PLATINUM Securities Company Limited

21/F LHT Tower
31 Queen's Road Central
Hong Kong
Telephone (852) 2841 7000
Facsimile (852) 2522 2700
Website www.platinum-asia.com

28 April 2015

To the Independent Board Committee and the Independent Shareholders

Dear Sir or Madam,

(1) MAJOR AND CONNECTED TRANSACTION IN RELATION TO ACQUISITION OF 40% EQUITY INTEREST IN ALBERT ZIEGLER GMBH INVOLVING THE ISSUE OF CONSIDERATION SHARES AND (2) APPLICATION FOR WHITEWASH WAIVER BY CIMC TOP GEAR B.V.

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition contemplated under the Acquisition Agreement and the Whitewash Waiver (collectively, the "Transaction"). Details of the Transaction are contained in the Letter from the Board as set out in the circular of the Company dated 28 April 2015 (the "Circular"). Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

The Board announced that on 27 February 2015, the Purchaser (an indirect wholly-owned subsidiary of the Company), the Vendor (an indirect wholly-owned subsidiary of CIMC), the Company and CIMC (HK) (a direct wholly-owned subsidiary of CIMC) entered into the Acquisition Agreement, pursuant to which the Purchaser conditionally agreed to purchase, and the Vendor conditionally agreed to sell, the Sale Shares and the Sale Loan at a consideration of HK$489,428,572, which shall be satisfied by the Company by way of allotment and issuance of 1,223,571,430 Consideration Shares at the Issue Price of HK$0.4 per Consideration Share to the Vendor (or its nominee).

As at the Latest Practicable Date, each of CIMC, the Vendor and parties acting in concert with them does not hold any Shares. Immediately after Acquisition Completion, the Vendor and parties acting in concert with it will be interested in 1,223,571,430 Shares, representing approximately 30.00% of the issued share capital of the Company as enlarged by the allotment and issuance of the Consideration Shares (assuming that there is no change in the issued share capital of the Company other than the issue of the Consideration Shares since the Latest Practicable Date and up to Acquisition Completion). Under Rule 26.1 of the Takeovers Code, the Vendor would be obliged to make a mandatory general offer to the Shareholders for all the issued Shares and other securities of the Company not already owned or agreed to be acquired by it and any parties acting in concert with it as a result of the allotment and issue of the Consideration Shares to the Vendor (or its nominee) pursuant to the Acquisition Agreement, unless the Whitewash Waiver is obtained from the Executive. In this regard, the Vendor has made an application to the Executive for the Whitewash Waiver. The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, approval by the Independent Shareholders at the EGM by way of poll. The granting of the Whitewash Waiver is a condition precedent for Acquisition Completion which is not capable of being waived. If the Whitewash Waiver is not obtained, the Acquisition will not proceed.

BASIS OF OUR OPINION

In our capacity as the Independent Financial Adviser, our role is to advise the Independent Board Committee and the Independent Shareholders as to whether the Transaction is in the ordinary and usual course of business of the Group, the terms of the Acquisition Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, and the Acquisition and the Whitewash Waiver are in the interests of the Company and the Shareholders as a whole; and to give independent advice to the Independent Board Committee.

In formulating our opinion, we have relied on the information and facts supplied to us by the Directors and/or management of the Company. We have reviewed, among other things: (i) the Acquisition Agreement; (ii) the audited annual report of the Group for the financial year ended 31 December 2012 (the "2012 Annual Report"); (iii) the audited annual report of the Group for the financial year ended 31 December 2013 (the "2013 Annual Report"); (iv) the audited annual report of the Group for the financial year ended 31 December 2014 (the "2014 Annual Report").

We have assumed that all information, facts, opinions and representations contained in the Circular and all information, statements and representations provided to us by the Directors and/or the management of the Company, which we have relied on the same, are true, complete and accurate in all material respects as of the date hereof and we have relied on the same. Up to the time of the Acquisition Completion, if there are any material changes on the information, facts, opinions and representations contained in the Circular and information, statements and representations provided to us by the Directors and/or the management of the Company, the Independent Shareholders will be notified as soon as practicable. The Directors have confirmed that they take full responsibility for the contents of the Circular and have made all reasonable inquiries that no material facts have been omitted from the information supplied to us.

The Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Takeovers Code and the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in the Circular (other than those relating to the Ziegler Group and the Vendor and parties acting in concert with it) is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters, the omission of which would make any statement in the Circular misleading.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular (other than those relating to the Ziegler Group and the Vendor and parties acting in concert with it) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in the Circular (other than those expressed by the Vendor) have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading.

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

We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy or completeness of the information of all facts as set out in the Circular and of the information and representations provided to us by the Directors, directors of the Vendor, management of the Company and/or management of the Vendor. Furthermore, we have no reason to suspect the reasonableness of the opinions and representations expressed by the Directors, directors of the Vendor, management of the Company and/or management of the Vendor, which have been provided to us. In line with normal practice, we have not, however, conducted a verification process of the information supplied to us, nor have we conducted any independent in-depth investigation into the business and affairs of the Group or Ziegler Group. We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion, and we consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

During the past two years, Platinum Securities Company Limited had no past engagement with the Company. As at the Latest Practicable Date, we are independent from the Company or any other party to the Transaction, or their respective substantial shareholder(s) or connected person(s), as defined under the Listing Rules and accordingly, are considered eligible to give independent advice on the Transaction. We will receive a fee from the Company for our role as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Transaction. Apart from this normal professional fee payable to us in connection with this appointment, no arrangements exist whereby we will receive any fees or benefits from the Company or any other party to the Transaction or their respective substantial shareholder(s) or connected person(s), as defined under the Listing Rules.

The managing director of Platinum Securities Company Limited, Mr. Liu Chee Ming ("Mr. Liu"), in his personal capacity was a non-executive director of CIMC Raffles Offshore (Singapore) Limited (now known as CIMC Raffles Offshore (Singapore) Pte. Ltd., "CIMC Raffles") from 3 June 2012 to 4 May 2013. CIMC Raffles is currently a wholly-owned subsidiary of CIMC. We do not consider Mr. Liu's directorship mentioned above would affect the objectivity of our advice, given the fact that (i) Mr. Liu was a non-executive director of CIMC Raffles and his resignation was effective on 4 May 2013, which was more than 23 months from the Latest Practicable Date; (ii) CIMC Raffles is a wholly-owned subsidiary of CIMC, however, it represents an insignificant portion of the whole business of CIMC (for the year ended 31 December 2012, CIMC Raffles' revenue only represented approximately 3.4% of CIMC's consolidated total and its net assets only represented approximately 6.3% of CIMC's consolidated total). CIMC Raffles was making loss from the financial year ended 31 December 2010 to the financial year ended 31 December 2013 and therefore did not contributed any profit to CIMC during the period; (iii) from a business perspective, CIMC Raffles is not in a business relating to the Acquisition. CIMC Raffles is a deep-water offshore equipment manufacturer, which is unrelated to the business of Ziegler (i.e. business of development, production and distribution of a broad range of firefighting and special purpose vehicles, pumps and other firefighting components); and (iv) Mr. Liu, as a non-executive director of CIMC Raffles, did not involve in management, operation or business decision making of CIMC Raffles. Furthermore, Mr. Liu is not related to any directors or management of CIMC and he has not received any type of compensation from CIMC Raffles except a nominal director fee in the amount of Singapore Dollar 4,084 per month until December 2012, which was more than 2 years before the Latest Practicable Date.

As at the Latest Practicable Date, certain non-discretionary client accounts of Platinum Broking Company Limited, a broking company which is under the same control as Platinum Securities Company Limited, held in aggregate of 250,000 Shares, which represents approximately 0.00876% of the Company's total issued share capital. We do not consider these shareholding interests mentioned above would affect the objectivity of our advice, given the fact that (i) the interests so held are immaterial; (ii) neither our group nor our relevant employees directly or indirectly hold any shares, option, warrants or other equity related interests in any party related to the Transaction.

Accordingly, we consider ourselves suitable to give independent financial advice to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition and the Whitewash Waiver.

The Independent Board Committee, comprising all independent non-executive Directors, namely Dr. Loke Yu, Mr. Heng Ja Wei and Ms. Sun Guo Li, has been established to advise the Independent Shareholders as to whether the terms of the Acquisition Agreement are fair and reasonable and the Acquisition is in the ordinary and usual course of business of the Group and that the entering into the Transaction is in the interests of the Company and the Shareholders as a whole.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating and giving our independent financial advice to the Independent Board Committee and the Independent Shareholders, we have taken into account the following principal factors:

A. THE ACQUISITION

1. Background of the Acquisition

On 27 February 2015, the Purchaser (an indirect wholly-owned subsidiary of the Company), the Vendor (an indirect wholly-owned subsidiary of CIMC), the Company and CIMC (HK) (a direct wholly-owned subsidiary of CIMC) entered into the Acquisition Agreement, pursuant to which the Purchaser conditionally agreed to purchase, and the Vendor conditionally agreed to sell, the Sale Shares and the Sale Loan at a consideration of HK$489,428,572, which shall be satisfied by the Company by way of allotment and issuance of 1,223,571,430 Consideration Shares at the Issue Price of HK$0.4 per Consideration Share to the Vendor (or its nominee).

1.1 Information on the Group

The Group is principally engaged in (i) the production and sale of fire engines; (ii) the production and sale of fire prevention and fighting equipment; (iii) the installation of fire prevention and fighting systems; and (iv) other businesses and investments. Tabularised below is a summary of the financial performance of the Group as extracted from the 2013 Annual Report and the 2014 Annual Report.

Table 1: Financial information of the Group

Consolidated Income Statement	**For the financial year ended 31 December 2012** *(RMB'000)* *(audited)*	**For the financial year ended 31 December 2013** *(RMB'000)* *(audited)*	**For the financial year ended 31 December 2014** *(RMB'000)* *(audited)*
Turnover	969,273	836,812	**846,828**
Gross profit	102,170	91,630	**95,810**
Loss for the year	(22,136)	(161,730)	**(502,039)**

From table 1 above, we noted that turnover of the Group decreased by approximately 12.6% from RMB969.3 million for the financial year ended 31 December 2012 ("FY2012") to RMB846.8 million for the financial year ended 31 December 2014 ("FY2014"). Loss widened from RMB22.1 million for FY2012 to RMB502.0 million for FY2014. According to the 2013 Annual Report and the 2014 Annual Report, losses were mainly due to allowance for doubtful debts arising from the old age trade receivables from the installation business, impairment loss on goodwill associated with the installation business, and impairment loss on the assets of the guest house. The over-aggressive expansion in previous years plus the change in the operating environment, especially the macro-economic control measures on the property market and credit tightening have finally led to the Group's consecutive years of losses since 2009. In fact, the Group did not pay any dividend to the Shareholders during the time.

With reference to the 2014 Annual Report, we also noted that during FY2014, the Group has completed the disposal of three subsidiaries which were engaged in the trading of fire engines and firefighting and rescue equipment, the operation of a guest house and the production and sale of fire prevention and fighting equipment. In February 2015, the Group entered into the Disposal Agreement to dispose of the Disposal Group, which was mainly engaged in the provision of installation and maintenance of fire prevention and fighting systems services. The abovementioned discontinued operations recorded loss of approximately RMB487.8 million for FY2014 as compared to loss of approximately RMB159.8 million for the financial year ended 31 December 2013 ("FY2013"). The loss for FY2014 from discontinued operations accounted for 97.2% of the total loss of the Group for FY2014. We are of the view that the Group's loss for FY2014 was mainly attributable to the discontinued operations.

1.2 Information on the Ziegler Group

Ziegler is a limited liability company incorporated in Germany. It was incorporated by VRB Vorratsgesellschaften GmbH, being an independent third party of CIMC, on 14 August 2013 and transferred to the CIMC Group in November 2013 solely for the purpose of effecting a transaction (the "2013 Acquisition") to acquire certain assets (such as fixed assets, other receivables and intangible assets) and liabilities relating to employees and product warranty (the "Headquarter Assets"), and equity interests in certain operating subsidiaries (the "Operating Subsidiaries") of another limited liability company in Germany (the "Entity") relating to the business of development, production and distribution of a broad range of firefighting and special purpose vehicles, pumps and other firefighting components (collectively, the "Acquired Entity Assets") from the insolvency administrator on behalf of the Entity. The 2013 Acquisition was completed on 13 December 2013. The Ziegler Group is one of the leading producers of fire trucks globally and is principally engaged in the development, production and distribution of a broad range of firefighting and special purpose vehicles, pumps and other firefighting components, which are in the same lines of businesses as the existing businesses of the Group.

The business of the Entity was founded in 1891 and was ultimately owned by and operated by its founding family (with historical commercial register record which can be traced back for over 50 years) prior to the appointment of the insolvency administrator in 2011 and the subsequent acquisition by Ziegler in 2013. As one of the top five producers of fire trucks globally, the Ziegler Group manufactures more than 500 vehicles annually and is known for its high quality craftsmanship as well as its technology leadership in customized fire trucks and water pumps for firefighting worldwide. At present, the Ziegler Group owns and operates six manufacturing plants in Europe.

In 2009, certain legal proceedings were initiated by the German anti-trust authority against the Entity. After settlement of the aforesaid legal proceedings which involved payment of substantial penalties, the Entity filed for insolvency in August 2011. Since the filing of insolvency, the business operations of the Entity and its subsidiaries were maintained by the insolvency administrator, who is a third party independent of the Company and the Vendor. On 13 December 2013, Ziegler acquired the Acquired Entity Assets from the Entity through a public auction process conducted by the insolvency administrator for a consideration of EUR58.89 million (equivalent to approximately HK$518.2 million). As advised by the Vendor, the consideration of the 2013 Acquisition was arrived at after arm's length negotiations among relevant parties and by making reference to, inter alia, the underlying business prospects and development potential of the business of the Entity. The Entity has not commenced any business operation since the 2013 Acquisition and is still in existence.

1.3 Information on the Vendor and CIMC

The Vendor, CIMC Top Gear B.V., a company incorporated in the Netherlands with limited liability, an indirect wholly-owned subsidiary of CIMC. CIMC Top Gear B.V. is principally engaged in investment holding and directly holds 100% of Ziegler Group.

CIMC is a world leading equipment and solution provider in the logistics and energy industries and are principally engaged in the manufacture of containers, energy, chemical and liquid food equipment, offshore engineering equipment and airport facilities as well as the provision of relevant services, including the design and manufacture of international standard dry containers, reefer containers, regional special containers, tank containers, wooden container floorboards, road tank trucks, gas equipment and static tanks, road transportation vehicles, jack-up drilling platforms, semisubmersible drilling platforms, special vessels and passenger boarding bridges, air cargo handling systems, ground vehicles with specific purpose and automatic parking system and the provision of relevant services. In addition, CIMC Group is also engaged in logistics equipment manufacturing and service, real estate development, finance and other businesses.

2. Reasons for and benefits of entering into of the Acquisition Agreement

2.1 The Group has been making losses since the financial year ended 31 December 2009. The Acquisition may enhance the value of the Group

Based on our review of 2012 Annual Report, 2013 Annual Report and 2014 Annual Report, the Group has been making losses since the financial year ended 31 December 2009, the management of the Company has been conducting a detailed review of each of the Group's business segments and investments with a view to formulating a corporate strategy to enhance the value of the Group. Among the various business segments of the Group, the production and sale of fire engine segment has built up a strong reputation and solid customer base since it was acquired in 2004 and contributed a significant portion of the Group's revenue and profits in recent financial years. In light of this, the Company intends to dedicate more resources to this business segment and maintain its leading position as one of the top fire engines and equipment manufacturers in the PRC.

As discussed in the section headed "Information on the Ziegler Group" above, the Ziegler Group is one of the leading producers of fire trucks globally, which are in the same lines of businesses as the existing production and sale of fire engine businesses of the Group and will enhance the existing businesses of the Group after the Acquisition.

Although the business of the Entity was adversely affected by the legal proceedings mentioned in the section headed "Information on the Ziegler Group" above, it was still able to maintain a substantial scale of operation on the back of its long and successful history of operations and product quality. As advised by Ziegler, the legal proceedings arising from the German anti-trust authority were settled in February 2011. As at the Latest Practicable Date, neither Ziegler nor any of its subsidiaries is engaged in any material litigation or claims, and so far as the Vendor is aware, no material litigation or claim is pending or threatened by or against any member of the Ziegler Group. In order to confirm this, we have reviewed the relevant audited financial information of Ziegler Group for the ten months ended 31 October 2014.

2.2 Ziegler Group was backed by a long and successful history of operations and product quality

The business of the Entity was founded in 1891 and was ultimately owned by and operated by its founding family (with historical commercial register record which can be traced back for over 50 years) prior to the appointment of the insolvency administrator in 2011 and subsequent acquisition by Ziegler in 2013. As one of the top five producers of fire trucks globally, the Ziegler Group manufactures more than 500 vehicles annually and is known for its high quality craftsmanship as well as its technology leadership in customized fire trucks and water pumps for fire fighting worldwide. At present, the Ziegler Group owns and operates six manufacturing plants in Europe.

As advised by the management of Ziegler, in terms of revenue, Ziegler ranks number five among global fire truck producers. In 2014, Ziegler owned a market share of approximately 30% in Germany and approximately 3.5% globally. Moreover, Ziegler currently holds various patents for fire fighting equipments, such as TS heat exchanger, high pressure washer with rotating jets, rack for ladder, fire hose with temperature insulation, cavitations warning and etc.

2.3 There was almost 10 years of business cooperation between the Company and Ziegler Group. The Acquisition will realise potential synergies between the Company and Ziegler Group.

The Company has dealt with the Entity and purchased certain fire trucks and firefighting products from it in the Group's ordinary course of business for almost 10 years. As a result, the Company has in the past obtained certain knowledge on the Ziegler Group's products, businesses and its know-how and is keen to deepen the commercial relationship with the Ziegler Group to reinforce its fire engine production capabilities.

The Directors consider that the Acquisition would allow the Group to realise potential synergies through:

(i) sharing of the technical know-how between the Group and the Ziegler Group in the development of new models of fire engines, fire equipment and other firefighting products, particularly with respect to the advanced technology and production best-practices possessed by the Ziegler Group, in order to enhance the quality of products of the Company and consolidate its leading position in China. As mentioned above in the section headed "Ziegler Group was backed by a long and successful history of operations and product quality", in terms of product technology and market share, Ziegler Group is the number five in the global fire truck market;

(ii) expansion of the product portfolio offered by the Group. As at the Latest Practicable Date, the Group produced approximately 102 models of fire engines. As discussed with the management of the Company, after the Acquisition, the management of the Company expects they can offer a broader range of fire trucks and add Ziegler pumps, components, alpas, and potentially other product ranges such as hose maintenance units to the Company's product portfolio, after sharing the product technology from Ziegler Group;

(iii) internal cost savings from the sharing of management resources. As discussed with the management of the Company, the Company and Zeigler will share management resources and information after the Acquisition and management from both companies will join the potential joint ventures to be established by both companies;

(iv) potential economies of scale by maximising the utilisation and output of available resources from both the Group and the Ziegler Group;

(v) obtaining direct access to international market particularly the European market;

(vi) taking advantage of the existing distribution network of the Ziegler Group. As at the Latest Practicable Date, Ziegler Group's products are distributing to about 40 countries in Europe and Asia. After the Acquisition, the Company may share the distribution network of Ziegler Group and distribute its products to these countries; and

(vii) tapping into the Vendor's expertise and established relationships with potential new customers (as further elaborated in the section headed "Introduction of the Vendor/CIMC as a controlling shareholder of the Company through the Acquisition is beneficial to the Company"). Given the size of the Ziegler Group relative to the Group, the Directors consider that the Group shall acquire a minority interest in Ziegler and form a strategic alliance with the Ziegler Group.

We have enquired the management of Company whether there is any business competition between the Ziegler Group and the Company. Given that the Ziegler Group primarily focuses on the European market while the Company's major target market is in the PRC, it is expected that the direct business competition between the Ziegler Group and the Company is limited in terms of geographical location.

Besides, the Vendor represents and warrants the Company that after Acquisition Completion, the Company shall have the right of first refusal to take up all proposed investments or acquisitions in the fire engine industry in the PRC by CIMC. It further minimizes the potential business competition between the Ziegler Group and the Company.

2.4 Introduction of the Vendor/CIMC as a controlling shareholder of the Company through the Acquisition is beneficial to the Company

Upon Acquisition Completion, Ziegler is expected to be accounted for as an associated company of the Group and the Vendor/CIMC will become a controlling shareholder of the Company. The Vendor/CIMC has a strong asset base and substantial size of operations. The Directors consider that the introduction of the Vendor/CIMC as a controlling shareholder of the Company through the Acquisition is beneficial to the Company taking into account the following factors:

(i) the Vendor/CIMC is involved in the road transportation vehicle business which is relevant to the special purpose vehicle business of the Group and the Ziegler Group;

(ii) the Vendor/CIMC has abundant manufacturing capacity and experiences in terms of the development, production and distribution of a broad range of special purpose vehicles;

(iii) the Vendor/CIMC is involved in the airport facilities equipment business and its close relationships with global airport operators will provide strong support in marketing and selling the Group's advanced firefighting vehicles in new geographical regions;

(iv) the Vendor/CIMC has extensive marketing and sales networks in the PRC and overseas markets which will help the Group in expanding its market coverage after the Acquisition; and

(v) with the support of CIMC (by arranging banking facilities for working capital of not less than RMB180 million and providing financial back-up for investments in particular), the Company could speed up its development by both organic growth and acquisitions so as to advance towards the goal of becoming the top fire engines manufacturer in the world.

CIMC has a business segment of airport facilities equipment which includes manufacturing of fire trucks. The Company, as a manufacturer and also distributor of fire trucks, though not in the same geographical location, is running a business in the similar industry as CIMC's fire trucks manufacturing business. As such, we are of the view that the Company's fire truck business would be benefited from CIMC's experience in development, production and distribution of the special purpose vehicles. Moreover, CIMC is also involved in the road transportation vehicle business and heavy truck business which are similar to the fire truck business of the Company to a certain extent. We consider that the Company can leverage on CIMC's management experience in the road transportation vehicle business and heavy truck business, which would also help the Company improve its operational efficiency.

Therefore, we consider that the Company could benefit from introducing the Vendor/ CIMC as a controlling shareholder both operationally and financially, which is in the interests of the Company and the Shareholders as a whole.

2.5 The Acquisition as the commencement of long-term strategic cooperation between the Group and Ziegler Group

Apart from the acquisition of the assets of the Ziegler Group, the focal points of the Acquisition are to build up strategic relationship between the Group, CIMC and the Ziegler Group, including but not limited to (i) the Group could improve its product portfolio with the Ziegler Group's technical input; and (ii) in view of no dominant player leading the PRC market in production and sale of fire engines (as contrast to regional market), the Group is able to implement its plan to consolidate and lead the market with the working capital support (by arranging banking facilities for working capital of not less than RMB180 million), financial back-up for future merger and acquisition projects, and the sales and relationship network of CIMC. The Company views the Acquisition as the commencement of a long-term strategic cooperation between the Group, CIMC and the Ziegler Group.

In the future, the Group, CIMC and the Ziegler Group may or may not decide to strengthen the strategic alliance, depending on the degree of commercial success of the initial cooperation. While the parties have every intention to achieve the expected synergies and to create value for the Company and the Shareholders, the result will depend on many factors, such as macro environment, management style, execution efficiency, and cultural fit between the Chinese and German management members and employees, etc. As at the Latest Practicable Date, the Company has no plan to acquire further interests in Ziegler.

As one of the specific warranties by the Vendor, after Acquisition Completion, the Company shall have the right of first refusal to take up all proposed investments or acquisitions in the fire engine industry in the PRC by CIMC. CIMC shall provide financial support to the Company, at prevailing market rate, for the completion of the proposed investments or acquisitions. We are of the view that the specific warranty would ensure the long-term cooperation between the Group and Ziegler Group and the Group could obtain favourable business and financial support from CIMC, which is in the interests of the Company and the Shareholders.

In view of the reasons as elaborated in the sections 2.1 to 2.5 above, we consider that the entering into of the Acquisition Agreement is fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

3. Principal terms of the Acquisition Agreement

Detailed terms of the Acquisition Agreement have been contained in the letter from the Board as set out in the Circular.

4. Acquisition Consideration

The Acquisition Consideration is primarily determined based on the latest financial position of the Ziegler Group, the amounts owed by Ziegler to the Vendor, and the future prospects of the business of the Ziegler Group under the management and control of the Vendor. Reference to the previous acquisition cost of the assets and liabilities comprising the Ziegler Group paid by the Vendor of approximately EUR58.89 million (equivalent to approximately HK$518.2 million) plus costs incurred incidental thereto is also taken into consideration. In our independent attempt to ascertain the fairness and reasonableness of the Acquisition Consideration, we have reviewed the financial performance of Ziegler Group, the basis of determination of consideration for the Sale Loan and the comparable companies of Ziegler Group, which are analysed in detail in the following sections.

4.1 Financial information of Ziegler Group

Set out below are the audited consolidated financial information of Ziegler Group as set out in the Appendix IIA to the Circular, which has been prepared in accordance with the Hong Kong Financial Reporting Standards:

Table 2: financial information of Ziegler Group

	For the period from 14 August 2013 to 31 December 2013	**For the ten months ended 31 October 2014**
	EUR'000	*EUR'000*
	(audited)	(audited)
Profit/(loss) before taxation	6,217	(11,112)
Profit/(loss) after taxation	6,402	(8,556)
	As at 31 December 2013	**As at 31 October 2014**
	EUR'000	*EUR'000*
	(audited)	(audited)
Net assets	36,506	31,329

We noted that Ziegler Group recorded a loss of approximately EUR8.6 million for the ten months ended 31 October 2014, and understood from the management of the Ziegler that due to the high degree of dependency on public-sector clients, the usual pattern in the fire equipment sector is for a very high proportion of its shipments to be made in the second half of the year, and especially in the last quarter. This may give rise to very considerable differences – in terms of revenues and results – between the first three quarters and the last quarter. Companies in the fire equipment industry usually have better earnings in the fourth quarter of each calendar year. Since the 2013 Acquisition was completed on 13 December 2013, it is not practicable to review the seasonal effect on Ziegler Group. As an alternative, we have look into the financial statements of Rosenbauer International Ag and Shw Ag which are the comparable companies of Ziegler in the European fire equipment market. We noticed that both Rosenbauer International Ag and Shw Ag recorded substantially higher revenue and profit in the fourth quarter as compared to the first, the second and the third quarters, for each of FY2013, FY2012, the financial year ended 31 December 2011 and the financial year ended 31 December 2010.

We noted that both Rosenbauer International Ag and Shw Ag made profits in the first 9 months of each of the last four financial years while Ziegler Group made loss for the ten months ended 31 October 2014. We consider that each of Rosenbauer International Ag, Shw Ag and Ziegler is in the fire equipment industry focusing on the European market, thus they are facing similar market conditions. The seasonal effects on Rosenbauer International Ag and Shw Ag will also be reflected on Ziegler Group, despite of the different profit/loss positions of Rosenbauer International Ag/Shw Ag and Ziegler Group. Therefore, we concur with the management of Ziegler that companies in fire equipment industry of Europe shares similar seasonal effects and the seasonal effects might have an impact on Ziegler Group's earnings.

4.2 Consideration for Sale Loan

The Sale Loan represents 40% of all the amounts owed by Ziegler to the Vendor as at the date of Acquisition Completion. As at the date of the Acquisition Agreement, the amount owed by Ziegler to the Vendor was approximately EUR25.9 million and therefore 40% of such amount was approximately EUR10.4 million. We understand from the management of the Company that the consideration for the Sale Loan is based on dollar-to-dollar basis, therefore, we consider it is fair and reasonable to the Company and the Shareholders as a whole.

4.3 Consideration for Sale Shares – Comparable companies analysis of Ziegler Group

The Acquisition Consideration includes considerations for the Sale Loan and the Sale Share. Given that the consideration for the Sale Loan is on dollar-to-dollar basis which we consider fair and reasonable, we are of the view that it is fair and reasonable to arrive the consideration for the Sale Share (i.e. the remaining part of the Acquisition Consideration) by deducting the consideration for the Sale Loan (i.e. approximately EUR10.4 million) from the Acquisition Consideration (i.e. HK$489,428,572). Therefore, we use HK$397.9 million as the consideration for the Sale Share in conducting our comparable companies analysis.

Since every company has its unique characteristics and business strategies, it is improbable to find a comparable company that has the exact same business as the Ziegler Group. The Ziegler Group operates its principal business in Germany and is principally engaged in the development, production and distribution of a broad range of firefighting and special purpose vehicles, pumps and other firefighting components.

To the best of our endeavours, we could not identify a company listed in Hong Kong that principally operates in Germany or nearby countries and is engaged in similar businesses as Ziegler Group. Instead, we have selected comparable companies (the "Comparable Companies") based on the criteria of (i) derive more than 50% of total revenue from firefighting components or heavy truck or pump business; (ii) have their principal businesses based in Central Europe (i.e. Germany, Switzerland, Austria, Liechtenstein, Czech Republic, Slovakia, Hungary and Poland according to The World Factbook by the Central Intelligence Agency) where the Ziegler Group principally operates; (iii) listed in Europe for more than one year; and (iv) market capitalisation of approximately HK$500 million to approximately HK$5,000 million, based on the valuation of the equity of the Ziegler Group of approximately HK$994.8 million in the Transaction (i.e. the consideration for the Sale Shares of approximately HK$397.9 million divided by 40%). Although Ziegler is not a listed company, due to the lack of detailed information of other private companies engaging in similar business, we used the share prices of the Comparable Companies to analyse the fairness and reasonableness of the consideration of Sale Shares. We consider the share prices of the Comparable Companies represent the market perception and a relatively fair and reasonable valuation on the companies engaged in the fire equipment business and analysis on share prices of the Comparable Companies may support us to give a fairness and reasonableness opinion regarding the valuation of the Ziegler Group.

The Comparable Companies have been selected exhaustively based on the above criteria, which have been identified, to the best of our endeavours, in our research through public information.

In our assessment, we have considered the price-to-earnings ratio ("P/E") and the price-to-book ratio ("P/B"), which are commonly used to assess the financial valuation of a company engaged in the firefighting or heavy truck or pump business. Given that Ziegler Group recorded loss for the ten months ended 31 October 2014, we consider that P/E is not applicable for our analysis. The P/B of Ziegler Group is calculated by dividing the valuation of the equity of Ziegler Group in the Transaction of approximately HK$994.8 million by the audited consolidated net asset of Ziegler Group as at 31 October 2014 of EUR31,329,000 (equivalent to approximately HK$275,695,200).

The P/B analysis on the Comparable Companies is shown in Table 3 below.

Table 3: P/B analysis on the Comparable Companies

Company name	**Ticker**	**Market capitalisation** *(HK$ million)* *(Note 1)*	**P/B** *(times)* *(Note 2)*
Rosenbauer International Ag	ROS AV	5,056	3.3
Shw Ag	SW1 GR	2,481	3.3
Ziegler Group			3.6

Source: Bloomberg and Comparable Companies' respective latest financial statement

Note:

1. The respective market capitalisation of Comparable Companies are translated using the exchange rate as stated under the "Definitions" section of the Circular.

2. P/B of Comparable Companies is calculated by the market capitalisation of the Comparable Companies as at the Latest Practicable Date divided by the net asset value attributable to the shareholders of the Comparable Companies according to their respective latest financial statement.

As shown in the Table 3, the P/B of both Rosenbauer International Ag and Shw Ag are approximately 3.3 times. We note that the P/B of Ziegler Group is slightly higher than the P/B of Comparable Companies. We are of the view that since the Acquisition will realise potential synergies between the Company and Ziegler Group as discussed above, despite the fact that the P/B of Ziegler Group is slightly higher than P/B of Comparable Companies, the consideration for the Sale Shares is fair and reasonable to the Company and the Shareholders as a whole.

Given that (1) the consideration for the Sale Loan is fair and reasonable; (2) the consideration for the Sale Shares is fair and reasonable, we are of the view that the Acquisition Consideration is fair and reasonable to the Company and the Shareholders as a whole.

5. Consideration Shares

5.1 The Consideration Shares

As at the Latest Practicable Date, the Company has 2,855,000,000 Shares in issue. The 1,223,571,430 Consideration Shares represent approximately 42.86% of the existing issued share capital of the Company and approximately 30.00% of the issued share capital of the Company as enlarged by the allotment and issuance of the Consideration Shares (assuming that there is no change in the issued share capital of the Company other than the issue of the Consideration Shares since the Latest Practicable Date up to the date of Acquisition Completion).

The Consideration Shares, when allotted and issued, will rank pari passu in all respects among themselves and with the Shares in issue as at the date of allotment and issuance of the Consideration Shares, including the right to receive all future dividends and distributions which may be declared, made or paid by the Company on or after the date of allotment and issuance of the Consideration Shares.

5.2 The Issue Price

The Issue Price of HK$0.4 per Share represents:

(i) a discount of approximately 34.43% to the closing price of HK$0.61 per Share as quoted on the Stock Exchange as at the Latest Practicable Date;

(ii) a discount of approximately 40.30% to the closing price of HK$0.67 per Share as quoted on the Stock Exchange on the Last Trading Day;

(iii) a discount of approximately 39.39% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the last 5 trading days up to and including the Last Trading Day of approximately HK$0.66 per Share;

(iv) a discount of approximately 38.46% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the last 10 trading days up to and including the Last Trading Day of approximately HK$0.65 per Share;

(v) a discount of approximately 31.03% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the last 30 trading days up to and including the Last Trading Day of approximately HK$0.58 per Share; and

(vi) a premium of approximately 66.67% to the audited consolidated net assets attributable to the Shareholders of approximately HK$0.24 per Share (based on the audited consolidated net assets attributable to the Shareholders of approximately RMB549.1 million (equivalent to approximately HK$686.4 million) as at 31 December 2014 and 2,855,000,000 Shares in issue as at the Latest Practicable Date).

The Issue Price was determined after arm's length negotiations between the parties to the Acquisition Agreement with reference to, among other things, (i) prevailing market prices of the Shares; (ii) the financial performance of the Group; and (iii) the current market conditions.

We have enquired the management of the Company and noted that the Acquisition Consideration is primarily determined based on the latest financial position of the Ziegler Group, the amounts owed by Ziegler to the Vendor, and the future prospects of the business of the Ziegler Group under the management and control of the Vendor. Reference to the previous acquisition cost of the assets and liabilities comprising the Ziegler Group paid by the Vendor of approximately EUR58.89 million (equivalent to approximately HK$518.2 million) plus costs incurred incidental thereto is also taken into consideration.

5.3 Comparison of the Issue Price with net asset value ("NAV") of Group

According to the 2014 Annual Report, NAV attributable to the Shareholders was RMB549.1 million (equivalent to approximately HK$686.4 million) and NAV per Share was approximately HK$0.24 as at 31 December 2014. The Issue Price of HK$0.4 per Share represents a premium of approximately 66.7% to the NAV per Share as at 31 December 2014.

Since the Issue Price represents a substantial premium over the NAV per Share, we are of the view that the Issue Price is fair and reasonable to the Company and the Shareholders as a whole in this regard.

5.4 Review on historical price of the Shares

The Board announced that after the Stock Exchange trading hours on 18 November 2014, the Company, CIMC and Mr. Jiang Xiong entered into a memorandum of understanding (the "MOU") in relation to the possible Acquisition. The following table sets out the highest and lowest closing prices and the average daily closing price of the Shares as quoted on the Stock Exchange in each month during the period commencing from (i) 1 November 2013 (being approximately one year before the announcement of the MOU) to 18 November 2014 (being the date of the announcement of the MOU) (the "Review Period I"); and (ii) from 19 November 2014 up to the Latest Practicable Date (the "Review Period II"):

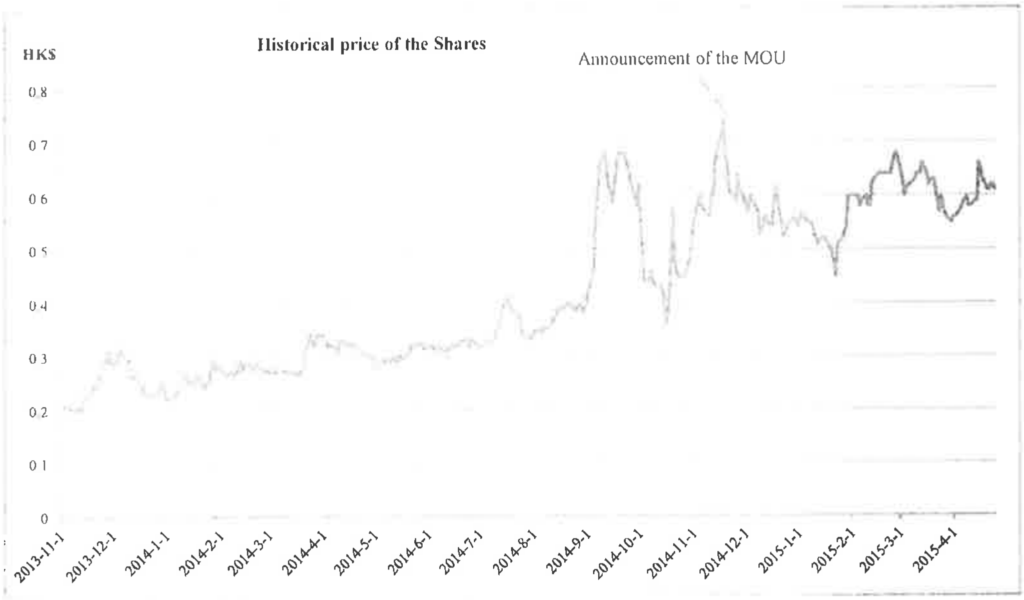
Table 4: historical price of the Shares

Month	Highest closing price *(HK$)*	Lowest closing price *(HK$)*	Average daily closing price *(HK$)*	No. of trading days in each month
2013				
November	0.315	0.199	0.238	21
December	0.315	0.219	0.262	20
2014				
On or before 18 November 2014 *(Note (1))*				
January	0.295	0.221	0.253	21
February	0.290	0.265	0.277	19
March	0.345	0.265	0.292	21
April	0.335	0.275	0.315	20
May	0.325	0.285	0.306	20
June	0.335	0.310	0.321	20
July	0.415	0.320	0.357	22
August	0.400	0.340	0.376	21
September	0.680	0.420	0.601	21
October	0.580	0.360	0.450	21
November (1 November to 18 November)	0.750	0.560	0.624	12
After 18 November 2014 *(Note (1))*				
November (19 November to 30 November)	0.670	0.590	0.624	8
December	0.620	0.520	0.562	21
2015				
January	0.600	0.450	0.528	21
February	0.680	0.580	0.623	18
March	0.660	0.550	0.611	22
April (1 April to the Latest Practicable Date)	0.660	0.560	0.605	15

Source: the Stock Exchange web-site (www.hkex.com.hk)

Notes:

(1) On 18 November 2014 after trading hours, an announcement in respect of the possible Acquisition was made by the Company.



Source: Bloomberg

As indicated in the table 4 above, the daily closing price of the Shares ranged from HK$0.199 to HK$0.750 during the Review Period I with an average of HK$0.352. Therefore, the Issue Price of HK$0.4 per Consideration Share represents a discount of approximately 46.7%, a premium of approximately 101.0% and a premium of approximately 13.6% over/ to the maximum, minimum and average daily closing price of the Shares during the Review Period I, respectively. By comparing the maximum closing price of the Shares of HK$0.750 and the minimum closing price of the Shares of HK$0.199 during the Review Period I, it represents a variance of HK$0.551 and the fluctuation might be due to the speculation of the prospects of the Company.

During the Review Period II, the Shares were traded consistently higher than the Issue Price. The lowest closing price of the Shares was HK$0.450 and the average daily closing price of the Shares was HK$0.587. The generally higher trading price of the Shares during the Review Period II was, in our opinion, primarily due to the market expectation that the Company would enter into the Acquisition Agreement to acquire 40% equity interest in Ziegler and the Company may expand its current business and have a better business prospect following cooperation with Ziegler.

5.5 Comparable transactions

In order to assess the fairness and reasonableness of the Issue Price, we have reviewed transactions, including connected transactions, announced by companies listed on the Main Board of the Stock Exchange which involved the issuance of consideration shares (the "Comparable Transactions") during approximately six months immediately prior to the date of the Acquisition Agreement. We note that the companies involved in the Comparable Transactions are not engaged in the similar businesses as the principal business of the Company. However, since the Comparable Transactions were transacted at the time close to date of the Acquisition Agreement under similar market conditions and investment sentiments, we are of the view that the Comparable Transactions, although not to be used in isolation in determining the fairness and reasonableness of the Issue Price, nevertheless can provide a general reference to the Independent Shareholders as they can reflect recent market trends of the terms involved in issuing shares as full or partial settlement of consideration for acquisitions.

The Comparable Transactions have been selected exhaustively based on the above criteria, which have been identified, to the best of our endeavours, in our research through public information.

Table 5: Comparable Transactions analysis

			Premium/(discount) of the issue price over/(to) the average closing price of		
Date of announcement	**Company name**	**Ticker**	**Last trading day**	**Last 90 trading days**	**Last 180 trading days**
11-Aug-14	Sino Credit Holdings Limited	628 HK	(10.7%)	(6.6%)	4.5%
12-Aug-14	China Investment Development Limited	204 HK	0.0%	(21.2%)	(14.3%)
20-Aug-14	Town Health International Medical Group Limited	3886 HK	(2.5%)	(6.1%)	18.4%
29-Aug-14	Ping Shan Tea Group Limited	364 HK	20.0%	22.7%	1.9%
08-Sep-14	New Times Energy Corporation Limited	166 HK	38.9%	26.2%	8.9%
11-Sep-14	Sheng Yuan Holdings Limited	851 HK	(2.0%)	1.7%	11.2%
17-Sep-14	Sino Resources Group Limited	223 HK	0.0%	3.3%	22.8%
10-Oct-14	Changfeng Axle (China) Company Limited	1039 HK	(29.0%)	(16.7%)	(19.7%)
26-Nov-14	China Gas Holdings Limited	384 HK	(1.0%)	(1.5%)	2.1%
05-Dec-14	Loudong General Nice Resources (China) Holdings Limited	988 HK	(9.1%)	(3.4%)	(4.2%)
10-Dec-14	SinoCom Software Group Limited	299 HK	(37.0%)	2.6%	1.3%
12-Dec-14	Trigiant Group Limited	1300 HK	2.8%	(30.2%)	(33.2%)
19-Dec-14	China Agroforestry Low-Carbon Holdings Limited	1069 HK	17.3%	(2.4%)	13.6%
05-Jan-15	Xiwang Special Steel Company Limited	1266 HK	0.0%	8.6%	14.6%
03-Feb-15	Kiu Hung International Holdings Limited	381 HK	(18.5%)	(36.7%)	(37.4%)
16-Feb-15	Enterprise Development Holdings Limited	1808 HK	(15.0%)	(47.4%)	(59.8%)
		Maximum	38.9%	26.2%	22.8%
		Minimum	(37.0%)	(47.4%)	(59.8%)
		Average	(2.9%)	(6.7%)	(4.3%)
		Issue Price	(40.3%)	(30.0%)	(19.3%)

Source: Stock Exchange and respective announcements

As illustrated in Table 5, the issue prices of the Comparable Transactions ranged from a discount of approximately 37.0% to a premium of approximately 38.9% to/over the closing price of the last trading day (the "Market Range I") with an average discount of approximately 2.9% (the "Market Average I"), from a discount of approximately 47.4% to a premium of approximately 26.2% to/over the average closing price of the last 90 trading days (the "Market Range II") with an average discount of approximately 6.7% (the "Market Average II") and from a discount of approximately 59.8% to a premium of approximately 22.8% to/over the average closing price of the last 180 trading days (the "Market Range III") with an average discount of approximately 4.3% (the "Market Average III").

We note that the Issue Price represents a discount of approximately 40.3% to the closing price of the Shares on the Last Trading Date (the "Issue Price Discount I"), a discount of approximately 30.0% to the average closing price of the Shares on last 90 consecutive trading days (the "Issue Price Discount II") and a discount of approximately 19.3% to the average closing price of the Shares on last 180 consecutive trading days (the "Issue Price Discount III").

The Issue Price Discount I, the Issue Price Discount II and the Issue Price Discount III are lower than the Market Average I, the Market Average II and the Market Average III, respectively. The Issue Price Discount I is slightly deeper than the low-end of the Market Range I while the Issue Price Discount II and the Issue Price Discount III are within the Market Range II and Market Range III, respectively. We note that the Issue Price is generally at a deeper discount to the price of the Shares as compared to the Comparable Transactions. We consider that this is mainly due to the fact that the Company announced the MOU on 18 November 2014 and the market had responded positively to the possibility of the Acquisition, resulting an increase of 35.1% of the Share price to HK$0.67 as at the Last Trading Day as compared to the average closing price of the Shares on last 180 consecutive trading days of HK$0.496. Reference is made to the 2013 Annual Report published on 24 April 2014, according to the Chairman's statement, the Group has started a reorganization plan and assessing potential acquisition opportunity on a company also engaged in the manufacturing and sale of fire trucks, special vehicles, pumps and other fire fighting equipment. At that point in time, the share price of the Company has started an upward trend and we consider it was mainly due to market speculation on crystallizing the abovementioned developments of the Group. Upon the announcement of the MOU on 18 November 2014, the price of the Shares reached to a peak and we consider through the general upward trend before, the market has already digested most of the potential impact of the MOU and a drop after that might simply reflect the profit-taking behaviour of investors. In addition, during the period from the last 180 trading days up to and including the Last Trading Day, Hang Seng Index rose from 23,316 to 24,823, representing an increase of approximately 6.46%. We consider that the rise of Hang Seng Index indicates a general upward trend of the stock market which may be one of the factors to explain the price movement of the Shares. However, despite of that, we consider the price of the Shares is mostly driven by the news or speculation of the Company's reorganization and potential acquisition opportunity, rather than following the general trend of the stock market as analysed above.

Given that the Issue Price of HK$0.4 represents (i) a premium over the NAV per Share as at 31 December 2014; (ii) a premium over the average closing price of the Shares during the Review Period I; and (iii) deeper discounts to the closing price/average closing price of the Shares on the Lasting Trading Date, last 90 trading days and last 180 trading days as compared to the Comparable Transactions but mainly due to the announcement of the MOU and the general upward trend of the stock market, we are of the view that the Issue Price is fair and reasonable and in the interests of the Company and Shareholders as a whole.

6. Financial effects of the Acquisition

6.1 Effect on NAV

As disclosed in the 2014 Annual Report, the NAV attributable to Shareholders as at 31 December 2014 was approximately RMB549.1 million. The Issue Price of HK$0.4 per Share represents a premium of approximately 66.7% to the NAV per Share of approximately HK$0.24 as at 31 December 2014.

Based on the unaudited pro forma financial information in Appendix III to the Circular, the NAV attributable to Shareholders would increase to approximately RMB1,077.7 million and the NAV per Share would increase to approximately HK$0.33 as a result of the Acquisition.

Therefore, we consider the NAV per Share will be increased after the Acquisition Completion and the Acquisition will have a positive impact on NAV of the Group.

6.2 Effect on earnings

As disclosed in the 2014 Annual Report, loss for FY2014 attributable to Shareholders amounted to approximately RMB503.9 million.

We concur with the management of the Company that the Acquisition will allow the Group to realise potential synergies as discussed in the section headed "2.3 There was almost 10 years of business cooperation between the Company and Ziegler Group. The Acquisition will realise potential synergies between the Company and Ziegler Group", which will improve the profitability of the Group.

As a result, we are of the view that the Acquisition will have a potential positive impact on the earnings of the Group.

6.3 Effect on cash/working capital

As disclosed in the 2014 Annual Report, the Group had current assets of RMB668.4 million including bank balances and cash of RMB172.4 million and current liabilities of RMB359.5 million, but excluding assets and liabilities of disposal group held for sale. Given the Acquisition Consideration will be fully settled by allotting and issuing Consideration Shares to the Vendor, we consider that there will be no impact on the cash/working capital of the Group.

In light of:

(i) the positive impact on the NAV of the Group;

(ii) the potential positive impact on the earnings of the Group; and

(iii) no impact on the cash/working capital of the Group, we are of the view that the Acquisition will have a positive financial effect on the Group and is in the interests of the Company and the Shareholders as a whole.

7. Dilution effect on the shareholding interests of the existing public Shareholders

The following table illustrates the shareholding structures of the Company (i) as at the Latest Practicable Date; and (ii) immediately after Acquisition Completion (assuming that there is no change in the issued share capital of the Company other than the issue of the Consideration Shares since the date of the Acquisition Agreement and up to the date of Acquisition Completion):

Table 6: Potential shareholding dilution effect of the Acquisition

	As at the Latest Practicable Date		**Immediately after Acquisition Completion**	
	Shares	*App. %*	*Shares*	*App. %*
Mr. Jiang *(note i)*	981,600,000	34.38	981,600,000	24.07
Mr. Jiang Qing *(note i)*	7,500,000	0.26	7,500,000	0.18
EH Investment Management Ltd. *(note ii)*	593,750,000	20.80	593,750,000	14.56
The Vendor or its nominee *(note iii)*	–	–	1,223,571,430	30.00
	1,582,850,000	55.44	2,806,421,430	68.81
Public Shareholders	1,272,150,000	44.56	1,272,150,000	31.19
Total	**2,855,000,000**	**100.00**	**4,078,571,430**	**100.00**

Notes:

(i) Mr. Jiang and Mr. Jiang Qing are executive Directors. Mr. Jiang is the brother of Mr. Jiang Qing.

(ii) The entire share capital of EH Investment Management Ltd. is beneficially owned by Mr. Ngan Lek.

(iii) The Vendor is an indirect wholly-owned subsidiary of CIMC.

(iv) The Vendor does not consider itself or any parties acting in concert with it as a party acting in concert or to be acting in concert with Mr. Jiang and Mr. Jiang Qing as at the Latest Practicable Date and after Acquisition Completion. Immediately after Acquisition Completion, Mr. Jiang and Mr. Jiang Qing will be interested in approximately 24.07% and approximately 0.18% of the issued share capital of the Company respectively whilst the Vendor or its nominee will be interested in approximately 30% of the issued share capital of the Company. Accordingly, the Vendor will be presumed to be acting in concert with Mr. Jiang and Mr. Jiang Qing immediately after Acquisition Completion under class (1) of the definition of acting in concert pursuant to the Takeovers Code. The Vendor, Mr. Jiang and Mr. Jiang Qing have made an application to the Executive for a rebuttal of the presumption of acting in concert between the Vendor, Mr. Jiang and Mr. Jiang Qing after Acquisition Completion.

As indicated in Table 6, the shareholding of public Shareholders will decrease from approximately 44.56% to approximately 31.19% immediately after Acquisition Completion. Such potential dilution to the shareholdings of public Shareholders represents a dilution by absolute percentage amount of approximately 13.37% and a dilution by relative percentage of approximately 30.00%.

Taking into account that:

(i) the loss making position of the Group since financial year ended 31 December 2009;

(ii) the Transaction will realise potential synergies between the Company and Ziegler Group;

(iii) the Acquisition Consideration is fair and reasonable; and

(iv) the Issue Price is fair and reasonable,

we consider the possible dilution effect on the shareholding interests of the public Shareholders to be justifiable.

B. THE WHITEWASH WAIVER

As at the Latest Practicable Date, each of CIMC, the Vendor and parties acting in concert with them does not hold any Shares. Immediately after Acquisition Completion, the Vendor and parties acting in concert with it will be interested in 1,223,571,430 Shares, representing approximately 30.00% of the issued share capital of the Company as enlarged by the allotment and issuance of the Consideration Shares (assuming that there is no change in the issued share capital of the Company other than the issue of the Consideration Shares since the Latest Practicable Date and up to Acquisition Completion). Under Rule 26.1 of the Takeovers Code, the Vendor would be obliged to make a mandatory general offer to the Shareholders for all the issued Shares and other securities of the Company not already owned or agreed to be acquired by it and any parties acting in concert with it as a result of the Acquisition, unless the Whitewash Waiver is obtained from the Executive. In this regard, the Vendor has made an application to the Executive for the Whitewash Waiver. The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, approval by the Independent Shareholders at the EGM by way of poll. The granting of the Whitewash Waiver is a condition precedent for Acquisition Completion which is not capable of being waived. If the Whitewash Waiver is not obtained, the Acquisition will not proceed.

Given the possible benefits of the Acquisition contemplated thereunder to the Company mentioned in section A of our letter and the terms of the Acquisition Agreement being fair and reasonable so far as the Independent Shareholders are concerned, we are of the opinion that the approval of the Whitewash Waiver, which is a prerequisite for the Acquisition Completion, is in the interests of the Company and the Independent Shareholders as a whole and is fair and reasonable for the purpose of proceeding with the Acquisition Agreement and the transactions contemplated thereunder.

RECOMMENDATION

We have considered the above principal factors and reasons and, in particular, taken into account the following in arriving at our opinion:

(i) although the Acquisition is not in the ordinary and usual course of business of the Group, it is in line with the Group's business strategy and the reasons and benefits of the Acquisition are in the interests of the Company and the Shareholders as a whole;

(ii) the Acquisition Consideration, according to our analysis, is fair and reasonable and is in the interests of the Company and the Shareholders as a whole;

(iii) in respect of the historical share price movement of Shares, the Issue Price is fair and reasonable and is in the interests of the Company and the Shareholders as a whole;

(iv) the Issue Price is at approximately 66.7% premium over the NAV;

(v) in respect of the Comparable Transactions analysis, the Issue Price is fair and reasonable and is in the interests of the Company and the Shareholders as a whole;

(vi) the Acquisition, on an overall basis, will have a positive financial effect on the Group and is in the interests of the Company and the Shareholders as a whole;

(vii) the potential dilution of shareholding to other public Shareholders immediately after the Acquisition Completion is justifiable;

(viii) the Whitewash Waiver is a prerequisite for the Acquisition Completion.

we are of the view that the terms of the Acquisition Agreement are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned and the Acquisition and the Whitewash Waiver are in the interests of the Company and the Shareholders as a whole.

Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend the Independent Shareholders to vote in favour of the ordinary resolution in relation to the Transaction to be proposed at the EGM.

Yours faithfully,
For and on behalf of
Platinum Securities Company Limited

Lenny Li
Director and Co-Head of Corporate Finance

Mr. Lenny Li is a licensed person registered with the Securities and Futures Commission and as a responsible officer of Platinum Securities Company Limited to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and has over eight years of experience in corporate finance industry.