
LETTER FROM THE CFE INDEPENDENT BOARD COMMITTEE

The following is the text of a letter from the CFE Independent Board Committee setting out its recommendation to the Independent CFE Shareholders in relation to the Proposed Acquisitions and the Specific Mandate.



China Fire Safety Enterprise Group Limited

中國消防企業集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 445)

15 March 2018

To the Independent CFE Shareholders

Dear Sir or Madam,

**(1) VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION
AND
(2) PROPOSED ISSUE OF CONSIDERATION SHARES,
CONVERTIBLE BONDS AND SUBSCRIPTION SHARES UNDER SPECIFIC
MANDATE**

We refer to the circular of the Company dated 15 March 2018 (the “**Circular**”), of which this letter forms part. Unless specified otherwise, capitalised terms used herein shall have the same meanings as those defined in the Circular.

We have been appointed as the Independent Board Committee to advise you as to whether, in our opinion, (i) the Proposed Acquisitions are entered into in the ordinary course of business of the CFE Group; and (ii) the terms of the Sale and Purchase Agreements, the Subscription Agreement and the Specific Mandate are fair and reasonable and in the interests of the Company and the CFE Shareholders as a whole. Yunfeng Financial Markets Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee in this regard. Details of the independent advice of the Independent Financial Adviser, together with the principal factors and reasons it has taken into consideration, are set out on pages 77 to 147 of the Circular.

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Having considered the terms of the Proposed Acquisitions and the Subscription and the advice of Yunfeng Financial Markets Limited, we are of the opinion that, (i) whilst the Proposed Acquisitions are not entered into in the ordinary course of business of the CFE Group, they are in line with the long-term business strategies of the CFE Group and on normal commercial terms; and (ii) the terms of the Sale and Purchase Agreements, the Subscription Agreement and the Specific Mandate are fair and reasonable and in the interests of the Company and the CFE Shareholders (including the Independent CFE Shareholders). We therefore recommend the Independent CFE Shareholders to vote in favour of the ordinary resolutions to be proposed at the CFE EGM to approve the Proposed Acquisitions, the Subscription and the Specific Mandate.

Yours faithfully,

CFE 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*