
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in CIMC-TianDa Holdings Company Limited, you should at once hand this Scheme Document and the accompanying forms of proxy to the purchaser or transferee or to the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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CIMC | TianDa

CIMC-TianDa Holdings Company Limited

中集天達控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 445)

Expedition Holding Corporation Limited
(Incorporated in Cayman Islands with limited liability)

Sharp Vision Holdings Limited
(Incorporated in Hong Kong with limited liability)

- (1) PROPOSAL FOR THE PRIVATISATION OF CIMC-TIANDA HOLDINGS COMPANY LIMITED BY THE JOINT OFFERORS BY WAY OF A SCHEME OF ARRANGEMENT (UNDER SECTION 86 OF THE COMPANIES LAW)**
- (2) PROPOSED WITHDRAWAL OF LISTING OF CIMC-TIANDA HOLDINGS COMPANY LIMITED AND**
- (3) SPECIAL DEAL RELATING TO ROLLOVER ARRANGEMENT**

Joint Financial Advisers to the Joint Offerors



Zhongtai International Capital Limited

Independent Financial Adviser to the Independent Board Committee of the Company



Unless the context requires otherwise, capitalized terms used in this Scheme Document (including this cover page) shall have the same meaning as those defined in the section headed "Definitions" in Part I of this Scheme Document.

A letter from the Board is set out in Part IV of this Scheme Document. A letter from the Independent Board Committee, containing its advice to the Independent Shareholders in connection with the Proposal and the Scheme is set out in Part V of this Scheme Document. A letter from Gram Capital to the Independent Board Committee, containing its advice to the Independent Board Committee in connection with the Proposal and the Scheme is set out in Part VI of this Scheme Document. An Explanatory Memorandum regarding the Scheme is set out in Part VII of this Scheme Document.

The actions to be taken by the Shareholders and the Optionholders are set out in Part II of this Scheme Document.

Notices convening the Court Meeting to be held at 12:30 p.m. on Thursday, 24 December 2020 and the EGM to be held at 1:30 p.m. on Thursday, 24 December 2020 (or in the case of the EGM immediately after the conclusion or the adjournment of the Court Meeting) are set out in Appendix IV and Appendix V to this Scheme Document respectively. Whether or not you are able to attend the Court Meeting and/or the EGM or any adjournment thereof, you are strongly urged to complete and sign the enclosed **pink** form of proxy in respect of the Court Meeting and the enclosed **white** form of proxy in respect of the EGM, in accordance with the instructions printed thereon, and to lodge them at the office of the Share Registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not later than the respective times and dates as stated under "Part II — Actions to be Taken" of this Scheme Document. If the **pink** form of proxy is not so lodged, it may also be handed to the Chairman of the Court Meeting at the Court Meeting who shall have absolute discretion as to whether or not to accept it.

This Scheme Document is issued jointly by the Joint Offerors and the Company.

PRECAUTIONARY MEASURES FOR THE COURT MEETING AND EGM

Please refer to "Part II — Actions To be Taken — Precautionary Measures for the Court Meeting and the EGM" of this Scheme Document for precautionary measures being implemented by the Company in order to prevent and control the spread of the novel coronavirus (COVID-19) and to ensure the health and safety of all attendees at the Court Meeting and EGM, including (i) compulsory body temperature checks; (ii) compulsory wearing of surgical face masks for each attendee; and (iii) limiting attendance at the Court Meeting and the EGM. Any person who does not comply with the precautionary measures or is subject to any Hong Kong Government prescribed quarantine may be denied entry into and/or may be required to leave the venue of the Court Meeting and/or the EGM.

Shareholders are encouraged to consider appointing the chairman of the Court Meeting and/or the EGM as his/her/its proxy to vote on the relevant resolution(s) at the Court Meeting and/or the EGM as an alternative to attending the Court Meeting and/or the EGM in person.

The English language texts of this Scheme Document and the accompanying forms of proxy shall prevail over their respective Chinese texts for the purpose of interpretation.

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NOTICE TO US INVESTORS

The Proposal is being made to cancel the securities of a Cayman Islands company by means of a scheme of arrangement provided for under the Companies Law. The financial information included in this Scheme Document (if any) has been prepared in accordance with Hong Kong Financial Reporting Standards and thus may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States.

A transaction effected by means of a scheme of arrangement is not subject to the tender offer rules of the US Securities Exchange Act of 1934, as amended. Accordingly, the Proposal is subject to the disclosure requirements and practices applicable in the Cayman Islands and Hong Kong to schemes of arrangement which differ from the disclosure and procedural requirements of the US tender offer rules.

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

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

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In this Scheme Document, the following expressions have the meanings set out below unless the context requires otherwise:

“2009 Share Option Scheme”	the share option scheme of the Company adopted by the Company on 29 May 2009
“2019 Share Option Scheme”	the share option scheme of the Company adopted by the Company on 13 December 2019
“ABCI Capital”	ABCI Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being one of the joint financial advisers to the Joint Offerors
“acting in concert”	has the meaning given in the Takeovers Code
“affiliate”	in relation to an individual, that individual’s relatives (whether close or distant, including any spouse, child (including adopted child and step-child), parent or sibling of that individual), any person which is controlled by that individual and/or that individual’s relatives (whether close or distant and whether acting singly or together) (“ Controlled Entity ”) and any affiliate of a Controlled Entity; and in relation to any other person, any other person that (directly or indirectly) controls, is controlled by or is under common control with such person
“Announcement”	the announcement dated 4 October 2020, issued jointly by the Joint Offerors and the Company in relation to the Proposal
“associates”	has the meaning given in the Takeovers Code
“Beneficial Owner”	any beneficial owner of the Shares whose Shares are registered in the name of a Registered Owner other than himself
“Board”	the board of directors of the Company
“Business Day”	a day on which the Stock Exchange is open for the transaction of business, as defined in the Takeovers Code
“Cancellation Price”	the cancellation price of HK\$0.266 per Scheme Share cancelled pursuant to the Scheme payable in cash by the Joint Offerors to the Scheme Shareholders pursuant to the Scheme
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC

“CCASS Participants”	a person admitted to participate in CCASS as a participant, including an Investor Participant
“CIMC”	China International Marine Containers (Group) Co., Ltd. (中國國際海運集裝箱(集團)股份有限公司), a company established in the PRC with limited liability, the shares of which are listed on the Shenzhen Stock Exchange (Stock code: 000039.SZ) and the Main Board of the Stock Exchange (Stock code: 2039.HK), and the indirect holding company of Sharp Vision, which is one of the Joint Offerors
“Company”	CIMC-TianDa Holdings Company Limited, an exempted company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (Stock code: 445.HK)
“Companies Law”	the Companies Law (2020 Revision) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time
“Conditions”	the conditions to the implementation of the Proposal and the Scheme becoming effective as described in the section headed “3. Conditions of the Proposal” in Part VII – Explanatory Memorandum of this Scheme Document
“Consortium Agreement”	the scheme consortium agreement entered into among Expedition Holding, Sharp Vision and CIMC Top Gear B.V., dated 4 October 2020
“Convertible Bonds”	convertible bonds issued by the Company on 23 April 2018 with the outstanding principal amount of RMB890,963,706 at the initial conversion price of HK\$0.366 per share and held by Sharp Vision as at the date of this Scheme Document
“Court Meeting”	the meeting(s) of the holders of the Scheme Shares on the Meeting Record Date (or of the classes of such holders) to be convened at the direction of the Grand Court at 12:30 p.m. at Units A-B, 16/F, China Overseas Building, 139 Hennessy Road, Wan Chai, Hong Kong on Thursday, 24 December 2020 or any adjournment thereof at which the Scheme (with or without modification) will be voted upon, notice of which is set out in Appendix IV to this Scheme Document
“Director(s)”	the director(s) of the Company

“Donvex Capital”	Donvex Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activities under the SFO, being one of the joint financial advisers to the Joint Offerors
“Effective Date”	the date on which the Scheme, if approved at the Court Meeting(s) and sanctioned by the Grand Court, becomes effective in accordance with its terms and the Companies Law, being the date on which a copy of the order of the Grand Court sanctioning the Scheme and confirming the reduction of the issued share capital of the Company resulting from the cancellation of the Scheme Shares is delivered to the Registrar of Companies in the Cayman Islands for registration pursuant to section 86(3) of the Companies Law, and which is expected to be Thursday, 21 January 2021 (Cayman Islands time)
“EGM”	the extraordinary general meeting of the Company to be convened and held immediately following the Court Meeting on Thursday, 24 December 2020 at Units A-B, 16/F, China Overseas Building, 139 Hennessy Road, Wan Chai, Hong Kong, notice of which is set out in Appendix V of this Scheme Document, or any adjournment thereof, to consider and, if thought fit, approve, among others, the Rollover Arrangement, any capital reduction associated with the cancellation of the Scheme Shares, the increase in the issued share capital of the Company and the implementation of the Scheme and the Proposal
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any delegate thereof
“Expedition Holding”	Expedition Holding Corporation Limited, a company incorporated in the Cayman Islands with limited liability, being one of the Joint Offerors
“Fengqiang”	Fengqiang Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, being one of the Rollover Shareholders
“Form of Option Offer Acceptance”	the form of acceptance despatched to the Optionholders in connection with the Option Offer
“Grand Court”	the Grand Court of the Cayman Islands
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HongKong Ruicheng”	Hongkong Ruicheng Co., Limited, a company incorporated in Hong Kong with limited liability, being one of the Rollover Shareholders
“Independent Board Committee”	the independent board committee of the Company established by the Board to make a recommendation to the Independent Shareholders in respect of the Proposal and the Scheme
“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee on the Proposal, the Scheme, the Option Offer and the Rollover Arrangement
“Independent Shareholder(s)”	Scheme Shareholder(s) other than Mr. Jiang Qing (being Mr. Jiang’s brother and associate (as defined under the Takeovers Code) and one of the Joint Offeror Concert Parties who holds Scheme Shares)
“Investor Participant”	a person admitted to participate in CCASS as an investor participant
“Joint Financial Advisers”	ABCI Capital, Zhongtai Capital and Donvex Capital
“Joint Offeror Concert Parties”	parties acting in concert or presumed to be acting in concert with each of the Joint Offerors under the definition of “acting in concert” under the Takeovers Code, including CIMC Top Gear B.V., the Rollover Shareholders and Mr. Jiang Qing (being Mr. Jiang’s brother and associate (as defined under the Takeovers Code), who held 7,500,000 Shares and 28,000,000 Share Options as at the Latest Practicable Date)
“Joint Offerors”	Expedition Holding and Sharp Vision
“Last Trading Day”	28 September 2020, being the last full trading day prior to the trading halt of the Shares pending the issuance of the Announcement
“Latest Practicable Date”	27 November 2020, being the latest practicable date prior to the printing of this Scheme Document for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	4 October 2021, being the date falling on the first anniversary of the date of the Consortium Agreement
“Macao QiXin”	Macao QiXin Investment Management Limited, a limited liability company incorporated in the Cayman Islands

“Meeting Record Date”	Tuesday, 22 December 2020, or such other time and date as shall have been announced to the Shareholders, being the record date for the purpose of determining the entitlement of the holders of Scheme Shares to attend and vote at the Court Meeting and the entitlement of the Shareholders to attend and vote at the EGM
“Mr. Jiang”	Mr. Jiang Xiong, an executive Director and honorary chairman of the Company, being one of the Rollover Shareholders
“Mr. Zheng”	Mr. Zheng Zu Hua, an executive Director and the chief executive officer of the Company, being one of the Rollover Shareholders
“Offer Period”	the period commencing on the date of the Announcement, being 4 October 2020, to the Effective Date or the date on which the Scheme lapses or is withdrawn (whichever is later), both dates inclusive
“Optionholders”	holder(s) of the Share Options
“Option Offer”	the offer to be made by or on behalf of Sharp Vision to the holders of the Share Options
“Option Offer Letter”	the letter dated 30 November 2020 setting out the terms and conditions of the Option Offer sent separately to the Optionholders and substantially in the form set out in Appendix VI to this Scheme Document
“Option Offer Price”	the price of HK\$0.00001 for cancellation of each Share Option
“PRC”	the People’s Republic of China, but for the purpose of this Scheme Document, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“Proposal”	the proposal for the privatisation of the Company by the Joint Offerors by way of the Scheme and the Option Offer, and the withdrawal of the listing of the Shares from the Stock Exchange, on the terms and subject to the Conditions as described in this Scheme Document
“Registered Owners”	any owner of Shares (including without limitation a nominee, trustee, depositary or any other authorised custodian or third party) entered in the register of members of the Company
“Relevant Authorities”	applicable governments and/or governmental bodies, regulatory bodies, or courts including but not limited to the SFC and the Stock Exchange

“Relevant Period”	the period commencing 5 April 2020, being the date falling six months prior to 4 October 2020, being the commencement date of the Offer Period, up to and including the Latest Practicable Date
“RMB”	Renminbi, the lawful currency of the PRC
“Rollover Agreement”	the rollover agreement entered into between the Joint Offerors and the Rollover Shareholders on 4 October 2020
“Rollover Arrangement”	the arrangement between the Joint Offerors and the Rollover Shareholders under the Rollover Agreement
“Rollover Conditions”	the conditions of the Rollover Arrangement, as set out in the section headed “4. The Rollover Arrangement – Rollover Conditions” set out in Part VII – Explanatory Memorandum of this Scheme Document
“Rollover Shareholders”	Mr. Jiang, Mr. Zheng, Fengqiang, HongKong Ruicheng and CSR China Merchant Buyout Fund
“Scheme”	a scheme of arrangement under Section 86 of the Companies Law as set out in Appendix III to this Scheme Document involving, among other matters, the cancellation of all of the Scheme Shares and the restoration of the issued share capital of the Company to the amount immediately before the cancellation of the Scheme Shares
“Scheme Document”	this composite scheme document dated 30 November 2020 issued jointly by the Joint Offerors and the Company containing, among other things, each of the letters, statements, appendices and notices
“Scheme Record Date”	Thursday, 21 January 2021, or such other date as shall have been announced to the Scheme Shareholders, being the record date for the purpose of determining the entitlements of the Scheme Shareholders to the Cancellation Price under the Scheme
“Scheme Share(s)”	Share(s) other than those directly or indirectly held by the Joint Offerors, CIMC Top Gear B.V. and the Rollover Shareholders
“Scheme Shareholder(s)”	registered holder(s) of the Scheme Shares as at the Scheme Record Date
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

“Share(s)”	ordinary share(s) of par value HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Share Registrar”	Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, being the Hong Kong branch share registrar of the Company
“Share Option(s)”	the outstanding share option(s) granted under the 2009 Share Option Scheme or the 2019 Share Option Scheme from time to time
“Share Option Record Date”	Thursday, 21 January 2021, or such other date as shall have been announced to the Shareholders and the Optionholders, being the record date for the purpose of determining the entitlements of the Optionholders to the Option Offer
“Share Option Scheme”	the 2009 Share Option Scheme or the 2019 Share Option Scheme
“Sharp Vision”	Sharp Vision Holdings Limited, a company incorporated in Hong Kong with limited liability, being one of the Joint Offerors
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers issued by the SFC
“Wisom Energy”	Wisom Energy Engineering (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Wisom Engineering Services Co. Ltd., which is in turn 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 (Stock code: 2236.HK)
“Wisom Energy Undertaking”	the undertaking given by Wisom Energy as described in the section headed “2. Terms of the Proposal – The Convertible Bonds and the Wisom Energy Undertaking” set out in Part VII – Explanatory Memorandum of this Scheme Document
“Zhongtai Capital”	Zhongtai International Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being one of the joint financial advisers to the Joint Offerors
“US” or “United States”	United States of America
“%”	per cent. or percentage

All references in this Scheme Document to times and dates are references to Hong Kong times and dates, except as otherwise specified and other than references to the expected date of the Grand Court hearing of the petitions to sanction the Scheme and to confirm the capital reduction and the Effective Date, which are the relevant dates in the Cayman Islands. For reference only, Cayman Islands time is 13 hours behind Hong Kong time as at the Latest Practicable Date.

All percentages stated in this Scheme Document are approximations and certain amounts and percentage figures included in this Scheme Document have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

This Scheme Document is prepared in both English and Chinese. In the event of inconsistency, the English text shall prevail.

ACTIONS TO BE TAKEN BY SHAREHOLDERS

For the purposes of determining the entitlements of the Scheme Shareholders (other than Mr. Jiang Qing, being one of the Joint Offeror Concert Parties, who holds Scheme Shares) to attend and vote at the Court Meeting and Shareholders to attend and vote at the EGM, the register of members of the Company will be closed from Tuesday, 22 December 2020 to Thursday, 24 December 2020 (both days inclusive) and during such period, no transfer of Shares will be effected. In order to qualify to vote at the Court Meeting and the EGM, all transfers accompanied by the relevant share certificates must be lodged with the Share Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. (Hong Kong time) on Monday, 21 December 2020.

A **pink** form of proxy for use at the Court Meeting and a **white** form of proxy for use at the EGM are enclosed with copies of this Scheme Document sent to Registered Owners. Subsequent purchasers of the Scheme Shares will need to obtain the proxy forms from the transferor if he or she wishes to attend or vote at the Court Meeting and/or the EGM.

The register of members of the Company will be closed during such period for the purpose of determining the entitlements of the holders of Scheme Shares to attend and vote at the Court Meeting and of the Shareholders to attend and vote at the EGM. This book closure period is not for determining entitlements under the Scheme.

Whether or not you are able to attend the Court Meeting and/or the EGM, if you are a holder of the Scheme Shares, we strongly urge you to complete and sign the enclosed **pink** form of proxy in respect of the Court Meeting, and if you are a Shareholder, we strongly urge you to complete and sign the enclosed **white** form of proxy in respect of the EGM, in accordance with the instructions printed thereon, and to lodge them at the office of the Share Registrar at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. **The pink form of proxy for use at the Court Meeting must be lodged not later than 12:30 p.m. (Hong Kong time) on Tuesday, 22 December 2020 or be handed to the Chairman of the Court Meeting at the Court Meeting (who shall have absolute discretion as to whether or not to accept it). The white form of proxy for use at the EGM must be lodged not later than 1:30 p.m. (Hong Kong time) on Tuesday, 22 December 2020.** The completion and return of a form of proxy for the Court Meeting and/or the EGM will not preclude you from attending and voting in person at the relevant meeting. In such event, the returned form of proxy will be deemed to have been revoked.

If you do not appoint a proxy and you do not attend and vote at the Court Meeting and/or the EGM, you will still be bound by the outcome of the Court Meeting and the EGM if, among other things, the resolutions are passed by the requisite majorities of the holders of the Scheme Shares or the holders of the Shares (as the case may be). We therefore strongly urge you to attend and vote at the Court Meeting and/or the EGM in person or by proxy.

Voting at the Court Meeting and the EGM will be taken by poll.

The Company and the Joint Offerors will make an announcement in relation to the results of the Court Meeting and the EGM no later than 7:00 p.m. on Thursday, 24 December 2020. If all the resolutions are passed at those meetings, the Company and the Joint Offerors will make further announcement(s) of the results of the hearing of the petitions to, among other things, sanction the Scheme by the Grand Court and, if the Scheme is sanctioned, the Scheme Record Date, the Effective Date and the date of withdrawal of the listing of the Shares on the Stock Exchange.

ACTIONS TO BE TAKEN BY HOLDERS THROUGH TRUST OR CCASS

The Company will not recognise any person as holding any Shares through any trust. If you are a Beneficial Owner whose Shares are held upon trust by, and registered in the name of, a Registered Owner (other than HKSCC Nominees Limited), you should contact the Registered Owner and provide the Registered Owner with instructions or make arrangements with the Registered Owner in relation to the manner in which your Shares should be voted at the Court Meeting and/or the EGM. Such instructions and/or arrangements should be given or made in advance of the deadline in respect of the Court Meeting and the EGM set by the Registered Owner in order to provide the Registered Owner with sufficient time to accurately complete his, her or its proxy and to submit it by the latest time for the lodgement of forms of proxy in respect of the Court Meeting and the EGM. To the extent that any Registered Owner requires instructions from or arrangements to be made with any Beneficial Owner at a particular date or time in advance of the latest time for the lodgement of forms of proxy in respect of the Court Meeting and the EGM, then any such Beneficial Owner should comply with the requirements of the Registered Owner.

If you are a Beneficial Owner whose Shares are deposited in CCASS and registered under the name of HKSCC Nominees Limited, you must, unless you are an Investor Participant, contact your broker, custodian, nominee or other relevant person who is, or has, in turn, deposited such Shares with, another CCASS Participant regarding voting instructions to be given to such persons if you wish to vote at the Court Meeting and/or at the EGM. You should contact your broker, custodian, nominee or other relevant person in advance of the deadline in respect of the Court Meeting and the EGM set by them, in order to provide such broker, custodian, nominee or other relevant person with sufficient time to provide HKSCC Nominees Limited with instructions or make arrangements with HKSCC Nominees Limited in relation to the manner in which the Shares of the Beneficial Owner should be voted at the Court Meeting and/or the EGM. The procedure for voting in respect of the Scheme by HKSCC Nominees Limited with respect to the Shares registered under the name of HKSCC Nominees Limited shall be in accordance with the “General Rules of CCASS” and the “CCASS Operational Procedures” in effect from time to time. In accordance with the directions from the Grand Court, HKSCC Nominees Limited is permitted to vote once for and once against the Scheme in accordance with the instructions from the CCASS Participants for the purposes of ascertaining whether or not the requirement that a majority in number of the Scheme Shareholders (other than Mr. Jiang Qing, being one of the Joint Offeror Concert Parties, who holds Scheme Shares) approve the Scheme under section 86(2) of the Companies Law has been satisfied. The number of votes cast in favour of the Scheme and the number of CCASS Participants on whose instructions they are cast and the number of votes cast against the Scheme and the number of CCASS Participants on whose instructions they are cast will be disclosed to the Grand Court and may be taken into account by the Grand Court in deciding whether or not it should exercise its discretion to sanction the Scheme.

If you are a Beneficial Owner whose Shares are deposited in CCASS, you may also elect to become a Shareholder of record, and thereby have the right to attend and vote at the Court Meeting (if you are a holder of the Scheme Shares) and the EGM (as a Shareholder). You can become a Shareholder of record by withdrawing all or any of your Shares from CCASS and becoming a Registered Owner of such Shares. For withdrawal of Shares from CCASS and registration thereof, you will be required to pay to CCASS a withdrawal fee per board lot withdrawn, a registration fee for each share certificate issued, stamp duty on each transfer instrument and, if your Shares are held through a financial intermediary, any other relevant fees charged by your financial intermediary. You should contact your broker, custodian, nominee or other relevant person in advance of the latest time for lodging transfers of the Shares into your name so as to qualify to attend and vote at the Court Meeting and the EGM, in order to provide such broker, custodian, nominee or other relevant person with sufficient time to withdraw the Shares from CCASS and register them in your name.

Petition Hearing in the Grand Court

The Company has obtained directions from the Grand Court for the convening of the Court Meeting to consider the Scheme and other procedural matters regarding the Court Meeting.

In accordance with Sections 14, 15 and 86 of the Companies Law, if the resolutions are approved at the Court Meeting and the EGM, the Company will seek a further hearing before the Grand Court to sanction the Scheme and confirm the capital reduction. The Company and the Joint Offerors cannot complete the Scheme and the Proposal without obtaining these approvals. The Company expects that the hearing will take place in or around Wednesday, 6 January 2021. At the hearing of the Scheme petition, the Grand Court will determine whether to exercise its discretion to sanction the Scheme. In doing so, the Grand Court will consider, among other things, whether all relevant notice periods were complied with and whether the Scheme was such that a reasonable member would have approved it. At the hearing of the petition, the Grand Court may impose such conditions as it deems appropriate in relation to the Scheme.

If the Grand Court sanctions the Scheme and if all of the other conditions to the Scheme are satisfied or (to the extent allowed by law) waived, the Company intends to file the court order sanctioning the Scheme with the Registrar of Companies in the Cayman Islands on Thursday, 21 January 2021 (Cayman Islands time) or as otherwise directed by the Grand Court, at which time the Scheme will become effective.

PRECAUTIONARY MEASURES FOR THE COURT MEETING AND EGM

In view of the Prevention and Control of Disease (Prohibition on Group Gathering) Regulation (Chapter 599G of the Laws of Hong Kong) (the “**Regulation**”) and in order to prevent and control the spread of the novel coronavirus (COVID-19) and to ensure the health and safety of all attendees, the Company will firmly implement precautionary measures at the Court Meeting and/or the EGM, including:

1. the Shareholders attending in person at the venue of the Court Meeting and/or the EGM in excess of the 50 persons limit (or such other prevailing limit from time to time) under provision 11(b) of Schedule 1 of the Regulation will be accommodated in separate room(s) and/or partitioned area(s) in the same room at the venue of the Court Meeting and/or the EGM, with not more than 50 persons (or such other number of persons allowed under the Regulation) (including supporting staff for the Court Meeting and/or the EGM) in each such room and/or partitioned area. This arrangement is to take into consideration the current COVID-19 situation and the requirements under the Regulation to keep appropriate social distancing for the health and safety of the Shareholders;
2. compulsory body temperature checks will be conducted for each attendee at the entrance of the venue of the Court Meeting and/or the EGM. Any person with a body temperature of over 37.3 degrees Celsius may be denied entry into the venue and may be required to leave the venue;
3. each attendee will be required to wear a surgical face mask at all times within the venue;
4. no food or drinks will be served at the Court Meeting and/or the EGM; and
5. any person who (a) has contracted COVID-19, has been tested preliminary positive of COVID-19 or is suspected of contracting COVID-19; (b) has travelled outside Hong Kong within 14 days immediately before the Court Meeting and/or the EGM; (c) is subject to Hong Kong Government prescribed compulsory quarantine in relation to COVID-19; (d) has been in close contact with any person subject to (a), (b) or (c) above; or (e) has any flu-like symptoms shall not attend the Court Meeting and/or the EGM.

Any person who does not comply with the precautionary measures taken by the Company or is subject to any Hong Kong Government prescribed quarantine may be denied entry into and/or may be required to leave the venue of the Court Meeting and/or EGM.

The Company would like to further remind the Shareholders that physical attendance in person at the Court Meeting and/or the EGM is not necessary for the purpose of exercising voting rights. Shareholders are encouraged to consider appointing the Chairman of the Court Meeting and/or the EGM as his/her/its proxy to vote on the relevant resolution(s) at the Court Meeting and/or the EGM as an alternative to attending the Court Meeting and/or the EGM in person. To be valid, the relevant form of proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority must be deposited at the Share Registrar at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding of the Court Meeting (i.e. not later than Tuesday, 22 December 2020 at 12:30 p.m. (Hong Kong time)) and/or the EGM (i.e. not later than Tuesday, 22 December 2020 at 1:30 p.m. (Hong Kong time)), as the case may be. If the form of proxy with respect to the Court Meeting is not so lodged, it may also be handed to the Chairman of the Court Meeting who shall have absolute discretion as to whether or not to accept it.

Subject to the development of the COVID-19 situation and any directive(s) that may be further issued by the Hong Kong Government, the Company may implement and/or adjust precautionary measures for the Court Meeting and/or the EGM at short notice as the public health situation changes, and may issue further announcement(s) on such measures as and when appropriate. In any event, the Shareholders will not be deprived of their right of voting on the resolution(s) to be proposed at the Court Meeting and/or the EGM.

ACTIONS TO BE TAKEN BY THE OPTIONHOLDERS

The Option Offer Letter is being sent to each Optionholder, together with this Scheme Document and a Form of Option Offer Acceptance. If you are an Optionholder and you wish to accept the Option Offer, you must complete and return the duly completed and executed Form of Option Offer Acceptance so as reach Sharp Vision, care of CIMC-TianDa Holdings Company Limited at Units A-B, 16/F, China Overseas Building, 139 Hennessy Road, Wan Chai, Hong Kong, for the attention of the company secretary of the Company and marked "CIMC-TianDa Holdings Company Limited – Option Offer" by no later than 4:00 p.m. on Thursday, 21 January 2021 (or such later date and time as may be notified to you by the Joint Offerors, the Joint Financial Advisers and the Company or by way of joint announcement by the Joint Offerors and the Company on the website of the Stock Exchange). No acknowledgement of receipt of any Form of Option Offer Acceptance or other document evidencing the grant of Share Options or any other document will be given. Under the Option Offer, where the exercise price of the Share Option granted under the 2009 Share Option Scheme is higher than the Cancellation Price, the "see-through" price is zero and the Option Offer Price for each Share Option will be of a nominal amount of HK\$0.00001 in cash.

The cash will be payable by Sharp Vision subject to the terms and conditions of your Share Options. In return, all rights and obligations under your Share Options will be immediately cancelled by Sharp Vision and the Company upon your acceptance. All Optionholders must lodge the duly completed and executed Form of Option Offer Acceptance as mentioned above at or before 4:00 p.m. on Thursday, 21 January 2021 (or such later date and time as may be notified to you by the Joint Offerors, the Joint Financial Advisers and the Company or by way of joint announcement by the Joint Offerors and the Company on the website of the Stock Exchange).

The Option Offer will be extended to all Share Options in issue on the date on which the Option Offer is made. **Any Share Options granted under the Share Option Scheme that are not exercised or cancelled pursuant to the acceptance of the Option Offer will automatically lapse upon the Scheme becoming effective.**

You are urged to read the instructions and other terms and conditions of the Option Offer in the Option Offer Letter, substantially in the form set out in Appendix VI to this Scheme Document.

EXERCISE YOUR RIGHT TO VOTE

IF YOU ARE A SHAREHOLDER OR A BENEFICIAL OWNER, THE COMPANY AND THE JOINT OFFERORS STRONGLY ENCOURAGE YOU TO EXERCISE YOUR RIGHT TO VOTE OR GIVE INSTRUCTIONS TO THE RELEVANT REGISTERED OWNER TO VOTE IN PERSON OR BY PROXY AT THE COURT MEETING AND/OR AT THE EGM. IF YOU KEEP ANY SHARES IN A SHARE LENDING PROGRAM, WE STRONGLY URGE YOU TO RECALL ANY OUTSTANDING SHARES ON LOAN TO AVOID MARKET PARTICIPANTS USING BORROWED STOCK TO VOTE.

IF YOU ARE A BENEFICIAL OWNER WHOSE SHARES ARE DEPOSITED IN CCASS, WE ENCOURAGE YOU TO PROVIDE HKSCC NOMINEES LIMITED WITH INSTRUCTIONS OR MAKE ARRANGEMENTS WITH HKSCC NOMINEES LIMITED IN RELATION TO THE MANNER IN WHICH THOSE SHARES SHOULD BE VOTED AT THE COURT MEETING AND/OR AT THE EGM WITHOUT DELAY AND/OR WITHDRAWN FROM CCASS AND TRANSFERRED INTO YOUR NAME (AS DETAILED IN THE SECTION “PART II ACTIONS TO BE TAKEN — ACTIONS TO BE TAKEN BY HOLDERS THROUGH TRUST OR CCASS” ABOVE).

IF YOU ARE A REGISTERED OWNER HOLDING SHARES ON BEHALF OF BENEFICIAL OWNERS, YOU SHOULD INFORM THE RELEVANT BENEFICIAL OWNERS ABOUT THE IMPORTANCE OF EXERCISING THEIR RIGHT TO VOTE.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU ARE ENCOURAGED TO CONSULT YOUR LICENSED SECURITIES DEALER, BANK MANAGER, SOLICITOR, PROFESSIONAL ACCOUNTANT OR OTHER PROFESSIONAL ADVISER.

Hong Kong Time
(unless otherwise stated)

Date of despatch of this Scheme Document	Monday, 30 November 2020
Date of despatch of the Option Offer Letter for the Option Offer	Monday, 30 November 2020
Latest time for Optionholders to lodge notice of exercise of their Share Options in order to be entitled to attend and vote at the Court Meeting and EGM	4:30 p.m. on Monday, 21 December 2020
Latest time for lodging transfers of Shares in order to qualify for entitlement to attend and vote at the Court Meeting and the EGM	4:30 p.m. on Monday, 21 December 2020
Register of members of the Company closed for determination of entitlements of holders of Scheme Shares to attend and vote at the Court Meeting and of Shareholders to attend and vote at the EGM ^(Note 1)	From Tuesday, 22 December 2020 to Thursday, 24 December 2020 (both days inclusive)
Latest time for lodging forms of proxy in respect of ^(Note 2)	
Court Meeting	12:30 p.m. on Tuesday, 22 December 2020
EGM	1:30 p.m. on Tuesday, 22 December 2020
Meeting Record Date	Tuesday, 22 December 2020
Court Meeting ^(Notes 3 and 4)	12:30 p.m. on Thursday, 24 December 2020
EGM ^(Notes 3 and 4)	1:30 p.m. on Thursday, 24 December 2020 (or immediately after the conclusion or adjournment of the Court Meeting)
Announcement of the results of the Court Meeting and the EGM posted on the website of the Stock Exchange	no later than 7:00 p.m. on Thursday, 24 December 2020
Expected latest time for trading in the Shares on the Stock Exchange	4:10 p.m. on Tuesday, 29 December 2020
Latest time for the Optionholders to exercise their Share Options to qualify for entitlements under the Scheme.	4:30 p.m. on Monday, 4 January 2021

Latest time for lodging transfers of Shares in order to qualify for entitlements under the Scheme.	4:30 p.m. on Monday, 4 January 2021
Register of members of the Company closed for determining entitlements to qualify under the Scheme ^(Note 5)	From Tuesday, 5 January 2021 onwards
Grand Court hearing of the petitions to sanction the Scheme and to confirm the capital reduction.	Wednesday, 6 January 2021 (Cayman Islands time)
Announcement of the results of the Grand Court hearing of the petitions to sanction the Scheme and to confirm the capital reduction, the expected Effective Date, the expected date of withdrawal of listing of Shares on the Stock Exchange and the Option Offer becoming unconditional.	Thursday, 7 January 2021
Scheme Record Date.	Thursday, 21 January 2021
Share Option Record Date.	Thursday, 21 January 2021
Latest time to accept the Option Offer and the closing date of the Option Offer ^(Note 6)	4:00 p.m. on Thursday, 21 January 2021
Announcement of the results of the Option Offer on the website of the Stock Exchange and the Company.	not later than 7:00 p.m. on Thursday, 21 January 2021
Effective Date ^(Note 8)	Thursday, 21 January 2021 (Cayman Islands time)
Lapse of unexercised outstanding Share Options ^(Note 11)	Thursday, 21 January 2021
Announcement of the Effective Date and the withdrawal of the listing of the Shares on the Stock Exchange.	by 8:30 a.m. on Friday, 22 January 2021
Withdrawal of the listing of Shares on the Stock Exchange becomes effective ^(Note 9)	4:00 p.m. on Monday, 25 January 2021
Latest time to despatch cheques for cash payment to the Scheme Shareholders under the Scheme ^(Note 10)	on or before Monday, 1 February 2021
Latest time to despatch cheques for cash payment to the Optionholders ^(Note 11)	on or before Monday, 1 February 2021

Shareholders and the Optionholders should note that the above timetable is subject to change. Further announcement(s) will be made in the event that there is any change.

Notes:

- (1) The register of members of the Company will be closed during such period for the purpose of determining the entitlements of the holders of Scheme Shares to attend and vote at the EGM and of the Shareholders to attend and vote at the EGM. This book closure period is not for determining entitlements under the Scheme.
- (2) The **pink** form of proxy in respect of the Court Meeting and the **white** form of proxy in respect of the EGM should be completed and signed in accordance with the instructions respectively printed on them and should be lodged with the office of the Share Registrar at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event no later than the times and date(s) stated above. In order to be valid, the **pink** form of proxy for the Court Meeting and the **white** form of proxy for the EGM must be lodged no later than the latest times and date(s) stated above. Completion and return of a form of proxy for the Court Meeting or the EGM will not preclude a holder of the Scheme Shares and a Shareholder, respectively, from attending the relevant meeting and voting in person. In such event, the returned form of proxy will be deemed to have been revoked. If the **pink** form of proxy is not so lodged, it may also be handed to the Chairman of the Court Meeting at the Court Meeting who shall have absolute discretion as to whether or not to accept it.
- (3) The Court Meeting and the EGM will be held at Units A-B, 16/F, China Overseas Building, 139 Hennessy Road, Wan Chai, Hong Kong at the times and date specified above. Please see the notice of Court Meeting set out in Appendix IV to this Scheme Document and the notice of EGM set out in Appendix V to this Scheme Document for details.
- (4) In the event that a tropical cyclone warning signal no. 8 or above is hoisted or a black rainstorm warning signal is in force at 8:00 a.m. on Thursday, 24 December 2020, the Court Meeting and the EGM will be adjourned to Monday, 28 December 2020 at 12:30 p.m. and 1:30 p.m. (or immediately after the Court Meeting shall have been concluded or adjourned) respectively, or at a time on an alternative day to be announced that falls within fourteen days of the original date scheduled for the Court Meeting and the EGM. The Company will post an announcement on the respective websites of the Stock Exchange and the Company (www.cimc-tianda.com) to notify the Scheme Shareholders and Shareholders (as the case may be) of the date, time and venue of the rescheduled meetings. The Court Meeting and the EGM will be held as scheduled even when a tropical cyclone warning signal no. 3 or below is hoisted or an amber or red rainstorm warning signal is in force.

You should make your own decision as to whether you would attend the Court Meeting and the EGM under bad weather conditions bearing in mind your own situation and if you should choose to do so, you are advised to exercise care and caution.
- (5) The register of members of the Company will be closed as from such time and on such date for the purpose of determining Scheme Shareholders who are qualified for entitlements under the Scheme.
- (6) The duly completed and executed Form of Option Offer Acceptance must be lodged by the Optionholders to the company secretary of the Company at Units A-B, 16/F, China Overseas Building, 139 Hennessy Road, Wan Chai, Hong Kong and marked "CIMC-Tianda Holdings Company Limited – Option Offer" by not later than 4:00 p.m. on Thursday, 21 January 2021 (or such other date and time as may be notified to the Optionholders by or on behalf of the Joint Offerors).
- (7) Pursuant to the terms of the Share Option Scheme, any Share Options granted under the Share Option Scheme that are not exercised or cancelled pursuant to the acceptance of the Option Offer will automatically lapse upon the Scheme becoming effective.
- (8) The Scheme shall become effective upon all the Conditions set out in the paragraph headed "3. Conditions of the Proposal" set out in Part VII — Explanatory Memorandum of this Scheme Document having been fulfilled or (to the extent permitted) waived (as the case may be).
- (9) If the Proposal becomes unconditional and the Scheme becomes effective, it is expected that the listing of the Shares on the Stock Exchange will be withdrawn at 4:00 p.m. on Monday, 25 January 2021.
- (10) Cheques for cash payment under the Scheme will be despatched by ordinary post at the risk of the recipients to their registered addresses shown in the register of members of the Company at the Record Date within seven (7) Business Days from the Effective Date.
- (11) Cheques for cash payment under the Option Offer will be despatched by ordinary post at the risk of the recipients to the Optionholders at their respective last known addresses as notified by the Optionholders to the Company within seven (7) Business Days after the close of the Option Offer.

All references to times and dates in this Scheme Document are Hong Kong times and dates, unless otherwise stated.

CIMC | TianDa**CIMC-TianDa Holdings Company Limited****中集天達控股有限公司**

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 445)

Executive Directors

Jiang Xiong, Honorary Chairman
Zheng Zu Hua

Non-executive Directors

Li Yin Hui, Chairman
Tao Kuan
Zeng Han

Independent non-executive Directors

Loke Yu
Heng Ja Wei
Ho Man

Registered Office

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

*Head Office and Principal Place of
Business in Hong Kong*

Units A-B, 16/F
China Overseas Building
139 Hennessy Road
Wan Chai
Hong Kong

Principal Place of Business in PRC

No. 9, Fuyuan 2nd Road
Fuyong, Baoan District
Shenzhen
PRC

30 November 2020

To the Shareholders and Optionholders

Dear Sir or Madam,

**(1) PROPOSAL FOR THE PRIVATISATION OF CIMC-TIANDA HOLDINGS
COMPANY LIMITED BY THE JOINT OFFERORS BY WAY OF A SCHEME OF
ARRANGEMENT (UNDER SECTION 86 OF THE COMPANIES LAW)**

**(2) PROPOSED WITHDRAWAL OF LISTING OF CIMC-TIANDA HOLDINGS
COMPANY LIMITED**

AND

(3) SPECIAL DEAL RELATING TO ROLLOVER ARRANGEMENT

1. INTRODUCTION

Reference is made to the Announcement jointly issued by the Joint Offerors and the Company in relation to the Proposal.

On 28 September 2020 (after trading hours), the Joint Offerors requested the Board to put forward the Proposal to the Scheme Shareholders regarding the proposed privatisation of the Company by way of the Scheme under Section 86 of the Companies Law. If the Proposal is approved, under the Scheme, the share capital of the Company will, on the Effective Date, be reduced by cancelling and extinguishing the Scheme Shares. Upon such reduction, the share capital of the Company will be increased to its former amount by the allotment and issue at par to the Joint Offerors of such aggregate number of new Shares as is equal to the number of Scheme Shares cancelled. The reserve created in the Company's books of account as a result of the capital reduction will be applied in paying up in full at par the new Shares so issued, credited as fully paid, to the Joint Offerors.

Upon the Scheme becoming effective, the Scheme Shares will be cancelled in exchange for the Cancellation Price and the Shares will be withdrawn from listing on the Stock Exchange.

Upon completion of the Scheme, the Joint Offerors and the Joint Offeror Concert Parties will, in aggregate, hold the entire issued share capital of the Company (among which the Rollover Shareholders, in aggregate, will hold approximately 27.58% of the issued share capital of the Company) and the listing of the Shares will be withdrawn from the Stock Exchange.

Having reviewed the Proposal, the Board has resolved to put the Proposal forward to the Scheme Shareholders. The Directors who have a conflict of interest, namely (i) Mr. Jiang and Mr. Zheng, who are Rollover Shareholders, being persons acting in concert with the Joint Offerors; and (ii) Dr. Li Yin Hui, Mr. Tao Kuan, and Mr. Zeng Han, who are the personnel or senior management of CIMC (the indirect holding company of Sharp Vision, which is one of the Joint Offerors) and/or directors of its subsidiaries, have abstained from voting in relation to that resolution.

2. TERMS OF THE PROPOSAL

Cancellation Price

Under the Scheme, if the Scheme becomes effective, the Scheme Shareholders will receive from the Joint Offerors the Cancellation Price of HK\$0.266 in cash for each cancelled Scheme Share as consideration for the cancellation of the Scheme Shares held as at the Scheme Record Date.

The Cancellation Price will not be increased and the Joint Offerors do not reserve the right to do so.

Comparison of value

The Cancellation Price of HK\$0.266 per Scheme Share represents:

- a premium of approximately 20.36% over the closing price of HK\$0.221 per Share as quoted on the Stock Exchange on the Last Trading Day;

- a premium of approximately 22.02% over the average closing price of HK\$0.218 per Share based on the daily closing prices as quoted on the Stock Exchange over the five trading days up to and including the Last Trading Day;
- a premium of approximately 18.22% over the average closing price of HK\$0.225 per Share based on the daily closing prices as quoted on the Stock Exchange over the 30 trading days up to and including the Last Trading Day;
- a premium of approximately 26.67% over the average closing price of HK\$0.210 per Share based on the daily closing prices as quoted on the Stock Exchange over the 60 trading days up to and including the Last Trading Day;
- a premium of approximately 37.11% over the average closing price of HK\$0.194 per Share based on the daily closing prices as quoted on the Stock Exchange over the 90 trading days up to and including the Last Trading Day;
- a premium of approximately 46.15% over the average closing price of HK\$0.182 per Share based on the daily closing prices as quoted on the Stock Exchange over the 120 trading days up to and including the Last Trading Day;
- a premium of approximately 40.00% over the average closing price of HK\$0.190 per Share based on the daily closing prices as quoted on the Stock Exchange over the 180 trading days up to and including the Last Trading Day;
- a premium of approximately 10.83% over the audited net asset value per Share in the Company of approximately RMB0.211 (equivalent to approximately HK\$0.240 based on the exchange rate of RMB1: HK\$1.136) as at 31 December 2019, based on the 16,638,046,183 Shares in issue as at the Latest Practicable Date;
- a premium of approximately 10.83% over the unaudited net asset value per Share in the Company of approximately RMB0.211 (equivalent to approximately HK\$0.240 based on the exchange rate of RMB1: HK\$1.136) as at 30 June 2020, based on the 16,638,046,183 Shares in issue as at the Latest Practicable Date; and
- a premium of approximately 8.57% over the closing price of HK\$0.245 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Cancellation Price has been determined on a commercial basis after taking into account, among others, 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 similar privatisation transactions in Hong Kong in recent years.

Highest and lowest prices of the Shares

In respect of the Shares which are listed on the Stock Exchange, during the six-month period preceding the Last Trading Day and ending on the Latest Practicable Date, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$0.247 per Share on 12 November 2020, 13 November 2020, 16 November 2020 and 18 November 2020, and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.120 per Share on 25 May 2020.

The Convertible Bonds and the Wison Energy Undertaking

Reference is made to the Announcement, whereby the convertible bonds issued by the Company as at the date of the Announcement were held by Sharp Vision and Wison Energy, with an aggregate outstanding principal amount of RMB1,021,577,038, which can be converted into 3,283,757,755 new Shares based on the initial conversion price of HK\$0.366 per Share.

Wison Energy is a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Wison Engineering Services Co. Ltd., which is in turn 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 (Stock code: 2236.HK). With reference to the announcement of Wison Engineering Services Co. Ltd. (Stock code: 2236.HK; the parent company of Wison Energy) dated 25 July 2019, Wison Energy acquired convertible bonds issued by the Company with an outstanding principal amount of RMB130,713,331.50 (the “**Wison Energy CB**”) in July 2019 at the cash consideration of HK\$100,000,000. As a result, the effective acquisition cost per Share under the Wison Energy CB from the perspective of Wison Energy was approximately HK\$0.238 (the “**Effective Acquisition Cost**”).

Wison Energy had provided an irrevocable undertaking to (i) waive its right to receive an offer under Rule 13 of the Takeovers Code with respect to the Wison Energy CB; and (ii) fully exercise its conversion rights under the Wison Energy CB at the conversion price of HK\$0.366 per Share as soon as possible, but in any event not later than the Scheme Record Date.

Subsequently, on 6 October 2020, Wison Energy fully exercised the conversion rights under the Wison Energy CB with an outstanding principal amount of RMB130,713,331.50 at the conversion price of HK\$0.366 per Share, which was converted into 420,165,000 Shares. All such Shares converted would form part of the Scheme Shares.

After the said conversion and as at the date of this Scheme Document, the Convertible Bonds issued by the Company with an aggregate outstanding principal amount of RMB890,863,706 were still held by the Sharp Vision, one of the Joint Offerors, which can be converted into 2,863,592,755 Shares based on the initial conversion price of HK\$0.366 per Share.

Background leading to the Wison Energy Undertaking

It is the intention of the Joint Offerors that only the Joint Offerors, CIMC Top Gear B.V. and the Rollover Shareholders would remain as the Shareholders after the successful privatisation of the Company. The Joint Offerors consider that this shareholder composition, comprising only shareholders with significance to the development of the Group, would be critical to the effective implementation of the future plan of the Group, and constitute one of the determining factors to be considered by the Joint Offerors before proceeding with the Proposal. Obtaining the Wison Energy Undertaking will ensure that the shareholding structure is a desirable one that is acceptable to the Joint Offerors when the Scheme becomes effective.

Furthermore, it is the commercial decision and investment strategy of Expedition Holding, to participate in the Proposal by way of equity investment only, without acquiring, or making an offer for, any debt instruments.

The Joint Offerors believe that there are commercial interests and incentives for Wison Energy to provide the Wison Energy Undertaking given, among others, (i) the Effective Acquisition Costs of the Wison Energy CB from the perspective of Wison Energy is lower than the Cancellation Price, and hence Wison Energy will realise a profit upon the Scheme becoming effective; (ii) the early conversion will give Wison Energy the flexibility to dispose of the converted Shares at a favourable price ahead of time instead of waiting for the Scheme to become effective which may or may not occur, subject to its own determination of the appropriate time with reference to its own funding needs and prevailing market price of the Shares; and (iii) although the conversion price for the Wison Energy CB of HK\$0.366 is out-of-the-money as compared to the Cancellation Price, the Wison Energy CB bear interests at the rate of 0.1% per annum only and will not mature until April 2048, and Wison Energy has no early redemption right under the Wison Energy CB.

In light of the above, the Joint Offerors approached Wison Energy and obtained the Wison Energy Undertaking.

Option Offer

As at the Latest Practicable Date, there were (i) 115,625,000 Share Options granted under the 2009 Share Option Scheme, each relating to one Share with an exercise price of HK\$0.42; and (ii) no Share Option being granted under the 2019 Share Option Scheme. For further information regarding the Share Options, please refer to the section headed “6. Shareholding Structure of the Company – Share Options” of Part VII – Explanatory Memorandum of this Scheme Document.

The Option Offer Letter setting out the terms and conditions of the Option Offer is being despatched separately to the Optionholders pursuant to which an appropriate offer is made by Sharp Vision to the Optionholders to cancel every Share Option (either vested or unvested) in accordance with Rule 13 of the Takeovers Code. The Option Offer is conditional upon the Scheme becoming effective.

Under the Option Offer, as the exercise price of the Share Option granted under the 2009 Share Option Scheme is higher than the Cancellation Price, the Option Offer Price for each Share Option is HK\$0.00001 in cash.

Share Option exercise price (HK\$)	Option Offer Price (HK\$)	Total outstanding Share Options
0.42	0.00001	115,625,000

Note: As the exercise price of the relevant Share Option under the Option Offer exceeds the Cancellation Price, the “see-through” price is zero and a cash offer of a nominal amount of HK\$0.00001 per Share Option will be made.

Further information on the Option Offer is contained in the form of Option Offer Letter, which is set out in Appendix VI to this Scheme Document. If any of the Share Options are exercised in accordance with the terms of the Share Option Scheme on or before the Scheme Record Date, any Shares so issued will be subject to and eligible to participate in the Scheme.

The Option Offer is conditional upon the Scheme becoming effective. The Option Offer is extended to all Share Options in issue on the date on which the Option Offer is made. **Pursuant to the terms of the Share Option Scheme, any Share Options granted under the Share Option Scheme that are not exercised or cancelled pursuant to the acceptance of the Option Offer will automatically lapse upon the Scheme becoming effective. The Option Offer will close on the date the Scheme becomes effective.**

Total consideration

As at the Latest Practicable Date, there were 16,638,046,183 Shares in issue and the Scheme Shareholders were interested in 4,071,193,770 Shares (representing approximately 24.47% of the issued share capital of the Company as at the Latest Practicable Date).

On the assumption that (i) the Shares held by the Rollover Shareholders will not form part of the Scheme Shares; (ii) no Share Options granted under the 2009 Share Option Scheme are exercised before the Scheme Record Date but the holders of such options will receive a cash offer of a nominal amount of HK\$0.00001 per Share Option; (iii) no Share Option is granted under the 2019 Share Option Scheme before the Scheme Record Date; and (iv) no further Shares are issued before the Scheme Record Date, the maximum amount of cash consideration required to effect the Proposal will be approximately HK\$1,082,938,699.

Confirmation of financial resources

The Joint Offerors are financing the entire cash consideration under the Scheme in accordance with the terms set out in the Consortium Agreement (as further described in the section headed “5. The Consortium Agreement” set out in Part VII – Explanatory Memorandum of this Scheme Document) from internal cash recourses. Sharp Vision is financing the entire cash consideration solely under the Option Offer from its internal cash resources.

The Joint Offerors have appointed ABCI Capital, Zhongtai Capital and Donvex Capital as their joint financial advisers in connection with the Proposal.

ABCI Capital, Zhongtai Capital and Donvex Capital, the joint financial advisers to the Joint Offerors in connection with the Proposal, are satisfied that sufficient financial resources are available to the Joint Offerors for satisfying their obligations in respect of the full implementation of the Scheme and the Option Offer in accordance with their respective terms.

Approval by Independent Shareholders

Only Independent Shareholders may vote at the Court Meeting on the resolution to approve the Scheme and vote at the EGM on the resolution to approve the Rollover Arrangement. The Shares owned by the Joint Offerors and the Joint Offeror Concert Parties will not form part of the Scheme Shares (other than those Shares held by Mr. Jiang Qing, being one of the Joint Offeror Concert Parties, which will form part of the Scheme Shares). The Shares owned by the Joint Offerors and the Joint Offeror Concert Parties will not be voted on the Scheme at the Court Meeting and will not be voted on the Rollover Arrangement at the EGM. All Shareholders will be entitled to attend the EGM and vote on the special resolution approving and to give effect to (i) any reduction of the issued share capital of Company associated with the cancellation of the Scheme Shares; and (ii) the application of the credit amount arising in the books of the Company as a result of the aforesaid cancellation of the Scheme Shares to pay up in full at par such number of new Shares as is equal to the number of Scheme Shares cancelled, to be issued to the Joint Offerors simultaneously with the cancellation of the Scheme Shares.

As at the Latest Practicable Date, the Scheme Shareholders (including Mr. Jiang Qing) were interested in 4,071,193,770 Shares (representing approximately 24.47% of the issued share capital of the Company as at the Latest Practicable Date; whereas the Independent Shareholders were interested in 4,063,693,770 Shares (representing approximately 24.42% of the issued share capital of the Company as of the Latest Practicable Date).

Assuming Sharp Vision will not exercise its conversion rights under the Convertible Bonds held by it, as at the Latest Practicable Date, the Joint Offerors and the Joint Offeror Concert Parties were interested in 12,574,352,413 Shares (representing approximately 75.58% of the issued share capital of the Company as at the Latest Practicable Date) (among which the Rollover Shareholders, in aggregate, held 4,587,911,141 Shares (representing approximately 27.58% of the total issued share capital of the Company)).

3. CONDITIONS OF THE PROPOSAL

The Proposal and the Scheme will become effective and binding on the Company and all Scheme Shareholders subject to the fulfilment or waiver (as applicable) of the following Conditions:

- (a) the approval of the Scheme (by way of poll) by a majority in number representing not less than 75% in value of the holders of the Scheme Shares on the Meeting Record Date (or class of such holders as directed by the Grand Court) present and voting either in person or by proxy at the Court Meeting, provided that:
 - (i) the Scheme is approved (by way of poll) by the Independent Shareholders holding at least 75% of the votes attaching to the Scheme Shares held by Independent Shareholders that are voted either in person or by proxy at the Court Meeting; and
 - (ii) the number of votes cast (by way of poll) by Independent 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 all Independent Shareholders;
- (b) (i) 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 or by duly authorised representative at an EGM to approve and give effect to the reduction of the share capital of the Company by the cancellation and extinguishment of the Scheme Shares; and (ii) the passing of an ordinary resolution by the Shareholders at the EGM to increase immediately thereafter the issued share capital of the Company to the amount prior to the cancellation of the Scheme Shares by issuing to the Joint Offerors only such number of new Shares as is equal to the number of Scheme Shares cancelled and 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 Joint Offerors only, credited as fully paid;
- (c) the sanction of the Scheme (with or without modifications) by the Grand Court and its confirmation of the reduction of the issued share capital of the Company, and the delivery to the Registrar of Companies in the Cayman Islands of a copy of the order of the Grand Court and the minutes approved by the Grand Court in respect of the reduction of the issued share capital of the Company for registration;
- (d) compliance, to the extent necessary, with the procedural requirements and conditions, if any, under Sections 15, 16 and 17 of the Companies Law in relation to the reduction of the issued share capital of the Company;
- (e) (i) the receipt of an opinion from Gram Capital to the Independent Board Committee confirming that the Rollover Arrangement is fair and reasonable so far as the Independent Shareholders are concerned; (ii) the passing of an ordinary resolution by the Independent Shareholders at the EGM to approve the Rollover Arrangement; and (iii) the grant of consent under Rule 25 of the Takeovers Code from the Executive in respect of the Rollover Arrangement;

- (f) all necessary consents (including consents from the relevant lenders) in connection with the Proposal, the Scheme and the withdrawal of listing of Shares from the Stock Exchange which may be required under any existing material contractual obligations of the Company being obtained or waived (as the case may be) and remained in effect;
- (g) no government, governmental, quasi-governmental, statutory or regulatory body, court or agency in any jurisdiction having taken or instituted any action, proceeding or suit (or enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order) that would make the Proposal or the Scheme or its implementation in accordance with its terms void, unenforceable, illegal or impracticable (or which would impose any material and adverse conditions or obligations with respect to the Proposal or the Scheme or its implementation in accordance with its terms), other than such actions, proceedings or suits as would not have a material adverse effect on the legal ability of the Joint Offerors to proceed with the Proposal or the Scheme;
- (h) since the date of the Announcement, there having been no adverse change in the business, assets, financial or trading positions, profits 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); and
- (i) since the date of the Announcement, there not having been any instituted or ongoing litigation, arbitration proceedings, prosecution or other legal proceedings to which any member of the Group is a party (whether as plaintiff, defendant or otherwise) and no such proceedings will be threatened in writing against any such member (and no investigation by any government or quasi-governmental, supranational, regulatory or investigative body or court against or in respect of any such member or the business carried on by any such member will be threatened in writing, announced, instituted or remain 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.

Conditions (a) to (e) above cannot be waived. The Joint Offerors reserve the right to waive all or any of Conditions (f) to (i), either in whole or in respect of any particular matter. The Company has no right to waive any of the Conditions.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Joint Offerors may only invoke any or all of the Conditions as a basis for not proceeding with the Scheme if the circumstances which give rise to a right to invoke any such Condition are of material significance to the Joint Offerors in the context of the Proposal.

As at the date of the Latest Practicable Date, other than pursuant to the Conditions in paragraphs (a) to (e) (inclusive), the Joint Offerors and the Company are not aware of any circumstances which may result in any of the Conditions in paragraphs (f) to (i) (inclusive) not being satisfied. As at the Latest Practicable Date and based on the information available to the Joint Offerors, the Joint Offerors are also not aware of any consent which are required as set out in the Condition in paragraph (f) above.

All of the Conditions will have to be fulfilled or waived, as applicable, on or before the Long Stop Date (or such later date as the Joint Offerors and the Company may agree or, to the extent applicable, as the Grand Court may direct and in all cases, as permitted by the Executive), failing which the Proposal and the Scheme will lapse. If the Scheme is withdrawn, not approved or lapses, the listing of the Shares on the Stock Exchange will not be withdrawn. On the other hand, if the Scheme is approved, it will be binding on all Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting.

Assuming that the above Conditions are fulfilled (or, as applicable, waived in whole or in part), it is expected that the Scheme will become effective on or about Thursday, 21 January 2021 (Cayman Islands time). Further announcements will be made including in particular in relation to (i) the results of the Court Meeting and the EGM and, if all the resolutions are passed at those meetings, (ii) the results of the Grand Court hearing of the petitions to sanction the Scheme and to confirm the capital reduction, (iii) the Scheme Record Date, (iv) the Effective Date and (v) the date of withdrawal of the listing of the Shares on the Stock Exchange as further set out in Part III — Expected Timetable of this Scheme Document.

If the Scheme is not approved or the Proposal otherwise lapses, an announcement will be made by the Joint Offerors and the Company in due course in such event and the listing of Shares on the Stock Exchange will not be withdrawn.

The Proposal and the Scheme is conditional upon the satisfaction or (where applicable) waiver of the Conditions (including the approval of the Rollover Arrangement as a special deal under Rule 25 of the Takeovers Code). Accordingly, the Proposal and the Scheme may or may not become effective. Shareholders and potential investors of the Company 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 managers, solicitors, professional accountants or other professional advisers.

4. THE ROLLOVER ARRANGEMENT

The Joint Offerors propose that the Rollover Shareholders (who are Joint Offeror Concert Parties) retain their respective shareholdings in the Company and remain as shareholders of the Company after the Scheme becomes effective. The Rollover Shareholders, in aggregate, hold 4,587,911,141 Shares (representing approximately 27.58% of the issued share capital of the Company) as at the Latest Practicable Date.

Information on the Rollover Shareholders

Mr. Jiang

Mr. Jiang was appointed as an executive Director in February 2002. He is also the honorary chairman of the Company. Mr. Jiang is a key member of the management team of the Group with over 25 years of experience in the fire services and maintenance industry in the PRC. The Joint Offerors are of the view that it is important for the Company to retain him as both a member of the senior management of the Group and a Shareholder after the completion of the Scheme so that he will be incentivised to continue to contribute to the development of the Group.

As of the Latest Practicable Date, Mr. Jiang is interested in 981,600,000 Shares, representing approximately 5.90% of the issued share capital of the Company, whereas Mr. Jiang Qing (Mr. Jiang's brother and associate (as defined under the Takeovers Code)) held 7,500,000 Shares, representing approximately 0.05% of the issued share capital of the Company. In addition, Mr. Jiang and Mr. Jiang Qing are also interested in 4,000,000 Share Options and 28,000,000 Share Options, respectively.

The Shares in which Mr. Jiang Qing is interested will form part of the Scheme Shares and will be cancelled upon the Effective Date but will not be voted on the Scheme at the Court Meeting or the Rollover Arrangement in the EGM.

Mr. Zheng

Mr. Zheng was appointed as a non-executive Director of the Company in July 2015 and re-designated to executive Director and chief executive officer of the Company in April 2016. Mr. Zheng is also the chairman of the risk management committee of the Company. Mr. Zheng is a key member of the management team of the Group with over 30 years of experience in the field of engineering and machinery manufacturing. The Joint Offerors are of the view that it is important for the Company to retain him as both a member of the senior management of the Group and a Shareholder after the completion of the Scheme so that he will be incentivised to continue to contribute to the development of the Group.

As of the Latest Practicable Date, Mr. Zheng is interested in 4,600,000 Shares, representing approximately 0.03% of the total issued share capital of the Company.

Fengqiang

Fengqiang is ultimately held by Mr. Wang Lele, Ms. Chen Zhe, Mr. Yao Leran and Mr. Li Zhu Feng as at the Latest Practicable Date, who are the senior management members of the Company.

Fengqiang is a shareholding platform for employees of the Company to attract, retain, and motivate these employees by aligning their interests with the performance and goals of the Group. As these employees are involved in the daily operation and possess experience and expertise which are vital to the business operation of the Group, the Joint Offerors consider that it is important for these employees to retain their interests in the Company through Fengqiang, in order to incentivise continual contribution from these employees to the development of the Group after the completion of the Scheme.

As of the Latest Practicable Date, Fengqiang is interested in 2,366,751,693 Shares, representing approximately 14.22% of the total issued share capital of the Company.

HongKong Ruicheng

HongKong Ruicheng is indirectly owned by Mr. Zhou Xiangyi and Mr. Zhou Guodong, who were formerly the ultimate beneficial owners of Shanghai Jindun Special Vehicle Equipment Co., Ltd.* (上海金盾特種車輛裝備有限公司) (“**Shanghai Jindun**”) before its acquisition by the Group in April 2019.

In consideration of the aforesaid acquisition, the Company issued consideration shares to HongKong Ruicheng, which has become a Shareholder since then. In light of the extensive experience and network of Mr. Zhou Xiangyi and Mr. Zhou Guodong in the fire engines industry, being one of the business segments of the Group, the Joint Offerors are of the view that it is important for the Company to maintain their shareholding in the Company through HongKong Ruicheng after the completion of the Scheme, in order to facilitate the implementation of the future plan of the Joint Offerors on the Group.

As of the Latest Practicable Date, HongKong Ruicheng is interested in 561,734,448 Shares, approximately 3.38% of the issued share capital of the Company.

CSR China Merchant Buyout Fund

CSR China Merchant Buyout Fund (深圳國調招商併購股權投資基金合夥企業(有限合夥)) was established in Shenzhen, the PRC, on 25 January 2017. As at the Latest Practicable Date, its general partner is Shenzhen China Merchant Huihe Capital Investment and Fund Management Co., Ltd.* (深圳市招商慧合股權投資基金管理有限公司) (“**China Merchant Huihe**”), and its limited partners are China State-owned Enterprise Structural Reform Fund Co., Ltd.* (中國國有企業結構調整基金股份有限公司), China Merchant Capital Investment Co., Ltd. (招商局資本控股有限責任公司), Shenzhen Guidance Fund Investment Ltd. (深圳市引導基金投資有限公司), Shenzhen Yantian District State-owned Asset Investment and Management Ltd. (深圳市鹽田區國有資本投資管理有限公司) and Shenzhen Xinhe Investment Partnership (Limited Partnership)* (深圳新合投資合夥企業(有限合夥)). CSR Merchant Buyout is managed by China Merchant Huihe and focuses on mergers and acquisitions, restructuring and reform of state-owned enterprises in the field of cultural and entertainment, medical, logistic, financial, and environmental industry.

CSR China Merchant Buyout Fund has been a strategic investor of the Company since it became a Shareholder by subscription of Shares in 2018. The Joint Offerors are of the view that it is important to retain CSR China Merchant Buyout Fund as a Shareholder after the completion of the Scheme, in order to take advantage of its extensive networking to bring in potential business partners or investors in the relevant industries, which may require the services or are interested in the business of the Group, to facilitate the implementation of the future plan of the Joint Offerors on the Group, which would be in the interest of the Company and its Shareholders.

As of the Latest Practicable Date, CSR China Merchant Buyout Fund is interested in 673,225,000 Shares, representing approximately 4.05% of the total issued share capital of the Company.

Rollover Agreement

The Joint Offerors and the Rollover Shareholders have entered into the Rollover Agreement, pursuant to which:

- a) subject to the Rollover Conditions, the Shares held by the Rollover Shareholders (i) will not form part of the Scheme Shares under the Scheme and will not be voted at the Scheme at the Court Meeting; (ii) will not be cancelled and extinguished when the Scheme becomes effective, and accordingly the Rollover Shareholders will remain as the Shareholders after the Scheme becomes effective;

* For identification purposes only

- b) each of the Rollover Shareholders has undertaken that (i) it/he will not, directly or indirectly, take any action which will preclude, prejudice, restrict or delay the successful outcome of the Scheme or the Proposal or the withdrawal of listing of Shares on the Stock Exchange or otherwise conflict with or diminish its/his obligations under the Rollover Agreement; (ii) subject to compliance with relevant laws and regulations, it/he will do all such acts and things and execute all such documents as may be reasonably required by the Joint Offerors to give effect to the undertakings contained in the Rollover Agreement;
- c) each of the Rollover Shareholders has undertaken that, to the extent permitted under the Takeovers Code, the Listing Rules and applicable laws and regulations, to exercise, or, as the case may be, to procure the exercise of the voting rights in respect of the Shares owned by it/him directly on resolutions in relation to the Scheme in accordance with the Joint Offerors' directions, and in the absence of any such directions, to vote in favour of all resolutions which are necessary to implement the Scheme proposed at a court meeting and/or a general meeting of the Company, and that it/him shall be bound by, and take all actions necessary to implement the Scheme;
- d) before the Scheme becomes effective, lapses or is withdrawn and the closing of the Option Offer (whichever later), the Rollover Shareholders shall not (i) directly or indirectly, sell, transfer, charge, encumber, grant any option over or otherwise dispose of any interest in any of the Shares held by it/him in the Company; (ii) accept, or give any undertaking (whether conditional or unconditional) to accept, exercise voting rights attached to the Shares held by it/him to approve or otherwise agree to any offer, scheme of arrangement, merger or other business combination made or proposed to be made in respect of such Shares or disposal of material assets of the Company and its subsidiaries by any person other than pursuant to the Scheme; and (iii) acquire, subscribe for or otherwise deal in the shares, convertible securities, options or other securities of the Company without prior consent of the Joint Offerors;
- e) the Rollover Shareholders will remain as shareholders of the Company immediately after the Scheme becomes effective; and
- f) Mr. Jiang has irrevocably undertaken to the Joint Offerors that he will not (i) exercise any Share Options held by him; and (ii) accept the Option Offer in respect of all of his Share Options.

The Rollover Agreement will be terminated upon the earlier of (i) when the Scheme lapses or is withdrawn, terminated, rescinded by the Joint Offerors or is finally dismissed, finally refused or finally rejected by the Grand Court; or (ii) on a date as the parties thereto otherwise agree in writing (but without prejudice to any accrued liabilities arising prior to such termination).

Rollover Conditions

The implementation of the Rollover Arrangement is subject to the fulfilment of the Rollover Conditions:

- a) the receipt of an opinion from Gram Capital to the Independent Board Committee that the Rollover Arrangement is fair and reasonable so far as the Independent Shareholders are concerned;

- b) the passing of an ordinary resolution by the Independent Shareholders at the EGM to approve, among others, the Rollover Arrangement;
- c) the Scheme becoming effective; and
- d) the grant of consent from the Executive in respect of the Rollover Arrangement.

Special Deal and Independent Shareholders' Approval

As the Rollover Agreement was only entered into by and between the Joint Offerors and the Rollover Shareholders and the Rollover Arrangement thereunder is not offered to all Shareholders, the Rollover Arrangement constitutes a special deal and requires the consent of the Executive under Rule 25 of the Takeovers Code. The Joint Offerors have made an application for consent from the Executive to the Rollover Arrangement conditional on (i) Gram Capital to the Independent Board Committee confirming that the Rollover Arrangement is fair and reasonable so far as the Independent Shareholders are concerned, and (ii) the passing of an ordinary resolution by the Independent Shareholders at the EGM to approve the Rollover Arrangement. Accordingly, as set out in Condition (e), the Proposal and the Scheme are subject to (i) the receipt of an opinion from Gram Capital to the Independent Board Committee confirming that the Rollover Arrangement is fair and reasonable so far as the Independent Shareholders are concerned; (ii) the passing of an ordinary resolution by the Independent Shareholders at the EGM to approve the Rollover Arrangement; and (iii) the grant of consent from the Executive in respect of the Rollover Arrangement.

The Rollover Shareholders are considered to be acting in concert with the Joint Offerors for the purpose of the Takeovers Code as a result of the Rollover Arrangement.

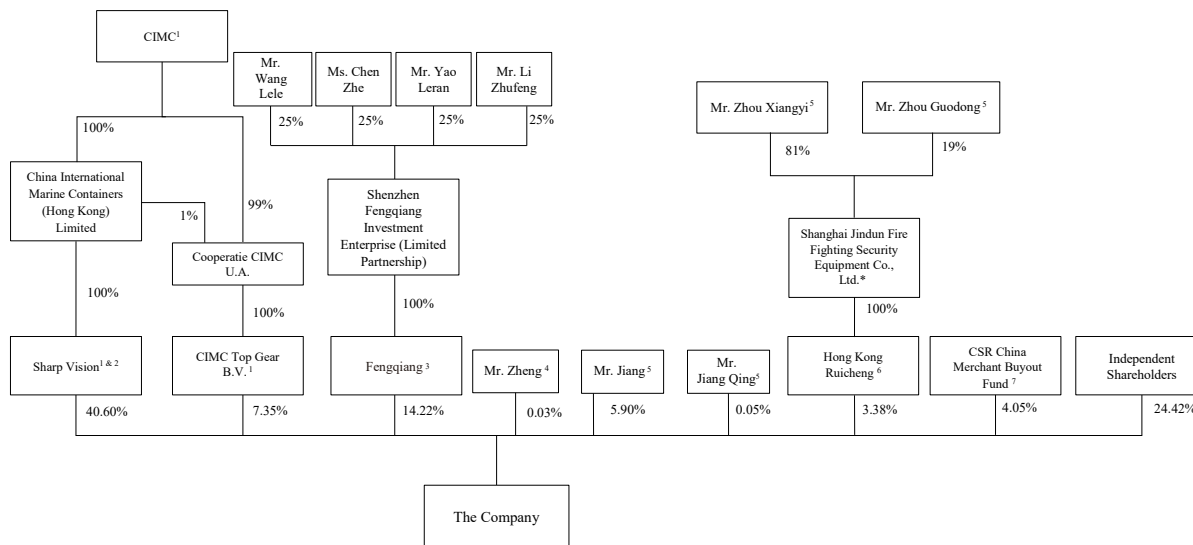
5. THE CONSORTIUM AGREEMENT

On 4 October 2020, Expedition Holding, Sharp Vision and CIMC Top Gear B.V. entered into the Consortium Agreement, pursuant to which they have agreed, among other things, that:

- a) all decisions relating to the Proposal will be made jointly by the Joint Offerors;
- b) Expedition Holding and Sharp Vision agree to contribute to the Cancellation Price of the entire Scheme Shares required to be paid to the Scheme Shareholders pursuant to the Scheme in the proportion of 71.56% and 28.44%, respectively. Sharp Vision shall be solely responsible for the obligation of payment for the offer price for the Option Offer and all the other obligations and liabilities in connection with the Option Offer;
- c) each Joint Offeror undertakes to arrange sufficient financial resources required by the SFC to implement the Scheme (for all the Joint Offerors) and the Option Offer (only for Sharp Vision) and to fulfil its payment obligations under the Scheme and/or the Option Offer (as the case may be);
- d) the new Shares to be issued upon cancellation of the Scheme Shares pursuant to the Proposal shall be allocated among Expedition Holding and Sharp Vision in the proportion of 71.56%, and 28.44%, respectively;
- e) before the Scheme becomes effective, lapses or is withdrawn and the closing of the Option Offer (whichever later), each member of the Joint Offerors, CIMC Top Gear B.V. and their respective associates shall not sell, transfer, charge, encumber, grant any option over or otherwise dispose of any interest in any of the Shares held by it directly or indirectly in the Company; and
- f) each member of the Joint Offerors, CIMC Top Gear B.V. and their respective associates shall not subscribe for or otherwise deal in the shares, convertible securities, options or other securities of the Company without prior consent of all other Joint Offerors (i) before the Scheme becomes effective, lapses or is withdrawn and the closing of the Option Offer (whichever later); and (ii) after the Scheme becomes effective unless in the case of (ii) the relevant requirements under the Takeovers Code are complied with.

6. SHAREHOLDING STRUCTURE OF THE COMPANY

The chart below shows a simplified shareholding structure of the Company as at the Latest Practicable Date:

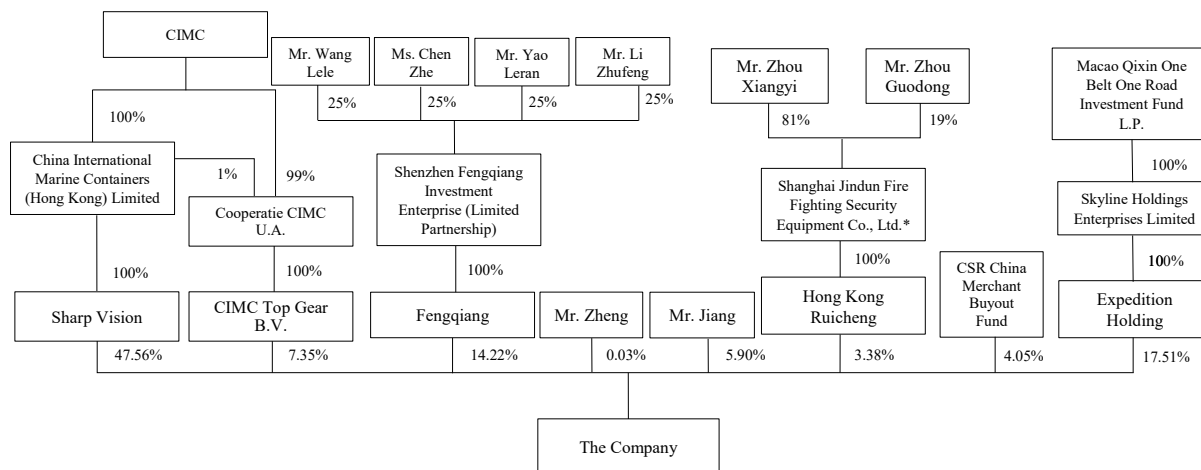


Notes:

- Sharp Vision and CIMC Top Gear B.V. are the indirect wholly-owned subsidiaries of the CIMC and together held 7,978,941,272 Shares in aggregate, of which 6,755,369,842 Shares (representing 40.60% of the issued Shares) were held by Sharp Vision and 1,223,571,430 Shares (representing approximately 7.35% of the issued Shares) were held by CIMC Top Gear B.V..
- Sharp Vision is the holder of the Convertible Bonds with an outstanding principal amount of RMB890,863,706, which can be converted into 2,863,592,755 new Shares based on the initial conversion price of HK\$0.366 per share.
- Fengqiang held 2,366,751,693 Shares, representing approximately 14.22% of the issued Shares. It is indirectly owned by Mr. Wang Lele, Ms. Chen Zhe, Mr. Yao Leran and Mr. Li Zhufeng, who are the senior management members of the Company. Mr. Li Zhufeng is the general partner of Shenzhen Fengqiang Investment Enterprise (Limited Partnership), the holding company of Fengqiang.
- Mr. Zheng is an executive Director and the chief executive officer of the Company, and held 4,600,000 Shares, representing approximately 0.03% of the issued Shares.
- Mr. Jiang is an executive Director and the honorary chairman of the Company, and held 981,600,000 Shares, representing approximately 5.90% of the issued share capital of the Company, whereas Mr. Jiang Qing (Mr. Jiang's brother and associate (as defined under the Takeovers Code)) held 7,500,000 Shares, representing approximately 0.05% of the issued share capital of the Company. As at the Latest Practicable Date, Mr. Jiang and Mr. Jiang Qing also held 4,000,000 Share Options and 28,000,000 Share Options, respectively. Pursuant to the Rollover Agreement, Mr. Jiang has undertaken that he will not (i) exercise any Share Options held by him; and (ii) accept the Option Offer in respect of all of his Share Options.
- HongKong Ruicheng held 561,734,448 Shares, representing approximately 3.38% of the issued Shares. It is indirectly owned by Mr. Zhou Xiangyi and Mr. Zhou Guodong.
- CSR China Merchant Buyout Fund held 673,225,000 Shares, representing approximately 4.05% of the issue Shares. The general partner of CSR China Merchant Buyout Fund is within the same group of companies as the substantial shareholder of CIMC, which is in turn the controlling shareholder of the Company. For further details on the composition of the partnership of CSR China Merchant Buyout Fund, please refer to the section headed "4. The Rollover Arrangement - Information on the Rollover Shareholders" in this letter from the Board above.
- The shareholding percentage in the diagram is subject to rounding adjustment.

* For identification purposes only

Assuming that (i) no Share Options granted under the 2009 Share Option Scheme are exercised before the Scheme Record Date; (ii) no Share Option is granted under the 2019 Share Option Scheme before the Scheme Record Date; (iii) Sharp Vision will not exercise its conversion rights under the Convertible Bonds held by it; and (iv) there is no other change in shareholding of the Company before completion of the Proposal, the chart below shows a simplified shareholding structure of the Company immediately following implementation of the Proposal:



Note: The shareholding percentage in the diagram is subject to rounding adjustment.

As at the Latest Practicable Date, the authorised share capital of the Company was HK\$500,000,000 divided into 50,000,000,000 Shares, and the Company had 16,638,046,183 Shares in issue. As at the Latest Practicable Date, the Scheme Shares, comprising 4,071,193,770 Shares, represent approximately 24.47% of the issued share capital of the Company.

Assuming that (i) there is no other change in shareholding of the Company before completion of the Proposal; (ii) Sharp Vision will not exercise its conversion rights under the Convertible Bonds held by it; and (iii) there are no Share Options exercised before the Scheme Record Date, the table below sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately following implementation of the Proposal:

The Shareholders	As at the Latest Practicable Date		Immediately following implementation of the Proposal	
	Number of Shares	Approximate% (Note 7)	Number of Shares	Approximate% (Note 7)
The Joint Offerors (Note 1)				
Expedition Holding	–	–	2,913,533,835	17.51
Sharp Vision (Note 2)	6,755,369,842	40.60	7,913,029,777	47.56
Joint Offeror Concert Parties not subject to the Scheme (Note 1)				
CIMC Top Gear B.V. (Note 3)	1,223,571,430	7.35	1,223,571,430	7.35
Mr. Jiang (Notes 4 & 5)	981,600,000	5.90	981,600,000	5.90
Mr. Zheng (Note 4)	4,600,000	0.03	4,600,000	0.03
Fengqiang (Note 4)	2,366,751,693	14.22	2,366,751,693	14.22
HongKong Ruicheng (Notes 4 & 8)	561,734,448	3.38	561,734,448	3.38
CSR China Merchant Buyout Fund (Notes 4 & 8)	673,225,000	4.05	673,225,000	4.05
Joint Offeror Concert Parties subject to the Scheme (Note 6)				
Mr. Jiang Qing (Notes 5 & 6)	7,500,000	0.05	–	–
Aggregate number of Shares held by the Joint Offerors and the Joint Offeror Concert Parties				
	12,574,352,413	75.58	16,638,046,183	100
Independent Shareholders (Note 8)	4,063,693,770	24.42	–	–
Total number of Shares in issue	<u>16,638,046,183</u>	<u>100</u>	<u>16,638,046,183</u>	<u>100</u>
Total number of Scheme Shares	<u>4,071,193,770</u>	<u>24.47</u>	<u>–</u>	<u>–</u>

Notes:

1. The Shares in which the Joint Offerors, CIMC Top Gear B.V. and the Rollover Shareholders are interested will not form part of the Scheme Shares and will not be cancelled.
2. As at the Latest Practicable Date, Sharp Vision held Convertible Bonds with an outstanding principal amount of RMB890,863,706.
3. CIMC Top Gear B.V. and Sharp Vision are the indirect wholly-owned subsidiaries of CIMC. As a result, CIMC Top Gear B.V. is presumed to be a party acting in concert with Sharp Vision for the purpose of the Takeovers Code.
4. The Rollover Shareholders are considered to be acting in concert with the Joint Offerors for the purpose of the Takeovers Code as a result of the Rollover Arrangement.

5. As at the Latest Practicable Date, in addition to the 981,600,000 Shares held by Mr. Jiang, Mr. Jiang Qing (Mr. Jiang's brother and associate (as defined under the Takeovers Code)) also held 7,500,000 Shares. In addition, Mr. Jiang and Mr. Jiang Qing also held 4,000,000 Share Options and 28,000,000 Share Options, respectively. Pursuant to the Rollover Agreement, Mr. Jiang has undertaken that he will not (i) exercise any Share Options held by him; and (ii) accept the Option Offer in respect of all of his Share Options.
6. The Shares in which Mr. Jiang Qing (Mr. Jiang's brother and associate (as defined under the Takeovers Code)) is interested will form part of the Scheme Shares and will be cancelled upon the Effective Date but will not be voted on the Scheme at the Court Meeting or the Rollover Arrangement at the EGM.
7. The shareholding percentage in the table is subject to rounding adjustment.
8. The Shares held by HongKong Ruicheng and CSR China Merchant Buyout Fund do not form part of the Shares held by Independent Shareholders, for the only reason of them being considered to be parties acting in concert with the Joint Offerors by virtue of the Rollover Arrangement under the current privatisation exercise. Such arrangement shall cease if the Scheme is withdrawn, not approved or lapses, which in such event the Shares held by HongKong Ruicheng and CSR China Merchant Buyout Fund would be counted towards the public float in accordance with the Listing Rules.

Share Options

As at the Latest Practicable Date, there were (i) 115,625,000 Share Options granted under the 2009 Share Option Scheme, each relating to one Share with an exercise price of HK\$0.42; and (ii) no Share Option has been granted under the 2019 Share Option Scheme as at the Latest Practicable Date.

The 2009 Share Option Scheme has expired as at the Latest Practicable Date, and no further options shall be granted thereunder. However, the provisions of the 2009 Share Option Scheme shall remain in full force to the extent necessary to give effect to the exercise of the options which were granted during the life of the 2009 Share Option Scheme, and continue to be exercisable in accordance with their terms of issue.

The exercise of all the Share Options under the 2009 Share Option Scheme in full would result in the issue of 115,625,000 new Shares (representing approximately 0.70% of the issued share capital of Company as at the Latest Practicable Date) and approximately 0.69% of the issued share capital of the Company as enlarged by the issue of such new Shares.

In accordance with the terms of the 2009 Share Option Scheme, the Company shall notify the Optionholders as soon as possible after it becomes aware that the right to cast more than 50% of the votes which may ordinarily be cast on a poll at a general meeting of the Company in respect of issued Shares has or will become vested in the Joint Offerors, by way of the Option Offer Letter substantially in the form set out in Appendix VI to this Scheme Document, after which the Optionholders may by written notice to the Company within 21 days of the date of the Option Offer Letter exercise his or her Share Options. If the Scheme effective date falls on the same date as such 21-day notice period, the Share Options lapse automatically upon the Scheme becoming effective.

As at the date of the Latest Practicable Date, apart from the 4,000,000 Share Options and 28,000,000 Share Options which are respectively held by Mr. Jiang and Mr. Jiang Qing (Mr. Jiang's brother and associate (as defined under the Takeovers Code)), the Joint Offerors and the Joint Offeror Concert Parties did not hold any Share Option.

Save for the 16,638,046,183 Shares in issue, the 115,625,000 Share Options and the Convertible Bonds, the Company has no other relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) in issue.

7. REASONS FOR AND BENEFITS OF THE PROPOSAL

For the Company: to facilitate a shift in strategy towards long term growth

The Joint Offerors may implement a series of long-term growth strategies on the Company. However, such strategies may affect the Company's short-term growth profile and result in the divergence between the Joint Offerors' and the Company's view on the Company's long-term value on one hand, and investors' views on the Company's share price on the other hand. Following the implementation of the Proposal, the Joint Offerors and the Company can make strategic decisions focused on long-term benefits, free from the regulatory constraints and pressure of market expectations on share price associated with being a publicly listed company.

The Proposal also represents a good opportunity for the Scheme Shareholders to realise their investment with a premium.

The Cancellation Price of HK\$0.266 per Scheme Share represents a premium of approximately 20.36% over the closing price per Share on 28 September 2020, being the Last Trading Day, and a premium of approximately 8.57% over the closing price per Share on 27 November 2020, being the Latest Practicable Day. The Cancellation Price also represents a premium of approximately 18.22% and 26.67% over the average closing prices of approximately HK\$0.225 and approximately HK\$0.210 per Share for 30 and 60 consecutive trading days up to and including the Last Trading Day, respectively.

The average daily trading volume of the Shares for the 24 months up to and including the Last Trading Day was approximately 4,949,952 Shares per day, representing only approximately 0.03% of the issued Shares as at the Last Trading Day and approximately 0.03% of the issued Shares as at the Latest Practicable Date. The relatively 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. The Joint Offerors and the Directors (excluding members of the Independent Board Committee whose views are set out in the letter from the Independent Board Committee in Part V of this Scheme Document) consider that the Proposal provides the Scheme Shareholders with an opportunity to realise their investment in the Company for cash at a premium without having to suffer any illiquidity discount.

8. INTENTION OF THE JOINT OFFERORS WITH REGARD TO THE COMPANY

Due to the impact of the COVID-19 epidemic, the global aviation industry has been adversely affected. The Company's operations have gone through numerous difficulties in the first half of 2020. Having experienced great pressure in procuring stable supply of raw materials and completion of new orders, the Company mainly relied on the orders from last year to maintain profitability. In the meanwhile, the downturn in stock prices coupled with the lack of financing means also brought about difficulties for the Company to respond to the risks aforementioned, which may further affect the Company's ability to distribute dividends.

In view of the above, the Joint Offerors decided to launch the Proposal to privatise the Company. Upon successful privatisation, the Company will conduct review on its own business operation. The Joint Offerors will also re-examine the Company's business strategy from a longer-term perspective, and establish long-term development goals in lieu of short-term benefits, notwithstanding the potential impact on the Company's short-term financial performance. In addition, the Company may carry out a series of business operations after the successful privatisation, including but not limited to divesting business segments of the Group with low return on equity, exploring opportunity for separate listing, re-adjusting the organization and management structure and sales system, etc.

Subject to the results of the review on the Group's business operation upon the successful privatisation, the Joint Offerors have no intention as at the Latest Practicable Date to redeploy the fixed assets of the Group or to discontinue the employment of employees of the Group.

The Joint Offerors' intention and plans for the Company and its employees set out above are acceptable and welcomed by the Board.

9. INFORMATION ON THE GROUP AND THE JOINT OFFERORS**Information of the Company and the Group**

The Company is an investment holding company and the Group is engaged in the business of (i) manufacture and sale of airport facilities which comprises mainly passenger boarding bridges and ground support equipment such as airport apron buses, aircraft catering vehicles and other specialized vehicles; (ii) the provision of engineering and computer software solutions for baggage, cargos and material handling and warehousing systems; and (iii) manufacture and sale of fire engines and fire equipment and mobile fire stations and rescue stations.

Information of Expedition Holding

Expedition Holding is a company incorporated in the Cayman Islands with limited liability on 5 March 2020 and is indirectly wholly-owned by Macao QiXin One Belt One Road Investment Fund L.P., a private equity fund. The general partner of Macao QiXin One Belt One Road Investment Fund L.P. is Macao QiXin, a limited liability company incorporated in the Cayman Islands with PRC state-owned background.

Save for being one of the Joint Offerors and hence a party acting in concert with Sharp Vision, Expedition Holding has no other relationship with the Group and its close associates.

Information of Sharp Vision

Sharp Vision is an investment holding company incorporated in Hong Kong with limited liability on 30 January 2008, and an indirect wholly-owned subsidiary of CIMC. CIMC is a company established in the PRC with limited liability, the shares of which are listed on the Shenzhen Stock Exchange (Stock code: 000039.SZ) and the Main Board of the Stock Exchange (Stock code: 2039.HK), and is a world leading equipment and solution provider in the logistics and energy industries.

10. OVERSEAS SHAREHOLDERS AND OPTIONHOLDERS

The making of the Proposal (including the Option Offer) to persons not resident in Hong Kong may be subject to the laws and regulations of the relevant jurisdictions. Such persons should inform themselves about and observe any applicable legal, tax and regulatory requirements. It is the responsibility of any overseas Scheme Shareholders and overseas Optionholders wishing to accept the Proposal (including the Option Offer) to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, and the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due from such person in such jurisdiction.

Any acceptance by such overseas holders of the Scheme Shares and Optionholders will be deemed to constitute a representation and warranty from such persons to the Company, the Joint Offerors and their respective advisers, that those laws and regulatory requirements have been complied with. If such overseas Shareholders and Optionholders are in doubt as to their positions, they should consult their professional advisers.

11. WITHDRAWAL OF LISTING OF SHARES

Upon the Scheme becoming effective, all Scheme Shares will be cancelled. The Share certificates for the Shares listed on the Stock Exchange and held by the Scheme Shareholders will thereafter cease to have effect as documents of or evidence of title.

The Company will apply to the Stock Exchange for the withdrawal of the listing of the Shares on the Stock Exchange in accordance with Rule 6.15(2) of the Listing Rules, subject to the Scheme becoming effective.

A detailed timetable of the Proposal and the Scheme has been included in Part III – Expected Timetable of this Scheme Document, which also contains, among other things, further details of the Scheme. Dealings in Shares on the Stock Exchange are expected to cease after 4:10 p.m. on Tuesday, 29 December 2020, and the listing of the Shares on the Stock Exchange is expected to be withdrawn at 4:00 p.m. on Monday, 25 January 2021. An announcement of the exact dates of the last day for dealing in the Shares on the Stock Exchange and the day on which the Scheme and the withdrawal of the listing of Shares on the Stock Exchange will become effective will be made by the Company and the Joint Offerors. A detailed timetable of the Proposal has been included in Part III of this Scheme Document.

The Company will be privatised by way of a scheme of arrangement under Section 86 of the Companies Law, and it is the Company's intention not to retain its listing on the Stock Exchange after implementation of the Proposal.

12. 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 (or such later date as the Joint Offerors and the Company may agree or, to the extent applicable, as the Grand Court may direct and in all cases, as permitted by the Executive). The listing of the Shares on the Stock Exchange will not be withdrawn if the Scheme does not become effective or the Proposal otherwise lapses, and an announcement will be made in due course in such event by the Joint Offerors and the Company. Under such circumstances, the Board expects that the Company will continue to meet the minimum public float requirements under the Listing Rules given that there will be no cancellation of Scheme Shares and assuming there is no change in the shareholding of the Company.

If the Scheme is not approved or the Proposal otherwise lapses, there are restrictions under the Takeovers Code on making subsequent offers, to the effect that neither the Joint Offerors nor any person who acted in concert with either of them 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.

If the Independent Board Committee or Gram Capital does not recommend the Proposal, and the Scheme is not approved, all expenses incurred by the Company in connection therewith shall be borne by the Joint Offerors in accordance with Rule 2.3 of the Takeovers Code. Given that the Proposal is recommended by the Independent Board Committee and is recommended as fair and reasonable by Gram Capital, Rule 2.3 of the Takeovers Code is not applicable.

Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company. If they are in doubt as to the action they should take, they should consult their stockbroker, bank manager, solicitor or other professional advisers.

13. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER'

The Independent Board Committee, comprising all the independent non-executive Directors of the Company, has been formed to advise the Independent Shareholders on the Proposal, the Scheme, the Option Offer and the Rollover Arrangement. The recommendation of the Independent Board Committee as to whether the terms of the Proposal, the Scheme, the Option Offer and the Rollover Arrangement are or are not fair and reasonable, and as to voting by the Independent Shareholders at the Court Meeting and the EGM, is set out in this Scheme Document.

As Dr. Li Yin Hui, Mr. Tao Kuan, and Mr. Zeng Han are personnel or senior management of CIMC (the indirect holding company of Sharp Vision, being one of the Joint Offerors) and/or its subsidiaries, all the non-executive Directors of the Company are regarded as being interested in the Proposal and therefore do not form part of the Independent Board Committee.

Gram Capital has been appointed by the Board to advise the Independent Board Committee in connection with the Proposal, the Scheme, the Option Offer and the Rollover Arrangement.

The Directors of the Company (excluding members of the Independent Board Committee whose views are set out in this Scheme Document) believe that the terms of the Proposal and the Scheme are fair and reasonable and in the interests of the Shareholders as a whole.

14. FURTHER AGREEMENTS OR ARRANGEMENTS

As at the Latest Practicable Date:

- a. no irrevocable commitment to vote for or against the Scheme has been received by Joint Offerors or the Joint Offeror Concert Parties;
- b. save for the Proposal, the Consortium Agreement and the Rollover Agreement, there are no arrangements (whether by way of option, indemnity or otherwise) in relation to the Shares or the shares of each of the Joint Offerors between the Joint Offerors or any of the Joint Offeror Concert Parties and any other person which might be material to the Proposal;
- c. save as disclosed in the section headed "3. Conditions of the Proposal" set out in Part VII – Explanatory Memorandum of this Scheme Document, there were no agreements or arrangements to which the Joint Offerors are parties which relate to the circumstances in which they may or may not invoke or seek to invoke a condition to the Proposal;

- d. save as disclosed below, none of the Joint Offerors nor, any of the Joint Offeror Concert Parties had any dealings for value in the Shares during the Relevant Period:

Name	Date of transactions	Purchase/ Sale	On/off the Stock Exchange	No. of Shares involved	Transaction price per Share (HK\$)
Mr. Zheng	6 May 2020	Purchase	On	4,600,000	0.128
HongKong Ruicheng	6 August 2020	Purchase	On	60,000	0.205
		Purchase	On	40,000	0.206
		Purchase	On	420,000	0.207
		Purchase	On	150,000	0.208
		Purchase	On	200,000	0.210
	7 August 2020	Purchase	On	150,000	0.203
		Purchase	On	25,000	0.204
		Purchase	On	75,000	0.205
		Purchase	On	200,000	0.207
		Purchase	On	350,000	0.208
		Purchase	On	200,000	0.209
	10 August 2020	Purchase	On	100,000	0.207
		Purchase	On	100,000	0.208
		Purchase	On	100,000	0.209
		Purchase	On	600,000	0.210
11 August 2020	Purchase	On	10,000	0.207	
	Purchase	On	500,000	0.208	
	Purchase	On	290,000	0.209	
	Purchase	On	6,200,000	0.210	
12 August 2020	Purchase	On	400,000	0.204	

- e. the Joint Offerors and the Joint Offeror Concert Parties have not borrowed or lent any Shares or any other securities of the Company;

- f. save for the Convertible Bonds held by Sharp Vision, which can be converted into 2,863,592,755 Shares, and the 4,000,000 Share Options and 28,000,000 Share Options respectively held by Mr. Jiang and Mr. Jiang Qing (Mr. Jiang's brother and associate (as defined under the Takeovers Code)) as at the Latest Practicable Date, there are no options, warrants or convertible securities in respect of the Shares held, controlled or directed by any of the Joint Offerors or the Joint Offeror Concert Parties, or outstanding derivatives in respect of the Shares entered into by the Joint Offerors or the Joint Offeror Concert Parties;
- g. save for the Cancellation Price and Option Offer Price, there is no other consideration, compensation or benefits in whatever form paid or to be paid by the Joint Offerors or the Joint Offeror Concert Parties to any Scheme Shareholders in connection with the Proposal; and
- h. save for the Consortium Agreement and the Rollover Agreement, there is no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (i) any Shareholder; and (ii)(a) the Joint Offerors and Joint Offeror Concert Parties, or (b) the Company, its subsidiaries or associated companies.

15. THE SCHEME AND THE COURT MEETING

Pursuant to Section 86 of the Companies Law, where a compromise or an arrangement is proposed between a company and its members or any class of them, the Grand Court may, on the application of the company or any member of the company, order a meeting of the members of the company or class of members, as the case may be, to be summoned in such manner as the Grand Court directs.

It is expressly provided in Section 86 of the Companies Law that if a majority in number representing 75% in value of the members or class of members, as the case may be, present and voting either in person or by proxy at the meeting held as directed by the Grand Court as aforesaid, agree to any compromise or arrangement, the compromise or arrangement shall, if sanctioned by the Grand Court, be binding on all members or class of members, as the case may be, and also on the Company.

16. COURT MEETING AND EGM

In accordance with the directions of the Grand Court, the Court Meeting will be held for the purpose of considering and, if thought fit, passing a resolution to approve the Scheme (with or without modifications).

Scheme Shareholders (other than Mr. Jiang Qing, being one of the Joint Offeror Concert Parties who holds Scheme Shares) whose names appear on the register of members of the Company as at the Meeting Record Date shall be entitled to attend and vote, in person or by proxy, at the Court Meeting for the purpose of the requirements of Cayman Islands law, provided that only votes of Independent Shareholders will be counted for the purpose of determining whether the requirements set out in the section headed "17. Additional requirements as imposed by Rule 2.10 of the Takeovers Code" set out in Part VII – Explanatory Memorandum of this Scheme Document are satisfied in accordance with the Takeovers Code.

The Shares owned by the Joint Offerors and the Joint Offeror Concert Parties (other than Mr. Jinag Qing, being one of the Joint Offeror Concert Parties who holds Scheme Shares) will not form part of the Scheme Shares. The Shares owned by the Joint Offerors and the Joint Offeror Concert Parties will not be voted on the Scheme at the Court Meeting and will not be voted on the Rollover Arrangement at the EGM.

The EGM will be held immediately following the adjournment or conclusion of the Court Meeting. All Shareholders will be entitled to attend the EGM and vote on (a) the special resolution approving and to give effect to (i) any reduction of the issued share capital of Company associated with the cancellation of the Scheme Shares; and (ii) the application of the credit amount arising in the books of the Company as a result of the aforesaid cancellation of the Scheme Shares to pay up in full at par such number of new Shares as is equal to the number of Scheme Shares cancelled, to be issued to the Joint Offerors simultaneously with the cancellation of the Scheme Shares; and (b) the ordinary resolution by the Independent Shareholders at the EGM to approve the Rollover Arrangement.

Results of the Court Meeting and the EGM

Assuming that the Conditions are fulfilled (or, as applicable, waived in whole or in part), it is expected that the Scheme will become effective on or about Thursday, 21 January 2021 (Cayman Islands time). Further announcements will be made to give details of (i) the results of the Court Meeting and the EGM and, if all the resolutions are passed at those meetings, (ii) the results of the hearing of the petitions for the sanction of the Scheme and the confirmation of the capital reduction by the Grand Court, (iii) the Scheme Record Date, (iv) the Effective Date, and (v) the date of withdrawal of the listing of the Shares on the Stock Exchange.

Announcement of the results of the Court Meeting and the EGM

1. An announcement will be made by the Joint Offerors and the Company in accordance with the Takeovers Code on the Stock Exchange's website by 7:00 p.m. on the date of the Court Meeting and the EGM in accordance with Rule 19.1 of the Takeovers Code to the extent applicable. The announcement will state the total number of Shares and rights over Shares:
 - (a) held, controlled or directed by the Joint Offerors or Joint Offeror Concert Parties before the Offer Period; and
 - (b) acquired or agreed to be acquired during the Offer Period by the Joint Offerors or Joint Offeror Concert Parties.

The announcement will include details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Joint Offerors and Joint Offeror Concert Parties have borrowed or lent, save for any borrowed Shares which have been either on-lent or sold.

The announcement will specify the percentages of the relevant classes of share capital, and the percentages of voting rights, represented by these numbers.

2. In accordance with Rule 2.9 of the Takeovers Code, the said announcement will set out the identity of the scrutineer and the results of the Court Meeting and the EGM, including:
 - (a) the number of Shares of each class voted for and against the resolution(s) and the percentage of the relevant class of share capital which those numbers represent; and
 - (b) the number of Scheme Shareholders voting for and against the resolution and the percentage of the Scheme Shareholders voting which that number represents and, among them, the number of CCASS Participants instructing HKSCC Nominees Limited to vote for and against the resolution(s) and the number of Shares voted by such CCASS Participants.

17. ACTIONS TO BE TAKEN

Your attention is drawn to the section headed “Actions To Be Taken” set out in Part II of this Scheme Document.

18. RECOMMENDATION

Your attention is drawn to the following:

- (i) the letter from the Independent Board Committee set out in Part V of this Scheme Document; and
- (ii) the letter from Gram Capital set out in Part VI of this Scheme Document.

19. REGISTRATION AND PAYMENT

Your attention is drawn to the section headed “20. Registration and Payment” in the Part VII — Explanatory Memorandum of this Scheme Document.

20. TAXATION AND INDEPENDENT ADVICE

Your attention is drawn to the section headed “11. Taxation and Independent Advice” set out in Part VII — Explanatory Memorandum of this Scheme Document.

It is emphasised that none of the Joint Offerors, the Joint Offeror Concert Parties and the Company, Joint Financial Advisers, Gram Capital and the Share Registrar and their agents or any of their respective directors, officers or associates or any other person involved in the Proposal accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Proposal and the Scheme. All holders of the Scheme Shares and/or Beneficial Owners shall be solely responsible for their liabilities (including tax liabilities) in relation to the Proposal, and are recommended to consult their professional advisers if in any doubt as to the taxation implications of the Proposal.

21. FURTHER INFORMATION

You are urged to read carefully (i) the letters from the Independent Board Committee and Gram Capital as set out in Part V and Part VI of this Scheme Document, respectively; (ii) the Explanatory Memorandum as set out in Part VII of this Scheme Document; (iii) the appendices to this Scheme Document; (iv) the terms of the Scheme as set out in Appendix III to this Scheme Document; (v) the notice of Court Meeting as set out in Appendix IV to this Scheme Document; and (vi) the notice of EGM as set out in Appendix V to this Scheme Document. In addition, a **pink** form of proxy for the Court Meeting and a **white** form of proxy for the EGM are enclosed with copies of this Scheme Document sent to Registered Owners.

Your faithfully
By the order of the Board
CIMC-TianDa Holdings Company Limited
Li Yin Hui
Chairman

CIMC | TianDa

CIMC-TianDa Holdings Company Limited

中集天達控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 445)

Independent non-executive Directors

Loke Yu

Heng Ja Wei

Ho Man

Registered Office

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

*Head Office and Principal Place of
Business in Hong Kong*

Units A-B, 16/F

China Overseas Building

139 Hennessy Road

Wan Chai

Hong Kong

Principal Place of Business in PRC

No. 9, Fuyuan 2nd Road

Fuyong, Baoan District

Shenzhen

PRC

30 November 2020

To the Independent Shareholders and Optionholders

Dear Sir or Madam,

**(1) PROPOSAL FOR THE PRIVATISATION OF CIMC-TIANDA HOLDINGS
COMPANY LIMITED BY THE JOINT OFFERORS BY WAY OF A SCHEME OF
ARRANGEMENT (UNDER SECTION 86 OF THE COMPANIES LAW)**

**(2) PROPOSED WITHDRAWAL OF LISTING OF CIMC-TIANDA HOLDINGS
COMPANY LIMITED**

AND

(3) SPECIAL DEAL RELATING TO ROLLOVER ARRANGEMENT

We refer to the document dated 30 November 2020 jointly issued by the Joint Offerors and the Company in relation to the Proposal (the “**Scheme Document**”), of which this letter forms part. Unless the context requires otherwise, terms used in this letter shall have the same meanings as those defined in the Scheme Document.

PART V LETTER FROM THE INDEPENDENT BOARD COMMITTEE

We have been appointed by the Board as the Independent Board Committee to make a recommendation to the Independent Shareholders and the Optionholders in respect of the Proposal, the Scheme, the Option Offer and the Rollover Arrangement, details of which are set out in the letter from the Board on pages 18 to 46 of the Scheme Document and the Explanatory Memorandum on pages 73 to 104 of the Scheme Document.

Gram Capital, the Independent Financial Adviser, has been appointed with our approval, to advise us in connection with the Proposal, the Scheme, the Option Offer and the Rollover Arrangement. The details of its advice and the principal factors and reasons taken into consideration in arriving at its recommendations are set out in the letter from Gram Capital on pages 50 to 72 of the Scheme Document.

In the letter from Gram Capital as set out on pages 50 to 72 of the Scheme Document, Gram Capital states that it considers the terms of the Proposal, the Scheme, the Option Offer and the Rollover Arrangement are fair and reasonable so far as the Independent Shareholders are concerned and the terms of the Option Offer in totality are fair and reasonable as far as the Optionholders are concerned, and advises the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the relevant resolution(s) to be proposed at the Court Meeting and the EGM to approve the Scheme and implement the Proposal and at the EGM to approve the Rollover Arrangement and to recommend the Optionholders to accept the Option Offer.

The Independent Board Committee, having considered the terms of the Proposal, the Scheme, the Option Offer and the Rollover Arrangement, and having taken into account the advice of Gram Capital, in particular the factors, reasons and recommendations as set out in the section headed Part VI – Letter from Gram Capital of the Scheme Document, considers that the terms of the Proposal and the Scheme are fair and reasonable so far as the Independent Shareholders are concerned and as far as the Optionholders are concerned, the terms of the Option Offer are fair and reasonable.

Accordingly, the Independent Board Committee recommends:

- (a) the Independent Shareholders to vote in favour of the resolution to approve the Scheme at the Court Meeting;
- (b) the Independent Shareholders to vote, at the EGM, in favour of (i) the special resolution to approve and give effect to the reduction of the number of issued Shares in the share capital of the Company by cancelling and extinguishing the Scheme Shares; and (ii) the ordinary resolution to, simultaneously with the cancellation and extinguishment of the Scheme Shares referred to in (i) above, increase the issued share capital of the Company to the amount prior to the cancellation and extinguishment of the Scheme Shares by an application of the reserve created as a result of the aforesaid cancellation and extinguishment of the Scheme Shares to pay up in full at par such number of new Shares as is equal to the number of Scheme Shares cancelled and extinguished as a result of the Scheme, credited as fully paid, to be allotted and issued to the Joint Offerors;
- (c) the Independent Shareholders to vote, at the EGM, in favour of the ordinary resolution to approve the Rollover Arrangement; and
- (d) the Optionholders to accept the Option Offer.

PART V LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee draws the attention of the Independent Shareholders and the Optionholders to the letter from the Board set out on pages 18 to 46 of the Scheme Document; (ii) the letter from Gram Capital set out on pages 50 to 72 of the Scheme Document, which sets out the factors and reasons taken into account by Gram Capital in arriving at its recommendations to the Independent Board Committee; and (iii) the Explanatory Memorandum set out on pages 73 to 104 of the Scheme Document.

Yours faithfully,

The Independent Board Committee

Dr. Loke Yu

*Independent non-executive
Director*

Mr. Heng Ja Wei

*Independent non-executive
Director*

Mr. Ho Man

*Independent non-executive
Director*

Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee in respect of the Proposal, the Scheme, the Option Offer and the Rollover Arrangement for the purpose of inclusion in this Scheme Document.



Room 1209, 12/F.
Nan Fung Tower
88 Connaught Road Central/
173 Des Voeux Road Central
Hong Kong

30 November 2020

To: The independent board committee of CIMC-TianDa Holdings Company Limited

Dear Sirs,

(1) PROPOSAL FOR THE PRIVATISATION OF CIMC-TIANDA HOLDINGS COMPANY LIMITED BY THE JOINT OFFERORS BY WAY OF A SCHEME OF ARRANGEMENT (UNDER SECTION 86 OF THE COMPANIES LAW);
(2) PROPOSED WITHDRAWAL OF LISTING OF CIMC-TIANDA HOLDINGS COMPANY LIMITED; AND
(3) SPECIAL DEAL RELATING TO ROLLOVER ARRANGEMENT

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Proposal, the Scheme, the Option Offer and the Rollover Arrangement, details of which are set out in the Scheme Document dated 30 November 2020 jointly issued by the Company and the Joint Offerors to the Shareholders, of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Scheme Document unless the context requires otherwise.

On 28 September 2020 (after trading hours), the Joint Offerors requested the Board to put forward the Proposal to the Scheme Shareholders regarding the proposed privatisation of the Company by way of the Scheme under Section 86 of the Companies Law. The Proposal is implemented by way of the Scheme and the Option Offer.

Scheme

Under the Scheme, if the Scheme becomes effective, the Scheme Shareholders will receive from the Joint Offerors the Cancellation Price of HK\$0.266 in cash for each cancelled Scheme Share as consideration for the cancellation of the Scheme Shares held as at the Scheme Record Date.

Upon completion of the Scheme, the Joint Offerors and the Joint Offeror Concert Parties will, in aggregate, hold the entire issued share capital of the Company (among which the Rollover Shareholders, in aggregate, will hold approximately 27.58% of the issued share capital of the Company) and the listing of the Shares will be withdrawn from the Stock Exchange.

Option Offer

The Option Offer Letter setting out the terms and conditions of the Option Offer is being despatched separately to the Optionholders pursuant to which an appropriate offer is made by Sharp Vision to the Optionholders to cancel every outstanding (either vested or unvested) Share Option in accordance with Rule 13 of the Takeovers Code. Under the Option Offer, as the exercise price of the relevant Share Option exceeds the Cancellation Price, the “see-through” price is zero and a cash offer of a nominal amount of HK\$0.00001 per Share Option will be made. The Option Offer is conditional upon the Scheme becoming effective.

Rollover Arrangement

The Joint Offerors propose that the Rollover Shareholders retain their respective shareholdings in the Company and remain as shareholders of the Company after the Scheme becomes effective. The Rollover Shareholders, in aggregate, hold 4,587,911,141 Shares (representing approximately 27.58% of the issued share capital of the Company) as at the Latest Practicable Date.

An Independent Board Committee comprising Dr. Loke Yu, Mr. Heng Ja Wei and Mr. Ho Man (all being independent non-executive directors of the Company) has been formed to advise the Independent Shareholders and the Optionholders on (i) whether the Proposal, the Scheme and the Option Offer are, or are not, fair and reasonable and as to the voting of the Scheme and acceptance of the Option Offer; and (ii) whether the Rollover Arrangement is, or is not, fair and reasonable and as to the voting of the Rollover Arrangement. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee in this respect, and our opinion herein is solely for the assistance of the Independent Board Committee in connection with its consideration of the Proposal, the Scheme, the Option Offer and the Rollover Arrangement pursuant to Rule 2.1 of the Takeovers Code. The appointment of Gram Capital as the Independent Financial Adviser has been approved by the Independent Board Committee.

INDEPENDENCE

We were not aware of any relationships or interests between Gram Capital and the Company/the Joint Offerors, or any other parties that could be reasonably regarded as hindrance to Gram Capital’s independence to act as the Independent Financial Adviser during the past two years immediately preceding the Latest Practicable Date.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee, we have relied on the statements, information, opinions and representations contained or referred to in the Scheme Document and the information and representations as provided to us by the Directors and the Joint Offerors (where applicable). We have assumed that all information and representations that have been provided by the Directors and the Joint Offerors (where applicable), for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date, and should there be any material changes to our opinion after the Latest Practicable Date, Shareholders would be notified as soon as possible. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors and the Joint Offerors (where applicable) in the Scheme Document were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Scheme Document, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors and the Joint Offerors (where applicable), which have been provided to us. Our opinion is based on the Directors' and the Joint Offerors' representation and confirmation that there is no undisclosed private agreement/arrangement or implied understanding with anyone concerning the Proposal, the Scheme, the Option Offer and the Rollover Arrangement. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules and Rule 2 of the Takeovers Code.

Your attention is drawn to the responsibility statements as set out in the section headed "RESPONSIBILITY STATEMENTS" of Appendix II to the Scheme Document. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Scheme Document, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, the Joint Offerors or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Proposal, the Scheme, the Option Offer and/or the Rollover Arrangement.

We have assumed that the Proposal, the Scheme, the Option Offer and the Rollover Arrangement will be consummated in accordance with the terms and conditions set forth in the Scheme Document without any waiver, amendment, addition or delay of any terms or conditions. We have assumed that in connection with the receipt of all the necessary governmental, regulatory or other approvals and consents as required for the Proposal, the Scheme, the Option Offer and the Rollover Arrangement, no delay, limitation, condition or restriction will be imposed that would have a material adverse effect on the contemplated benefits expected to be derived from the Proposal, the Scheme, the Option Offer and the Rollover Arrangement. In addition, our opinion is necessarily based on the financial, market, economic, industry-specific and other conditions as they existed on, and the information made available to us as at the Latest Practicable Date.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly and fairly extracted, reproduced or presented from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Proposal, the Scheme, the Option Offer and the Rollover Arrangement, we have taken into consideration the following principal factors and reasons:

(1) Background and terms of the Proposal, the Scheme and the Option Offer

With reference to the letter from the Board (the “**Board Letter**”) contained in the Scheme Document, on 28 September 2020 (after trading hours), the Joint Offerors requested the Board to put forward the Proposal to the Scheme Shareholders regarding the proposed privatisation of the Company by way of the Scheme under Section 86 of the Companies Law.

The Proposal is implemented by way of the Scheme and the Option Offer. Under the Scheme, if the Scheme becomes effective, the Scheme Shareholders will receive from the Joint Offerors the Cancellation Price of HK\$0.266 in cash for each cancelled Scheme Share as consideration for the cancellation of the Scheme Shares held as at the Scheme Record Date.

As further mentioned in the Board Letter, if the Proposal is approved, under the Scheme, the share capital of the Company will, on the effective date of the Scheme, be reduced by cancelling and extinguishing the Scheme Shares. Upon such reduction, the share capital of the Company will be increased to its former amount by the allotment and issue at par to the Joint Offerors of such aggregate number of new Shares as is equal to the number of Scheme Shares cancelled. The reserve created in the Company’s books of account as a result of the capital reduction will be applied in paying up in full at par the new Shares so issued, credited as fully paid, to the Joint Offerors.

Upon the Scheme becoming effective, the Scheme Shares will be cancelled in exchange for the Cancellation Price and the Shares will be withdrawn from listing on the Stock Exchange.

Upon completion of the Scheme, the Joint Offerors and the Joint Offeror Concert Parties will, in aggregate, hold the entire issued share capital of the Company (among which the Rollover Shareholders, in aggregate, will hold approximately 27.58% of the issued share capital of the Company).

The Option Offer Letter setting out the terms and conditions of the Option Offer is being despatched separately to the Optionholders pursuant to which an appropriate offer is being made by Sharp Vision to the Optionholders to cancel every Share Option (either vested or unvested) in accordance with Rule 13 of the Takeovers Code. The Option Offer is conditional upon the Scheme becoming effective. Under the Option Offer, as the exercise price of the Share Option granted under the 2009 Share Option Scheme is higher than the Cancellation Price, the Option Offer Price for each Share Option is HK\$0.00001 in cash.

With reference to the Board Letter, as at the Latest Practicable Date, there were 16,638,046,183 Shares in issue and the Scheme Shareholders (including Mr. Jiang Qing) were interested in 4,071,193,770 Shares (representing approximately 24.47% of the issued share capital of the Company as at the Latest Practicable Date); whereas the Independent Shareholders were interested in 4,063,693,770 Shares (representing approximately 24.42% of the issued share capital of the Company as at the Latest Practicable Date). With reference to the Board Letter, save for the Convertible Bonds held by Sharp Vision, which can be converted into 2,863,592,755 Shares, and the 4,000,000 Share Options and 28,000,000 Share Options respectively held by Mr. Jiang and Mr. Jiang Qing (Mr. Jiang's brother and associate (as defined under the Takeovers Code)) as at the Latest Practicable Date, there are no options, warrants or convertible securities in respect of the Shares held, controlled or directed by any of the Joint Offerors or the Joint Offeror Concert Parties, or outstanding derivatives in respect of the Shares entered into by the Joint Offerors or the Joint Offeror Concert Parties.

On the assumption that (i) the Shares held by the Rollover Shareholders will not form part of the Scheme Shares; (ii) no Share Options granted under the 2009 Share Option Scheme are exercised before the Scheme Record Date but the holders of such options will receive a cash offer of a nominal amount of HK\$0.00001 per Share Option; (iii) no Share Option is granted under the 2019 Share Option Scheme before the Scheme Record Date; and (iv) no further Shares are issued before the Scheme Record Date, the maximum amount of cash consideration required to effect the Proposal will be approximately HK\$1,082,938,699.

According to the Board Letter, the Joint Offerors are financing the entire cash consideration under the Scheme in accordance with the terms set out in the Consortium Agreement from internal cash resources. Sharp Vision is financing the entire cash consideration solely under the Option Offer from its internal cash resources. ABCI Capital, Zhongtai Capital and Donvex Capital, the joint financial advisers to the Joint Offerors in connection with the Proposal, are satisfied that sufficient financial resources are available to the Joint Offerors for satisfying their obligations in respect of the full implementation of the Scheme and the Option Offer in accordance with their respective terms.

(2) Information on the Group

With reference to the Board Letter, the Company is an investment holding company and the Group is engaged in the business of (i) manufacture and sale of airport facilities which comprises mainly passenger boarding bridges and ground support equipment such as airport apron buses, aircraft catering vehicles and other specialized vehicles (the "**Airport Facilities Business**"); (ii) the provision of engineering and computer software solutions for baggage, cargos and material handling and warehousing systems; and (iii) manufacture and sale of fire engines and fire equipment and mobile fire stations and rescue stations (the "**Firefighting and Rescue Business**").

With reference the Company's annual report for the year ended 31 December 2019 (the "**2019 Annual Report**"), the Airport Facilities Business and the Firefighting and Rescue Business contributed to approximately 26% and 58% respectively of the Group's revenue for the year ended 31 December 2019 ("**FY2019**").

Set out below is a summary of the audited consolidated financial information on the Group for each of the two years ended 31 December 2019 as extracted from the 2019 Annual Report:

	For the year ended 31 December 2019 RMB'000	For the year ended 31 December 2018 RMB'000 (restated)	Year on year change %
Revenue	5,957,661	4,367,631	36.40
– Airport Facilities Business	1,573,420	1,357,310	15.92
– Materials handling systems (logistics)	929,100	881,142	5.44
– Firefighting and Rescue Business	3,455,141	2,129,179	62.28
Profit for the year	244,062	195,144	25.07
	As at 31 December 2019 RMB'000	As at 31 December 2018 RMB'000 (restated)	Year on year change %
Net assets	3,518,439	3,006,707	17.02

As depicted from the above table, the Group recorded revenue of approximately RMB5.96 billion for FY2019, representing an increase of approximately 36.40% as compared to that for the year ended 31 December 2018 (“**FY2018**”). The Group recorded profit of approximately RMB244.06 million for FY2019, representing an increase of approximately 25.07% as compared to that for FY2018. With reference to the 2019 Annual Report, the increase in Group’s revenue and profit in FY2019 was mainly contributed by the Airport Facilities Business and the Firefighting and Rescue Business.

As mentioned in the 2019 Annual Report, the Airport Facilities Business includes primarily the design, manufacturing, installation and sale of three major categories of products and services: the passenger boarding bridges (“**PBB**”), the ground support equipment and the automated parking systems. Revenue and profit growth of the Airport Facilities Business for FY2019 was mainly attributable to (i) the completion of a number of sizable contracts including those for airports in Qingdao, Beijing and Pudong of Shanghai; and (ii) the increase in revenue from the provision of maintenance and renovation services for PBB and other airport facilities as a result of the new service centres in the PRC and Europe established in recent years.

As further mentioned in the 2019 Annual Report, since completion of the Group’s acquisition of Shanghai Jindun Special Vehicle Equipment Co., Ltd.* (上海金盾特種車輛裝備有限公司) (“**Shanghai Jindun**”), Shenyang Jietong Fire Truck Co., Ltd.* (瀋陽捷通消防車有限公司) (“**Shenyang Jietong**”) and Albert Ziegler GmbH in 2019, the Firefighting and Rescue Business has extended to a great extent in terms of geographical market coverage, product portfolio and production capacity.

Set out below is a summary of the unaudited consolidated financial information on the Group for the six months ended 30 June 2020 (with comparative figures in 2019) as extracted from the Company's interim report for the six months ended 30 June 2020 (the "2020 Interim Report"):

	For the six months ended 30 June 2020	For the six months ended 30 June 2019	Change
	<i>RMB'000</i>	<i>RMB'000</i> (restated)	%
Revenue	2,173,183	2,368,262	(8.24)
- <i>Airport Facilities Business</i>	655,939	784,652	(16.40)
- <i>Materials handling systems (logistics)</i>	207,019	309,528	(33.12)
- <i>Firefighting and Rescue Business</i>	1,310,225	1,274,082	2.84
Profit for the period	79,598	76,567	3.96
	As at 30 June 2020	As at 30 June 2019	Change
	<i>RMB'000</i>	<i>RMB'000</i> (restated)	%
Net assets	3,517,637	3,518,439	(0.02)

As depicted from the above table, the Group recorded revenue of approximately RMB2.17 billion for the six months ended 30 June 2020 ("1H2020"), representing a decrease of approximately 8.24% as compared to that for the six months ended 30 June 2019 ("1H2019"). Despite the said decrease in revenue, the Group recorded profit of approximately RMB79.60 million for 1H2020, representing an increase of approximately 3.96% as compared to that for 1H2019.

With reference to the 2020 Interim Report, struck by the COVID-19, the production, delivery and installation schedules of all types of products of the Airport Facilities Business (PBB, airport special vehicles and automated parking systems) were affected and resulted in revenue decrease of the Airport Facilities Business for 1H2020 as compared to the corresponding period in 2019. Nevertheless, revenue of the Firefighting and Rescue Business for the 1H2020 increased slightly as compared to the corresponding period in 2019 despite the impact of the COVID-19 pandemic because of the full period contribution of Shanghai Jindun and Shenyang Jietong, the two subsidiaries acquired in April 2019 and June 2019, respectively.

(3) Information on and intention of the Joint Offerors

Set out below are information on the Joint Offerors as extracted from the Board Letter:

Expedition Holding is a company incorporated in the Cayman Islands with limited liability on 5 March 2020 and is indirectly wholly-owned by Macao QiXin One Belt One Road Investment Fund L.P., a private equity fund. The general partner of Macao QiXin One Belt One Road Investment Fund L.P. is Macao QiXin, a limited liability company incorporated in the Cayman Islands with PRC state-owned background.

Sharp Vision is an investment holding company incorporated in Hong Kong with limited liability on 30 January 2008, and an indirect wholly-owned subsidiary of CIMC. CIMC is a company established in the PRC with limited liability, the shares of which are listed on the Shenzhen Stock Exchange (Stock code: SZ000039) and the Main Board of the Stock Exchange (Stock code: 2039), and is a world leading equipment and solution provider in the logistics and energy industries.

Set out below are intention of the Joint Offerors with regard to the Company as extracted from the Board Letter:

Due to the impact of the COVID-19 epidemic, the global aviation industry has been adversely affected. The Company's operations have gone through numerous difficulties in the first half of 2020. Having experienced great pressure in procuring stable supply of raw materials and completion of new orders, the Company mainly relied on the orders from last year to maintain profitability. In the meanwhile, the downturn in stock prices coupled with the lack of financing means also brought about difficulties for the Company to respond to the risks aforementioned, which may further affect the Company's ability to distribute dividends.

In view of the above, the Joint Offerors decided to launch the Proposal to privatise the Company. Upon successful privatisation, the Company will conduct review on its own business operation. The Joint Offerors will also re-examine the Company's business strategy from a longer-term perspective, and establish long-term development goals in lieu of short-term benefits, notwithstanding the potential impact on the Company's short-term financial performance. In addition, the Company may carry out a series of business operations after the successful privatisation, including but not limited to divesting business segments of the Group with low return on equity, exploring opportunity for separate listing, re-adjusting the organization and management structure and sales system, etc.

Subject to the results of the review on the Group's business operation upon the successful privatisation, the Joint Offerors have no intention as at the Latest Practicable Date to redeploy the fixed assets of the Group or to discontinue the employment of employees of the Group.

(4) Reasons for and benefits of the Proposal**(a) For the Company: to facilitate a shift in strategy towards long-term growth**

With reference to the Board Letter, the Joint Offerors may implement a series of long-term growth strategies on the Company (Upon our enquiry, the Company advised us that such strategies may include (i) products diversification and after-sale-services extension for the Airport Facilities Business; and (ii) integration/consolidation of the Company's subsidiaries acquired during FY2019 under the Firefighting and Rescue Business, with an aim to promote steady development of the Firefighting and Rescue Business). However, such strategies may affect the Company's short-term growth profile and result in the divergence between the Joint Offerors' and the Company's view on the Company's long-term value on one hand, and investors' views on the Company's share price on the other hand. Following the implementation of the Proposal, the Joint Offerors and the Company can make strategic decisions focused on long-term benefits, free from the regulatory constraints and pressure of market expectations on share price associated with being a publicly listed company.

Airport Facilities Business

According to the Economic Performance of the Airline Industry published by the International Air Transport Association (an inter-airline cooperation in promoting safe, reliable, secure and economical air services) in June 2020, (i) the spending on air transport in worldwide airline industry was approximately US\$876 billion in 2019, representing an increase of 3.6% on a year-on-year basis; (ii) the number of passenger departures in worldwide airline industry was approximately 4,543 million in 2019, representing an increase of 3.8% on a year-on-year basis; and (iii) the net post-tax profits in worldwide airline industry was approximately US\$26.4 billion in 2019, representing a decrease of 3.3% on a year-on-year basis.

With reference to the Board Letter, due to the impact of the COVID-19 epidemic, the global aviation industry has been adversely affected.

According to the Air Transport Monthly Monitor published by the International Civil Aviation Organization (a specialized agency of the United Nations, established by the United States in 1944 to manage the administration and governance of the Convention on International Civil Aviation (Chicago Convention)) in October 2020, (i) the world passenger traffic fell by 79.8%; (ii) the capacity worldwide (in term of available seat-kilometres) fell by 70.1%; and (iii) the world freight traffic declined by 13.5%, on a year-on-year basis in July 2020. Globally, return of traffic is anticipated to remain slow due to the weak consumer confidence along with the unstable epidemic situation.

Firefighting and Rescue Business

With reference to the Board Letter, having experienced great pressure in procuring stable supply of raw materials and completion of new orders, the Company mainly relied on the orders from 2019 to maintain profitability.

With reference to the 2020 Interim Report, suffering from the sweeping pandemic impacts, production schedules of the segment were affected by supply chain disruptions (in particular, imported chassis). Fire engines equipped with imported chassis are normally advanced models sold at higher profit margins, the supply problem has adversely affected the profit of the segment.

According to the China Economic Update published by the World Bank in July 2020, COVID-19 and the measures to contain it triggered a combined demand and supply shock. On the supply side, measures to contain the outbreak disrupted the flow of intermediate goods, labour, and production. On the demand side, containment measures and behavioural responses reduced demand for goods and services.

As aforementioned, long-term growth strategies on the Company that might be implemented by the Joint Offerors may affect the Company's short-term growth profile and result in the divergence between the Joint Offerors' and the Company's view on the Company's long-term value on one hand, and investors' views on the Company's share price on the other hand. Under the influence of the COVID-19 epidemic, the divergence between the Group's long-term development and short-term benefits would be stronger.

(b) *The Proposal represents a good opportunity for Scheme Shareholders to realise their investment with a premium*

With reference to the Board Letter, the Cancellation Price of HK\$0.266 per Scheme Share represents a premium of approximately 20.36% over the closing price per Share on 28 September 2020, being the Last Trading Day, and a premium of approximately 8.57% over the closing price per Share on 27 November 2020, being the Latest Practicable Date. The Cancellation Price also represents a premium of approximately 18.22% and 26.67% over the average closing prices of approximately HK\$0.225 and approximately HK\$0.210 per Share for 30 and 60 consecutive trading days up to and including the Last Trading Day, respectively.

The average daily trading volume of the Shares for the 24 months up to and including the Last Trading Day was approximately 4,949,952 Shares per day, representing only approximately 0.03% of the issued Shares as at the Last Trading Day and approximately 0.03% of the issued Shares as at the Latest Practicable Date. The relatively 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. The Joint Offerors and the Directors (excluding members of the Independent Board Committee whose views are set out in the letter from the Independent Board Committee in Part V of this Scheme Document) consider that the Proposal provides the Scheme Shareholders with an opportunity to realise their investment in the Company for cash at a premium without having to suffer any illiquidity discount.

We performed a trading liquidity analysis of the Shares for the period from 1 October 2019 (being approximately one year prior to the Last Trading Day) up to and including the Latest Practicable Date (the “**Review Period**”). The number of trading days per month, the average daily number of the Shares traded per month, and the respective percentages of the Shares’ average daily trading volume as compared to (i) the total number of issued Shares held by the Scheme Shareholders as at the Latest Practicable Date; and (ii) the total number of Shares in issue as at the Latest Practicable Date during the Review Period are tabulated below:

Month	Number of trading days	Average daily trading volume (the “Average Volume”) (the “Average Number of Shares”)	% of the Average Volume to total number of issued Shares held by the Scheme Shareholders as at the Latest Practicable Date	% of the Average Volume to total number of Shares in issue as at the Latest Practicable Date
			(Note 1) Approximate %	(Note 2) Approximate %
2019				
October	21	3,357,000	0.08	0.02
November	21	3,719,048	0.09	0.02
December	20	3,535,750	0.09	0.02
2020				
January	20	19,735,000	0.48	0.12
February	20	6,693,500	0.16	0.04
March	22	3,127,727	0.08	0.02
April	19	1,548,158	0.04	0.01
May	20	5,906,750	0.15	0.04
June	21	5,745,476	0.14	0.03
July	22	6,377,955	0.16	0.04
August	21	13,924,048	0.34	0.08
September	20	6,503,750	0.16	0.04
	(Note 3)			
October	18	30,648,889	0.75	0.18
November (up to and including the Latest Practicable Date)	20	16,605,250	0.41	0.10

Source: the Stock Exchange’s website

Notes:

1. Based on 4,071,193,770 existing Shares held by the Scheme Shareholders as at the Latest Practicable Date.
2. Based on 16,638,046,183 Shares in issue as at the Latest Practicable Date.
3. Trading in Shares was halted on 29 September 2020 and 30 September 2020.

As illustrated from the table above, the Average Volume was thin during the Review Period. From October 2019 to November 2020 (up to and including the Latest Practicable Date), the Average Volume in each month was (i) below 1% of the total number of issued Shares held by the Scheme Shareholders as at the Latest Practicable Date; and (ii) below 0.20% of the total number of Shares in issue as at the Latest Practicable Date.

We did not identify any specific reason which caused the aforesaid fluctuation of the Average Volume during the Review Period.

In light of the above, we also consider that the trading liquidity of the Shares is low and disposal of a large number of Shares by Shareholders in the open market may have adverse impact on the price of Shares.

Having also considered our analysis on the Cancellation Price as set out below, we are also of the view that the Proposal provides the Scheme Shareholders with an opportunity to realise their investment in the Company for cash at a premium without having to suffer any illiquidity discount.

(5) The Cancellation Price

Cancellation Price comparison

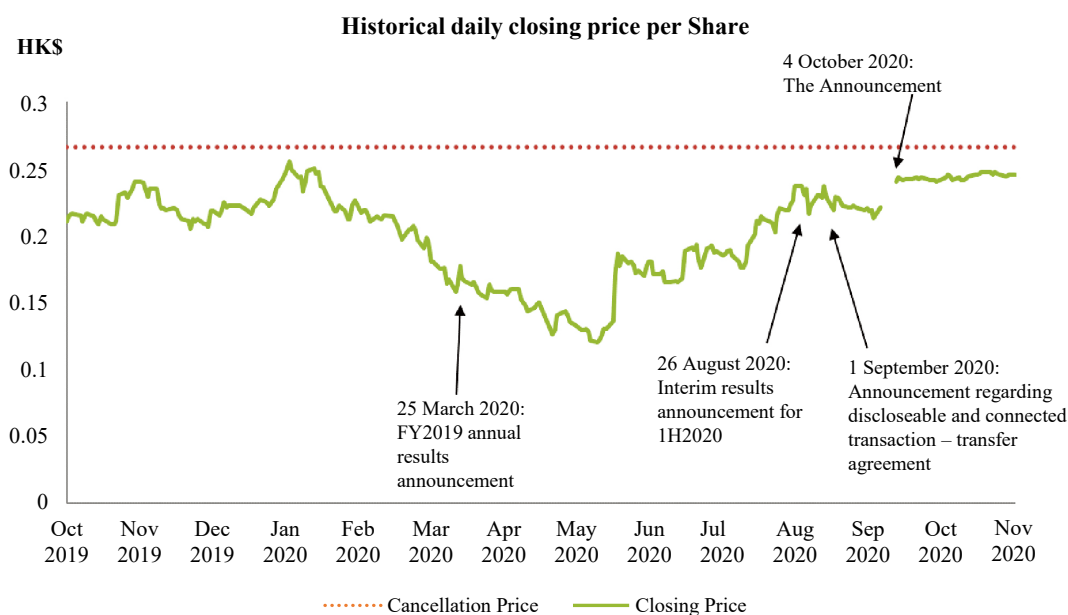
The Cancellation Price of HK\$0.266 per Scheme Share represents:

- (i) a premium of approximately 8.57% over the closing price of HK\$0.245 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a premium of approximately 20.36% (the “**LTD Premium**”) over the closing price of HK\$0.221 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a premium of approximately 22.02% over the average closing price of HK\$0.218 per Share based on the daily closing prices as quoted on the Stock Exchange over the five trading days up to and including the Last Trading Day;
- (iv) a premium of approximately 18.22% (the “**30-days Premium**”) over the average closing price of HK\$0.225 per Share based on the daily closing prices as quoted on the Stock Exchange over the 30 trading days up to and including the Last Trading Day;
- (v) a premium of approximately 26.67% over the average closing price of HK\$0.210 per Share based on the daily closing prices as quoted on the Stock Exchange over the 60 trading days up to and including the Last Trading Day;
- (vi) a premium of approximately 37.11% over the average closing price of HK\$0.194 per Share based on the daily closing prices as quoted on the Stock Exchange over the 90 trading days up to and including the Last Trading Day;
- (vii) a premium of approximately 46.15% over the average closing price of HK\$0.182 per Share based on the daily closing prices as quoted on the Stock Exchange over the 120 trading days up to and including the Last Trading Day;

- (viii) a premium of approximately 40.00% over the average closing price of HK\$0.190 per Share based on the daily closing prices as quoted on the Stock Exchange over the 180 trading days up to and including the Last Trading Day;
- (ix) a premium of approximately 10.83% over the audited net asset value per Share in the Company of approximately RMB0.211 (equivalent to approximately HK\$0.240 based on the exchange rate of RMB1: HK\$1.136) as at 31 December 2019, based on the 16,638,046,183 Shares in issue as at the Latest Practicable Date; and
- (x) a premium of approximately 24.30% (the “NAV Premium”) over the unaudited equity attributable to owners of the Company per Share of approximately RMB0.188 (equivalent to approximately HK\$0.214 based on the exchange rate of RMB1: HK\$1.136) as at 30 June 2020, based on the 16,638,046,183 Shares in issue as at the Latest Practicable Date.

Historical price performance of the Shares

Set out below is a chart showing the movement of the closing price of the Shares during the Review Period to illustrate the general trend and movement of the closing price of the Shares.



Source: the Stock Exchange's website

Note: Trading in Shares was halted with effect from 9:00 a.m. on 29 September 2020 and resumed at 9:00 a.m. on 5 October 2020.

During the Review Period, the lowest and highest closing prices of the Shares as quoted on the Stock Exchange were HK\$0.120 per Share recorded on 25 May 2020 and HK\$0.255 per Share recorded on 9 January 2020. The Cancellation Price is above the range of the closing price of the Shares during the entire Review Period.

The closing price of the Shares followed a general increasing trend since the start of the Review Period until reaching 0.255 on 9 January 2020. Subsequently, the closing price of the Shares followed a general downward trend and hit HK\$0.120 per Share recorded on 25 May 2020. Afterwards, the closing price of the Shares recovered and reached HK\$0.221 on the Last Trading Day (i.e. 28 September 2020).

From 5 October 2020 (being the date following the publication of the Announcement) to the Latest Practicable Date, the closing price of the Shares fluctuated between HK\$0.240 and HK\$0.247.

We did not identify any specific reason which caused the aforesaid fluctuation of the closing price of the Shares.

Comparison with other comparable companies

As abovementioned, the Airport Facilities Business and the Firefighting and Rescue Business contributed approximately 26% and 58% respectively of the Group's revenue for FY2019, respectively. We searched for listed companies in Hong Kong which are engaged in similar line of main business(es) as the Group, being the Airport Facilities Business and/or the Firefighting and Rescue Business and derived more than 50% of their turnover from such businesses, based on their respective latest published financial information for comparison. The above selection criteria were set to identify comparable companies which engage in similar line of main business(es) as the Group. If the turnover percentage was set below 50%, the comparable companies may engage in more other businesses which are not similar to the Group's main business(es).

Nevertheless, we could not find any listed company in Hong Kong which are engaged in the similar line of business as the Airport Facilities Business and derived more than 50% of its turnover from such business, based on its latest published financial information. We could only identify 2 companies which are exhaustive and engaged in similar line of business as the Firefighting and Rescue Business and derived more than 50% of their turnover from such business (the "**Comparable Companies**") based on their respective latest published financial information.

Set out below are the price-to-earnings ratios (“**PER(s)**”) and the price-to-book ratios (“**PBR(s)**”) of the Comparable Companies based on their closing prices as at the Latest Practicable Date, and their latest published financial information:

Company name (Stock Code)	Principal business	Year-end date	Market capitalisation <i>Approximate</i> <i>HK\$ million</i>	PER <i>(Note 1)</i>	PBR <i>(Note 2)</i>
Lumina Group Limited (1162)	Provision of fire safety services in Hong Kong	31 March 2020	85	4.93	0.61
Shanghai Qingpu Fire-Fighting Equipment Co. Ltd. (8115)	Manufacture and sale of pressure vessels (including fire-fighting equipment products and pressure vessels products), provision of fire technology inspection services, marine fire-fighting equipment installation and inspection, trading of sanitary-ware and other products, sales of aquarium products	31 December 2019	118	N/A <i>(Note 3)</i>	1.44
The Company (the Proposal)			4,076	18.06 <i>(Note 4)</i>	1.24 <i>(Note 5)</i>

Notes:

1. The PERs of the Comparable Companies were calculated based on their respective latest published annual results and their respective closing prices as quoted on the Stock Exchange and total issued shares as at the Latest Practicable Date.
2. The PBRs of the Comparable Companies were calculated based on their respective net assets attributable to the owners of the company according to their latest published annual results or interim results and their respective closing prices as quoted on the Stock Exchange and total issued shares as at the Latest Practicable Date.
3. The subject company recorded loss attributable to the owners of the company in its latest financial year.
4. The implied PER of the Proposal was calculated based on the Cancellation Price and the profit attributable to owners of the Company for FY2019.
5. The implied PBR of the Proposal was calculated based on the Cancellation Price and the equity attributable to owners of the Company as at 30 June 2020.

We noted that the implied PER of the Proposal is higher than and the implied PBR of the Proposal is within the range of those of the Comparable Companies.

Despite that (i) the businesses, operations and market capitalisation of the Comparable Companies are not the same as the Group; and (ii) only 2 Comparable Companies were identified, the above analysis could provide additional information in assessing the fairness and reasonableness of the Cancellation Price.

Comparison with other privatisation transactions

To further assess the fairness and reasonableness of the Cancellation Price, we also searched for approved privatisation transactions by way of scheme of arrangement announced by listed companies in Hong Kong from 1 October 2018 (being approximately two years prior to the date of Announcement) up to the Latest Practicable Date (the “**Privatisation Cases**”). To the best of our knowledge and as far as we are aware of, we found 23 Privatisation Cases (excluding Huarong Investment Stock Corporation Limited (stock code: 2277) as the proposal involving a share exchange offer without cash alternative) which meet the aforesaid criteria for comparison and they are exhaustive.

Company name (stock code)	Initial announcement date of the proposal	Premium of the cancellation price over closing price per share on last full trading day prior to the publication of announcement in relation to the respective proposal <i>Approximate %</i>	Premium of the cancellation price over/to average closing price per share for the 30 full trading days prior to the publication of announcement in relation to the respective proposal <i>Approximate %</i>	Premium/(discount) of cancellation price over/to the respective then net asset value attributable to the owners of the company per share <i>(note 1)</i> <i>Approximate %</i>
Hopewell Holdings Limited (54)	5 December 2018	46.70	55.50	(35.60)
China Power Clean Energy Development Company Limited (735)	28 March 2019	41.90	78.10	(35.10) <i>(Note 2)</i>
China Hengshi Foundation Company Limited (1197)	4 April 2019	10.62	17.37	(42.05)
China Automation Group Limited (569)	14 June 2019	23.97	47.78	16.01
C. P. Lotus Corporation (121)	18 June 2019	10.00	29.40	57.10
Asia Satellite Telecommunications Holdings Limited (1135)	27 June 2019	23.43	44.44	10.01
TPV Technology Limited (903)	12 August 2019	41.39	54.50	(23.94)
Dah Chong Hong Holdings Limited (1828)	20 October 2019	37.55	54.81	(28.16)
Springland International Holdings Limited (1700)	1 November 2019	63.10	56.80	(18.10)
China Agri-Industries Holdings Limited (606)	27 November 2019	34.07	53.17	(22.83)
Joyce Boutique Group Limited (647)	12 December 2019	91.78	82.17	19.91
BBi Life Sciences Corporation (1035)	20 January 2020	16.28	42.45	98.86
Wheelock and Company Limited (20)	27 February 2020	52.20	45.20	(45.00)

Company name (stock code)	Initial announcement date of the proposal	Premium of the cancellation price over closing price per share on last full trading day prior to the publication of announcement in relation to the respective proposal <i>Approximate %</i>	Premium of the cancellation price over/to average closing price per share for the 30 full trading days prior to the publication of announcement in relation to the respective proposal <i>Approximate %</i>	Premium/(discount) of cancellation price over/to the respective then net asset value attributable to the owners of the company per share <i>(note 1)</i> <i>Approximate %</i>
Li & Fung Limited (494)	20 March 2020	150.00	95.20	8.20
Allied Properties (H.K.) Limited (56)	20 April 2020	34.30	39.10	(66.30) <i>(Note 3)</i>
Easy One Financial Group Limited (221)	4 May 2020	44.40	90.10	(52.80)
Capxon International Electronic Company Limited (469)	5 June 2020	79.10	88.10	(37.45)
Jinmao (China) Hotel Investments and Management Limited (6139)	12 June 2020	30.40	82.50	81.10
Golden Meditech Holdings Limited (801)	17 June 2020	41.94	60.00	(33.23)
China Baofeng (International) Limited (3966)	21 June 2020	27.50	52.00	(5.50)
Vantage International (Holdings) Limited (15)	2 July 2020	80.00	119.50	(61.70)
O-Net Technologies (Group) Limited (877)	8 July 2020	23.57	24.56	128.85
Changshouhua Food Company Limited (1006)	7 September 2020	16.40	43.20	(38.50)
Maximum		150.00	119.50	128.85
Minimum		10.00	17.37	(66.30)
Mean		44.37	58.95	(1.83)
The Company	4 October 2020	20.36	18.22	24.30

Notes:

1. With reference to the relevant announcements, scheme documents and based on the respective then published net assets value attributable to owners of the subject companies.
2. Based on cash alternative.
3. Based on the cash amount representing the aggregate of the scheme consideration and the special dividend.

The LTD Premium, the 30-days Premium and NAV Premium fall within the relevant ranges of the Privatisation Cases.

Despite that the LTD Premium and the 30-days Premium are less than the relevant means of the Privatisation Cases, taking into account that:

- (i) the Cancellation Price is above the closing price of the Shares during the entire Review Period;
- (ii) the implied PER of the Proposal is higher than and the implied PBR of the Proposal is within the range of those of the Comparable Companies;
- (iii) the LTD Premium, the 30-days Premium and NAV Premium fall within the relevant ranges of the Privatisation Cases; and
- (iv) the trading liquidity of the Shares is low and disposal of a large number of Shares by Scheme Shareholders in the open market may have adverse impact on the price of Shares,

we consider the Cancellation Price to be fair and reasonable so far as the Independent Shareholders are concerned and we are of the view that the Scheme provides an exit alternative for the Scheme Shareholders who would like to realise their investments in the Shares.

(6) The Option Offer

According to the Board Letter, as at the Latest Practicable Date, there were (i) 115,625,000 Share Options granted under the 2009 Share Option Scheme, each relating to one Share with an exercise price of HK\$0.42; and (ii) no Share Option being granted under the 2019 Share Option Scheme.

The Option Offer Letter setting out the terms and conditions of the Option Offer is being despatched separately to the Optionholders pursuant to which an appropriate offer is made by Sharp Vision to the Optionholders to cancel every outstanding (either vested or unvested) Share Option in accordance with Rule 13 of the Takeovers Code. Under the Option Offer, as the exercise price of the relevant Share Option exceeds the Cancellation Price, the “see-through” price is zero and a cash offer of a nominal amount of HK\$0.00001 per Share Option (i.e. the Option Offer Price) is being made. The Option Offer is conditional upon the Scheme becoming effective.

As at the Latest Practicable Date, the Share Options are also out-of-money. In light of the above, we consider the Option Offer Price to be fair and reasonable.

(7) The Rollover Arrangement

With reference to the Board Letter, the Joint Offerors propose that the Rollover Shareholders (who are Joint Offeror Concert Parties) retain their respective shareholdings in the Company and remain as shareholders of the Company after the Scheme becomes effective. The Rollover Shareholders, in aggregate, hold 4,587,911,141 Shares (representing approximately 27.58% of the issued share capital of the Company) as at the Latest Practicable Date.

Information on the Rollover Shareholders

Set out below are information on the Rollover Shareholders as extracted from the Explanatory Memorandum:

Mr. Jiang was appointed as an executive Director in February 2002. He is also the honorary chairman of the Company. Mr. Jiang is a key member of the management team of the Group with over 25 years of experience in the fire services and maintenance industry in the PRC. The Joint Offerors are of the view that it is important for the Company to retain him as both a member of the senior management of the Group and a Shareholder after the completion of the Scheme so that he will be incentivised to continue to contribute to the development of the Group.

Mr. Zheng was appointed as a non-executive Director of the Company in July 2015 and re-designated to executive Director and chief executive officer of the Company in April 2016. Mr. Zheng is also the chairman of the risk management committee of the Company. Mr. Zheng is a key member of the management team of the Group with over 30 years of experience in the field of engineering and machinery manufacturing. The Joint Offerors are of the view that it is important for the Company to retain him as both a member of the senior management of the Group and a Shareholder after the completion of the Scheme so that he will be incentivised to continue to contribute to the development of the Group.

Fengqiang is ultimately held by Mr. Wang Lele, Ms. Chen Zhe, Mr. Yao Le Ran and Mr. Li Zhu Feng as at the Latest Practicable Date, who are the senior management members of the Company. Fengqiang is a shareholding platform for employees of the Company to attract, retain, and motivate these employees by aligning their interests with the performance and goals of the Group. As these employees are involved in the daily operation and possess experience and expertise which are vital to the business operation of the Group, the Joint Offerors consider that it is important for these employees to retain their interests in the Company through Fengqiang, in order to incentivise continual contribution from these employees to the development of the Group after the completion of the Scheme.

HongKong Ruicheng is indirectly owned by Mr. Zhou Xiangyi and Mr. Zhou Guodong, who were formerly the ultimate beneficial owners of Shanghai Jindun before its acquisition by the Group in April 2019. In consideration of the aforesaid acquisition, the Company issued consideration shares to HongKong Ruicheng, which has become a Shareholder since then. In light of the extensive experience and network of Mr. Zhou Xiangyi and Mr. Zhou Guodong in the fire engines industry, being one of the business segments of the Group, the Joint Offerors are of the view that it is important for the Company to maintain their shareholding in the Company through HongKong Ruicheng after the completion of the Scheme, in order to facilitate the implementation of the future plan of the Joint Offerors on the Group.

CSR China Merchant Buyout Fund (深圳國調招商併購股權投資基金合夥企業(有限合夥)) was established in Shenzhen, the PRC, on 25 January 2017. As at the Latest Practicable Date, its general partner is China Merchant Huihe, and its limited partners are China State-owned Enterprise Structural Reform Fund Co., Ltd.* (中國國有企業結構調整基金股份有限公司), China Merchant Capital Investment Co., Ltd. (招商局資本控股有限責任公司), Shenzhen Guidance Fund Investment Ltd. (深圳市引導基金投資有限公司), Shenzhen Yantian District State-owned Asset Investment and Management Ltd. (深圳市鹽田區國有資本投資管理有限公司) and Shenzhen Xinhe Investment Partnership (Limited Partnership)* (深圳新合投資合夥企業(有限合夥)). CSR Merchant Buyout is managed by China Merchant Huihe and focuses on mergers and acquisitions, restructuring and reform of state-owned enterprises in the field of cultural and entertainment, medical, logistic, financial, and environmental industry. CSR China Merchant Buyout Fund has been a strategic investor of the Company since it became a Shareholder by subscription of Shares in 2018. The Joint Offerors are of the view that it is important to retain CSR China Merchant Buyout Fund as a Shareholder after the completion of the Scheme, in order to take advantage of its extensive networking to bring in potential business partners or investors in the relevant industries, which may require the services or are interested in the business of the Group, to facilitate the implementation of the future plan of the Joint Offerors on the Group, which would be in the interest of the Company and its Shareholders.

The Rollover Agreement

With reference to the Board Letter, the Joint Offerors and the Rollover Shareholders have entered into the Rollover Agreement, pursuant to which:

- (a) subject to the Rollover Conditions, the Shares held by the Rollover Shareholders (i) will not form part of the Scheme Shares under the Scheme and will not be voted at the Scheme at the Court Meeting; (ii) will not be cancelled and extinguished when the Scheme becomes effective, and accordingly the Rollover Shareholders will remain as the Shareholders after the Scheme becomes effective;
- (b) each of the Rollover Shareholders has undertaken that (i) it/he will not, directly or indirectly, take any action which will preclude, prejudice, restrict or delay the successful outcome of the Scheme or the Proposal or the withdrawal of listing of Shares on the Stock Exchange or otherwise conflict with or diminish its/his obligations under the Rollover Agreement; (ii) subject to compliance with relevant laws and regulations, it/he will do all such acts and things and execute all such documents as may be reasonably required by the Joint Offerors to give effect to the undertakings contained in the Rollover Agreement;

- (c) each of the Rollover Shareholders has undertaken that, to the extent permitted under the Takeovers Code, the Listing Rules and applicable laws and regulations, to exercise, or, as the case may be, to procure the exercise of the voting rights in respect of the Shares owned by it/him directly on resolutions in relation to the Scheme in accordance with the Joint Offerors' directions, and in the absence of any such directions, to vote in favour of all resolutions which are necessary to implement the Scheme proposed at a court meeting and/or a general meeting of the Company, and that it/him shall be bound by, and take all actions necessary to implement the Scheme;
- (d) before the Scheme becomes effective, lapses or is withdrawn and the closing of the Option Offer (whichever later), the Rollover Shareholders shall not (i) directly or indirectly, sell, transfer, charge, encumber, grant any option over or otherwise dispose of any interest in any of the Shares held by it/him in the Company; (ii) accept, or give any undertaking (whether conditional or unconditional) to accept, exercise voting rights attached to the Shares held by it/him to approve or otherwise agree to any offer, scheme of arrangement, merger or other business combination made or proposed to be made in respect of such Shares or disposal of material assets of the Company and its subsidiaries by any person other than pursuant to the Scheme; and (iii) acquire, subscribe for or otherwise deal in the shares, convertible securities, options or other securities of the Company without prior consent of the Joint Offerors;
- (e) the Rollover Shareholders will remain as shareholders of the Company immediately after the Scheme becomes effective; and
- (f) Mr. Jiang has irrevocably undertaken to the Joint Offerors that he will not (i) exercise any Share Options held by him; and (ii) accept the Option Offer in respect of all of his Share Options.

Further details of the Rollover Arrangement and the Rollover Agreement are set out in the section headed "THE ROLLOVER ARRANGEMENT" of the Board Letter.

RECOMMENDATION

In relation to the Proposal, the Scheme and the Option Offer, having taken into consideration the principal factors and reasons as discussed above, in particular:

- (i) The long-term growth strategies on the Company that might be implemented by the Joint Offerors may affect the Company's short-term growth profile and result in the divergence between the Joint Offerors' and the Company's view on the Company's long-term value on one hand, and investors' views on the Company's share price on the other hand. Under the influence of the COVID-19 epidemic, the divergence between the Group's long-term development and short-term benefits would be stronger;

- (ii) the trading liquidity of the Shares is low and disposal of a large number of Shares by Shareholders in the open market may have adverse impact on the price of Shares. The Proposal provides the Scheme Shareholders with an opportunity to realise their investment in the Company for cash at a premium without having to suffer any illiquidity discount;
- (iii) the Cancellation Price being fair and reasonable so far as the Independent Shareholders are concerned; and
- (iv) the Option Offer Price to be fair and reasonable so far as the Optionholders are concerned,

we are of the opinion that the terms of the Proposal, the Scheme and the Option Offer are fair and reasonable so far as the Independent Shareholders/Optionholders are concerned. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the relevant resolutions which will be proposed at the Court Meeting and the EGM to approve the Scheme. We also advise the Independent Board Committee to recommend the Optionholders to accept the Option Offer.

In relation to the Rollover Arrangement, we noted that the Proposal and the Scheme will become effective and binding on the Company and all Scheme Shareholders subject to the fulfilment of the passing of an ordinary resolution by the Independent Shareholders at the EGM to approve the Rollover Arrangement. While we are of the opinion that the terms of the Proposal, the Scheme and the Option Offer are fair and reasonable, we consider that the approval of the Rollover Arrangement, which is a prerequisite for the implementation of the Proposal, is in the interest of the Company and the Shareholders. Having also considered that:

- (i) the Rollover Shareholders are familiar with the Group's business (in particular, (a) Mr. Jiang is a key member of the management team of the Group with over 25 years of experience in the fire services and maintenance industry in the PRC; (b) Mr. Zheng is a key member of the management team of the Group with over 30 years of experience in the field of engineering and machinery manufacturing; (c) Fengqiang is a shareholding platform for employees of the Company to attract, retain, and motivate these employees by aligning their interests with the performance and goals of the Group; (d) HongKong Ruicheng is indirectly owned by Mr. Zhou Xiangyi and Mr. Zhou Guodong, who were formerly the ultimate beneficial owners of Shanghai Jindun before its acquisition by the Group in April 2019; and (e) CSR China Merchant Buyout Fund has been a strategic investor of the Company since it became a Shareholder by subscription of Shares in 2018 and the Company may take advantage of its extensive networking to bring in potential business partners or investors in the relevant industries, which may require the services or are interested in the business of the Group);
- (ii) given the background of the Rollover Shareholders, it is important for the Company to retain the Rollover Shareholders as Shareholders after the completion of the Scheme so that the Rollover Shareholders will have incentives to continue to contribute to the future development and growth of the Group;
- (iii) the Rollover Agreement does not provide the Rollover Shareholders interests in the Company which the Rollover Shareholders do not originally own; and

- (iv) in the case where the Independent Shareholders were given the opportunity to retain interests in the Company, subsequent to the Scheme had become effective and the withdrawal of listing of the Shares, their interests would no longer be safeguarded by regulations relating to minority shareholders protection applicable to listed companies on the Stock Exchange, in particular, the existing protections under the Chapter 14 and Chapter 14A of the Listing Rules regarding notifiable transactions and connected transactions respectively that are currently applicable to the Company as a Hong Kong listed company. In relation to dilution of shareholdings, under the Listing Rules, general mandate or specific shareholders' approval is required for issuing new shares. In addition, the Takeovers Code would only remain applicable to the Company as long as the Company remains a public company in Hong Kong. In the event that the Company ceases to be a public company, it would no longer be subject to the Takeovers Code. In that case, the interests of the Independent Shareholders would only be safeguarded primarily by the constitutional documents of the Company and provisions regarding minority shareholders' interest protection under the Companies Law, which do not necessarily provide the same level of minority protections that would be available had the Listing Rules and the Takeovers Code continued to apply. In addition, these Independent Shareholders might find it difficult to realise their shareholdings as no public trading in the Shares would be available,

we are of the opinion that the terms of the Rollover Arrangement are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the relevant resolution which will be proposed at the Court Meeting and the EGM to approve the Rollover Arrangement.

As different Shareholders would have different investment criteria, objectives and/or circumstances, we would recommend any Shareholders who may require advice in relation to any aspect of the Scheme Document, or as to the action to be taken, to consult a licensed securities dealer, bank manager, solicitor, professional accountant, tax adviser or other professional adviser.

Yours faithfully,
For and on behalf of
Gram Capital Limited
Graham Lam
Managing Director

Note: Mr. Graham Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Gram Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 25 years of experience in investment banking industry.

* *For identification purpose only*

This Explanatory Memorandum constitutes the statement required under Order 102, rule 20(4)(e) of the Rules of the Grand Court of the Cayman Islands 1995 (revised).

**SCHEME OF ARRANGEMENT
TO CANCEL ALL THE SCHEME SHARES IN EXCHANGE
FOR THE CANCELLATION PRICE FOR EACH SCHEME SHARE
AND OPTION OFFER**

1. INTRODUCTION

On 4 October 2020, the Joint Offerors and the Company jointly announced that on 28 September 2020, the Joint Offerors had requested the Board to put forward the Proposal to the Scheme Shareholders for the privatisation of the Company by way of a scheme of arrangement under Section 86 of the Companies Law involving the cancellation of the Scheme Shares and, in consideration thereof, the payment to the Scheme Shareholders of the Cancellation Price in cash for each Scheme Share, and the withdrawal of the listing of the Shares on the Stock Exchange.

If the Proposal is approved and implemented, under the Scheme, the issued share capital of the Company will, on the Effective Date of the Scheme, be reduced by the cancellation of the Scheme Shares. Upon such reduction, the issued share capital of the Company will be increased to its former amount by the issuance at par to the Joint Offerors, credited as fully paid, of the aggregate number of Shares as is equal to the number of Scheme Shares cancelled. The credit arising in the Company's books of account as a result of the issued capital reduction will be applied in paying up in full at par the new Shares so issued, credited as fully paid, to the Joint Offerors.

The Joint Offerors are making the Option Offer to the Optionholders to cancel all Share Options. The Option Offer will be conditional on the Scheme becoming effective.

The purpose of this Explanatory Memorandum is to explain the terms and effects of the Proposal, the Scheme and the Option Offer which is to be implemented by the Scheme and the Option Offer Letter, and to provide the Scheme Shareholders and Optionholders with other relevant information in relation to the Scheme and the Option Offer, in particular, to provide the intention of the Joint Offerors with regard to the Group and the shareholding structure of the Company before and after the Scheme and the Proposal.

Particular attention of the Scheme Shareholders and Optionholders is drawn to the following sections of this Scheme Document: (a) a letter from the Board set out in Part IV of this Scheme Document; (b) a letter from the Independent Board Committee set out in Part V of this Scheme Document; (c) a letter from Gram Capital set out in Part VI of this Scheme Document; and (d) the terms of the Scheme set out in Appendix III to this Scheme Document.

2. TERMS OF THE PROPOSAL

The Proposal is to be implemented by way of a scheme of arrangement under Section 86 of the Companies Law.

Cancellation Price

Under the Scheme, if the Scheme becomes effective, the Scheme Shareholders will receive from the Joint Offerors the Cancellation Price of HK\$0.266 in cash for each cancelled Scheme Share as consideration for the cancellation of the Scheme Shares held as at the Effective Date.

The Cancellation Price will not be increased and the Joint Offerors do not reserve the right to do so.

Comparison of value

The Cancellation Price of HK\$0.266 per Scheme Share represents:

- a premium of approximately 20.36% over the closing price of HK\$0.221 per Share as quoted on the Stock Exchange on the Last Trading Day;
- a premium of approximately 22.02% over the average closing price of HK\$0.218 per Share based on the daily closing prices as quoted on the Stock Exchange over the five trading days up to and including the Last Trading Day;
- a premium of approximately 18.22% over the average closing price of HK\$0.225 per Share based on the daily closing prices as quoted on the Stock Exchange over the 30 trading days up to and including the Last Trading Day;
- a premium of approximately 26.67% over the average closing price of HK\$0.210 per Share based on the daily closing prices as quoted on the Stock Exchange over the 60 trading days up to and including the Last Trading Day;
- a premium of approximately 37.11% over the average closing price of HK\$0.194 per Share based on the daily closing prices as quoted on the Stock Exchange over the 90 trading days up to and including the Last Trading Day;
- a premium of approximately 46.15% over the average closing price of HK\$0.182 per Share based on the daily closing prices as quoted on the Stock Exchange over the 120 trading days up to and including the Last Trading Day;
- a premium of approximately 40.00% over the average closing price of HK\$0.190 per Share based on the daily closing prices as quoted on the Stock Exchange over the 180 trading days up to and including the Last Trading Day;

- a premium of approximately 10.83% over the audited net asset value per Share in the Company of approximately RMB0.211 (equivalent to approximately HK\$0.240 based on the exchange rate of RMB1: HK\$1.136) as at 31 December 2019, based on the 16,638,046,183 Shares in issue as at the Latest Practicable Date;
- a premium of approximately 10.83% over the unaudited net asset value per Share in the Company of approximately RMB0.211 (equivalent to approximately HK\$0.240 based on the exchange rate of RMB1: HK\$1.136) as at 30 June 2020, based on the 16,638,046,183 Shares in issue as at the Latest Practicable Date; and
- a premium of approximately 8.57% over the closing price of HK\$0.245 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Cancellation Price has been determined on a commercial basis after taking into account, among others, 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 similar privatisation transactions in Hong Kong in recent years.

Highest and lowest prices of the Shares

In respect of the Shares which are listed on the Stock Exchange, during the six-month period preceding the Last Trading Day and end of the Latest Practicable Date, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$0.247 per Share on 12 November 2020, 13 November 2020, 16 November 2020 and 18 November 2020, and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.120 per Share on 25 May 2020.

The Convertible Bonds and the Wison Energy Undertaking

Reference is made to the Announcement, whereby the convertible bonds issued by the Company as at the date of the Announcement were held by Sharp Vision and Wison Energy, with an aggregate outstanding principal amount of RMB1,021,577,038, which can be converted into 3,283,757,755 new Shares based on the initial conversion price of HK\$0.366 per Share.

Wison Energy is a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Wison Engineering Services Co. Ltd., which is in turn 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 (Stock code: 2236.HK). With reference to the announcement of Wison Engineering Services Co. Ltd. (Stock code: 2236.HK; the parent company of Wison Energy) dated 25 July 2019, Wison Energy acquired convertible bonds issued by the Company with an outstanding principal amount of RMB130,713,331.50 (the “**Wison Energy CB**”) in July 2019 at the cash consideration of HK\$100,000,000. As a result, the effective acquisition cost per Share under the Wison Energy CB from the perspective of Wison Energy was approximately HK\$0.238 (the “**Effective Acquisition Cost**”).

Wison Energy had provided an irrevocable undertaking to (i) waive its right to receive an offer under Rule 13 of the Takeovers Code with respect to the Wison Energy CB; and (ii) fully exercise its conversion rights under the Wison Energy CB at the conversion price of HK\$0.366 per Share as soon as possible, but in any event not later than the Scheme Record Date.

Subsequently, on 6 October 2020, Wison Energy fully exercised the conversion rights under the Wison Energy CB with an outstanding principal amount of RMB130,713,331.50 at the conversion price of HK\$0.366 per Share, which was converted into 420,165,000 Shares. All such Shares converted would form part of the Scheme Shares.

After the said conversion and as at the date of this Scheme Document, the Convertible Bonds issued by the Company with an aggregate outstanding principal amount of RMB890,863,706 were still held by the Sharp Vision, one of the Joint Offerors, which can be converted into 2,863,592,755 Shares based on the initial conversion price of HK\$0.366 per Share.

Background leading to the Wison Energy Undertaking

It is the intention of the Joint Offerors that only the Joint Offerors, CIMC Top Gear B.V. and the Rollover Shareholders would remain as the Shareholders after the successful privatisation of the Company. The Joint Offerors consider that this shareholder composition, comprising only shareholders with significance to the development of the Group, would be critical to the effective implementation of the future plan of the Group, and constitute one of the determining factors to be considered by the Joint Offerors before proceeding with the Proposal. Obtaining the Wison Energy Undertaking will ensure that the shareholding structure is a desirable one that is acceptable to the Joint Offerors when the Scheme becomes effective.

Furthermore, it is the commercial decision and investment strategy of Expedition Holding, to participate in the Proposal by way of equity investment only, without acquiring, or making an offer for, any debt instruments.

The Joint Offerors believe that there are commercial interests and incentives for Wison Energy to provide the Wison Energy Undertaking given, among others, (i) the Effective Acquisition Costs of the Convertible Bonds from the perspective of Wison Energy is lower than the Cancellation Price, and hence Wison Energy will realise a profit upon the Scheme becoming effective; (ii) the early conversion will give Wison Energy the flexibility to dispose of the converted Shares at a favourable price ahead of time instead of waiting for the Scheme to become effective which may or may not occur, subject to its own determination of the appropriate time with reference to its own funding needs and prevailing market price of the Shares; and (iii) although the conversion price for the Convertible Bonds of HK\$0.366 is out-of-the-money as compared to the Cancellation Price, the Convertible Bonds bear interests at the rate of 0.1% per annum only and will not mature until April 2048, and Wison Energy has no early redemption right under the Convertible Bonds.

In light of the above, the Joint Offerors approached Wison Energy and obtained the Wison Energy Undertaking.

Option Offer

As at the Latest Practicable Date, there were (i) 115,625,000 Share Options granted under the 2009 Share Option Scheme, each relating to one Share with an exercise price of HK\$0.42; and (ii) no Share Option being granted under the 2019 Share Option Scheme. For further information regarding the Share Options, please refer to the section headed “6. Shareholding Structure of the Company – Share Options” of this Explanatory Memorandum below.

The Option Offer Letter setting out the terms and conditions of the Option Offer is being despatched separately to the Optionholders pursuant to which an appropriate offer is made by Sharp Vision to the Optionholders to cancel every Share Option (either vested or unvested) in accordance with Rule 13 of the Takeovers Code. The Option Offer is conditional upon the Scheme becoming effective.

Under the Option Offer, as the exercise price of the Share Option granted under the 2009 Share Option Scheme is higher than the Cancellation Price, the Option Offer Price for each Share Option is HK\$0.00001 in cash.

Share Option exercise price	Option Offer Price (HK\$)	Total outstanding Share Options (HK\$)
0.42	0.00001	115,625,000

Note: As the exercise price of the relevant Share Option under the Option Offer exceeds the Cancellation Price, the “see-through” price is zero and a cash offer of a nominal amount of HK\$0.00001 per Share Option will be made.

Further information on the Option Offer is contained in the form of Option Offer Letter, which is set out in Appendix VI to this Scheme Document. If any of the Share Options are exercised in accordance with the terms of the Share Option Scheme on or before the Scheme Record Date, any Shares so issued will be subject to and eligible to participate in the Scheme.

The Option Offer is conditional upon the Scheme becoming effective. The Option Offer is extended to all Share Options in issue on the date on which the Option Offer is made. **Pursuant to the terms of the Share Option Scheme, Any Share Options granted under the Share Option Scheme that are not exercised or cancelled pursuant to the acceptance of the Option Offer will automatically lapse upon the Scheme becoming effective. The Option Offer will close on the date the Scheme becomes effective.**

Total consideration

As at the Latest Practicable Date, there were 16,638,046,183 Shares in issue and the Scheme Shareholders were interested in 4,071,193,770 Shares (representing approximately 24.47% of the issued share capital of the Company as at the Latest Practicable Date).

On the assumption that (i) the Shares held by the Rollover Shareholders will not form part of the Scheme Shares; (ii) no Share Options granted under the 2009 Share Option Scheme are exercised before the Scheme Record Date but the holders of such options will receive a cash offer of a nominal amount of HK\$0.00001 per Share Option; (iii) no Share Option is granted under the 2019 Share Option Scheme before the Scheme Record Date; and (iv) no further Shares are issued before the Scheme Record Date, the maximum amount of cash consideration required to effect the Proposal will be approximately HK\$1,082,938,699.

Confirmation of financial resources

The Joint Offerors are financing the entire cash consideration under the Scheme in accordance with the terms set out in the Consortium Agreement (as further described in the section headed “5. The Consortium Agreement” of this Explanatory Memorandum below) from internal cash resources. Sharp Vision is financing the entire cash consideration solely under the Option Offer from its internal cash resources.

The Joint Offerors have appointed ABCI Capital, Zhongtai Capital and Donvex Capital as their joint financial advisers in connection with the Proposal.

ABCI Capital, Zhongtai Capital and Donvex Capital, being the joint financial advisers to the Joint Offerors in connection with the Proposal, are satisfied that sufficient financial resources are available to the Joint Offerors for satisfying their obligations in respect of the full implementation of the Scheme and the Option Offer in accordance with their respective terms.

Approval by Independent Shareholders

Only Independent Shareholders may vote at the Court Meeting on the resolution to approve the Scheme and vote at the EGM on the resolution to approve the Rollover Arrangement. The Shares owned by the Joint Offerors and the Joint Offeror Concert Parties will not form part of the Scheme Shares (other than those Shares held by Mr. Jiang Qing, being one of the Joint Offeror Concert Parties, which will form part of the Scheme Shares). The Shares owned by the Joint Offerors and the Joint Offeror Concert Parties will not be voted on the Scheme at the Court Meeting and will not be voted on the Rollover Arrangement at the EGM. All Shareholders will be entitled to attend the EGM and vote on the special resolution approving and to give effect to (i) any reduction of the issued share capital of Company associated with the cancellation of the Scheme Shares; and (ii) the application of the credit amount arising in the books of the Company as a result of the aforesaid cancellation of the Scheme Shares to pay up in full at par such number of new Shares as is equal to the number of Scheme Shares cancelled, to be issued to the Joint Offerors simultaneously with the cancellation of the Scheme Shares.

As at the Latest Practicable Date, the Scheme Shareholders (including Mr. Jiang Qing) were interested in 4,071,193,770 Shares (representing approximately 24.47% of the issued share capital of the Company as at the Latest Practicable Date; whereas the Independent Shareholders were interested in 4,063,693,770 Shares (representing approximately 24.42% of the issued share capital of the Company as at the Latest Practicable Date).

Assuming Sharp Vision will not exercise its conversion rights under the Convertible Bonds held by it, as at the Latest Practicable Date, the Joint Offerors and the Joint Offeror Concert Parties were interested in 12,574,352,413 Shares (representing approximately 75.58% of the issued share capital of the Company as at the Latest Practicable Date) (among which the Rollover Shareholders, in aggregate, held 4,587,911,141 Shares (representing approximately 27.58% of the total issued share capital of the Company)).

3. CONDITIONS OF THE PROPOSAL

The Proposal and the Scheme will become effective and binding on the Company and all Scheme Shareholders subject to the fulfilment or waiver (as applicable) of the following Conditions:

- (a) the approval of the Scheme (by way of poll) by a majority in number representing 75% in value of the holders of the Scheme Shares on the Meeting Record Date (or class of such holders as directed by the Grand Court) present and voting either in person or by proxy at the Court Meeting, provided that:
 - (i) the Scheme is approved (by way of poll) by the Independent Shareholders holding at least 75% of the votes attaching to the Scheme Shares held by Independent Shareholders that are voted either in person or by proxy at the Court Meeting; and
 - (ii) the number of votes cast (by way of poll) by Independent 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 all Independent Shareholders;
- (b) (i) 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 or by duly authorised representative at an EGM to approve and give effect to the reduction of the share capital of the Company by the cancellation and extinguishment of the Scheme Shares; and (ii) the passing of an ordinary resolution by the Shareholders at the EGM to increase the issued share capital of the Company to the amount prior to the cancellation of the Scheme Shares by issuing to the Joint Offerors only such number of new Shares as is equal to the number of Scheme Shares cancelled and 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 Joint Offerors only, credited as fully paid;
- (c) the sanction of the Scheme (with or without modifications) by the Grand Court and its confirmation of the reduction of the issued share capital of the Company, and the delivery to the Registrar of Companies in the Cayman Islands of a copy of the order of the Grand Court and the minutes approved by the Grand Court in respect of the reduction of the issued share capital of the Company for registration;
- (d) compliance, to the extent necessary, with the procedural requirements and conditions, if any, under Sections 15, 16 and 17 of the Companies Law in relation to the reduction of the issued share capital of the Company;

- (e) (i) the receipt of an opinion from Gram Capital to the Independent Board Committee confirming that the Rollover Arrangement is fair and reasonable so far as the Independent Shareholders are concerned; (ii) the passing of an ordinary resolution by the Independent Shareholders at the EGM to approve the Rollover Arrangement; and (iii) the grant of consent under Rule 25 of the Takeovers Code from the Executive in respect of the Rollover Arrangement;
- (f) all necessary consents (including consents from the relevant lenders) in connection with the Proposal, the Scheme and the withdrawal of listing of Shares from the Stock Exchange which may be required under any existing material contractual obligations of the Company being obtained or waived (as the case may be) and remained in effect;
- (g) no government, governmental, quasi-governmental, statutory or regulatory body, court or agency in any jurisdiction having taken or instituted any action, proceeding or suit (or enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order) that would make the Proposal or the Scheme or its implementation in accordance with its terms void, unenforceable, illegal or impracticable (or which would impose any material and adverse conditions or obligations with respect to the Proposal or the Scheme or its implementation in accordance with its terms), other than such actions, proceedings or suits as would not have a material adverse effect on the legal ability of the Joint Offerors to proceed with the Proposal or the Scheme;
- (h) since the date of the Announcement, there having been no adverse change in the business, assets, financial or trading positions, profits 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); and
- (i) since the date of the Announcement, there not having been any instituted or ongoing litigation, arbitration proceedings, prosecution or other legal proceedings to which any member of the Group is a party (whether as plaintiff, defendant or otherwise) and no such proceedings will be threatened in writing against any such member (and no investigation by any government or quasi-governmental, supranational, regulatory or investigative body or court against or in respect of any such member or the business carried on by any such member will be threatened in writing, announced, instituted or remain 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.

Conditions (a) to (e) above cannot be waived. The Joint Offerors reserve the right to waive all or any of Conditions (f) to (i), either in whole or in respect of any particular matter. The Company has no right to waive any of the Conditions.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Joint Offerors may only invoke any or all of the Conditions as a basis for not proceeding with the Scheme if the circumstances which give rise to a right to invoke any such Condition are of material significance to the Joint Offerors in the context of the Proposal.

As at the date of the Latest Practicable Date, other than pursuant to the Conditions in paragraphs (a) to (e) (inclusive), the Joint Offerors and the Company are not aware of any circumstances which may result in any of the Conditions in paragraphs (f) to (i) (inclusive) not being satisfied. As at the Latest Practicable Date and based on the information available to the Joint Offerors, the Joint Offerors are also not aware of any consent which are required as set out in the Condition in paragraph (f) above.

All of the Conditions will have to be fulfilled or waived, as applicable, on or before the Long Stop Date (or such later date as the Joint Offerors and the Company may agree or, to the extent applicable, as the Grand Court may direct and in all cases, as permitted by the Executive), failing which the Proposal and the Scheme will lapse. If the Scheme is withdrawn, not approved or lapses, the listing of the Shares on the Stock Exchange will not be withdrawn. On the other hand, if the Scheme is approved, it will be binding on all Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting.

Assuming that the above Conditions are fulfilled (or, as applicable, waived in whole or in part), it is expected that the Scheme will become effective on or about Thursday, 21 January 2021 (Cayman Islands time). Further announcements will be made including in particular in relation to (i) the results of the Court Meeting and the EGM and, if all the resolutions are passed at those meetings, (ii) the results of the Grand Court hearing of the petitions to sanction the Scheme and to confirm the capital reduction, (iii) the Scheme Record Date, (iv) the Effective Date and (v) the date of withdrawal of the listing of the Shares on the Stock Exchange as further set out in Part III — Expected Timetable of this Scheme Document.

If the Scheme is not approved or the Proposal otherwise lapses, an announcement will be made by the Joint Offerors and the Company in due course in such event and the listing of Shares on the Stock Exchange will not be withdrawn.

Shareholders and potential investors should be aware that the implementation of the Proposal and the Scheme are subject to the Conditions (including the approval of the Rollover Arrangement as a special deal under Rule 25 of the Takeovers Code) being fulfilled or waived, as applicable, and thus the Proposal may or may not be implemented, the Scheme may or may not become effective. Shareholders 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 stockbroker, bank manager, solicitor or other professional advisers.

4. THE ROLLOVER ARRANGEMENT

The Joint Offerors propose that the Rollover Shareholders (who are Joint Offeror Concert Parties) retain their respective shareholdings in the Company and remain as shareholders of the Company after the Scheme becomes effective. The Rollover Shareholders, in aggregate, hold 4,587,911,141 Shares (representing approximately 27.58% of the issued share capital of the Company) as at the Latest Practicable Date.

Information on the Rollover Shareholders***Mr. Jiang***

Mr. Jiang was appointed as an executive Director in February 2002. He is also the honorary chairman of the Company. Mr. Jiang is a key member of the management team of the Group with over 25 years of experience in the fire services and maintenance industry in the PRC. The Joint Offerors are of the view that it is important for the Company to retain him as both a member of the senior management of the Group and a Shareholder after the completion of the Scheme so that he will be incentivised to continue to contribute to the development of the Group.

As of the Latest Practicable Date, Mr. Jiang is interested in 981,600,000 Shares, representing approximately 5.90% of the issued share capital of the Company, whereas Mr. Jiang Qing (Mr. Jiang's brother and associate (as defined under the Takeovers Code)) held 7,500,000 Shares, representing approximately 0.05% of the issued share capital of the Company. In addition, Mr. Jiang and Mr. Jiang Qing are also interested in 4,000,000 Share Options and 28,000,000 Share Options, respectively.

The Shares in which Mr. Jiang Qing is interested will form part of the Scheme Shares and will be cancelled upon the Effective Date but will not be voted on the Scheme at the Court Meeting or the Rollover Arrangement at the EGM.

Mr. Zheng

Mr. Zheng was appointed as a non-executive Director of the Company in July 2015 and re-designated to executive Director and chief executive officer of the Company in April 2016. Mr. Zheng is also the chairman of the risk management committee of the Company. Mr. Zheng is a key member of the management team of the Group with over 30 years of experience in the field of engineering and machinery manufacturing. The Joint Offerors are of the view that it is important for the Company to retain him as both a member of the senior management of the Group and a Shareholder after the completion of the Scheme so that he will be incentivised to continue to contribute to the development of the Group.

As of the Latest Practicable Date, Mr. Zheng is interested in 4,600,000 Shares, representing approximately 0.03% of the total issued share capital of the Company.

Fengqiang

Fengqiang is ultimately held by Mr. Wang Lele, Ms. Chen Zhe, Mr. Yao Leran and Mr. Li Zhufeng as at the Latest Practicable Date, who are the senior management members of the Company.

Fengqiang is a shareholding platform for employees of the Company to attract, retain, and motivate these employees by aligning their interests with the performance and goals of the Group. As these employees are involved in the daily operation and possess experience and expertise which are vital to the business operation of the Group, the Joint Offerors consider that it is important for these employees to retain their interests in the Company through Fengqiang, in order to incentivise continual contribution from these employees to the development of the Group after the completion of the Scheme.

As of the Latest Practicable Date, Fengqiang is interested in 2,366,751,693 Shares, representing approximately 14.22% of the total issued share capital of the Company.

HongKong Ruicheng

HongKong Ruicheng is indirectly owned by Mr. Zhou Xiangyi and Mr. Zhou Guodong, who were formerly the ultimate beneficial owners of Shanghai Jindun Special Vehicle Equipment Co., Ltd.* (上海金盾特種車輛裝備有限公司) (“**Shanghai Jindun**”) before its acquisition by the Group in April 2019.

In consideration of the aforesaid acquisition, the Company issued consideration shares to HongKong Ruicheng, which has become a Shareholder since then. In light of the extensive experience and network of Mr. Zhou Xiangyi and Mr. Zhou Guodong in the fire engines industry, being one of the business segments of the Group, the Joint Offerors are of the view that it is important for the Company to maintain their shareholding in the Company through HongKong Ruicheng after the completion of the Scheme, in order to facilitate the implementation of the future plan of the Joint Offerors on the Group.

As of the Latest Practicable Date, HongKong Ruicheng is interested in 561,734,448 Shares, approximately 3.38% of the issued share capital of the Company.

CSR China Merchant Buyout Fund

CSR China Merchant Buyout Fund (深圳國調招商併購股權投資基金合夥企業(有限合夥)) was established in Shenzhen, the PRC, on 25 January 2017. As at the Latest Practicable Date, its general partner is Shenzhen China Merchant Huihe Capital Investment and Fund Management Co., Ltd.* (深圳市招商慧合股權投資基金管理有限公司) (“**China Merchant Huihe**”), and its limited partners are China State-owned Enterprise Structural Reform Fund Co., Ltd.* (中國國有企業結構調整基金股份有限公司), China Merchant Capital Investment Co., Ltd. (招商局資本控股有限責任公司), Shenzhen Guidance Fund Investment Ltd. (深圳市引導基金投資有限公司), Shenzhen Yantian District State-owned Asset Investment and Management Ltd. (深圳市鹽田區國有資本投資管理有限公司) and Shenzhen Xinhe Investment Partnership (Limited Partnership)* (深圳新合投資合夥企業(有限合夥)). CSR Merchant Buyout is managed by China Merchant Huihe and focuses on mergers and acquisitions, restructuring and reform of state-owned enterprises in the field of cultural and entertainment, medical, logistic, financial, and environmental industry.

CSR China Merchant Buyout Fund has been a strategic investor of the Company since it became a Shareholder by subscription of Shares in 2018. The Joint Offerors are of the view that it is important to retain CSR China Merchant Buyout Fund as a Shareholder after the completion of the Scheme, in order to take advantage of its extensive networking to bring in potential business partners or investors in the relevant industries, which may require the services or are interested in the business of the Group, to facilitate the implementation of the future plan of the Joint Offerors on the Group, which would be in the interest of the Company and its Shareholders.

As of the Latest Practicable Date, CSR China Merchant Buyout Fund is interested in 673,225,000 Shares, representing approximately 4.05% of the total issued share capital of the Company.

* For identification purposes only

Rollover Agreement

The Joint Offerors and the Rollover Shareholders have entered into the Rollover Agreement, pursuant to which:

- a) subject to the Rollover Conditions, the Shares held by the Rollover Shareholders (i) will not form part of the Scheme Shares under the Scheme and will not be voted at the Scheme at the Court Meeting; (ii) will not be cancelled and extinguished when the Scheme becomes effective, and accordingly the Rollover Shareholders will remain as the Shareholders after the Scheme becomes effective;
- b) each of the Rollover Shareholders has undertaken that (i) it/he will not, directly or indirectly, take any action which will preclude, prejudice, restrict or delay the successful outcome of the Scheme or the Proposal or the withdrawal of listing of Shares on the Stock Exchange or otherwise conflict with or diminish its/his obligations under the Rollover Agreement; (ii) subject to compliance with relevant laws and regulations, it/he will do all such acts and things and execute all such documents as may be reasonably required by the Joint Offerors to give effect to the undertakings contained in the Rollover Agreement;
- c) each of the Rollover Shareholders has undertaken that, to the extent permitted under the Takeovers Code, the Listing Rules and applicable laws and regulations, to exercise, or, as the case may be, to procure the exercise of the voting rights in respect of the Shares owned by it/him directly on resolutions in relation to the Scheme in accordance with the Joint Offerors' directions, and in the absence of any such directions, to vote in favour of all resolutions which are necessary to implement the Scheme proposed at a court meeting and/or a general meeting of the Company, and that it/him shall be bound by, and take all actions necessary to implement the Scheme;
- d) before the Scheme becomes effective, lapses or is withdrawn and the closing of the Option Offer (whichever later), the Rollover Shareholders shall not (i) directly or indirectly, sell, transfer, charge, encumber, grant any option over or otherwise dispose of any interest in any of the Shares held by it/him in the Company; (ii) accept, or give any undertaking (whether conditional or unconditional) to accept, exercise voting rights attached to the Shares held by it/him to approve or otherwise agree to any offer, scheme of arrangement, merger or other business combination made or proposed to be made in respect of such Shares or disposal of material assets of the Company and its subsidiaries by any person other than pursuant to the Scheme; and (iii) acquire, subscribe for or otherwise deal in the shares, convertible securities, options or other securities of the Company without prior consent of the Joint Offerors;
- e) the Rollover Shareholders will remain as shareholders of the Company immediately after the Scheme becomes effective; and

- f) Mr. Jiang has irrevocably undertaken to the Joint Offerors that he will not (i) exercise any Share Options held by him; and (ii) accept the Option Offer in respect of all of his Share Options.

The Rollover Agreement will be terminated upon the earlier of (i) when the Scheme lapses or is withdrawn, terminated, rescinded by the Joint Offerors or is finally dismissed, finally refused or finally rejected by the Grand Court; or (ii) on a date as the parties thereto otherwise agree in writing (but without prejudice to any accrued liabilities arising prior to such termination).

Rollover Conditions

The implementation of the Rollover Arrangement is subject to the fulfilment of the Rollover Conditions:

- a) the receipt of an opinion from Gram Capital to the Independent Board Committee that the Rollover Arrangement is fair and reasonable so far as the Independent Shareholders are concerned;
- b) the passing of an ordinary resolution by the Independent Shareholders at the EGM to approve, among others, the Rollover Arrangement;
- c) the Scheme becoming effective; and
- d) the grant of consent from the Executive in respect of the Rollover Arrangement.

Special Deal and Independent Shareholders' Approval

As the Rollover Agreement was only entered into by and between the Joint Offerors and the Rollover Shareholders and the Rollover Arrangement thereunder is not offered to all Shareholders, the Rollover Arrangement constitutes a special deal and requires the consent of the Executive under Rule 25 of the Takeovers Code. The Joint Offerors have made an application for consent from the Executive to the Rollover Arrangement conditional on (i) Gram Capital to the Independent Board Committee confirming that the Rollover Arrangement is fair and reasonable so far as the Independent Shareholders are concerned, and (ii) the passing of an ordinary resolution by the Independent Shareholders at the EGM to approve the Rollover Arrangement. Accordingly, as set out in Condition (e), the Proposal and the Scheme are subject to (i) the receipt of an opinion from Gram Capital to the Independent Board Committee confirming that the Rollover Arrangement is fair and reasonable so far as the Independent Shareholders are concerned; (ii) the passing of an ordinary resolution by the Independent Shareholders at the EGM to approve the Rollover Arrangement; and (iii) the grant of consent from the Executive in respect of the Rollover Arrangement.

The Rollover Shareholders are considered to be acting in concert with the Joint Offerors for the purpose of the Takeovers Code as a result of the Rollover Arrangement.

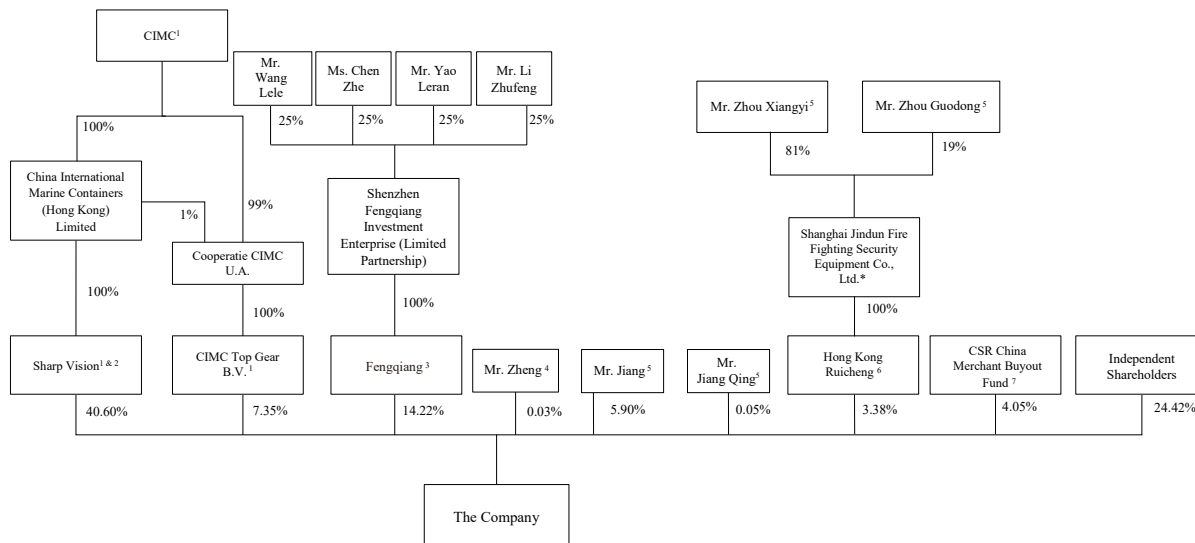
5. THE CONSORTIUM AGREEMENT

On 4 October 2020, Expedition Holding, Sharp Vision and CIMC Top Gear B.V. entered into the Consortium Agreement, pursuant to which they have agreed, among other things, that:

- a) all decisions relating to the Proposal will be made jointly by the Joint Offerors;
- b) Expedition Holding and Sharp Vision agree to contribute to the Cancellation Price of the entire Scheme Shares required to be paid to the Scheme Shareholders pursuant to the Scheme in the proportion of 71.56% and 28.44%, respectively. Sharp Vision shall be solely responsible for the obligation of payment for the offer price for the Option Offer and all the other obligations and liabilities in connection with the Option Offer;
- c) each Joint Offeror undertakes to arrange sufficient financial resources required by the SFC to implement the Scheme (for all the Joint Offerors) and the Option Offer (only for Sharp Vision) and to fulfil its payment obligations under the Scheme and/or the Option Offer (as the case may be);
- d) the new Shares to be issued upon cancellation of the Scheme Shares pursuant to the Proposal shall be allocated among Expedition Holding and Sharp Vision in the proportion of 71.56%, and 28.44%, respectively;
- e) before the Scheme becomes effective, lapses or is withdrawn and the closing of the Option Offer (whichever later), each member of the Joint Offerors, CIMC Top Gear B.V. and their respective associates shall not sell, transfer, charge, encumber, grant any option over or otherwise dispose of any interest in any of the Shares held by it directly or indirectly in the Company; and
- f) each member of the Joint Offerors, CIMC Top Gear B.V. and their respective associates shall not subscribe for or otherwise deal in the shares, convertible securities, options or other securities of the Company without prior consent of all other Joint Offerors (i) before the Scheme becomes effective, lapses or is withdrawn and the closing of the Option Offer (whichever later); and (ii) after the Scheme becomes effective unless in the case of (ii) the relevant requirements under the Takeovers Code are complied with.

6. SHAREHOLDING STRUCTURE OF THE COMPANY

The chart below shows a simplified shareholding structure of the Company as at the Latest Practicable Date:

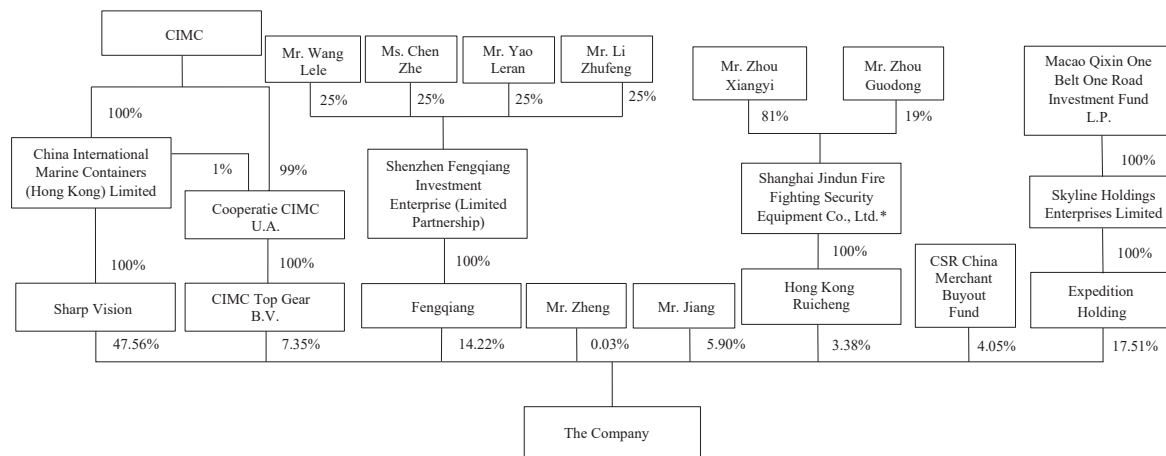


Notes:

- Sharp Vision and CIMC Top Gear B.V. are the indirect wholly-owned subsidiaries of the CIMC and together held 7,978,941,272 Shares in aggregate, of which 6,755,369,842 Shares (representing 40.60% of the issued Shares) were held by Sharp Vision and 1,223,571,430 Shares (representing approximately 7.35% of the issued Shares) were held by CIMC Top Gear B.V.
- Sharp Vision is the holder of the Convertible Bonds with an outstanding principal amount of RMB890,863,706, which can be converted into 2,863,592,755 new Shares based on the initial conversion price of HK\$0.366 per share.
- Fengqiang held 2,366,751,693 Shares, representing approximately 14.22% of the issued Shares. It is indirectly owned by Mr. Wang Lele, Ms. Chen Zhe, Mr. Yao Leran and Mr. Li Zhufeng, who are the senior management members of the Company. Mr. Li Zhufeng is the general partner of Shenzhen Fengqiang Investment Enterprise (Limited Partnership), the holding company of Fengqiang.
- Mr. Zheng is an executive Director and the chief executive officer of the Company, and held 4,600,000 Shares, representing approximately 0.03% of the issued Shares.
- Mr. Jiang is an executive Director and the honorary chairman of the Company, and held 981,600,000 Shares, representing approximately 5.90% of the issued share capital of the Company, whereas Mr. Jiang Qing (Mr. Jiang's brother and associate (as defined under the Takeovers Code)) held 7,500,000 Shares, representing approximately 0.05% of the issued share capital of the Company. As at the Latest Practicable Date, Mr. Jiang and Mr. Jiang Qing also held 4,000,000 Share Options and 28,000,000 Share Options, respectively. Pursuant to the Rollover Agreement, Mr. Jiang has undertaken that he will not (i) exercise any Share Options held by him; and (ii) accept the Option Offer in respect of all of his Share Options.
- HongKong Ruicheng held 561,734,448 Shares, representing approximately 3.38% of the issued Shares. It is indirectly owned by Mr. Zhou Xiangyi and Mr. Zhou Guodong.
- CSR China Merchant Buyout Fund held 673,225,000 Shares, representing approximately 4.05% of the issue Shares. The general partner of CSR China Merchant Buyout Fund is within the same group of companies as the substantial shareholder of CIMC, which is in turn the controlling shareholder of the Company. For further details on the composition of the partnership of CSR China Merchant Buyout Fund, please refer to the section headed "4. The Rollover Arrangement - Information on the Rollover Shareholders" in this Explanatory Memorandum above.
- The shareholding percentage in the diagram is subject to rounding adjustment.

* For identification purposes only

Assuming that (i) no Share Options granted under the 2009 Share Option Scheme are exercised before the Scheme Record Date; (ii) no Share Option is granted under the 2019 Share Option Scheme before the Scheme Record Date; (iii) Sharp Vision will not exercise its conversion rights under the Convertible Bonds held by it; and (iv) there is no other change in shareholding of the Company before completion of the Proposal, the chart below shows a simplified shareholding structure of the Company immediately following implementation of the Proposal:



Note: The shareholding percentage in the diagram is subject to rounding adjustment.

As at the Latest Practicable Date, the authorised share capital of the Company was HK\$500,000,000 divided into 50,000,000,000 Shares, and the Company had 16,638,046,183 Shares in issue. As at the Latest Practicable Date, the Scheme Shares, comprising 4,071,193,770 Shares, represent approximately 24.47% of the issued share capital of the Company.

Assuming that (i) there is no other change in shareholding of the Company before completion of the Proposal; (ii) Sharp Vision will not exercise its conversion rights under the Convertible Bonds held by it; and (iii) there are no Share Options exercised before the Scheme Record Date, the table below sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately following implementation of the Proposal:

* For identification purposes only

The Shareholders	As at the Latest Practicable Date		Immediately following implementation of the Proposal	
	Number of Shares	Approximate % (Note 7)	Number of Shares	Approximate % (Note 7)
The Joint Offerors (Note 1)				
Expedition Holding	–	–	2,913,533,835	17.51
Sharp Vision (Note 2)	6,755,369,842	40.60	7,913,029,777	47.56
Joint Offeror Concert Parties not subject to the Scheme (Note 1)				
CIMC Top Gear B.V. (Note 3)	1,223,571,430	7.35	1,223,571,430	7.35
Mr. Jiang (Notes 4 & 5)	981,600,000	5.90	981,600,000	5.90
Mr. Zheng (Note 4)	4,600,000	0.03	4,600,000	0.03
Fengqiang (Note 4)	2,366,751,693	14.22	2,366,751,693	14.22
HongKong Ruicheng (Notes 4 & 8)	561,734,448	3.38	561,734,448	3.38
CSR China Merchant Buyout Fund (Notes 4 & 8)	673,225,000	4.05	673,225,000	4.05
Joint Offeror Concert Parties subject to the Scheme (Note 6)				
Mr. Jiang Qing (Notes 5 & 6)	7,500,000	0.05	–	–
Aggregate number of Shares held by the Joint Offerors and the Joint Offeror Concert Parties				
	12,574,352,413	75.58	16,638,046,183	100
Independent Shareholders (Note 8)	4,063,693,770	24.42	–	–
Total number of Shares in issue	<u>16,638,046,183</u>	<u>100</u>	<u>16,638,046,183</u>	<u>100</u>
Total number of Scheme Shares	<u>4,071,193,770</u>	<u>24.47</u>	<u>–</u>	<u>–</u>

Notes:

1. The Shares in which the Joint Offerors, CIMC Top Gear B.V. and the Rollover Shareholders are interested will not form part of the Scheme Shares and will not be cancelled.
2. As at the Latest Practicable Date, Sharp Vision held Convertible Bonds with an outstanding principal amount of RMB890,863,706.
3. CIMC Top Gear B.V. and Sharp Vision are the indirect wholly-owned subsidiaries of CIMC. As a result, CIMC Top Gear B.V. is presumed to be a party acting in concert with Sharp Vision for the purpose of the Takeovers Code.
4. The Rollover Shareholders are considered to be acting in concert with the Joint Offerors for the purpose of the Takeovers Code as a result of the Rollover Arrangement.

5. As at the Latest Practicable Date, in addition to the 981,600,000 Shares held by Mr. Jiang, Mr. Jiang Qing (Mr. Jiang's brother and associate (as defined under the Takeovers Code)) also held 7,500,000 Shares. In addition, Mr. Jiang and Mr. Jiang Qing also held 4,000,000 Share Options and 28,000,000 Share Options, respectively. Pursuant to the Rollover Agreement, Mr. Jiang has undertaken that he will not (i) exercise any Share Options held by him; and (ii) accept the Option Offer in respect of all of his Share Options.
6. The Shares in which Mr. Jiang Qing (Mr. Jiang's brother and associate (as defined under the Takeovers Code)) is interested will form part of the Scheme Shares and will be cancelled upon the Effective Date but will not be voted on the Scheme at the Court Meeting or the Rollover Arrangement at the EGM.
7. The shareholding percentage in the table is subject to rounding adjustment.
8. The Shares held by HongKong Ruicheng and CSR China Merchant Buyout Fund do not form part of the Shares held by Independent Shareholders, for the only reason of them being considered to be parties acting in concert with the Joint Offerors by virtue of the Rollover Arrangement under the current privatisation exercise. Such arrangement shall cease if the Scheme is withdrawn, not approved or lapses, which in such event the Shares held by HongKong Ruicheng and CSR China Merchant Buyout Fund would be counted towards the public float in accordance with the Listing Rules.

Share Options

As at the Latest Practicable Date, there were (i) 115,625,000 Share Options granted under the 2009 Share Option Scheme, each relating to one Share with an exercise price of HK\$0.42; and (ii) no Share Option has been granted under the 2019 Share Option Scheme as at the Latest Practicable Date.

The 2009 Share Option Scheme has expired as at the Latest Practicable Date, and no further options shall be granted thereunder. However, the provisions of the 2009 Share Option Scheme shall remain in full force to the extent necessary to give effect to the exercise of the options which were granted during the life of the 2009 Share Option Scheme, and continue to be exercisable in accordance with their terms of issue.

The exercise of all the Share Options under the 2009 Share Option Scheme in full would result in the issue of 115,625,000 new Shares (representing approximately 0.70% of the issued share capital of Company as at the Latest Practicable Date) and approximately 0.69% of the issued share capital of the Company as enlarged by the issue of such new Shares.

In accordance with the terms of the 2009 Share Option Scheme, the Company shall notify the Optionholders as soon as possible after it becomes aware that the right to cast more than 50% of the votes which may ordinarily be cast on a poll at a general meeting of the Company in respect of issued Shares has or will become vested in the Joint Offerors, by way of the Option Offer Letter substantially in the form set out in Appendix VI to this Scheme Document, after which the Optionholders may by written notice to the Company within 21 days of the date of the Option Offer Letter exercise his or her Share Options. If the Scheme effective date falls on the same date as such 21-day notice period, the Share Options lapse automatically upon the Scheme becoming effective.

As at the date of the Latest Practicable Date, apart from the 4,000,000 Share Options and 28,000,000 Share Options which are respectively held by Mr. Jiang and Mr. Jiang Qing (Mr. Jiang's brother and associate (as defined under the Takeovers Code)), the Joint Offerors and the Joint Offeror Concert Parties did not hold any Share Option.

Save for the 16,638,046,183 Shares in issue, the 115,625,000 Share Options and the Convertible Bonds, the Company has no other relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) in issue.

7. REASONS FOR AND BENEFITS OF THE PROPOSAL

For the Company: to facilitate a shift in strategy towards long term growth

The Joint Offerors may implement a series of long-term growth strategies on the Company. However, such strategies may affect the Company's short-term growth profile and result in the divergence between the Joint Offerors' and the Company's view on the Company's long-term value on one hand, and investors' views on the Company's share price on the other hand. Following the implementation of the Proposal, the Joint Offerors and the Company can make strategic decisions focused on long-term benefits, free from the regulatory constraints and pressure of market expectations on share price associated with being a publicly listed company.

The Proposal also represents a good opportunity for the Scheme Shareholders to realise their investment with a premium.

The Cancellation Price of HK\$0.266 per Scheme Share represents a premium of approximately 20.36% over the closing price per Share on 28 September 2020, being the Last Trading Day. The Cancellation Price also represents a premium of approximately 18.22% and 26.67% over the average closing prices of approximately HK\$0.225 and approximately HK\$0.210 per Share for 30 and 60 consecutive trading days up to and including the Last Trading Day, respectively.

The average daily trading volume of the Shares for the 24 months up to and including the Last Trading Day was approximately 4,949,952 Shares per day, representing only approximately 0.03% of the issued Shares as at the Last Trading Date. The relatively 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. The Joint Offerors and the Directors (excluding the members of Independent Board Committee whose views are set out in the letter from the Independent Board Committee in Part V of this Scheme Document) consider that the Proposal provides the Scheme Shareholders with an opportunity to realise their investment in the Company for cash at a premium without having to suffer any illiquidity discount.

8. INTENTION OF THE JOINT OFFERORS WITH REGARD TO THE COMPANY

Due to the impact of the COVID-19 epidemic, the global aviation industry has been adversely affected. The Company's operations have gone through numerous difficulties in the first half of 2020. Having experienced great pressure in procuring stable supply of raw materials and completion of new orders, the Company mainly relied on the orders from last year to maintain profitability. In the meanwhile, the downturn in stock prices coupled with the lack of financing means also brought about difficulties for the Company to respond to the risks aforementioned, which may further affect the Company's ability to distribute dividends.

In view of the above, the Joint Offerors decided to launch the Proposal to privatise the Company. Upon successful privatisation, the Company will conduct review on its own business operation. The Joint Offerors will also re-examine the Company's business strategy from a longer-term perspective, and establish long-term development goals in lieu of short-term benefits, notwithstanding the potential impact on the Company's short-term financial performance. In addition, the Company may carry out a series of business operations after the successful privatisation, including but not limited to divesting business segments of the Group with low return on equity, exploring opportunity for separate listing, re-adjusting the organization and management structure and sales system, etc.

Subject to the results of the review on the Group's business operation upon the successful privatisation, the Joint Offerors have no intention as at the Latest Practicable Date to redeploy the fixed assets of the Group or to discontinue the employment of employees of the Group.

9. INFORMATION ON THE GROUP AND THE JOINT OFFERORS**Information of the Company and the Group**

The Company is an investment holding company and the Group is engaged in the business of (i) manufacture and sale of airport facilities which comprises mainly passenger boarding bridges and ground support equipment such as airport apron buses, aircraft catering vehicles and other specialized vehicles; (ii) the provision of engineering and computer software solutions for baggage, cargos and material handling and warehousing systems; and (iii) manufacture and sale of fire engines and fire equipment and mobile fire stations and rescue stations.

Information of Expedition Holding

Expedition Holding is a company incorporated in the Cayman Islands with limited liability on 5 March 2020 and is indirectly wholly-owned by Macao QiXin One Belt One Road Investment Fund L.P., a private equity fund. The general partner of Macao QiXin One Belt One Road Investment Fund L.P. is Macao QiXin, a limited liability company incorporated in the Cayman Islands with PRC state-owned background.

Information of Sharp Vision

Sharp Vision is an investment holding company incorporated in Hong Kong with limited liability on 30 January 2008, and an indirect wholly-owned subsidiary of CIMC. CIMC is a company established in the PRC with limited liability, the shares of which are listed on the Shenzhen Stock Exchange (Stock code: 000039.SZ) and the Main Board of the Stock Exchange (Stock code: 2039.HK), and is a world leading equipment and solution provider in the logistics and energy industries.

10. OVERSEAS SHAREHOLDERS AND OPTIONHOLDERS

The making of the Proposal (including the Option Offer) to persons not resident in Hong Kong may be subject to the laws and regulations of the relevant jurisdictions. Such persons should inform themselves about and observe any applicable legal, tax and regulatory requirements. It is the responsibility of any overseas Scheme Shareholders and overseas Optionholders wishing to accept the Proposal (including the Option Offer) to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, and the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due from such person in such jurisdiction.

Any acceptance by such overseas holders of the Scheme Shares will be deemed to constitute a representation and warranty from such persons to the Company, the Joint Offerors and their respective advisers, that those laws and regulatory requirements have been complied with. If such overseas Shareholders and Optionholders are in doubt as to their positions, they should consult their professional advisers.

11. TAXATION AND INDEPENDENT ADVICE

As the Scheme does not involve the sale and purchase of Hong Kong stock, no Hong Kong stamp duty will be payable pursuant to the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong) on the cancellation of the Scheme Shares upon the Scheme becoming effective.

Holders of the Scheme Shares are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting the Proposal. It is emphasised that none of the Joint Offerors, the Joint Offeror Concert Parties and the Company or any of their respective directors, officers or associates or any other person involved in the Proposal accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Proposal.

12. WITHDRAWAL OF LISTING OF SHARES

Upon the Scheme becoming effective, all Scheme Shares will be cancelled. The Share certificates for the Shares listed on the Stock Exchange and held by the Scheme Shareholders will thereafter cease to have effect as documents of or evidence of title.

The Company will apply to the Stock Exchange for the withdrawal of the listing of the Shares on the Stock Exchange in accordance with Rule 6.15(2) of the Listing Rules, subject to the Scheme becoming effective.

A detailed timetable of the Proposal and the Scheme has been included in Part III – Expected Timetable of this Scheme Document, which also contains, among other things, further details of the Scheme. Dealings in Shares on the Stock Exchange are expected to cease after 4:10 p.m. on Tuesday, 29 December 2020, and the listing of the Shares on the Stock Exchange is expected to be withdrawn at 4:00 p.m. on Monday, 25 January 2021. An announcement of the exact dates of the last day for dealing in the Shares on the Stock Exchange and the day on which the Scheme and the withdrawal of the listing of Shares on the Stock Exchange will become effective will be made by the Company and the Joint Offerors. A detailed timetable of the Proposal has been included in Part III of this Scheme Document.

The Company will be privatised by way of a scheme of arrangement under Section 86 of the Companies Law, and it is the Company's intention not to retain its listing on the Stock Exchange after implementation of the Proposal.

13. 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 (or such later date as the Joint Offerors and the Company may agree or, to the extent applicable, as the Grand Court may direct and in all cases, as permitted by the Executive). The listing of the Shares on the Stock Exchange will not be withdrawn if the Scheme does not become effective or the Proposal otherwise lapses, and an announcement will be made in due course in such event by the Joint Offerors and the Company.

If the Scheme is not approved or the Proposal otherwise lapses, there are restrictions under the Takeovers Code on making subsequent offers, to the effect that neither the Joint Offerors nor any person who acted in concert with either of them 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.

If the Independent Board Committee or Gram Capital does not recommend the Proposal, and the Scheme is not approved, all expenses incurred by the Company in connection therewith shall be borne by the Joint Offerors in accordance with Rule 2.3 of the Takeovers Code. Given that the Proposal is recommended by the Independent Board Committee and is recommended as fair and reasonable by Gram Capital, Rule 2.3 of the Takeovers Code is not applicable.

Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company. If they are in doubt as to the action they should take, they should consult their stockbroker, bank manager, solicitor or other professional advisers.

14. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising all the independent non-executive Directors of the Company, has been formed to advise the Independent Shareholders on the Proposal, the Scheme, the Option Offer and the Rollover Arrangement. The recommendation of the Independent Board Committee as to whether the terms of the Proposal, the Scheme, the Option Offer and the Rollover Arrangement are or are not fair and reasonable, and as to voting by the Independent Shareholders at the Court Meeting and the EGM, is set out in this Scheme Document.

As Dr. Li Yin Hui, Mr. Tao Kuan, and Mr. Zeng Han are personnel or senior management of CIMC (the indirect holding company of Sharp Vision, being one of the Joint Offerors) and/or its subsidiaries, all the non-executive Directors of the Company are regarded as being interested in the Proposal and therefore do not form part of the Independent Board Committee.

Gram Capital has been appointed by the Board to advise the Independent Board Committee in connection with the Proposal, the Scheme, the Option Offer and the Rollover Arrangement.

The Directors of the Company (excluding members of the Independent Board Committee whose views are set out in this Scheme Document) believe that the terms of the Proposal and the Scheme are fair and reasonable and in the interests of the Shareholders as a whole.

15. FURTHER AGREEMENTS OR ARRANGEMENTS

As at the Latest Practicable Date:

- a. no irrevocable commitment to vote for or against the Scheme has been received by Joint Offerors or the Joint Offeror Concert Parties;
- b. save for the Proposal, the Consortium Agreement and the Rollover Agreement, there are no arrangements (whether by way of option, indemnity or otherwise) in relation to the Shares or the shares of each of the Joint Offerors between the Joint Offerors or any of the Joint Offeror Concert Parties and any other person which might be material to the Proposal;
- c. save as disclosed in the section headed “3. Conditions of the Proposal” of this Explanatory Memorandum, there were no agreements or arrangements to which the Joint Offerors are parties which relate to the circumstances in which they may or may not invoke or seek to invoke a condition to the Proposal;

- d. save as disclosed below, none of the Joint Offerors nor, any of the Joint Offeror Concert Parties had any dealings for value in the Shares during the Relevant Period:

Name	Date of transactions	Purchase/Sale	On/off the Stock Exchange	No. of Shares involved	Transaction price per Share (HK\$)
Mr. Zheng	6 May 2020	Purchase	On	4,600,000	0.128
HongKong Ruicheng	6 August 2020	Purchase	On	60,000	0.205
		Purchase	On	40,000	0.206
		Purchase	On	420,000	0.207
		Purchase	On	150,000	0.208
		Purchase	On	200,000	0.210
	7 August 2020	Purchase	On	150,000	0.203
		Purchase	On	25,000	0.204
		Purchase	On	75,000	0.205
		Purchase	On	200,000	0.207
		Purchase	On	350,000	0.208
		Purchase	On	200,000	0.209
	10 August 2020	Purchase	On	100,000	0.207
		Purchase	On	100,000	0.208
		Purchase	On	100,000	0.209
		Purchase	On	600,000	0.210
11 August 2020	Purchase	On	10,000	0.207	
	Purchase	On	500,000	0.208	
	Purchase	On	290,000	0.209	
	Purchase	On	6,200,000	0.210	
12 August 2020	Purchase	On	400,000	0.204	

- e. the Joint Offerors and the Joint Offeror Concert Parties have not borrowed or lent any Shares or any other securities of the Company;

- f. save for the Convertible Bonds held by Sharp Vision, which can be converted into 2,863,592,755 Shares, and the 4,000,000 Share Options and 28,000,000 Share Options respectively held by Mr. Jiang and Mr. Jiang Qing (Mr. Jiang's brother and associate (as defined under the Takeovers Code)) as at the Latest Practicable Date, there are no options, warrants or convertible securities in respect of the Shares held, controlled or directed by any of the Joint Offerors or the Joint Offeror Concert Parties, or outstanding derivatives in respect of the Shares entered into by the Joint Offerors or the Joint Offeror Concert Parties;
- g. save for the Cancellation Price and Option Offer Price, there is no other consideration, compensation or benefits in whatever form paid or to be paid by the Joint Offerors or the Joint Offeror Concert Parties to any Scheme Shareholders in connection with the Proposal; and
- h. save for the Consortium Agreement and the Rollover Agreement, there is no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (i) any Shareholder; and (ii)(a) the Joint Offerors and Joint Offeror Concert Parties, or (b) the Company, its subsidiaries or associated companies.

16. THE SCHEME AND THE COURT MEETING

Pursuant to Section 86 of the Companies Law, where a compromise or an arrangement is proposed between a company and its members or any class of them, the Grand Court may, on the application of the company or any member of the company, order a meeting of the members of the company or class of members, as the case may be, to be summoned in such manner as the Grand Court directs.

It is expressly provided in Section 86 of the Companies Law that if a majority in number representing 75% in value of the members or class of members, as the case may be, present and voting either in person or by proxy at the meeting held as directed by the Grand Court as aforesaid, agree to any compromise or arrangement, the compromise or arrangement shall, if sanctioned by the Grand Court, be binding on all members or class of members, as the case may be, and also on the Company.

17. ADDITIONAL REQUIREMENTS AS IMPOSED BY RULE 2.10 OF THE TAKEOVERS CODE

In addition to satisfying any requirements imposed by law as summarised above, other than with the consent of the Executive to dispense with compliance or strict compliance therewith, Rule 2.10 of the Takeovers Code requires that the Scheme may only be implemented if:

- (a) the Scheme is approved (by way of poll) by at least 75% of the votes attaching to the Scheme Shares held by the Independent Shareholders that are cast either in person or by proxy at the Court Meeting; and
- (b) the number of votes cast (by way of poll) by the Independent Shareholders present and voting either in person or by way of 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 all the Independent Shareholders.

For the purpose of counting the votes for (a) and (b) above, Independent Shareholders comprise all Shareholders as at the Meeting Record Date other than the Joint Offerors and the Joint Offeror Concert Parties. Shareholders that are not Independent Shareholders will be required to abstain from voting at the Court Meeting in accordance with the Takeovers Code. As at the Latest Practicable Date, the Independent Shareholders held in aggregate 4,063,693,770 Scheme Shares. On that basis, and assuming that no new Shares are issued on or before the Meeting Record Date, 10% of the votes attached to all the Scheme Shares held by all Independent Shareholders referred to in (b) above would represent approximately 406,369,377 Shares.

18. BINDING EFFECT OF THE SCHEME AND THE PROPOSAL

Upon the Scheme becoming effective it will be binding on the Company and all Scheme Shareholders, regardless of how they voted (or whether they voted) at the Court Meeting and the EGM.

19. DISCLOSURE OF DEALINGS

Associates of the Joint Offerors 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 any of the Joint Offerors and 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.

20. REGISTRATION AND PAYMENT

Assuming that the Scheme Record Date falls on Thursday, 21 January 2021, it is proposed that the register of members of the Company will be closed from Tuesday, 5 January 2021 (or such other date as Shareholders may be notified by an announcement) onwards in order to determine entitlements under the Scheme. In order to qualify for entitlements under the Scheme, the Scheme Shareholders should ensure that the transfer of Shares to them are lodged with the Share Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration in their names or in the names of their nominees before 4:30 p.m. (Hong Kong time) on Monday, 4 January 2021.

Payment of Cancellation Price to Scheme Shareholders

Upon the Scheme becoming effective, payment of the Cancellation Price for the Scheme Shares will be made to the Scheme Shareholders whose names appear on the register of members of the Company as at the Scheme Record Date. Assuming that the Scheme becomes effective on Thursday, 21 January 2021 (Cayman Islands time), cheques for payment of the Cancellation Price under the Scheme will be paid for by the Joint Offerors as soon as possible but in any event within seven (7) Business Days following the Scheme having become effective and accordingly, the cheques are expected to be despatched on or before Monday, 1 February 2021.

In the absence of any specific instructions to the contrary received in writing by the Share Registrar, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, cheques will be sent by ordinary post addressed to the persons entitled thereto at their respective registered addresses or, in the case of joint holders, to the registered address of that joint holder whose name stands first in the register of members of the Company in respect of the joint holding. All such cheques will be sent at the risk of the person(s) entitled thereto and none of the Joint Offerors, the Company, the Joint Financial Advisers, Gram Capital and the Share Registrar will be responsible for any loss or delay in despatch.

On or after the day being six calendar months after the posting of such cheques, the Joint Offerors shall have the right to cancel or countermand payment of any such cheques which has not been cashed or has been returned uncashed, and shall place all monies represented thereby in a deposit account in the name of the Joint Offerors with a licensed bank in Hong Kong selected by the Joint Offerors.

The Joint Offerors shall hold such monies until the expiry of six years from the Effective Date and shall, prior to such date, make payments therefrom of the sums to persons who satisfy the Joint Offerors that they are respectively entitled thereto. On the expiry of six years from the Effective Date, the Joint Offerors shall be released from any further obligation to make any payments under the Scheme.

Assuming that the Scheme becomes effective, the register of members of the Company will be updated accordingly to reflect the cancellation of all the Scheme Shares and all existing certificates representing the Scheme Shares will cease to have effect as documents or evidence of title as from the Effective Date, which is expected to be on or about Thursday, 21 January 2021 (Cayman Islands time).

Settlement of the Cancellation Price to which the Scheme Shareholders are entitled under the Scheme will be implemented in full in accordance with the terms of the Scheme, without regard to any lien, right of set-off, counterclaim or other analogous right that the Joint Offerors may be, or otherwise claim to be, entitled against any such Scheme Shareholder.

Payment in respect of the Option Offer Price to Optionholders

On the basis that the Scheme becomes effective, cheques for payment of the Option Offer Price payable under the Option Offer are expected to be despatched as soon as possible but in any event within seven (7) Business Days following the Scheme having become effective and accordingly, the cheques are expected to be despatched on or before Monday, 1 February 2021. Cheques will be sent by posting the same in pre-paid envelopes addressed to the persons entitled thereto at their respective registered addresses. All such cheques will be sent at the risk of the person(s) entitled thereto and none of the Joint Offerors, the Company, the Joint Financial Advisers, Gram Capital and the Share Registrar will be responsible for any loss or delay in despatch.

On or after the day being six calendar months after the posting of such cheques, the Joint Offerors (or its nominee) shall have the right to cancel or countermand payment of any such cheque which has not been cashed or has been returned uncashed, and shall place all monies represented thereby in a deposit account in the name of the Joint Offerors (or its nominee) with a licensed bank in Hong Kong selected by the Joint Offerors (or its nominee).

The Joint Offerors (or its nominee) shall hold such monies for those entitled under the terms of the Option Offer until the expiry of six years from the Effective Date and shall, prior to such date, make payments therefrom of the sums, together with interest thereon, to persons who satisfy the Joint Offerors (or its nominee) that they are respectively entitled thereto, provided that such cheques referred to in the paragraph above of which they are payees have not been cashed. On the expiry of six years from the Effective Date, the Joint Offerors (and, if applicable, its nominee) shall be released from any further obligation to make any payments under the Option Offer.

Settlement of the consideration to which the Optionholders are entitled under the Option Offer will be implemented in full in accordance with the terms of the Option Offer, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Joint Offerors may otherwise be, or claim to be, entitled against any such Optionholders.

Payment in respect of Share Options that have exercised but in respect of which the underlying Shares have not been registered in the name of the relevant holder, as at the Share Option Record Date and for which valid acceptances have been tendered, shall be made as soon as possible and in any event within seven (7) Business Days of the Effective Date.

As at the Latest Practicable Date, all Outstanding Share Options have vested and there are no outstanding Share Options which are unvested.

21. COURT MEETING AND EGM

In accordance with the directions of the Grand Court, the Court Meeting will be held for the purpose of considering and, if thought fit, passing a resolution to approve the Scheme (with or without modifications).

Scheme Shareholders (other than Mr. Jiang Qing, being one of the Joint Offeror Concert Parties who holds Scheme Shares) whose names appear on the register of members of the Company as at the Meeting Record Date shall be entitled to attend and vote, in person or by proxy, at the Court Meeting for the purpose of the requirements of Cayman Islands law, provided that only votes of Independent Shareholders will be counted for the purpose of determining whether the requirements set out in the section headed “17. Additional requirements as imposed by Rule 2.10 of the Takeovers Code” in this Explanatory Memorandum above are satisfied in accordance with the Takeovers Code.

The Shares owned by the Joint Offerors and the Joint Offeror Concert Parties (other than Mr. Jiang Qing, being one of the Joint Offeror Concert Parties who holds Scheme Shares) will not form part of the Scheme Shares. The Shares owned by the Joint Offerors and the Joint Offeror Concert Parties will not be voted on the Scheme at the Court Meeting. The Shares owned by the Joint Offerors and the Joint Offeror Concert Parties will not be voted on the Rollover Arrangement at the EGM.

The EGM will be held immediately following the adjournment or conclusion of the Court Meeting. All Shareholders will be entitled to attend the EGM and vote on (a) the special resolution approving and to give effect to (i) any reduction of the issued share capital of Company associated with the cancellation of the Scheme Shares; and (ii) immediately thereafter by ordinary resolution to restore the issued share capital of the Company to the amount prior to the cancellation of the Scheme Shares by the issue of the same number of Shares as the number of Scheme Shares cancelled, and the application of the credit amount arising in the books of the Company as a result of the aforesaid cancellation of the Scheme Shares to pay up in full at par such number of new Shares as is equal to the number of Scheme Shares cancelled, to be issued to the Joint Offerors simultaneously with the cancellation of the Scheme Shares; and (b) the ordinary resolution by the Independent Shareholders at the EGM to approve the Rollover Arrangement.

Results of the Court Meeting and the EGM

Assuming that the Conditions are fulfilled (or, as applicable, waived in whole or in part), it is expected that the Scheme will become effective on or about Thursday, 21 January 2021 (Cayman Islands time). Further announcements will be made to give details of (i) the results of the Court Meeting and the EGM and, if all the resolutions are passed at those meetings, (ii) the results of the hearing of the petitions for the sanction of the Scheme and the confirmation of the capital reduction by the Grand Court, (iii) the Scheme Record Date, (iv) the Effective Date, and (v) the date of withdrawal of the listing of the Shares on the Stock Exchange.

Announcement of the results of the Court Meeting and the EGM

1. An announcement will be made by the Joint Offerors and the Company in accordance with the Takeovers Code on the Stock Exchange's website by 7:00 p.m. on the date of the Court Meeting and the EGM in accordance with Rule 19.1 of the Takeovers Code to the extent applicable. The announcement will state the total number of Shares and rights over Shares:
 - (a) held, controlled or directed by the Joint Offerors or Joint Offeror Concert Parties before the Offer Period; and
 - (b) acquired or agreed to be acquired during the Offer Period by the Joint Offerors or Joint Offeror Concert Parties.

The announcement will include details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Joint Offerors and Joint Offeror Concert Parties have borrowed or lent, save for any borrowed Shares which have been either on-lent or sold.

The announcement will specify the percentages of the relevant classes of share capital, and the percentages of voting rights, represented by these numbers.

2. In accordance with Rule 2.9 of the Takeovers Code, the said announcement will set out the identity of the scrutineer and the results of the Court Meeting and the EGM, including:
 - (a) the number of Shares of each class voted for and against the resolution(s) and the percentage of the relevant class of share capital which those numbers represent; and
 - (b) the number of Scheme Shareholders voting for and against the resolution and the percentage of the Scheme Shareholders voting which that number represents and, among them, the number of CCASS Participants instructing HKSCC Nominees Limited to vote for and against the resolution(s) and the number of Shares voted by such CCASS Participants.

22. BENEFICIAL OWNERS

Beneficial Owners are urged to have their names entered in the register of members of the Company as soon as possible for, among other things, the following reasons:

- (a) to enable the Beneficial Owners to become registered holders of the Scheme Shares so that they can attend the Court Meeting in the capacity as members of the Company or to be represented by proxies to be appointed by them and to be included for the purpose of calculating the majority in number of Shareholders as required under Section 86 of the Companies Law in their capacity as members of the Company;
- (b) provided that the Beneficial Owners have become registered holders of the Scheme Shares, to enable the Company to properly classify members of the Company for the purposes of the headcount test under Section 86 of the Companies Law; and
- (c) to enable the Company and the Joint Offerors to make arrangements to effect payments by way of the delivery of cheques to the most appropriate person when the Scheme becomes effective.

No person shall be recognised by the Company as holding any Shares upon any trust. In the case of any Beneficial Owner whose Shares are held upon trust by, and registered in the name of, a Registered Owner (other than HKSCC Nominees Limited), such Beneficial Owner should contact the Registered Owner and provide the Registered Owner with instructions or make arrangements with the Registered Owner in relation to the manner in which the Shares of the Beneficial Owner should be voted at the Court Meeting and/or the EGM. Such instructions and/or arrangements should be given or made in advance of the deadline in respect of the Court Meeting and the EGM set by the Registered Owner in order to provide the Registered Owner with sufficient time to accurately complete his, her or its proxy and to submit it by the latest time for the lodgement of forms of proxy in respect of the Court Meeting and the EGM. To the extent that any Registered Owner requires instructions from or arrangements to be made with any Beneficial Owner at a particular date or time in advance of the latest time for the lodgement of forms of proxy in respect of the Court Meeting and the EGM, then any such Beneficial Owner should comply with the requirements of the Registered Owner.

Any Beneficial Owner whose Shares are deposited in CCASS and registered under the name of HKSCC Nominees Limited must, unless such Beneficial Owner is a person admitted to participate in CCASS as an Investor Participant, contact their broker, custodian, nominee or other relevant person who is, or has in turn deposited such Shares with, another CCASS Participant regarding voting instructions to be given to such persons if they wish to vote at the Court Meeting and/or EGM. Beneficial Owners should contact their broker, custodian, nominee or other relevant person in advance of the deadline in respect of the Court Meeting and the EGM set by them, in order to provide such broker, custodian, nominee or other relevant person with sufficient time to provide HKSCC Nominees Limited with instructions or make arrangements with HKSCC Nominees Limited in relation to the manner in which the Shares of the Beneficial Owner should be voted at the Court Meeting and/or the EGM. Each CCASS Participant who instructs HKSCC Nominees Limited to vote at the Court Meeting and/or EGM, whether for or against the Proposal, shall be counted as a single shareholder. The procedure for voting in respect of the Scheme by HKSCC Nominees Limited with respect to the Shares registered under the name of HKSCC Nominees Limited shall be in accordance with the “General Rules of CCASS” and the “CCASS Operational Procedures” in effect from time to time.

23. ACTIONS TO BE TAKEN

The actions to be taken can be found in the section headed “Actions To Be Taken” set out in Part II of this Scheme Document.

24. RECOMMENDATION

Your attention is drawn to the following:

- (i) the section headed “18. Recommendation” in the letter from the Board set out in Part IV of this Scheme Document;
- (ii) the letter from the Independent Board Committee set out in Part V of this Scheme Document; and
- (iii) the letter from Gram Capital set out in Part VI of this Scheme Document.

25. FURTHER INFORMATION

Further information is set out in the appendices to, and elsewhere in, this Scheme Document, all of which form part of this Explanatory Memorandum.

Shareholders and Scheme Shareholders should rely only on the information contained in this Scheme Document. None of the Company, the Joint Offerors, Joint Financial Advisers, Gram Capital and the Share Registrar or any of their respective affiliates has authorised anyone to provide you with information that is different from what is contained in this Scheme Document.

26. LANGUAGE

In case of any inconsistency, the English language text of this Scheme Document and the accompanying forms of proxy shall prevail over the Chinese language text.

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

The following is a summary of the audited consolidated financial results of the Group for each of the three years ended 31 December 2017, 2018 and 2019 and the unaudited consolidated financial results for the six months ended 30 June 2020. Their sources are as follows:

Consolidated financial results of the Group for:	As extracted from:
The year ended 31 December 2017	The 2017 comparative figures as presented in the annual report of the Company for the year ended 31 December 2018 (the “ 2018 Annual Report ”)
The year ended 31 December 2018	The 2018 comparative figures as presented in the annual report of the Company for the year ended 31 December 2019 (the “ 2019 Annual Report ”)
The year ended 31 December 2019	The 2019 Annual Report
The six months ended 30 June 2020	The interim report of the Company for the six months ended 30 June 2020 (the “ 2020 Interim Report ”)

The auditors’ reports issued by the auditors of the Company, RSM Hong Kong, in respect of the Group’s audited consolidated financial statements for the year ended 31 December 2017, and PricewaterhouseCoopers, in respect of the Group’s audited consolidated financial statements for each of the two years ended 31 December 2018 and 2019, did not contain any modified opinion, emphasis of matter or material uncertainty related to going concern.

	For the year ended 31 December			For the six months ended
	2017	2018	2019	30 June 2020
	(audited)	(audited)	(audited)	(unaudited)
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
	(Restated)	(Restated)		
	<i>Note 1</i>	<i>Note 2</i>		
Revenue	1,662,685	4,367,631	5,957,661	2,173,183
Cost of sales and services	(1,273,336)	(3,592,853)	(4,758,323)	(1,751,571)
Gross profit	389,349	774,778	1,199,338	421,612
Selling and distribution expenses	(52,559)	(189,646)	(257,288)	(104,627)
General and administrative expenses	(243,061)	(449,193)	(613,349)	(261,108)
Net (impairment losses)/reversal of impairment losses on financial and contract assets	(5,428)	(21,173)	(24,678)	3,917
Other income	60,781	102,380	96,999	60,633
Other (losses)/gains - net	(3,638)	42,745	(21,985)	3,239

	For the year ended 31 December			For the six months ended
	2017 (audited) RMB'000 (Restated) Note 1	2018 (audited) RMB'000 (Restated) Note 2	2019 (audited) RMB'000	30 June 2020 (unaudited) RMB'000
Operating profits	145,444	259,891	379,037	123,666
Finance costs	(7,267)	(35,077)	(78,742)	(36,865)
Share of net profits of associates	–	3,447	15,106	9,183
Profit before income tax	138,177	228,261	315,401	95,984
Income tax expense	(18,496)	(33,117)	(71,339)	(16,386)
Profit for the year/period	<u>119,681</u>	<u>195,144</u>	<u>244,062</u>	<u>79,598</u>
Other comprehensive income:				
<i>Items that may be reclassified to profit or loss</i>				
Exchange differences on translating foreign operations	12,880	11,286	44,830	9,130
Share of other comprehensive (loss)/ income of associates	–	(43)	–	77
	<u>12,880</u>	<u>11,243</u>	<u>44,830</u>	<u>9,207</u>
<i>Items that will not be reclassified to profit or loss</i>				
Fair value uplift at the date of transfer of investment properties from property, plant and equipment and prepaid land lease payments	594	–	–	–
Remeasurement of defined benefit liabilities	–	616	(3,094)	–
Remeasurement of other employee benefit	–	(554)	(378)	–
	<u>594</u>	<u>62</u>	<u>(3,472)</u>	<u>–</u>
Other comprehensive income for the year/period, net of tax	<u>13,474</u>	<u>11,305</u>	<u>41,358</u>	<u>9,207</u>
Total comprehensive income for the year/period	<u>133,155</u>	<u>206,449</u>	<u>285,420</u>	<u>88,805</u>

	For the year ended 31 December			For the six months ended
	2017 (audited) RMB'000 (Restated) Note 1	2018 (audited) RMB'000 (Restated) Note 2	2019 (audited) RMB'000	30 June 2020 (unaudited) RMB'000
Profit for the year/period attributable to:				
Owners of the Company	86,118	177,713	215,736	72,175
Non-controlling interests	33,563	17,431	28,326	7,423
	<u>119,681</u>	<u>195,144</u>	<u>244,062</u>	<u>79,598</u>
Total comprehensive income for the year/period attributable to:				
Owners of the Company	99,610	189,088	256,767	81,386
Non-controlling interests	33,545	17,361	28,653	7,419
	<u>133,155</u>	<u>206,449</u>	<u>285,420</u>	<u>88,805</u>
Earnings per share for profit attributable to the owners of the Company (RMB cents):				
Basic	1.33	1.49	1.46	0.45
Diluted	0.70	1.08	1.18	0.39
Dividends (HK\$)	–	–	68,115,100.97	–
Dividends per share (HK\$)	<u>–</u>	<u>–</u>	<u>0.0042</u>	<u>–</u>

Note 1: The consolidated financial statements of the Group for the year ended 31 December 2017 were restated for the reverse acquisition adopted, in accordance with HKFRS 3 “*Business Combinations*”, to account for the acquisition of Pteris Global Limited (“**Pteris**”) in April 2018. Pteris, being the legal subsidiary, was deemed to be the accounting acquirer while the Company, being the legal acquirer, was deemed to be the accounting acquiree for accounting purpose. As such, the consolidated financial statements of the Group for 2018 represented a continuation of the consolidated financial statements of Pteris and its subsidiaries (the “**Pteris Group**”). The consolidated financial statements for 2017, as extracted from the 2018 Annual Report and presented in the table above, were the consolidated financial statements of the Pteris Group for the year ended 31 December 2017. Details of the accounting treatment for the acquisition of Pteris have been set out in the 2018 Annual Report.

Note 2: The consolidated financial statements of the Group for the year ended 31 December 2018 were restated for the merger accounting applied to account for the acquisition of Albert Ziegler GmbH (“**Ziegler**”) in December 2019, which was regarded as a common control combination, in accordance with Accounting Guidelines 5 “*Merger Accounting for Common Control Combination*” issued by Hong Kong Institute of Certified Public Accountants. In applying merger accounting, the consolidated financial statements incorporate the financial statement items of the combining entities in which the common control combination occurs as if they had been combined from the date when the combining entities first came under the control of the controlling party. As such, the consolidated financial statements for 2018, as extracted from the 2019 Annual Report and presented in the table above, has consolidated the consolidated financial statement items of Ziegler and its subsidiaries for the whole year ended 31 December 2018. Details of the accounting treatment for the acquisition of Ziegler have been set out in the 2019 Annual Report.

Save as disclosed above, there was no item of any income or expense which was material in respect of the financial information for the six months ended 30 June 2020 and each of the three years ended 31 December 2017, 2018 and 2019.

2. CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP

The audited consolidated financial statements of the Group for the year ended 31 December 2017 (the “**2017 Financial Statements**”) are set out on pages 43 to 111 of the annual report of the Company for the year ended 31 December 2017 (the “**2017 Annual Report**”), which was published on 27 April 2018. The 2017 Annual Report is posted on the websites of the Company (<http://www.cimc-tianda.com/>) and the Stock Exchange (www.hkexnews.hk). Please also see below a direct link to the 2017 Annual Report:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0427/ltn20180427660.pdf>

The audited consolidated financial statements of the Group for the year ended 31 December 2018 (the “**2018 Financial Statements**”) are set out on pages 54 to 201 of the 2018 Annual Report, which was published on 29 April 2019. The 2018 Annual Report is posted on the websites of the Company (<http://www.cimc-tianda.com/>) and the Stock Exchange (www.hkexnews.hk). Please also see below a direct link to the 2018 Annual Report:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0429/ltn20190429375.pdf>

The audited consolidated financial statements of the Group for the year ended 31 December 2019 (the “**2019 Financial Statements**”) are set out on pages 57 to 219 of the 2019 Annual Report, which was published on 28 April 2020. The 2019 Annual Report is posted on the websites of the Company (<http://www.cimc-tianda.com/>) and the Stock Exchange (www.hkexnews.hk). Please also see below a direct link to the 2019 Annual Report:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0428/2020042801138.pdf>

The latest unaudited condensed interim financial information of the Group for the six months ended 30 June 2020 (the “**2020 Interim Financial Information**”) are set out on pages 2 to 24 of the 2020 Interim Report, which was published on 3 September 2020. The 2020 Interim Report is posted on the websites of the Company (<http://www.cimc-tianda.com/>) and the Stock Exchange (www.hkexnews.hk). Please also see below a direct link to the 2020 Interim Report:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0903/2020090300707.pdf>

The 2017 Financial Statements, the 2018 Financial Statements, the 2019 Financial Statements and the 2020 Interim Financial Information (but not any other part of the 2017 Annual Report, the 2018 Annual Report, the 2019 Annual Report and the 2020 Interim Report in which they respectively appear) are incorporated by reference into this Scheme Document and form part of this Scheme Document.

3. INDEBTEDNESS

As at 30 September 2020, being the latest practicable date for the purpose of ascertaining the indebtedness of the Group prior to the date of this Scheme Document, the Group had outstanding borrowings of RMB1,890 million, which comprised: (i) unsecured and unguaranteed bank borrowings of RMB428 million; (ii) secured and unguaranteed bank borrowings of RMB189 million; (iii) unsecured and guaranteed bank borrowings of RMB315 million; (iv) secured and guaranteed bank borrowings of RMB698 million; (v) unsecured and unguaranteed loans from related parties of RMB130 million; (vi) unsecured and unguaranteed convertible bonds (liabilities portion) of RMB72 million; and (vii) letter of credit of RMB58 million.

Contingent liabilities

As at 30 September 2020, the Group had issued letters of guarantee amounted to RMB81 million.

Lease liabilities

As at 30 September 2020, the Group had lease liabilities amounting to RMB130 million in respect of land, properties, technical plant and equipment.

Amount due to related parties

As of September 30, 2020, the Group had amounts due to related parties of RMB262 million. The amounts were unsecured.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, as of 30 September 2020, being the latest practicable date for determining indebtedness, the Group did not have any outstanding mortgages, charges, debentures, debt securities or other loan capital or bank overdrafts or loans or other similar indebtedness or finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills) or acceptance credits or guarantees or other material contingent liabilities, nor any authorised or otherwise created but unissued debt securities.

4. MATERIAL CHANGE

The Directors confirm that save as and except for the below, there was no material change in the financial or trading position or outlook of the Group since 31 December 2019, being the date to which the latest published audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date:

Shenzhen CIMC-Tianda Airport Support Ltd* (深圳中集天達空港設備有限公司) (“**Shenzhen Tianda**”), an indirect non-wholly owned subsidiary of the Company, and CIMC Wulian Technology Co., Ltd.* (中集物聯科技有限公司) entered into a transfer agreement on 1 September 2020 in relation to the disposal of (i) the automated parking systems business held by Shenzhen Tianda and all the assets, liabilities and relevant rights and interests arising therefrom; (ii) 75% registered capital of Shenzhen CIMC Auotparking System Co., Ltd.* (深圳中集智能停車有限公司); and (iii) 60% registered capital in Tianda (Longyan) Investment Development Co., Ltd.* (中集天達(龍岩)投資發展有限公司) (the “**Disposal**”). The Disposal constitutes a discloseable and connected transaction of the Company. Details of the Disposal are set out in the Company’s circular dated 29 October 2020.

1. RESPONSIBILITY STATEMENTS

As at the Latest Practicable Date, the Board comprises Mr. Jiang Xiong and Mr. Zheng Zu Hua as executive Directors; Dr. Li Yin Hui, Mr. Tao Kuan and Mr. Zeng Han as non-executive Directors; and Dr. Loke Yu, Mr. Heng Ja Wei and Mr. Ho Man as independent non-executive Directors. The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Scheme Document (other than those relating to the Joint Offerors and the Joint Offeror Concert Parties) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Scheme Document (other than those expressed by the directors of each of the Joint Offerors) have been arrived at after due and careful consideration and there are no other facts not contained in this Scheme Document the omission of which would make any statement in this Scheme Document misleading.

As at the Latest Practicable Date, the directors of Expedition Holding are Mr. Han Yong and Mr. Zeng Wei.

As of the Latest Practicable Date, the directors of Macao QiXin (the general partner of Macao QiXin One Belt One Road Investment Fund L.P., which is in turn the indirect holding company of Expedition Holding) are Dr. Ai Linzhi, Mr. Pan Genping, Mr. Yu Hailin and Mr. Wang Shugui.

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

As of the Latest Practicable Date, the directors of Sharp Vision are Mr. Jin Jianlong, Mr. Wang Yu and Mr. Yu Yuqun.

As of the Latest Practicable Date, the board of directors of CIMC (being the indirect holding company of Sharp Vision) comprises Mr. Mai Boliang (chairman) as an executive director; Mr. Hu Xianfu (vice-chairman), Mr. Liu Chong (vice-chairman), Mr. Deng Weidong and Mr. Ming Dong as non-executive directors; Mr. Gao Xiang as an executive director; and Mr. He Jiale, Mr. Pan Zhengqi and Ms. Lui Fung Mei Yee, Mabel as independent non-executive directors.

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

2. SHARE CAPITAL

As at the Latest Practicable Date:

- (a) the authorised share capital of the Company is HK\$500,000,000 divided into 50,000,000,000 Shares;
- (b) the Company had 16,638,046,183 Shares in issue;
- (c) the Company had issued 697,884,300 new Shares since 31 December 2019, being the end of the last financial year of the Company, and up to the Latest Practicable Date, upon conversion of the convertible bonds issued by the Company by the bondholders including the 420,165,000 new Shares issued upon conversion of the convertible bonds held by Wison Energy;
- (d) all of the issued Shares rank pari passu in all respects as regards rights to capital, dividends and voting; and
- (e) save for the Convertible Bonds held by Sharp Vision, which can be converted into 2,863,592,755 Shares, and the 115,625,000 Share Options as at the Latest Practicable Date, there were no outstanding options, warrants 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 may affect the Shares.

3. MARKET PRICE

The table below sets out the closing price of the Shares on the Stock Exchange on (i) the Last Trading Day; (ii) the last trading day of each of the calendar months during the Relevant Period; and (iii) the Latest Practicable Date:

	Closing price for each Share (HK\$)
31 January 2020	0.222
28 February 2020	0.197
31 March 2020	0.165
29 April 2020	0.150
29 May 2020	0.130
30 June 2020	0.165
31 July 2020	0.192
31 August 2020	0.230
28 September 2020 (Last Trading Day)	0.221
30 October 2020	0.241
27 November 2020 (Latest Practicable Date)	0.245

During the Relevant Period, the lowest closing price of Shares as quoted on the Stock Exchange was HK\$0.120 per Share on 25 May 2020, and the highest closing price as quoted on the Stock Exchange was HK\$0.247 per Share on 12 November 2020, 13 November 2020, 16 November 2020 and 18 November 2020, respectively.

The Cancellation Price of HK\$0.266 per Scheme Share represents a premium of approximately 20.36% over the closing price of HK\$0.221 per Share as quoted on the Stock Exchange on 28 September 2020, being the Last Trading Day and a premium of approximately 8.57% over the closing price of HK\$0.245 per Share as quoted on the Stock Exchange on 27 November 2020, being the Latest Practicable Day.

4. DISCLOSURE OF INTERESTS

For the purpose of this paragraph, “interested” and “interests” have the same meanings as given to them in Part XV of the SFO.

(a) Interests and dealings in the Shares

- (i) As at the Latest Practicable Date, the Joint Offerors and the Joint Offeror Concert Parties are interested in the following Shares:

The Shareholders	As at the Latest Practicable Date	
	Number of Shares	Approximate% (Note 7)
The Joint Offerors (Note 1)		
Expedition Holding	–	–
Sharp Vision (Note 2)	6,755,369,842	40.60
Joint Offeror Concert Parties not subject to the scheme (Note 1)		
CIMC Top Gear B.V. (Note 3)	1,223,571,430	7.35
Mr. Jiang (Notes 4 & 5)	981,600,000	5.90
Mr. Zheng (Note 4)	4,600,000	0.03
Fengqiang (Note 4)	2,366,751,693	14.22
HongKong Ruicheng (Notes 4 & 8)	561,734,448	3.38
CSR China Merchant Buyout Fund (Notes 4 & 8)	673,225,000	4.05
Joint Offeror Concert Parties subject to the Scheme (Note 6)		
Mr. Jiang Qing (Notes 5 & 6)	7,500,000	0.05
Aggregate number of Shares held by the Joint Offerors and the Joint Offeror Concert Parties	12,574,352,413	75.58
Independent Shareholders (Note 8)	4,063,693,770	24.42
Total number of Shares in issue	<u>16,638,046,183</u>	<u>100</u>
Total number of Scheme Shares	<u>4,071,193,770</u>	<u>24.47</u>

Notes:

1. The Shares in which the Joint Offerors, CIMC Top Gear B.V. and the Rollover Shareholders are interested will not form part of the Scheme Shares and will not be cancelled.
 2. As at the Latest Practicable Date, Sharp Vision held Convertible Bonds with an outstanding principal amount of RMB890,863,706.
 3. CIMC Top Gear B.V. and Sharp Vision are the indirect wholly-owned subsidiaries of CIMC. As a result, CIMC Top Gear B.V. is presumed to be a party acting in concert with Sharp Vision for the purpose of the Takeovers Code.
 4. The Rollover Shareholders are considered to be acting in concert with the Joint Offerors for the purpose of the Takeovers Code as a result of the Rollover Arrangement.
 5. As at the Latest Practicable Date, in addition to the 981,600,000 Shares held by Mr. Jiang, Mr. Jiang Qing (Mr. Jiang's brother and associate (as defined under the Takeovers Code)) also held 7,500,000 Shares. In addition, Mr. Jiang and Mr. Jiang Qing also held 4,000,000 Share Options and 28,000,000 Share Options, respectively. Pursuant to the Rollover Agreement, Mr. Jiang has undertaken that he will not (i) exercise any Share Options held by him; and (ii) accept the Option Offer in respect of all of his Share Options.
 6. The Shares in which Mr. Jiang Qing (Mr. Jiang's brother and associate (as defined under the Takeovers Code)) is interested will form part of the Scheme Shares and will be cancelled upon the Effective Date but will not be voted on the Scheme at the Court Meeting or the Rollover Arrangement at the EGM.
 7. The shareholding percentage in the table is subject to rounding adjustment.
 8. The Shares held by HongKong Ruicheng and CSR China Merchant Buyout Fund do not form part of the Shares held by Independent Shareholders, for the only reason of them being considered to be parties acting in concert with the Joint Offerors by virtue of the Rollover Arrangement under the current privatisation exercise. Such arrangement shall cease if the Scheme is withdrawn, not approved or lapses, which in such event the Shares held by HongKong Ruicheng and CSR China Merchant Buyout Fund would be counted towards the public float in accordance with the Listing Rules.
- (ii) Save for the Convertible Bonds held by Sharp Vision, which can be converted into 2,863,592,755 Shares, and the 4,000,000 Share Options and 28,000,000 Share Options respectively held by Mr. Jiang and Mr. Jiang Qing (Mr. Jiang's brother and associate (as defined under the Takeovers Code)) as at the date of this Scheme Document, there are no options, warrants or convertible securities in respect of the Shares held, controlled or directed by any of the Joint Offerors or the Joint Offeror Concert Parties, or outstanding derivatives in respect of the Shares entered into by the Joint Offerors or the Joint Offeror Concert Parties.

- (iii) As at the Latest Practicable Date, no subsidiary of the Company, no pension fund of the Company or of any subsidiary of the Company and no person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of the Company by virtue of class (2) of the definition of “associate” under the Takeovers Code (but excluding any exempt principal traders and exempt fund managers, both as defined under the Takeovers Code) owned or controlled any Shares or any convertible securities, warrants, options or derivatives of the Company. During the period from the commencement of the Offer Period up to the Latest Practicable Date, no such person had dealt for value in any Shares or any convertible securities, warrants, options or derivatives of the Company.

- (iv) As at Latest Practicable Date, no fund managers (other than exempt fund managers) connected with the Company managed any Shares or convertible securities, warrants, options or derivatives in respect of any Shares on a discretionary basis. During the period from the commencement of the Offer Period and up to the Latest Practicable Date, no such person had dealt for value in any Shares or convertible securities, warrants, options or derivatives of the Company.

- (v) As at the Latest Practicable Date, save for the Joint Offerors and any of the Joint Offeror Concert Parties (as the case may be) being parties to the Proposal and the Scheme, no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of “associate” under the Takeovers Code. During the period from the commencement of the Offer Period and up to the Latest Practicable Date, no such person had dealt for value in any Shares or any convertible securities, warrants, options or derivatives of the Company.

- (vi) Save as disclosed below, none of the Joint Offerors nor, any of the Joint Offeror Concert Parties had any dealings for value in the Shares during the Relevant Period:

Name	Date of transactions	Purchase/Sale	On/off the Stock Exchange	No. of Shares involved	Transaction price per Share (HK\$)
Mr. Zheng	6 May 2020	Purchase	On	4,600,000	0.128
HongKong Ruicheng	6 August 2020	Purchase	On	60,000	0.205
		Purchase	On	40,000	0.206
		Purchase	On	420,000	0.207
		Purchase	On	150,000	0.208
		Purchase	On	200,000	0.210
	7 August 2020	Purchase	On	150,000	0.203
		Purchase	On	25,000	0.204
		Purchase	On	75,000	0.205
		Purchase	On	200,000	0.207
		Purchase	On	350,000	0.208
		Purchase	On	200,000	0.209
		Purchase	On	200,000	0.207
	10 August 2020	Purchase	On	100,000	0.208
		Purchase	On	100,000	0.209
		Purchase	On	100,000	0.210
	11 August 2020	Purchase	On	600,000	0.210
		Purchase	On	10,000	0.207
		Purchase	On	500,000	0.208
		Purchase	On	290,000	0.209
12 August 2020	Purchase	On	6,200,000	0.210	
	Purchase	On	400,000	0.204	

- (vii) Save as disclosed below, none of the directors of the Joint Offerors or the Company is interested in any Shares or any convertible securities, warrants, options or derivatives of the Company as at the Latest Practicable Date:

Interests in Shares

Name of Director	Capacity	As at the Latest Practicable Date	
		Number of Shares	Approximate % of total issued share capital (Note)
Mr. Jiang	Beneficial owner	981,600,000	5.90
Mr. Zheng	Beneficial owner	4,600,000	0.03

Note: The shareholding percentage in the table is subject to rounding adjustment.

Interests in Share Options

Name of Director	Date of grant	Number of Share Options	Exercise Period	Exercise price per Share (HK\$)
Mr. Jiang	26 August 2015	4,000,000	26 August 2015 to 25 August 2025 (both dates inclusive)	0.42
Dr. Loke Yu	26 August 2015	4,000,000	26 August 2015 to 25 August 2025 (both dates inclusive)	0.42
Mr. Heng Ja Wei	26 August 2015	4,000,000	26 August 2015 to 25 August 2025 (both dates inclusive)	0.42
Mr. Ho Man	26 August 2015	2,000,000	26 August 2015 to 25 August 2025 (both dates inclusive)	0.42

(viii) As at the Latest Practicable Date, none of the Joint Offerors nor any of the Joint Offeror Concert Parties, the Company or the Directors had borrowed or lent any Shares or any convertible securities, warrants, options or derivatives of the Company.

(ix) Save as disclosed below, none of the Directors had dealt for value in any Shares or any convertible securities, warrants, options or derivatives of the Company during the Relevant Period:

Name	Date of transactions	Purchase/Sale	On/off the Stock Exchange	No. of Shares involved	Transaction price per Share (HK\$)
Mr. Zheng	6 May 2020	Purchase	On	4,600,000	0.128

(b) Interests and dealings in the Joint Offerors' shares

As at the Latest Practicable Date, the Company had no interest in the Joint Offerors' shares or convertible securities, warrants, options or derivatives in respect of such shares.

As at the Latest Practicable Date, none of the Directors had any interests in each of the Joint Offerors' shares or convertible securities, warrants, options or derivatives in respect of the Joint Offerors' shares.

During the Relevant Period, none of the Directors nor the Company had dealt for value in any of the Joint Offerors' shares or convertible securities, warrants, options or derivatives in respect of any one of the Joint Offerors' shares.

(c) Arrangements with the Joint Offerors and the Joint Offeror Concert Parties in respect of the Proposal

As at the Latest Practicable Date:

- (i) As at the Latest Practicable Date, neither the Joint Offerors nor any of the Joint Offeror Concert Parties had received any irrevocable commitment to vote for or against the Proposal;
- (ii) save for the Proposal, the Consortium Agreement and the Rollover Agreement, there are no arrangements (whether by way of option, indemnity or otherwise) in relation to the Shares or the shares of each of the Joint Offerors between the Joint Offerors or any of the Joint Offeror Concert Parties and any other person which might be material to the Proposal;
- (iii) there were no arrangements of the kind referred to in the third paragraph of Note 8 to Rule 22 of the Takeovers Code between either of the Joint Offerors, any of the Joint Offeror Concert Parties or any of the Joint Offerors' associates and any other person;
- (iv) save as disclosed in the section headed "3. Conditions of the Proposal" set out in Part VII – Explanatory Memorandum of this Scheme Document, there were no agreements or arrangements to which the Joint Offerors are parties which relate to the circumstances in which they may or may not invoke or seek to invoke a condition to the Proposal; and
- (v) no securities in the Company acquired in pursuance of the Scheme will be transferred, charged, or pledged between the Joint Offerors and any other person, and there had been no agreement, arrangement or understanding between the Joint Offerors and any other person to do so.

(d) Other interest

As at the Latest Practicable Date:

- (i) no benefit would be given to any Director as compensation for loss of office or otherwise in connection with the Proposal;
- (ii) save for the Cancellation Price and Option Offer Price, there is no other consideration, compensation or benefits in whatever form paid or to be paid by the Joint Offerors or the Joint Offeror Concert Parties to any Scheme Shareholders in connection with the Proposal;
- (iii) save for the Consortium Agreement and the Rollover Agreement, there is no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (i) any Shareholder; and (ii)(a) the Joint Offerors and Joint Offeror Concert Parties, or (b) the Company, its subsidiaries or associated companies;
- (iv) there was no agreement, arrangement or understanding (including any compensation arrangement) between the Joint Offerors or any of the Joint Offeror Concert Parties and any of the Directors, recent Directors, Shareholders or recent Shareholders having any connection with or being dependent upon the Proposal;
- (v) there was no agreement or arrangement between any Director and any other person, which is conditional on or dependent upon the outcome of the Scheme or otherwise in connection with the Scheme; and
- (vi) save for the Rollover Agreement, there was no material contract entered into by the Joint Offerors in which any Director has a material personal interest.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any service contract with the Company or any of its subsidiaries or associated companies in force which (a) (including both continuous and fixed term contracts) had been entered into or amended within 6 months before the commencement of the Offer Period; or (b) is a continuous contract with a notice period of 12 months or more; or (c) is a fixed term contract with more than 12 months to run irrespective of the notice period.

6. MATERIAL LITIGATION

As at the Latest Practicable Date, save as disclosed below, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration or claim of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

- (a) A subsidiary of the Company filed a lawsuit in July 2018 against the China Railway 22th Bureau and the Shenzhen Metro Group for the loss and damages to the properties of the Group's factory in Shenzhen due to the sedimentation caused by the subway construction in relation to the Shenzhen International Convention and Exhibition Centre project. The subsidiary claimed for compensation in the amount of RMB170,147,725.39. The first court hearing was held in the court of first instance in September 2018. Assessment and evaluation on recovery plans by specialists are being conducted. No judgment has been delivered by the court as at the Latest Practicable Date.
- (b) A subsidiary of the Company, as plaintiff, filed a lawsuit with Higher People's Court of Anhui Province, the PRC, in November 2019 against Shanghai Greenland Group Hefei Real Estate Company Limited (上海綠地集團合肥置業有限公司) ("**Greenland Group**") and Anhui Luan Property Management Company Limited (安徽省綠安物業管理有限公司) ("**Luan Property**"), as defendants, in respect of disputes arising from contracts entered into with Greenland Group and Luan Property (being the property manager appointed by Greenland Group) respectively in relation to autoparking facility construction and operation management. The subsidiary sought for, among other things, the termination of the contracts concerned and a compensation for losses and damages suffered, at a total amount of RMB93,940,000. The parties exchanged evidence in court on 17 April 2020. The application by the subsidiary for property preservation of Greenland Group to, among other things, seals, seize and freeze its assets was approved by court in November 2020. Due to the COVID-19 pandemic, there is delay in process of fixing the first court hearing date, which is yet to be determined.
- (c) A subsidiary of the Company, as plaintiff, filed a written administrative accusation (行政起訴狀) against Fujian Province Longyan City Housing and Urban Construction Bureau (福建省龍岩市住房和城鄉建設局) ("**Longyan Bureau**"), as defendant. The subsidiary petitioned for, amongst other things, (i) an official termination of the contract with Longyan Bureau in relation to the construction of public car parks on the basis that the contract was unfulfillable; (ii) the purchase of the public car parks then constructed and under construction by the defendant; and (iii) a compensation for the losses and damages suffered. The Intermediate People's Court of Longyan City, Fujian Province, the PRC decreed on 3 April 2020 that the contract concerned to be terminated, the defendant to purchase the subject car parks and the plaintiff to be awarded compensation for loss. The total amount claimed was approximately RMB26,180,000, approximately RMB10,000,000 of which has been settled by the defendant as at the Latest Practicable Date.

7. MATERIAL CONTRACTS

Save as disclosed below, neither the Company nor any of its subsidiaries has entered into any material contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Company or any of its subsidiaries) after the date which was two years before commencement of the Offer Period and up to and including the Latest Practicable Date:

- (a) an equity transfer agreement dated 19 October 2018 entered into by and among Allied Best (China) Fire Safety Appliances Manufacturing Co., Ltd.* (萃聯(中國)消防設備製造有限公司) (“**Allied Best**”), an indirect wholly-owned subsidiary of the Company, Shanghai Jindun Fire-Fighting Security Equipment Co., Ltd.* (上海金盾消防安全設備有限公司) (“**Shanghai Jindun Fire-Fighting**”), the Company, Shanghai Jindun Special Vehicle Equipment Co., Ltd. (“**Shanghai Jindun**”) and Zhou Xiangyi (周象義) in respect of the acquisition by Allied Best of the entire equity interests in Shanghai Jindun from Shanghai Jindun Fire-Fighting at a consideration of RMB381,800,000;
- (b) the supplemental agreement dated 30 November 2018 entered into among Allied Best, Shenyang Jietong Vendors and Shenyang Jietong Fire Truck Co., Ltd.* (瀋陽捷通消防車有限公司) (“**Shenyang Jietong**”) in relation to the acquisition by Allied Best of 60% equity interests in Shenyang Jietong from Shenyang Jietong Vendors at a consideration of RMB600,000,000;
- (c) the equity transfer agreement dated 21 June 2019 entered into between Allied Best and Shenzhen CIMC Investment Co., Ltd.* (深圳市中集投資有限公司) (“**CIMC Investment**”) in relation to the disposal by Allied Best of 10% of the equity interests in Shenzhen CIMC Huijie Supply Chain Co., Ltd.* (深圳中集匯杰供應鏈有限公司) (“**Huijie**”) to CIMC Investment at nil consideration. CIMC Investment was to assume the obligation of Allied Best to contribute RMB10,000,000 to the registered capital of Huijie;
- (d) the investment agreement dated 16 July 2019 entered into among Allied Best, CIMC Technology Co., Ltd.* (中集技術有限公司), Shenzhen Daohe Venture Capital Partnership Enterprise* (深圳道合創業投資合夥企業), CIMC Finance Leasing Co., Ltd.* (中集融資租賃有限公司) and CIMC Investment in relation to the establishment of CIMC Anfang Technology Co., Ltd.* (中集安防科技有限公司) (“**CIMC Anfang**”);
- (e) the acting-in-concert agreement dated 16 July 2019 entered into among Allied Best, Shenzhen Daohe Venture Capital Partnership Enterprise* (深圳道合創業投資合夥企業) and CIMC Investment in relation to the voting arrangements in the meetings of the board of directors and shareholders of CIMC Anfang;
- (f) the side letter dated 10 September 2019 entered into among Allied Best, Shanghai Jindun Fire-Fighting, the Company, Shanghai Jindun and Zhou Xiangyi (周象義) in respect of the acquisition by Allied Best of the entire equity interest in Shanghai Jindun from Shanghai Jindun Fire-fighting;

- (g) the sale and purchase agreement dated 26 September 2019 entered into between China Fire Safety Enterprise Group Limited, a subsidiary of the Company, and CIMC Top Gear B.V. in relation to the acquisition of 60% equity interest in Albert Ziegler GmbH by China Fire Safety Enterprise Group Limited from CIMC Top Gear B.V. at a consideration of EUR31,470,000; and
- (h) the transfer agreement dated 1 September 2020 entered into between Shenzhen CIMC-Tianda Airport Support Ltd* (深圳中集天達空港設備有限公司) (“**Shenzhen Tianda**”), an indirect non-wholly owned subsidiary of the Company, and CIMC Wulian Technology Co., Ltd.* (中集物聯科技有限公司) in relation to the disposal of (i) the automated parking systems business held by Shenzhen Tianda and all the assets, liabilities and relevant rights and interests arising therefrom; (ii) 75% registered capital of Shenzhen CIMC Auotparking System Co., Ltd.* (深圳中集智能停車有限公司); and (iii) 60% registered capital in Tianda (Longyan) Investment Development Co., Ltd.* (中集天達(龍岩)投資發展有限公司), at a consideration of RMB181,750,000.

8. EXPERTS

The following are the qualifications of the experts who have given opinions or advice which are contained in this Scheme Document:

Name	Qualifications
ABCI Capital Limited	a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Zhongtai International Capital Limited	a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Donvex Capital Limited	a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activities under the SFO
Gram Capital Limited	a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

9. CONSENTS

Each of the experts mentioned above has given and has not withdrawn its written consent to the issue of this Scheme Document with the inclusion therein of the opinions, reports and/or letters and/or the references to its name and/or opinions, reports and/or letters in the form and context in which they respectively appear.

10. MISCELLANEOUS

- (a) The Directors are:

Executive Directors

Jiang Xiong, Honorary Chairman

Zheng Zu Hua

Non-executive Directors

Li Yin Hui, Chairman

Tao Kuan

Zeng Han

Independent non-executive Directors

Loke Yu

Heng Ja Wei

Ho Man

- (b) The Company Secretary of the Company is Ms. Li Ching Wah, an associate member of The Hong Kong Institute of Certified Public Accountants.
- (c) The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (d) The head office and principal place of business of the Company in Hong Kong is at Units A-B, 16/F, China Overseas Building, 139 Hennessy Road, Wan Chai, Hong Kong.
- (e) The principal place of business of the Company in the PRC is situated at No. 9, Fuyuan 2nd Road, Fuyong, Baoan District, Shenzhen, PRC.
- (f) The Company's share registrar and transfer office in Hong Kong is Computershare Hong Kong Investor Services Limited situated at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.
- (g) The principal members of the Joint Offerors' concert group include Mr. Han Yong, Mr. Zeng Wei, Mr. Jin Jianlong, Mr. Wang Yu and Mr. Yu Yuqun, Macao QiXin and CIMC.
- (h) The registered office of Expedition Holding is 3-212 Governors Square, 23 Lime Tree Bay Avenue, P.O. Box 30746, Seven Mile Beach, Grand Cayman KY1-1203, Cayman Islands, and its correspondence address is 15/F, Shanghai Commercial Bank Tower, 10-12 Queen's Road Central, Central, Hong Kong.
- (i) The directors of Expedition Holding are Mr. Han Yong and Mr. Zeng Wei.
- (j) The correspondence address of Mr. Han Yong is 15/F, Shanghai Commercial Bank Tower, 10-12 Queen's Road Central, Central, Hong Kong.

- (k) The correspondence address of Mr. Zeng Wei is 15/F, Shanghai Commercial Bank Tower, 10-12 Queen's Road Central, Central, Hong Kong.
- (l) The registered office of Macao QiXin is P. O. Box 31119, Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands, and its correspondence address is 15/F, Shanghai Commercial Bank Tower, 10-12 Queen's Road Central, Central, Hong Kong.
- (m) The directors of Macao QiXin (the general partner of Macao QiXin One Belt One Road Investment Fund L.P., which is in turn the indirect holding company of Expedition Holding) are Dr. Ai Linzhi, Mr. Pan Genping, Mr. Yu Hailin and Mr. Wang Shugui.
- (n) The registered office of Sharp Vision is 3101-2, Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong.
- (o) The directors of Sharp Vision are Mr. Jin Jianlong, Mr. Wang Yu and Mr. Yu Yuqun.
- (p) The correspondence address of Mr. Jin Jianlong is 3101-2, Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong.
- (q) The correspondence address of Mr. Wang Yu is 3101-2, Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong.
- (r) The correspondence address of Mr. Yu Yuqun is 3101-2, Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong.
- (s) The principal place of business and registered office of CIMC is 8th Floor, CIMC R&D Centre, 2 Gangwan Avenue, Shekou, Nanshan District, Shenzhen, Guangdong, PRC.
- (t) The board of directors of CIMC (being the indirect holding company of Sharp Vision) comprises Mr. Mai Boliang (chairman) as an executive director; Mr. Hu Xianfu (vice-chairman), Mr. Liu Chong (vice-chairman), Mr. Deng Weidong and Mr. Ming Dong as non-executive directors; Mr. Gao Xiang as an executive director; and Mr. He Jiale, Mr. Pan Zhengqi and Ms. Lui Fung Mei Yee, Mabel as independent non-executive directors.
- (u) The principal place of business and the registered office of ABCI Capital in Hong Kong is at 11/F, Agricultural Bank of China Tower, 50 Connaught Road Central, Hong Kong.
- (v) The principal place of business and the registered office of Zhongtai Capital in Hong Kong is at 19/F Li Po Chun Chambers, 189 Des Voeux Road Central, Central, Hong Kong.
- (w) The principal place of business and the registered office of Donvex Capital in Hong Kong is at Unit 2502, 25/F, Carpo Commercial Building, 18-20 Lyndhurst Terrace, Central, Hong Kong.
- (x) The principal place of business and the registered office of Gram Capital in Hong Kong is at Room 1209, 12/F, Nan Fung Tower, 173 Des Voeux Road Central, Central, Hong Kong.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection from the date of this Scheme Document until the Effective Date or the date on which the Scheme lapses or is withdrawn, whichever is earlier (i) during normal business hours from 9:00 a.m. to 5:30 p.m. (except Saturdays, Sundays and public holidays in Hong Kong) (Hong Kong time) at the principal place of business of the Company in Hong Kong at Units A-B, 16/F, China Overseas Building, 139 Hennessy Road, Wan Chai, Hong Kong; (ii) on the website of the Company (www.cimc-tianda.com); and (iii) on the website of the SFC (www.sfc.hk):

- (a) the memorandum and articles of association of the Company;
- (b) the memorandum and articles of association of Sharp Vision;
- (c) the memorandum and articles of associations of Expedition Holding;
- (d) the annual reports of the Company for the years ended 31 December 2018 and 31 December 2019 and the interim report of the Company for the six months ended 30 June 2020;
- (e) the letter from the Board, the text of which is set out in Part IV of this Scheme Document;
- (f) the letter from the Independent Board Committee, the text of which is set out in Part V of this Scheme Document;
- (g) the letter from Gram Capital, the text of which is set out in Part VI of this Scheme Document;
- (h) the Consortium Agreement;
- (i) the Rollover Agreement;
- (j) the Wison Energy Undertaking;
- (k) the material contracts referred to in the section headed “7. Material Contracts” in Appendix II to this Scheme Document;
- (l) the written consents referred to in the section headed “9. Consents” in Appendix II to this Scheme Document;
- (m) the Option Offer letter;
- (n) the Form of Option Offer Acceptance; and
- (o) this Scheme Document.

**IN THE GRAND COURT OF THE CAYMAN ISLANDS
FINANCIAL SERVICES DIVISION
CAUSE NO: FSD 268 OF 2020**

**IN THE MATTER OF
CIMC-TIANDA HOLDINGS COMPANY LIMITED 中集天達控股有限公司
AND IN THE MATTER OF SECTIONS 14 TO 16 AND
SECTION 86 OF THE COMPANIES LAW (2020 REVISION)**

**SCHEME OF ARRANGEMENT
between
CIMC-TIANDA HOLDINGS COMPANY LIMITED 中集天達控股有限公司
and
THE SCHEME SHAREHOLDERS
(as hereinafter defined)**

PRELIMINARY

(A) In this Scheme, unless inconsistent with the subject or context, the following expressions shall have the meanings respectively set out opposite them:

“ABCI Capital”	ABCI Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being one of the joint financial advisers to the Joint Offerors
“acting in concert”	has the meaning given in the Takeovers Code
“associates”	has the meaning given in the Takeovers Code
“Board”	the board of directors of the Company
“Business Day”	a day on which the Stock Exchange is open for the transaction of business, as defined in the Takeovers Code
“Cancellation Price”	the cancellation price of HK\$0.266 per Scheme Share cancelled pursuant to the Scheme payable in cash by the Joint Offerors to the Scheme Shareholders pursuant to the Scheme
“Company”	CIMC-TianDa Holdings Company Limited, an exempted company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (Stock code: 445)
“Companies Law”	the Companies Law (2020 Revision) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time

“Conditions”	the conditions to the implementation of the Proposal and the Scheme becoming effective as described in the section headed “3. Conditions of the Proposal” in Part VII – Explanatory Memorandum of the Scheme Document
“Consortium Agreement”	the scheme consortium agreement entered into among Expedition Holding, Sharp Vision and CIMC Top Gear B.V., dated 4 October 2020
“Court Meeting”	the meeting(s) of the holders of the Scheme Shares on the Meeting Record Date (or of the classes of such holders) to be convened at the direction of the Grand Court at 12:30 p.m. at Units A-B, 16/F, China Overseas Building, 139 Hennessy Road, Wan Chai, Hong Kong on Thursday, 24 December 2020 or any adjournment thereof at which the Scheme (with or without modification) will be voted upon, notice of which is set out in Appendix IV to the Scheme Document
“Director(s)”	the director(s) of the Company
“Donvex Capital”	Donvex Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activities under the SFO, being one of the joint financial advisers to the Joint Offerors
“Effective Date”	the date on which the Scheme, if approved at the Court Meeting(s) and sanctioned by the Grand Court, becomes effective in accordance with its terms and the Companies Law, being the date on which a copy of the order of the Grand Court sanctioning the Scheme and confirming the reduction of the issued share capital of the Company resulting from the cancellation of the Scheme Shares is delivered to the Registrar of Companies in the Cayman Islands for registration pursuant to section 86(3) of the Companies Law, and which is expected to be Thursday, 21 January 2021 (Cayman Islands time)
“EGM”	the extraordinary general meeting of the Company to be convened and held immediately following the Court Meeting on Thursday, 24 December 2020 at Units A-B, 16/F, China Overseas Building, 139 Hennessy Road, Wan Chai, Hong Kong, notice of which is set out in Appendix V of this Scheme Document, or any adjournment thereof, to consider and, if thought fit, approve, among others, the Rollover Arrangement, any capital reduction associated with the cancellation of the Scheme Shares, the increase in the issued share capital of the Company and the implementation of the Scheme and the Proposal
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any delegate thereof

“Expedition Holding”	Expedition Holding Corporation Limited, a company incorporated in the Cayman Islands with limited liability, being one of the Joint Offerors
“Fengqiang”	Fengqiang Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, being one of the Rollover Shareholders
“Grand Court”	the Grand Court of the Cayman Islands
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HongKong Ruicheng”	Hongkong Ruicheng Co., Limited, a company incorporated in Hong Kong with limited liability, being one of the Rollover Shareholders
“Independent Board Committee”	the independent board committee of the Company established by the Board to make a recommendation to the Independent Shareholders in respect of the Proposal and the Scheme
“Independent Shareholder(s)”	Scheme Shareholder(s) other than Mr. Jiang Qing (being Mr. Jiang’s brother and associate (as defined under the Takeovers Code) and one of the Joint Offeror Concert Parties who holds Scheme Shares)
“Joint Financial Advisers”	ABCI Capital, Zhongtai Capital and Donvex Capital
“Joint Offeror Concert Parties”	parties acting in concert or presumed to be acting in concert with each of the Joint Offerors under the definition of “acting in concert” under the Takeovers Code, including CIMC Top Gear B.V., the Rollover Shareholders and Mr. Jiang Qing (being Mr. Jiang’s brother and associate (as defined under the Takeovers Code), who held 7,500,000 Shares and 28,000,000 Share Options as at the Latest Practicable Date)
“Joint Offerors”	Expedition Holding and Sharp Vision
“Latest Practicable Date”	27 November 2020, being the latest practicable date prior to the printing of the Scheme Document for ascertaining certain information contained herein
“Long Stop Date”	4 October 2021, being the date falling on the first anniversary of the date of the Consortium Agreement

“Meeting Record Date”	Tuesday, 22 December 2020, or such other time or date as shall have been announced to the Shareholders, being the record date for the purpose of determining the entitlement of the holders of Scheme Shares to attend and vote at the Court Meeting and the entitlement of the Shareholders to attend and vote at the EGM
“Mr. Jiang”	Mr. Jiang Xiong, an executive Director and honorary chairman of the Company, being one of the Rollover Shareholders
“Mr. Zheng”	Mr. Zheng Zu Hua, an executive Director and the chief executive officer of the Company, being one of the Rollover Shareholders
“Option Offer”	the offer to be made by or on behalf of Sharp Vision to the holders of the Share Options
“PRC”	the People’s Republic of China, but for the purpose of the Scheme Document, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“Proposal”	the proposal for the privatisation of the Company by the Joint Offerors by way of the Scheme and the Option Offer, and the withdrawal of the listing of the Shares from the Stock Exchange, on the terms and subject to the Conditions as described in the Scheme Document
“RMB”	Renminbi, the lawful currency of the PRC
“Rollover Agreement”	the rollover agreement entered into between the Joint Offerors and the Rollover Shareholders on 4 October 2020
“Rollover Arrangement”	the arrangement between the Joint Offerors and the Rollover Shareholders under the Rollover Agreement
“Rollover Shareholders”	Mr. Jiang, Mr. Zheng, Fengqiang, HongKong Ruicheng and CSR China Merchant Buyout Fund
“Scheme”	a scheme of arrangement under Section 86 of the Companies Law as set out in Appendix III to the Scheme Document involving, among other matters, the cancellation of all of the Scheme Shares and the restoration of the issued share capital of the Company to the amount immediately before the cancellation of the Scheme Shares
“Scheme Document”	the composite scheme document dated 30 November 2020 issued jointly by the Joint Offerors and the Company containing, among other things, each of the letters, statements, appendices and notices

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|-------------------------|---|
| “Scheme Record Date” | Thursday, 21 January 2021, or such other date as shall have been announced to the Scheme Shareholders, being the record date for the purpose of determining the entitlements of the Scheme Shareholders to the Cancellation Price under the Scheme |
| “Scheme Share(s)” | Share(s) other than those directly or indirectly held by the Joint Offerors, CIMC Top Gear B.V. and the Rollover Shareholders |
| “Scheme Shareholder(s)” | registered holder(s) of the Scheme Shares as at the Scheme Record Date |
| “SFO” | Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) |
| “Share(s)” | ordinary share(s) of par value HK\$0.01 each in the share capital of the Company |
| “Shareholder(s)” | holder(s) of the Share(s) |
| “Share Option(s)” | the outstanding share option(s) granted under the 2009 Share Option Scheme or the 2019 Share Option Scheme from time to time |
| “Sharp Vision” | Sharp Vision Holdings Limited, a company incorporated in Hong Kong with limited liability, being one of the Joint Offerors |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Takeovers Code” | the Hong Kong Code on Takeovers and Mergers issued by the SFC |
| “Zhongtai Capital” | Zhongtai International Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being one of the joint financial advisers to the Joint Offerors |
- (B) The Company was incorporated in the Cayman Islands on 3 January 2002 under the provisions of the Companies Law as an exempted company with limited liability.
- (C) As at the Latest Practicable Date, the authorised share capital of the Company was HK\$500,000,000 divided into 50,000,000,000 ordinary of a single class with a par value of HK\$0.01 each. As at the Latest Practicable Date, the issued share capital of the Company is HK\$166,380,461.83 divided into 16,638,046,183 Shares, with the remainder being unissued. Since 6 October 2008, the issued shares of the Company have been listed and traded on the Main Board of the Stock Exchange. Prior to that date, the issued shares of the Company were listed and traded on GEM of the Stock Exchange.
- (D) The Joint Offerors have proposed the privatisation of the Company by way of the Scheme.

(E) The primary purpose of the Scheme is to privatise the Company by cancelling and extinguishing all of the Scheme Shares in consideration of the Cancellation Price so that thereafter the Joint Offerors and the Joint Offeror Concert Parties (other than Mr. Jiang Qing) will own the Company. Simultaneously with the cancellation of the Scheme Shares, the issued share capital of the Company will be restored to its former amount by the issue to the Joint Offerors at par credited as fully paid such number of Shares as is equal to the number of Scheme Shares cancelled and extinguished.

(F) As at the Latest Practicable Date, 6,755,369,842 Shares were legally owned or controlled by the Joint Offerors. The Shares are registered as follows:

Name	Registered holder of Shares	Number of Shares
Sharp Vision	Sharp Vision	6,755,369,842
Expedition Holding	N/A	0

(G) On the Latest Practicable Date, an aggregate of 5,818,982,571 Shares were legally and/or beneficially owned by the Joint Offeror Concert Parties and registered as follows:

Name	Registered holder of Shares	Number of Shares
CIMC Top Gear B.V.	HKSCC Nominees	1,223,571,430
Mr. Jiang	Mr. Jiang	655,300,000
	HKSCC Nominees	326,300,000
Mr. Zheng	HKSCC Nominees	4,600,000
Fengqiang	HKSCC Nominees	2,366,751,693
HongKong Ruicheng	HKSCC Nominees	561,734,448
CSR China Merchant Buyout Fund	HKSCC Nominees	673,225,000
Mr. Jiang Qing	HKSCC Nominees	7,500,000

(H) Each of the Joint Offeror Concert Parties which, being presumed to be acting in concert with the Joint Offerors under the Takeovers Code, will procure that any Shares in respect of which they are beneficially interested will not be represented or voted at the meeting convened at the direction of the Grand Court for the purpose of considering and, if thought fit, approving the Scheme. As at the Latest Practicable Date, except as disclosed above, the Joint Offeror Concert Parties are not beneficially interested in any Shares.

(I) The Joint Offerors have undertaken to the Grand Court to be bound by the Scheme, and will execute and do and procure to be executed and done all such documents, acts and things as may be necessary or desirable to be executed or done by each of them for the purpose of giving effect to this Scheme.

THE SCHEME**PART I***Reduction of Capital and Cancellation of the Scheme Shares*

1. On the Effective Date:
 - (a) the issued share capital of the Company shall be reduced by cancelling and extinguishing the Scheme Shares in accordance with Sections 14 to 16 of the Companies Law and the Scheme Shareholders shall cease to have any rights with respect to the Scheme Shares except the right to receive the Cancellation Price;
 - (b) subject to and forthwith upon such reduction of capital taking effect, the issued share capital of the Company will be increased to its former amount by issuing to the Joint Offerors the same number of Shares as is equal to the number of Scheme Shares cancelled and extinguished; and
 - (c) the Company shall apply the credit arising in its books of account as a result of the capital reduction referred to in paragraph 1(a) above in paying up in full at par such number of Shares as is equal to the number of Scheme Shares cancelled, which shall be allotted and issued to the Joint Offerors, credited as fully paid as mentioned in paragraph (b) above.

PART II*Consideration for the cancellation and extinguishment of the Scheme Shares*

2. In consideration of the cancellation and extinguishment of the Scheme Shares, the Joint Offerors shall pay or cause to be paid to each Scheme Shareholder the Cancellation Price.

PART III

3. General
 - (a) as soon as possible and not later than seven (7) Business Days after the Effective Date, the Joint Offerors shall send or cause to be sent to Scheme Shareholders cheques in respect of the Cancellation Price payable to such Scheme Shareholders pursuant to Clause 2 of this Scheme;
 - (b) unless otherwise indicated in writing to the branch share registrar of the Company in Hong Kong, being Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, all such cheques shall be sent by ordinary post in pre-paid envelopes addressed to such Scheme Shareholders at their respective addresses as appearing on the Register at the Scheme Record Date or, in the case of joint holders, at the address as appearing on the Register at the Scheme Record Date of the joint holder whose name then stands first in the Register in respect of the relevant joint holding;

- (c) cheques shall be posted at the risk of the addressee and none of the Joint Offerors, the Company, ABCI Capital, Zhongtai Capital or Donvex Capital shall be responsible for any loss or delay in the despatch of the same;
 - (d) each cheque shall be payable to the order of the person to whom, in accordance with the provisions of paragraph (b) of this Clause 3, the envelope containing the same is addressed and the encashment of any such cheque shall be a good discharge to the Joint Offerors for the monies represented thereby;
 - (e) on or after the day being six calendar months after the posting of the cheques pursuant to paragraph (b) of this Clause 3, the Joint Offerors shall have the right to cancel or countermand any cheque which has not been encashed or that has been returned uncashed and shall place all monies represented thereby in a deposit or custodian account in the Joint Offerors' names with a licensed bank in Hong Kong selected by the Joint Offerors. The Joint Offerors shall hold such monies on trust for those entitled to it under the terms of this Scheme until the expiration of six years from the Effective Date and shall, prior to such date, make payments thereout of the sums payable pursuant to Clause 2 of this Scheme to persons who satisfy the Joint Offerors that they are respectively entitled thereto and the cheques referred to in paragraph (b) of this Clause 3 of which they are payees have not been cashed. Any payments made by the Joint Offerors shall not include any interest accrued on the sums to which the respective persons are entitled pursuant to this Scheme. The Joint Offerors shall exercise their absolute discretion in determining whether or not they are satisfied that any person is so entitled and a certificate of the Joint Offerors to the effect that any particular person is so entitled or not so entitled, as the case may be, shall be conclusive and binding upon all persons claiming an interest in the relevant monies;
 - (f) on the expiration of six years from the Effective Date, the Joint Offerors shall be released from any further obligation to make any payments under this Scheme and the Joint Offerors shall be absolutely entitled to the balance (if any) of the sums then standing to the credit of the deposit or custodian account in its name, including accrued interest subject to any deduction required by law and expenses incurred; and
 - (g) paragraph (f) of this Clause 3 shall take effect subject to any prohibition or condition imposed by law.
4. Each instrument of transfer and certificate existing at the Scheme Record Date in respect of a holding of any number of Scheme Shares shall on the Effective Date cease to be valid for any purpose as an instrument of transfer or a certificate for such Scheme Shares and every holder of such certificate shall be bound at the request of the Joint Offerors to deliver up the same to the Joint Offerors for the cancellation thereof.
5. All mandates or relevant instructions to the Company in force at the Scheme Record Date relating to any of the Scheme Shares shall cease to be valid as effective mandates or instructions on the Effective Date.

6. Subject to the Conditions having been satisfied in full or waived by the Joint Offerors in the manner set out under the heading “3. Conditions of the Proposal” under Part VII – Explanatory Memorandum of this Scheme Document, this Scheme shall become effective as soon as a copy of the order of the Grand Court sanctioning this Scheme under Section 86 of the Companies Law has been registered by the Registrar of Companies in the Cayman Islands pursuant to section 86(3) of the Companies Law and the court order confirming the reduction of capital resulting from the cancellation of the Scheme Shares and the minute referred to in Section 17(1) of the Companies Law are registered pursuant to Section 17 of the Companies Law.
7. Unless this Scheme shall have become effective on or before the Long Stop Date (or such later date, if any, as the Company and the Joint Offerors may agree, or to the extent applicable as the Grand Court, on application of the Company and/or the Joint Offerors may direct, and in all cases, as permitted by the Executive) this Scheme shall lapse.
8. The Company and the Joint Offerors may consent jointly for and on behalf of all concerned to any modification of or addition to this Scheme or to any condition which the Grand Court may think fit to approve or impose.
9. (i) All expenses incurred by the Company in connection with the Scheme shall be borne by the Joint Offerors if the Scheme is not approved by the Scheme Shareholders (other than Mr. Jiang Qing, being Mr. Jiang’s brother and associate (as defined under the Takeovers Code) and one of the Joint Offeror Concert Parties who holds Scheme Shares) at the Court Meeting; and (ii) in any other case, all costs, charges and expenses incurred by the Company (including costs, charges and expenses of the advisers and counsels appointed by the Company, such as Gram Capital) will be borne by the Company, whereas all costs, charges and expenses incurred by the Joint Offerors (including costs, charges and expenses of the advisers and counsels appointed by the Joint Offerors) will be borne by the Joint Offerors, and other costs, charges and expenses of the Scheme will, unless otherwise agreed between the Joint Offerors and the Company, be shared between the Joint Offerors and the Company equally.
10. The Scheme shall be governed by the laws of the Cayman Islands.

30 November 2020

IN THE GRAND COURT OF THE CAYMAN ISLANDS
FINANCIAL SERVICES DIVISION
CAUSE NO: FSD 268 OF 2020
IN THE MATTER OF SECTIONS 15 AND 86 OF THE COMPANIES LAW (2020 REVISION)
AND IN THE MATTER OF ORDER 102 OF THE GRAND COURT RULES 1995
AND IN THE MATTER OF CIMC-TIANDA HOLDINGS COMPANY LIMITED
中集天達控股有限公司

NOTICE OF COURT MEETING

NOTICE IS HEREBY GIVEN that, by an order dated 24 November 2020 (the “**Order**”) made in the above matter, the Grand Court of the Cayman Islands (the “**Court**”) has directed a meeting (the “**Court Meeting**”) to be convened of holders of ordinary shares of HK\$0.01 each in the capital of CIMC-TianDa Holdings Company Limited 中集天達控股有限公司 (the “**Company**”) other than the Joint Offerors and the Joint Offeror Concert Parties, which are defined in the composite scheme document, of which this Notice forms part (the “**Holders**”), for the purpose of considering and, if thought fit, approving, with or without modifications, a scheme of arrangement (the “**Scheme**”) proposed to be made between the Company and the Scheme Shareholder(s) (as defined in the Scheme) and that the Court Meeting will be held at Units A-B, 16/F, China Overseas Building, 139 Hennessy Road, Wan Chai, Hong Kong on Thursday, 24 December 2020 at 12:30 p.m. (Hong Kong time) at which place and time all such Holders are requested to attend. A copy of the Scheme and a copy of an explanatory memorandum explaining the effect of the Scheme are incorporated in the composite scheme document of which this Notice forms part.

A copy of the composite scheme document can also be obtained by the Holders from the Hong Kong branch share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong.

Such Holders may vote in person at the Court Meeting or they may appoint one other person (who must be an individual), whether a member of the Company or not, to attend and vote in their stead. A pink form of proxy for use at the Court Meeting is enclosed with the composite scheme document dated 30 November 2020 dispatched to members of the Company on 30 November 2020.

In the case of joint holders of a share, any one of such persons may vote at the Court Meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto. However, if more than one of such joint holders be present at the Court Meeting personally or by proxy, that one of the said persons so present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding. For this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the register of members of the Company in respect of such joint holding, the first named shareholder being the senior.

It is requested that forms appointing proxies be deposited at the Hong Kong branch share registrar of the Company at Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 12:30 p.m. (Hong Kong time) on Tuesday, 22 December 2020. By the Order, the Court has appointed DR. Loke Yu, an independent non-executive director of the Company, or failing him, Mr. Heng Ja Wei or Mr. Ho Man, independent non-executive directors of the Company, to act as the chairman of the Court Meeting and has directed the chairman of the Court Meeting to report the results of the Court Meeting to the Court.

The Scheme will be subject to a subsequent application seeking the sanction of the Court.

By Order of the Court
CIMC-TianDa Holdings Company Limited
中集天達控股有限公司
Dated 30 November 2020

Registered Office

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

Principal Place of Business in Hong Kong

Units A-B, 16/F
China Overseas Building
139 Hennessy Road
Wan Chai
Hong Kong

CIMC | TianDa

CIMC-TianDa Holdings Company Limited

中集天達控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 445)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting (the “**EGM**”) of CIMC-TianDa Holdings Company Limited (the “**Company**”) will be held at Units A-B, 16/F, China Overseas Building, 139 Hennessy Road, Wan Chai, Hong Kong on Thursday, 24 December 2020 at 1:30 p.m. (or immediately after the conclusion or adjournment of the Court Meeting (as defined in the Scheme of Arrangement (as defined below)) convened at the direction of the Grand Court of the Cayman Islands for the same day and place), for the purposes of considering and, if thought fit, passing with or without amendment, the following resolutions:

SPECIAL RESOLUTIONS

1. “**THAT:**
 - (a) pursuant to the scheme of arrangement dated 30 November 2020 (the “**Scheme of Arrangement**”) between the Company and holders of the Scheme Shares (as defined in the Scheme of Arrangement) in the form of the print thereof, which has been produced to this meeting and for the purposes of identification signed by the chairman of this meeting, or in such other form and on such terms and conditions as may be approved or imposed by the Grand Court of the Cayman Islands, on the Effective Date (as defined in the Scheme of Arrangement), the issued share capital of the Company shall be reduced by the cancellation and extinguishment of the Scheme Shares (as defined in the Scheme of Arrangement) (the “**Capital Reduction**”); and
 - (b) any one of the directors of the Company be and is hereby authorised to do all acts and things considered by him to be necessary or desirable in connection with the implementation of the Scheme of Arrangement and the reduction of issued share capital of the Company pursuant to the Scheme of Arrangement, including (without limitation) giving consent to any modification of, or addition to, the Scheme of Arrangement or the reduction of issued share capital of the Company which the Grand Court of the Cayman Islands may see fit to impose.”

2. **“THAT:**
- (a) Subject to the Scheme of Arrangement becoming effective, the withdrawal of the listing of the shares of the Company from The Stock Exchange of Hong Kong Limited be and is hereby approved; and
 - (b) any one of the directors of the Company be and is hereby authorised to apply to The Stock Exchange of Hong Kong Limited for the withdrawal of the listing of the shares of the Company.”

ORDINARY RESOLUTIONS

3. **“THAT:**
- (a) subject to and forthwith upon the Capital Reduction referred to in resolution 1(a) taking effect, the issued share capital of the Company be increased to its former amount by allotting and issuing to the Joint Offerors (as defined in the Scheme of Arrangement), credited as fully paid at par, the same number of new ordinary shares of par value HK\$0.01 each in the share capital of the Company as is equal to the number of Scheme Shares cancelled and extinguished;
 - (b) the credit arising in the books of account of the Company as a result of the Capital Reduction referred to in resolution 1(a) shall be applied by the Company in paying up in full at par the new ordinary shares of par value HK\$0.01 each in the share capital of the Company to be allotted and issued to the Joint Offerors, pursuant to resolution 3(a) above, and any one of the directors of the Company be and is hereby authorised to allot and issue the same accordingly; and
 - (c) any one of the directors of the Company be and is hereby authorised to do all acts and things considered by him to be necessary or desirable in connection with the increase of issued share capital of the Company and the allotment and issue of shares as aforesaid.”
4. **“THAT:**
- (a) the Rollover Arrangement (as defined in the Scheme of Arrangement) be and is hereby approved.”

By order of the Board
CIMC-TianDa Holdings Company Limited
Li Yin Hui
Chairman

Hong Kong, 30 November 2020

Registered office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head Office and Principal Place of Business in Hong Kong:

Units A-B, 16/F
China Overseas Building
139 Hennessy Road
Wan Chai
Hong Kong

Principal Place of Business in PRC:

No. 9, Fuyuan 2nd Road
Fuyong, Baoan District
Shenzhen
PRC

Notes:

1. Any member of the Company entitled to attend and vote at the above meeting is entitled to appoint another person as his proxy to attend and vote instead of him. A member of the Company who is the holder of two or more Shares may appoint more than one proxy to represent him and vote on his behalf at the EGM. A proxy needs not be a member of the Company. In addition, a proxy or proxies representing either a member of the Company who is an individual or a member of the Company which is a corporation shall be entitled to exercise the same powers on behalf of the member of the Company which he or they represent as such member of the Company could exercise.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same. In the case of an instrument of proxy purporting to be signed on behalf of a corporation by an officer thereof, it shall be assumed, unless the contrary appears, that such officer was duly authorised to sign such instrument of proxy on behalf of the corporation without further evidence of the fact.
3. To be valid, the white form of proxy, together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy thereof must be deposited at the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours (i.e. Tuesday, 22 December 2020 at 1:30 p.m. (Hong Kong time)) before the time fixed for holding the EGM or any adjournment thereof (as the case may be).
4. Delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the EGM or any adjournment thereof (as the case may be) and in such event, the instrument appointing a proxy shall be deemed to be revoked.
5. Where there are joint holders of any Share, any one of such joint holders may vote, either in person or by proxy, in respect of such Share as if he or she were solely entitled thereto, but if more than one of such joint holders be present at the EGM, 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, and 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.

6. The voting at the EGM shall be taken by poll as required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Hong Kong Code on Takeovers and Mergers.
7. The register of members of the Company will be closed from Tuesday, 22 December 2020 to Thursday, 24 December 2020 (both days inclusive) for determining Shareholders' entitlement to attend and vote at the EGM, during which no transfer of Shares will be registered. In order to qualify for attending and voting at the EGM, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration by 4:30 p.m. (Hong Kong time) on Monday, 21 December 2020.
8. In the event that a tropical cyclone warning signal no. 8 or above is hoisted or a black rainstorm warning signal is in force at 8:00 a.m. on Thursday, 24 December 2020, the EGM will be adjourned to Monday, 28 December 2020 at 12:30 p.m. and 1:30 p.m. (or immediately after the Court Meeting shall have been concluded or adjourned) respectively, or at a time on an alternative day to be announced that falls within fourteen days of the original date scheduled for the EGM. The Company will post an announcement on the respective websites of the Stock Exchange and the Company (www.cimc-tianda.com) to notify the Scheme Shareholders and Shareholders (as the case may be) of the date, time and venue of the rescheduled meetings. The EGM will be held as scheduled even when a tropical cyclone warning signal no. 3 or below is hoisted or an amber or red rainstorm warning signal is in force.

You should make your own decision as to whether you would attend the EGM under bad weather conditions bearing in mind your own situation and if you should choose to do so, you are advised to exercise care and caution.

9. In view of the Prevention and Control of Disease (Prohibition on Group Gathering) Regulation (Chapter 599G of the Laws of Hong Kong) (the "**Regulation**") and in order to prevent and control the spread of the novel coronavirus (COVID-19) and to ensure the health and safety of all attendees, the Company will firmly implement precautionary measures at the EGM, including:
 - (a) the shareholders attending in person at the venue of the EGM in excess of the 50 persons limit (or such other prevailing limit from time to time) under provision 11(b) of the Regulation will be accommodated in separate room(s) and/or partitioned area(s) in the same room at the venue of the EGM, with not more than 50 persons (or such other number of persons allowed under the Regulation) (including supporting staff for the EGM) in each such room and/or partitioned area. This arrangement is to take into consideration the current COVID-19 situation and the requirements under the Regulation to keep appropriate social distancing for the health and safety of the shareholders;
 - (b) compulsory body temperature checks will be conducted for each attendee at the entrance of the venue of the EGM. Any person with a body temperature of over 37.3 degrees Celsius may be denied entry into the venue and may be required to leave the venue;
 - (c) each attendee will be required to wear a surgical face mask at all times within the venue;
 - (d) no food or drinks will be served at the EGM; and
 - (e) any person who (a) has contracted COVID-19, has been tested preliminary positive of COVID-19 or is suspected of contracting COVID-19; (b) has travelled outside Hong Kong within 14 days immediately before the EGM; (c) is subject to Hong Kong Government prescribed compulsory quarantine in relation to COVID-19; (d) has been in close contact with any person subject to (a), (b) or (c) above; or (e) has any flu-like symptoms shall not attend the EGM.

Any person who does not comply with the precautionary measures taken by the Company or is subject to any Hong Kong Government prescribed quarantine may be denied entry into and/or may be required to leave the venue of the EGM.

The Company would like to further remind the shareholders that physical attendance in person at the EGM is not necessary for the purpose of exercising voting rights. Shareholders are encouraged to consider appointing the chairman of the EGM as his/her/its proxy to vote on the relevant resolution(s) at the EGM as an alternative to attending the EGM in person.

Subject to the development of the COVID-19 situation and any directive(s) that may be further issued by the Hong Kong Government, the Company may implement and/or adjust precautionary measures for the EGM at short notice as the public health situation changes, and may issue further announcement(s) on such measures as and when appropriate. In any event, the shareholders will not be deprived of their right of voting on the resolution(s) to be proposed at the EGM.

As at the date of this notice, the directors of the Company are as follows:

Dr. Li Yin Hui	<i>Chairman and Non-executive Director</i>
Mr. Jiang Xiong	<i>Honorary Chairman and Executive Director</i>
Mr. Zheng Zu Hua	<i>Executive Director</i>
Mr. Tao Kuan	<i>Non-executive Director</i>
Mr. Zeng Han	<i>Non-executive Director</i>
Dr. Loke Yu	<i>Independent non-executive Director</i>
Mr. Heng Ja Wei	<i>Independent non-executive Director</i>
Mr. Ho Man	<i>Independent non-executive Director</i>

The following is a form of the Option Offer Letter being sent to each Optionholder in connection with the Option Offer.

30 November 2020

To the Optionholders

Dear Sir or Madam,

**OPTION OFFER IN RELATION TO
PROPOSAL FOR THE PRIVATISATION OF
CIMC-TIANDA HOLDINGS COMPANY LIMITED BY
THE JOINT OFFERORS BY WAY OF A SCHEME OF ARRANGEMENT
(UNDER SECTION 86 OF THE COMPANIES LAW)**

A scheme document dated the same date as this letter issued jointly by the Joint Offerors and the Company (the “**Scheme Document**”) and a form of acceptance (the “**Form of Option Offer Acceptance**”) are provided to you together with this letter. Terms used but not defined in this letter shall have the same meanings as defined in the Scheme Document. This letter should be read in conjunction with the Scheme Document.

On 4 October 2020, the Joint Offerors and the Company jointly announced that on the same date, the Joint Offerors had requested the Board to put forward the Proposal to the Scheme Shareholders for the privatisation of the Company by way of the Scheme. As stated in the Announcement, Sharp Vision will make (or procure to be made on its behalf) an appropriate offer to all the holders of the outstanding Share Options in accordance with Rule 13 of the Takeovers Code (the “**Option Offer**”), conditional upon the Scheme becoming effective.

This letter explains the terms of the Option Offer and the actions you may take in relation to any outstanding Share Options held by you. You are advised to refer to the Scheme Document when considering them.

Your attention is also drawn to the terms and conditions of the documentation under which each of your Share Options was granted (including the terms of the Share Option Scheme).

TERMS OF THE OPTION OFFER

Sharp Vision offers to pay you the Option Offer Price, which represents the nominal amount of HK\$0.00001 per Share Option, for each Share Option that you hold as at the Share Option Record Date.

Pursuant to the terms of the Share Option Scheme:

- (a) if the Scheme has been approved by the necessary number of Shareholders at the Court Meeting and the EGM, holder(s) of Share Options may thereafter (but on or before Thursday, 21 January 2021 (the “**Specified Date**”)) exercise the Share Options (to the extent not already exercised) to its full extent or to the extent specified in the written notice to be issued to the Company regarding the exercise of his or her Share Option; and
- (b) subject to the Scheme becoming effective, the Share Options shall lapse automatically and not be exercisable (to the extent not already exercised) on the Specified Date referred to in paragraph (a) above.

Subject to the Scheme becoming effective, any outstanding Share Options, to the extent not exercised, will lapse automatically on the Specified Date and will no longer be exercisable as from such time pursuant to the terms of the Share Option Scheme.

In consideration for Sharp Vision’s agreement to pay you the cash consideration set out above (as applicable to your holdings of Share Options), all rights and obligations under your Share Options will be immediately cancelled by Sharp Vision and the Company upon your acceptance.

Conditions of the Option Offer and close of the Option Offer

The Option Offer is conditional upon the Scheme becoming effective. The Option Offer will become unconditional immediately upon the Scheme becoming effective and prior to the listing of the Shares being withdrawn from the Stock Exchange. The Option Offer will close at 4:00 p.m. on the date the Scheme becomes effective (i.e. expected to be Thursday, 21 January 2021).

The Conditions of the Proposal and the Scheme are set out in the section headed “3. Conditions of the Proposal” in “Part VII – Explanatory Memorandum” of the Scheme Document. You are further advised to refer to the sections headed “10. Overseas Shareholders and Optionholders” and “20. Registration and Payment” in “Part VII – Explanatory Memorandum” of the Scheme Document.

Payments under the Option Offer

Cheques for payment of the Option Offer Price payable under the Option Offer are expected to be despatched as soon as possible but in any event within seven Business Days following the Effective Date. Your cash entitlements under the Option Offer will, notwithstanding the lapse of the Share Options on the Specified Date upon the Scheme becoming effective, continue to be subject to the conditions to entitlement under the existing terms of your Share Options up until the Share Option Record Date, including the requirement to remain in employment or service of the Group and other terms of the Share Option Scheme.

It is emphasised that none of the Joint Offerors, the Company, the Joint Financial Advisers and their agents or any of their respective directors, officers or associates or any other person involved in the Scheme or the Option Offer accepts responsibility or has any liability for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Scheme or the Option Offer. All Scheme Shareholders, Beneficial Owners and/or Optionholders are recommended to consult their professional advisers if in any doubt as to the taxation implications of the Proposal and they shall be solely responsible for their liabilities (including tax liabilities) in relation to the Scheme and/or the Option Offer.

COURSES OF ACTION AVAILABLE TO OPTIONHOLDERS

The Option Offer shall be available to you in respect of all Share Options that you hold as at the Share Option Record Date (expected to be Thursday, 21 January 2021) and for which you (or your nominee) have not been registered as the holder of the underlying Shares as at the Scheme Record Date (expected to be Thursday, 21 January 2021). The choices available to you in respect of your Share Options are set out below.

(A) Accept the Option Offer

You may choose to accept the Option Offer on the terms (including all declarations and undertakings) as set out in this letter and the enclosed Form of Option Offer Acceptance, by ticking the “Accept” box on the Form of Option Offer Acceptance and signing, completing and returning it in accordance with the instructions set out below by not later than 4:00 p.m. on Thursday, 21 January 2021 (or such later time and/or date as may be notified to you through announcement(s)). Such acceptance of the Option Offer will be in respect of all Share Options held by you as at the Share Option Record Date, and you will receive the Option Offer Price for all the relevant Share Options if the Scheme becomes effective.

(B) Reject the Option Offer

If you choose to reject the Option Offer, please tick the “Reject” box on the enclosed Form of Option Offer Acceptance and sign, complete and return it in accordance with the instructions set out below. Such rejection of the Option Offer will be in respect of all Share Options held by you as at the Share Option Record Date.

Pursuant to the terms of the Share Option Scheme, subject to the Scheme becoming effective, any outstanding Share Options, to the extent not exercised, will lapse automatically on the Specified Date and will no longer be exercisable as from such time.

If you reject the Option Offer, you will not be entitled to receive the cash consideration offered in respect of any of your Share Options.

Following receipt of this letter, if you (i) reject the Option Offer; (ii) choose to do nothing (including not returning a Form of Option Offer Acceptance), (iii) fail to tick either an “Accept” or “Reject” box or fail to sign on a returned Form of Option Offer Acceptance, or (iv) fail to return a completed and signed Form of Option Offer Acceptance by no later than 4:00 p.m. on Thursday, 21 January 2021 or such other date and time as may be notified to you by the Joint Offerors or by way of joint announcement by the Joint Offerors and the Company on the website of the Stock Exchange, and the Scheme becomes effective, you will be treated as not having accepted the Option Offer in respect of all Share Options held by you as at the Share Option Record Date, your outstanding Share Options will lapse automatically on the Specified Date and you will receive neither the Option Offer Price nor the Cancellation Price.

HOW TO RETURN THE FORM OF OPTION OFFER ACCEPTANCE

You should return the duly completed and executed Form of Option Offer Acceptance to Sharp Vision, care of CIMC-TianDa Holdings Company Limited at Units A-B, 16/F, China Overseas Building, 139 Hennessy Road, Wan Chai, Hong Kong, for the attention of the Company Secretary of the Company and marked “CIMC-TianDa Holdings Company Limited – Option Offer” by no later than 4:00 p.m. on Thursday, 21 January 2021 (or such other date and time as may be notified to you by the Joint Offerors or by way of joint announcement by the Joint Offerors and the Company on the website of the Stock Exchange).

Before returning the Form of Option Offer Acceptance, please ensure that you have completed and signed the Form of Option Offer Acceptance and that your signature has been witnessed.

No acknowledgment of receipt of the Form of Option Offer Acceptance or any other documents will be given.

LAPSED SHARE OPTIONS

Please note that nothing in this letter or the Scheme Document serves to extend the life of a Share Option which lapses, will lapse, or has already lapsed, under the terms of its grant or the Share Option Scheme. You cannot accept the Option Offer in respect of a Share Option which has lapsed or will have lapsed by the Share Option Record Date.

RECOMMENDATION OF THE INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT FINANCIAL ADVISER

Your attention is drawn to the letter from the Independent Board Committee to the Independent Shareholders and the Optionholders set out in Part V of the Scheme Document and the letter from Gram Capital, set out in Part VI of the Scheme Document which contain the recommendation of the Independent Board Committee and of Gram Capital, respectively, in relation to the Proposal, the Scheme, the Option Offer and the Rollover Arrangement.

INDEPENDENT FINANCIAL ADVICE

The information provided in this letter is intended to give you factual details on which to base your decision as to the action you wish to take.

If you are in any doubt as to any aspect of this letter, the Scheme Document, the Form of Option Offer Acceptance or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

DECLARATION

By returning the Form of Option Offer Acceptance, you:

- (a) confirm that you have read, understood and agreed to the terms and conditions of the Option Offer (including, without limitation, those set out in this letter and the Form of Option Offer Acceptance), and that you have received the Scheme Document and this letter;
- (b) warrant and confirm that each Share Option in respect of which you accept the Option Offer is valid and subsisting, free from all liens, charges, mortgages and third party interests of any nature whatsoever and you acknowledge that any option certificate or documents in respect of such Share Option shall become void once that Share Option has been cancelled as a result of your acceptance of the Option Offer pursuant to the Form of Option Offer Acceptance;
- (c) acknowledge that you cease to have any rights or obligations, and waive all rights and claims against any party (including the Joint Offerors and the Company), in respect of such Share Option you hold in respect of which you accept the Option Offer and agree that all rights and obligations under such Share Options will be cancelled;

- (d) confirm that any acceptance of the Option Offer cannot be withdrawn or altered;
- (e) authorise the Company and/or Sharp Vision, jointly and severally, or any director or officer of the Company or Sharp Vision or any agent of such person to do all acts and things and to execute any document as may be necessary or desirable to give effect to or in consequence of your acceptance of the Option Offer, and you hereby undertake to execute any further assurance that may be required in respect of such acceptance; and
- (f) undertake to confirm and ratify any action properly or lawfully taken on your behalf by any attorney or agent appointed by or pursuant to this letter or the Form of Option Offer Acceptance.

GENERAL

All communications, notices, Form of Option Offer Acceptance, cheques, certificates and other documents of any nature to be delivered by or sent to or from Optionholders will be delivered by or sent to or from them, or their designated agents, at their risk, and none of the Joint Offerors or the Company or the Joint Financial Advisers accepts any liability for any loss or any other liabilities whatsoever which may arise as a result. This letter shall be taken as having been received by you within two Business Days of its despatch.

The provisions set out in the Form of Option Offer Acceptance form part of the terms of the Option Offer.

The Option Offer and all acceptances will be governed by and construed in accordance with the laws of Hong Kong.

Due execution of the Form of Option Offer Acceptance in respect of the Option Offer will constitute an authority to Sharp Vision, any director of Sharp Vision, the board of directors of Sharp Vision or their respective agents to complete and execute any document on behalf of the Optionholders and to do any other act, that may be necessary or expedient for the purpose of cancelling, or transferring to Sharp Vision or such person(s) as Sharp Vision shall direct, all rights of the Optionholders in respect of the Share Options which are the subject of such acceptance.

The delivery of the Form of Option Offer Acceptance, duly signed, may, if Sharp Vision determine it appropriate, be as effective as if it were duly completed and received notwithstanding that it is not completed or received strictly in accordance with the instructions set out in the Form of Option Offer Acceptance and this letter, including the date specified for receipt.

By accepting the Option Offer in respect of a particular Share Option, you irrevocably and at your own risk elect to authorise Sharp Vision, the Company and/or such person(s) as Sharp Vision shall direct to send to you or the Company as your agent (depending on your election), or procure the sending to you or the Company as your agent (depending on your election) of, the payment to which you are entitled.

Any acceptance of the Option Offer and the receipt of cash consideration may trigger taxes subject to withholding obligations of Sharp Vision and/or the Company. Cash consideration under the Option Offer may be paid to you net of such applicable taxes, if any. All Optionholders are recommended to consult their professional advisers if in any doubt as to the taxation implications of the Option Offer.

RESPONSIBILITY STATEMENTS

As of the date of this letter, the directors of Expedition Holding are Mr. Han Yong and Mr. Zeng Wei.

As of the date of this letter, the directors of Macao QiXin (the general partner of Macao QiXin One Belt One Road Investment Fund L.P., which is in turn the indirect holding company of Expedition Holding) are Dr. Ai Linzhi, Mr. Pan Genping, Mr. Yu Hailin and Mr. Wang Shugui.

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

As of the date of this letter, the directors of Sharp Vision are Mr. Jin Jianlong, Mr. Wang Yu and Mr. Yu Yuqun.

As of the date of this letter, the board of directors of CIMC (being the indirect holding company of Sharp Vision) comprises Mr. Mai Boliang (chairman) as an executive director; Mr. Hu Xianfu (vice-chairman), Mr. Liu Chong (vice-chairman), Mr. Deng Weidong and Mr. Ming Dong as non-executive directors; Mr. Gao Xiang as an executive director; and Mr. He Jiale, Mr. Pan Zhengqi and Ms. Lui Fung Mei Yee, Mabel as independent non-executive directors.

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

As of the date of this letter, the Board comprises Mr. Jiang Xiong and Mr. Zheng Zu Hua as executive Directors; Dr. Li Yin Hui, Mr. Tao Kuan and Mr. Zeng Han as non-executive Directors; and Dr. Loke Yu, Mr. Heng Ja Wei and Mr. Ho Man as independent non-executive Directors. The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this letter (other than those relating to the Joint Offerors) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this letter (other than those expressed by the directors of each of the Joint Offerors) have been arrived at after due and careful consideration and there are no other facts not contained in this letter the omission of which would make any statement in this letter misleading.

Yours truly,

By the Order of the board of directors of
Sharp Vision Holdings Limited
Yu Yuqun
Director

By the order of the Board
CIMC-TianDa Holdings Company Limited
Li Yin Hui
Chairman