
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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)

DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE DISPOSAL OF (I) THE AUTOMATED PARKING SYSTEMS BUSINESS; (II) 75% EQUITY INTEREST IN SHENZHEN CIMC AUTOPARKING SYSTEM CO., LTD.; AND (III) 60% EQUITY INTEREST IN TIANDA (LONGYAN) INVESTMENT DEVELOPMENT CO., LTD. AND NOTICE OF EGM

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



Capitalised terms used on this cover page shall have the same meanings as defined in this circular.

A letter from the Board is set out on pages 6 to 18 of this circular. The recommendation of the Independent Board Committee to the Independent Shareholders is set out on pages 19 to 20 of this circular. A letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 21 to 47 of this circular.

A notice convening the EGM to be held at Room 106, 1/F, CIMC R&D Centre, 2 Gangwan Avenue, Shekou, Nanshan District, Shenzhen, Guangdong, the PRC on Thursday, 19 November 2020 at 3:00 p.m. or any adjournment thereof is set out on pages EGM-1 to EGM-3 of this circular. A form of proxy for use at the EGM is sent to the Shareholders together with this circular. Such form of proxy is also published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.chinafire.com.cn>). Whether or not you are able to attend the EGM, you are advised to read the notice and complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, being not less than 48 hours before the time appointed for holding the EGM (i.e. at or before 3:00 p.m. on Tuesday, 17 November 2020) or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM should you so wish.

PRECAUTIONARY MEASURES FOR THE EGM

Due to the on-going COVID-19 pandemic, to safeguard the health and safety of Shareholders, the Company will implement the following precautionary measures at the EGM:

- compulsory body temperature checks
- compulsory wearing of a surgical face mask for each attendee
- submission of personal information form, which may be used for contact tracing, if required
- no distribution of corporate gift nor provision of refreshment

Shareholders attending the EGM are required to strictly comply with the relevant regulations and requirements regarding the epidemic prevention and control in Shenzhen. Any person who does not comply with the precautionary measures may be denied entry into the EGM venue. All attendees are required to wear surgical face masks at all times at the EGM venue. The Company reminds Shareholders that they may appoint the chairman of the meeting as their proxy to vote on the relevant resolution(s) at the meeting as an alternative to attending the meeting in person.

This circular is available for viewing on the website of the Stock Exchange at www.hkexnews.hk as well as the website of the Company (www.chinafire.com.cn).

29 October 2020

CONTENT

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	6
LETTER FROM THE INDEPENDENT BOARD COMMITTEE	19
LETTER FROM THE INDEPENDENT FINANCIAL ADVISER	21
APPENDIX I – GENERAL INFORMATION	I-1
NOTICE OF EGM	EGM-1

DEFINITIONS

In this circular, unless the context otherwise requires, the following words and expressions shall have the following meanings:

“Announcement”	the announcement of the Company dated 1 September 2020 in relation to, among other matters, the Disposal
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Automated Parking Systems Business”	the automated parking systems business held by the Vendor and all the assets, liabilities and relevant rights and interests arising therefrom
“Board”	the board of Directors
“Business Day”	a day other than a Saturday, Sunday or statutory holidays stipulated by the government of the PRC
“Capped Amount”	has the meaning ascribed thereto in the paragraph headed “Consideration” under the section “The Disposal” in the “Letter from the Board” in this circular
“CIMC”	China International Marine Containers (Group) Co., Ltd., a joint stock company incorporated in the PRC with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 2039) and the Shenzhen Stock Exchange (stock code: 000039)
“CIMC Autoparking”	深圳中集智能停車有限公司 (for transliteration purpose only, Shenzhen CIMC Autoparking System Co., Ltd.#), a company established in the PRC with limited liability and directly owned as to 75% by the Vendor and 25% by Shenzhen Yongfuwang as at the Latest Practicable Date
“CIMC Autoparking Sale Capital”	75% registered capital of CIMC Autoparking, which is beneficially owned by the Vendor as at the Latest Practicable Date
“CIMC Group”	CIMC and its subsidiaries
“Company”	CIMC-TianDa Holdings Company Limited, a company incorporated in the Cayman Islands with limited liability and whose Shares are listed on the Main Board of the Stock Exchange (stock code: 445)
“Completion”	completion of the Disposal, which includes the First Completion and the Second Completion, in accordance with the terms and conditions of the Transfer Agreement

DEFINITIONS

“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Consideration”	a sum of RMB181,750,000, being the purchase price for the Target Assets
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the proposed disposal of the Target Assets, including both the First Tranche Assets and the Second Tranche Assets, by the Vendor to the Purchaser pursuant to the terms and conditions of the Transfer Agreement
“EGM”	the extraordinary general meeting of the Company to be convened and held at Room 106, 1/F, CIMC R&D Centre, 2 Gangwan Avenue, Shekou, Nanshan District, Shenzhen, Guangdong, the PRC on Thursday, 19 November 2020 at 3:00 p.m. for the Independent Shareholders to consider and, if thought fit, approve the Transfer Agreement and the transactions contemplated thereunder
“First Completion”	completion of the disposal of the First Tranche Assets
“First Completion Date”	on or before thirty (30) Business Days after the fulfillment or waiver (as the case may be) of all the conditions precedent under the Transfer Agreement
“First Tranche Assets”	the assets and liabilities under the Target Assets, excluding the Second Tranche Assets
“Group”	the Company and its subsidiaries
“Guaranteed NAV”	has the meaning ascribed thereto in the paragraph headed “Vendor’s undertakings and net asset value guarantee” under the section “The Disposal” in the “Letter from the Board” in this circular
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board, comprising all the independent non-executive Directors, namely Dr. Loke Yu, Mr. Heng Ja Wei and Mr. Ho Man, which has been established by the Board for the purpose of advising the Independent Shareholders in connection with the Transfer Agreement and the transactions contemplated thereunder

DEFINITIONS

“Independent Financial Adviser”	Red Solar Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the Transfer Agreement and the transactions contemplated thereunder
“Independent Shareholders”	the Shareholders other than the Purchaser, CIMC and their respective associates and any Shareholders who are interested or have a material interest in the Transfer Agreement who shall be required under the Listing Rules to abstain from voting on the resolution(s) to approve the Transfer Agreement and the transactions contemplated thereunder at the EGM
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owners, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company and are third parties independent of the Company and its connected persons in accordance with the Listing Rules
“Latest Practicable Date”	22 October 2020, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Longyan Zhaolin”	龍岩市兆麟投資發展有限公司(for transliteration purpose only, Longyan Zhaolin Investment Development Co., Ltd.#), a company established in the PRC with limited liability and an Independent Third Party
“PRC”	the People’s Republic of China which for the purpose of this circular excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Purchaser”	中集物聯科技有限公司 (for transliteration purpose only, CIMC Wulian Technology Co., Ltd.#), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of CIMC
“Retained Cash”	has the meaning ascribed thereto in the paragraph headed “Consideration” under the section “The Disposal” in the “Letter from the Board” in this circular

DEFINITIONS

“Retained Cash Arrangement”	has the meaning ascribed thereto in the paragraph headed “Consideration” under the section “The Disposal” in the “Letter from the Board” in this circular
“Second Completion”	completion of the disposal of the Second Tranche Assets
“Second Completion Date”	on or before thirty (30) Business Days after the hand down and execution of the relevant judgment in respect of the legal and/or arbitration proceedings concerning the Second Tranche Assets
“Second Installment”	has the meaning ascribed thereto in the paragraph headed “Consideration” under the section “The Disposal” in the “Letter from the Board” in this circular
“Second Tranche Assets”	has the meaning ascribed thereto in the paragraph headed “Vendor’s undertakings and net asset value guarantee” under the section “The Disposal” in the “Letter from the Board” in this circular
“Second Tranche Assets NAV”	has the meaning ascribed thereto in the paragraph headed “Vendor’s undertakings and net asset value guarantee” under the section “The Disposal” in the “Letter from the Board” in this circular
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Share(s)”	share(s) of the Company of HK\$0.01 each
“Shareholder(s)”	holder(s) of issued Share(s) from time to time
“Shenzhen Yongfuwang”	深圳市永福旺投資企業(有限合伙) (for transliteration purpose only, Shenzhen Yongfuwang Investment (Limited Partnership) [#]), a limited partnership established in the PRC, and beneficially owned by certain staff of CIMC Autoparking
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Assets”	collectively, the Automated Parking Systems Business, the CIMC Autoparking Sale Capital and the Tianda Longyan Sale Capital
“Third Installment”	has the meaning ascribed thereto in the paragraph headed “Consideration” under the section “The Disposal” in the “Letter from the Board” in this circular

DEFINITIONS

“Tianda Longyan”	中集天達(龍岩)投資發展有限公司 (for transliteration purpose only, Tianda (Longyan) Investment Development Co., Ltd [#]), a company established in the PRC with limited liability and is owned as to 60% by the Vendor and 40% by Longyan Zhaolin as at the Latest Practicable Date
“Tianda Longyan Sale Capital”	60% registered capital of Tianda Longyan, which is beneficially owned by the Vendor as at the Latest Practicable Date
“Transfer Agreement”	the conditional transfer agreement dated 1 September 2020 entered into between the Vendor and the Purchaser in respect of the Disposal
“Vendor”	深圳中集天達空港設備有限公司 (for transliteration purpose only, Shenzhen CIMC-Tianda Airport Support Ltd [#]), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

[#] *the English translation of Chinese names or words in this circular, where indicated, is included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words*

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)

Non-executive Directors:

Dr. Li Yin Hui (*Chairman*)

Mr. Tao Kuan

Mr. Zeng Han

Executive Directors:

Mr. Jiang Xiong (*Honorary Chairman*)

Mr. Zheng Zu Hua

Independent non-executive Directors:

Dr. Loke Yu

Mr. Heng Ja Wei

Mr. 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

No 139 Hennessy Road

Wan Chai, Hong Kong

Principal place of business in the PRC:

No. 9, Fuyuan 2nd Road

Fuyong, Baoan District

Shenzhen, PRC

29 October 2020

To the Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO THE DISPOSAL OF
(I) THE AUTOMATED PARKING SYSTEMS BUSINESS;
(II) 75% EQUITY INTEREST IN SHENZHEN CIMC AUTOPARKING
SYSTEM CO., LTD.; AND
(III) 60% EQUITY INTEREST IN TIANDA (LONGYAN) INVESTMENT
DEVELOPMENT CO., LTD.
AND
NOTICE OF EGM**

INTRODUCTION

Reference is made to the Announcement in relation to, among other matters, the Disposal.

LETTER FROM THE BOARD

On 1 September 2020, the Vendor, being an indirect non-wholly owned subsidiary of the Company, and the Purchaser, being an indirect non-wholly owned subsidiary of CIMC, entered into the Transfer Agreement, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, (i) the Automated Parking Systems Business carried on by the Vendor; (ii) the CIMC Autoparking Sale Capital, representing 75% equity interest in CIMC Autoparking; and (iii) the Tianda Longyan Sale Capital, representing 60% equity interest in Tianda Longyan, for a total consideration of RMB181,750,000.

The purpose of this circular is to provide you with, among other things, (i) further information on the Transfer Agreement and the transactions contemplated thereunder; (ii) a letter from the Independent Board Committee to the Independent Shareholders setting out their advice in respect of the Transfer Agreement and the transactions contemplated thereunder; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in the same regard; and (iv) a notice of the EGM.

THE DISPOSAL

The principal terms of the Transfer Agreement are set out below:

The Transfer Agreement

Date: 1 September 2020

Parties: (i) the Vendor, as vendor; and
(ii) the Purchaser, as purchaser.

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, the Purchaser is an indirect non-wholly owned subsidiary of CIMC, which is the controlling shareholder of the Company. As such, the Purchaser is a connected person of the Company under Chapter 14A of the Listing Rules.

The CIMC Group is principally engaged in (i) the manufacture of containers, road transportation vehicles, energy, chemical and liquid food equipment, offshore engineering equipment, airport facilities and fire engines, firefighting and rescue equipment as well as the provision of relevant services; and (ii) logistics service, industrial city development, finance and other businesses. The Purchaser is principally engaged in investment holding and the provision of investment consultation services.

Asset to be disposed of

Pursuant to the terms and conditions of the Transfer Agreement, the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, (i) the Automated Parking Systems Business carried on by the Vendor; (ii) the CIMC Autoparking Sale Capital, representing 75% equity interest in CIMC Autoparking; and (iii) the Tianda Longyan Sale Capital, representing 60% equity interest in Tianda Longyan.

LETTER FROM THE BOARD

As at the Latest Practicable Date, (i) CIMC Autoparking is directly owned as to 75% by the Vendor and 25% by Shenzhen Yongfuwang, and (ii) Tianda Longyan is directly owned as to 60% by the Vendor and 40% by Longyan Zhaolin.

Consideration

The Consideration is RMB181,750,000, of which the Consideration for the First Tranche Assets is RMB136,408,000 and the Consideration for the Second Tranche Assets is RMB45,342,000. Subject to the adjustment mechanism as set out below, the Consideration shall be satisfied by the Purchaser in the following manner:

- (i) as to RMB25,000,000 shall be paid by the Purchaser to the Vendor by way of cash via bank transfer within thirty (30) days from the date of the Transfer Agreement;
- (ii) as to RMB111,408,000 (the “**Second Installment**”) shall be paid by the Purchaser to the Vendor by way of cash via bank transfer after the First Completion Date and on a date within thirty (30) days after the date of registration of the transfer of the CIMC Autoparking Sale Capital or on a date no later than 15 December 2020 (whichever is earlier); and
- (iii) the remaining balance as to RMB45,342,000 (the “**Third Installment**”) shall be paid by the Purchaser to the Vendor by way of cash via bank transfer within thirty (30) days after the Second Completion Date.

Pursuant to the terms and conditions of the Transfer Agreement, the Group (excluding CIMC Autoparking and Tianda Longyan) may retain all cash balances (if any) under the Automated Parking Systems Business as at the First Completion Date (“**Retained Cash**”), which in any event shall be capped at RMB156,750,000 (the “**Capped Amount**”), representing the total amount of the Second Installment and the Third Installment. In the event that any Retained Cash is retained by the Group (excluding CIMC Autoparking and Tianda Longyan), the payment terms of the Consideration shall be adjusted such that (i) if the amount of the Retained Cash is less than that of the Second Installment as set out above, the Second Installment payable by the Purchaser to the Vendor shall be an amount equivalent to the difference between the original amount of the Second Installment and the amount of the Retained Cash, and the amount of the Third Installment payable by the Purchaser shall remain unchanged; and (ii) if the amount of the Retained Cash is greater than that of the Second Installment but less than the Capped Amount as set out above, the Purchaser shall not be required to pay the Second Installment, and the Third Installment payable by the Purchaser to the Vendor shall be an amount equivalent to the difference between the Capped Amount and the amount of the Retained Cash (the “**Retained Cash Arrangement**”). As at the Latest Practicable Date, the amount of cash balance under the Automated Parking Systems Business was approximately RMB69,471,000.

Given that (i) the transfer of cash balances (if any) under the Automated Parking Systems Business as part of the assets transfer from the Vendor to the Purchaser and the payment of Consideration by the Purchaser to the Vendor are merely an exchange of cash; and (ii) the Second Installment and the Third Installment may be settled by the Purchaser after the First Completion Date and the Second Completion Date under the Retained Cash Arrangement as disclosed above, the Directors consider that the Retained Cash Arrangement would enable the Group to secure timely payment, either in whole or in part, of the

LETTER FROM THE BOARD

Second Installment and/or the Third Installment pursuant to the terms and conditions of the Transfer Agreement, and thereby facilitating the process of the Disposal. As such, the Directors are of the view that the Retained Cash Arrangement is on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Basis of Consideration

The Consideration for the First Tranche Assets and the Second Tranche Assets was arrived at after arm's length negotiations between the Vendor and the Purchaser on normal commercial terms after taking into account (i) the Group's desire to dispose of the Target Assets so as to better allocate its resources on its core businesses; (ii) the Purchaser's desire to acquire the Target Assets as part of its business restructuring and development plan; and (iii) other factors as set out in the section headed "Reasons for and the benefits of the Disposal" below.

In determining the Consideration for the First Tranche Assets, the parties also considered (i) the unaudited net asset value of the First Tranche Assets of approximately RMB107,157,000 as at 30 September 2019; and (ii) the implied price-to-book ("**P/B**") ratio of approximately 1.27 times of the First Tranche Assets, as compared to the P/B ratio of approximately 2.78 times of a public listed company in the PRC that is principally engaged in businesses similar to that of the Target Assets (the "**Comparable Company**") as at 30 September 2019. The implied P/B ratio of the First Tranche Assets falls below that of the Comparable Company by more than 50%. Having considered (i) the Comparable Company recorded net profits for the two financial years ended 31 December 2018 and up to the period ended 30 September 2019 in contrast with the long loss-making position of the First Tranche Assets, suggesting a substantial discount on the Consideration required if earnings of the Comparable Company were taken into account; (ii) there was a premium in the Consideration for the First Tranche Assets over the net assets value of the First Tranche Assets; and (iii) the other factors taken into account when determining the Consideration as set out in the paragraph above, a lower implied P/B ratio in respect of the First Tranche Assets is considered fair and reasonable.

In determining the Consideration for the Second Tranche Assets, the parties also considered (i) the unaudited net asset value of the Second Tranche Assets of approximately RMB45,342,000 as at 30 September 2019; (ii) the net asset value guarantee provided by the Vendor in respect of the Second Tranche Assets of RMB45,342,000 as at the Second Completion Date; and (iii) the uncertainty as to the outcome of the legal and/or arbitration proceedings relating to the Second Tranche Assets.

The unaudited net asset value of the Target Assets was approximately RMB152,499,000 as at 30 September 2019.

In addition to asset approach, the Company considered two other generally accepted approaches, namely income approach and market approach, in arriving at the fair value of the Target Assets. Given that (i) a reliable and justifiable financial estimation and cash flow forecast is difficult to be established in the absence of sufficient number of long-term cash-flow generating contracts committed by the Target Assets; (ii) future economic benefit stream and the discount rate require various assumptions and are subject to various uncertainties such as economic environment in the future; (iii) suitable direct market transactions with unique circumstances of the Target Assets may not be sufficient/available, the Group did not consider income approach and market approach to be appropriate. In light of the above, the Group took into account the net asset value of the Target Assets in determining the Consideration.

LETTER FROM THE BOARD

The unaudited net asset value of the Target Assets as at 30 September 2019 was prepared when negotiations in respect of the Disposal between the Vendor and the Purchaser commenced in or around November 2019, and was agreed by the parties to be one of the basis of the Consideration. Negotiations in respect of the Disposal had been interrupted by the outbreak of novel coronavirus, and prolonged in order to finalise other terms of the Disposal, including the terms relating to the legal and/or arbitration proceedings in respect of the Second Tranche Assets. Given that there was no material change which may affect the basis of the Consideration after reviewing the operational and financial information of the Target Assets from 1 October 2019 up to the date of the Transfer Agreement, the unaudited net asset value of the Target Assets as at 30 September 2019 was taken into account in determining the Consideration.

As the Consideration of RMB181,750,000 is greater than the unaudited net asset value of the Target Assets of approximately RMB152,499,000 and RMB147,247,000 as at 30 September 2019 and 31 July 2020, respectively, the Group is expected to record a gain from the Disposal subject to further audit procedures to be performed by the auditors of the Company. For further details, please refer to the section headed “Financial effects of the Disposal and use of proceeds” below.

After taking into consideration of the above, the Directors (including the independent non-executive Directors having taken into account the independent advice from the Independent Financial Adviser) consider that the Consideration is fair and reasonable.

Conditions precedent

Completion is subject to the following conditions having been fulfilled or waived (as the case may be):

- (i) the passing of the resolution by the Independent Shareholders at the EGM approving the Transfer Agreement and the transactions contemplated thereunder;
- (ii) all necessary consents and approvals required to be obtained on the part of the Vendor, CIMC Autoparking and Tianda Longyan in respect of the Disposal having been obtained;
- (iii) internal approval process of the Purchaser in respect of the Disposal having been completed, and all necessary consents and approvals required to be obtained on the part of the Purchaser in respect of the Disposal having been obtained;
- (iv) the remaining shareholder of Tianda Longyan having waived its preemptive right to acquire the equity interest in Tianda Longyan under the Target Assets; and
- (v) there being no material adverse change to the net asset value of the First Tranche Assets caused by reasons arising outside the ordinary course of business of the Group, or in the operation of CIMC Autoparking from the date of the Transfer Agreement to the First Completion Date.

LETTER FROM THE BOARD

The Purchaser may at any time waive condition (v) above by notice in writing to the Vendor and all other conditions precedent are incapable of being waived by the parties to the Transfer Agreement.

As at the Latest Practicable Date, save for condition (iv) set out above, none of the above conditions have been satisfied.

Vendor's undertakings and net asset value guarantee

As at the Latest Practicable Date, certain assets under the Target Assets, which include, among other things, the Tianda Longyan Sale Capital, are subject to ongoing legal and/or arbitration proceedings (the "**Second Tranche Assets**"). Pursuant to the terms and conditions of the Transfer Agreement, the Vendor undertakes to the Purchaser to continue to pursue the said legal and/or arbitration proceedings and bear all costs and expenses arising therefrom.

Details of the legal proceedings in relation to the Second Tranche Assets are set out below:

- (a) The Vendor, as plaintiff, filed a lawsuit with the Higher People's Court of Anhui Province, the PRC, in November 2019 against 上海綠地集團合肥置業有限公司 (for transliteration purpose only, Shanghai Greenland Group Hefei Real Estate Company Limited) ("**Greenland Group**") and 安徽省綠安物業管理有限公司 (for transliteration purpose only, Anhui Luan Property Management Company Limited) ("**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 Vendor sought for, among other things, (i) termination of the contracts concerned; (ii) a compensation for losses and damages suffered; and (iii) the outstanding car parks management fees and operating expenses due from Greenland Group and Luan Property on the basis that, among other things, (i) the malicious interference with the normal operation of the subject car parks arising from the disputes between Greenland Group and other parties; and (ii) the defendants' failure to remedy the water seepage and sewage problems in the subject car parks pursuant to the terms and conditions of the contracts.

The intangible assets, being the right to operate and manage the subject car parks, under the Second Tranche Assets are subject to the above legal proceedings; and the total amount claimed is approximately RMB93,940,000.

The date of court hearing is yet to be scheduled as at the Latest Practicable Date, and it is expected to be scheduled by the end of 2020. The Company is positive as to the outcome of the aforementioned legal proceedings.

LETTER FROM THE BOARD

- (b) The Vendor, as plaintiff, filed a written administrative accusation (行政起訴狀) against福建省龍岩市住房和城鄉建設局 (for transliteration purpose only, Fujian Province Longyan City Housing and Urban Construction Bureau) (“**Longyan Bureau**”), as defendant. The Vendor petitioned for (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; and the car parks concerned which are included in the inventories under the Second Tranche Assets are subject to the execution of judgements of above legal proceedings. The Directors expect the execution of the judgements to be completed by the end of 2020.

The Vendor guarantees to the Purchaser that the net asset value of the Second Tranche Assets as at the Second Completion Date (the “**Second Tranche Assets NAV**”) shall not be less than RMB45,342,000 (the “**Guaranteed NAV**”). In the event that the Second Tranche Assets NAV is less than the Guaranteed NAV, the Vendor shall compensate the Purchaser the amount of such shortfall on a dollar-for-dollar basis. In the event that the Second Tranche Assets NAV is greater than the Guaranteed NAV, the Vendor may retain the amount equivalent to the difference between the Second Tranche Assets NAV and the Guaranteed NAV. The Directors expect such excess amount of the Second Tranche Assets NAV will be realised and converted into cash and be retained by the Vendor at its discretion.

The Guaranteed NAV was equivalent to the amount of the unaudited net asset value of the Second Tranche Assets of approximately RMB45,342,000 as at 30 September 2019 and was determined after arm’s length negotiations between the Vendor and the Purchaser after taking into account the uncertainty as to the outcome of the legal and/or arbitration proceedings relating to the Second Tranche Assets.

Pursuant to the terms and conditions of the Transfer Agreement, subject to compliance with the requirements under the Listing Rules, the Vendor undertakes to the Purchaser to provide support to the Purchaser in respect of the Automated Parking Systems Business and its development for a term of two years from the First Completion Date. Such support may include but not limited to (i) the submission of tender(s) in relation to the Automated Parking Systems Business by the Vendor on the Purchaser’s behalf, in case the Purchaser is ineligible to participate in such tender(s) due to certain qualification issues for the time being, and the appointment of the Purchaser as its exclusive subcontractor subject to the terms and conditions of such tenders in the event that any such tenders are awarded to the Vendor; (ii) the licensing of intellectual property that applies to the Automated Parking Systems Business to the Purchaser; and (iii) the sharing of administrative services, security management and office supplies. In the event that the said support to be provided by the Vendor to the Purchaser constitutes connected transaction(s) on the part of the Company under the Listing Rules, such support shall only be effective upon compliance with the requirements under the Listing Rules, including but not limited to the passing of the relevant resolution(s) by the Independent Shareholders at the extraordinary general meeting(s) of the Company, if necessary.

LETTER FROM THE BOARD

Completion

The First Completion shall take place within thirty (30) Business Days after the fulfillment or waiver (as the case may be) of all the conditions precedent of the Transfer Agreement; whereas the Second Completion shall take place within thirty (30) Business Days after the hand down and execution of the relevant judgement in respect of the legal and/or arbitration proceedings concerning the Second Tranche Assets.

Upon Completion, (i) CIMC Autoparking will be directly owned as to 75% by the Purchaser and 25% by Shenzhen Yongfuwang; and (ii) Tianda Longyan will be directly owned as to 60% by the Purchaser and 40% by Longyan Zhaolin. As such, the Vendor will no longer hold any equity interest in each of CIMC Autoparking and Tianda Longyan, which will therefore cease to be a subsidiary of the Company. The financial information of CIMC Autoparking and Tianda Longyan will cease to be consolidated into the consolidated financial statements of the Company.

INFORMATION ON THE TARGET ASSETS

As at the Latest Practicable Date, the Automated Parking Systems Business is operated by the Vendor, involving 20 personnel. It principally comprises the design, development and manufacturing of various automatic parking systems and the provision of related technical and maintenance services.

CIMC Autoparking is a company established in the PRC with limited liability. As at the Latest Practicable Date, CIMC Autoparking is directly owned as to 75% by the Vendor and 25% by Shenzhen Yongfuwang, and is principally engaged in the sale of automatic parking systems and equipment, mechanical products and metal structural parts and the provision of related technical services.

Tianda Longyan is a company established in the PRC with limited liability. As at the Latest Practicable Date, Tianda Longyan is directly owned as to 60% by the Vendor and 40% by Longyan Zhaolin, and is principally engaged in the investment and asset management in parking lot business.

Financial information of the Target Assets

Set out below is a summary of the unaudited financial information attributable to the sum of (i) the Target Assets; (ii) the equity interests of Shenzhen Yongfuwang in CIMC Autoparking; and (iii) the equity interests of Longyan Zhaolin in Tianda Longyan, for the two years ended 31 December 2019 and the seven months ended 31 July 2020:

	For the year ended 31 December 2018	For the year ended 31 December 2019	For the seven months ended 31 July 2020
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)	(unaudited)
	Approx.	Approx.	Approx.
Revenue	111,148	145,574	13,900
Profit/(loss) before taxation	4,972	(4,327)	(8,670)
Profit/(loss) after taxation	3,487	(2,903)	(6,807)

LETTER FROM THE BOARD

The total assets, total liabilities and net assets of the sum of (i) the Target Assets; (ii) the equity interests of Shenzhen Yongfuwang in CIMC Autoparking; and (iii) the equity interests of Longyan Zhaolin in Tianda Longyan, as at 31 July 2020 according to its unaudited management accounts were approximately RMB255,788,000, RMB102,623,000 and RMB153,165,000, respectively. The unaudited net assets of the Target Assets as at 31 July 2020 were approximately RMB147,247,000.

FINANCIAL EFFECTS OF THE DISPOSAL AND USE OF PROCEEDS

Upon Completion, each of CIMC Autoparking and Tianda Longyan will cease to be a subsidiary of the Company. As such, the financial information of CIMC Autoparking and Tianda Longyan will cease to be consolidated into the financial statements of the Group. Subject to further audit procedures to be performed by the auditors of the Company, the Group is expected to record a gain from the Disposal of approximately RMB33,953,000 which is calculated with reference to the net proceeds from the Disposal and the unaudited net assets of the Target Assets as at 31 July 2020 of approximately RMB147,247,000. The actual amount of gain or loss as a result of the Disposal to be recorded by the Group will be subject to the net asset value of the Target Assets at the First Completion Date and the Second Completion Date and the review and final audit by the auditors of the Company.

The net proceeds from the Disposal, after deducting the expenses directly attributable thereto, will amount to approximately RMB181,200,000. It is intended that the net proceeds to be used for the Group's general working capital and investment purpose.

REASONS FOR AND THE BENEFITS OF THE DISPOSAL

The Vendor, an indirect non-wholly owned subsidiary of the Company, is principally engaged in the manufacture and sale of airport facilities, materials handling systems and automated parking systems.

With a view to further concentrate resources on its core businesses, the Group has been reducing its investments in non-core businesses gradually. The Automated Parking Systems Business carried on by the Vendor is a non-core business that does not complement the principal businesses of the Group, which include production and sale of fire engines, fighting and rescue equipment, the design and sale of mobile fire stations and emergency rescue stations, the design and manufacturing of passengers boarding bridges, the provision of integrated solutions of airport facility equipment, including airport logistic systems (baggage handling and cargos handling) and ground support equipment and the provision of materials handling systems. Furthermore, the unaudited financial information attributable to the Target Assets reported an operating loss for the year ended 31 December 2019 without clear potential for significant improvement on its performance in the coming years. The Company believes that the Disposal has provided an excellent opportunity for it to realise its investment in the relevant non-core businesses, enhance the operational efficiency of the assets of the Group and enable the Group to better allocate its resources for the development of its existing businesses and/or investments in other business opportunities, which is in line with the strategic deployment of resources and the actual needs for operational development of the Group.

Set out below is the size of the Automated Parking Systems Business (including the equity interests of Shenzhen Yongfuwang in CIMC Autoparking and Longyan Zhaolin in Tianda Longyan) compared to that of the Group for the two years ended 31 December 2019.

LETTER FROM THE BOARD

	For the year ended 31 December 2018 (Approximate%)	For the year ended 31 December 2019 (Approximate%)
Revenue	2.54%	2.44%
Profit before taxation	2.18%	N/A (Note)
Profit after taxation	1.79%	N/A (Note)
Net assets	4.92%	4.55%

Note: No percentage is calculated as the Automated Parking Systems Business (including the equity interests of Shenzhen Yongfuwang in CIMC Autoparking and Longyan Zhaolin in Tianda Longyan) recorded a loss for the year ended 31 December 2019 and is marked as “N/A”.

Having considered that (i) the Automated Parking Systems Business is insignificant in size compared to that of the Group as illustrated in the table above; and (ii) the remaining businesses of the Group operate independently from the Automated Parking Systems Business, the Directors are of the view that there will be no material adverse impact on the remaining businesses and operation results of the Group upon Completion.

As disclosed in the circular of the Company dated 15 March 2018, the Group acquired an aggregate of approximately 99.41% equity interest in Pteris Global Limited (“**Pteris**”) (which owned the Target Assets) for a consideration of approximately RMB3,807,000,000 from Sharp Vision Holdings Limited, being a wholly-owned subsidiary of CIMC, and Fengqiang Holdings Limited, being a wholly-owned subsidiary of Shenzhen TGM Ltd. (the “**2018 Acquisition**”).

The Target Assets were insignificant in size relative to that of the other businesses held by Pteris, such as the airport facilities and material handling systems, in respect of the 2018 Acquisition. Taking into account that (i) the businesses under the Target Assets have been loss making or making a small amount of profit since completion of the 2018 Acquisition; and (ii) the Group is expected to record a gain from the Disposal, the Directors consider that the Consideration is fair and reasonable.

Having regard to the aforementioned, the Directors (including the independent non-executive Directors having taken into account the independent advice from the Independent Financial Adviser) believe that the terms of the Disposal are on normal commercial terms, fair and reasonable, and the Disposal is in the interests of the Company and the Shareholders as a whole.

Save for Dr. Li Yin Hui, Mr. Zheng Zu Hua, Mr. Tao Kuan and Mr. Zeng Han, who are the Directors nominated by CIMC and have therefore abstained from voting on the relevant resolution(s) of the Board approving the Disposal, none of the other Directors has material interest in the Disposal and is required to abstain from voting on the relevant resolution(s) of the Board.

LETTER FROM THE BOARD

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratio(s) (as defined under the Listing Rules) in respect of the Disposal is more than 5% but less than 25%, the entering into of the Transfer Agreement constitutes a discloseable transaction on the part of the Company under the Listing Rules, and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

As at the Latest Practicable Date, the Purchaser is an indirect non-wholly owned subsidiary of CIMC, which is the controlling shareholder of the Company, and hence a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Disposal constitutes a connected transaction on the part of the Company, and is subject to notification, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising Dr. Loke Yu, Mr. Heng Ja Wei and Mr. Ho Man, being all the independent non-executive Directors, has been established to give a recommendation to the Independent Shareholders in respect of the Disposal as to whether the terms of the Transfer Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms or better and in the interests of the Company and the Independent Shareholders as a whole.

INDEPENDENT FINANCIAL ADVISER

The Independent Financial Adviser has been appointed with approval of the Independent Board Committee to provide advice and recommendation to the Independent Board Committee and the Independent Shareholders in respect of the Transfer Agreement and to advise the Independent Shareholders on how to vote at the EGM.

EGM

The EGM will be convened and held at Room 106, 1/F, CIMC R&D Centre, 2 Gangwan Avenue, Shekou, Nanshan District, Shenzhen, Guangdong, the PRC on Thursday, 19 November 2020 at 3:00 p.m. for the Independent Shareholders to consider and, if thought fit, to approve the Transfer Agreement and the transactions contemplated thereunder. A notice convening the EGM is set out on pages EGM-1 to EGM-3 of this circular.

The voting in respect of the Disposal at the EGM will be conducted by way of poll. The Purchaser, CIMC and their respective associates and those who are involved in or interested in the Disposal shall abstain from voting on the resolutions approving the Disposal at the EGM. Save for the aforesaid and to the best of the information, knowledge and belief of the Directors having made all such reasonable enquiries, no other Shareholder is required to abstain from voting at the EGM.

LETTER FROM THE BOARD

Whether or not you are able to attend the EGM in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as practicable but in any event not later than 48 hours before the time appointed for holding of the EGM (i.e. at or before 3:00 p.m. on Tuesday, 17 November 2020) or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting at the EGM or any adjourned meeting thereof (as the case may be) should you so desire.

To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, there is (i) no voting trust or other agreement or arrangement or understanding entered into by or binding upon its ultimate beneficial owners and their respective associates; and (ii) no obligation or entitlement of its ultimate beneficial owners and their respective associates as at the Latest Practicable Date, whereby it or he has or may have temporarily or permanently passed control over the exercise of the voting right in respect of its or his Shares to a third party, either generally or on a case-by-case basis.

RECOMMENDATION

The Directors (including the independent non-executive Directors having taken into account the independent advice from the Independent Financial Adviser) consider that the terms of the Transfer Agreement and the transactions contemplated thereunder are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of all resolutions to be proposed at the EGM to approve the Transfer Agreement and the transactions contemplated thereunder.

LETTER FROM THE BOARD

Shareholders are advised to read carefully the letter from the Independent Board Committee regarding the Transfer Agreement on pages 19 to 20 of this circular. The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, the text of which is set out on pages 21 to 47 of this circular, considers that the terms of the Transfer Agreement are fair and reasonable insofar as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the resolutions to approve the Transfer Agreement and the transactions contemplated thereunder at the EGM.

FURTHER INFORMATION

Your attention is drawn to the further information set out in the appendix to this circular.

Completion is subject to the fulfillment of the conditions precedent set out in the Transfer Agreement and therefore the Disposal may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of the letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in relation to the Transfer Agreement:

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)

29 October 2020

To the Independent Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO THE DISPOSAL OF
(I) THE AUTOMATED PARKING SYSTEMS BUSINESS;
(II) 75% EQUITY INTEREST IN SHENZHEN CIMC AUTOPARKING
SYSTEM CO., LTD.; AND
(III) 60% EQUITY INTEREST IN TIANDA (LONGYAN) INVESTMENT
DEVELOPMENT CO., LTD.**

We refer to the circular of the Company dated 29 October 2020 (the “**Circular**”), of which this letter forms part. Unless the context specifies otherwise, capitalised terms used herein have the same meanings as defined in the Circular.

We have been appointed by the Board as members of the Independent Board Committee to consider whether the terms of the Transfer Agreement are fair and reasonable, whether they are on normal commercial terms or better and in the ordinary and usual course of business of the Group and in the interests of the Company and the Independent Shareholders as a whole, and to advise the Independent Shareholders on how to vote, taking into account the recommendations of the Independent Financial Adviser. Red Solar Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

We wish to draw your attention to the letter from the Board, as set out on pages 6 to 18 of the Circular, and the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders which contains its advice to us in respect of whether the terms of the Transfer Agreement are fair and reasonable, whether they are on normal commercial terms or better and in the ordinary and usual course of business of the Group and in the interests of the Company and the Independent Shareholders as a whole, and the Independent Shareholders on how to vote.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into account the principal reasons and factors considered by, and the advice of, the Independent Financial Adviser as set out in its letter of advice to you and us on pages 21 to 47 of the Circular, we are of the opinion that (i) whilst the Disposal is not entered into in the ordinary and usual course of business of the Group, it is in line with the long-term business strategies of the Group; and (ii) the Transfer Agreement are on normal commercial terms, are in the interests of the Company and the Shareholders as a whole, and the terms of which are fair and reasonable insofar as the Company and the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Transfer Agreement and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
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*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter of advice from Red Solar Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, in respect of the Disposal for the purpose of inclusion in this Circular.



Unit 402B, 4/F
China Insurance Group Building
No.141 Des Voeux Road Central
Central, Hong Kong

29 October 2020

*To: The Independent Board Committee and the Independent Shareholders of
CIMC-TianDa Holdings Company Limited*

Dear Sirs,

**DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO THE DISPOSAL OF
(I) THE AUTOMATED PARKING SYSTEMS BUSINESS;
(II) 75% EQUITY INTEREST IN SHENZHEN CIMC AUTOPARKING
SYSTEM CO., LTD.;
AND
(III) 60% EQUITY INTEREST IN TIANDA (LONGYAN) INVESTMENT
DEVELOPMENT CO., LTD.**

INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Disposal, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company dated 29 October 2020 (the “**Circular**”), of which this letter of advice forms part. Unless the context requires otherwise, capitalised terms used in this letter of advice shall have the same meanings as defined in the Circular.

References are made to (i) the Announcement; and (ii) the Circular. On 1 September 2020, the Vendor, being an indirect non-wholly owned subsidiary of the Company, and the Purchaser, being an indirect non-wholly owned subsidiary of CIMC, entered into the Transfer Agreement, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, (i) the Automated Parking Systems Business carried on by the Vendor; (ii) the CIMC Autoparking Sale Capital, representing 75% equity interest in CIMC Autoparking; and (iii) the Tianda Longyan Sale Capital, representing 60% equity interest in Tianda Longyan, for a total consideration of RMB181,750,000.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As at the Latest Practicable Date, (i) CIMC Autoparking is directly owned as to 75% by the Vendor and 25% by Shenzhen Yongfuwang; and (ii) Tianda Longyan is directly owned as to 60% by the Vendor and 40% by Longyan Zhaolin. Upon Completion, (i) CIMC Autoparking will be directly owned as to 75% by the Purchaser and 25% by Shenzhen Yongfuwang; and (ii) Tianda Longyan will be directly owned as to 60% by the Purchaser and 40% by Longyan Zhaolin. As such, the Vendor will no longer hold any equity interest in each of CIMC Autoparking and Tianda Longyan, which will therefore cease to be a subsidiary of the Company. The financial information of CIMC Autoparking and Tianda Longyan will cease to be consolidated into the consolidated financial statements of the Company.

As set out in the Letter from the Board, save for Dr. Li Yin Hui, Mr. Zheng Zu Hua, Mr. Tao Kuan and Mr. Zeng Han, who are the Directors nominated by CIMC and have therefore abstained from voting on the relevant resolution(s) of the Board approving the Disposal, none of the other Directors has material interest in the Disposal and is required to abstain from voting on the relevant resolution(s) of the Board.

Listing Rules implications

As one or more of the applicable percentage ratio(s) (as defined under the Listing Rules) in respect of the Disposal is more than 5% but are all less than 25%, the entering into of the Transfer Agreement constitutes a discloseable transaction on the part of the Company under the Listing Rules, and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

As at the Latest Practicable Date, the Purchaser is an indirect non-wholly owned subsidiary of CIMC, which is the controlling shareholder of the Company, and hence a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Disposal constitutes a connected transaction on the part of the Company, and is subject to notification, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

THE INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising Dr. Loke Yu, Mr. Heng Ja Wei and Mr. Ho Man, being all the independent non-executive Directors, has been established to give a recommendation to the Independent Shareholders in respect of the Disposal as to whether the terms of the Transfer Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms or better and in the interests of the Company and the Independent Shareholders as a whole. We, Red Solar Capital Limited, have been appointed with the approval of the Independent Board Committee as the Independent Financial Adviser to provide advice and recommendation to the Independent Board Committee and the Independent Shareholders in the same regard and on how to vote at the EGM.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

OUR INDEPENDENCE

During the past two years immediately preceding the Latest Practicable Date, one of our representatives (the “**Representative**”) had worked for (i) a licensed corporation (“**Firm A**”) which had acted as an independent financial adviser to the Company regarding its major and connected transaction, details of which are set out in the circular of the Company dated 19 November 2019; and (ii) another licensed corporation (“**Firm B**”) which had acted as an independent financial adviser to the Company regarding (a) its continuing connected transactions, details of which are set out in the circular of the Company dated 15 November 2018; and (b) its major and connected transactions, details of which are set out in the circular of the Company dated 16 October 2018. Having considered that (i) to the best knowledge of the Representative, during his respective employment in Firm A and Firm B, they had only acted as independent financial adviser to the Company and had no other business relationships therebetween which may be regarded as relevant to the independence of Firm A and Firm B, respectively, from the Group; (ii) the Representative had no relationship with Firm A and Firm B since his respective resignation therefrom; and (iii) neither by himself, through any other accredited principal nor any other form had the Representative served as a financial adviser nor provided financial advice to the Group within the past two years immediately preceding the Latest Practicable Date, we considered that there is no matter which may affect the independence of the Representative from the Company.

Save for the aforesaid independent past relationship between the Representative and the Company, and this engagement of us as the Independent Financial Adviser, no other relationship has been formed and no direct engagement has been performed between the Group, the other party(ies) to the Disposal, or a close associate or core connected person of any of them and us for the past two years immediately preceding the Latest Practicable Date.

Apart from the normal advisory fee payable to us in connection with our engagement as the Independent Financial Adviser, no arrangement exists whereby we shall receive any other fees or benefits from the Company and its subsidiaries or their respective substantial shareholders or any party acting in concert, or presumed to be acting in concert, with any of them.

Accordingly, we considered that we are independent to act as the Independent Financial Adviser in respect of the Disposal.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

BASIS OF OUR OPINION

In formulating our opinion and recommendation to the Independent Board Committee and the Independent Shareholders, we have relied on the information and facts supplied, opinions expressed, statements and representations made to us by the management of the Group (including but not limited to those contained or referred to in the Announcement and this Circular). We have reviewed the documents including but not limited to (i) the Transfer Agreement; (ii) the Circular and the Letter from the Board contained therein; (iii) the annual report and the interim report of the Company for the year ended 31 December 2019 and the six months ended 30 June 2020, respectively (the “**2019 Annual Report**” and “**2020 Interim Report**”, respectively); (iv) the management accounts of the Target Assets for each of the two years ended 31 December 2019 and the seven months ended 31 July 2020; and (v) the relevant supporting documents provided by the Company to formulate our opinion and recommendation. We have assumed that the information and facts supplied, opinions expressed, statements and representations made to us by the management of the Group were true, accurate and complete at the time they were made and continue to be true, accurate and complete in all material aspects until the date of the EGM. We have also assumed that all statements of belief, opinions, expectation and intention made by the management of the Company in this Circular 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 this Circular, or the reasonableness of the opinions expressed by the Company, its management and/or advisers, which have been provided to us.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in this Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, that the information contained in this Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this Circular or this Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of this Circular, 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 or future prospects of the Group and the Target Assets, or their respective shareholders, subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Disposal. Our opinion is necessarily based on the market, financial, economic and other conditions in effect and the information made available to us as at the Latest Practicable Date. Any subsequent developments may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. Nothing contained in this letter of advice should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Where information in this letter of advice has been extracted from published or otherwise publicly available sources, we have ensured that such information has been correctly extracted from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of such information.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion in respect of the Disposal, we have considered the following principal factors and reasons:

1. Background of and reasons for the Disposal

(a) Background information of the Group

With reference to the Letter from the Board, the Company is an investment holding company and the Group is principally engaged in production and sale of fire engines, fighting and rescue equipment, the design and sale of mobile fire stations and emergency rescue stations, the design and manufacturing of passengers boarding bridges and automated parking systems, the provision of integrated solutions of airport facility equipment, including airport logistic systems (baggage handling and cargos handling) and ground support equipment and the provision of materials handling systems.

The following is a summary of the key financial information of the Group for each of the two years ended 31 December 2019 (the “FY2018” and “FY2019”, respectively) and the six months ended 30 June 2019 and 2020, respectively (the “6M2019” and “6M2020”, respectively) as extracted from the 2019 Annual Report and the 2020 Interim Report, respectively:

	For the 6M2020	For the 6M2019	For the FY2019	For the FY2018
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)	(audited)	(audited)
		(restated) ^{Note}		(restated) ^{Note}
Revenue	2,173,183	2,368,262	5,957,661	4,367,631
<i>Breakdown by segment:</i>				
– <i>Airport facilities and automated parking systems</i>	655,939	784,652	1,573,420	1,357,310
– <i>Materials handling systems (logistics)</i>	207,019	309,528	929,100	881,142
– <i>Firefighting and rescue</i>	1,310,225	1,274,082	3,455,141	2,129,179
Operating profit	123,666	105,406	379,037	259,891
Profit before income tax	95,984	84,276	315,401	228,261
Profit for the period/year	79,598	76,567	244,062	195,144

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

	As at 30 June 2020 RMB'000 (unaudited)	As at 31 December 2019 RMB'000 (audited)	As at 31 December 2018 RMB'000 (audited) (restated) <i>Note</i>
Total assets	9,217,025	9,692,327	6,984,243
Total liabilities	5,699,388	6,173,888	3,977,536
Net assets	3,517,637	3,518,439	3,006,707

Note:

The basis of preparation of the restated consolidated financial statements can be referred to (i) the paragraphs headed “Notes to the consolidated financial statements for the year ended 31 December 2019” – “2 Summary of significant accounting policies” – “2.1 Basis of preparation” in the 2019 Annual Report; and (ii) the note headed “1 Basis of preparation” to the condensed consolidated financial statements in the 2020 Interim Report.

Comparison between FY2018 and FY2019 and performance highlights

The Group observed growths in all its revenue, operating profit, profit before income tax and profit for the year when comparing its performance in the FY2019 against that in the FY2018. Particularly, revenue of the Group increased from approximately RMB4,367.63 million for the FY2018 to approximately RMB5,957.66 million for the FY2019, representing a growth of approximately 36.40%, while the Group’s profit for the year also increased from approximately RMB195.14 million for the FY2018 to approximately RMB244.06 million for the FY2019, representing a growth of approximately 25.07%. As set out in the 2019 Annual Report, such growths were mainly contributed by (i) the airport facilities segment; and (ii) the firefighting and rescue segment of the Group.

The airport facilities (and automated parking systems) segment: As reflected in the 2019 Annual Report, the airport facilities segment is a part of the airport facilities and automated parking systems segment, being one of the three reportable segments of the Group. The airport facilities and automated parking systems segment includes primarily the design, manufacturing, installation and sale of three major categories of products and services: the passenger boarding bridges (“PBB”) and the ground support equipment (“GSE”) and the automated parking systems (“APS”). Among the three of them, PBB has contributed over 84% and 94% of the segment’s revenue and profit before income tax, respectively, for the FY2019, and it has been the major driver of the growth of this segment. In particular, the 2019 Annual Report indicates that the revenue and profit growth of this segment in the FY2019 was mainly attributable to (i) the completion of a number of sizable PBB contracts including those for airports in Qingdao, Beijing and Pudong of Shanghai; and (ii) the increase in revenue from the provision of PBB-related maintenance and renovation services as a result of the new service centres in China and Europe established in recent years.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The materials handling systems segment: According to the 2019 Annual Report, there was slight increase in the segment's revenue from the sale of smart warehousing systems and the airport baggage systems. Segment profit decreased, on the other hand, because of an impairment loss on goodwill. During the year, the Group has undergone a series of internal restructuring to streamline the organisation structures of the segment with clear responsibilities assignment, and further efforts on improving the project management in respect of projects in the United States of America. Resources are focused on soliciting quality customers in industries with good prospects and where the Group has experience and connections such as E-commerce suppliers, furniture manufacturers and airports. Overall, it is reflected in the 2019 Annual Report that the Company has positive anticipation for this segment.

The firefighting and rescue segment: As set out in the 2019 Annual Report, the management of the Company is of the view that the Group's firefighting and rescue businesses have extended to a great extent in terms of geographical market coverage, product portfolio and production capacity since completion of the acquisition of the Shanghai Jindun Special Vehicle Equipment Co., Ltd.* (上海金盾特種車輛有限公司) ("**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 ("**Ziegler**"). The surge in revenue and profit before income tax of this segment for the FY2019 was primarily attributable to (i) the contributions from Shanghai Jindun and Shenyang Jietong since completion of their acquisitions; (ii) the full year contributions from Sichuan Chuanxiao Fire Trucks Manufacturing Co., Ltd.* (四川川消消防車輛製造有限公司) ("**Sichuan Chuanxiao**") for the FY2019 in contrast with its eight months contributions from May to December only for the FY2018 due to the adoption of reverse acquisition accounting after the completion of the acquisition of 99.41% equity interests of Pteris Global Limited (details of which have been set out in Note "2.1 Basis of preparation" to the consolidated financial statements in the 2019 Annual Report); and (iii) growth in revenue and profit of Sichuan Chuanxiao due to increased orders from the fire brigades.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Comparison between 6M2019 and 6M2020 and performance highlights

Despite a slight decrease in its revenue from approximately RMB2,368.26 million for the 6M2019 to approximately RMB2,173.18 million for the 6M2020, the Group recorded an increase in its profit for the period from approximately RMB76.57 million for the 6M2019 to approximately RMB79.60 million for the 6M2020, representing a growth of approximately 3.96%.

The airport facilities and automated parking systems segment: According to the 2020 Interim Report, the decrease in revenue recognised by the airport facilities and automated parking systems segment for the 6M2020 was a result of the Group's operation being struck by the Covid-19 where the production, delivery and installation schedules of all types of products of this segment, be it PBB, airport special vehicles and APS, were disrupted. In spite of this, there was an increase in the segment profit because, during the 6M2020, (i) a number of sizable PBB contracts with higher-than-average gross margins were completed that compensated the lost in profit from revenue downturn; (ii) over RMB15 million government subsidies, being primarily pandemic-related reliefs, were received; and (iii) promotion expenses were reduced as a result of the disease prevention and control measures like gathering ban and travel restrictions.

The materials handling systems segment: As set out in the 2020 Interim Report, the revenue of this segment for the 6M2020 dropped significantly when compared to that for the 6M2019 as delivery and installation schedules of most of the projects were hit by the Covid-19 pandemic. Loss of this segment, on the other hand, has been alleviated because of the improved project management and costs controls following the internal restructuring last year. Reduction in travelling and other promotion expenses due to movement curbs have also reduced the loss of this segment for the 6M2020.

The firefighting and rescue segment: As illustrated in the 2020 Interim Report, the increase in revenue of this segment for the 6M2020 despite the impact of the Covid-19 pandemic was also a result of the full period contribution of Shanghai Jindun and Shenyang Jietong as discussed previously. Nonetheless, the production schedules of this segment have been inevitably affected by supply chain disruptions, particularly in imported chassis. Fire engines equipped with imported chassis are normally advanced models sold at higher profit margins, and the problem in their supply has adversely affected the profit of this segment. Postponement or extension of tendering due to the Covid-19 pandemic has been another cause of the segment's unsatisfactory performance for the 6M2020, particularly for members with inadequate order backlogs.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Prospects

As reflected in the 2019 Annual Report and 2020 Interim Report, the management of the Company believes that the Group could catch up with the delay in its operation progress caused by the Covid-19 pandemic, provided with the relaxation of virus containing measures in different regions, countries and locations.

The management of the Company is confident that the demand for airport facilities will pick up soon when the virus is seen-off, which can be supported by the fact that the Group has been selected the supplier of PBB and certain other PBB-mounted equipment to the airports in Shenzhen, Chengdu and Kunming for a total sum exceeding RMB800 million. Among these, the single contract with Chengdu Tianfu International Airport amounted to approximately RMB518.5 million, which is the largest contract, in terms of value, the Group has ever obtained. The Group also won two tenders in Germany and Serbia during the FY2019 which amounted to approximately RMB200 million in aggregate, among which the one for providing PBB to the Frankfurt airport at a contract value of approximately RMB152 million is, to the best knowledge of the Company, the largest bid offered by the Frankfurt airport in terms of amount for PBB in a decade.

In respect of the firefighting and rescue segment, it is set out that the Group has been working on integrating all entities in the segment, following the completion of a number of acquisitions last year, to consolidate the synergistic effects from the enlarged product portfolio and geographical markets. The management of the Company believes that the demand for fire and rescue apparatus is comparatively less sensitive to changes in economic conditions than consumer goods, and thus a stable post-pandemic market is in anticipation. The Group has also responded to the national plans for the development of micro fire stations in the PRC, and is expanding its firefighting and rescue business by tapping into the emerging mobile fire stations and emergency rescue stations market. For example, in July 2019, the Group established a new subsidiary primarily engaged in, amongst others, the design, technology development, sale and installation of mobile fire stations and emergency rescue stations which are generally established by assembling container-converted modules of different functions and are characterised with short construction time, space saving, great flexibility and eco-friendly. The management of the Company considers it a high-potential market given the urgent demand for a large number of fire stations in the PRC to fill up the deficiencies in exist.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(b) Reasons for and benefits of the Disposal

As mentioned in the section headed “Reasons for and the benefits of the Disposal”, the Vendor is an indirect non-wholly owned subsidiary of the Company principally engaged in the manufacture and sale of airport facilities, materials handling systems and automated parking systems. With a view to further concentrate resources on its core businesses, the Group has been reducing its investments in non-core businesses gradually. The Automated Parking Systems Business carried on by the Vendor is a non-core business that do not complement the principal businesses of the Group, which include production and sale of fire engines, fighting and rescue equipment, the design and sale of mobile fire stations and emergency rescue stations, the design and manufacturing of PBB, the provision of integrated solutions of airport facility equipment, including airport logistic systems (baggage handling and cargos handling) and GSE and the provision of materials handling systems. Furthermore, the unaudited financial information attributable to the Target Assets reported an operating loss for the FY2019 without clear potential for significant improvement on its performance in the coming years. The Company believes that the Disposal has provided an excellent opportunity for it to realise its investment in the relevant non-core businesses, enhance the operational efficiency of the assets of the Group and enable the Group to better allocate its resources for the development of its existing businesses and/or investments in other business opportunities, which is in line with the strategic deployment of resources and the actual needs for operational development of the Group.

Our analysis on the reasons for and benefits of the Disposal

We have obtained from the Company the management accounts attributable to the Target Assets (together with the minority interest of Shenzhen Yongfuwang in CIMC Autoparking and that of Longyan Zhaolin in Tianda Longyan, the “**APS Assets**”) for the FY2018, FY2019 and the seven months ended 31 July 2020 (the “**7M2020**”). We note that the revenue attributable to the APS Assets amounted to approximately RMB111.15 million, RMB145.57 million and RMB13.90 million for the FY2018, FY2019 and 7M2020, respectively. We have enquired the Company for the reasons of the significant drop in the revenue attributable to the APS Assets for the 7M2020 as disclosed above, and we understand that such drop was primarily attributable to (i) delays in the delivery and installation of most of the projects caused by the Covid-19 pandemic; and (ii) the 7M2020 being a slack season of the industry. As advised by the Company, it is a common market phenomenon that the peak season of the industry typically starts in the second half of a year, particularly in the fourth quarter.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

For illustrative purpose only, the revenue attributable to the APS Assets for the FY2018 and FY2019 represents merely approximately 2.54% and 2.44%, respectively, of the Group's total revenue for the corresponding year. Also for illustrative purpose only, we have compared the revenue attributable to the APS Assets for the 7M2020 with the Group's total revenue for the 6M2020 and found that the former represents merely approximately 0.64% of the latter. Although we understand that 7M2020 is not a period strictly comparable to 6M2020, we believe such comparison to be acceptable as 7M2020 is close to 6M2020 and such comparison can provide a general understanding on the relative scale between the revenue attributable to the APS Assets and the Group's total revenue in an approximate period. As implied by the above, the Target Assets' revenue (the "**Target Assets' Revenue**"), being a part of the revenue attributable to the APS Assets, was also insignificant when compared with the Group's total revenue for the FY2018, FY2019 and 6M2020.

We also note that the APS Assets reported a profit after tax of approximately RMB3.49 million for the FY2018, a relatively insignificant amount when compared with the total net profit of the Group of approximately RMB195.14 million for the FY2018. Its performance further deteriorated in the FY2019 and 7M2020, reporting a loss after tax of approximately RMB2.90 million and RMB6.81 million, respectively. We have also enquired the Company for the reasons of the deteriorating performance of the APS Assets in the FY2019 and 7M2020. According to the Company, it is a combined result of (i) the revenue and thus profit attributable to the APS Assets for the FY2018 being pushed up merely because the revenue of a project in Hefei of the PRC had been suspended for a few years prior to the FY2018 due to litigations, and was recognised and settled not until the FY2018. In fact, the APS Assets had been loss-making between year 2013 and 2017 (both inclusive), which will be further discussed below; (ii) additional rental expenses being recognised by the APS Assets for the FY2019 due to a change in accounting policy in expenses recognition from cash basis to accrual basis which resulted in certain rental expenses in the FY2018 being recognised into the financial statements of the APS Assets for the FY2019, together with the rental expenses for FY2019; and (iii) certain amount of staff bonus for the FY2018 has been recognised into the financial statements of the APS Assets for the FY2019 as the amount was determined not until FY2019, while that for the FY2019 was recognised into the financial statements of the same year.

The loss after tax reported by the APS Assets for the FY2019 and 7M2020 implies that the Target Assets were also loss-making in the FY2019 and 7M2020. We consider such loss-making position an obvious deviation from the overall profit-making position of the Group for the FY2019 and 6M2020, a highly comparable period, suggesting that the operations and performance of the Target Assets were not in line with those of the Group in general.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Having considered that (i) the nature and scope of the automated parking systems business attributable to the APS Assets which includes the Target Assets (the “**Target Assets’ Business**”) was indeed different from those of the principal businesses of the Group, being the firefighting and rescue segment, materials handling systems segment and the air facilities segment which comprises, among other things, the design and manufacturing of PBB, the provision of integrated solutions of airport facility equipment and GSE; (ii) for illustrative purpose only, the Target Assets’ Revenue for the FY2018, FY2019 and 7M2020 is comparatively insignificant to the Group’s total revenue for the FY2018, FY2019 and 6M2020, suggesting that the Target Assets’ Business was generally an insignificant part of the overall businesses of the Group; and (iii) the recent loss-making position of the Target Assets’ Business deviated from and was not in line with the recent profit-making position of the Group in general, we concur with the management of the Company that the Target Assets’ Business, including the Automated Parking Systems Business carried on by the Vendor, is a non-core business that do not complement the principal businesses of the Group.

Furthermore, we have enquired about further reasons for the Disposal considered by the Board. According to the opinion of the Board, the Target Assets’ Business has been small in scale and making insignificant profits or even loss-making since year 2011. There has only been moderate development in respect of the parts of mechanical intelligent stereo bus parking system (機械式智慧公交車立體停車庫) and technology of multifunctional station of electric bus parking system (新能源大巴立體停車綜合場站技術), while the overall Target Assets’ Business faced difficulty in raising its competitiveness and expanding its scale despite occupying certain of the Group’s resources from time to time.

In this relation, we also note that it is already reflected back in the 2019 Annual Report that the performance of the automated parking systems business has not been satisfactory, and the Group is considering future development path of it, including the introduction of new investors to take the lead of its development or simply the sale of all the equity interests, such that resources can be streamlined to other core businesses.

For our assessment on the above, we have further obtained from the Company and reviewed the consolidated statements of profit or loss attributable to the APS Assets, which include the Target Assets, for each of the year between 2011 and 2017. We note that out of the ten years/periods comprising each of the year between 2011 and 2017 (both inclusive), FY2018, FY2019 and 7M2020, the APS Assets (which also imply the Target Assets) recorded net loss for eight years/periods. We have also enquired and confirmed with the Company that up to the Latest Practicable Date, the Company had no concrete future development plan in relation to the Target Assets’ Business, nor there had been any potential investor who could facilitate such development.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Considering that the Target Assets' Business (i) is indeed an insignificant part of the overall businesses of the Group in terms of revenue which is discussed above; and (ii) has been loss-making for most of time since year 2011 up to the 7M2020 and only made minimal profit for the year 2012 and FY2018, we agree with the aforesaid view of the Board and the management of the Company that the Target Assets' Business has been small in scale and its performance has not been satisfactory despite occupying certain of the Group's resources from time to time. In this relation, we also note that the Company had no concrete plan in developing the Target Assets' Business nor there had been suitable potential investor up to the Latest Practicable Date. We have no reason to believe that there will be significant improvement on the performance of the Target Assets' Business. As a result of all the above, we are of the view that the Disposal is justifiable so far as the Company and the Independent Shareholders are concerned.

We note that the APS Assets (which includes the Target Assets) were held under Pteris Global Limited ("Pteris"), which the Company successfully acquired from a subsidiary of CIMC and Shenzhen TGM Ltd.* (深圳特哥盟科技有限公司), respectively, on 23 April 2018. Through the Disposal, the Company is proposing to sell the Target Assets back to the CIMC group. In this regard, we have considered that the business coverage of Pteris has been significantly wider than just the APS Assets. As confirmed by the Company, the business of Pteris was essentially the airport facilities and automated parking systems segment and the materials handling systems segment of the Company. According to the 2019 Annual Report, the airport facilities and automated parking systems segment overall recorded reportable segment profit before income tax for the FY2019 (despite the loss-making position of the APS Assets, which is a part of this segment, for the FY2019), and the materials handling systems segment also recorded reportable segment profit before income tax for the same year. As such, we are of the view that the other parts of Pteris' business have been performing satisfactorily, with the exception that the APS Assets being unsatisfactory in terms of business performance. Accordingly, we consider it justifiable that the Company maintains the other parts of Pteris' business which has been performing satisfactorily (i.e. the airport facilities business and materials handling systems segment) and proposes to sell the unsatisfactory part of the same, being the business attributable to the APS Assets. In this respect, we are of the view that the Disposal is justifiable, fair and reasonable so far as the Company and the Independent Shareholders are concerned.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Despite that, according to our enquiry with the Company, the management of the Company and the Board had not formulated any concrete plan up to the Latest Practicable Date on the use of financial resources released or to be released by the Disposal, having considered that (i) the Target Assets' Business is a non-core business which consumes certain of the Group's resources but do not complement the principal businesses of the Group; (ii) the Target Assets' Business is comparatively small in scale and has been performing unsatisfactorily; (iii) the Disposal can spare the Company from incurring certain expenses which may be incurred should the Target Assets' Business continue to be operated by the Group, such as the salary of the 20 personnel involved in the Automated Parking Systems Business; and (iv) all or parts of the Consideration and the expenses which may be saved by the discontinuation of the Target Assets' Business could be reserved as financial resources for achieving future potential mergers and acquisitions which the management of the Company and the Board may consider beneficial to the Group, for general working capital of the Group or any alternative uses that the management of the Company and the Board may consider necessary, giving the Company flexibility in maneuvering its financial resources to suit its business needs or pursue development opportunities which may vary from time to time, we concur with the view of the Company that the Disposal has provided an excellent opportunity for it to realise its investment in the relevant non-core businesses.

Taking into account all the above factors, we are of the opinion that so far as the Company and the Independent Shareholders are concerned, the Disposal is justifiable, fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

2. Principal terms of the Transfer Agreement

The principal terms of the Transfer Agreement are set out below:

The Transfer Agreement

Date: 1 September 2020

Parties: (i) the Vendor, as vendor; and
(ii) the Purchaser, as purchaser.

The Vendor is an indirect non-wholly owned subsidiary of the Company principally engaged in the manufacture and sale of airport facilities, materials handling systems and automated parking systems.

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, the Purchaser is an indirect non-wholly owned subsidiary of CIMC, which is the controlling shareholder of the Company. As such, the Purchaser is a connected person of the Company under Chapter 14A of the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The CIMC Group is principally engaged in (i) the manufacture of containers, road transportation vehicles, energy, chemical and liquid food equipment, offshore engineering equipment, airport facilities and fire engines, firefighting and rescue equipment as well as the provision of relevant services; and (ii) logistics service, industrial city development, finance and other businesses. The Purchaser is principally engaged in investment holding and the provision of investment consultation services.

Asset to be disposed of

Pursuant to the terms and conditions of the Transfer Agreement, the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, (i) the Automated Parking Systems Business carried on by the Vendor; (ii) the CIMC Autoparking Sale Capital, representing 75% equity interest in CIMC Autoparking; and (iii) the Tianda Longyan Sale Capital, representing 60% equity interest in Tianda Longyan.

As at the Latest Practicable Date, the Automated Parking Systems Business is operated by the Vendor, involving 20 personnel. It principally comprises the design, development and manufacturing of various automatic parking systems and the provision of related technical and maintenance services.

CIMC Autoparking is a company established in the PRC with limited liability. As at the Latest Practicable Date, CIMC Autoparking is directly owned as to 75% by the Vendor and 25% by Shenzhen Yongfuwang, and is principally engaged in the sale of automatic parking systems and equipment, mechanical products and metal structural parts and the provision of related technical services.

Tianda Longyan is a company established in the PRC with limited liability. As at the Latest Practicable Date, Tianda Longyan is directly owned as to 60% by the Vendor and 40% by Longyan Zhaolin, and is principally engaged in the investment and asset management in parking lot business.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Financial information of the APS Assets including the Target Assets

According to the Letter from the Board and the management accounts attributable to the APS Assets for the FY2018, FY2019 and 7M2020 (the “**APS Assets’ Management Accounts**”) that we have obtained from the Company, the following is a summary of the unaudited financial information attributable to the APS Assets for the FY2018, FY2019 and 7M2020:

	For the 7M2020	For the FY2019	For the FY2018
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
	(unaudited)	(unaudited)	(unaudited)
	Approximately	Approximately	Approximately
Revenue	13,900	145,574	111,148
(Loss)/profit before taxation	(8,670)	(4,327)	4,972
(Loss)/profit after taxation	(6,807)	(2,903)	3,487

As set out in the Letter from the Board, the total assets, total liabilities and net assets of the APS Assets as at 31 July 2020 according to its unaudited management accounts were approximately RMB255,788,000, RMB102,623,000 and RMB153,165,000, respectively.

According to the APS Assets’ Management Accounts, the net assets of the Target Assets as at 31 July 2020 was approximately RMB147,247,000.

Conditions precedent

Completion is subject to various conditions having been fulfilled or waived (as the case may be). Please refer to the paragraphs headed “Conditions precedent” in the Letter from the Board for details.

Vendor’s undertakings and net asset value guarantee

As set out in the Letter from the Board, as at the Latest Practicable Date, certain assets under the Target Assets, which include, among other things, the Tianda Longyan Sale Capital, are subject to ongoing legal and/or arbitration proceedings (i.e. the Second Tranche Assets). Pursuant to the terms and conditions of the Transfer Agreement, the Vendor undertakes to the Purchaser to continue to pursue the said legal and/or arbitration proceedings and bear all costs and expenses arising therefrom.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Vendor guarantees to the Purchaser that the net asset value of the Second Tranche Assets as at the Second Completion Date (i.e. the Second Tranche Assets NAV) shall not be less than RMB45,342,000 (i.e. the Guaranteed NAV), which is equal to the unaudited net asset value of the Second Tranche Assets of approximately RMB45,342,000 as at 30 September 2019. In the event that the Second Tranche Assets NAV is less than the Guaranteed NAV, the Vendor shall compensate the Purchaser the amount of such shortfall on a dollar-for-dollar basis. In the event that the Second Tranche Assets NAV is greater than the Guaranteed NAV, the Vendor may retain the amount equivalent to the difference between the Second Tranche Assets NAV and the Guaranteed NAV. The Directors expect such excess amount of the Second Tranche Assets NAV will be realised and converted into cash and be retained by the Vendor at its discretion.

We note that the Vendor is the plaintiff in respect of the ongoing legal and/or arbitration proceedings, one being a lawsuit while the other one being a written administrative accusation, in relation to the Second Tranche Assets. Under the written administrative accusation, the Vendor has been awarded, among other judgements, compensation which amounted to approximately RMB26,180,000 for loss by the Intermediate People's Court of Longyan City, Fujian Province* (福建省龍岩市中級人民法院). Under the lawsuit, the Vendor also sought for, among other things, a compensation of approximately RMB93,940,000 in total for losses and damages suffered. In both the lawsuit and the written administrative accusation, the Vendor was not claimed for any amount of compensation. We understand from the Company that the provision of guarantee (the "**Guarantee**") in respect of the Guaranteed NAV serves as a safety net in favour of the Purchaser in light of the uncertainty as to the outcome of the legal and/or arbitration proceedings relating to the Second Tranche Assets. Considering the Vendor is the plaintiff being awarded and claiming compensation, but not the one being claimed, we consider the Guarantee commercially reasonable and acceptable.

In addition, we note that the Guaranteed NAV is equivalent to the Consideration for the Second Tranche Assets, both being RMB45,342,000. We have further discussed with the Company and understood that the Guarantee in respect of the Guaranteed NAV is merely an adjustment mechanism, based on a dollar-for-dollar basis, to ensure that the Purchaser needs not to pay a final consideration for the Second Tranche Assets higher than the Second Tranche Assets NAV (should the Second Tranche Assets NAV falls below RMB45,342,000, the Guaranteed NAV). We further note that the Vendor may retain the amount equivalent to the difference between the Second Tranche Assets NAV and the Guaranteed NAV. In other words, it is guaranteed that the Company can receive a final consideration for the Second Tranche Assets at an amount at least equivalent to the Second Tranche Assets NAV, regardless of the result of the legal and/or arbitration proceedings relating to the Second Tranche Assets. Based on the above, we consider the Guarantee fair and reasonable.

Completion

The First Completion shall take place within thirty (30) Business Days after the fulfillment or waiver (as the case may be) of all the conditions precedent of the Transfer Agreement; whereas the Second Completion shall take place within thirty (30) Business Days after the hand down and execution of the relevant judgement in respect of the legal and/or arbitration proceedings concerning the Second Tranche Assets.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Upon Completion, (i) CIMC Autoparking will be directly owned as to 75% by the Purchaser and 25% by Shenzhen Yongfuwang; and (ii) Tianda Longyan will be directly owned as to 60% by the Purchaser and 40% by Longyan Zhaolin. As such, the Vendor will no longer hold any equity interest in each of CIMC Autoparking and Tianda Longyan, which will therefore cease to be a subsidiary of the Company. The financial information of CIMC Autoparking and Tianda Longyan will cease to be consolidated into the consolidated financial statements of the Company.

Consideration

The Consideration is RMB181,750,000, of which the Consideration for the First Tranche Assets is RMB136,408,000 and the Consideration for the Second Tranche Assets is RMB45,342,000. Subject to the adjustment mechanism as set out below, the Consideration shall be satisfied by the Purchaser in the following manner:

- i. as to RMB25,000,000 shall be paid by the Purchaser to the Vendor by way of cash via bank transfer within thirty (30) days from the date of the Transfer Agreement;
- ii. as to RMB111,408,000 (i.e. the Second Installment) shall be paid by the Purchaser to the Vendor by way of cash via bank transfer after the First Completion Date and on a date within thirty (30) days after the date of registration of the transfer of the CIMC Autoparking Sale Capital or on a date no later than 15 December 2020 (whichever is earlier); and
- iii. the remaining balance as to RMB45,342,000 (i.e. the Third Installment) shall be paid by the Purchaser to the Vendor by way of cash via bank transfer within thirty (30) days after the Second Completion Date.

(a) *The Retained Cash Arrangement*

Pursuant to the terms and conditions of the Transfer Agreement, the Group (excluding CIMC Autoparking and Tianda Longyan) may retain all cash balances (if any) under the Automated Parking Systems Business as at the First Completion Date (i.e. the Retained Cash), which in any event shall be capped at RMB156,750,000 (i.e. the Capped Amount), representing the total amount of the Second Installment and the Third Installment. In the event that any Retained Cash is retained by the Group (excluding CIMC Autoparking and Tianda Longyan), the payment terms of the Consideration shall be adjusted such that (i) if the amount of the Retained Cash is less than that of the Second Installment as set out above, the Second Installment payable by the Purchaser to the Vendor shall be an amount equivalent to the difference between the original amount of the Second Installment and the amount of the Retained Cash, and the amount of the Third Installment payable by the Purchaser shall remain unchanged; and (ii) if the amount of the Retained Cash is greater than that of the Second Installment but less than the Capped Amount as set out above, the Purchaser shall not be required to pay the Second Installment, and the Third Installment payable by the Purchaser to the Vendor shall be an amount equivalent to the difference between the Capped Amount and the amount of the Retained Cash (i.e. the Retained Cash Arrangement). As at the Latest Practicable Date, the amount of cash balance under the Automated Parking Systems Business was approximately RMB69,471,000.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As reflected in the Letter from the Board, having considered that (i) the transfer of cash balances (if any) under the Automated Parking Systems Business as part of the assets transfer from the Vendor to the Purchaser and the payment of Consideration by the Purchaser to the Vendor are merely an exchange of cash; and (ii) the Second Installment and the Third Installment may be settled by the Purchaser after the First Completion Date and the Second Completion Date under the Retained Cash Arrangement as disclosed above, the Directors consider that the Retained Cash Arrangement would enable the Group to secure timely payment, either in whole or in part, of the Second Installment and/or the Third Installment pursuant to the terms and conditions of the Transfer Agreement, and thereby facilitating the process of the Disposal. As such, the Directors are of the view that the Retained Cash Arrangement is on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

In this regard, we (i) note that the sole use of the Retained Cash is to settle part or all of the Second Installment and Third Installment (if applicable) in a timely manner pursuant to the terms and conditions of the Transfer Agreement; (ii) note that such settlement will be conducted on a dollar-to-dollar basis, which we consider fair and reasonable; (iii) consider that the alternative settlement method, being the Purchaser paying the Second Installment and Third Installment by way of cash without the Retained Cash Arrangement, is essentially the same as the Retained Cash Arrangement in the sense that both arrangements will result in the Vendor receiving and/or keeping cash in the amount of the sum of the Second Installment and Third Installment; and (iv) agree with the Board that the transfer of cash balances (if any) under the Automated Parking Systems Business as part of the assets transfer from the Vendor to the Purchaser and the payment of Consideration by the Purchaser to the Vendor are merely an exchange of cash. Accordingly, we consider the Retained Cash Arrangement to be on normal commercial terms and fair and reasonable.

(b) Basis of determination of the Consideration by the Board

As set out in the Letter from the Board, the Consideration for the First Tranche Assets and the Second Tranche Assets was arrived at after arm's length negotiations between the Vendor and the Purchaser on normal commercial terms after taking into account (i) the Group's desire to dispose of the Target Assets so as to better allocate its resources on its core businesses; (ii) the Purchaser's desire to acquire the Target Assets as part of its business restructuring and development plan; and (iii) other factors as set out in the section headed "Reasons for and the benefits of the Disposal" in the Letter from the Board.

In particular, the Consideration for the First Tranche Assets was determined after taking into account, (i) the unaudited net asset value of the First Tranche Assets of approximately RMB107,157,000 as at 30 September 2019; and (ii) the implied price-to-book ("**P/B**") ratio of approximately 1.27 times of the First Tranche Assets, as compared to the P/B ratio of approximately 2.78 times of a public listed company in the PRC that is principally engaged in businesses similar to that of the Target Assets (the "**PRC Comparable**") as at 30 September 2019. The implied P/B ratio of the First Tranche Assets falls below that of the PRC Comparable by more than 50%. Having considered (i) the PRC Comparable recorded net profits for the two financial years ended 31 December 2018 and up to the period ended 30 September 2019 in contrast with the long loss-making position of the First Tranche Assets, suggesting a substantial discount on the Consideration required if earnings of the PRC Comparable were taken into account; (ii) there was

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

a premium in the Consideration for the First Tranche Assets over the net assets value of the First Tranche Assets; and (iii) the other factors taken into account when determining the Consideration as set out in the paragraph above, a lower implied P/B ratio in respect of the First Tranche Assets is considered fair and reasonable by the Company. In this relation, we have also conducted our own comparable analysis, which has been set out in the paragraphs headed “Comparable analysis” below.

The Consideration for the Second Tranche Assets was determined after taking into account, (i) the unaudited net asset value of the Second Tranche Assets of approximately RMB45,342,000 as at 30 September 2019; (ii) the net asset value guarantee provided by the Vendor in respect of the Second Tranche Assets of RMB45,342,000 as at the Second Completion Date; and (iii) the uncertainty as to the outcome of the legal and/or arbitration proceedings relating to the Second Tranche Assets.

According to the Letter from the Board, in addition to asset approach, the Company considered two other generally accepted approaches, namely income approach and market approach, in arriving at the fair value of the Target Assets. Considering (i) a reliable and justifiable financial estimation and cash flow forecast is difficult to be established in the absence of sufficient number of long-term cash-flow generating contracts committed by the Target Assets; (ii) future economic benefit stream and the discount rate require various assumptions and are subject to various uncertainties such as economic environment in the future; (iii) suitable direct market transactions with unique circumstances of the Target Assets may not be sufficient/available, the Group did not consider income approach and market approach to be appropriate. In light of the above, the Group took into account the net asset value of the Target Assets in determining the Consideration.

(c) Our analysis on the basis of determination of the Consideration

We have discussed with and understood from the Company that it has considered three generally accepted approaches, namely the income approach, market approach and asset-based approach in determining the fair value of the Target Assets, as disclosed above.

The income approach refers to the valuation where the asset value is arrived through estimating the present value of the future returns of the appraised subject. According to relevant asset valuation standards, discounted cash flow (the “DCF”) is commonly-used method in income approach, where the future expected cash flow of the appraised subject is estimated, and an appropriate discount rate is applied thereon to convert the same into a present value to arrive at the appraised value. The use of the expected DCF is based on the reasonable forecast of the expected cash flow. However, we have enquired the Company and understood that the number of contracts held under the APS Assets as at 30 September 2019 was limited, and most of these contracts were completed in the last quarter of year 2019 as expected at the material time. There was no guarantee as to whether the Company can continue to secure future contracts at the material time nor as to the number of future contracts to be secured. Based on the above, we are of the view that it is not practicable to establish, neither by the Company itself or by an independent valuer, a profit forecast in respect of the APS Assets under the income approach to determine a fair value of the APS Assets given the uncertainties and risks around a profit forecast. Therefore, we concur with the Company that the income approach is inappropriate and thus it is also impracticable for any independent valuer to conduct valuation using the income approach.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The market approach refers to the valuation where the asset value is arrived by comparison of the market value of a similar comparable at the time near to the valuation date. However, the Company advised that there were insufficient identifiable market comparable transactions with similar characteristics that has publicly available information, in terms of financial and operational. We agree with such view of the Company because during our comparable analysis which will be discussed below, we are unable to identify transactions with similar characteristics and publicly available information, but only a limited number of companies with similar characteristics to the APS Assets. As such, we agree that the market approach is not appropriate given insufficient number of comparable transactions, and it is impracticable for the Company nor any independent valuer to conduct valuation using the market approach.

The asset-based approach measures the value of an asset by the cost to reproduce or replace, with relevant adjustments, where appropriate, and typically such would involve the assessment of the appraised value of principal assets and liabilities of appraised subject. Considering the inappropriateness of the income approach and the market approach as discussed above, we concur with the Company that the asset-based approach is the most appropriate approach available to the Company in determining the fair value of the Target Assets, and that the net assets value of the Target Assets is a suitable reference according to this asset-based approach.

Furthermore, we have enquired the Company on the reasons of making reference to the net asset value of the Target Assets as at 30 September 2019 instead of later dates. According to the sequence of events advised the Company in this respect, we understood that the negotiation on the Disposal started around November 2019. At the material time, both the Company and the Purchaser considered that the financial information of the Target Assets as at 30 September 2019 was sufficiently updated and, being quarterly financial information examined by auditing teams, was relatively more reliable. As a result, the financial information of the Target Assets as at 30 September 2019 was adopted into the negotiation on the Disposal. Nonetheless, after the Company and the Purchaser reaching initial understandings on certain terms and conditions of the Disposal, including the Consideration, the progress of negotiation has been hindered by the uncertainty of litigations in relation to the Second Tranche Assets and the Covid-19 pandemic until around August 2020. At this material time, both the Company and the Purchaser considered that it is impracticable and inefficient to re-negotiate the terms and conditions of the Disposal based on reference to financial information as at a new date, so it is agreed that the financial information of the Target Assets as at 30 September 2019 would continue to be referred to when determining the terms and conditions of the Disposal. We agree that additional time would be consumed if the Company and the Purchaser are to re-negotiate the terms and conditions of the Disposal based on reference to financial information as at a new date. In addition, we note that, as further discussed below, the net asset value of the Target Assets as at 31 May 2020 and 31 July 2020, being later dates than 30 September 2019, further decreased when compared with the net asset value of the Target Assets as at 30 September 2019. In this respect, it is in the interests of the Company, so far as the Independent Shareholders are concerned, to determine terms and conditions of the Disposal, including the Consideration, by making reference to the net asset value of the Target Assets as at 30 September 2019 which is higher than the same as at later dates. As such, we consider that the reference to the net asset value of the Target Assets as at 30 September 2019 in determining the Consideration is acceptable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

According to the consolidated statements of financial positions attributable to the Target Assets as at 30 September 2019 provided by the Company, the net asset value of the Target Assets as at 30 September 2019 was approximately RMB152,499,000. The Consideration of RMB181,750,000 is higher than the net asset value of the Target Assets as at 30 September 2019.

We further note that the Consideration of RMB181,750,000 is also higher than the net asset value of the Target Assets as at 31 May 2020 and 31 July 2020 of approximately RMB149,410,000 and RMB147,247,000, respectively.

In this relation, it is also set out in the Letter from the Board that subject to further audit procedures to be performed by the auditors of the Company, the Group is expected to record a gain from the Disposal of approximately RMB33,953,000 which is calculated with reference to the net proceeds from the Disposal and the unaudited net assets of the Target Assets as at 31 July 2020 of approximately RMB147,247,000.

Although the Consideration was further divided into the Consideration for the First Tranche Assets and that for the Second Tranche Assets, we note that the basis of determining the divided Consideration was still primarily based on the net asset value of the First Tranche Assets and the Second Tranche Assets, respectively, and the reasons for and the benefits of the Disposal. In particular, (i) the Consideration for the First Tranche Assets represents a premium to the unaudited net asset value of the First Tranche Assets of approximately RMB107,157,000 as at 30 September 2019, which is the same as the premium of the overall Consideration over the unaudited net asset value of the Target Assets as at 30 September 2019; and (ii) the Consideration for the Second Tranche Assets is equal to the unaudited net asset value of the Second Tranche Assets of approximately RMB45,342,000 as at 30 September 2019, which we consider to be acceptable taking into account the uncertainty as to the outcome of the legal and/or arbitration proceedings relating to the Second Tranche Assets. We consider these bases to be in line with those of determination of the overall Consideration.

Overall, as the Consideration is higher than the net asset value of the Target Assets as at the dates mentioned above, and it is expected that the Group will record a gain from the Disposal, we consider the Consideration (including the Consideration for the First Tranche Assets and that for the Second Tranche Assets) acceptable, so far as the book value of the Target Assets and interests of the Company and the Independent Shareholders as a whole are concerned.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Comparable analysis

In further assessing the fairness and reasonableness of the Consideration, we have also attempted to compare the implied price-to-earnings ratio (the “**P/E ratio**”) and the implied price-to-book ratio (the “**P/B ratio**”) under the Disposal, both of which are considered to be commonly used valuation metrics. However, as the Target Assets recorded unaudited loss after tax for the FY2019, the implied P/E ratio under the Disposal will be not applicable, hence not appropriate for comparison purposes. In view of the above, we have opted to conduct comparable analysis on the implied P/B ratio under the Disposal.

For the purpose of our aforesaid comparable analysis, we have initially set the following criteria in selecting comparable companies: (i) the shares of which are listed on the Stock Exchange such that their financial information is publicly available for our review and analysis; (ii) principally engage in and have over 50% of their revenue generated from businesses similar to that attributable to the Target Assets, being the design, development and manufacturing of various automatic parking systems and the provision of related technical and maintenance services, the sale of automatic parking systems and equipment, mechanical products and metal structural parts and the provision of related technical services, and/or the investment and asset management in parking lot business; and (iii) having over 75% of their revenue generated from the PRC for their latest completed financial year. Nonetheless, to our best endeavour and knowledge, we are not able to identify any company which fits the criteria above. As such, we have first loosened criteria (i) above to companies of which the shares are listed on major stock exchanges in the PRC (instead of only the Stock Exchange) while keeping the remaining parts of the criteria unchanged, and have only selected Jiangsu Wuyang Parking Co., Ltd. as a comparable company. Having considered that a sample size of one comparable company may not give a representative view of the industry in which the Target Assets are involved, we have further loosened criteria (ii) by removing the 50% relevant revenue threshold therein, and have further selected OMH SCIENCE Group Co., Ltd (previously known as Shanxi Oriental Material Handling Co., Ltd.) (“**OMH**”) and SIASUN ROBOT&AUTOMATION CO., LTD. (“**SIASUN**”) as comparable companies.

We are aware that for each of OMH and SIASUN, revenue generated from automated parking business only contributed less than 10% to their total revenue in their latest completed financial year. However, we have considered that (i) OMH and SIASUN, having a total revenue of approximately RMB736.32 million and RMB2,745.49 million, respectively, in their latest completed financial year, are quite large in scale and thus their revenue generated from automated parking business still amounted to approximately RMB59.17 million and RMB82.53 million, respectively, in the said year such that we believe they are still acceptable to be comparable companies; (ii) apart from automated parking business, OMH also principally engages in automated logistics and storage system business while SIASUN also principally engages in automated logistics and storage equipment and robots business, which we consider to share similarities with automated parking business and thus we still consider them appropriate for comparison purposes; and (iii) after all, we considered that a sample size of one comparable company may not give a representative view of the industry in which the Target Assets are involved, so we opted to include OMH and SIASUN into the list of comparable companies.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Based on the above, we have, to our best endeavour and knowledge, identified an exhaustive list of three comparable companies (the “**Comparable Companies**”). Having considered that this list of Comparable Companies already represents all companies which engage in automated parking business (whether it is a substantial part or not) in the PRC that we have been able to identify to our best effort and there is no other company that we have identified but screened out, we consider the Comparable Companies to be fair and representative samples for the purpose of our comparable analysis.

The table below sets out the P/B ratio of each of the Comparable Companies and the implied P/B ratio of the Disposal.

Company name (stock code) <i>(Note 1)</i>	Principal business	Market capitalisation as at the date of the Announcement <i>(Note 2)</i> RMB million	Net asset value as at the end of the latest completed financial year prior to the date of the Announcement RMB million	P/B ratio <i>times</i> <i>(approximately)</i>
Jiangsu Wuyang Parking Industry Group Co., Ltd. (SZSE: 300420)	Manufacturing of tensioning devices, braking devices, feeders and two stations machine-made sand, industrial robots production lines, intelligent mechanical parking equipment, logistics and intelligent warehousing systems; investment in urban parking resources acquisition and parking lot operation management	5,317	1,803	2.95
OMH (SZSE: 300486)	Design, manufacturing, installation and sales of intelligent full-set systems, including intelligent logistics system, intelligent storage system, intelligent stereo parking system and Intelligent painting system	3,429	1,405	2.44

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Company name (stock code) <i>(Note 1)</i>	Principal business	Market capitalisation as at the date of the Announcement <i>(Note 2)</i> <i>RMB million</i>	Net asset value as at the end of the latest completed financial year prior to the date of the Announcement <i>RMB million</i>	P/B ratio <i>times</i> <i>(approximately)</i>
SIASUN (SZSE: 300024)	Provision of factory and system robotisation and digitalisation solution, with products primarily categorized into industrial robots, logistics and storage automation equipment, assembling and examination automation and integration system, transportation and parking automation system	24,699	6,569	3.76
			Maximum	3.76
			Minimum	2.44
			Average	3.05
The Disposal				1.23 <i>(Note 3)</i>

Notes:

1. SZSE refers to the Shenzhen Stock Exchange.
2. In respect of the Comparable Companies, market capitalisation is calculated based on the respective closing price as quoted on the respective stock exchange and the number of issued shares based on latest published information as at the date of the Transfer Agreement.
3. Calculated by dividing the Consideration of RMB181,750,000 by unaudited net assets of the Target Assets as at 31 July 2020 of approximately RMB147,247,000 according to the APS Assets' Management Accounts.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The P/B ratios of the Comparable Companies ranged from approximately 2.44 times to 3.76 times, with an average of approximately 3.05 times. We note that the implied P/B ratio of the Target Assets under the Disposal was approximately 1.23 times, which falls below the range of the P/B ratios of the Comparable Companies. However, having considered (i) that all of the Comparable Companies recorded net profits in their latest two financial years, which is contrary to and significantly better than the long loss-making positions of the Target Assets' Business; (ii) that the Consideration still represents a premium over the net asset value of the Target Assets as at 31 July 2020; (iii) the reasons for and benefits of the Disposal as discussed in the paragraphs headed "Reasons for and benefits of the Disposal" in this letter above; and (iv) that the Disposal represents an excellent opportunity for the Company to realise its investment in such non-core businesses, we are of the view that the Consideration is acceptable, fair and reasonable so far as the interests of the Company and the Independent Shareholders are concerned.

3. Financial effects of the Disposal

Upon Completion, each of CIMC Autoparking and Tianda Longyan will cease to be a subsidiary of the Company. As such, the financial information of CIMC Autoparking and Tianda Longyan will cease to be consolidated into the financial statements of the Group. Subject to further audit procedures to be performed by the auditors of the Company, the Group is expected to record a gain from the Disposal of approximately RMB33,953,000 which is calculated with reference to the net proceeds from the Disposal and the unaudited net assets of the Target Assets as at 31 July 2020 of approximately RMB147,247,000. The actual amount of gain or loss as a result of the Disposal to be recorded by the Group will be subject to the net asset value of the Target Assets at the First Completion Date and the Second Completion Date and the review and final audit by the auditors of the Company.

It should be noted that the above analyses are for illustrative purposes only and do not purport to represent how the financial position of the Group will be upon completion of the Disposal.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RECOMMENDATION

Having considered the principal factors and reasons discussed above, we are of the opinion that although the Transfer Agreement and the transactions contemplated thereunder, being the Disposal, are not in the ordinary and usual course of business of the Company, they are (i) justifiable, fair and reasonable; (ii) in the interests of the Company and the Independent Shareholders as a whole; and (iii) the terms of the Transfer Agreement, including the Consideration, are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the EGM to approve the Transfer Agreement and the transactions contemplated thereunder and we recommend the Independent Shareholders to vote in favour of the resolution(s) in this regard.

Yours faithfully,
For and on behalf of
RED SOLAR CAPITAL LIMITED
Leo Chan
Managing Director

Mr. Leo Chan is a licensed person and responsible officer of Red Solar Capital Limited registered with the Securities and Futures Commission of Hong Kong to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and has over 12 years of experience in corporate finance industry.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Director's and chief executive's interests in the Company or its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors or chief executives of the Company and their associates in the shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors or chief executive of the Company were deemed or taken to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be recorded in the register therein, or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules ("Model Code") were as follows:

(i) Long positions in the Shares and underlying Shares of the Company:

Name of Director(s)	Nature of interest	Number of Share(s) held	Number of underlying Shares held pursuant to share options	Total number of Shares and underlying equity derivatives	Total interests as percentage of the issued share capital at the Latest Practicable Date (Approximate %)
Jiang Xiong	Beneficial owner	981,600,000	4,000,000	985,600,000	5.92%
Zheng Zu Hua	Beneficial owner	4,600,000	–	4,600,000	0.03%
Loke Yu	Beneficial owner	–	4,000,000	4,000,000	0.02%
Heng Ja Wei	Beneficial owner	–	4,000,000	4,000,000	0.02%
Ho Man	Beneficial owner	–	2,000,000	2,000,000	0.01%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Substantial Shareholders and other persons' interests in Shares and underlying Shares

As at the Latest Practicable Date, according to the register kept by the Company pursuant to section 336 of the SFO, and so far as is known to the Directors or chief executive of the Company, the following persons (other than a Director or a chief executive of the Company) had, or was deemed or taken to have, an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group and the amount of each of such person's interests in such securities, together with particulars of any options in respect of such capital:

Name of shareholder	Nature of interest	Number of Shares interested (other than under equity derivatives) <i>(Note 11)</i>	Number of Shares interested under equity derivatives <i>(Note 12)</i>	Total number of Shares and underlying Shares under equity derivatives <i>(Note 12)</i>	Percentage of issued Shares <i>(Note 13)</i> <i>(Approximate %)</i>
Sharp Vision Holdings Limited ("Sharp Vision")	Beneficial owner	6,755,369,842 (L)	2,863,592,755 (L)	9,618,962,597 (L)	49.03%
CIMC Top Gear B.V.	Beneficial owner	1,223,571,430 (L)	-	1,223,571,430 (L)	6.24%
Cooperatie CIMC U.A.	Interest of a controlled corporation <i>(Note 2)</i>	1,223,571,430(L)	-	1,223,571,430 (L)	6.24%
China International Marine Containers (Hong Kong) Limited ("CIMC HK")	Interest of a controlled corporation <i>(Note 3 & 4)</i>	7,978,941,272 (L)	2,863,592,755 (L)	10,842,534,027 (L)	55.27%
CIMC	Interest of a controlled corporation <i>(Note 5)</i>	7,978,941,272 (L)	2,863,592,755 (L)	10,842,534,027 (L)	55.27%

Name of shareholder	Nature of interest	Number of Shares interested (other than under equity derivatives) (Note 11)	Number of Shares interested under equity derivatives (Note 12)	Total number of Shares and underlying Shares under equity derivatives (Note 12)	Percentage of issued Shares (Note 13) (Approximate %)
Fengqiang Holdings Limited (“Fengqiang”)	Beneficial owner	2,366,751,693 (L)	–	2,366,751,693 (L)	12.06%
Shenzhen Fengqiang Investment Enterprise (Limited Partnership) (“Fengqiang Partnership”)	Interest of a controlled corporation (Note 6)	2,366,751,693 (L)	–	2,366,751,693 (L)	12.06%
Mr. Li Zhu Feng	Interest of a controlled corporation (Note 6)	2,366,751,693 (L)	–	2,366,751,693 (L)	12.06%
Genius Earn Limited	Beneficial owner	20,000,000 (L)	–	20,000,000 (L)	0.10%
Lucky Rich Holdings Limited (“Lucky Rich”)	Beneficial owner	1,540,798,770 (L)	–	1,540,798,770 (L)	7.85%
Shanghai Yunrong Investment Centre* (上海蘊融投資中心(有限合夥))	Interest of a controlled corporation (Note 7)	1,540,798,770 (L)	–	1,540,798,770 (L)	7.85%
Shenzhen Jiuming Investment Consulting Co., Ltd.* (深圳市久名投資諮詢有限公司)	Interest of a controlled corporation (Note 7)	1,540,798,770 (L)	–	1,540,798,770 (L)	7.85%
Liu Xiaolin	Interest of a controlled corporation (Note 8)	1,560,798,770 (L)	–	1,560,798,770 (L)	7.96%
Yang Yuan	Interest of Spouse (Note 9)	1,560,798,770 (L)	–	1,560,798,770 (L)	7.96%
Dazi Dingcheng Capital Investment Co., Ltd.* (達孜縣鼎誠資本投資有限公司)	Interest of a controlled corporation (Note 10)	1,540,798,770 (L)	–	1,540,798,770 (L)	7.85%

Name of shareholder	Nature of interest	Number of Shares interested (other than under equity derivatives) (Note 11)	Number of Shares interested under equity derivatives (Note 12)	Total number of Shares and underlying Shares under equity derivatives (Note 12)	Percentage of issued Shares (Note 13) (Approximate %)
Beijing Zhongrong Dingxin Investment Management Co., Ltd.* (北京中融鼎新投資管理有限公司)	Interest of a controlled corporation (Note 10)	1,540,798,770 (L)	–	1,540,798,770 (L)	7.85%
Zhongrong International Trust Co., Ltd.* (中融國際信託有限公司)	Interest of a controlled corporation (Note 10)	1,540,798,770 (L)	–	1,540,798,770 (L)	7.85%
Jingwei Textile Machinery Co., Ltd.	Interest of a controlled corporation (Note 10)	1,540,798,770 (L)	–	1,540,798,770 (L)	7.85%

* *The English translations of the Chinese names of such PRC entities are provided for identification purpose only.*

Notes:

- The letter “L” denotes a long position in Shares.
- Cooperatie CIMC U.A. is beneficially interested in the entire share capital of CIMC Top Gear B.V. and is deemed or taken to be interested in the 1,223,571,430 shares in which CIMC Top Gear B.V. has declared interest for the purpose of the SFO.
- CIMC HK and CIMC are beneficially interested in 1% and 99% respectively of the issued share capital of Cooperatie CIMC U.A. and are deemed or taken to be interested in the 1,223,571,430 shares in which Cooperatie CIMC U.A. has declared interest for the purpose of the SFO.
- CIMC HK is beneficially interested in the entire share capital of Sharp Vision and is deemed or taken to be interested in the 6,755,369,842 shares and 2,863,592,755 shares interested under equity derivatives in which Sharp Vision has declared interest for the purpose of the SFO.
- CIMC is beneficially interested in the entire share capital of CIMC HK and is deemed or taken to be interested in the 7,978,941,272 shares and 2,863,592,755 shares interested under equity derivatives in which CIMC HK has declared interest for the purpose of the SFO.
- Fengqiang Partnership is beneficially interested in the entire share capital of Fengqiang and is deemed or taken to be interested in the 2,366,751,693 shares in which Fengqiang has declared an interest for the purpose of the SFO. Fengqiang Partnership is owned by Mr. Wang Le Le, Ms. Chen Zhe, Mr. Yao Le Ran and Mr. Li Zhu Feng, who are senior management of the Company. Mr. Li Zhu Feng is the general partner of Fengqiang Partnership.

7. Shanghai Yunrong Investment Centre is beneficially interested in the entire share capital of Lucky Rich and is deemed or taken to be interested in the 1,540,798,770 shares in which Lucky Rich has declared an interest for the purpose of SFO. Shenzhen Jiuming Investment Consulting Co., Ltd. is beneficially interested in 0.2% of Shanghai Yunrong Investment Centre.
8. Mr. Liu Xiaolin is beneficially interested in the entire share capital of Genius Earn Ltd. and is deemed or taken to be interested in the 20,000,000 shares in which Genius Earn Ltd. has declared an interest for the purpose of the SFO. Mr. Liu Xiaolin is beneficially interested in the entire share capital of Shenzhen Jiuming Investment Consulting Co., Ltd.
9. Ms. Yang Yuan is the spouse of Mr. Liu Xiaolin. Ms. Yang Yuan is taken to be interested in the shares in which Mr. Liu Xiaolin has declared interest for the purpose of the SFO.
10. Dazi Dingcheng Capital Investment Co., Ltd. is beneficially interested in 0.2% of the issued share capital of Shanghai Yunrong Investment Centre. Beijing Zhongrong Dingxin Investment Management Co., Ltd. is beneficially interested in the entire issued share capital of Dazi Dingcheng Capital Investment Co., Ltd. and is beneficially interested in 88.5% of the issued share capital of Shanghai Yunrong Investment Centre. Zhongrong International Trust Co., Ltd. is beneficially interested in the entire issued share capital of Beijing Zhongrong Dingxin Investment Management Co., Ltd. Jingwei Textile Machinery Co., Ltd. is beneficially interested in 37.47% of the issued share capital of Zhongrong International Trust Co., Ltd.
11. The number of shares stated represent the number of shares held in the issued share capital of the Company at the Latest Practicable Date.
12. The number of shares represents the number of shares would be held if the outstanding convertible bonds held had been fully converted.
13. Percentage calculated based on the total number of shares of the Company in issue at the Latest Practicable Date, assuming (i) all of the convertible bonds of the Company have been fully converted; and (ii) all of the share options of the Company have been exercised.

Save as disclosed above and so far as is known to the Directors or chief executive of the Company, there is no person (other than a Director or chief executive of the Company) who, as at the Latest Practicable Date, had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital, including options in respect of such capital, carrying rights to vote in all circumstances at general meeting of any other member of the Group.

3. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or their respective close associates had any interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group, other than those businesses where the Directors were appointed as directors to represent the interests of the Company and/or the Group.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered or proposed to enter into a service contract with the any member of the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

5. INTERESTS IN CONTRACTS OR ARRANGEMENT

As at the Latest Practicable Date, there was no contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to any business of the Group.

6. INTEREST IN ASSETS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any asset which, since 31 December 2019 (the date to which the latest published audited financial statements of the Group were made up), had been or were proposed to be acquired or disposed of by, or leased to, any member of the Group.

7. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2019, being the date to which the latest published audited financial statements of the Group were made up.

8. QUALIFICATION AND CONSENT OF EXPERT

The following sets out the qualification of the expert who has given opinion, letter or advice included in this circular (the “**Expert**”):

Name	Qualifications
Red Solar 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

As at the Latest Practicable Date, the Expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter or its name in the form and context in which it appears.

As at the Latest Practicable Date, the Expert had no shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, the Expert had no interest, direct or indirect, in any assets which had been acquired or disposed of by or leased to any member of the Group, or which were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2019, being the date to which the latest published audited accounts of the Company were made up.

9. GENERAL

- (a) The secretary of the Company is Ms. Li Ching Wah who is a member of the Hong Kong Institute of Certified Public Accountants.
- (b) The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (c) The principal place of business of the Company in Hong Kong is situated at Units A-B, 16/F, China Overseas Building, 139 Hennessy Road, Wan Chai, Hong Kong.
- (d) The Company's branch share registrar and transfer office in Hong Kong is Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (e) In the event of any inconsistency, the English texts of the circular and the accompanying form of proxy shall prevail over their respective Chinese texts.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection 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 during normal business hours from 9:30 a.m. to 12:30 p.m. and from 2:30 p.m. to 5:30 p.m. on any weekday, except public holidays, between the period from the date of this circular up to and including the date of the EGM (being not less than 14 days).

- (a) the Transfer Agreement;
- (b) the letter from the Independent Board Committee, the text of which is set out on pages 19 to 20 of this circular;
- (c) the letter of advice from the Independent Financial Adviser, the text of which is set out on pages 21 to 47 of this circular;
- (d) the written consent referred to in paragraph headed "8. Qualification and Consent of Expert" of this appendix; and
- (e) this circular.

NOTICE OF EGM

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 Room 106, 1/F, CIMC R&D Centre, 2 Gangwan Avenue, Shekou, Nanshan District, Shenzhen, Guangdong, the PRC on Thursday, 19 November 2020 at 3:00 p.m., as special business, to consider and, if thought fit, pass with or without amendments the following resolution as an ordinary resolution:

ORDINARY RESOLUTION

“THAT:

- (a) the conditional transfer agreement dated 1 September 2020 (the “**Transfer Agreement**”, details of which are disclosed in the circular of the Company dated 29 October 2020 (the “**Circular**”)) entered into between 深圳中集天達空港設備有限公司 (for transliteration purpose only, Shenzhen CIMC-Tianda Airport Support Ltd) (the “**Vendor**”), an indirect non-wholly owned subsidiary of the Company, as vendor and 中集物聯科技有限公司 (for transliteration purpose only, CIMC Wulian Technology Co., Ltd.) (the “**Purchaser**”), as purchaser, pursuant to which the Purchaser has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell, the Target Assets (as defined in the Circular) for a consideration of RMB181,750,000 (a copy of the Transfer Agreement is marked “A” and produced to the meeting and signed by the chairman of the EGM for identification purpose) and the transactions contemplated thereunder be and are hereby ratified, confirmed and approved;

NOTICE OF EGM

- (b) any one or more director(s) of the Company be and is/are hereby generally and unconditionally authorised to do all such acts and things, to sign and execute all such documents for and on behalf of the Company as he/she/they may consider necessary, appropriate, desirable or expedient to give effect to or in connection with the Transfer Agreement and the transactions contemplated thereunder, and to make and agree to make such variations of the terms of the Transfer Agreement as he/she/they may in his/her/their discretion consider to be appropriate, necessary or desirable and in the interests of the Company and its shareholders as a whole.”

By the order of the Board
CIMC-TianDa Holdings Company Limited
Li Ching Wah
Company Secretary

Hong Kong, 29 October 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 the PRC:

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

NOTICE OF EGM

Notes:

1. A shareholder of the Company entitled to attend and vote at the EGM convened is entitled to appoint one or more proxies to attend and vote on his behalf. A proxy need not be a shareholder of the Company. **In order to facilitate the prevention and control of the spread of the Novel Coronavirus (COVID-19) epidemic and to safeguard the health and safety of the shareholders of the Company (“Shareholders”), the Company strongly encourages Shareholders to consider appointing the chairman of the meeting as his/her proxy to vote on the resolution as an alternative to attending in person.**
2. In case of a joint holding, the form of proxy may be signed by any joint holder, but if more than one joint holder is present at the meeting, whether in person or by proxy, that one of the joint holders whose name stands first on the register of members in respect of the relevant joint holding shall alone be entitled to vote in respect thereof.
3. To be valid, the form of proxy together with any 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 with the Company’s branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited (the “**Share Registrar**”), 17M Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong not less than 48 hours before the time appointed for the holding of the EGM (i.e. at or before 3:00 p.m. on Tuesday, 17 November 2020) or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude a member from attending and voting in person.
4. The voting at the EGM shall be taken by poll.
5. The register of members of the Company will be closed from Monday, 16 November 2020 to Thursday, 19 November 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 17M Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 13 November 2020.
6. If Typhoon Signal No. 8 or above, or a “black” rainstorm warning is in effect any time after 12: 00 noon on the date of the meeting, the meeting will be postponed. The Company will publish an announcement on the website of the Company at www.chinafire.com.cn and on the website of the Stock Exchange at www.hkexnews.hk to notify the Company’s shareholders of the date, time and venue of the rescheduled meeting.
7. A form of proxy for the meeting is enclosed with the Circular.

As at the date of this notice, the Directors 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>