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**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)



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)

**(1) DISPOSAL OF 40% EQUITY INTEREST
IN ALBERT ZIEGLER GMBH;
AND
(2) APPLICATION FOR
WHITEWASH WAIVER
BY CIMC TOP GEAR B.V.
(A WHOLLY-OWNED SUBSIDIARY
OF CHINA INTERNATIONAL MARINE
CONTAINERS (GROUP) CO., LTD.)**

**(1) MAJOR AND CONNECTED
TRANSACTION IN RELATION TO
ACQUISITION OF 40% EQUITY INTEREST
IN ALBERT ZIEGLER GMBH
INVOLVING THE ISSUE OF
CONSIDERATION SHARES;
(2) APPLICATION FOR
WHITEWASH WAIVER
BY CIMC TOP GEAR B.V.
(A WHOLLY-OWNED SUBSIDIARY
OF CHINA INTERNATIONAL MARINE
CONTAINERS (GROUP) CO., LTD.); AND
(3) MAJOR TRANSACTION
IN RELATION TO
DISPOSAL OF ENTIRE EQUITY INTEREST
IN LOYAL ASSET INVESTMENTS
HOLDINGS LIMITED**

Financial adviser to China Fire Safety Enterprise Group Limited



**Independent financial adviser to the CFSE Independent Board Committee
and the CFSE Independent Shareholders**



INTRODUCTION

The CIMC Board and CFSE Board are pleased to jointly announce that after the trading hours of the Stock Exchange on 27 February 2015, the Purchaser (an indirect wholly-owned subsidiary of CFSE), the Vendor (an indirect wholly-owned subsidiary of CIMC), CFSE and CIMC (HK) (a direct wholly-owned subsidiary of CIMC) entered into the Acquisition Agreement, pursuant to which the Purchaser has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell, the Ziegler Sale Shares and the Ziegler Sale Loan at a consideration of HK\$489,428,572, which shall be satisfied by CFSE 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). Acquisition Completion is conditional upon, among other things, Loyal Asset Disposal Completion and the granting of the Whitewash Waiver by the Executive. Details of the terms of the Acquisition are set out in the section headed “(B) The Acquisition” below.

The CFSE Board is also pleased to announce that after trading hours of the Stock Exchange on 27 February 2015, Wang Sing (a direct wholly-owned subsidiary of CFSE) and the LA Purchaser entered into the Loyal Asset Disposal Agreement, pursuant to which Wang Sing has conditionally agreed to sell, and the LA Purchaser has conditionally agreed to purchase, the Loyal Asset Sale Shares at a cash consideration of RMB50 million (equivalent to approximately HK\$62.5 million). Details of the Loyal Asset Disposal are set out in the section headed “(C) The Loyal Asset Disposal” below.

REGULATORY IMPLICATIONS

Listing Rules and Takeovers Code implications for CIMC

As all the relevant applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Acquisition Agreement and the transaction thereunder are less than 5%, the Acquisition Agreement and the transaction thereunder will not trigger the discloseable transaction requirement for CIMC under Chapter 14 of the Listing Rules.

As at the date of this joint announcement, each of CIMC, the Vendor and parties acting in concert with any of them does not hold any CFSE Shares. Immediately after Acquisition Completion, the Vendor and parties acting in concert with it will be interested in 1,223,571,430 CFSE Shares, representing approximately 30.00% of the issued share capital of CFSE as enlarged by the allotment and issuance of the Consideration Shares (assuming that there is no change in the issued share capital of CFSE other than the issue of the Consideration Shares since the date of this joint announcement 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 CFSE Shareholders for all the issued CFSE Shares and other securities of CFSE 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 will make 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 CFSE Independent Shareholders at the CFSE Second 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.

Listing Rules implications for CFSE

Each of the Acquisition and the Loyal Asset Disposal constitutes a major transaction for CFSE under Chapter 14 of the Listing Rules. As at the date of the Acquisition Agreement, Ziegler was wholly-owned by the Vendor. As the Vendor will become a controlling shareholder of CFSE upon Acquisition Completion, the Acquisition also constitutes a connected transaction for CFSE under Rule 14A.28(1) of the Listing Rules and is subject to the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

GENERAL

The CFSE Independent Board Committee comprising Dr. Loke Yu, Mr. Heng Ja Wei and Ms. Sun Guo Li, being all the independent non-executive directors of CFSE, has been established to give a recommendation to the CFSE Independent Shareholders in respect of the Acquisition and the Whitewash Waiver. Platinum Securities has been appointed with the approval of the CFSE Independent Board Committee to advise the CFSE Independent Board Committee and the CFSE Independent Shareholders in this regard.

The voting in respect of the Acquisition, the Whitewash Waiver and the Loyal Asset Disposal at the CFSE EGM will be conducted by way of a poll. The Vendor, Mr. Jiang, Mr. Jiang Qing, their respective associates and parties acting in concert with any of them and those who are involved in or interested in the Acquisition and the Whitewash Waiver shall abstain from voting on the resolutions approving the Acquisition and the Whitewash Waiver at the CFSE Second EGM. Since Acquisition Completion is conditional on, among other things, Loyal Asset Disposal Completion, the Vendor, Mr. Jiang, Mr. Jiang Qing, their respective associates and parties acting in concert with any of them and those who are involved in or interested in the Loyal Asset Disposal will also abstain from voting on the resolution approving the Loyal Asset Disposal at the CFSE First EGM. As at the date of this joint announcement, (i) the Vendor and parties acting in concert with it do not hold any CFSE Shares; and (ii) Mr. Jiang and Mr. Jiang Qing are interested in 981,600,000 CFSE Shares and 7,500,000 CFSE Shares, representing approximately 34.38% and 0.26% of the existing issued share capital of CFSE respectively.

Mr. Jiang and Mr. Jiang Qing, both being executive directors of CFSE, have abstained from voting at the CFSE Board meeting which approved the Acquisition Agreement and the Loyal Asset Disposal Agreement.

The CFSE Disposal Circular containing, among other things, details of the Loyal Asset Disposal and the notice of CFSE First EGM will be despatched to the CFSE Shareholders on or before 27 March 2015. Pursuant to Rule 8.2 of the Takeovers Code, the CFSE Acquisition Circular containing, among other things, (i) details of the Acquisition and the Whitewash Waiver; (ii) financial information of the Group and the Ziegler Group; (iii) the recommendation of the CFSE Independent Board Committee to the CFSE Independent Shareholders in relation to the Acquisition and the Whitewash Waiver; (iv) the letter of advice from the Independent Financial Adviser to the CFSE Independent Board Committee and the CFSE Independent Shareholders in the same regard; and (v) the notice of CFSE Second EGM shall be despatched to the CFSE Shareholders within 21 days after the date of this joint announcement (i.e. 20 March 2015). As additional time is required for the preparation of the financial information of the Group and the Ziegler Group for inclusion in the CFSE Acquisition Circular, CFSE will apply for a waiver from the strict compliance with Rule 8.2 of the Takeovers Code and to postpone the date of despatch of the CFSE Acquisition Circular from 20 March 2015 to a date on or before 30 April 2015.

Warning: The CIMC Board and CFSE Board wish to emphasize that the Acquisition and the Loyal Asset Disposal are subject to the fulfillment of a number of conditions precedent set out in this joint announcement, including but not limited to approval by the CFSE Independent Shareholders at the CFSE EGM of the Acquisition, the Whitewash Waiver and the Loyal Asset Disposal, and the granting of the Whitewash Waiver by the Executive. As such, the Acquisition and the Loyal Asset Disposal may or may not proceed.

Shareholders and investors of both CIMC and CFSE are advised to exercise caution when dealing in the shares of CIMC and the CFSE Shares, and are recommended to consult their professional advisers if they are in any doubt about their position and as to the actions that they should take.

(A) INTRODUCTION

Reference is made to (i) the announcements of CIMC dated 18 November 2014 and 21 November 2014 in relation to the entering into of a memorandum of understanding with CFSE; and (ii) the announcements of CFSE dated 18 November 2014, 19 December 2014 and 12 February 2015 in relation to the possible acquisition involving possible application of whitewash waiver and disposal of the installation business of CFSE.

The CIMC Board and CFSE Board are pleased to jointly announce that after trading hours of the Stock Exchange on 27 February 2015, the Purchaser (an indirect wholly-owned subsidiary of CFSE), the Vendor (an indirect wholly-owned subsidiary of CIMC), CFSE and CIMC (HK) (a direct wholly-owned subsidiary of CIMC) entered into the Acquisition Agreement, pursuant to which the Purchaser has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell, the Ziegler Sale Shares and the Ziegler Sale Loan at a consideration of HK\$489,428,572, which shall be satisfied by CFSE 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). Acquisition Completion is conditional upon, among other things, Loyal Asset Disposal Completion and the granting of the Whitewash Waiver by the Executive. Details of the terms of the Acquisition are set out in the section headed “(B) The Acquisition” below.

The CFSE Board is also pleased to announce that after trading hours of the Stock Exchange on 27 February 2015, Wang Sing (a direct wholly-owned subsidiary of CFSE) and the LA Purchaser entered into the Loyal Asset Disposal Agreement, pursuant to which Wang Sing has conditionally agreed to sell, and the LA Purchaser has conditionally agreed to purchase, the Loyal Asset Sale Shares at a cash consideration of RMB50 million (equivalent to approximately HK\$62.5 million). Details of the Loyal Asset Disposal are set out in the section headed “(C) The Loyal Asset Disposal” below.

(B) THE ACQUISITION

The Acquisition Agreement

Date

27 February 2015

Parties

- (i) Profit Asia International Trading Limited, as the Purchaser;
- (ii) CIMC Top Gear B.V., as the Vendor;
- (iii) CFSE, as guarantor of the Purchaser's obligations; and
- (iv) CIMC (HK), as guarantor of the Vendor's obligations.

Assets to be acquired

Pursuant to the Acquisition Agreement, the Purchaser has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell, the Ziegler Sale Shares and the Ziegler Sale Loan. The Ziegler Sale Shares represent 40% equity interest in Ziegler as at the date of Acquisition Completion and the Ziegler 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. Details of the Ziegler Group are set out in the section headed "(E) Information on the Ziegler Group" below.

Consideration

The Acquisition Consideration is HK\$489,428,572, which shall be satisfied by CFSE by way of allotment and issuance of 1,223,571,430 Consideration Shares, credited as fully paid, at the Issue Price of HK\$0.4 per Consideration Share to the Vendor (or its nominee) at Acquisition Completion.

Basis of determination of the 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.

CFSE has considered other settlement methods (including cash and promissory note) to settle the Acquisition Consideration. Having considered that the CFSE Group has been loss making since the financial year ended 31 December 2009, the CFSE Directors consider that it is in the interest of the CFSE Group and the CFSE Shareholders to retain more cash for general working capital and future business expansion of the CFSE Group after the Acquisition. The allotment and issuance of the Consideration Shares to settle the Acquisition Consideration is proposed as it would not affect the liquidity position or financial leverage of the CFSE Group and allow CFSE to complete the Acquisition without any cash outlay. Furthermore, the issue of the Consideration Shares to the Vendor would lead to better alignment of interests between CFSE and CIMC, which would facilitate the realisation of the intended synergies and commercial benefits and is to the benefit of CFSE and CFSE Shareholders. The willingness to accept Consideration Shares (as opposed to cash or other form of consideration) also demonstrates the Vendor's conviction in the prospects of the Acquisition and the potential cooperation. Based on the above, the CFSE Directors consider that the issue of Consideration Shares to settle the Acquisition Consideration is in the best interest of CFSE and CFSE Shareholders as a whole.

Consideration Shares

As at the date of this joint announcement, CFSE has 2,855,000,000 CFSE Shares in issue. The 1,223,571,430 Consideration Shares represent approximately 42.86% of the existing issued share capital of CFSE and approximately 30.00% of the issued share capital of CFSE as enlarged by the allotment and issuance of the Consideration Shares (assuming that there is no change in the issued share capital of CFSE other than the issue of the Consideration Shares since the date of this joint announcement 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 CFSE 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 CFSE on or after the date of allotment and issuance of the Consideration Shares.

The Consideration Shares will be issued under a specific mandate to be sought for approval by the CFSE Independent Shareholders at the CFSE Second EGM. An application will be made by CFSE to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

The Vendor will apply to the Executive for a waiver from the obligation to make a mandatory general offer to the CFSE Shareholders for all the issued CFSE Shares and other securities of CFSE which obligation would otherwise arise as a result of the Acquisition. The Whitewash Waiver is more particularly described in the section headed "(K) Regulatory implications" below.

The Issue Price

The Issue Price of HK\$0.4 per Consideration Share represents:

- (i) a discount of approximately 40.30% to the closing price of HK\$0.67 per CFSE Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 39.39% to the average of the closing prices of the CFSE 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 CFSE Share;
- (iii) a discount of approximately 38.46% to the average of the closing prices of the CFSE 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 CFSE Share;
- (iv) a discount of approximately 31.03% to the average of the closing prices of the CFSE 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 CFSE Share; and
- (v) a discount of approximately 13.04% to the unaudited consolidated net assets attributable to the CFSE Shareholders of approximately HK\$0.46 per CFSE Share (based on the unaudited consolidated net assets attributable to the CFSE Shareholders of approximately RMB1,054 million (equivalent to approximately HK\$1,317.5 million) as at 30 June 2014 and 2,855,000,000 CFSE Shares in issue as at the date of this joint announcement).

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 CFSE Shares; (ii) the financial performance of the CFSE Group; and (iii) the current market conditions.

Conditions precedent

Acquisition Completion is conditional upon the fulfilment (or waiver, as the case may be) of the following conditions:

- (i) the Purchaser being satisfied with the results of the due diligence review to be conducted on the assets, liabilities, operations and affairs of the Ziegler Group;
- (ii) the Vendor being satisfied with the results of the due diligence review to be conducted on the assets, liabilities, operations and affairs of the CFSE Group;
- (iii) all necessary consents and approvals required to be obtained on the respective part of the Vendor, Ziegler and CIMC (HK) in respect of the Acquisition Agreement and the transactions contemplated thereunder having been obtained;

- (iv) all necessary consents and approvals required to be obtained on the respective part of the Purchaser and CFSE in respect of the Acquisition Agreement and the transactions contemplated thereunder having been obtained;
- (v) the Purchaser having received a legal opinion issued by legal adviser(s) appointed by the Purchaser (including but not limited to the German legal adviser) in such form and substance to the satisfaction of the Purchaser, confirming the valid subsistence of the members of the Ziegler Group;
- (vi) the passing of the resolution by the CFSE Independent Shareholders at the CFSE Second EGM approving the Acquisition Agreement and transactions contemplated thereunder, including but not limited to the allotment and issuance of the Consideration Shares and the Whitewash Waiver, in compliance with the requirements of the Listing Rules and the Takeovers Code;
- (vii) the Listing Committee of the Stock Exchange having granted the approval for the listing of, and permission to deal in, the Consideration Shares;
- (viii) the Executive having granted the Whitewash Waiver;
- (ix) the Acquisition Agreement and the transactions contemplated thereunder not being treated as a reverse takeover under Rule 14.06(6) of the Listing Rules;
- (x) the Loyal Asset Disposal Agreement becoming unconditional and Loyal Asset Disposal Completion having taken place;
- (xi) the warranties given by the Purchaser under the Acquisition Agreement remaining true, accurate and not misleading;
- (xii) the warranties given by the Vendor under the Acquisition Agreement remaining true, accurate and not misleading;
- (xiii) there being no material adverse changes on any member of the Ziegler Group since the date of the Acquisition Agreement; and
- (xiv) save for the disclosures in the Acquisition Agreement, there being no material adverse changes on any member of the CFSE Group since the date of the Acquisition Agreement.

The Purchaser may at any time waive the conditions set out in (i), (xii) and (xiii) above by notice in writing to the Vendor. The Vendor may at any time waive the conditions set out in (ii), (xi) and (xiv) above by notice in writing to the Purchaser. Save for the aforementioned, none of the conditions set out above can be waived by any party under the Acquisition Agreement.

If any of the above conditions is not fulfilled or waived (as the case may be) by 12:00 noon on 30 June 2015 (or such later date as the parties to the Acquisition Agreement may agree in writing), the Acquisition Agreement shall terminate and neither party to the Acquisition Agreement shall have any further obligations towards the other thereunder except for antecedent breaches (if any).

Completion

Acquisition Completion shall take place on the 10th Business Day after all the conditions precedent under the Acquisition Agreement have been fulfilled (or waived, as the case may be) or such other date as may be agreed by the Purchaser and the Vendor.

Specific warranties by the Vendor

The Vendor represents and warrants to the Purchaser and CSFE that:

- (i) the net assets of the Ziegler Group shall be not less than EUR29 million as at the date of Acquisition Completion. In order to determine the net assets of the Ziegler Group, the Purchaser is entitled to request the Vendor to provide relevant supporting documents. In the event that the Purchaser is not satisfied with the Vendor's supporting documents for determination of the net assets of the Ziegler Group and the parties cannot reach consensus within 30 days after the date of Acquisition Completion, the Purchaser shall nominate an independent German accountant to determine the net assets of the Ziegler Group as at the date of Acquisition Completion in accordance with generally accepted accounting principles in Germany or relevant jurisdictions of the members of the Ziegler Group. The Vendor shall pay to the Purchaser an amount in cash equivalent to 40% of any shortfall of the net assets of the Ziegler Group within 5 Business Days after the determination of the net assets of the Ziegler Group as at the date of Acquisition Completion;
- (ii) subject to the relevant rules and regulations, articles of association of CIMC and relevant internal procedures, the Vendor shall, after Acquisition Completion and according to CFSE's working capital requirement, arrange banking facilities of not less than RMB180 million to support the business development of CFSE; and
- (iii) after Acquisition Completion, CFSE 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 CFSE, at prevailing market rate, for the completion of the proposed investments or acquisitions.

Specific warranties by the Purchaser

The Purchaser represents and warrants to the Vendor and CIMC (HK) that the net assets of the CFSE Group (after Loyal Asset Disposal Completion and distribution of dividend, if any) shall be not less than RMB450 million as at the date of Acquisition Completion. In order to determine the net assets of the CFSE Group, the Vendor is entitled to request the Purchaser to provide relevant supporting documents. In the event that the Vendor is not satisfied with the Purchaser's supporting documents for determination of the net assets of the CFSE Group and the parties cannot reach consensus within 30 days after the date of Acquisition Completion, the Vendor shall nominate an independent Hong Kong accountant to determine the net assets of the CFSE Group as at the date of Acquisition Completion in accordance with generally accepted accounting principles in Hong Kong or relevant jurisdictions of the members of the CFSE Group. The Purchaser shall pay to the Vendor an amount in cash equivalent to 42.86% of any shortfall of the net assets of the CFSE Group within 5 Business Days after the determination of the net assets of the CFSE Group as at the date of Acquisition Completion.

The Purchaser further warrants to the Vendor that (i) the CFSE Board shall comprise five executive CFSE Directors and three independent non-executive CFSE Directors; (ii) the Purchaser shall procure the CFSE Board to convene a CFSE Board meeting immediately after Acquisition Completion to consider, and if thought fit, to approve the appointment of three new CFSE Directors to be nominated by the Vendor, one of whom shall be nominated as the chairman of CFSE. For the avoidance of doubt, the right to nomination is a contractual term under the Acquisition Agreement and is one-off in nature.

Pursuant to article 58 of the articles of association of CFSE (the “**CFSE Articles**”), CFSE Shareholders holding not less than one-tenth of the voting rights of CFSE shall at all times have the right, by written requisition to the CFSE Board, to require an extraordinary general meeting to be called by the CFSE Board for the transaction of any business specified in such requisition including but not limited to the requisition to nominate any new CFSE Director(s). The CFSE Board would like to emphasise that the right to nomination shall be distinguished from the right to appointment, of which the former will be subject to further scrutiny and examination by the nomination committee of CFSE and compliance with the relevant Listing Rules and code on corporate governance practices. In other words, the “right to nomination” does not mean an automatic “right to appointment”. Any nominated candidates shall in any event undergo two examination processes, namely (i) the endorsement by the nomination committee and remuneration committee of CFSE for recommendation to the CFSE Board; and (ii) the approval by the CFSE Board.

Taking into consideration (i) that the Vendor would in any event be entitled to exercise its members' requisition right to nominate any CFSE Director(s) when it becomes interested in 10% or more of the voting rights of CFSE after Acquisition Completion; (ii) the safeguards of the nomination committee of CFSE; and (iii) that any CFSE Director(s) appointed by the CFSE Board to fill a casual vacancy on the CFSE Board or as an addition to the existing CFSE Board shall only hold office until the next following annual general meeting of CFSE and be subject to re-election at such meeting in accordance with article 86(3) of the CFSE Articles, the CFSE Board considers that the grant of such nomination right to the Vendor would not be more favourable than what is generally available to other CFSE Shareholder(s) in case such CFSE Shareholder(s) holds one-tenth or more of the voting rights of CFSE.

(C) THE LOYAL ASSET DISPOSAL

The Loyal Asset Disposal Agreement

Date

27 February 2015

Parties

- (i) Wang Sing Technology Limited (a wholly-owned subsidiary of CFSE), as vendor; and
- (ii) 吉祥 (福建) 投資集團有限公司 Jixiang (Fujian) Investment Group Limited, as purchaser.

Assets to be disposed of

Pursuant to the Loyal Asset Disposal Agreement, Wang Sing has conditionally agreed to sell, and the LA Purchaser has conditionally agreed to purchase, the Loyal Asset Sale Shares, being the entire equity interest in Loyal Asset as at the date of Loyal Asset Disposal Completion. Details of the Loyal Asset Disposal Group are set out in the section headed “(F) Information on the Loyal Asset Disposal Group” below.

Consideration for the Loyal Asset Disposal

The consideration for the Loyal Asset Disposal is RMB50 million (equivalent to approximately HK\$62.5 million), which shall be paid by the LA Purchaser in cash to Wang Sing upon Loyal Asset Disposal Completion.

Basis of determination of the consideration for the Loyal Asset Disposal

The consideration for the Loyal Asset Disposal is determined after arm's length negotiations between Wang Sing and the LA Purchaser taking into account the latest financial position of the Loyal Asset Disposal Group, business prospects of the Loyal Asset Disposal Group, and the potential liabilities and responsibilities to be assumed by the LA Purchaser after Loyal Asset Disposal Completion.

Conditions precedent

Loyal Asset Disposal Completion is conditional upon fulfillment of the following conditions:

- (i) the Loyal Asset Disposal Group having settled the outstanding balances with companies of the CFSE Group (including dividend receivables and dividend payables);
- (ii) members of the Loyal Asset Disposal Group having transferred the interests in other companies (including subsidiaries, associated companies and related companies), as a result of which Loyal Asset will only hold the equity interest in Fuzhou Wanyou, Wanyou Fire and Chuanxiao Fire;
- (iii) the approval of relevant regulatory authorities and the CFSE Shareholders having been obtained, including but not limited to the passing of the resolution by the CFSE Shareholders at the CFSE First EGM approving the Loyal Asset Disposal Agreement and transactions contemplated thereunder; and
- (iv) the warranties given by Wang Sing and the LA Purchaser pursuant to the Loyal Asset Disposal Agreement remaining true and accurate.

None of the conditions set out above can be waived by any party under the Loyal Asset Disposal Agreement. If any of the above conditions is not fulfilled by 12:00 noon on 30 June 2015 (or such later date as the parties to the Loyal Asset Disposal Agreement may agree in writing), the Loyal Asset Disposal Agreement shall terminate and neither party to the Loyal Asset Disposal Agreement shall have any further obligations towards the other thereunder except for antecedent breaches.

Completion

Loyal Asset Disposal Completion shall take place on or before 30 June 2015 after all the conditions precedent under the Loyal Asset Disposal Agreement have been fulfilled or such other date as may be agreed by Wang Sing and the LA Purchaser.

Undertakings by the LA Purchaser

Pursuant to the Loyal Asset Disposal Agreement, upon Loyal Asset Disposal Completion, the LA Purchaser undertakes to:

- (i) assume all the liabilities of the Loyal Asset Disposal Group, whether recorded or contingent and whether incurred before or after Loyal Asset Disposal Completion;
- (ii) carry on all ongoing installation and maintenance projects according to the contract terms agreed between the Loyal Asset Disposal Group and the customers at the LA Purchaser's own costs; and

(iii) take responsibilities for all the disputes, if any, with customers, staff and workers and to assume all the compensations and penalties imposed.

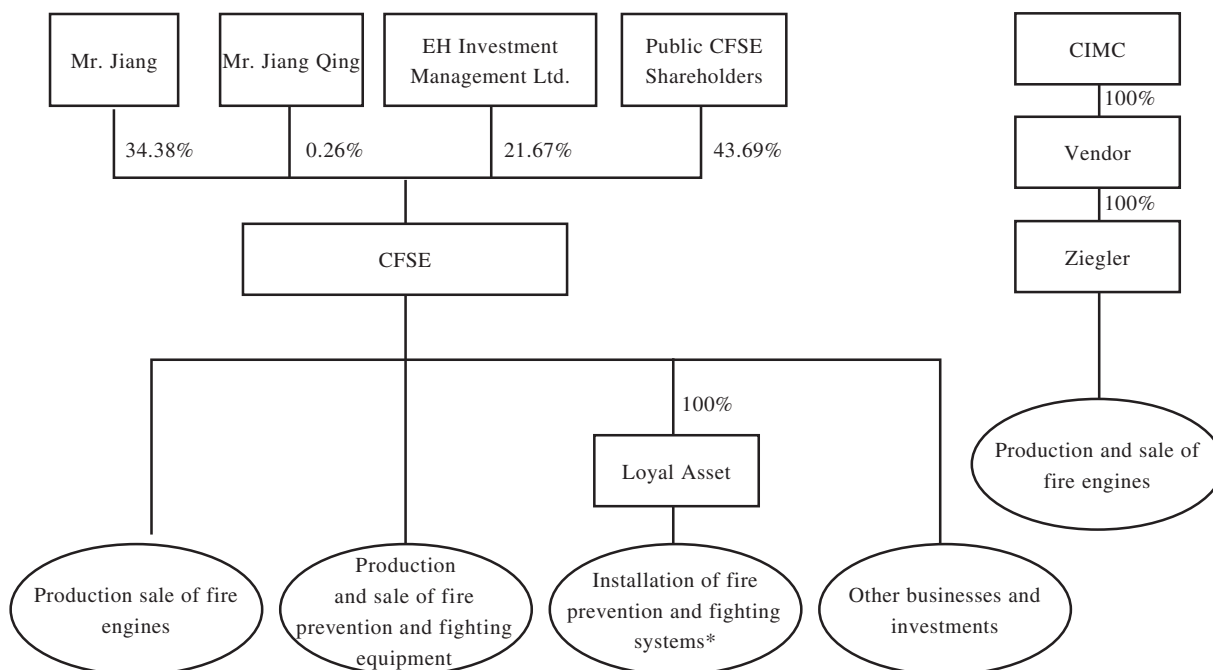
The LA Purchaser further undertakes to indemnify Wang Sing and CFSE for all losses, liabilities, compensations, penalties, fees and taxes that Wang Sing and CFSE paid or incurred for disputes or liabilities arising from the Loyal Asset Disposal Group for which Wang Sing or CFSE is held responsible.

(D) INFORMATION ON THE CFSE GROUP

The CFSE 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.

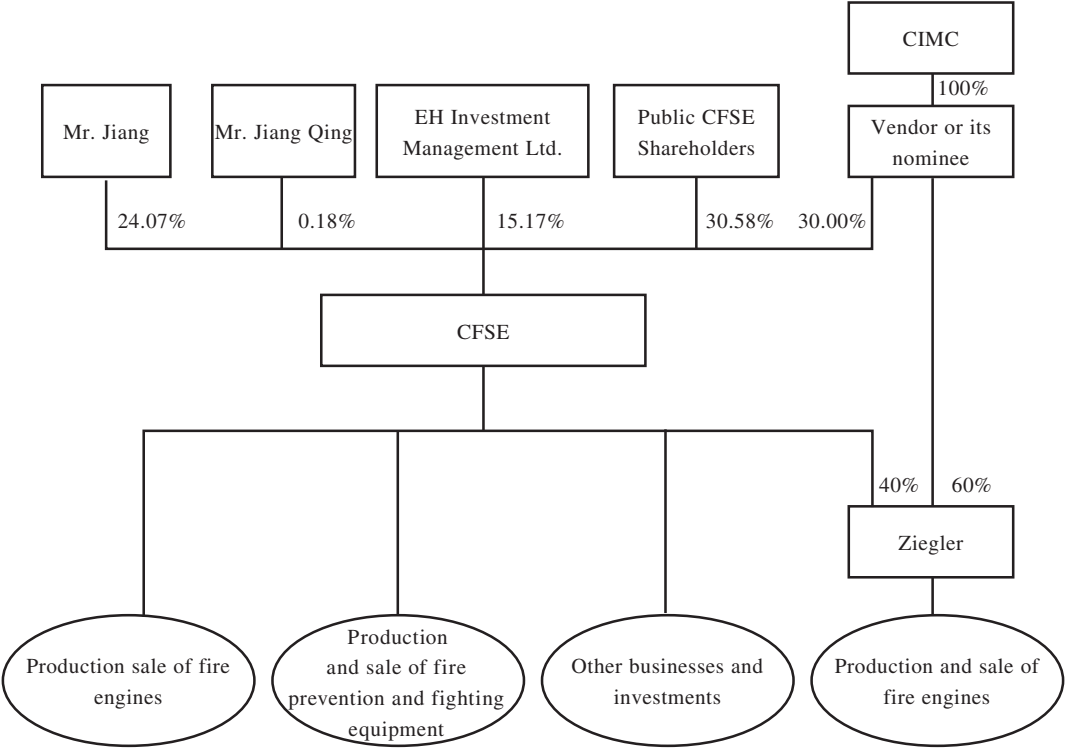
Simplified group structure immediately before and after Acquisition Completion and Loyal Asset Disposal Completion

The simplified charts below show in summary the group structure of CFSE and Ziegler as at the date of this joint announcement:



* Apart from installation of fire prevention and fighting systems, the Loyal Asset Disposal Group maintained a minimal operation in the production and sale of fire prevention and fighting equipment.

The simplified chart below shows in summary the group structure of CFSE immediately after Acquisition Completion and Loyal Asset Disposal Completion:



Shareholding structure of CFSE

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

	(i) As at the date of this joint announcement		(ii) Immediately after Acquisition Completion	
	CFSE Shares	Approximate %	CFSE Shares	Approximate %
Mr. Jiang (<i>note i</i>)	981,600,000	34.38	981,600,000	24.07
Mr. Jiang Qing (<i>note i</i>)	7,500,000	0.26	7,500,000	0.18
EH Investment Management Ltd. (<i>note ii</i>)	618,750,000	21.67	618,750,000	15.17
The Vendor or its nominee (<i>note iii</i>)	0	0	1,223,571,430	30.00
	1,607,850,000	56.31	2,831,421,430	69.42
Public CFSE Shareholders	1,247,150,000	43.69	1,247,150,000	30.58
Total	2,855,000,000	100.00	4,078,571,430	100.00

Notes:

- (i) Mr. Jiang and Mr. Jiang Qing are executive directors of CFSE. 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.

(E) 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), liabilities relating to employees and product warranty, and equity interests in certain operating subsidiaries of another limited liability company in Germany, the Netherlands, Croatia, Indonesia and so on 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 original owner, namely Albert Ziegler GmbH & Co. KG (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 CFSE 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 elaborated below). 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 CFSE 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 conducted any business operation since the 2013 Acquisition and is still in existence.

Set out below are the audited consolidated financial information of Ziegler extracted from the audited consolidated financial statements of Ziegler for the period from 14 August 2013 (date of incorporation) to 31 December 2013, which have been prepared in accordance with the International Financial Reporting Standards:

	For the period from 14 August 2013 to 31 December 2013 <i>EUR’000</i> (audited)
Profit before taxation	6,217
Profit after taxation	6,402 <hr style="border: 1px solid black; margin-top: 5px;"/> <hr style="border: 1px solid black; margin-top: 5px;"/>

As at
31 December 2013
EUR'000
(audited)

Net assets 36,506

(F) INFORMATION ON THE LOYAL ASSET DISPOSAL GROUP

The Loyal Asset Disposal Group is principally engaged in the installation and maintenance of fire prevention and fighting systems. Loyal Asset, which is an investment holding company incorporated in the BVI, is wholly-owned by Wang Sing. The principal asset of Loyal Asset is its holding of the entire equity interest in Fuzhou Wanyou.

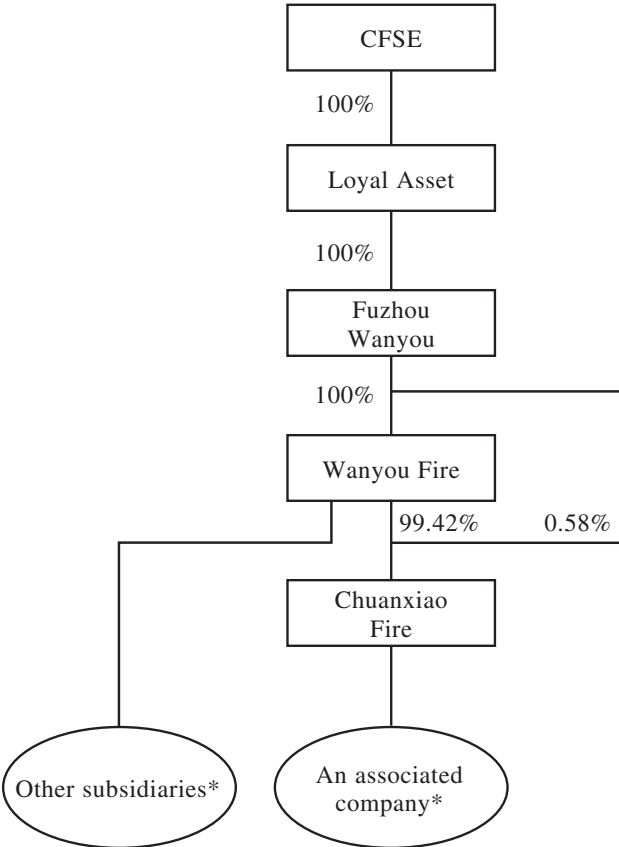
Fuzhou Wanyou is a wholly foreign-owned enterprise established in the PRC with registered capital of HK\$20,000,000. Fuzhou Wanyou was principally engaged in the production and sale of fire prevention and fighting equipment, the production line of which has been stopped in 2012. Since then, Fuzhou Wanyou only recorded minimal amount of turnover generated from clearance sale. The principal assets of Fuzhou Wanyou are its holding of the entire equity interest in Wanyou Fire and approximately 0.58% equity interest in Chuanxiao Fire.

Wanyou Fire is a limited liability enterprise established in the PRC with registered capital of RMB50,000,000 and is principally engaged in the provision of fire prevention and fighting system installation services and maintenance services. Wanyou Fire holds approximately 99.42% equity interest in Chuanxiao Fire.

Chuanxiao Fire is a limited liability enterprise established in the PRC with registered capital of RMB51,000,000 and is principally engaged in the provision of fire prevention and fighting system installation services and maintenance services.

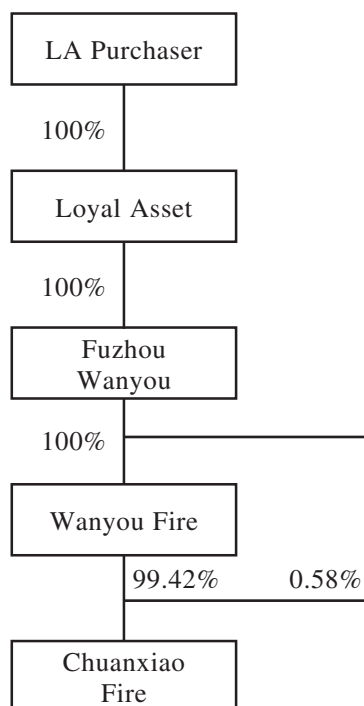
Simplified group structure of the Loyal Asset Disposal Group

The simplified chart below shows in summary the group structure of the Loyal Asset Disposal Group as at the date of this joint announcement:



* *Loyal Asset’s equity interests in other subsidiaries and the associated company will be disposed of to third parties independent of CFSE before Loyal Asset Disposal Completion. In the event that such disposals constitute notifiable transactions for CFSE under the Listing Rules, CFSE will comply with applicable Listing Rules as and when appropriate.*

The simplified chart below shows in summary the group structure of the Loyal Asset Disposal Group immediately after Loyal Asset Disposal Completion:



Financial information of the members of the Loyal Asset Disposal Group

Set out below are the audited financial information of Loyal Asset, Fuzhou Wanyou, Wanyou Fire and Chuanxiao Fire extracted from their respective audited financial statements for the years ended 31 December 2012 and 2013, which have been prepared in accordance with the Hong Kong Financial Reporting Standards:

Profit/(Loss) before taxation:

	For the year ended	
	31 December	
	2012	2013
	<i>RMB'000</i>	<i>RMB'000</i>
	(audited)	(audited)
Loyal Asset	4,714	(91)
Fuzhou Wanyou	395	(232)
Wanyou Fire	(8,212)	(119,157)
Chuanxiao Fire	756	(1,501)
	<hr/>	<hr/>
Total	(2,347)	(120,981)
	<hr/> <hr/>	<hr/> <hr/>

Profit/(Loss) after taxation:

	For the year ended	
	31 December	
	2012	2013
	<i>RMB'000</i>	<i>RMB'000</i>
	(audited)	(audited)
Loyal Asset	4,714	(91)
Fuzhou Wanyou	395	(232)
Wanyou Fire	(13,019)	(122,207)
Chuanxiao Fire	(422)	(2,912)
Total	(8,332)	(125,442)

Net assets to be disposed of ^(note):

	At 31 December 2013			
	Net assets per audited financial statements	Investment in subsidiaries and associates	Net amount due to group companies	Net assets to be disposed of
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(audited)	(audited)	(audited)	
	(a)	(b)	(c)	(d) = (a)+(b)+(c)
Loyal Asset	6,870	(20,800)	16,978	3,048
Fuzhou Wanyou	16,665	(24,300)	8,598	963
Wanyou Fire	26,202	(97,969)	588,865	517,098
Chuanxiao Fire	3,295	(4,470)	13,049	11,874
Total				532,983

Note: Pursuant to the Loyal Asset Disposal Agreement, (i) transfer of interests in other companies (other than companies in the Loyal Asset Disposal Group) by the Loyal Asset Disposal Group; and (ii) settlement of the outstanding balances (by means of waiver) with companies of the CFSE Group are conditions precedent to Loyal Asset Disposal Completion. Accordingly, the above net assets to be disposed of have been calculated by deducting the following from the net assets of the audited financial statements: (1) the investments in subsidiaries and investments in associated companies; and (2) net amount due from/to companies of the CFSE Group.

(G) REASONS FOR AND BENEFITS OF THE ACQUISITION AND THE LOYAL ASSET DISPOSAL FROM CFSE'S PERSPECTIVE

The Acquisition

As the CFSE Group has been making losses since the financial year ended 31 December 2009, the management of CFSE has been conducting a detailed review of each of the CFSE Group's business segments and investments with a view to formulating a corporate strategy to enhance the value of CFSE. Among the various business segments of the CFSE 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 CFSE Group's revenue and profits in recent financial years. In light of this, CFSE 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.

Although the business of the Entity was adversely affected by the legal proceedings mentioned in the section headed "(E) 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 with payment of substantial penalty, leading to the Entity filing for insolvency subsequently in August 2011. As at the date of this joint announcement, 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.

CFSE has dealt with the Entity and purchased certain fire trucks and firefighting products from it in the CFSE Group's ordinary course of business for almost 10 years and during the period when the Entity was under the administration of the insolvency administrator. As a result, CFSE has in the past obtained certain knowledge on the Ziegler Group's products, businesses and know-how and is keen to deepen the commercial relationship with the Ziegler Group to reinforce its fire engine production capabilities. To foster such commercial relationship, CFSE is eager on the opportunity to acquire certain stakes of the Ziegler Group from the Vendor. The CFSE Directors consider that the Acquisition would allow the CFSE Group to realise potential synergies through (i) sharing of the technical know-how between the CFSE 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 CFSE and consolidate its leading position in China; (ii) expansion of the product portfolio offered by the CFSE Group; (iii) internal cost savings from the sharing of management resources; (iv) potential economies of scale by maximising the utilisation and output of available resources from both the CFSE 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; and (vii) tapping into the Vendor's expertise and established relationships with potential

new customers (as further elaborated below). Given the size of the Ziegler Group relative to the CFSE Group, the CFSE Directors consider that the CFSE Group shall acquire a minority interest in Ziegler and form a strategic alliance with the Ziegler Group.

Upon Acquisition Completion, Ziegler is expected to be accounted for as an associated company of the CFSE Group and the Vendor will become a controlling shareholder of CFSE. The Vendor has a strong asset base and substantial size of operations. The CFSE Directors consider that the introduction of the Vendor as a controlling shareholder of CFSE through the Acquisition is beneficial to CFSE taking into account the following factors: (i) the Vendor is involved in the road transportation vehicle business which is relevant to the special purpose vehicle business of the CFSE Group and the Ziegler Group; (ii) the Vendor 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 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 CFSE Group's advanced firefighting vehicles in new geographical regions; (iv) the Vendor has extensive marketing and sales networks in the PRC and overseas markets which will help the CFSE 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), CFSE 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.

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 CFSE Group, CIMC and the Ziegler Group, including but not limited to (i) the CFSE Group could improve its product portfolio with the Ziegler Group's technical input; and (ii) in view of no dominant player leading the national market in the production and sale of fire engines (as contrast to regional market) in the PRC, the CFSE 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. CFSE views the Acquisition as the commencement of a long-term strategic cooperation between the CFSE Group, CIMC and the Ziegler Group. Save for the Acquisition and the trading transactions, the CFSE Group does not have any relationship with CIMC and the Ziegler Group. In the future, the CFSE 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 CFSE and its 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 date of this joint announcement, CFSE has no plan to acquire further interests in Ziegler.

The Loyal Asset Disposal

As disclosed in the annual report of CFSE for the year ended 31 December 2013, the installation of fire prevention and fighting systems segment recorded turnover of approximately RMB471.9 million and loss of approximately RMB15.4 million for the year ended 31 December 2012, and turnover of approximately RMB421.8 million and loss of approximately RMB121.3 million for the year ended 31 December 2013. The reduction in revenue in 2013 was due to (i) CFSE's plan to withdraw gradually from the Fujian market; and (ii) CFSE became more skeptical in securing new projects. As a result of the aggressive measures previously adopted (included advancing labour and material costs on behalf of the developers) in attempting to secure more possible contracts, the CFSE Group had experienced long outstanding accounts receivables resulting from the over-aggressive take-ups of projects in previous years, which has adversely affected CFSE's financial results. In light of this, CFSE has modified its strategies to take up less new projects and tightened the policy of advancing costs on behalf of developers when competing for new contracts. The significant loss in 2013 was mainly attributable to the allowances for bad and doubtful debts and impairment on the goodwill associated with Wanyou Fire, as a result of the aging of trade receivables.

The CFSE Directors are not optimistic about the prospects of the installation business taking into account the following factors: (i) there are many installation service providers in the market but the real estate market in the PRC has been adversely affected by the credit tightening policy and other macro-economic control measures, resulting in a reduction in the number of new projects and the shrunk market for installation business; (ii) it is difficult to recover the long outstanding accounts receivables because the property developers are facing credit and funding issues; and (iii) there is no improvement in recoverability of accounts receivables in 2014. The net assets of the Loyal Asset Disposal Group as at 31 December 2013 comprised total assets and total liabilities of approximately RMB834 million and RMB301 million respectively. The total assets of the Loyal Asset Disposal Group included trade receivables in gross amount of approximately RMB457 million in which nearly 80% has been overdue for more than one year. The CFSE Group has made allowances for doubtful debts of approximately RMB241 million and among which only a few were recovered in 2014. There were also contract sum to-be-billed amounted to RMB547 million for which installation works have been partially or fully completed but bills have not been issued pending inspection and verification by customers. Based on the experience in the past few years, the CFSE Board considers that recoverability of contract sum to-be-billed is also highly uncertain taking into account the effect of credit tightening policy and other control measures, as some of the land developers may raise many unreasonable issues (such as dissatisfaction with quality, etc) during the verification process trying to delay the billing process and avoid payment.

Having considered that the LA Purchaser undertakes to indemnify Wang Sang and CFSE from disputes, liabilities, losses, etc. arising from the installation business and all losses, liabilities, compensations, penalties, fees and taxes from such disputes, liabilities and losses, etc., the CFSE Directors are of the view that the Loyal Asset Disposal is a corporate recovery action so as to release the CFSE Group from the burden of the installation business. The CFSE Directors also consider that the Loyal Asset Disposal enables the CFSE Group to remove the risks of non-recovery of the receivables relating to Wanyou Fire and focus its resources on the strategic alliance with the Ziegler Group and other core businesses. Since the CFSE Group commenced its fire engines business in 2005, it has been developing and growing steadily. In spite of this, encumbered with the underperformed installation business, the CFSE Group has been suffering losses for consecutive years. The CFSE Board believes that cooperation with Ziegler and CIMC opens up an opportunity to CFSE Group and such cooperation not only represents a turnaround opportunity but also allows CFSE Group to participate in and ultimately compete in the world market. The disposal of the installation business, as a precondition for the cooperation with Ziegler and CIMC, enables the CFSE Group to embark on a clear start of its business development. The CFSE Board considers that the long-term benefit and returns to be derived from the Acquisition justify the one-time loss arising from the Loyal Asset Disposal. Upon Loyal Asset Disposal Completion, the CFSE Group will cease to hold any equity interest in Loyal Asset and Loyal Asset will cease to be a subsidiary of CFSE, such that the CFSE Group will no longer hold any interest in or be involved in the installation business.

As the consideration for the Loyal Asset Disposal of HK\$62,500,000 represents a discount of HK\$603,729,000 to the net book value of the Loyal Asset Disposal Group of RMB532,983,000 (equivalent to approximately HK\$666,229,000) as at 31 December 2013 (being the sum of audited net assets as at 31 December 2013 of (i) Loyal Asset in the amount of RMB3,048,000; (ii) Fuzhou Wanyou in the amount of RMB963,000; (iii) Wanyou Fire in the amount of RMB517,098,000; and (iv) Chuanxiao Fire in the amount of RMB11,874,000), the CFSE Group expects to recognise a loss of approximately HK\$537,454,000 from the Loyal Asset Disposal, after taken into account the release of exchange reserves and statutory reserves of RMB53,020,000 (equivalent to approximately HK\$66,275,000). Shareholders and investors of CFSE should note that the actual gain or loss on the Loyal Asset Disposal is dependent upon the net carrying value of the Loyal Asset Disposal Group in the consolidated financial statements of the CFSE Group as at the date of Loyal Asset Disposal Completion and may be different from the amount calculated above.

The proceeds from the Loyal Asset Disposal, net of expenses directly attributable thereto, are estimated to be approximately HK\$62.5 million and are intended to be used as general working capital of the CFSE Group.

Based on the above, the CFSE Directors consider that the Acquisition and the Loyal Asset Disposal are consistent with and beneficial to the development strategy of the CFSE Group to focus on the core businesses of production and sale of fire engines given the similarity of the Ziegler Group's business with that of the production and sale of fire engine segment of the CFSE Group. Leveraging on the reputation and strength of the Ziegler Group and CIMC, the CFSE Group is looking forward to a breakthrough in different aspects including technical advancement, sales and marketing, financial attributes and geographical coverage. The CFSE Directors consider that the terms of the Acquisition Agreement and the Loyal Asset Disposal Agreement are fair and reasonable and in the interests of CFSE and the CFSE Shareholders as a whole.

(H) REASONS FOR AND BENEFITS OF THE ACQUISITION FROM CIMC'S PERSPECTIVE

CFSE is a listed company with strong reputation and solid customer base in the production and sales of fire engine segment. Upon Acquisition Completion, the CIMC Group will acquire a controlling stake in CFSE whilst maintaining its controlling stake in the Ziegler Group. CIMC is of the view that the Acquisition is an important strategic step for the CIMC Group to increase its global market coverage in fire prevention and firefighting market and to lay the foundation for consolidating its firefighting related business worldwide. CIMC also believes that the Acquisition would allow the CIMC Group to have potential synergies through the cooperation between the Ziegler Group and the CFSE Group, which will gradually lower the costs and improve the product mix of the combined business. In view of the above, CIMC is of the view that the Acquisition is in the interests of CIMC and its shareholders as a whole.

(I) INFORMATION ON THE PARTIES TO THE ACQUISITION AGREEMENT AND THE LOYAL ASSET DISPOSAL AGREEMENT

CIMC (HK) and the Vendor

Both CIMC (HK) and the Vendor are wholly-owned subsidiaries of CIMC, whose H shares are listed on the Main Board of the Stock Exchange and A shares are listed on the Shenzhen Stock Exchange. CIMC is principally engaged in container manufacturing and service business, road transportation vehicle business, energy, chemical and food equipment business, offshore engineering business, airport facilities equipment business and logistics services business. CIMC (HK) is principally engaged in investment holding. The Vendor is also principally engaged in investment holding.

CFSE and the Purchaser

The Purchaser is an indirect wholly-owned subsidiary of CFSE and is principally engaged in investment holding. The CFSE 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.

LA Purchaser

The LA Purchaser is a company incorporated in the PRC with limited liability. It has a registered capital of RMB100 million and is principally engaged in land and real estate development in the PRC. In addition, it has invested and involved in other industries such as information technologies, medical, financing, leisure and entertainment and tourism. As at the date of this joint announcement and during the six months period immediately prior to the date of this joint announcement, the LA Purchaser and its beneficial owner(s) did not hold any CFSE Shares.

The Purchaser, CFSE and their substantial shareholder(s) and respective associates, and the LA Purchaser and its ultimate beneficial owner(s) are third parties independent of CIMC and its connected persons.

The Vendor, CIMC (HK) and CIMC and their respective associates, and the LA Purchaser and its ultimate beneficial owner(s) are third parties independent of CFSE and its connected persons.

(J) DEALINGS AND INTEREST OF THE VENDOR IN THE SECURITIES OF CFSE

As at the date of this joint announcement, save for the Acquisition, (i) the Vendor and parties acting in concert with it does not hold, control or have direction over any outstanding options, warrants, or any securities that are convertible into CFSE Shares or any derivatives in respect of securities in CFSE, or hold any relevant securities (as defined in the Takeovers Code) in CFSE; (ii) there is no 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 relevant securities (as defined in the Takeovers Code) of CFSE or the Vendor, which might be material to the Acquisition and/or the Whitewash Waiver; (iii) there is no agreement or arrangement to which the Vendor or any parties acting in concert with it is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Acquisition and/or the Whitewash Waiver; (iv) neither the Vendor nor parties acting in concert with it has received any irrevocable commitment to vote for or against the Acquisition or the Whitewash Waiver; and (v) neither the Vendor nor parties acting in concert with it has borrowed or lent any relevant securities (as defined in the Takeovers Code) of CFSE. None of the Vendor, its associates and parties acting in concert with any of them has dealt for value in any CFSE Shares, convertible securities, warrants, options or derivatives of CFSE during the six months period immediately prior to the date of this joint announcement.

(K) REGULATORY IMPLICATIONS

Listing Rules and Takeovers Code implications for CIMC

As all the relevant applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Acquisition Agreement and the transaction thereunder are less than 5%, the Acquisition Agreement and the transaction thereunder will not trigger the discloseable transaction requirement for CIMC under Chapter 14 of the Listing Rules.

As at the date of this joint announcement, each of CIMC, the Vendor and parties acting in concert with any of them does not hold any CFSE Shares. Immediately after Acquisition Completion, the Vendor and parties acting in concert with it will be interested in 1,223,571,430 CFSE Shares, representing approximately 30.00% of the issued share capital of CFSE as enlarged by the allotment and issuance of the Consideration Shares (assuming that there is no change in the issued share capital of CFSE other than the issue of the Consideration Shares since the date of this joint announcement 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 CFSE Shareholders for all the issued CFSE Shares and other securities of CFSE 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 will make 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 CFSE Independent Shareholders at the CFSE Second 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.

Listing Rules implications for CFSE

Each of the Acquisition and the Loyal Asset Disposal constitutes a major transaction for CFSE under Chapter 14 of the Listing Rules. As at the date of the Acquisition Agreement, Ziegler was wholly-owned by the Vendor. As the Vendor will become a controlling shareholder of CFSE upon Acquisition Completion, the Acquisition also constitutes a connected transaction for CFSE under Rule 14A.28(1) of the Listing Rules and is subject to the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

(L) GENERAL

The CFSE Independent Board Committee comprising Dr. Loke Yu, Mr. Heng Ja Wei and Ms. Sun Guo Li, being all the independent non-executive directors of CFSE, has been established to give a recommendation to the CFSE Independent Shareholders in respect of the Acquisition and the Whitewash Waiver. Platinum Securities has been appointed with the approval of the CFSE Independent Board Committee to advise the CFSE Independent Board Committee and the CFSE Independent Shareholders in this regard.

The voting in respect of the Acquisition, the Whitewash Waiver and the Loyal Asset Disposal at the CFSE EGM will be conducted by way of a poll. The Vendor, Mr. Jiang, Mr. Jiang Qing, their respective associates and parties acting in concert with any of them and those who are involved in or interested in the Acquisition and the Whitewash Waiver shall abstain from voting on the resolutions approving the Acquisition and the Whitewash Waiver at the CFSE Second EGM. Since Acquisition Completion is conditional on, among other things, Loyal Asset Disposal Completion, the Vendor, Mr. Jiang, Mr. Jiang Qing, their respective associates and parties acting in concert with any of them and those who are involved in or interested in the Loyal Asset Disposal will also abstain from voting on the resolution approving the Loyal Asset Disposal at the CFSE First EGM. As at the date of this joint announcement, (i) the Vendor and parties acting in concert with it do not hold any CFSE Shares; and (ii) Mr. Jiang and Mr. Jiang Qing are interested in 981,600,000 CFSE Shares and 7,500,000 CFSE Shares, representing approximately 34.38% and 0.26% of the existing issued share capital of CFSE respectively.

Mr. Jiang and Mr. Jiang Qing, both being executive directors of CFSE, have abstained from voting at the CFSE Board meeting which approved the Acquisition Agreement and the Loyal Asset Disposal Agreement.

The CFSE Disposal Circular containing, among other things, details of the Loyal Asset Disposal and the notice of CFSE First EGM will be despatched to the CFSE Shareholders on or before 27 March 2015. Pursuant to Rule 8.2 of the Takeovers Code, the CFSE Acquisition Circular containing, among other things, (i) details of the Acquisition and the Whitewash Waiver; (ii) financial information of the Group and the Ziegler Group; (iii) the recommendation of the CFSE Independent Board Committee to the CFSE Independent Shareholders in relation to the Acquisition and the Whitewash Waiver; (iv) the letter of advice from the Independent Financial Adviser to the CFSE Independent Board Committee and the CFSE Independent Shareholders in the same regard; and (v) the notice of CFSE Second EGM shall be despatched to the CFSE Shareholders within 21 days after the date of this joint announcement (i.e. 20 March 2015). As additional time is required for the preparation of the financial information of the Group and the Ziegler Group for inclusion in the CFSE Acquisition Circular, CFSE will apply for a waiver from the strict compliance with Rule 8.2 of the Takeovers Code and to postpone the date of despatch of the CFSE Acquisition Circular from 20 March 2015 to a date on or before 30 April 2015.

Warning: The CIMC Board and CFSE Board wish to emphasize that the Acquisition and the Loyal Asset Disposal are subject to the fulfillment of a number of conditions precedent set out in this joint announcement, including but not limited to approval by the CFSE Independent Shareholders at the CFSE EGM of the Acquisition, the Whitewash Waiver and the Loyal Asset Disposal, and the granting of the Whitewash Waiver by the Executive. As such, the Acquisition and the Loyal Asset Disposal may or may not proceed.

Shareholders and investors of both CIMC and CFSE are advised to exercise caution when dealing in the shares of CIMC and the CFSE Shares, and are recommended to consult their professional advisers if they are in any doubt about their position and as to the actions that they should take.

This joint announcement is available for reviewing on the website of CIMC at <http://www.cimc.com>, the website of CFSE at <http://www.chinafire.com.cn> and the website of the Stock Exchange at <http://www.hkexnews.hk>.

(M) DEFINITIONS

“2013 Acquisition”	has the meaning ascribed to it in the section headed “(E) Information on the Ziegler Group” of this joint announcement
“Acquired Entity Assets”	has the meaning ascribed to it in the section headed “(E) Information on the Ziegler Group” of this joint announcement
“Acquisition”	the proposed acquisition of the Ziegler Sale Shares and the Ziegler Sale Loan by the Purchaser from the Vendor pursuant to the terms and conditions of the Acquisition Agreement
“Acquisition Agreement”	the sale and purchase agreement dated 27 February 2015 and entered into among the Vendor, the Purchaser, CFSE and CIMC (HK) in respect of the Acquisition
“Acquisition Completion”	completion of the Acquisition
“Acquisition Consideration”	HK\$489,428,572, being the consideration for the Acquisition
“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“associates”	has the meaning ascribed to it under the Listing Rules
“Business Day”	a day (other than a Saturday, Sunday and public holiday) on which licensed banks in Hong Kong are open for general business during their normal business hours

“BVI”	the British Virgin Islands
“CFSE”	China Fire Safety Enterprise Group Limited, a company incorporated in the Cayman Islands and the issued shares of which are listed on the Main Board of the Stock Exchange
“CFSE Acquisition Circular”	the circular to be despatched to the CFSE Shareholders containing, among other things, (i) details of the Acquisition and the Whitewash Waiver; (ii) financial information of the Ziegler Group; (iii) the recommendation of the CFSE Independent Board Committee to the CFSE Independent Shareholders in relation to the Acquisition and the Whitewash Waiver; (iv) the letter of advice from the Independent Financial Adviser to the CFSE Independent Board Committee and the CFSE Independent Shareholders in the same regard; and (v) the notice of CFSE Second EGM
“CFSE Articles”	has the meaning ascribed to it in the section headed “(B) The Acquisition” of this joint announcement
“CFSE Board”	the board of CFSE Directors
“CFSE Director(s)”	the director(s) of CFSE
“CFSE Disposal Circular”	the circular to be despatched to the CFSE Shareholders containing, among other things, details of the Loyal Asset Disposal and the notice of CFSE First EGM
“CFSE EGM”	collectively, the CFSE First EGM and the CFSE Second EGM
“CFSE First EGM”	the extraordinary general meeting of CFSE to be held to consider and approve, among other things, the Loyal Asset Disposal
“CFSE Group”	CFSE and its subsidiaries
“CFSE Independent Board Committee”	the independent committee of the CFSE Board, comprising all the independent non-executive directors, namely Dr. Loke Yu, Mr. Heng Ja Wei and Ms. Sun Guo Li, established to give a recommendation to the CFSE Independent Shareholders in respect of the Acquisition and the Whitewash Waiver

“CFSE Independent Shareholders”	CFSE Shareholders other than (i) the Vendor, Mr. Jiang, Mr. Jiang Qing, their respective associates and parties acting in concert with any of them; and (ii) other CFSE Shareholders who are interested or involved in the Acquisition or the Whitewash Waiver
“CFSE Second EGM”	the extraordinary general meeting of CFSE to be held to consider and approve, among other things, the Acquisition and the Whitewash Waiver
“CFSE Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of CFSE
“CFSE Shareholder(s)”	holder(s) of the CFSE Share(s)
“Chuanxiao Fire”	Chuanxiao Fire Engineering Company Limited, a limited liability enterprise established in the PRC and an indirect wholly-owned subsidiary of CFSE
“CIMC”	China International Marine Containers (Group) Co., Ltd., a joint stock limited company incorporated in the PRC in January 1980 under the PRC Company Law, the H shares of which are listed on the Stock Exchange and the A shares of which are listed on the Shenzhen Stock Exchange
“CIMC Board”	the board of directors of CIMC
“CIMC Group”	CIMC and its subsidiaries
“CIMC (HK)”	China International Marine Containers (Hong Kong) Ltd., a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of CIMC
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration Shares”	the new CFSE Shares to be allotted and issued by CFSE to the Vendor as payment of the Acquisition Consideration
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Entity”	has the meaning ascribed to it in the section headed “(E) Information on the Ziegler Group” of this joint announcement

“Executive”	the Executive Director of the Corporate Finance Division of the SFC from time to time and any delegate of such Executive Director
“Fuzhou Wanyou”	Fuzhou Wanyou Fire Fighting Science and Technology Co., Ltd, a wholly foreign-owned enterprise established in the PRC and an indirect wholly-owned subsidiary of CFSE
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Financial Adviser” or “Platinum Securities”	Platinum Securities Company Limited, a licensed corporation under the SFO licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, the independent financial adviser appointed by CFSE to advise the CFSE Independent Board Committee and the CFSE Independent Shareholders on the Acquisition involving the issue of Consideration Shares and the Whitewash Waiver
“Issue Price”	the issue price of HK\$0.4 per Consideration Share
“LA Purchaser”	Jixiang (Fujian) Investment Group Limited, a company incorporated in the PRC with limited liability
“Last Trading Day”	27 February 2015, being the last trading day of the CFSE Shares before the release of this joint announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loyal Asset”	Loyal Asset Investments Holdings Limited, a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of CFSE
“Loyal Asset Disposal”	the proposed disposal of the Loyal Asset Sale Shares by Wang Sing to the LA Purchaser pursuant to the Loyal Asset Disposal Agreement
“Loyal Asset Disposal Agreement”	the sale and purchase agreement dated 27 February 2015 and entered into among Wang Sing and the LA Purchaser in respect of the Loyal Asset Disposal

“Loyal Asset Disposal Completion”	completion of the Loyal Asset Disposal
“Loyal Asset Disposal Group”	Loyal Asset, Fuzhou Wanyou, Wanyou Fire and Chuanxiao Fire
“Loyal Asset Sale Shares”	such number of issued shares in Loyal Asset representing the entire equity interest in Loyal Asset as at the date of Loyal Asset Disposal Completion
“Mr. Jiang”	Mr. Jiang Xiong, an executive director, the Chairman, and the existing controlling shareholder of CFSE
“PRC”	the People’s Republic of China which, for the purpose of this joint announcement, excludes Hong Kong, Macau Special Administrative Region and Taiwan
“Purchaser”	Profit Asia International Trading Limited, a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of CFSE
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Wang Sing”	Wang Sing Technology Limited, a company incorporated in the BVI with limited liability, which is a direct wholly-owned subsidiary of CFSE
“Wanyou Fire”	Wanyou Fire Engineering Group Company Limited, a limited liability enterprise established in the PRC and an indirect wholly-owned subsidiary of CFSE
“Whitewash Waiver”	the whitewash waiver as may be granted by the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code in respect of any obligation of the Vendor to make a general offer for all the issued CFSE Shares not already owned (or agreed to be acquired) by the Vendor and parties acting in concert with it which might otherwise arise as a result of the Acquisition

“Vendor”	CIMC Top Gear B.V., a company incorporated in the Netherlands with limited liability and an indirect wholly-owned subsidiary of CIMC
“Ziegler”	Albert Ziegler GmbH, a limited liability company incorporated in Germany
“Ziegler Group”	Ziegler and its subsidiaries
“Ziegler Sale Loan”	40% of all the amounts owed by Ziegler to the Vendor as at the date of Acquisition Completion
“Ziegler Sale Shares”	such number of issued shares in Ziegler representing 40% equity interest in Ziegler as at the date of Acquisition Completion
“EUR”	Euro, the lawful currency of the European Zone
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

In this joint announcement, amounts in EUR are translated into HK\$ on the basis of EUR1 = HK\$8.80 and RMB are translated into HK\$ on the basis of RMB1 = HK\$1.25. The conversion rates are for illustration purpose only and should not be taken as a representation that EUR and RMB could actually be converted into HK\$ at the respective rates or at all.

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

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

Hong Kong, 27 February 2015

As at the date of this joint announcement, the board of directors of CIMC comprises Mr. LI Jianhong, Mr. ZHANG Liang, Mr. WANG Hong and Mr. WU Shuxiong as non-executive directors; Mr. MAI Boliang as executive director; and Mr. LI Kejun, Mr. PAN Chengwei and Mr. WONG Kwai Huen, Albert as independent non-executive directors.

As at the date of this joint announcement, the executive directors of CFSE are Mr. Jiang Xiong, Mr. Jiang Qing, Mr. Wang De Feng, Ms. Weng Xiu Xia and Mr. Hu Yong; and the independent non-executive directors of CFSE are Dr. Loke Yu, Mr. Heng Ja Wei and Ms. Sun Guo Li.

The directors of CIMC jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement 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 this joint announcement (other than those expressed by the directors of CFSE) 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 CFSE Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than those 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 this joint announcement (other than those expressed by the directors of CIMC) 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.