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**China Fire Safety Enterprise Group Limited**  
中國消防企業集團有限公司  
(Incorporated in the Cayman Islands with limited liability)  
(Stock code: 445)



**CHINA INTERNATIONAL MARINE  
CONTAINERS (GROUP) CO., LTD.**  
中國國際海運集裝箱（集團）股份有限公司  
(a joint stock company incorporated in the People's Republic of  
China with limited liability)  
(Stock Code: 2039)

## **JOINT ANNOUNCEMENT**

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AND**

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WAIVER**



**Financial Adviser to CFE**



云鋒金融

**Yunfeng Financial Markets Limited**  
(A member of Yunfeng Financial Group)

**Independent Financial Adviser to the CFE Independent Board Committee, the CFE  
Whitewash Waiver Board Committee and the independent CFE Shareholders**

## **THE PROPOSED ACQUISITIONS**

On 4 December 2017, Wang Sing, CFE, Sharp Vision and Fengqiang entered into the Pteris Sale and Purchase Agreement, pursuant to which Wang Sing has conditionally agreed to acquire and Sharp Vision and Fengqiang have conditionally agreed to sell, the Pteris Sale Shares, representing approximately 99.41% of the issued share capital of Pteris.

On 4 December 2017, Wang Sing and Lucky Rich entered into the TianDa Equity Transfer Agreement, pursuant to which Wang Sing has conditionally agreed to acquire and Lucky Rich has conditionally agreed to sell, the TianDa Sale Interest, representing 30% of the equity interest of TianDa.

Pursuant to the Sale and Purchase Agreements (assuming both the Pteris Completion and the TianDa Completion take place), CFE will issue up to 7,470,108,040 Consideration Shares and the Convertible Bonds in the aggregate principal amount of up to RMB2,093,133,694 to the Vendors (or their respective nominee(s)) as consideration for the Proposed Acquisitions. The maximum number of Consideration Shares represent (i) approximately 183.2% of the total issued share capital of CFE as at the date of this joint announcement; (ii) approximately 64.7% of enlarged share capital of CFE upon completion of the Proposed Acquisitions (assuming no conversion of the Convertible Bonds and no exercise of the CFE Share Options); and (iii) approximately 40.9% of the enlarged share capital of CFE upon completion of the Proposed Acquisitions (assuming full conversion of the Convertible Bonds and no exercise of the CFE Share Options). Upon full conversion of the Convertible Bonds at the initial conversion price of HK\$0.366, 6,728,170,020 CFE Shares will be issued, which represent (i) approximately 165.0% of the total issued share capital of CFE as at the date of this joint announcement; and (ii) approximately 36.8% of the enlarged share capital of CFE upon completion of the Proposed Acquisitions (assuming no exercise of the CFE Share Options).

Pursuant to the Pteris Sale and Purchase Agreement (assuming the TianDa Completion does not take place and only the Pteris Completion takes place), CFE will issue up to 7,470,108,040 Consideration Shares and Convertible Bonds in the principal amount of up to RMB1,482,580,105 to the Pteris Vendors (or their respective nominee(s)) as consideration for the Proposed Pteris Acquisition. The maximum number of Consideration Shares to be issued in respect of the Proposed Pteris Acquisition represent (i) approximately 183.2% of the total issued share capital of CFE as at the date of this joint announcement; (ii) approximately 64.7% of enlarged share capital of CFE upon completion of the Proposed Pteris Acquisition (assuming no conversion of the Convertible Bonds and no exercise of the CFE Share Options); and (iii) approximately 45.8% of the enlarged share capital of CFE upon completion of the Proposed Pteris Acquisition (assuming full conversion of the Convertible Bonds and no exercise of the CFE Share Options). Upon full conversion of the Convertible Bonds at the initial conversion price of HK\$0.366, 4,765,606,250 CFE Shares will be issued, which represent (i) approximately 116.8% of the total issued share capital of CFE as at the date of this joint announcement; and (ii) approximately 29.2% of the enlarged share capital of CFE upon completion of the Proposed Pteris Acquisition (assuming no exercise of the CFE Share Options).

## **PROPOSED ISSUE OF CONSIDERATION SHARES AND CONVERTIBLE BONDS UNDER SPECIFIC MANDATE BY CFE**

Pursuant to the Sale and Purchase Agreements (assuming both the Pteris Completion and the TianDa Completion take place), CFE will issue up to a total of 7,470,108,040 Consideration Shares and Convertible Bonds in the aggregate principal amount of up to RMB2,093,133,694 to the Vendors (or their respective nominee(s)).

Pursuant to the Pteris Sale and Purchase Agreement (assuming the TianDa Completion does not take place and only the Pteris Completion takes place), CFE will issue up to 7,470,108,040 Consideration Shares and Convertible Bonds in the principal amount of up to RMB1,482,580,105 to the Pteris Vendors (or their respective nominee(s)).

CFE will seek the Specific Mandate from the CFE Shareholders to allot and issue the Consideration Shares and Conversion Shares.

## **PROPOSED INCREASE IN AUTHORIZED CAPITAL OF CFE**

The CFE Board proposes that amendments shall be made to the CFE Memorandum of Association to increase the authorized capital of CFE to facilitate the issue of Consideration Shares and Conversion Shares. The proposed increase in authorized capital of CFE is subject to the approval of the independent CFE Shareholders by way of an ordinary resolution at the CFE EGM. Further details will be set out in the circular to be despatched to the CFE Shareholders.

## **IMPLICATIONS UNDER THE LISTING RULES FOR CFE**

As the highest applicable percentage ratio in respect of the Proposed Acquisitions, on an aggregated basis, exceeds 100%, the transactions contemplated under the Sale and Purchase Agreements constitute a very substantial acquisition for CFE under Chapter 14 of the Listing Rules, which is subject to the notification, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Sharp Vision is a wholly-owned subsidiary of CIMC (the indirect controlling shareholder of CFE) and is therefore a connected person of CFE, and the Proposed Pteris Acquisition constitutes a connected transaction for CFE. As the highest applicable percentage ratio in respect of the Proposed Pteris Acquisition exceeds 5%, the Proposed Pteris Acquisition is subject to the announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **IMPLICATIONS UNDER THE LISTING RULES FOR CIMC**

As one of the applicable percentage ratios under Chapter 14 of the Listing Rules in respect of the Proposed Restructuring is more than 5% but all are less than 25%, the Proposed Restructuring constitutes a discloseable transaction of CIMC and is subject to the announcement requirement under Chapter 14 of the Listing Rules.

The injection of the businesses of the Pteris Group into CFE by way of disposal of approximately 78.15% equity interest in Pteris by Sharp Vision (an indirect wholly-owned subsidiary of CIMC) to Wang Sing (a direct wholly-owned subsidiary of CFE) pursuant to the Pteris Sale and Purchase Agreement constitutes a spin-off of CIMC subject to the applicable requirements of Practice Note 15 of the Listing Rules. CIMC has submitted a spin-off proposal to the Stock Exchange pursuant to Practice Note 15 of the Listing Rules and the Stock Exchange has indicated that CIMC may proceed with the Proposed Restructuring.

In addition, the Proposed Restructuring constitutes a related party transaction (關聯方交易) of CIMC under the Shenzhen Listing Rules and therefore is subject to the approval by the independent CIMC Shareholders.

### **IMPLICATIONS UNDER THE TAKEOVERS CODE AND APPLICATION FOR WHITEWASH WAIVER**

As at the date of this joint announcement, CIMC, through Top Gear (a wholly-owned subsidiary of CIMC), controls or is entitled to exercise control over the voting rights in respect of 1,223,571,430 CFE Shares, representing approximately 30% of the entire issued share capital of CFE. Assuming none of the Convertible Bonds are converted, (i) immediately following the Pteris Completion (assuming the TianDa Completion does not take place), the aggregate shareholding of the CIMC Group (through Top Gear and Sharp Vision) will increase to approximately 65.4% of the then enlarged total issued share capital of CFE; and (ii) immediately following the Pteris Completion and the TianDa Completion, the aggregate shareholding of the CIMC Group (through Top Gear and Sharp Vision) will increase to approximately 51% of the then enlarged total issued share capital of CFE.

Accordingly, pursuant to Rule 26.1 of the Takeovers Code, Sharp Vision will be required to make a mandatory general offer for all the issued CFE Shares and CFE Share Options not already owned or agreed to be acquired by the CIMC Concert Group, unless the Whitewash Waiver has been obtained from the Executive.

Completion of the Proposed Acquisitions is conditional upon, among other things, the Whitewash Waiver being granted by the Executive and approved by the independent CFE Shareholders. An application will be made by CIMC (or its wholly-owned subsidiary) to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted, will be subject to, among other things, the approval of the independent CFE Shareholders taken by way of a poll at the CFE EGM. In the event that the Whitewash Waiver is not granted on or before 12:00 noon on the Long Stop Date, the Sale and Purchase Agreements will lapse and the Proposed Acquisitions will not proceed.

In addition, since the Proposed TianDa Acquisition is an arrangement made between CFE, a party acting in concert with CIMC, and Lucky Rich (which is wholly-owned by a limited partnership, one of the two general partners of which is solely owned by the ultimate beneficial owner of a CFE Shareholder), which is not capable of being extended to all CFE Shareholders, the Proposed TianDa Acquisition constitutes a special deal under Rule 25 of the Takeovers Code and requires the consent of the Executive. Such consent, if granted, will be subject to (i) the CFE Independent Financial Adviser publicly stating that in its opinion the terms of the Proposed TianDa Acquisition are fair and reasonable; and (ii) the approval of the Proposed TianDa Acquisition by the independent CFE Shareholders by way of poll at the CFE EGM.

## **GENERAL**

### **(1) CFE Independent Board Committee, CFE Whitewash Waiver Board Committee and CFE Independent Financial Adviser**

The CFE Independent Board Committee comprising all the independent non-executive directors of CFE, namely, Dr. Loke Yu, Mr. Heng Ja Wei and Mr. Ho Man, has been formed pursuant to the requirements under the Listing Rules to advise the independent CFE Shareholders on matters in relation to the Proposed Acquisitions and the Specific Mandate.

The CFE Whitewash Waiver Board Committee comprising all the non-executive directors and independent non-executive directors of CFE who have no direct or indirect interest in the Whitewash Waiver, namely, Mr. Robert Johnson, Dr. Loke Yu, Mr. Heng Ja Wei and Mr. Ho Man, has been formed pursuant to the requirements under the Takeovers Code to advise the independent CFE Shareholders on matters in relation to the Whitewash Waiver and the Special Deal. Given that each of Dr. Li Yin Hui and Mr. Yu Yu Qun is a non-executive director of CFE nominated by CIMC, they have not been included in the CFE Whitewash Waiver Board Committee.

The CFE Independent Financial Adviser has been appointed by CFE pursuant to the requirements under the Listing Rules and the Takeovers Code to advise the CFE Independent Board Committee, the CFE Whitewash Waiver Board Committee and the independent CFE Shareholders on matters in relation to the Proposed Acquisitions, the Specific Mandate, the Whitewash Waiver and the Special Deal.

### **(2) CFE EGM**

The CFE EGM will be convened to consider and, if thought fit, approve (i) the Proposed Acquisitions; (ii) the Specific Mandate; (iii) the proposed increase in authorized capital of CFE; (iv) the Whitewash Waiver, and (v) the Special Deal.

The CIMC Concert Group and the CFE Shareholders who are involved in or interested in the Proposed Acquisitions, the proposed increase in authorized capital of CFE, the Specific Mandate, the Whitewash Waiver and/or the Special Deal will be required to abstain from voting on the resolutions to be proposed at the CFE EGM in relation to the Proposed Acquisitions, the proposed increase in authorized capital of CFE, the Specific Mandate, the Whitewash Waiver and/or the Special Deal. Save for Top Gear (an indirect non-wholly owned subsidiary of CIMC) and Genius Earn Limited (a company wholly-owned by Mr. Liu Xiaolin) which holds 1,223,571,430 CFE Shares and 129,000,000 CFE Shares, representing 30% and 3.2%, respectively, of the issued share capital of CFE as at the date of this joint announcement, no other CFE Shareholder has a material interest in or involved in the Proposed Acquisitions, the proposed increase in authorized capital of CFE, the Specific Mandate, the Whitewash Waiver or the Special Deal and therefore no other CFE Shareholder is required to abstain from voting on resolutions in relation to the abovementioned matters at the CFE EGM.

A circular containing, among other things, (i) further details of the Proposed Acquisitions, the proposed increase in authorized capital of CFE, the Specific Mandate, the Whitewash Waiver and the Special Deal; (ii) a letter from the CFE Independent Board Committee to the independent CFE Shareholders containing its recommendation in respect of the Proposed Acquisitions and the Specific Mandate; (iii) a letter from the CFE Whitewash Waiver Board Committee to the independent CFE Shareholders containing its recommendation in respect of the Whitewash Waiver and the Special Deal; and (iv) a letter from the CFE Independent Financial Adviser to the CFE Independent Board Committee, the CFE Whitewash Waiver Board Committee and the independent CFE Shareholders containing its recommendation in respect of the Proposed Acquisitions, the Specific Mandate, the Whitewash Waiver and the Special Deal will be despatched to the CFE Shareholders. Pursuant to Rule 8.2 of the Takeovers Code, the circular shall be despatched within 21 days after the date of this joint announcement (i.e. 25 December 2017) or such later date as the Executive may approve. As additional time is required by CFE to prepare the information for inclusion in the circular, the circular and the notice of the CFE EGM are expected to be despatched to the CFE Shareholders on or around 7 January 2018. CFE will apply to the Executive for an extension of time for the despatch of the circular under Rule 8.2 of the Takeovers Code. Further announcement(s) will be made by CFE as and when appropriate.

**(3) CIMC INDEPENDENT BOARD COMMITTEE AND CIMC INDEPENDENT FINANCIAL ADVISER**

The CIMC Independent Board Committee comprising all the independent non-executive directors of CIMC, namely, Mr. Pan Zhengqi, Mr. Pan Chengwei and Mr. Wong Kwai Huen, Albert, has been formed pursuant to the requirements under the Listing Rules to advise the CIMC Shareholders on matters in relation to the Proposed Restructuring.

An independent financial adviser will be appointed by CIMC pursuant to the requirements under the Listing Rules to advise the CIMC Shareholders on matters in relation to the Proposed Restructuring.

**(4) CIMC EGM**

The CIMC EGM will be convened to consider and, if thought fit, approve (i) the Proposed Restructuring; and (ii) the waiver to the assured entitlement under the Proposed Restructuring.

Pursuant to the requirements under the Shenzhen Listing Rules and the Listing Rules, and to the best of the knowledge, information and belief of the directors of CIMC, no CIMC Shareholder is required to abstain from voting. Therefore, all CIMC Shareholders are entitled to vote on the resolutions to approve the Proposed Restructuring (including the waiver to the assured entitlement) at the CIMC EGM.

A circular containing, among other things, (i) further details of the Proposed Restructuring and the grounds for the waiver of assured entitlement, (ii) a letter from the CIMC Independent Board Committee to the CIMC Shareholders containing its recommendation in respect of the Proposed Restructuring and (iii) a letter from the CIMC Independent Financial Adviser to the CIMC Independent Board Committee and the CIMC Shareholders containing its recommendation in respect of the Proposed Restructuring, and the notice of the CIMC EGM, will be despatched to the CIMC Shareholders in due course in accordance with the requirements of the articles of association of CIMC, the Listing Rules and the Shenzhen Listing Rules.

**The Proposed Acquisitions are conditional upon the relevant conditions precedent being fulfilled (or waived, as the case may be) and may or may not proceed. In particular, the Executive may or may not grant the Whitewash Waiver. If the Whitewash Waiver is not granted by the Executive or is not approved by the independent CFE Shareholders by way of poll, the Sale and Purchase Agreements will lapse and the Proposed Acquisitions will not proceed. Accordingly, the CFE Shareholders, the CIMC Shareholders and prospective investors are reminded to exercise caution when trading in the securities of CFE and CIMC.**

## **INTRODUCTION**

On 4 December 2017, Wang Sing, CFE, Sharp Vision and Fengqiang entered into the Pteris Sale and Purchase Agreement, pursuant to which Wang Sing has conditionally agreed to acquire and Sharp Vision and Fengqiang have conditionally agreed to sell, the Pteris Sale Shares, representing approximately 99.41% of the issued share capital of Pteris.

On 4 December 2017, Wang Sing and Lucky Rich entered into the TianDa Equity Transfer Agreement, pursuant to which Wang Sing has conditionally agreed to acquire and Lucky Rich has conditionally agreed to sell, the TianDa Sale Interest, representing 30% of the equity interest of TianDa.

Pursuant to the Sale and Purchase Agreements (assuming both the Pteris Completion and the TianDa Completion take place), CFE will issue up to 7,470,108,040 Consideration Shares and the Convertible Bonds in the aggregate principal amount of up to RMB2,093,133,694 to the Vendors (or their respective nominee(s)) as consideration for the Proposed Acquisitions. The maximum number of Consideration Shares represent (i) approximately 183.2% of the total issued share capital of CFE as at the date of this joint announcement; (ii) approximately 64.7% of enlarged share capital of CFE upon completion of the Proposed Acquisitions (assuming no conversion of the Convertible Bonds and no exercise of the CFE Share Options); and (iii) approximately 40.9% of the enlarged share capital of CFE upon completion of the Proposed Acquisitions (assuming full conversion of the Convertible Bonds and no exercise of the CFE Share Options). Upon full conversion of the Convertible Bonds at the initial conversion price of HK\$0.366, 6,728,170,020 CFE Shares will be issued, which represent (i) approximately 165.0% of the total issued share capital of CFE as at the date of this joint announcement; and (ii) approximately 36.8% of the enlarged share capital of CFE upon completion of the Proposed Acquisitions (assuming no exercise of the CFE Share Options).

Pursuant to the Pteris Sale and Purchase Agreement (assuming the TianDa Completion does not take place and only the Pteris Completion takes place), CFE will issue up to 7,470,108,040 Consideration Shares and Convertible Bonds in the principal amount of up to RMB1,482,580,105 to the Pteris Vendors (or their respective nominee(s)) as consideration for the Proposed Pteris Acquisition. The maximum number of Consideration Shares to be issued in respect of the Pteris Acquisition represent (i) approximately 183.2% of the total issued share capital of CFE as at the date of this joint announcement; (ii) approximately 64.7% of enlarged share capital of CFE upon completion of the Proposed Pteris Acquisition (assuming no conversion of the Convertible Bonds and no exercise of the CFE Share Options); and (iii) approximately 45.8% of the enlarged share capital of CFE upon completion of the Proposed Pteris Acquisition (assuming full conversion of the Convertible Bonds and no exercise of the CFE Share Options). Upon full conversion of the Convertible Bonds at the initial conversion price of HK\$0.366, 4,765,606,250 CFE Shares will be issued, which represent (i) approximately 116.8% of the total issued share capital of CFE as at the date of this joint announcement; and (ii) approximately 29.2% of the enlarged share capital of CFE upon completion of the Proposed Pteris Acquisition (assuming no exercise of the CFE Share Options). CFE will seek the Specific Mandate from the CFE Shareholders to allot and issue the Consideration Shares and Conversion Shares.



## **PART A: VERY SUBSTANTIAL ACQUISITION, CONNECTED TRANSACTION AND SPECIAL DEAL**

### **(1) The Pteris Sale and Purchase Agreement**

The principal terms of the Pteris Sale and Purchase Agreement are set forth below:

#### ***Date***

4 December 2017

#### ***Parties***

- (i) Wang Sing (as the purchaser of the Pteris Sale Shares);
- (ii) CFE (as the issuer of the Consideration Shares and Convertible Bonds);
- (iii) Sharp Vision (as one of the vendors of the Pteris Sale Shares); and
- (iv) Fengqiang (as one of the vendors of the Pteris Sale Shares).

#### ***Subject Matter***

Wang Sing has conditionally agreed to acquire, and Sharp Vision and Fengqiang have conditionally agreed to sell 301,153,690 Pteris Shares and 81,910,701 Pteris Shares, representing approximately 78.15% and 21.26% of the issued share capital of Pteris, respectively.

#### ***Consideration***

The aggregate consideration for the Proposed Pteris Acquisition is RMB3,806,530,716, of which RMB2,992,459,264 shall be payable to Sharp Vision and RMB814,071,452 shall be payable to Fengqiang, in the following manner:

*If the TianDa Completion does not take place on or prior to the Pteris Completion:*

- (i) RMB2,992,459,264 payable to Sharp Vision shall be satisfied by the issuance of 4,664,472,279 Consideration Shares by CFE at the issue price of HK\$0.366 per CFE Share and Convertible Bonds in the principal amount of RMB1,024,307,336 to Sharp Vision (or its nominee(s)) on the date of the Pteris Completion; and

- (a) if the TianDa Conditions are not satisfied (or waived, as the case may be) on or before the Long Stop Date, an additional of 1,661,956,291 Consideration Shares shall be issued by CFE within ten business days after the Long Stop Date. In such case, a total of 6,326,428,570 Consideration Shares and Convertible Bonds in the principal amount of RMB1,024,307,336 will be allotted and issued to Sharp Vision (or its nominee(s)); or
  - (b) if the TianDa Conditions are satisfied (or waived, as the case may be) on or before the Long Stop Date, additional Convertible Bonds in the principal amount of RMB517,034,602 shall be issued by CFE within ten business days after the date of the TianDa Completion. In such case, a total of 4,664,472,279 Consideration Shares and Convertible Bonds in the principal amount of RMB1,541,341,938 will be allotted and issued to Sharp Vision (or its nominee(s)); and
- (ii) RMB814,071,452 payable to Fengqiang shall be satisfied by the issuance of 956,000,000 Consideration Shares by CFE at the issue price of HK\$0.366 per CFE Share and Convertible Bonds in the principal amount of RMB256,904,950 to Fengqiang (or its nominee(s)) on the date of the Pteris Completion, and:
- (a) if the TianDa Conditions are not satisfied (or waived, as the case may be) on or before the Long Stop Date, an additional of 187,679,470 Consideration Shares and additional Convertible Bonds in the principal amount of RMB201,367,819 shall be issued by CFE within ten business days after the Long Stop Date. In such case, a total of 1,143,679,470 Consideration Shares and Convertible Bonds in the principal amount of RMB458,272,769 will be allotted and issued to Fengqiang (or its nominee(s)); or
  - (b) if the TianDa Conditions are satisfied (or waived, as the case may be) on or before the Long Stop Date, an additional of 834,956,291 Consideration Shares shall to be issued by CFE within ten business days after the date of the TianDa Completion. In such case, a total of 1,790,956,291 Consideration Shares and Convertible Bonds in the principal amount of RMB256,904,950 will be allotted and issued to Fengqiang (or its nominee(s)).

*If the TianDa Completion takes place on or prior to the Pteris Completion:*

- (i) RMB2,992,459,264 payable to Sharp Vision shall be satisfied by the issuance of 4,664,472,279 Consideration Shares by CFE at the issue price of HK\$0.366 per CFE Share and Convertible Bonds in the principal amount of RMB1,541,341,938 to Sharp Vision (or its nominee(s)); and

- (ii) RMB814,071,452 payable to Fengqiang shall be satisfied by the issuance of 1,790,956,291 Consideration Shares by CFE at the issue price of HK\$0.366 per CFE Share and Convertible Bonds in the principal amount of RMB256,904,950 by CFE to Fengqiang (or its nominee(s)).

The number of Consideration Shares and the principal amount of Convertible Bonds to be issued by CFE to Sharp Vision and Fengqiang (or their respective nominees) are different depending on whether and when the TianDa Completion takes place. In the event that the TianDa Completion takes place, it may take place either prior to or concurrently with or after the Pteris Completion. In the event that the TianDa Completion does not take place on or prior to the Pteris Completion, the consideration for the Proposed Pteris Acquisition will be fully settled on the Deferred Settlement Date, which will be within ten business days after the Long Stop Date as further explained above. The above payment mechanism is to ensure that CFE would be able to satisfy the minimum public float requirement under Rule 8.08(1)(a) of the Listing Rules in all scenarios, since in the case of the TianDa Completion, additional Consideration Shares would need to be issued to Lucky Rich as vendor of the TianDa Sale Interest, which would reduce the public float of CFE. The TianDa Completion is subject to the satisfaction (or waiver thereof) of the conditions precedents for the Proposed Pteris Acquisition.

Please refer to the section headed “Part B: Proposed Issue of Consideration Shares and Convertible Bonds under Specific Mandate by CFE: (3) Effect of the Proposed Issue of the Consideration Shares and the Convertible Bonds on the Shareholding Structure of CFE” below for further illustration.

### ***Conditions Precedent***

The Pteris Completion shall be conditional upon the following conditions being fulfilled (or waived by Wang Sing, as the case may be):

- (a) the passing of all necessary resolutions by the independent CFE Shareholders at a general meeting approving, among other things, the Proposed Pteris Acquisition, the issue of Consideration Shares and Convertible Bonds in respect of the Proposed Pteris Acquisition, the proposed increase in authorized capital of CFE and the Whitewash Waiver pursuant to the requirements of the Takeovers Code and the Listing Rules;
- (b) the passing of all resolutions by the independent CIMC Shareholders (or minority CIMC Shareholders, as the case may be) at a general meeting approving, among other things, the Proposed Restructuring (including the approval of the waiver of assured entitlement) pursuant to the requirements of the Shenzhen Listing Rules and the Listing Rules;
- (c) the obtaining of the Whitewash Waiver by CIMC (or its wholly-owned subsidiary) from the Executive;

- (d) the obtaining of the approval of the spin-off proposal by CIMC from the Stock Exchange pursuant to Practice Note 15 of the Listing Rules;
- (e) the listing of, and the permission to deal in, all the Consideration Shares and Conversion Shares to be issued upon full conversion of the Convertible Bonds under the Proposed Pteris Acquisition being granted by the Stock Exchange and not having been revoked;
- (f) the representations and warranties given by each of the Pteris Vendors under the Pteris Sale and Purchase Agreement having remained true, accurate and not misleading in all material respects throughout the period from the date of the Pteris Sale and Purchase Agreement to the Pteris Completion;
- (g) no events having occurred which caused, causes or may cause material adverse effect on (i) the assets, business, operation or financial condition of the Pteris Group as a whole; or (ii) the ability of the Pteris Vendors to perform or comply with their respective material obligations, undertakings or covenants under the Pteris Sale and Purchase Agreement; and
- (h) there being no applicable laws, rules, regulations, decrees of any court or decisions of any regulator (such as the Stock Exchange) which shall, or which shall reasonably be expected to, forbid, restrict or impose conditions or restrictions on completion of the transactions contemplated under the Pteris Sale and Purchase Agreement.

Wang Sing may waive any of the abovementioned conditions (other than conditions (a), (b), (c), (d), (e), (g) and (h)) at its absolute discretion at or before 12:00 noon (Hong Kong time) on the Long Stop Date.

Wang Sing shall not be obliged to complete the sale and purchase of any of the Pteris Sale Shares unless the sale and purchase of all the Pteris Sale Shares are completed simultaneously.

### ***Termination***

The Pteris Sale and Purchase Agreement shall terminate by agreement in writing between the parties to the Pteris Sale and Purchase Agreement or in the event the conditions precedent for the Proposed Pteris Acquisition are not fulfilled (or waived by Wang Sing, as the case may be) on or before 12:00 noon on the Long Stop Date.

## (2) **The TianDa Equity Transfer Agreement**

The principal terms of the TianDa Equity Transfer Agreement are set forth below:

### ***Date***

4 December 2017

### ***Parties***

- (i) Wang Sing (as the purchaser of the TianDa Sale Interest); and
- (ii) Lucky Rich (as the vendor of the TianDa Sale Interest).

### ***Subject Matter***

Wang Sing has conditionally agreed to acquire and Lucky Rich has conditionally agreed to sell, the TianDa Sale Interest, representing 30% of the equity interest of TianDa.

### ***Consideration***

The consideration for the Proposed TianDa Acquisition is RMB610,553,589, which shall be satisfied by the issuance of 1,014,679,470 Consideration Shares at the issue price of HK\$0.366 per CFE Share and Convertible Bonds in the principal amount of RMB294,886,806 by CFE to Lucky Rich (or its nominee(s)).

### ***Conditions precedent***

The TianDa Completion shall be conditional upon the following conditions being fulfilled (or waived by the parties thereto, as the case may be):

- (a) all conditions precedents for the Proposed Pteris Acquisition having been satisfied (or waived by Wang Sing pursuant to the terms thereof);
- (b) the passing of all necessary resolutions by the independent CFE Shareholders at a general meeting approving, among other things, the Proposed TianDa Acquisition, the issue of the Consideration Shares and Convertible Bonds in respect of the Proposed TianDa Acquisition, the proposed increase in authorized capital of CFE and the Special Deal pursuant to the requirements of the Listing Rules;
- (c) the representations and warranties given by Wang Sing under the TianDa Equity Transfer Agreement having remained true, accurate and not misleading in all material respects throughout the period from the date of the TianDa Equity Transfer Agreement to the TianDa Completion;

- (d) the representations and warranties given by Lucky Rich under the TianDa Equity Transfer Agreement having remained true, accurate and not misleading in all material respects throughout the period from the date of the TianDa Equity Transfer Agreement to the TianDa Completion;
- (e) no events having occurred which caused, causes or may cause material adverse effect on the assets, business, operation or financial condition of the TianDa Group as a whole;
- (f) there being no applicable laws which shall, or which shall reasonably be expected to, forbid, restrict or impose conditions or restrictions on completion of the transactions contemplated under the TianDa Equity Transfer Agreement;
- (g) the consent of the Executive in relation to the TianDa Equity Transfer Agreement and the transactions contemplated thereunder as a “special deal” under Rule 25 of the Takeovers Code having been obtained and not having been revoked prior to the TianDa Completion;
- (h) the listing of, and the permission to deal in, all the Consideration Shares and Conversion Shares to be issued upon full conversion of the Convertible Bonds under the Proposed TianDa Acquisition being granted by the Stock Exchange and not having been revoked;
- (i) all necessary approvals and filings in respect of the Proposed TianDa Acquisition at the relevant commission of economy having been obtained and/or completed; and
- (j) (if required) the passing of resolutions by the shareholders of TianDa by written resolutions or at a general meeting approving the Proposed TianDa Acquisition and the transactions contemplated thereunder.

Wang Sing may waive any of the abovementioned conditions (other than conditions (a), (b), (f), (g), (h), (i) and (j)) at its absolute discretion, and Lucky Rich may waive condition (c) at its absolute discretion, at or before 12:00 noon (Hong Kong time) on the Long Stop Date.

The TianDa Completion is subject to, amongst other things, the conditions precedents for the Proposed Pteris Acquisition having been satisfied (or waived by Wang Sing pursuant to the terms of the Pteris Sale and Purchase Agreement). In the event that the TianDa Completion takes place, it may take place either prior to or concurrently with or after the Pteris Completion. If the conditions precedents for the Proposed Pteris Acquisition are satisfied (or waived, as applicable) but the conditions precedent for the Proposed TianDa Acquisition are not satisfied (or waived, as applicable), the Proposed Pteris Acquisition will proceed and the Proposed TianDa Acquisition will not proceed.

### ***Termination***

The TianDa Equity Transfer Agreement shall terminate by agreement in writing between the parties to the TianDa Equity Transfer Agreement or in the event the conditions precedent for the Proposed TianDa Acquisition are not fulfilled (or waived by the parties thereto as the case may be) on or before 12:00 noon on the Long Stop Date.

### ***Undertaking by CFE***

In connection with the TianDa Equity Transfer Agreement and as consideration for the Proposed TianDa Acquisition, CFE has undertaken to Lucky Rich that it will issue 1,014,679,470 Consideration Shares and Convertible Bonds in the principal amount of RMB294,886,806 to Lucky Rich (or its nominee(s)) on the next business day after the date of the TianDa Completion in accordance with the relevant terms of the TianDa Equity Transfer Agreement.

### **(3) Basis of Consideration for the Proposed Acquisitions**

The aggregate consideration for the Proposed Acquisitions is RMB4,417,084,305. The considerations for the Proposed Pteris Acquisition and Proposed TianDa Acquisition were arrived at after arm's length negotiations between Wang Sing, CFE and the Vendors with reference to, among other things, the following factors:

#### **(i) The track record and business prospects of the Pteris Group**

Pteris Group (including TianDa Group) is one of the world's largest suppliers of passenger boarding bridges and a leading global integrated solutions provider of airport facility equipment including logistic systems (baggage handling and material handling) and ground support equipment. It is expected that the market demand for the products and services of Pteris Group can increase significantly in the next few years in light of the fast growing civil aviation transportation industry and the expected large number of new civilian airports in the PRC and overseas, as well as the promising prospects of the materials handling systems business.

#### **(ii) The financial conditions of the CFE Group and the Pteris Group, in particular, their respective profitability**

The revenue resulting from continuing operations of CFE Group decreased by 16.6% from RMB565.2 million for the year ended 31 December 2015 to RMB471.3 million for the year ended 31 December 2016. For the year ended 31 December 2014, CFE Group incurred a net loss of RMB502 million resulting from its continuing and discontinued operations. The net profit of CFE Group resulting from its continuing and discontinued operations decreased by 43.2% from RMB30.4 million for the year ended 31 December 2015 to RMB17.3 million for the year ended 31 December 2016.

In contrast, the revenue of the Pteris Group increased from RMB1,116.2 million for the year ended 31 December 2014 to RMB1,522.8 million for the year ended 31 December 2016, representing a CARG of 14.8% during the three years ended 31 December 2016. The net profit of the Pteris Group increased from RMB61.9 million for the year ended 31 December 2014 to RMB111.8 million for the year ended 31 December 2016, representing a CARG of 32.1% for the three years ended 31 December 2016.

**(iii) The expected synergies to be achieved between the CFE Group and the Pteris Group after completion of the Proposed Acquisitions**

In light of the similarity of the Pteris Group's operations and target customers with those of the CFE Group, the Proposed Acquisitions would allow the CFE Group to realize potential synergies through the sharing of the technical know-how, suppliers base, research & development resources, marketing channels and sales network, which would facilitate the CFE Group's market coverage and reduce operation costs. In addition, leveraging the close relationship between the Pteris Group and the large number of airport operators in the PRC and worldwide, the CFE Group will be able to expand its business operations in the PRC as well as such suitable overseas markets in the long term. Further, after completion of the Proposed Acquisition, members of the CFE Group, as subsidiaries of CIMC, will be able to utilize the centralized financing management platform of the CIMC Group and obtain intra-group financings at lower financing costs.

**(iv) The financial information (e.g. net profits and book value) of a number of comparable companies listed on the PRC and overseas stock exchanges**

In determining the consideration for the Proposed Acquisitions, comparison was also made between the financial information (e.g. net profits and book value) and financial ratios of the Pteris Group and other comparable companies, including major passenger boarding bridge suppliers, logistics integration suppliers, airport ground supporting equipment suppliers, automated warehouses and materials handling systems suppliers and airport maintenance services providers which are listed on the PRC or overseas stock exchanges.

**(v) The earnings multiples of precedent transactions, including P/E ratio, relating to the acquisition of companies engaging in similar businesses to that of the businesses engaged by the Pteris Group**

Reference was also made to the earnings multiples, including price-earnings ratios and enterprise value to EBITDA ratios, of precedent transactions in international markets involving the acquisitions of companies engaging in in the supply of materials handling automation system, supplier chain technology systems and package and baggage handling systems during the period from 2012 to 2017.



The original cost for acquiring approximately 78.15% of the issued share capital of Pteris incurred by Sharp Vision was approximately RMB955 million, mainly involving the following steps:

<b>Date of Transaction</b>	<b>% of Interest Held in Pteris after the Transaction</b>	<b>Consideration</b>	<b>RMB equivalent</b>	<b>Description of Transaction</b>
August 2012	14.99%	SGD15,000,000	RMB73,012,500	Capital increase in Pteris settled in cash
August 2014	51.32% (increase of 36.33%)	SGD96,303,000	RMB486,331,000	Consideration for the capital increase in Pteris was settled by Sharp Vision through the disposal of 70% interest in TianDa by China International Marine Containers (Hong Kong) Limited, the parent company of Sharp Vision and a wholly-owned subsidiary of CIMC
September 2016	78.15% (increase of 26.83%)	HK\$472,720,265	RMB395,666,861	Consideration was settled in cash pursuant to the voluntary general offer by Sharp Vision for all the issued shares of Pteris (other than those held by TGM)
<b>Total</b>			<b>RMB955,010,361</b>	

The original cost incurred by Sharp Vision for acquisition of 78.15% of the issued share capital of Pteris represents an approximately 68% discount to the consideration under the Proposed Pteris Acquisition to the original cost incurred by Sharp Vision. The significant difference of the consideration of the Proposed Pteris Acquisition to the original cost of acquisition is justified because of the transformation of Pteris after the original acquisition by Sharp Vision as further described below:

- (i) In 2012, before CIMC first made its investment in Pteris, Pteris was in dire financial conditions, as it was operating at substantial losses with limited capital inflows. In particular, for the year ended 31 December 2012, the revenue of Pteris was only SGD65.67 million and the net loss amounted to SGD29.59 million. The loss was expected to increase substantially for 2013-2014. Such major losses resulted in the Pteris Group being unable to obtain additional trade financing and bank facilities to support its overseas projects and ongoing working capital requirements. Through CIMC's investment in 2012 and 2013, and leveraging CIMC's close relationship with financial institutions, Pteris was gradually able to obtain financing and improve its financial conditions and operating performance. By 2016, Pteris has become a multinational corporation with solid financial conditions and strong operating performance in various geographical regions. For the year ended 31 December 2016, Pteris achieved revenue of approximately RMB1,522.8 million and net profit after tax of approximately RMB111.8 million.
- (ii) Significant synergic effects and cost savings were realized after the acquisition of TianDa by Pteris in 2014, which also facilitated Pteris' expansion of sales and operations in the PRC market.
- (iii) Leveraging the financial support and global network of CIMC, Pteris has conducted major acquisitions of quality overseas assets since 2012, which further expanded its scale of operations and improved its development potential.
- (iv) Since 2012, with substantial investments made by CIMC and leveraging CIMC's expertise, marketing and distribution channels and technological know-how, Pteris expanded its product and services offerings from baggage handling system to passenger boarding bridges, ground support equipment, materials handling system, platform vehicles, catering trolleys and various other core airport facilities and components.

Therefore, the CFE Directors (other than the non-executive directors and independent non-executive directors of CFE who will give their opinion after taking into consideration the advice of the CFE Independent Financial Adviser) are of the view that the consideration for the Proposed Acquisitions is fair and reasonable.

The issue price of the Consideration Shares and the initial Conversion Price of the Convertible Bonds shall be HK\$0.366 per Share. For more details, please refer to the sections headed "(1) Proposed Issuance of Consideration Shares" and "(2) Proposed Issuance of Convertible Bonds" in Part B of this joint announcement.

#### **(4) Information on the Relevant Parties**

##### ***Wang Sing***

Wang Sing is a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of CFE. Wang Sing is an investment holding company.

##### ***CFE***

CFE is a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange. The CFE Group is principally engaged in the production and sale of fire engines, and production and sale of fire prevention and fighting equipment.

As at date of this joint announcement, (i) Top Gear (a wholly-owned subsidiary of CIMC) is the direct controlling shareholder of CFE which holds approximately 30.0% of the total issued share capital of CFE; and (ii) Mr. Jiang Xiong is a substantial shareholder of CFE who holds approximately 24.07% of the total issued share capital of CFE.

##### ***Sharp Vision***

Sharp Vision, a company incorporated in Hong Kong with limited liability, is an investment holding company and an indirect wholly-owned subsidiary of CIMC.

##### ***Fengqiang***

Fengqiang, a company incorporated in the British Virgin Islands with limited liability, is wholly-owned by TGM, a company established in the PRC which is in turn owned by the employees of the Pteris Group. Fengqiang is an investment holding company. As at the date of this joint announcement, Mr. Zheng Zu Hua and Mr. Luan You Jun, each being an executive director of CFE, hold approximately 7.2% and 4.5% of the equity interest in TGM, respectively.

Other than Mr. Zheng Zu Hua and Mr. Luan You Jun, as at the date of this joint announcement, other shareholders of TGM comprise the labour union of TianDa (who holds the shares on trust for the benefit of employees of Pteris) and approximately 100 other individuals who are the key management personnel or technical personnel of Pteris Group. None of the other individual shareholders of TGM hold more than 5% of the total issued share capital of TGM.

As Fengqiang owns over 20% of Pteris which is a subsidiary of CIMC, Fengqiang is presumed to be acting in concert with CIMC as at the date of this joint announcement. After the Pteris Completion, Fengqiang no longer controls 20% or more of the voting rights of any associated company (as defined in the Takeovers Code) of CIMC. Therefore, Fengqiang will no longer be a member of the CIMC Concert Group.

Fengqiang is a party independent from CFE and its connected persons.

### ***Lucky Rich***

Lucky Rich, a company incorporated in Samoa with limited liability, is an investment holding company.

As Lucky Rich owns over 20% of TianDa which is a subsidiary of CIMC, Lucky Rich is presumed to be acting in concert with CIMC as at the date of this joint announcement. After the TianDa Completion, Lucky Rich no longer controls 20% or more of the voting rights of any associated company (as defined in the Takeovers Code) of CIMC. Therefore, Lucky Rich will no longer be a member of the CIMC Concert Group.

Save for Mr. Zheng Zu Hua and Mr. Luan You Jun (each being an executive director of CFE and who holds minority interest in TGM as described above), each of Fengqiang, TGM, Lucky Rich and their respective ultimate beneficial owners is a third party independent of CFE and its connected persons. As at the date of this joint announcement, each of Mr. Zheng Zu Hua and Mr. Luan You Jun does not hold shares in CFE.

#### **(5) Reasons for and Benefits of the Proposed Acquisitions for CFE**

The directors of CFE (other than the non-executive directors and independent non-executive directors of CFE, who will give their opinion after taking into consideration the advice of the CFE Independent Financial Adviser) are of the view that the Proposed Acquisitions are in the interests of CFE and the CFE Shareholders as a whole for the following reasons:

- (a) The Proposed Acquisitions would allow the CFE Group to realize potential synergies through the sharing of technical know-how, supplier base, research and development resources and marketing channels with the Pteris Group, which would reduce the overall operation costs of the CFE Group.
- (b) Leveraging the close relationship between the Pteris Group and a large number of airport operators worldwide and the Pteris Group's wide service network and storage of product components, the CFE Group will be able to potentially expand its customer base in the PRC and new geographical regions, and obtain strong support in marketing and distribution of the CFE Group's advanced firefighting vehicles in the PRC and new geographical regions.
- (c) As CFE will become a non-wholly owned subsidiary of CIMC after completion of the Proposed Acquisitions, the CFE Group will further benefit from the extensive marketing and sales networks of the CIMC Group, which will facilitate the CFE Group's further expansion of its market coverage.
- (d) After completion of the Proposed Acquisitions, the CFE Group will also be able to utilize the centralized financing management platform of the CIMC Group and obtain intra-group financings at lower costs.

**(6) Confirmations of the Directors of CFE**

Each of Dr. Li Yin Hui, Mr. Luan You Jun, Mr. Zheng Zu Hua and Mr. Yu Yu Qun is a director of CFE nominated by CIMC, the indirect controlling shareholder of CFE. Mr. Zheng Zu Hua and Mr. Luan You Jun also holds a minority equity interest in TGM as at the date of this joint announcement as stated above. Accordingly, Dr. Li Yin Hui, Mr. Luan You Jun, Mr. Zheng Zu Hua and Mr. Yu Yu Qun have abstained from voting on the relevant resolutions of the CFE Board approving the Proposed Acquisitions, the proposed increase in authorized capital of CFE, the Specific Mandate, the Whitewash Waiver and the Special Deal. Save as aforementioned, none of the other directors of CFE has a material interest in the Proposed Acquisitions, the proposed increase in authorized capital of CFE, the Specific Mandate, the Whitewash Waiver and the Special Deal and hence no other director of CFE has abstained from voting on the relevant board resolutions.

**(7) Implications under the Listing Rules for CFE**

As the highest applicable percentage ratio in respect of the Proposed Acquisitions, on an aggregated basis, exceeds 100%, the transactions contemplated under the Sale and Purchase Agreements constitute a very substantial acquisition for CFE under Chapter 14 of the Listing Rules, which is subject to the notification, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Sharp Vision is a wholly-owned subsidiary of CIMC (the indirect controlling shareholder of CFE) and is therefore a connected person of CFE, and the Proposed Pteris Acquisition constitutes a connected transaction for CFE. As the highest applicable percentage ratio in respect of the Proposed Pteris Acquisition exceeds 5%, the Proposed Pteris Acquisition is subject to the announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

**(8) Information on the Target Companies**

***Pteris***

Pteris is a company incorporated in Singapore with limited liability and an indirect non-wholly owned subsidiary of CIMC. Pteris Group (including TianDa Group) is one of the world's largest suppliers of passenger boarding bridges, a leading global integrated solutions provider of airport facility equipment including airport logistic systems (baggage handling and material handling) and ground support equipment and a leading domestic provider of automated logistic systems. The principal assets of the Pteris Group include: (i) its 70% equity interest in TianDa, which is the principal operating subsidiary of Pteris in the business of passenger boarding bridges (including bridges related business); and (ii) its baggage and material handling business and ground support equipment business. The Pteris Group's ground support equipment business includes design and manufacture of airport shuttle bus, catering truck, airport platform vehicle.

As at the date of this joint announcement, Pteris is directly owned by Sharp Vision and Fengqiang as to approximately 78.15% and 21.26%, respectively. The remaining 0.59% is held by approximately 450 individuals and companies who had not accepted the voluntary general offer for the issued shares of Pteris (which was then listed on the Singapore Exchange Securities Trading Limited) made by Sharp Vision upon close of the offer in September 2016.

A summary of certain audited financial information of the Pteris Group for the two financial years ended 31 December 2016 prepared in accordance with Singapore Financial Reporting Standards is set out below:

**Pteris Group:**

	<b>For the financial year ended</b>	
	<b>31 December</b>	
	<b>2015</b>	<b>2016</b>
	<i>(Note 1)</i>	<i>(Note 2)</i>
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	1,565,874	1,522,790
Net profit before tax	100,246	131,574
Net profit after tax	84,075	111,790
	<u>          </u>	<u>          </u>
	<b>As at 31 December</b>	
	<b>2015</b>	<b>2016</b>
	<i>(Note 1)</i>	<i>(Note 2)</i>
	<i>RMB'000</i>	<i>RMB'000</i>
Net asset value	1,158,486	1,307,105
	<u>          </u>	<u>          </u>

*Notes:*

- (1) Based on the exchange rate of SGD: RMB: 1:4.5875 published by the People's Bank of China on 31 December 2015.
- (2) Based on the exchange rate of SGD: RMB: 1:4.7995 published by the People's Bank of China on 30 December 2016.

***TianDa***

TianDa is a company established in the PRC with limited liability and a non-wholly owned subsidiary of Pteris. TianDa Group is principally engaged in the design and manufacture of passenger boarding bridges, ground support equipment. The TianDa Group's ground support equipment business includes design and manufacture of apron bus.

As at the date of this joint announcement, TianDa is directly owned by Pteris and Lucky Rich as to 70% and 30%, respectively.

A summary of certain audited financial information of the TianDa Group for the two financial years ended 31 December 2016 prepared in accordance with CASBE is set out below:

**TianDa Group:**

	<b>For the financial year ended 31 December</b>	
	<b>2015</b>	<b>2016</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	1,130,961	1,146,365
Net profit before tax	141,702	147,827
Net profit after tax	<u>122,766</u>	<u>130,146</u>
	<b>As at 31 December</b>	
	<b>2015</b>	<b>2016</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Net asset value	<u>600,642</u>	<u>730,788</u>

**(9) Financial Information of the CFE Group**

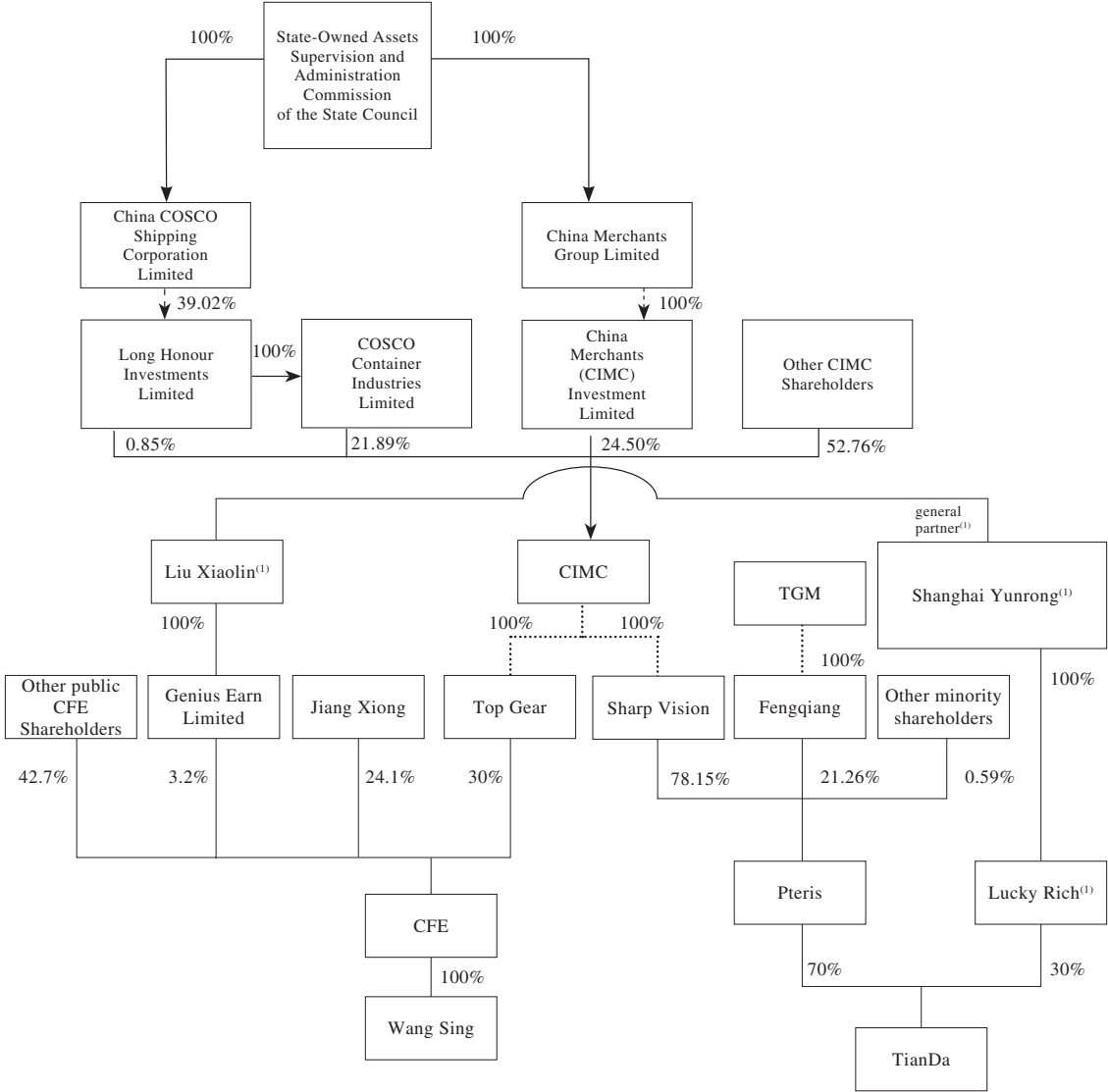
A summary of certain audited financial information of the CFE Group for the two financial years ended 31 December 2016 prepared in accordance with HKFRS is set out below:

**CFE Group:**

	<b>For the financial year ended 31 December</b>	
	<b>2015</b>	<b>2016</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	565,178	471,252
Net profit before tax	51,165	24,872
Net profit after tax	<u>30,444</u>	<u>17,286</u>
	<b>As at 31 December</b>	
	<b>2015</b>	<b>2016</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Net asset value	<u>1,006,587</u>	<u>1,052,999</u>

**(10) Shareholding Structure of CFE, Pteris and TianDa**

**(a) Simplified Shareholding Structure of the CFE Group and CIMC Group as at the Date of this Joint Announcement**

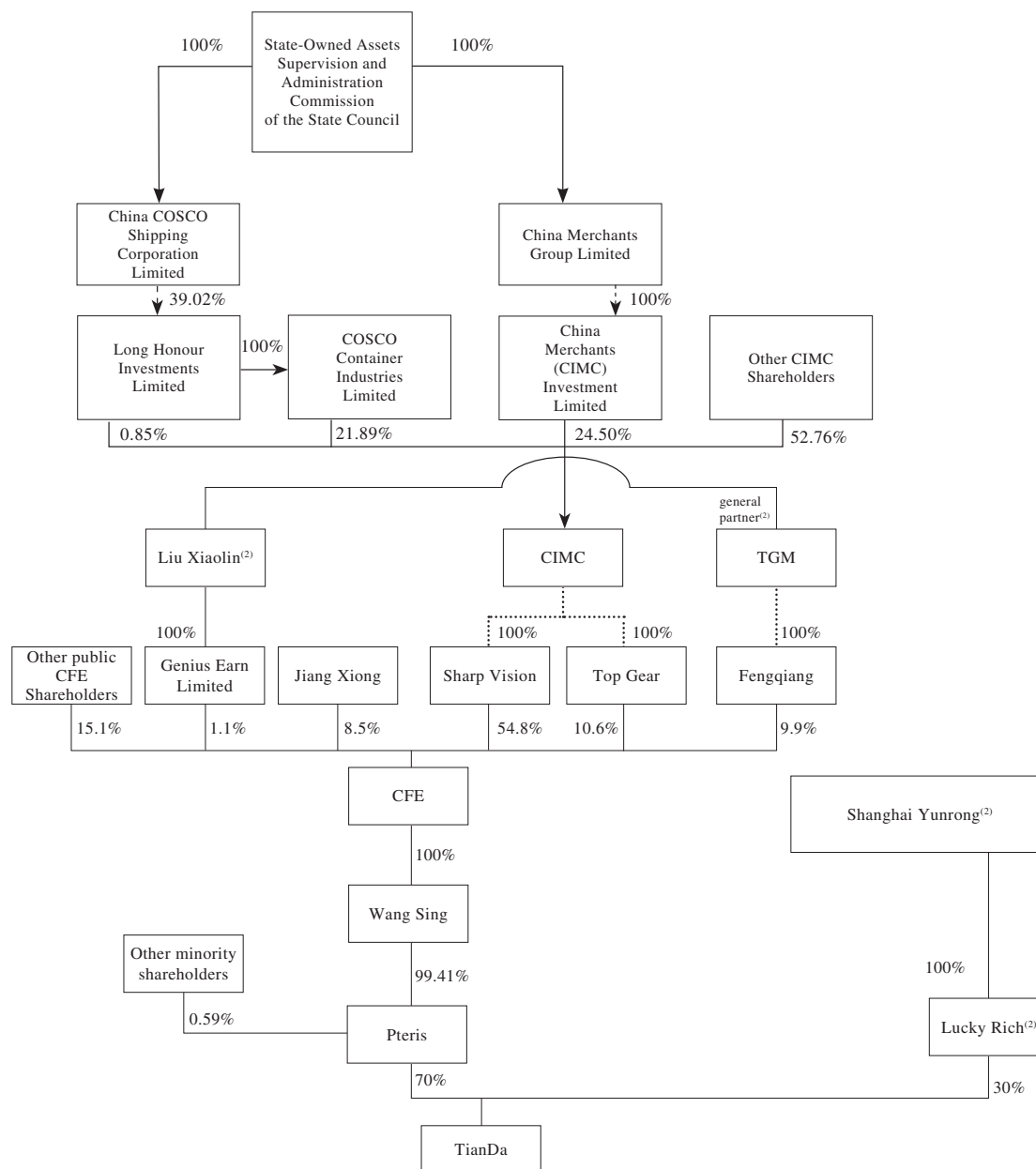


Notes:

- (1) Liu Xiaolin is the sole shareholder of one of the two general partners of Shanghai Yunrong, a limited partnership which holds the entire equity interest in Lucky Rich.
- (2) Dotted line denotes indirect shareholding.



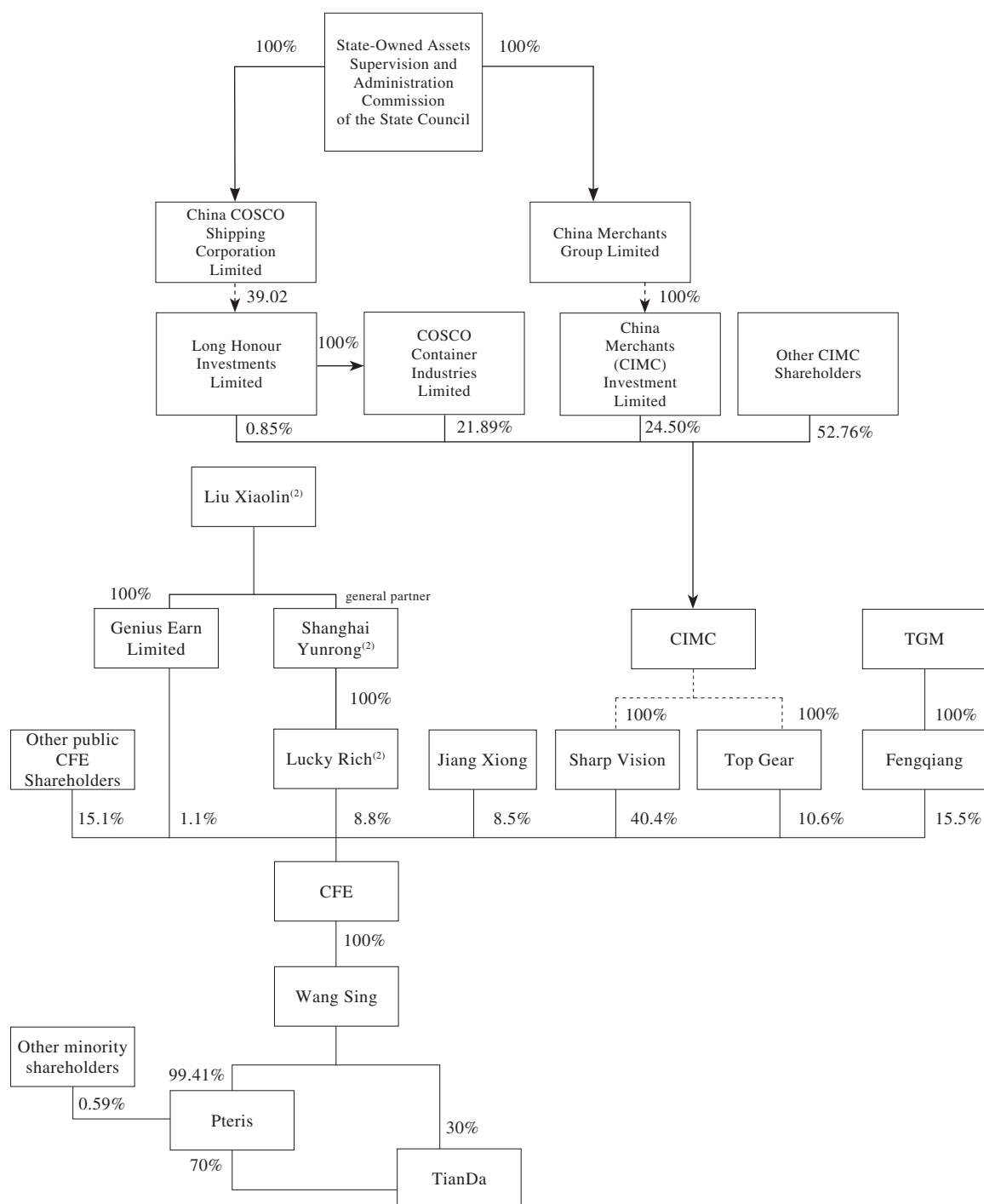
**(b) Simplified Shareholding Structure of the CFE Group and CIMC Group upon the Pteris Completion (assuming no TianDa Completion)<sup>(1)</sup>**



*Notes:*

- (1) The above shareholding structure is based on the assumption that none of the Convertible Bonds to be issued under the Proposed Pteris Acquisition are converted and none of the outstanding CFE Share Options are exercised.
- (2) Liu Xiaolin is the sole shareholder of one of the two general partners of Shanghai Yunrong, a limited partnership which holds the entire equity interest in Lucky Rich.
- (3) Dotted line denotes indirect shareholding.

**(c) Simplified Shareholding Structure of the CFE Group and CIMC Group upon the Pteris Completion and the TianDa Completion<sup>(1)</sup>**



Notes:

- (1) The above shareholding structure is based on the assumption that none of the Convertible Bonds to be issued under the Proposed Pteris Acquisition and the Proposed TianDa Acquisition are converted and none of the outstanding CFE Share Options are exercised.
- (2) Liu Xiaolin is the sole shareholder of one of the two general partners of Shanghai Yunrong, a limited partnership which holds the entire equity interest in Lucky Rich.
- (3) Dotted line denotes indirect shareholding.

## **PART B: PROPOSED ISSUE OF CONSIDERATION SHARES AND CONVERTIBLE BONDS UNDER SPECIFIC MANDATE BY CFE**

Pursuant to the Sale and Purchase Agreements (assuming both the Pteris Completion and the TianDa Completion take place), CFE will issue up to a total of 7,470,108,040 Consideration Shares and Convertible Bonds in the aggregate principal amount of up to RMB2,093,133,694 to the Vendors (or their respective nominee(s)).

Pursuant to the Pteris Sale and Purchase Agreement (assuming the TianDa Completion does not take place and only the Pteris Completion takes place), CFE will issue up to 7,470,108,040 Consideration Shares and Convertible Bonds in the principal amount of up to RMB1,482,580,105 to the Pteris Vendors (or their respective nominee(s)).

CFE will seek the Specific Mandate from the CFE Shareholders to issue the Consideration Shares and Conversion Shares. Application will be made by CFE to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares and Conversion Shares.

### **(1) Proposed Issuance of Consideration Shares**

The Consideration Shares will be issued fully paid and will rank *pari passu* in all respects with the CFE Shares in issue at the date of completion of the Proposed Acquisitions, save in respect of any distribution or other corporate action the record date for which falls before the date of completion of the Proposed Acquisitions.

The price at which the Consideration Shares are to be issued and the Conversion Price was determined based on arm's length negotiations among CFE, the Pteris Vendors and Lucky Rich with reference to the historical market price of the CFE Shares. The issue price per Consideration Share and Conversion Price of HK\$0.366 represents:

- (i) a discount of approximately 20.4% to HK\$0.46, the closing price of the CFE Shares on the Stock Exchange on 1 December 2017, being the last trading day prior to this joint announcement;
- (ii) a discount/premium of approximately 16.8% to HK\$0.44, the average closing price of the CFE Shares on the Stock Exchange for the last five trading days prior to the date of this joint announcement;
- (iii) a discount of approximately 16.8% to HK\$0.44, the average closing price of the CFE Shares on the Stock Exchange for the last ten trading days prior to the date of this joint announcement;
- (iv) a discount of approximately 14.9% to HK\$0.43, the average closing price of the CFE Shares on the Stock Exchange for the last 30 trading days prior to the date of this joint announcement; and

- (v) a discount of approximately 16.8% to HK\$0.44, the average closing price of the CFE Shares on the Stock Exchange for the last 60 trading days prior to the date of this joint announcement.

## (2) Proposed Issuance of Convertible Bonds

A summary of the principal terms and conditions of the Convertible Bonds is set out below:

- Issuer : CFE
- Principal Amount : Up to RMB2,093,133,694, details of which are set out below:
- (i) RMB1,482,580,105 as part of the consideration for the Proposed Pteris Acquisition (assuming the TianDa Completion does not take place); or RMB1,798,246,888 as part of the consideration for the Proposed Pteris Acquisition (assuming the TianDa Completion takes place); and
  - (ii) RMB294,886,806 as part of the consideration for the Proposed TianDa Acquisition.
- Maturity Date : 30th anniversary of the issue date
- Interest : The Convertible Bonds bear interest from and including the issue date at the rate of 0.1% per annum, payable annually in arrear on each anniversary from the issue date.
- After the conversion rights of the Convertible Bonds have been exercised or such Convertible Bond is redeemed pursuant to the terms and conditions of the Convertible Bonds, each Bond will not bear any interest.
- Status : The Convertible Bonds constitute direct, unsubordinated, unconditional and unsecured obligations of the CFE and shall at all times rank *pari passu* and without any preference or priority among themselves.

- Transferability : All Convertible Bonds are transferable, except where any Convertible Bonds is intended to be transferred to a connected person of CFE, such transfer shall be subject to the written consent of CFE and comply with the requirements of the Listing Rules.
- Conversion Period : Subject to certain conditions, each Bondholder has the right to convert all or part of the Convertible Bonds held by it (if in part, the principal amount of Bonds to be converted shall be in the minimum amount of RMB10,000,000 or the whole outstanding principal amount of the Convertible Bonds) into CFE Shares credited as fully paid at any time during the period from the issue date to the maturity date.
- Conversion Price : The initial Conversion Price is HK\$0.366, which is subject to adjustment upon the occurrence of consolidation, subdivision or reclassification of CFE Shares.
- The number of CFE Shares to be issued on conversion of a Convertible Bond will be determined by dividing the HK\$ equivalent of the RMB principal amount of the Convertible Bond to be converted (at the agreed fixed exchange rate of HK\$1:RMB0.85) by the Conversion Price in effect on the conversion date.
- Restriction on Conversion Rights : No conversion shall take place if (i) immediately after such conversion, the public float of CFE Shares will fall below the minimum public float of stipulated under the Listing Rules or as required by the Stock Exchange; or (ii) (unless otherwise agreed in writing by CFE) if a mandatory offer obligation under Rule 26.1 of the Takeovers Code will be triggered.
- Redemption at Maturity : Unless otherwise converted, purchased or cancelled in accordance with the terms and conditions of the Convertible Bonds, CFE will redeem each Bond at the HK\$ dollar equivalent of the RMB principal amount (at the agreed fixed exchange rate of HK\$1:RMB0.85), at the maturity date.

Listing : No application will be made for the listing of the Convertible Bonds on the Stock Exchange or any other stock exchange.

**(3) Effect of the Proposed Issue of the Consideration Shares and the Convertible Bonds on the Shareholding Structure of CFE**

(a) The following table sets out the shareholding structure of CFE as at the date of this joint announcement:

	<i>Number of CFE Shares</i>	<i>Approximate %</i>
<i>Non-Public CFE Shareholders</i>		
1. <b>CIMC Group</b>		
Top Gear	1,223,571,430	30.0
Sharp Vision	–	–
2. Jiang Xiong	981,600,000	24.1
	<hr/>	<hr/>
<b>Subtotal of non-public CFE Shareholders</b>	<b>2,205,171,430</b>	<b>54.1</b>
<i>Public CFE Shareholders</i>		
3. <b>Liu Xiaolin and his controlled corporations</b>		
Genius Earn Limited <sup>(1)</sup>	129,000,000	3.2
Lucky Rich (or its nominees) <sup>(1)</sup>	–	–
4. Fengqiang <sup>(2)</sup>	–	–
5. Other public CFE Shareholders	1,744,400,000	42.7
	<hr/>	<hr/>
<b>Subtotal of public CFE Shareholders</b>	<b>1,873,400,000</b>	<b>45.9</b>
<b>Total</b>	<b>4,078,571,430</b>	<b>100.0</b>
	<hr/> <hr/>	<hr/> <hr/>

- (b) The following table sets out the shareholding structure of CFE immediately after the Pteris Completion, assuming (i) the TianDa Completion does not take place; (ii) none of the Convertible Bonds has been converted; and (iii) none of the CFE Share Options has been exercised:

	<i>Number of CFE Shares</i>	<i>Approximate %</i>
<b><i>Non-Public CFE Shareholders</i></b>		
<b>1. CIMC Group</b>		
Top Gear	1,223,571,430	10.6
Sharp Vision	6,326,428,570	54.8
2. Jiang Xiong	981,600,000	8.5
<b>3. Liu Xiaolin and his controlled corporations</b>		
Genius Earn Limited <sup>(1)</sup>	129,000,000	1.1
Lucky Rich (or its nominees) <sup>(1)</sup>	—	—
	<hr/>	<hr/>
<b>Subtotal of non-public CFE Shareholders</b>	<b>8,660,600,000</b>	<b>75.0</b>
<b><i>Public CFE Shareholders</i></b>		
4. Fengqiang <sup>(2)</sup>	1,143,679,470	9.9
5. Other public CFE Shareholders	1,744,400,000	15.1
	<hr/>	<hr/>
<b>Subtotal of public CFE Shareholders</b>	<b>2,888,079,470</b>	<b>25.0</b>
<b>Total</b>	<b>11,548,679,470</b>	<b>100.0</b>
	<hr/> <hr/>	<hr/> <hr/>

- (c) The following table sets out the shareholding structure of CFE immediately after the Pteris Completion, assuming (i) the TianDa Completion does not take place, (ii) none of the Convertible Bonds has been converted; and (iii) the CFE Share Options have been fully exercised:

	<i>Number of CFE Shares</i>	<i>Approximate %</i>
<b><i>Non-Public CFE Shareholders</i></b>		
<b>1. CIMC Group</b>		
Top Gear	1,223,571,430	10.5
Sharp Vision	6,326,428,570	54.2
2. Jiang Xiong	985,600,000	8.5
<b>3. Liu Xiaolin and his controlled corporations</b>		
Genius Earn Limited <sup>(1)</sup>	129,000,000	1.1
Lucky Rich (or its nominees) <sup>(1)</sup>	–	–
4. Directors of the CFE Group (other than Jiang Xiong)	65,625,000	0.6
	<hr/>	<hr/>
<b>Subtotal of non-public CFE Shareholders</b>	<b>8,730,225,000</b>	<b>74.9</b>
<b><i>Public CFE Shareholders</i></b>		
5. Fengqiang <sup>(2)</sup>	1,143,679,470	9.8
6. Other public CFE Shareholders	1,790,400,000	15.3
	<hr/>	<hr/>
<b>Subtotal of public CFE Shareholders</b>	<b>2,934,079,470</b>	<b>25.1</b>
	<hr/>	<hr/>
<b>Total</b>	<b>11,664,304,470</b>	<b>100.0</b>
	<hr/> <hr/>	<hr/> <hr/>



- (d) The following table sets out the shareholding structure of CFE immediately after the Pteris Completion, assuming (i) the TianDa Completion does not take place; (ii) all the Convertible Bonds have been fully converted; and (iii) none of the CFE Share Options has been exercised:

	<i>Number of CFE Shares</i>	<i>Approximate %</i>
<b><i>Non-Public CFE Shareholders</i></b>		
<b>1. CIMC Group</b>		
Top Gear	1,223,571,430	7.5
Sharp Vision	9,618,962,597	59.0
2. Jiang Xiong	981,600,000	6.0
3. Fengqiang <sup>(2)</sup>	2,616,751,693	16.0
<b>4. Liu Xiaolin and his controlled corporations</b>		
Genius Earn Limited <sup>(1)</sup>	129,000,000	0.8
Lucky Rich (or its nominees) <sup>(1)</sup>	—	—
<b>Subtotal of non-public CFE Shareholders</b>	<b><u>14,569,885,720</u></b>	<b><u>89.3</u></b>
<b><i>Public CFE Shareholders</i></b>		
5. Other public CFE Shareholders	1,744,400,000	10.7
<b>Subtotal of public CFE Shareholders</b>	<b><u>1,744,400,000</u></b>	<b><u>10.7</u></b>
<b>Total</b>	<b><u><u>16,314,285,720</u></u></b>	<b><u><u>100.0</u></u></b>

- (e) The following table sets out the shareholding structure of CFE immediately after the Pteris Completion, assuming (i) the TianDa Completion does not take place; (ii) all the Convertible Bonds have been fully converted; and (iii) all the CFE Share Options have been exercised:

	<i>Number of CFE Shares</i>	<i>Approximate %</i>
<b><i>Non-Public CFE Shareholders</i></b>		
<b>1. CIMC Group</b>		
Top Gear	1,223,571,430	7.4
Sharp Vision	9,618,962,597	58.5
2. Jiang Xiong	985,600,000	6.0
3. Fengqiang <sup>(2)</sup>	2,616,751,693	16.0
<b>4. Liu Xiaolin and his controlled corporations</b>		
Genius Earn Limited <sup>(1)</sup>	129,000,000	0.8
Lucky Rich (or its nominees) <sup>(1)</sup>	–	–
5. Directors of the CFE Group (other than Jiang Xiong)	65,625,000	0.4
	<u>14,639,510,720</u>	<u>89.1</u>
<b><i>Public CFE Shareholders</i></b>		
6. Other public CFE Shareholders	1,790,400,000	10.9
	<u>1,790,400,000</u>	<u>10.9</u>
<b>Total</b>	<u><u>16,429,910,720</u></u>	<u><u>100.0</u></u>

- (f) The following table sets out the shareholding structure of CFE immediately after the Pteris Completion and the TianDa Completion, assuming (i) none of the Convertible Bonds has been converted; and (ii) none of the CFE Share Options has been exercised:

	<i>Number of CFE Shares</i>	<i>Approximate %</i>
<b><i>Non-Public CFE Shareholders</i></b>		
<b>1. CIMC Group</b>		
Top Gear	1,223,571,430	10.6
Sharp Vision	4,664,472,279	40.4
2. Fengqiang <sup>(2)</sup>	1,790,956,291	15.5
3. Jiang Xiong	981,600,000	8.5
	<hr/>	<hr/>
<b>Subtotal of non-public CFE Shareholders</b>	<b>8,660,600,000</b>	<b>75.0</b>
<b><i>Public CFE Shareholders</i></b>		
<b>4. Liu Xiaolin and his controlled corporations</b>		
Genius Earn Limited <sup>(1)</sup>	129,000,000	1.1
Lucky Rich (or its nominees) <sup>(1)</sup>	1,014,679,470	8.8
5. Other public CFE Shareholders	1,744,400,000	15.1
	<hr/>	<hr/>
<b>Subtotal of public CFE Shareholders</b>	<b>2,888,079,470</b>	<b>25.0</b>
<b>Total</b>	<b>11,548,679,470</b>	<b>100.0</b>
	<hr/> <hr/>	<hr/> <hr/>

- (g) The following table sets out the shareholding structure of CFE immediately after the Pteris Completion and the TianDa Completion, assuming (i) none of the Convertible Bonds have converted; and (ii) the CFE Share Options have been fully exercised:

	<i>Number of CFE Shares</i>	<i>Approximate %</i>
<b><i>Non-Public CFE Shareholders</i></b>		
<b>1. CIMC Group</b>		
Top Gear	1,223,571,430	10.5
Sharp Vision	4,664,472,279	40.0
2. Fengqiang <sup>(2)</sup>	1,790,956,291	15.4
3. Jiang Xiong	985,600,000	8.4
4. Directors of the CFE Group (other than Jiang Xiong)	65,625,000	0.6
	<hr/>	<hr/>
<b>Subtotal of non-public CFE Shareholders</b>	<b>8,730,225,000</b>	<b>74.9</b>
<b><i>Public CFE Shareholders</i></b>		
<b>5. Liu Xiaolin and his controlled corporations</b>		
Genius Earn Limited <sup>(1)</sup>	129,000,000	1.1
Lucky Rich (or its nominees) <sup>(1)</sup>	1,014,679,470	8.7
6. Other public CFE Shareholders	1,790,400,000	15.3
	<hr/>	<hr/>
<b>Subtotal of public CFE Shareholders</b>	<b>2,934,079,470</b>	<b>25.1</b>
	<hr/>	<hr/>
<b>Total</b>	<b>11,664,304,470</b>	<b>100.0</b>
	<hr/> <hr/>	<hr/> <hr/>

- (h) The following table sets out the shareholding structure of CFE immediately after the Pteris Completion and the TianDa Completion, assuming (i) all the Convertible Bonds have been fully converted; and (ii) none of the CFE Share Options has been exercised:

	<i>Number of CFE Shares</i>	<i>Approximate %</i>
<b><i>Non-Public CFE Shareholders</i></b>		
<b>1. CIMC Group</b>		
Top Gear	1,223,571,430	6.7
Sharp Vision	9,618,962,597	52.6
2. Jiang Xiong	981,600,000	5.4
3. Fengqiang <sup>(2)</sup>	2,616,751,693	14.3
<b>4. Liu Xiaolin and his controlled corporations</b>		
Genius Earn Limited <sup>(1)</sup>	129,000,000	0.7
Lucky Rich (or its nominees) <sup>(1)</sup>	<u>1,962,563,770</u>	<u>10.7</u>
<b>Subtotal of non-public CFE Shareholders</b>	<b><u>16,532,449,490</u></b>	<b><u>90.4</u></b>
<b><i>Public CFE Shareholders</i></b>		
5. Other public CFE Shareholders	<u>1,744,400,000</u>	<u>9.6</u>
<b>Subtotal of public CFE Shareholders</b>	<b><u>1,744,400,000</u></b>	<b><u>9.6</u></b>
<b>Total</b>	<b><u><u>18,276,849,490</u></u></b>	<b><u><u>100.0</u></u></b>

- (i) The following table sets out the shareholding structure of CFE immediately after the Pteris Completion and the TianDa Completion, assuming (i) all the Convertible Bonds have been fully converted; and (ii) all the CFE Share Options have been exercised:

	<i>Number of CFE Shares</i>	<i>Approximate %</i>
<b><i>Non-Public CFE Shareholders</i></b>		
<b>1. CIMC Group</b>		
Top Gear	1,223,571,430	6.7
Sharp Vision	9,618,962,597	52.3
2. Jiang Xiong	985,600,000	5.4
3. Fengqiang	2,616,751,693	14.2
<b>4. Liu Xiaolin and his controlled corporations</b>		
Genius Earn Limited <sup>(1)</sup>	129,000,000	0.7
Lucky Rich (or its nominees) <sup>(1)</sup>	1,962,563,770	10.7
5. Directors of the CFE Group (other than Jiang Xiong)	65,625,000	0.3
<b>Subtotal of non-public CFE Shareholders</b>	<b><u>16,602,074,490</u></b>	<b><u>90.3</u></b>
<b><i>Public CFE Shareholders</i></b>		
6. Other public CFE Shareholders	1,790,400,000	9.7
<b>Subtotal of public CFE Shareholders</b>	<b><u>1,790,400,000</u></b>	<b><u>9.7</u></b>
<b>Total</b>	<b><u><u>18,392,474,490</u></u></b>	<b><u><u>100.0</u></u></b>

*Notes:*

- (1) As at the date of this joint announcement, Mr. Liu Xiaolin holds the CFE Shares through Genius Earn Limited, a company incorporated in the British Virgin Islands and wholly-owned by Mr. Liu Xiaolin. Mr. Liu Xiaolin is also the sole shareholder of one of the two general partners of a limited partnership directly holding the entire issued share capital of Lucky Rich, which is in turn interested in 30% of the equity interest in TianDa as at the date of this joint announcement. In the event that only the Pteris Completion takes place, TianDa will become a non-wholly owned subsidiary of CFE, and Liu Xiaolin (a substantial shareholder of TianDa) will become a core connected person of CFE (as defined under the Listing Rules). Accordingly, the CFE Shares directly held by Genius Earn Limited (a close associate of Liu Xiaolin as defined under the Listing Rules) should not be counted towards the public float of CFE. In addition, each of Liu Xiaolin, Genius Earn Limited, Lucky Rich and its nominees is presumed to be acting in concert with CIMC as at the date of this joint announcement. After the TianDa Completion, Lucky Rich no longer controls 20% or more of the voting rights of any associated company (as defined in the Takeovers Code) of CIMC; therefore, they will no longer be members of the CIMC Concert Group.

- (2) As at the date of this joint announcement, Fengqiang is presumed to be acting in concert with CIMC. After the Pteris Completion, Fengqiang no longer controls 20% or more of the voting rights of any associated company (as defined in the Takeovers Code) of CIMC. Therefore, Fengqiang will no longer be a member of the CIMC Concert Group.
- (3) CFE adopted the CFE Share Option Scheme on 29 May 2009. As at the date of this joint announcement, there are 115,625,000 outstanding CFE Share Options.
- (4) Scenarios (d), (e), (h) and (i) are based on the assumption that the Convertible Bonds have been fully converted. The minimum public float requirement under the Listing Rules would not be complied with under these scenarios. According to the terms of the Convertible Bonds, the summary of which are set out in the section headed “(2) Proposed Issuance of Convertible Bonds” in Part B of this joint announcement, no conversion of the Convertible Bonds shall take place if immediately after such conversion, the public float of the CFE Shares will fall below the minimum public float as stipulated under the Listing Rules or as required by the Stock Exchange. Therefore, scenarios (d), (e), (h) and (i) are for illustration purpose only.
- (5) As at the date of this joint announcement, Mr. Jiang Qing (the elder brother of Mr. Jiang Xiong) holds 28,000,000 CFE Share Options.

#### **(4) Potential Placing**

As at the date of this joint announcement, CFE proposes to enter into placing agreements with independent third party places during the period from the date of this joint announcement and up to the date of issuance of the circular in relation to the Proposed Acquisitions to issue and allot the Placing Shares at the indicative issue price of HK\$0.366. It is currently intended that there will be no more than six places for the Potential Placing. The Potential Placing will be conditional upon the Pteris Completion taking place.

Based on the indicative issue price of HK\$0.366 per Placing Share, the gross proceeds to be raised from the Potential Placing will be not more than HK\$1.08 billion (equivalent to approximately RMB918 million based on the exchange rate of HK\$1.00: RMB0.85). The net proceeds from the Potential Placing (after deducting all applicable costs and expenses incurred in connection with the Potential Placing) are intended to be used in the following manner:

- (i) as to approximately RMB208 million to be used for the upgrade of the existing spraying and laser welding production lines or building new production lines for such business activities in the Fuyong, Langfang and Kunshan manufacturing bases of the Target Group for its PBB, MHS and GSE business segments;

- (ii) as to approximately RMB100 million to be used for the construction of a new PBB factory in the U.S.;
- (iii) as to approximately RMB150 million to be used for the expansion of the Pteris Group's PBB business into overseas markets such as the U.S., Canada, the Netherland and Dubai by, among other things, setting up services companies to upgrade aged passenger boarding bridges and providing general after-sale support services in the aforementioned regions;
- (iv) as to approximately RMB150 million to be used for the construction of a new employees' dormitory in Shenzhen;
- (v) as to approximately RMB210 million to be used for research and development activities, including but not limited to those relating to visually intelligent docking guidance system for the PBB, fully automated connection systems for the PBB and GSE business segments and automated guided vehicles for the MHS and APS business segments; and
- (vi) as to approximately RMB100 million to be used for the replenishment of general working capital of the CFE Group (as enlarged by the Proposed Acquisitions).

In the event that the placing agreements have not been entered into upon or prior to despatch of the circular, CFE may enter into the placing agreements as soon as practicable thereafter, which may or may not be prior to the completion of the Proposed Acquisitions. The Placing Shares under Potential Placing are proposed to be issued under a specific mandate to be sought from the CFE Shareholders at a general meeting of CFE.

The Placing Shares represent (i) approximately 72.4% of the issued share capital of CFE as at the date of this joint announcement; (ii) approximately 20.4% of the issued share capital as enlarged by the allotment and issue of Consideration Shares in respect of the Proposed Pteris Acquisition (assuming no TianDa Completion) and the Placing Shares (assuming the Potential Placing is completed in full); (iii) approximately 15.3% of the issued share capital as enlarged by the allotment and issue of Consideration Shares and conversion of the Convertible Bonds in respect of the Proposed Pteris Acquisition (assuming no TianDa Completion) and the Placing Shares (assuming the Potential Placing is completed in full); (iv) approximately 20.4 % of the issued share capital of CFE as enlarged by the allotment and issue of Consideration Shares in respect of the Proposed Acquisitions and the Placing Shares (assuming the Potential Placing is completed in full); and (v) approximately 13.9% of the issued share capital as enlarged by the allotment and issue of Consideration Shares and conversion of the Convertible Bonds in respect of the Proposed Acquisitions and the Placing Shares (assuming the Potential Placing is completed in full).



As at the date of this joint announcement, CFE has not entered into any agreement in respect of the Potential Placing. There is no assurance or guarantee that the Potential Placing will materialize or eventually be consummated. Further announcement(s) will be made by CFE as and when appropriate in accordance with the Listing Rules and the Takeovers Code. Neither the Proposed Pteris Acquisition nor the Proposed TianDa Acquisition is conditional upon the Potential Placing, and the consideration for the Proposed Acquisition (including the combination of Consideration Shares and Convertible Bonds) will remain unchanged whether or not the Potential Placing proceeds. CFE will be able to meet the public float requirement under the Listing Rules upon completion of the Proposed Acquisition regardless of whether the Potential Placing proceeds.

### Effect of the Potential Placing on the Shareholding Structure of CFE

- (a) The following table sets out the shareholding structure of CFE immediately after the Pteris Completion, assuming (i) the TianDa Completion does not take place; (ii) none of the Convertible Bonds is converted; (iii) none of the CFE Share Options is exercised; and (iv) the Potential Placing is completed in full:

	<i>Number of CFE Shares</i>	<i>Approximate %</i>
<i>Non-Public CFE Shareholders</i>		
<b>1. CIMC Group</b>		
Top Gear	1,223,571,430	8.4
Sharp Vision	6,326,428,570	43.6
<b>2. Jiang Xiong</b>	981,600,000	6.8
<b>3. Liu Xiaolin and his controlled corporations</b>		
Genius Earn Limited <sup>(1)</sup>	129,000,000	0.9
<b>Subtotal of non-public CFE Shareholders</b>	<b>8,660,600,000</b>	<b>59.7</b>
<i>Public CFE Shareholders</i>		
<b>4. Fengqiang</b>	1,143,679,470	7.9
<b>5. Other public CFE Shareholders</b>	1,744,400,000	12.0
<b>6. Placees <sup>(2)</sup></b>	2,953,878,817	20.4
<b>Subtotal of public CFE Shareholders</b>	<b>5,841,958,287</b>	<b>40.3</b>
<b>Total</b>	<b>14,502,558,287</b>	<b>100.0</b>

- (b) The following table sets out the shareholding structure of CFE immediately after the Pteris Completion and the TianDa Completion, assuming: (i) none of the Convertible Bonds is converted; (ii) none of the CFE Share Options is exercised; and (iii) the Potential Placing is completed in full:

	<i>Number of CFE Shares</i>	<i>Approximate %</i>
<b><i>Non-Public CFE Shareholders</i></b>		
<b>1. CIMC Group</b>		
Top Gear	1,223,571,430	8.4
Sharp Vision	4,664,472,279	32.2
2. Jiang Xiong	981,600,000	6.8
3. Fengqiang	1,790,956,291	12.3
	<hr/>	<hr/>
<b>Subtotal of non-public CFE Shareholders</b>	<b>8,660,600,000</b>	<b>59.7</b>
<b><i>Public CFE Shareholders</i></b>		
<b>4. Liu Xiaolin and his controlled corporations</b>		
Genius Earn Limited <sup>(1)</sup>	129,000,000	0.9
Lucky Rich (or its nominees) <sup>(1)</sup>	1,014,679,470	7.0
5. Other public CFE Shareholders	1,744,400,000	12.0
6. Placees <sup>(2)</sup>	2,953,878,817	20.4
	<hr/>	<hr/>
<b>Subtotal of public CFE Shareholders</b>	<b>5,841,958,287</b>	<b>40.3</b>
<b>Total</b>	<b>14,502,558,287</b>	<b>100.0</b>
	<hr/> <hr/>	<hr/> <hr/>

- (c) The following table sets out the shareholding structure of CFE immediately after the Pteris Completion, assuming (i) the TianDa Completion does not take place; (ii) all of the Convertible Bonds have been fully converted; (iii) none of the CFE Share Options have been exercised; and (iv) the Potential Placing is completed in full:

	<i>Number of CFE Shares</i>	<i>Approximate %<sup>(3)</sup></i>
<i>Non-Public CFE Shareholders</i>		
<b>1. CIMC Group</b>		
Top Gear	1,223,571,430	6.3
Sharp Vision	9,618,962,597	49.9
<b>2. Jiang Xiong</b>	981,600,000	5.1
<b>3. Fengqiang</b>	2,616,751,693	13.6
<b>4. Liu Xiaolin and his controlled corporations</b>		
Genius Earn Limited <sup>(1)</sup>	<u>129,000,000</u>	<u>0.7</u>
<b>Subtotal of non-public CFE Shareholders</b>	<b><u>14,569,885,720</u></b>	<b><u>75.6</u></b>
<i>Public CFE Shareholders</i>		
<b>5. Other public CFE Shareholders</b>	1,744,400,000	9.1
<b>6. Placees<sup>(2)</sup></b>	<u>2,953,878,817</u>	<u>15.3</u>
<b>Subtotal of public CFE Shareholders</b>	<b><u>4,698,278,817</u></b>	<b><u>24.4</u></b>
<b>Total</b>	<b><u><u>19,268,164,537</u></u></b>	<b><u><u>100.0</u></u></b>

- (d) The following table sets out the shareholding structure of CFE immediately after the Pteris Completion and the TianDa Completion, assuming: (i) all of the Convertible Bonds have been fully converted; (ii) none of the CFE Share Options have been exercised; and (iii) the Potential Placing is completed in full:

	<i>Number of CFE Shares</i>	<i>Approximate %</i>
<b><i>Non-Public CFE Shareholders</i></b>		
<b>1. CIMC Group</b>		
Top Gear	1,223,571,430	5.8
Sharp Vision	9,618,962,597	45.3
2. Jiang Xiong	981,600,000	4.6
3. Fengqiang	2,616,751,693	12.3
	<hr/>	<hr/>
<b>Subtotal of non-public CFE Shareholders</b>	<b>14,440,885,720</b>	<b>68.0</b>
<b><i>Public CFE Shareholders</i></b>		
<b>4. Liu Xiaolin and his controlled corporations</b>		
Genius Earn Limited <sup>(1)</sup>	129,000,000	0.6
Lucky Rich (or its nominees) <sup>(1)</sup>	1,962,563,770	9.3
5. Other public CFE Shareholders	1,744,400,000	8.2
6. Placees <sup>(2)</sup>	2,953,878,817	13.9
	<hr/>	<hr/>
<b>Subtotal of public CFE Shareholders</b>	<b>6,789,842,587</b>	<b>32.0</b>
	<hr/>	<hr/>
<b>Total</b>	<b>21,230,728,307</b>	<b>100.0</b>
	<hr/> <hr/>	<hr/> <hr/>

*Notes:*

- (1) As at the date of this joint announcement, Mr. Liu Xiaolin holds the CFE Shares through Genius Earn Limited, a company incorporated in the British Virgin Islands and wholly-owned by Mr. Liu Xiaolin. Mr. Liu Xiaolin is also the sole shareholder of one of the two general partners of a limited partnership directly holding the entire issued share capital of Lucky Rich, which is in turn interested in 30% of the equity interest in TianDa as at the date of this joint announcement. In the event that only the Pteris Completion takes place, TianDa will become a non-wholly owned subsidiary of CFE, and Mr. Liu Xiaolin (a substantial shareholder of TianDa) will become a core connected person of CFE (as defined under the Listing Rules). Accordingly, the CFE Shares directly held by Genius Earn Limited (a close associate of Liu Xiaolin as defined under the Listing Rules) should not be counted towards the public float of CFE.
- (2) It is expected that the placees under the Potential Placing will be independent third parties of CFE.
- (3) Scenarios (c) is based on the assumption that the Convertible Bonds have been fully converted. The public float requirement under the Listing Rules would not be complied with under this scenario. According to the terms of the Convertible Bonds, the summary of which are set out in the section headed “(2) Proposed Issuance of Convertible Bonds” in Part B of this joint announcement, no conversion of the Convertible Bonds shall take place if immediately after such conversion, the public float of the CFE Shares will fall below the minimum public float as stipulated under the Listing Rules or as required by the Stock Exchange. Therefore, scenario (c) is for illustration purpose only.

## **PART C: PROPOSED INCREASE IN AUTHORIZED CAPITAL OF CFE**

The CFE Board proposes that amendments shall be made to the CFE Memorandum of Association to increase the authorized share capital of CFE to facilitate the issue of the Consideration Shares, the Conversion Shares and the Placing Shares (where necessary). The proposed increase in authorized capital of CFE is subject to the approval of the independent CFE Shareholders by way of an ordinary resolution at the CFE EGM. Further details will be set out in the circular to be despatched to the CFE Shareholders.

## **PART D: DISCLOSEABLE TRANSACTION AND THE PROPOSED RESTRUCTURING FOR CIMC**

### **(1) The Pteris Sale and Purchase Agreement**

Pursuant to the Pteris Sale and Purchase Agreement, Sharp Vision (an indirect wholly-owned subsidiary of CIMC) has conditionally agreed to dispose of approximately 78.15% of the issued share capital of Pteris to Wang Sing at the consideration of RMB2,992,459,264, which will be satisfied by CFE issuing (i) 6,326,428,570 Consideration Shares at the issue price of HK\$0.366 per CFE Share and Convertible Bonds in the aggregate principal amount of RMB1,024,307,336 to Sharp Vision (or its nominees) if the TianDa Completion does not take place on or prior to the Pteris Completion; or (ii) 4,664,472,279 Consideration Shares at the issue price of HK\$0.366 per CFE Share and Convertible Bonds in the aggregate principal amount of RMB1,541,341,938 to Sharp Vision (or its nominees) if the TianDa Completion takes place on or prior to the Pteris Completion.

For details of the principal terms of the Pteris Sale and Purchase Agreement (including the issue price of the Consideration Shares and terms and conditions of the Convertible Bonds), please refer to the section headed “(1) the Pteris Sale and Purchase Agreement” in Part A and the sections headed “(1) Proposed Issuance of Consideration Shares” and “(2) Proposed Issuance of Convertible Bonds” in Part B of this joint announcement.

### **(2) Information on the Relevant Parties of the Proposed Restructuring**

#### ***CIMC***

CIMC is a company established in the PRC with limited liability, the A shares of which are listed on the Shenzhen Stock Exchange and the H shares of which are listed on the Main Board of the Stock Exchange. As at the date of this joint announcement, CIMC (through its wholly-owned subsidiary, Top Gear) is interested in approximately 30% of the total issued shares capital of CFE and is the indirect controlling shareholder of CFE. The CIMC Group is principally engaged in the container manufacturing business, road transportation vehicle business, energy, chemical and liquid food equipment business, offshore engineering business, logistic service business and airport facilities equipment business.

For information on each of CFE, Wang Sing and Sharp Vision, please refer to the section headed “(4) Information on the Relevant Parties” in Part A of this joint announcement.

As set out above, Sharp Vision is an indirect wholly-owned subsidiary of CIMC, and CFE, being 30% owned by CIMC, and Wang Sing, being a direct wholly-owned subsidiary of CFE, are associated companies of CIMC. Liu Xiaolin, the ultimate beneficial owner of 3.2% interest in CFE, is the sole shareholder of one of the general partners of Shanghai Yunrong Investment Center, a limited partnership which holds the entire equity interest in Lucky Rich which in turn directly holds 30% interest in Tianda, a non-wholly owned subsidiary of CIMC. Therefore, Lucky Rich is a connected person of CIMC at the subsidiary level and Liu Xiaolin is presumed to be acting in concert with CIMC under the Takeovers Code. Save as disclosed above, the other ultimate beneficial owners of the remaining approximately 66.8% interest in CFE are third parties independent of CIMC and its connected persons and are not acting in concert with the CIMC Concert Group, and each of CFE and Wang Sing is not a connected person of CIMC under Chapter 14A of the Listing Rules.

Each of China Merchants Group Limited and China COSCO Shipping Corporation Limited indirectly holds more than 20% of CIMC and is presumed to be acting in concert with CIMC under the class (1) presumption in the definition of “acting in concert” under the Takeovers Code. An application has been made to the Executive to rebut the presumed concert party relationship between each of China Merchants Group Limited and China COSCO Shipping Corporation Limited on the one hand and CIMC on the other hand. In the event that the rebuttal application is not granted by the Executive and there has been disqualifying transaction (as defined in the Takeovers Code) by China Merchants Group Limited or China COSCO Shipping Corporation Limited, the Whitewash Waiver will not be granted under the Takeovers Code.

**(3) Information on Pteris**

For information on Pteris, please refer to the section headed “(8) Information on the Target Companies” in Part A of this joint announcement.

**(4) Financial Effects of the Proposed Restructuring to CIMC**

Assuming none of the Convertible Bonds are converted, (i) in the event that only the Pteris Completion takes place, CIMC’s equity interest in CFE will increase from 30.00% to approximately 65.40% and CIMC’s indirect equity interests in Pteris will reduce from 78.15% to approximately 65.01%; and (ii) in the event that both the Pteris Completion and the TianDa Completion take place, CIMC’s equity interest in the CFE will increase from 30.00% to approximately 51.00% and CIMC’s indirect equity interests in Pteris will reduce from 78.15% to approximately 50.70%.

Consequently, whether or not the TianDa Completion takes place upon completion of the Proposed Restructuring, (i) CIMC will obtain control over CFE, and CFE will become a non-wholly owned subsidiary of CIMC and CFE's financial results will be consolidated in CIMC's consolidated financial statements in accordance with CASBE; and (ii) Pteris will continue to be an indirect non-wholly owned subsidiary of CIMC through its shareholding in CFE and Pteris' financial results will continue to be consolidated into the consolidated financial statements of CIMC in accordance with CASBE.

As the Proposed Restructuring is effectively a share swap and Pteris will continue to be a non-wholly owned subsidiary of CIMC after the Proposed Restructuring, there is no disposal gain or loss of Pteris to be recorded by CIMC in its income statement. Furthermore, it is expected that the consideration for the acquisition of CFE exceeds the fair value of the identifiable net assets of CFE as at the date of the Pteris Completion, and there would be no gain to be recognised in CIMC's income statement. Nevertheless, before the Pteris Completion, CFE is an associate of CIMC (through Top Gear), and upon the Pteris Completion, CFE will become a subsidiary of CIMC. CIMC would re-measure its previously held equity interest in CFE, therefore, a gain or loss may be recognised depending on the difference between fair value of CFE and the carrying amount of CIMC's investment in CFE's equity interests at the date of the Pteris Completion.

**(5) Reasons for and Benefits of the Proposed Restructuring for CIMC**

The directors of CIMC (other than the independent non-executive directors of CIMC who will give their opinion after taking into consideration the advice of the independent financial adviser to be appointed in respect of the Proposed Restructuring) are of the view that the Proposed Restructuring is fair and reasonable and in the interests of CIMC and its shareholders as a whole for the following reasons:

- (a) upon the Pteris Completion (whether or not the TianDa Completion takes place), CFE will become a non-wholly owned subsidiary of CIMC and the financials of CFE will be consolidated into the accounts of CIMC, thus enabling CIMC to optimize the return and benefit from the future growth and development of CFE. In addition, Pteris will remain as a non-wholly owned subsidiary of CIMC and will continue to be consolidated into the accounts of CIMC from accounting perspective; hence, CIMC will continue to benefit from the future growth and development of Pteris;
- (b) the Proposed Restructuring is a key step for the CIMC Group's internal restructuring, consolidation and strengthening of several ancillary business segments of the CIMC Group, especially its airport facilities equipment business and the vehicles and special purpose vehicles business. CIMC has nominated certain of its senior management to act as directors of CFE since

CIMC became the controlling shareholder and the single largest shareholder of CFE in 2015, and the CIMC Group intends to further develop CFE as its centralized managing platform for the aforesaid ancillary business segments. Both the CIMC Group and the CFE Group will further benefit from the Proposed Restructuring through a more synergized operations, management, shareholding structure, sales networks, marketing channels, research and development, financing resources and by leveraging the strong market position and competitiveness of the CIMC Group and the CFE Group as a whole;

- (c) the Proposed Restructuring would, upon completion, allow the CIMC Group and the CFE Group to realize potential synergies through sharing of technical know-how (in particular the Pteris Group's extensive experience in standardized designing and modular production which allows the CFE Group to improve its product quality), suppliers base, research & development resources and marketing channels, sales and distribution network with the Pteris Group, expansion of the product portfolio offered and benefiting from the potential economy of scale by maximizing the utilization and output of available resources from both the CIMC Group and the CFE Group;
- (d) leveraging the close relationship between the Pteris Group and a large number of airport operators worldwide and the Pteris Group's wide service network and storage of product components, the CFE Group will be able to potentially expand its customer base in the PRC and new geographical regions, and obtain strong support in marketing and distribution of the CFE Group's advanced firefighting vehicles in the PRC and new geographical regions, which will benefit the CFE Group and hence the CIMC Group as a whole;
- (e) despite the CFE Group's record of fundraising without credit support from members of the CIMC Group (including the Pteris Group) and its ability to finance its operations through internally generated working capital and external borrowings, after the Pteris Completion, the CFE Group can benefit from the financing resources of the CIMC Group by utilizing its centralized financing management platform and obtaining intra-group financings in accordance with the relevant requirements (including the Listing Rules and the Shenzhen Listing Rules) and financings from major commercial banks by leveraging the CIMC Group's strong market standing, creditworthiness and financial position, which will lower the financing costs and benefit the CFE Group and the CIMC Group as a whole; and
- (f) through CIMC's centralized procurement platform, the advantage in bargaining as a result of the large-scale centralized procurement will benefit both CFE and CIMC as a whole by lowering the overall costs of procurement.



**(6) Implications under the Listing Rules for CIMC**

As one of the applicable percentage ratios under Chapter 14 of the Listing Rules in respect of the Proposed Restructuring is more than 5% but all are less than 25%, the Proposed Restructuring constitutes a discloseable transaction of CIMC and is subject to the announcement requirement under Chapter 14 of the Listing Rules.

The injection of the businesses of Pteris into CFE by way of disposal of approximately 78.15% equity interest in Pteris by Sharp Vision (an indirect wholly-owned subsidiary of CIMC) to Wang Sing (a direct wholly-owned subsidiary of CFE) pursuant to the Pteris Sale and Purchase Agreement constitutes a spin-off of CIMC subject to the applicable requirements of Practice Note 15 of the Listing Rules. CIMC has submitted a spin-off proposal to the Stock Exchange pursuant to Practice Note 15 of the Listing Rules and the Stock Exchange has indicated that CIMC may proceed with the Proposed Restructuring.

Under Practice Note 15 of the Listing Rules, CIMC is required to provide its shareholders with an assured entitlement to the CFE Shares to be allotted to Sharp Vision under the Proposed Restructuring. Practice Note 15 of the Listing Rules further provides that the minority CIMC Shareholders may by resolution in general meeting resolve to waive such assured entitlement. The board of CIMC has resolved not to provide assured entitlement to the CIMC Shareholders under the Proposed Restructuring for the following reasons:

- (a) as advised by CIMC's PRC legal counsel, under the current PRC laws and regulations, a majority of CIMC's A-shareholders may be unable to directly hold the CFE Shares unless approved by the relevant competent authorities or having completed the required registration/filing procedures;
- (b) any distribution of the CFE Shares would have to be made in proportion to the number of CIMC's shares held by the CIMC Shareholders. Considering that there is a large number of the CIMC Shareholders, distributing the CFE Shares to the CIMC Shareholders may not be meaningful as the assured entitlement would in most cases give the CIMC Shareholders odd lots of the CFE Shares which are of no significant value owing to the discount applied to the low marketability of odd-lots shares;
- (c) it is expected that upon the Pteris Completion, CFE will become a non-wholly owned subsidiary of CIMC and the financials of CFE will be consolidated into CIMC's accounts; thus enabling CIMC to optimize the return and benefit from the future growth and development of CFE as well as to allow CIMC and CFE to realize potential synergies through sharing of resources and to benefit from the potential economy of scale. As such, it will be in the interest of CIMC and its shareholders as a whole for CIMC to maintain a controlling interest in CFE; and
- (d) the Proposed Restructuring does not involve any public offering or other offering of new CFE Shares or any other securities of CFE.

As CIMC does not have any controlling shareholder, all CIMC Shareholders (including the holders of A Shares of CIMC and the holders of H Shares of CIMC) are entitled to vote on the resolution in respect of waiver to the assured entitlement under the Proposed Restructuring at the CIMC EGM in accordance with the requirement under Practice Note 15 of the Listing Rules.

**(7) Implications under the Shenzhen Listing Rules for CIMC**

As two of CFE's directors are also senior managements of CIMC, the Proposed Restructuring constitutes a related party transaction (關聯方交易) of CIMC under the Shenzhen Listing Rules and therefore is subject to the approval by the independent CIMC Shareholders. Pursuant to the requirements under the Shenzhen Listing Rules and the Listing Rules, and to the best of the knowledge, information and belief of the directors of CIMC, no CIMC Shareholder has a material interest in the Proposed Restructuring that is required to abstain from voting, therefore, all CIMC Shareholders are entitled to vote on the resolutions to approve the Proposed Restructuring (including the waiver to the assured entitlement) at the CIMC EGM.

**(8) Confirmations by the directors of CIMC**

None of the directors of CIMC has a material interest in the Proposed Restructuring. No directors of CIMC has abstained from voting on the board resolutions of CIMC approving (i) the Proposed Restructuring and (ii) not to provide assured entitlement to the minority CIMC Shareholders under the Proposed Restructuring.

**PART E: IMPLICATIONS UNDER THE TAKEOVERS CODE AND APPLICATION FOR WHITEWASH WAIVER**

As at the date of this joint announcement, CIMC, through Top Gear (a wholly-owned subsidiary of CIMC), controls or is entitled to exercise control over the voting rights in respect of 1,223,571,430 CFE Shares, representing approximately 30% of the entire issued share capital of CFE. Assuming none of the Convertible Bonds are converted, (i) immediately following the Pteris Completion (assuming the TianDa Completion does not take place), the aggregate shareholding of the CIMC (through Top Gear and Sharp Vision) will increase to approximately 65.4% of the then enlarged total issued share capital of CFE; and (ii) immediately following the Pteris Completion and the TianDa Completion, the aggregate shareholding of the CIMC Group (through Top Gear and Sharp Vision) will increase to approximately 51.0% of the then enlarged total issued share capital of CFE.

Accordingly, pursuant to Rule 26.1 of the Takeovers Code, Sharp Vision will be required to make a mandatory general offer for all the issued CFE Shares and CFE Share Options not already owned or agreed to be acquired by the CIMC Concert Group, unless the Whitewash Waiver has been obtained from the Executive.

Completion of the Proposed Acquisitions is conditional upon, among other things, the Whitewash Waiver being granted by the Executive and approved by the independent CFE Shareholders. An application will be made by CIMC (or its wholly-owned subsidiary) to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted, will be subject to, among other things, the approval of the independent CFE Shareholders taken by way of a poll at the CFE EGM. In the event that the Whitewash Waiver is not granted on or before 12:00 noon on the Long Stop Date, the Sale and Purchase Agreements will lapse and the Proposed Acquisitions will not proceed.

As at the date of this joint announcement, save as disclosed in this joint announcement and assuming that the presumed concert party relationship between each of China Merchants Group Limited and China COSCO Shipping Corporation Limited on the one hand and CIMC on the other hand is rebutted:

- (a) save for the 1,223,571,430 CFE Shares held by Top Gear and the 129,000,000 CFE Shares held by Genius Earn Limited which is in turn wholly-owned by Liu Xiaolin, none of the members of the CIMC Concert Group hold, own, have control or direction over any voting rights, rights over shares, outstanding options, warrants, or any securities that are convertible into CFE Shares or any derivatives in respect of the securities of CFE, or hold any relevant securities (as defined in note 4 to Rule 22 of the Takeovers Code) in CFE;
- (b) other than the transactions contemplated under the Sale and Purchase Agreements, none of the members of the CIMC Concert Group have acquired or entered into any agreement or arrangement to acquire any voting rights in CFE within six months prior to the date of the Sale and Purchase Agreements and up to the date of this joint announcement but subsequent to negotiations, discussions or the reaching of understandings or agreement with the directors of CFE in relation to the transactions contemplated under the Sale and Purchase Agreements;
- (c) none of the members of the CIMC Concert Group has received any irrevocable commitment to vote for and against the Proposed Acquisitions, the Sale and Purchase Agreements and the Whitewash Waiver;
- (d) none of the members of the CIMC Concert Group has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in CFE;
- (e) none of the members of the CIMC Concert Group has any arrangement referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) in relation to the CFE Shares or the shares of Sharp Vision or CIMC, which might be material to the Proposed Acquisitions, the Sale and Purchase Agreements and the Whitewash Waiver, with other persons; and

- (f) none of the members of the CIMC Concert Group has any agreement or arrangement to which it is a party which relates to the circumstances which it may or may not invoke or seek a pre-condition or a condition to the Proposed Acquisitions, the Sale and Purchase Agreements and the Whitewash Waiver.

Save for the transactions contemplated under the Sale and Purchase Agreements, none of the members of the CIMC Concert Group has dealt for value in the CFE Shares within six months prior to the date of the Sale and Purchase Agreements and up to the date of this joint announcement.

The CIMC Concert Group will not acquire or dispose of any voting rights of CFE after the date of this joint announcement until completion of the Proposed Acquisitions.

As at the date of this joint announcement, each of CIMC and CFE does not believe that the Proposed Pteris Acquisition gives rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules). If a concern should arise after the release of this joint announcement, each of CIMC and CFE will endeavor to resolve the matter to the satisfaction of the relevant authority as soon as possible but in any event before the despatch of the circular by CFE. CIMC and CFE note that the Executive may not grant the Whitewash Waiver if the Proposed Pteris Acquisition does not comply with other applicable rules and regulations.

Save for the 115,625,000 CFE Share Options, CFE has no outstanding warrants, options or securities convertible into CFE Shares as at the date of this joint announcement.

In addition, since the Proposed TianDa Acquisition is an arrangement made between CFE, a party acting in concert with CIMC, and Lucky Rich (which is wholly-owned by a limited partnership, one of the two general partners of which is solely owned by the ultimate beneficial owner of a CFE Shareholder) which is not capable of being extended to all CFE Shareholders, the Proposed TianDa Acquisition constitutes a special deal under Rule 25 of the Takeovers Code and requires the consent of the Executive. Such consent, if granted, will be subject to (i) the CFE Independent Financial Adviser publicly stating that in its opinion the terms of the Proposed TianDa Acquisition are fair and reasonable; and (ii) the approval of the Proposed TianDa Acquisition and the Special Deal by the independent CFE Shareholders by way of poll at the CFE EGM.

## **PART F: GENERAL**

### **(1) CFE Independent Board Committee, CFE Whitewash Waiver Board Committee and CFE Independent Financial Adviser**

The CFE Independent Board Committee comprising all the independent non-executive directors of CFE, namely, Dr. Loke Yu, Mr. Heng Ja Wei and Mr. Ho Man, has been formed pursuant to the requirements under the Listing Rules to advise the independent CFE Shareholders on matters in relation to the Proposed Acquisitions and the Specific Mandate.

The CFE Whitewash Waiver Board Committee comprising all the non-executive directors and independent non-executive directors of CFE who have no direct or indirect interest in the Whitewash Waiver, namely, Mr. Robert Johnson, Dr. Loke Yu, Mr. Heng Ja Wei and Mr. Ho Man, has been formed pursuant to the requirements under the Takeovers Code to advise the independent CFE Shareholders on matters in relation to the Whitewash Waiver and the Special Deal. Given that each of Dr. Li Yin Hui and Mr. Yu Yu Qun is a non-executive director of CFE nominated by CIMC, they have not been included in the CFE Whitewash Waiver Board Committee.

The CFE Independent Financial Adviser has been appointed by CFE pursuant to the requirements under the Listing Rules and the Takeovers Code to advise the CFE Independent Board Committee, the CFE Whitewash Waiver Board Committee and the independent CFE Shareholders on matters in relation to the Proposed Acquisitions, the Specific Mandate, the Whitewash Waiver and the Special Deal.

### **(2) CFE EGM**

The CFE EGM will be convened to consider and, if thought fit, approve (i) the Proposed Acquisitions; (ii) the Specific Mandate; (iii) the proposed increase in the authorized capital of CFE; (iv) the Whitewash Waiver; and (v) the Special Deal.

The CIMC Concert Group and the CFE Shareholders who are involved in or interested in the Proposed Acquisitions, the proposed increase in authorized capital of CFE, the Specific Mandate, the Whitewash Waiver and/or the Special Deal will be required to abstain from voting on the resolutions to be proposed at the CFE EGM in relation to the Proposed Acquisitions, the proposed increase in authorized capital of CFE, the Specific Mandate, the Whitewash Waiver and/or the Special Deal. Save for Top Gear (an indirect non-wholly owned subsidiary of CIMC) and Genius Earn Limited (a company wholly-owned by Mr. Liu Xiaolin) which holds 1,223,571,430 CFE Shares and 129,000,000 CFE Shares, representing 30% and 3.2%, respectively, of the issued share capital of CFE as at the date of this joint announcement, no other CFE Shareholder has a material interest in or involved in the Proposed Acquisitions, the proposed increase in authorized capital of CFE, the Specific Mandate, the Whitewash Waiver or the Special Deal and therefore no other CFE Shareholder is required to abstain from voting on resolutions in relation to the abovementioned matters at the CFE EGM.

A circular containing, among other things, (i) further details of the Proposed Acquisitions, the proposed increase in authorized capital of CFE, the Specific Mandate, the Whitewash Waiver and the Special Deal; (ii) a letter from the CFE Independent Board Committee to the independent CFE Shareholders containing its recommendation in respect of the Proposed Acquisitions and the Specific Mandate; (iii) a letter from the CFE Whitewash Waiver Board Committee to the independent CFE Shareholders containing its recommendation in respect of the Whitewash Waiver and the Special Deal; and (iv) a letter from the CFE Independent Financial Adviser to the CFE Independent Board Committee, the CFE Whitewash Waiver Board Committee and the Independent CFE Shareholders containing its recommendation in respect of the Proposed Acquisitions, the Specific Mandate, the Whitewash Waiver and the Special Deal will be despatched to the CFE Shareholders. Pursuant to Rule 8.2 of the Takeovers Code, the circular shall be despatched within 21 days after the date of this joint announcement (i.e. 25 December 2017) or such later date as the Executive may approve. As additional time is required by CFE to prepare the information for inclusion in the circular, the circular and the notice of the CFE EGM are expected to be despatched to the CFE Shareholders on or around 7 January 2018. CFE will apply to the Executive for an extension of time for the despatch of the circular under Rule 8.2 of the Takeovers Code. Further announcement(s) will be made by CFE as and when appropriate.

**(3) CIMC INDEPENDENT BOARD COMMITTEE AND CIMC INDEPENDENT FINANCIAL ADVISER**

The CIMC Independent Board Committee comprising all the independent non-executive directors of CIMC, namely, Mr. Pan Zhengqi, Mr. Pan Chengwei and Mr. Wong Kwai Huen, Albert, has been formed pursuant to the requirements under the Listing Rules to advise the CIMC Shareholders on matters in relation to the Proposed Restructuring (including the waiver of assured entitlement).

An independent financial adviser will be appointed by CIMC pursuant to the requirements under the Listing Rules to advise the CIMC Shareholders on matters in relation to the Proposed Restructuring (including the waiver of assured entitlement).

**(4) CIMC EGM**

The CIMC EGM will be convened to consider and, if thought fit, approve (i) the Proposed Restructuring; and (ii) the waiver to the assured entitlement under the Proposed Restructuring.

Pursuant to the requirements under the Shenzhen Listing Rules and the Listing Rules, and to the best of the knowledge, information and belief of the directors of CIMC, no CIMC Shareholder is required to abstain from voting; therefore, all CIMC Shareholders are entitled to vote on the resolutions to approve the Proposed Restructuring (including the waiver to the assured entitlement) at the CIMC EGM.

A circular containing, among other things, (i) further details of the Proposed Restructuring and the grounds for the waiver of assured entitlement, (ii) a letter from the CIMC Independent Board Committee to the CIMC Shareholders containing its recommendation in respect of the Proposed Restructuring and (iii) a letter from the CIMC Independent Financial Adviser to the CIMC Independent Board Committee and the CIMC Shareholders containing its recommendation in respect of the Proposed Restructuring and the notice of the CIMC EGM, will be despatched to the CIMC Shareholders in due course in accordance with the requirements of the articles of association of CIMC, the Listing Rules and the Shenzhen Listing Rules.

**The Proposed Acquisitions are conditional upon the relevant conditions precedent being fulfilled (or waived, as the case may be) and may or may not proceed. In particular, the Executive may or may not grant the Whitewash Waiver. If the Whitewash Waiver is not granted by the Executive or is not approved by the independent CFE Shareholders by way of poll, the Sale and Purchase Agreements will lapse and the Proposed Acquisitions will not proceed. Accordingly, the CFE Shareholders, the CIMC Shareholders and prospective investors are reminded to exercise caution when trading in the securities of CFE and CIMC.**

## **DEFINITIONS**

Unless the context requires otherwise, capitalized terms used in this joint announcement shall have the meanings as follows:

“Bondholder(s)”	holder(s) of a Convertible Bond
“CAGR”	compound annual growth rate
“CASBE”	China Accounting Standards for Business Enterprises, the financial reporting standards and interpretations for business enterprises issued by the China Accounting Standards Committee of the China Ministry of Finance
“CFE”	China Fire Safety Enterprise Group Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 445.HK)
“CFE Board”	the board of directors of CFE
“CFE EGM”	the extraordinary general meeting of CFE to be convened to consider and, if thought fit, approve the Proposed Acquisitions, the proposed increase in authorized capital of CFE, the Specific Mandate, the Whitewash Waiver and the Special Deal

“CFE Group”	CFE and its subsidiaries
“CFE Independent Board Committee”	the independent committee of the CFE Board comprising all of the independent non-executive directors of CFE which was formed to advise the independent CFE Shareholders on matters in relation to the Proposed Pteris Acquisition and the Specific Mandate
“CFE Independent Financial Adviser”	Yunfeng Financial Markets Limited, a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, being the independent financial adviser appointed by CFE to advise the CFE Independent Board Committee, the CFE Whitewash Waiver Board Committee and the independent CFE Shareholders on matters in respect of the Proposed Acquisitions, the Specific Mandate, the Whitewash Waiver and the Special Deal
“CFE Memorandum of Association”	the memorandum of association of CFE as amended, revised or supplemented from time to time
“CFE Share Option Scheme”	the share option scheme adopted by CFE on 29 May 2009
“CFE Share Option(s)”	the share option(s) of CFE under the CFE Share Option Scheme
“CFE Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of CFE
“CFE Shareholder(s)”	holder(s) of CFE Shares
“CFE Whitewash Waiver Board Committee”	the independent committee of the CFE Board comprising all non-executive directors and independent non-executive directors of CFE who have no direct or indirect interest in the Whitewash Waiver which was formed to advise the independent CFE Shareholders on matters in relation to the Whitewash Waiver and the Special Deal
“CIMC”	China International Marine Containers (Group) Co., Ltd. (中國國際海運集裝箱(集團)股份有限公司), a company established in the PRC with limited liability, the shares of which are listed on the Shenzhen Stock Exchange and the Main Board of the Stock Exchange, and a controlling shareholder of CFE, holding 30% of the issued share capital of CFE as at the date of this joint announcement



“CIMC Concert Group”	CIMC and parties acting in concert with it (as defined in the Takeovers Code), assuming that the presumed concert party relationship between each of China Merchants Group Limited and China COSCO Shipping Corporation Limited on the one hand and CIMC on the other hand is rebutted for the purpose of this joint announcement
“CIMC EGM”	the extraordinary general meeting of CIMC to be convened to approve, among others, the Proposed Restructuring and the proposal to waive the assured entitlement under the Proposed Restructuring
“CIMC Group”	CIMC and its subsidiaries
“CIMC Independent Board Committee”	the independent committee of the board of directors of CIMC comprising all of the independent non-executive directors of CIMC which was formed to advise the CIMC Shareholders on matters in relation to the Proposed Restructuring
“CIMC Independent Financial Adviser”	the independent financial adviser to be appointed by CIMC to advise the CIMC Independent Board Committee and the CIMC Shareholders on matters in relation to the Proposed Restructuring
“CIMC Shareholder(s)”	the holder(s) of the A share(s) and H share(s) of CIMC
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Consideration Share(s)”	up to 7,470,108,040 new CFE Shares of HK\$0.01 each in the capital of CFE to be allotted and issued in satisfaction of part of the consideration of the Proposed Acquisitions in accordance with the terms of the Sale Purchase Agreements
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules
“Conversion Price”	the initial conversion price of HK\$0.366 per Conversion Share, subject to adjustments pursuant to the terms and conditions of the Convertible Bonds
“Conversion Shares”	the CFE Shares to be allotted and issued by CFE upon the exercise of the conversion rights attaching to the Convertible Bonds

“Convertible Bonds”	the convertible bonds to be issued by CFE to the Vendors in satisfaction of part of the consideration of the Proposed Acquisitions in accordance with the terms of the Sale and Purchase Agreements in the aggregate principal amount of up to RMB2,093,133,694
“Deferred Settlement Date”	the date on which the consideration for the Proposed Pteris Acquisition is fully settled by CFE’s issuance of additional Consideration Shares or Convertible Bonds, as the case may be, pursuant to the terms of the Pteris Sale and Purchase Agreement (assuming the TianDa Completion does not take place on or prior to the Pteris Completion)
“EBITDA”	earnings before interest, taxation, depreciation and amortization
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegates of the Executive Director
“Fengqiang”	Fengqiang Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and indirectly wholly-owned by TGM
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRS”	the Hong Kong Financial Reporting Standards
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Long Stop Date”	31 March 2018 or such later date as may be agreed in writing by the parties to the relevant Sale and Purchase Agreements
“Lucky Rich”	Lucky Rich Holdings Limited, a company incorporated in Samoa, which is interested in 30% of the equity interest in TianDa as at the date of this joint announcement
“Placing Shares”	a maximum of 2,953,878,817 new CFE Shares to be placed under the Potential Placing

“Potential Placing”	the potential placing of new CFE Shares to independent third party places by CFE
“PRC”	the People’s Republic of China, and for the purpose of this joint announcement, excluding Hong Kong, the Macau Administrative Region of the PRC and Taiwan
“Proposed Acquisitions”	the Proposed Pteris Acquisition and the Proposed TianDa Acquisition
“Proposed Pteris Acquisition”	the proposed acquisition of Pteris Sale Shares by Wang Sing pursuant to the Pteris Sale and Purchase Agreement
“Proposed Restructuring”	the proposed disposal of approximately 78.15% equity interest in Pteris by Sharp Vision to CFE at a consideration of RMB2,992,459,264 to be satisfied by CFE issuing (i) 6,326,428,570 Consideration Shares, representing approximately 54.8% of the issued share capital of CFE as enlarged by the allotment and issuance of the Consideration Shares in respect of the Proposed Pteris Acquisition (or, 4,664,472,279 Consideration Shares if the Proposed TianDa Acquisition takes place, representing approximately 40.4% of the issued share capital of CFE as enlarged by the allotment and issuance of Consideration Shares in respect of the Proposed Acquisitions), and (ii) the Convertible Bonds in the principal amount of RMB1,024,307,336, representing approximately 20.2% of the issued share capital of CFE as enlarged by the allotment and issuance of the Consideration Shares in respect of the Proposed Pteris Acquisition and upon full conversion of the Convertible Bonds of CFE issued in respect of the Proposed Pteris Acquisition (or, the Convertible Bonds in the principal amount of RMB1,541,341,938 if the Proposed TianDa Acquisition has taken place, representing approximately 27.1% of the issued share capital as enlarged by the allotment and issuance of Consideration Shares in respect of the Proposed Acquisitions and upon full conversion of the Convertible Bonds), pursuant to the Pteris Sale and Purchase Agreement, which is a key step for the CIMC Group’s internal restructuring, consolidation and strengthening of several ancillary business segments of the CIMC Group, as further stated in Part D of this joint announcement

“Proposed TianDa Acquisition”	the proposed acquisition of the TianDa Sale Interest by Wang Sing pursuant to the TianDa Equity Transfer Agreement
“Pteris”	Pteris Global Limited, a company incorporated in Singapore with limited liability and a non-wholly owned subsidiary of CIMC
“Pteris Completion”	completion of the sale and purchase of the Pteris Sale Shares and the subscription of the Consideration Shares and Convertible Bonds by the Pteris Vendors (or their respective nominee(s)) pursuant to the terms of the Pteris Sale and Purchase Agreement
“Pteris Group”	Pteris and its subsidiaries
“Pteris Sale and Purchase Agreement”	the sale and purchase agreement dated 4 December 2017 entered into by Wang Sing, CFE and the Pteris Vendors in respect of the Proposed Pteris Acquisition
“Pteris Sale Shares”	the 383,064,391 Pteris Shares held by the Pteris Vendors, representing approximately 99.41% of the issued share capital of Pteris as at the date of this joint announcement
“Pteris Share(s)”	ordinary share(s) of Pteris
“Pteris Vendors”	Sharp Vision and Fengqiang
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreements”	the Pteris Sale and Purchase Agreement and the TianDa Equity Transfer Agreement
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGD”	Singapore dollars, the lawful currency of the Republic of Singapore
“Shanghai Yunrong”	Shanghai Yunrong Investment Centre* (上海蘊融投資中心), a limited partnership established in the PRC, which holds the entire equity interest in Lucky Rich as at the date of this joint announcement

“Sharp Vision”	Sharp Vision Holdings Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of CIMC, which is interested in approximately 78.15% of the issued share capital of Pteris as at the date of this joint announcement
“Shenzhen Listing Rules”	the Rules Governing the Listing of Stocks on Shenzhen Stock Exchange
“Special Deal”	the Proposed TianDa Acquisition which constitutes a special deal under Rule 25 of the Takeovers Code
“Specific Mandate”	a specific mandate to be granted to the directors of CFE in relation to the issuance of the Consideration Shares, Conversion Shares and the Placing Shares (where necessary) to be approved by the independent CFE Shareholders at the CFE EGM
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed thereto under the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“TGM”	Shenzhen TGM Ltd.* (深圳特哥盟科技有限公司), a company established in the PRC with limited liability, which is indirectly (through Fengqiang) interested in approximately 21.26% of the issued share capital of Pteris as at the date of this joint announcement
“TianDa”	Shenzhen CIMC-TianDa Airport Support Ltd.* (深圳中集天達空港設備有限公司), a company established in the PRC with limited liability and a non-wholly owned subsidiary of Pteris
“TianDa Completion”	completion of the sale and purchase of the TianDa Sale Interest and the subscription of the Consideration Shares and Convertible Bonds by Lucky Rich (or its nominee(s)) pursuant to the terms of the TianDa Equity Transfer Agreement
“TianDa Condition(s)”	the conditions precedents to the TianDa Completion as provided in the TianDa Equity Transfer Agreement

“TianDa Equity Transfer Agreement”	the sale and purchase agreement dated 4 December 2017 entered into by CFE and Lucky Rich in respect of the Proposed TianDa Acquisition
“TianDa Group”	TianDa and its subsidiaries
“TianDa Sale Interest”	30% of the equity interest of TianDa held by Lucky Rich
“Top Gear”	CIMC Top Gear B.V., a company incorporated in the Netherlands with limited liability and an indirect wholly-owned subsidiary of CIMC
“U.S.”	United States of America
“US\$”	United States dollars, the lawful currency of the U.S.
“Vendors”	the Pteris Vendors and Lucky Rich
“Wang Sing”	Wang Sing Technology Limited, a company incorporated in the British Virgin Islands and a direct wholly-owned subsidiary of CFE
“Whitewash Waiver”	a waiver by the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code from the obligation of Sharp Vision to make a mandatory general offer for all CFE Shares and CFE Share Options that are not already or agreed to be acquired by the CIMC Concert Group as a result of the allotment and issuance of the Consideration Shares to Sharp Vision (or its nominee(s)) and the Conversion Shares upon conversion of the Convertible Bonds
“%”	per cent.

## **GLOSSARY OF TECHNICAL TERMS**

This glossary contains explanation of certain terms used in this joint announcement in connection with the assets of the Target Group. The terms and their meanings may not correspond to the standard industry meaning or usage of these terms.

“APS”	automated parking systems, which comprises parking systems that are used to efficiently utilise and maximise car parking spaces
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“GSE”	ground service equipment, which comprises various types of special vehicles including aircraft de-icing vehicles, airport catering trucks, airport apron buses and aircraft cargo loader
“MHS”	material handling system, which comprises products that are principally used by airports and seaports to handle and transport different types of cargo and baggage
“PBB”	passenger boarding bridge, which is used to connect airport terminals to commercial aircraft, providing direct access for passengers from the terminal to the aircraft and vice versa

By Order of the Board  
**China Fire Safety Enterprise Group  
Limited**  
**Li Ching Wah**  
*Company Secretary*

By Order of the Board  
**China International Marine Containers  
(Group) Co., Ltd.**  
**Yu Yu Qun**  
*Company Secretary*

Hong Kong, 4 December 2017

\* *for identification purpose only*

*As at the date of this joint announcement, the directors of CFE are as follows:*

<i>Dr. Li Yin Hui</i>	<i>Chairman and Non-executive Director</i>
<i>Mr. Jiang Xiong</i>	<i>Honorary Chairman and Executive Director</i>
<i>Mr. Zheng Zu Hua</i>	<i>Executive Director</i>
<i>Mr. Luan You Jun</i>	<i>Executive Director</i>
<i>Mr. Yu Yu Qun</i>	<i>Non-executive Director</i>
<i>Mr. Robert Johnson</i>	<i>Non-executive Director</i>
<i>Dr. Loke Yu</i>	<i>Independent non-executive Director</i>
<i>Mr. Heng Ja Wei</i>	<i>Independent non-executive Director</i>
<i>Mr. Ho Man</i>	<i>Independent non-executive Director</i>

*As at the date of this joint announcement, the directors of CIMC are as follows:*

<i>Mr. Wang Hong</i>	<i>Chairman and Non-executive Director</i>
<i>Mr. Wang Yuhang</i>	<i>Vice-chairman and Non-executive Director</i>
<i>Mr. Hu Xianfu</i>	<i>Non-executive Director</i>
<i>Mr. Liu Chong</i>	<i>Non-executive Director</i>
<i>Mr. Mai Boliang</i>	<i>Executive Director</i>
<i>Mr. Pan Chengwei</i>	<i>Independent Non-executive Director</i>
<i>Mr. Pan Zhengqi</i>	<i>Independent Non-executive Director</i>
<i>Mr. Wong Kwai Huen, Albert</i>	<i>Independent Non-executive Director</i>

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

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