and components, in particular in the United States market, is anticipated to remain challenging in the foreseeable future, which may negatively affect the future performance of the share price of the Company.

The Company has long been concentrating on iron casting production which is recognized as a heavy weight product and which is a segment facing increasing pressure over its business growth. Customers are increasingly in demand of light weight casting such as aluminum in replacement of iron casting products. As such, the Company is currently contemplating a series of long-term growth strategies, by development of a product mix of diversified metallic materials which may cast a high level of uncertainty on the Company's short-term growth profile and may result in divergence between the Offeror's views on the Company's potential long-term value and investors' views on the Company's share price. To implement such change in strategy, the Company needs to be able to make strategic decisions focused on long-term benefits, free from the pressure of market expectations, profit visibility and share price fluctuation associated with being a publicly listed company.

The Company, in response to the growing social and environmental concerns owing to its stakeholder group, is also contemplating the implementation of certain environmentally friendly measures to aim at reducing emission of pollutants during the production process. The cost of such measures may affect the Company's short term profitability, and thus also affect stock price performance in the long run.

Since its listing on the Stock Exchange, the Company's share price performance has not been satisfactory, and specifically, the price earnings ratio of the industrial sector has been reduced to a single digit in the Hong Kong market, which does not reflect the growth of the Company's profit and it is substantially below the Company's and its controlling shareholder's expectation. This limits the ability of the Group to attract investors' interests and enhance its market image. The Offeror considers that the underperformance of share price has had an adverse impact on the Company's reputation with customers, and therefore on its business, and also on staff morale.

The liquidity of the Shares has also been at a low level over a long period of time. The average daily trading volume of the Shares for the 12 months up to and including the Last Trading Day was approximately 581,185 Shares per day, representing only approximately 0.26% of the Scheme Shares as at the date of this announcement. The low trading liquidity of the Shares makes it difficult for Shareholders to execute substantial on-market disposals without adversely affecting the price of the Shares and to dispose of a large number of Shares when any event that may have an adverse impact on the Company's share price occurs.

In addition, the listing of Shares requires the Company to bear administrative, compliance and other listing-related costs and expenses; if these costs and expenses are eliminated, the funds saved could be used for the Company's business operations.

The Proposal is intended to provide Scheme Shareholders with a good opportunity to realize their investments in the Company:

- **Premium valuation:** The Cancellation Price of HK\$3.01 per Scheme Share represents a premium of approximately 27.54% over the closing price per Share on the Last Trading Day. The Cancellation Price also represents a premium of approximately 25.94% and 22.86% over the average closing prices of approximately HK\$2.39 and approximately HK\$2.45 per Share for 30 and 60 consecutive trading days up to and including the Last Trading Day, respectively.
- **Certain and immediate premium despite low liquidity:** The Scheme provides an opportunity for Scheme Shareholders, if they so wish, to dispose of their Shares expeditiously and receive cash at a price above the prevailing market price, particularly in light of the underperformance of the share price since the Company's listing. Given the low liquidity of the Shares, it is also challenging for the Scheme Shareholders to realize the Scheme Shares in the stock market without adversely affect the market price of the Shares.

INFORMATION ON THE COMPANY

The Company is an exempted company incorporated in the Cayman Islands with limited liability whose shares have been listed on the Main Board of the Stock Exchange since 31 December 2004. The Group is principally engaged in the design, development, manufacture and sale of customized metal castings used in various industries, and in the provision of moulding, machining and coating services. Such operations are carried out in Tianjin and Suzhou. The Group's customers are mainly industrial manufacturers producing automobiles and automobile parts and components, air conditioners, and air conditioner and refrigerator compressors, and such customers are located in the PRC, the United States, Japan and other countries.

INFORMATION ON THE OFFEROR

The Offeror is a company incorporated in the British Virgin Islands with limited liability and is a wholly owned subsidiary of CMP. CMP is a Taiwan-based company listed on the Taiwan Stock Exchange (ticker number: 1532) principally engaged in the manufacturing and distribution of iron castings, including reinforced steel bars, steel billets and iron castings, which are applied in steel material processing and smelting, automobile spare parts, construction hardware components, mechanical and hand tool parts, and transmission system parts, for distribution in the PRC, America, Japan, Europe and other countries. CMP is also involved in the operation of department stores, hotels and amusement parks, as well as the construction, sale and leasing of real estate.

WITHDRAWAL OF LISTING OF SHARES

Upon the Scheme becoming effective, all Scheme Shares will be cancelled and the share certificates for the Scheme Shares will thereafter cease to have effect as documents or evidence of title. The Company will apply to the Stock Exchange for withdrawal of the listing of the Shares on the Stock Exchange following the Scheme becoming effective. The Scheme Shareholders will be notified by way of an announcement of the exact date of the last day for dealing in the Shares and on which the Scheme and the withdrawal of the listing of the Shares on the Stock Exchange will be completed. A detailed timetable of the Scheme will be included in the Scheme Document, which will also contain, inter alia, further details of the Scheme.

IF THE SCHEME IS NOT APPROVED OR THE PROPOSAL LAPSES

The Scheme will lapse if any of the Conditions has not been fulfilled or waived, as applicable, on or before the Long Stop Date. If the Scheme is not approved or the Proposal otherwise lapses, the listing of Shares on the Stock Exchange will not be withdrawn. If the Scheme is not approved or the Proposal otherwise lapses, there are restrictions under Rule 26 of the Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with it in the course of the Proposal nor any person who is subsequently acting in concert with any of them may, within 12 months from the date on which the Scheme is not approved or the Proposal otherwise lapses, announce an offer or possible offer for the Company, except with the consent of the Executive.

OVERSEAS SHAREHOLDERS

The making and implementation of the Proposal to Scheme Shareholders and the Option Offer to Optionholders who are not resident in Hong Kong may be subject to the laws of the relevant jurisdictions in which such Scheme Shareholders and Optionholders are located. Such Scheme Shareholders and Optionholders should inform themselves about and observe any applicable legal, tax or regulatory requirements. It is the responsibility of any overseas Scheme Shareholders and Optionholders wishing to take any action in relation to the Proposal and the Option Offer respectively to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such jurisdiction. Any acceptance by the Scheme Shareholders and Optionholders will be deemed to constitute a representation and warranty from such persons to the Offeror and the Company and their respective advisers that those laws and regulatory requirements have been complied with.

In the event that the receipt of the Scheme Document by overseas Scheme Shareholders and Optionholders is prohibited by any applicable laws and regulations or may only be effected upon compliance with conditions or requirements that are unduly onerous or burdensome or otherwise not in the best interests of the Offeror and/or the Company, the Scheme Document, subject to the Executive's consent and directions of the Grand Court, will not be despatched to such overseas Scheme Shareholders or Optionholders. The Offeror will apply for any waivers required by the Executive pursuant to Note 3 to Rule 8 of the Takeovers Code at such time.

SCHEME SHARES, MEETING OF SCHEME SHAREHOLDERS AND EXTRAORDINARY GENERAL MEETING OF THE COMPANY

All Scheme Shareholders will be entitled to attend and vote on the Scheme in the Court Meeting. None of the Offeror and the Offeror Concert Parties who hold Shares, or Vald Birn, Yanmar, Mr. Tsao, the Ho Shareholders, their respective concert parties, or Mr. Christian Odgaard Pedersen, will vote on the Scheme at the Court Meeting. In particular, none of the Offeror and the Offeror Concert Parties who hold Shares, or Vald Birn, Yanmar, Mr. Tsao and the Ho Shareholders, their respective concert parties, or Mr. Christian Odgaard Pedersen, will vote on the resolutions described in paragraphs (a) and (b) under the section entitled “Conditions of the Proposal and the Scheme”.

All Shareholders will be entitled to attend the extraordinary general meeting of the Company to be held after the Scheme is approved by Scheme Shareholders at the Court Meeting, and vote on the special resolution to approve and give effect to (i) the reduction of the issued share capital of the Company by cancelling and extinguishing the Scheme Shares; (ii) the increase of the issued share capital of the Company to the amount prior to the cancellation of the Scheme Shares by issuing to the Offeror such number of new Shares as is equal to the number of Scheme Shares cancelled as a result of the Scheme; and (iii) the application of the credit arising in the Company’s books of accounts as a result of the Scheme to pay up in full at par value such number of new Shares, credited as fully paid, for issuance to the Offeror.

All Scheme Shareholders will be entitled to attend the extraordinary general meeting of the Company and vote on the ordinary resolution to approve the Undertakings subject to (1) the consent of the Executive for the Undertakings obtained pursuant to Rule 25 of the Takeovers Code and (2) any conditions that may consequentially be imposed thereon by the Executive. None of the Offeror and the Offeror Concert Parties who hold Shares, or Vald Birn, Yanmar, Mr. Tsao and the Ho Shareholders, their respective concert parties, or Mr. Christian Odgaard Pedersen, will vote on the resolution described in paragraph (d)(ii) under the section entitled “Conditions of the Proposal and the Scheme”.

COSTS OF THE SCHEME

If the Independent Board Committee or the independent financial adviser to the Independent Board Committee does not recommend the Proposal, the Scheme or the Option Offer, and the Scheme is not approved, all expenses incurred by the Company in connection therewith or with the Proposal or the Option Offer will be borne by the Offeror in accordance with Rule 2.3 of the Takeovers Code.

GENERAL

The Offeror has appointed KGI Capital as its financial adviser in connection with the Proposal.

As at the date of this announcement:

- (a) the Offeror and the Offeror Concert Parties do not, apart from the 597,128,059 Shares held by the Offeror, own or have control or direction over any Shares or any convertible securities, warrants or options the exercise of which will result in the holding of Shares;
- (b) the Offeror and the Offeror Concert Parties have not received any irrevocable commitment to accept the offer to cancel the Scheme Shares or the Share Options or to vote for or against the Scheme;
- (c) the Offeror and the Offeror Concert Parties have not entered into any derivatives in respect of the securities of the Company;
- (d) save for the Undertakings not to participate in the Scheme provided by Vald Birn, Yanmar, Mr. Tsao and the Ho Shareholders to the Offeror, there are no arrangements (whether by way of option, indemnity or otherwise) in relation to the Shares or the shares of the Offeror between the Offeror or any of the Offeror Concert Parties and any other person which might be material to the Proposal and the Option Offer;
- (e) there are no agreements or arrangements to which the Offeror is a party which relate to the circumstances in which the Offeror may or may not invoke or seek to invoke a condition to the Proposal and/or the Option Offer; and
- (f) the Offeror and the Offeror Concert Parties have not borrowed or lent any Shares or any relevant securities of the Company (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the date of this announcement.

Neither the Offeror nor any Offeror Concert Parties has dealt for value in any Shares, or any options, convertible securities, warrants, options or derivatives in respect of the securities of the Company, in the six-month period prior to the date of this announcement.

DESPATCH OF SCHEME DOCUMENT

The Scheme Document containing, among other things, further details of the Proposal, the Scheme and the Option Offer, the expected timetable, an explanatory statement as required under the Companies Law and the Rules of the Grand Court, information regarding the Group, recommendations from the Independent Board Committee with respect to the Proposal, the Undertakings, the Scheme and the Option Offer and the letter of advice from the independent financial adviser to the Independent Board Committee, a notice of the Court Meeting and a notice of an extraordinary general meeting of the Company, together with the relevant forms of proxy in relation thereto, will be despatched to the Shareholders and the Optionholders as soon as practicable and in compliance with the requirements of the Takeovers Code, the Companies Law, the Grand Court and other applicable regulations.

The Scheme Document will contain important information and the Scheme Shareholders and the Optionholders are urged to carefully read the Scheme Document containing such disclosures before casting any vote at (or providing any proxy in respect of) the Court Meeting or the extraordinary general meeting of the Company mentioned above or accepting the Option Offer (as the case may be).

DISCLOSURE OF DEALINGS

Associates of the Offeror and the Company (as defined in the Takeovers Code, including shareholders holding 5% or more of the relevant securities (as defined in paragraphs (a) to (d) in Note 4 to Rule 22 of the Takeovers Code) of the Offeror or the Company) are hereby reminded to disclose their dealings in any securities of the Company under Rule 22 of the Takeovers Code during the offer period.

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

“Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquires. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

TRADING HALT AND RESUMPTION

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 29 May 2017 pending the release of this announcement.

An application has been made by the Company to the Stock Exchange for the resumption of trading of the Shares on the Stock Exchange with effect from 9:00 a.m. on 31 May 2017.

Shareholders, Optionholders and potential investors should exercise caution when dealing in the Shares and any options or other rights in respect of them. Persons who are in doubt as to the action they should take should consult their licensed securities dealers or registered institutions in securities, bank manager, solicitor or other professional advisers.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“acting in concert”	has the meaning ascribed to it in the Takeovers Code and “concert party(ies)” shall be construed accordingly
“Approvals”	authorizations, registrations, filings, rulings, consents, opinions, permissions and approvals
“associates”	has the meaning ascribed to it in the Takeovers Code
“Authority(ies)”	government, quasi-governmental and/or governmental body(ies), statutory or regulatory body(ies), court(s), or designated authorized body(ies) or agency(ies) of any of the foregoing

“Board”	the board of directors of the Company
“Cancellation Price”	the cancellation price of HK\$3.01 per Scheme Share payable in cash by the Offeror to the Scheme Shareholders pursuant to the Scheme
“CMP”	China Metal Products Company Limited, a company incorporated in Taiwan with limited liability, whose shares are listed on the Taiwan Stock Exchange
“Companies Law”	the Companies Law (2016 Revision) of the Cayman Islands, as consolidated and revised from time to time
“Company”	China Metal International Holdings Inc., an exempted company incorporated with limited liability under the laws of the Cayman Islands and the shares of which are listed on the Main Board of the Stock Exchange
“Conditions”	the conditions to the implementation of the Proposal, the Scheme and the Option Offer as set out in the section headed “Conditions of the Proposal and the Scheme” of this announcement
“Court Meeting”	a meeting of the Scheme Shareholders to be convened at the direction of the Grand Court at which the Scheme will be voted upon
“Director(s)”	Director(s) of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong or any delegate thereof
“Grand Court”	the Grand Court of the Cayman Islands
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars(s), the lawful currency of Hong Kong

“Ho Shareholders”	Mr. Ho, his daughter Ms Ho Pei-Lin who is one of our executive Directors and Grand Dragon Co., Ltd, a company incorporated in the Mauritius with limited liability which is their family controlled company, together holding collectively 20,315,551 Shares representing approximately 2.04% of the issued share capital of the Company. The Ho Shareholders collectively own a 8.91% shareholding in CMP.
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent board committee of the Company established by the Board to make a recommendation to the Scheme Shareholders in respect of, among others, the Proposal, the Undertakings, the Scheme and the Option Offer
“KGI Capital”	KGI Capital Asia Limited, the financial adviser to the Offeror in connection with the Proposal and the Option Offer, which is a corporation licensed to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Last Trading Day”	26 May 2017, being the last trading day prior to the issue of this announcement
“Long Stop Date”	31 December 2017 or such other date as may be agreed between the Company and the Offeror
“Mr. Ho”	Mr. Ho Ming-Shiann (何明憲), who is one of the founders of the Company, and the father of Ms Ho Pei-Lin, who is one of our executive Directors
“Mr. Tsao”	Mr. Tsao Ming-Hong (曹明宏), who is one of the founders of our Company and currently one of our executive Directors and holds 6,373,766 Shares representing approximately 0.64% of the issued share capital of the Company as well as Share Options exercisable into 1,000,000 new Shares. Mr. Tsao owns a 1.58% shareholding in CMP.

“New ESOP”	the share option scheme of the Company adopted on 13 May 2014
“Offeror”	United Elite Agents Limited, a company incorporated in the British Virgin Islands with limited liability, which is a wholly owned subsidiary of CMP
“Offeror Concert Party(ies)”	any party(ies) acting in concert or presumed to be acting in concert with the Offeror under the definition of “acting in concert” under the Takeovers Code, including CMP
“Old ESOP”	the share option scheme of the Company adopted on 8 December 2004 which was replaced on 13 May 2014 by the New ESOP
“Optionholder(s)”	holder(s) of the Share Option(s)
“Option Offer”	the offer to be made by or on behalf of the Offeror to the Optionholders
“PRC”	The People’s Republic of China, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“Proposal”	the proposed privatization of the Company by the Offeror by the cancellation of the Scheme Shares, the restoration of the share capital of the Company to the amount immediately before the cancellation of the Scheme Shares by means of the issuance of new Shares to the Offeror, and the delisting of Shares from the Stock Exchange, on the terms and subject to the conditions set out in this announcement
“relevant securities”	has the meaning ascribed to it in the Takeovers Code
“Scheme”	the scheme of arrangement under Section 86 of the Companies Law involving the cancellation of all the Scheme Shares
“Scheme Document”	the scheme document of the Company and the Offeror to be issued to all Shareholders in connection with the Scheme and containing, inter alia, further details of the Proposal

“Scheme Record Date”	the record date to be announced for determining entitlements under the Scheme
“Scheme Share(s)”	Share(s) other than those held by the Offeror, the Offeror Concert Parties and the Shareholders who are providing the Undertakings
“Scheme Shareholder(s)”	Holder(s) of Scheme Share(s) as at the Scheme Record Date
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Share Option(s)”	the share option(s) previously granted under the Old ESOP
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Undertakings”	the deeds of undertaking to opt out of the Scheme and remain as Shareholders even after the delisting of Shares under the Proposal entered into on the date of this announcement in favour of the Offeror, by each of (i) Vald Birn; (ii) Yanmar; (iii) Mr. Tsao; and (iv) the Ho Shareholders, and which are conditional on approval as special deals pursuant to Rule 25 of the Takeovers Code
“trading day”	a day on which the Stock Exchange is open for the business of dealings in securities
“Vald Birn”	Vald. Birn Holding A/S, a company incorporated in Denmark with limited liability, which is a producer of cast iron products for the automotive, pump and hydraulic industries, and holds 103,900,922 Shares representing approximately 10.42% of the issued share capital of the Company

“Yanmar”

Yanmar Co., Ltd (ヤンマー株式会社), a company incorporated in Japan with limited liability, which manufactures diesel engines, combine harvesters and other agricultural machinery and other equipment and machinery, and holds 43,494,286 Shares representing approximately 4.36% of the issued share capital of the Company

By Order of the Board of
**UNITED ELITE AGENTS
LIMITED**
Lin Ting-Fung
Director

By Order of the Board of
**CHINA METAL INTERNATIONAL
HOLDINGS INC.**
勤美達國際控股有限公司
King Fong-Tien
Chairman

Hong Kong, 29 May 2017

As at the date of this announcement, the board of directors of the Offeror consists of Mr. Lin Ting-Fung and Mr. King Fong-Tien.

As at the date of this announcement, the board of directors of CMP consists of four directors, namely Mr. Lin Ting-Fung (林廷芳), Mr. Tsao Ming-Hong (曹明宏), Ms. Wu Shu-Chuan (吳淑娟) and Ms. Ho Pei-Fen (何佩芬), and two independent directors, namely Mr. Chang Ming-Chieh (張明傑) and Mr. Liao Liou-Yi (廖了以).

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

As at the date of this announcement, the board of Directors of the Company consists of eight Directors, of which four are executive Directors, namely Mr. King Fong-Tien, Mr. Tsao Ming-Hong, Ms. Chen Shun Min and Ms. Ho Pei-Lin, one non-executive Director, namely Mr. Christian Odgaard Pedersen, and three independent non-executive Directors, namely Mr. Lam Ting Lok, Mrs. Chiu Lin Mei-Yu (also known as Mary Lin Chiu) and Mr. Chen Pou-Tsang (also known as Angus P.T. Chen).

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