
THIS COMPOSITE DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the Offer, this Composite Document and/or the accompanying Form of Acceptance or as to the action to be taken, you should consult your licensed securities dealer, or registered institutions in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China ZhengTong Auto Services Holdings Limited, you should at once hand this Composite Document and the accompanying Form of Acceptance to the purchaser or the transferee or to the bank, licensed securities dealer, or registered institutions in securities, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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

This Composite Document should be read in conjunction with the accompanying Form of Acceptance, the contents of which form part of the terms and conditions of the Offer.



Xinda Motors Co., Limited
信達汽車(香港)有限公司

(Incorporated in Hong Kong with limited liability)

China ZhengTong Auto Services Holdings Limited
中國正通汽車服務控股有限公司

(Incorporated under the laws of the Cayman Islands with limited liability)

(STOCK CODE: 1728)

COMPOSITE DOCUMENT RELATING TO UNCONDITIONAL MANDATORY CASH OFFER BY CLSA LIMITED FOR AND ON BEHALF OF XINDA MOTORS CO., LIMITED TO ACQUIRE ALL THE ISSUED SHARES OF CHINA ZHENG TONG AUTO SERVICES HOLDINGS LIMITED (OTHER THAN THOSE SHARES ALREADY OWNED OR AGREED TO BE ACQUIRED BY XINDA MOTORS CO., LIMITED AND/OR PARTIES ACTING IN CONCERT WITH IT)

Financial Adviser to the Offeror



Financial Adviser to the Company



Independent Financial Adviser to Independent Board Committee



Capitalised terms used in this cover page shall have the same meanings as those defined in this Composite Document.

A letter from CLSA Limited containing, among other things, the details of the terms and conditions of the Offer, is set out on pages 6 to 12 of this Composite Document. A letter from the Board is set out on pages 13 to 18 of this Composite Document. A letter from the Independent Board Committee containing its recommendation in respect of the Offer to the Independent Shareholders is set out on pages 19 to 21 of this Composite Document. A letter from Gram Capital, containing its advice to the Independent Board Committee in respect of the Offer is set out on pages 22 to 39 of this Composite Document.

The procedures for acceptance and settlement of the Offer are set out on pages I-1 to I-4 in Appendix I to this Composite Document and in the accompanying Form of Acceptance. Acceptances of the Offer must be received by the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by no later than 4:00 p.m. on Monday, 30 June 2025, or such later time and/or date as the Offeror may determine and announce with the consent of the Executive and in accordance with the Takeovers Code.

Any persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or the accompanying Form of Acceptance to any jurisdiction outside Hong Kong should read the section headed "Overseas Shareholders" in the "Letter from CLSA Limited" and Appendix I to this Composite Document before taking any action. It is the responsibility of the Overseas Shareholders wishing to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer, including the obtaining of any governmental, exchange control or other consent and any registration or filing which may be required or the compliance with other necessary formalities, regulatory and/or legal requirement and the payment of any transfer or other taxes due in respect of such jurisdictions. Overseas Shareholders are recommended to seek professional advice on deciding whether to accept the Offer.

9 June 2025

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EXPECTED TIMETABLE

The expected timetable set out below is indicative only and is subject to change. Any changes to the timetable will be jointly announced by the Offeror and the Company.

2025

Despatch date of this Composite Document and the Form of Acceptance and commencement date of the Offer (<i>Note 1</i>)	Monday, 9 June
Offer open for acceptance (<i>Notes 1 and 4</i>)	Monday, 9 June
Latest time and date for acceptance of the Offer (<i>Notes 3 and 4</i>)	4:00 p.m. on Monday, 30 June
Closing Date (<i>Notes 3 and 4</i>)	Monday, 30 June
Announcement of the results of the Offer (or their extension or revision, if any) to be posted on the website of the Stock Exchange (<i>Note 3</i>)	no later than 7:00 p.m. on Monday, 30 June
Latest date for posting of remittances in respect of valid acceptances received under the Offer (<i>Note 5</i>)	Thursday, 10 July

Notes:

1. The Offer, which is unconditional in all respects, is made on the date of posting of this Composite Document, and is capable of acceptance on and from Monday, 9 June 2025, being the date of posting of this Composite Document, until 4:00 p.m. on the Closing Date, unless the Offeror decides to revise or extend the Offer in accordance with the Takeovers Code.
2. Beneficial owners of Share(s) who hold their Share(s) in CCASS directly as an investor participant or indirectly via a broker or custodian participant should note the timing requirements (set out in Appendix to this Composite Document) for causing instructions to be made to CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures.
3. In accordance with the Takeovers Code, the Offer must initially be open for acceptance for at least 21 days after the date of this Composite Document. The latest time and date for acceptance will be 4:00 p.m. on Monday, 30 June 2025 unless the Offeror revises or extends the Offer in accordance with the Takeovers Code. The Offeror and the Company will jointly issue an announcement through the website of the Stock Exchange no later than 7:00 p.m. on Monday, 30 June 2025 stating the results of the Offer and whether the Offer has been extended, revised or has expired. In the event that the Offeror decides to extend the Offer, an announcement of such extension will be published which will state either the next closing date of the Offer or that the Offer will remain open until further notice. In the latter case, at least 14 days' notice by way of an announcement will be given before the Offer is closed to those Independent Shareholders who have not accepted the Offer.
4. Acceptance of the Offer shall be irrevocable and is not capable of being withdrawn, except in the circumstances as set out in the section headed "6. RIGHT OF WITHDRAWAL" in Appendix I to this Composite Document.

EXPECTED TIMETABLE

5. Payment in cash in respect of the acceptances of the Offer (after deducting the accepting Independent Shareholders' share of stamp duty) will be despatched to the accepting Independent Shareholders at his/her/its own risk as soon as possible but in any event, no later than seven (7) Business Days after the date on which the duly completed Form of Acceptance and the relevant documents of title of the Shares in respect of such acceptance are received by the Registrar to render each such acceptance of the Offer complete and valid pursuant to Rule 20.1 and Note 1 to Rule 30.2 of the Takeovers Code.
6. If any severe weather condition is in force in Hong Kong:
 - (a) at any local time before 12:00 noon but no longer in force after 12:00 noon on the latest date for acceptance of the Offer and the latest date for despatch of remittances for the amounts due under the Offer in respect of valid acceptances, the latest time for acceptance of the Offer will remain at 4:00 p.m. on the same Business Day and the latest date for despatch of remittances will remain on the same Business Day; or
 - (b) at any local time at or after 12:00 noon on the latest date for acceptance of the Offer and the latest date for despatch of remittances for the amounts due under the Offer in respect of valid acceptances, the latest time for acceptance of the Offer will be rescheduled to 4:00 p.m. on the next Business Day and the latest date for despatch of remittances will be rescheduled to the next Business Day which does not have any of those warnings in force at 12:00 noon and/or thereafter (or another Business Day thereafter that does not have any severe weather condition at 12:00 noon or thereafter).

For the purpose of this Composite Document, "severe weather" refers to the scenario where Typhoon Signal No. 8 or above, a Black Rainstorm Warning (as issued by the Hong Kong Observatory), or the "Extreme Conditions" warning (as announced by the Hong Kong government) is in force in Hong Kong.

All references to date and time contained in this Composite Document and the Form of Acceptance refer to Hong Kong dates and time.

DEFINITIONS

In this Composite Document, unless the context otherwise requires, the following terms or expressions shall have the meanings set out below:

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“associate(s)”	has the meaning ascribed to it under the Takeovers Code
“Board”	the board of Directors
“Business Day”	means a day on which the Stock Exchange is open for the transaction of business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Circular”	the shareholders’ circular dated 31 March 2025 issued by the Company in relation to the Connected Subscription and Whitewash Waiver together with the notice of EGM
“CITICS HK”	CITIC Securities (Hong Kong) Limited, the financial adviser to the Offeror and a corporation licensed to carry out Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being an indirectly wholly-owned subsidiary of CITIC Securities Company Limited, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 6030)
“Closing Date”	Monday, 30 June 2025, being the closing date of the Offer, which is 21 days after the date of this Composite Document, or if the Offer is extended, any subsequent closing date of the Offer as may be determined by the Offeror and jointly announced by the Offeror and the Company with the approval of the Executive in accordance with the Takeovers Code
“CLSA Limited”	CLSA Limited, the agent of the Offeror in relation to the Offer and a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 7 (providing automated trading services) regulated activities under the SFO, being an indirectly wholly-owned subsidiary of CITIC Securities Company Limited, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 6030)
“Company”	China ZhengTong Auto Services Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1728)

DEFINITIONS

“Composite Document”	this composite offer and response document issued jointly by the Offeror and the Company to all the Independent Shareholders in accordance with the Takeovers Code containing, amongs other things, the detailed terms of the Offer
“connected person”	has the meaning ascribed to it under the Listing Rules
“Connected Subscription”	the subscription of 6,669,060,524 Subscription Shares by the Offeror pursuant to the Subscription Agreement
“Connected Subscription Completion”	the completion of the Connected Subscription pursuant to the Subscription Agreement
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company held on 23 April 2025 at 11:00 a.m. which approved the Connected Subscription but did not approve the Whitewash Waiver
“Encumbrances”	a mortgage, charge, pledge, lien, option, restriction, right of first refusal, right of pre-emption, third-party right or interest, other encumbrance or security interest of any kind, or another type of preferential arrangement (including, without limitation, a title transfer or retention arrangement) having similar effect
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of its delegates
“Form of Acceptance”	the form of acceptance and transfer of the Shares in respect of the Offer accompanying this Composite Document
“Group”	the Company and its subsidiaries
“HK\$” or “HK dollars”	Hong Kong Dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Sindanol”	Hong Kong Sindanol Limited, a company incorporated in Hong Kong with limited liability

DEFINITIONS

“Huatai”	Huatai Financial Holdings (Hong Kong) Limited, the financial adviser to the Company and a licensed corporation permitted to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 3 (leveraged foreign exchange trading), Type 4 (advising on securities), Type 6 (advising on corporate finance), Type 7 (providing automated trading services) and Type 9 (asset management) regulated activities under the SFO
“Independent Board Committee”	the independent committee of the Board, comprising Dr. TSUI Wai Ling Carlye, Mr. SHEN Jinjun and Ms. YU Jianrong, the independent non-executive Directors, which has been established to advise the Independent Shareholders in respect of the Offer and as to the acceptance of the Offer
“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed with the approval of the Independent Board Committee to advise the Independent Board Committee in respect of the Offer and as to the acceptance of the Offer
“Independent Shareholders”	Shareholders other than the Offeror and any parties acting in concert with it, including but not limited to ITG Holding and Hong Kong Sindanol
“ITG Holding”	Xiamen ITG Holding Group Co., Ltd.* (廈門國貿控股集團有限公司), a company incorporated in the PRC with limited liability and a controlling shareholder of the Company
“Joint Announcement dated 26 January 2025”	the joint announcement of the Company and the Offeror dated 26 January 2025 in relation to, among other matters, the Connected Subscription the Whitewash Waiver and the possible Offer
“Joint Announcement dated 28 May 2025”	the joint announcement of the Company and the Offeror dated 28 May 2025 in relation to, among other matters, waiver of the condition precedent relating to the Whitewash Waiver for the Connected Subscription and the possible Offer
“Joint Announcement dated 2 June 2025”	the joint announcement of the Company and the Offeror dated 2 June 2025 in relation to, among other matters, the Connected Subscription Completion
“Last Trading Day”	24 January 2025, being the last trading day immediately prior to the issue of the Joint Announcement dated 26 January 2025

DEFINITIONS

“Latest Practicable Date”	6 June 2025, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Offer”	the unconditional mandatory cash offer being made by CLSA Limited on behalf of the Offeror to acquire all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and/or parties acting in concert with it)
“Offer Period”	the period commencing from 26 January 2025, being the date of the Joint Announcement dated 26 January 2025 and ending on the date of the close of the Offer
“Offer Price”	the price at which the Offer is made, being HK\$0.15 per Offer Share
“Offer Share(s)”	all of the Share(s) in issue, other than those already owned or agreed to be acquired by the Offeror and/or parties acting in concert with it
“Offeror”	Xinda Motors Co., Limited (信達汽車(香港)有限公司), a company incorporated in Hong Kong with limited liability
“Overseas Shareholder(s)”	Shareholder(s) whose addresses, as shown on the register of members of the Company, are outside Hong Kong
“PRC”	the People’s Republic of China, which for the purpose of this Composite Document, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Registrar”	Computershare Hong Kong Investor Services Limited, the Company’s branch share registrar and transfer office in Hong Kong, with its address at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong
“Relevant Period”	the period commencing from 26 July 2024, being the date falling six months prior to 26 January 2025, i.e. the date of the Joint Announcement dated 26 January 2025, and up to and including the Latest Practicable Date
“RMB”	Renminbi, the lawful currency of the PRC
“SFC”	the Securities and Futures Commission of Hong Kong

DEFINITIONS

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended and modified from time to time
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreement”	the subscription agreement dated 25 January 2025 entered into between the Company and the Offeror in relation to the Connected Subscription
“Subscription Price”	the subscription price of HK\$0.15 per Subscription Share
“Subscription Shares”	6,669,060,524 Shares issued by the Company to the Offeror pursuant to the Connected Subscription
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“voting right(s)”	has the meaning ascribed to it under the Takeovers Code
“Whitewash Waiver”	the whitewash waiver from the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code in respect of any obligation of the Offeror to make a mandatory general offer for all the issued Shares and other securities of the Company (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) which might otherwise arise as a result of the Connected Subscription Completion
“Xiamen Xindeco”	Xiamen Xindeco Ltd.* (廈門信達股份有限公司), a company incorporated in the PRC with limited liability, the shares of which are listed on the Shenzhen Stock Exchange (stock code: 000701.SZ)
“%”	per cent.

* *For identification purpose only*



9 June 2025

To the Independent Shareholders,

Dear Sir/Madam,

**UNCONDITIONAL MANDATORY CASH OFFER BY CLSA LIMITED
FOR AND ON BEHALF OF XINDA MOTORS CO., LIMITED
TO ACQUIRE ALL THE ISSUED SHARES OF
CHINA ZHENGTONG AUTO SERVICES HOLDINGS LIMITED
(OTHER THAN THOSE SHARES ALREADY OWNED OR AGREED
TO BE ACQUIRED BY XINDA MOTORS CO., LIMITED AND/OR
PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

On 28 May 2025, the Company and the Offeror jointly announced in the Joint Announcement dated 28 May 2025 the waiver of the condition precedent relating to the Whitewash Waiver under the Subscription Agreement. On 2 June 2025, the Company and the Offeror jointly announced in the Joint Announcement dated 2 June 2025 that the Connected Subscription Completion has taken place on 2 June 2025. Pursuant to the Connected Subscription, the Company allotted and issued, and the Offeror subscribed for, 6,669,060,524 Subscription Shares at the Subscription Price of HK\$0.15 per Subscription Share for a total consideration of HK\$1,000,359,078.60 in cash. The Subscription Shares represent approximately 66.58% of the Shares in issue as at the Latest Practicable Date. For details of the Connected Subscription, including the reasons for and benefits of it to the Company, please refer to the Circular.

Immediately prior to the Connected Subscription Completion, the Offeror and parties acting in concert with it held 842,977,684 Shares, representing approximately 25.19% of the Shares in issue of the Company. Upon the Connected Subscription Completion, the shareholding of the Offeror and the parties acting in concert with it increased to approximately, and not more than, 75.00% of the Shares in issue of the Company (as enlarged by the allotment and issue of the Subscription Shares).

Accordingly, and given the fact that the Whitewash Waiver was not approved at the EGM, upon the Connected Subscription Completion, the Offeror is required to make a mandatory general offer for all the Offer Shares. As at the Latest Practicable Date, the Offeror and parties acting in concert with it were interested in 7,512,038,208 Shares, representing approximately, and not more than, 75.00% of the voting rights of the Company as at the Latest Practicable Date.

LETTER FROM CLSA LIMITED

This letter forms part of this Composite Document and sets out, among other things, the principal terms of the Offer, the information on the Offeror and its intentions in relation to the Company. Further details of the terms of the Offer and the procedures of acceptance of the Offer are set out in Appendix I to this Composite Document and in the accompanying Form of Acceptance.

THE OFFER

CLSA Limited, for and on behalf of the Offeror and in compliance with the Takeovers Code, is making the Offer on the following basis:

For each Offer Share HK\$0.15 in cash

The Offer Price of HK\$0.15 per Offer Share is the same as the Subscription Price per Subscription Share paid by the Offeror to the Company under the Connected Subscription.

As at the Latest Practicable Date, the Company had 10,016,050,944 Shares in issue. The Company did not have in issue any other outstanding options, warrants, derivatives or securities convertible or exchangeable into Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the Latest Practicable Date.

The Offer is unconditional in all respects and is not conditional upon acceptances being received in respect of a minimum number of Offer Shares.

Comparison of value

The Offer Price of HK\$0.15 per Offer Share represents:

- (a) a premium of approximately 1.35% over the closing price of HK\$0.1480 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (b) a premium of 25.00% over the closing price of HK\$0.1200 per Share as quoted on the Stock Exchange on the date of the Joint Announcement dated 28 May 2025;
- (c) a premium of approximately 36.36% over the closing price of HK\$0.1100 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (d) a premium of approximately 42.59% over the average closing price of HK\$0.1052 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the Last Trading Day;
- (e) a premium of approximately 83.67% over the average closing price of HK\$0.0817 per Share as quoted on the Stock Exchange for the last thirty consecutive trading days immediately prior to the Last Trading Day;
- (f) a premium of approximately 44.65% over the average closing price of HK\$0.1037 per Share as quoted on the Stock Exchange for the last sixty consecutive trading days immediately prior to the Last Trading Day; and

LETTER FROM CLSA LIMITED

- (g) a discount of approximately 9.42% to the unaudited consolidated net asset value per Share as at 30 June 2024 of approximately RMB0.1540 (equivalent to approximately HK\$0.1656¹) calculated based on the unaudited net asset of the Group attributable to the equity holders as at 30 June 2024 of approximately RMB515,321,000 and 3,346,990,420 Shares in issue as at the Last Trading Day.

As at 31 December 2024, the value of the Group's audited consolidated net liabilities attributable to equity holders of the Company was approximately RMB357,000,000 (equivalent to approximately HK\$384,000,000¹) and based on a total of 3,346,990,420 Shares in issue as at the Last Trading Day, the value of the audited net liabilities per Share was approximately HK\$0.1146.

Note 1: based on an exchange rate of RMB1 = HK\$1.0756 as at the Last Trading Day extracted from Bloomberg

Offer Consideration

Assuming the Offer is accepted in full on the basis that there is no change in the number of issued Shares up to the close of the Offer, a total of 2,504,012,736 issued Shares (excluding the 7,512,038,208 Shares held by the Offeror and its concerted parties) will be subject to the Offer. The maximum cash consideration payable by the Offeror under the Offer would be approximately HK\$375,601,910.40.

Confirmation of Financial Resources

The Offeror intends to finance the Offer by its internal resources. CITICS HK (financial adviser to the Offeror) is satisfied that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Offer.

Effect of accepting the Offer

By validly accepting the Offer, the Independent Shareholders will be selling their tendered Shares to the Offeror free from all Encumbrances and together with all rights attaching to them, including the rights to receive in full all dividends and other distributions, if any, declared, made or paid by reference to a record date on or after the date on which the Offer is made, that is, the date of despatch of this Composite Document. As at the Latest Practicable Date, the Company had not declared any dividends which have not been distributed and the Company has no plan to declare, recommend, or pay any dividends or make any other distributions before the close of the Offer.

Acceptance of the Offer would be irrevocable and would not be capable of being withdrawn, subject to the provisions of the Takeovers Code.

Overseas Shareholders

The Offeror intends to make the Offer available to all the Independent Shareholders, including the Overseas Shareholders. However, the Offer is in respect of securities of a company incorporated in the Cayman Islands and is subject to the procedural and disclosure requirements of Hong Kong which may be different from other jurisdictions.

LETTER FROM CLSA LIMITED

Overseas Shareholders who wish to participate in the Offer but with a registered address outside Hong Kong are subject to, and may be limited by, the laws and regulations of their respective jurisdictions in connection with their participation in the Offer. Overseas Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe relevant applicable legal or regulatory requirements and, where necessary, seek independent legal advice. It is the responsibility of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such accepting Overseas Shareholders in respect of such jurisdictions).

Any acceptance by Independent Shareholders and beneficial owners of the Shares who are citizens, residents or nationals of a jurisdiction outside Hong Kong will be deemed to constitute a representation and warranty from such persons to the Offeror that all relevant and applicable laws and requirements have been complied with. Independent Shareholders should consult their respective professional advisers if in doubt. Independent Shareholders who are in doubt as to the action they should take should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

Hong Kong Stamp Duty

Seller's Hong Kong ad valorem stamp duty on acceptances of the Offer at a rate of 0.10% of the consideration payable in respect of the relevant acceptance by the Independent Shareholders or if higher, the market value of the Shares, will be deducted from the cash amount payable by the Offeror to such Shareholders who accept the Offer (where the stamp duty calculated includes a fraction of HK\$1, the stamp duty would be rounded-up to the nearest HK\$1). The Offeror will arrange for payment of the seller's Hong Kong ad valorem stamp duty on behalf of the relevant Independent Shareholders accepting the Offer and pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

Taxation advice

Independent Shareholders are recommended to consult their own professional advisers as to the taxation implications of accepting or rejecting the Offer. The Offeror accepts no responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

INFORMATION ON THE OFFEROR

The Offeror is a company incorporated in Hong Kong with limited liability, and is principally engaged in investment holding. As at the Latest Practicable Date, the Offeror was indirectly wholly owned by ITG Holding, a controlling shareholder of the Company.

LETTER FROM CLSA LIMITED

ITG Holding is a Fortune Global 500 Company with operations in commodity trading, circulation automobile trading, logistics business, commodity retail business and other businesses. ITG Holding is a state-owned enterprise directly controlled by Xiamen State-owned Assets Supervision and Administration Commission. As at the Latest Practicable Date, ITG Holding's board of directors comprised 9 directors, namely, Mr. ZHENG Yongda (鄭永達), Mr. GAO Shaoyong (高少鏞), Mr. MA Chenhua (馬陳華), Mr. CHEN Dingyu (陳鼎瑜), Mr. CHEN Fang (陳方), Mr. YANG Qingrong (楊清榕), Mr. WU Shinong (吳世農), Mr. CHEN Cangxing (陳蒼星) and Mr. CAI Yingbin (蔡瑩彬).

INTENTIONS OF THE OFFEROR REGARDING THE GROUP

The Offeror confirms that:

- (a) it is intended that the Group will continue its existing business following the Connected Subscription Completion and the close of the Offer;
- (b) there is no intention to introduce any major changes to the existing business of the Group or the continued employment of the Group's employees, and there is no intention to redeploy the fixed assets of the Group other than in its ordinary course of business.

MAINTAINING THE LISTING STATUS OF THE COMPANY AND SUFFICIENT PUBLIC FLOAT

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares (excluding treasury shares, if any), are held by the public, or if the Stock Exchange believes that:

- (a) a false market exists or may exist in the trading of the Shares; or
 - (b) that there are insufficient Shares in public hands to maintain an orderly market,
- it will consider exercising its discretion to suspend dealings in the Shares.

The Offeror intends the Company to remain listed on the Stock Exchange. The sole director of the Offeror has undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares. Such steps may include, without limitation, the Offeror directly disposing of or engaging a placing agent to place down the Shares held by the Offeror or its concert parties. The Company may also issue additional Shares for this purpose. Further announcement(s) will be made in accordance with the requirements of the Listing Rules and the Takeovers Code as and when appropriate.

INFORMATION ON THE GROUP

The Group is principally engaged in 4S dealership business, automotive supply chain business and comprehensive properties business in the PRC.

LETTER FROM CLSA LIMITED

Your attention is drawn to the details of the information of the Group as set out under the section headed “Information on the Group” in the “Letter from the Board” and in Appendices II and IV to this Composite Document.

ACCEPTANCES OF THE OFFER

Procedures for acceptance

To accept the Offer, the Independent Shareholders should complete and sign the accompanying Form of Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms and conditions of the Offer.

The duly completed and signed Form of Acceptance should be sent, together with the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, marked “China ZhengTong Auto Services Holdings Limited — Offer” on the envelope, in any event not later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce with the consent of the Executive and in accordance with the Takeovers Code.

No acknowledgment of receipt of any Form of Acceptance, share certificate (s) and/or transfer receipt(s), and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

Your attention is drawn to the section headed “1. PROCEDURES FOR ACCEPTANCE” as set out on pages I-1 to I-4 in Appendix I to this Composite Document and the accompanying Form of Acceptance.

Settlement of the Offer

Payment in cash in respect of the acceptances of Offer (after deducting the accepting Independent Shareholders’ share of stamp duty) will be despatched to the accepting Independent Shareholders by ordinary post at his/her/its own risk as soon as possible but in any event, no later than seven (7) Business Days after the date on which the duly completed Form of Acceptance and the relevant documents of title of the Shares in respect of such acceptance are received by the Registrar to render each such acceptance of the Offer complete and valid pursuant to Rule 20.1 and Note 1 to Rule 30.2 of the Takeovers Code.

The amount of cash consideration will be rounded up to the nearest cent and no fractions of a cent will be payable.

Nominee registration

To ensure equality of treatment of all Independent Shareholders, those Independent Shareholders who hold Offer Shares as nominees on behalf of more than one beneficial owner should, as far as practicable, treat the holding of such beneficial owners separately.

LETTER FROM CLSA LIMITED

In order for beneficial owners of Offer Shares, whose investments are registered in the names of nominees, to accept the Offer, it is essential that they provide instructions of their intentions with regard to the Offer to their nominees.

COMPULSORY ACQUISITION

The Offeror does not intend to avail itself of any powers of compulsory acquisition of the Shares after the close of the Offer.

GENERAL

All documents and remittances will be sent to the Independent Shareholders by ordinary post at their own risk. Documents and remittances will be sent to the Independent Shareholders at their respective addresses as they appear in the register of members, and in the case of joint holders, to the person whose name appear first in the said register of members, unless otherwise specified in the accompanying Form of Acceptance duly completed, returned and received by the Company's branch share registrar and transfer office before the latest time for acceptance of the Offer. None of the Offeror and parties acting in concert with it, the Company, CLSA Limited, Gram Capital, the Registrar nor any of their ultimate beneficial owners, respective directors, officers, associates, agents or any other person involved in the Offer will be responsible for any loss or delay in transmission of such documents and remittances or any other liabilities that may arise as a result thereof.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information regarding the Offer set out in the Appendices to this Composite Document and the accompanying Form of Acceptance, which form part of this Composite Document. In addition, your attention is also drawn to the "Letter from the Board", the letter of recommendation from the Independent Board Committee to the Independent Shareholders as set out in the "Letter from the Independent Board Committee" and the letter of advice by Gram Capital to the Independent Board Committee as set out in the "Letter from Gram Capital" contained in this Composite Document.

Yours faithfully,
For and on behalf of
CLSA Limited
Edmund Chan
Managing Director, Head of M&A



China ZhengTong Auto Services Holdings Limited
中國正通汽車服務控股有限公司

(Incorporated under the laws of the Cayman Islands with limited liability)

(Stock Code: 1728)

Executive Directors:

Mr. HUANG Junfeng (黃俊鋒) (*Chairman*)
Mr. WANG Mingcheng (王明成)
Mr. CHEN Hong (陳弘)
Mr. SU Yi (蘇毅)

Independent Non-Executive Directors:

Dr. TSUI Wai Ling Carlye (徐尉玲)
Mr. SHEN Jinjun (沈進軍)
Ms. YU Jianrong (于建榕)

Registered office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY 1-1111
Cayman Islands

*Principal Place of business
in Hong Kong:*

Flat C, 32/F
Lippo Centre Tower 1
89 Queensway
Hong Kong

9 June 2025

To the Independent Shareholders

Dear Sir/Madam,

**UNCONDITIONAL MANDATORY CASH OFFER BY CLSA LIMITED
FOR AND ON BEHALF OF XINDA MOTORS CO., LIMITED
TO ACQUIRE ALL THE ISSUED SHARES OF
CHINA ZHENG TONG AUTO SERVICES HOLDINGS LIMITED
(OTHER THAN THOSE SHARES ALREADY OWNED OR AGREED
TO BE ACQUIRED BY XINDA MOTORS CO., LIMITED AND/OR
PARTIES ACTING IN CONCERT WITH IT)**

LETTER FROM THE BOARD

INTRODUCTION

On 28 May 2025, the Company and the Offeror jointly announced in the Joint Announcement dated 28 May 2025 the waiver of the condition precedent relating to the Whitewash Waiver under the Subscription Agreement. On 2 June 2025, the Company and the Offeror jointly announced in the Joint Announcement dated 2 June 2025 that the Connected Subscription Completion has taken place on 2 June 2025. Pursuant to the Connected Subscription, the Company allotted and issued, and the Offeror subscribed for, 6,669,060,524 Subscription Shares at the Subscription Price of HK\$0.15 per Subscription Share for a total consideration of HK\$1,000,359,078.60 in cash. The Subscription Shares represent approximately 66.58% of the Shares in issue as at the Latest Practicable Date. For details of the Connected Subscription, please refer to the Circular.

The Offeror has confirmed that immediately prior to the Connected Subscription Completion, the Offeror and parties acting in concert with it held 842,977,684 Shares, representing approximately 25.19% of the Shares in issue of the Company. The Offeror has further confirmed that upon the Connected Subscription Completion, the shareholding of the Offeror and the parties acting in concert with it increased to approximately, and not more than, 75.00% of the Shares in issue of the Company (as enlarged by the allotment and issue of the Subscription Shares).

Accordingly, and given the fact that the Whitewash Waiver was not approved at the EGM, upon the Connected Subscription Completion, the Offeror is required to make a mandatory general offer for all the Offer Shares.

This letter forms part of this Composite Document and sets out, among other things, the details of the Offer, information on the Offeror and its intentions in relation to the Company. Further details of the terms of the Offer and the procedures of acceptance of the Offer are set out in Appendix I to this Composite Document and in the accompanying Form of Acceptance.

FINANCIAL ADVISER, INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Company has appointed Huatai as its financial adviser.

The Independent Board Committee (comprising all the independent non-executive Directors, namely, Dr. TSUI Wai Ling Carlye, Mr. SHEN Jinjun and Ms. YU Jianrong) has been formed to advise the Independent Shareholders in respect of the Offer pursuant to Rule 2.1 of the Takeovers Code, in particular as to whether the Offer is fair and reasonable and as to the acceptance of the Offer.

Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Offer, in particular as to whether the Offer is fair and reasonable so far as the Independent Shareholders are concerned and as to the acceptance of the Offer. The appointment of Gram Capital as the Independent Financial Adviser has been approved by the Independent Board Committee.

LETTER FROM THE BOARD

THE OFFER

As stated in the Letter from CLSA Limited, CLSA Limited, for and on behalf of the Offeror and in compliance with the Takeovers Code, is making the Offer on the following basis:

For each Offer Share HK\$0.15 in cash

The Offer Price of HK\$0.15 per Offer Share is the same as the Subscription Price per Subscription Share paid by the Offeror to the Company under the Connected Subscription.

As at the Latest Practicable Date, the Company had 10,016,050,944 Shares in issue. The Company did not have in issue any other outstanding options, warrants, derivatives or securities convertible or exchangeable into Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the Latest Practicable Date.

As stated in the Letter from CLSA Limited, the Offer is unconditional in all respects and is not conditional upon acceptances being received in respect of a minimum number of Offer Shares.

Further details regarding the Offer, including the terms and procedures for acceptance of the Offer are set out in the “Letter from CLSA Limited” and Appendix I to this Composite Document and the accompanying Form of Acceptance.

INFORMATION ON THE GROUP

The Group is principally engaged in 4S dealership business, automotive supply chain business and comprehensive properties business in the PRC.

Set out below is a summary of certain audited financial information of the Group for the two years ended 31 December 2024:

	Year ended 31 December 2023 <i>RMB'000</i>	Year ended 31 December 2024 <i>RMB'000</i>
Revenue	24,131,975	20,746,774
Loss for the period	(820,480)	(1,529,086)
Net asset (liability) value attributable to the Shareholders	361,830	(356,683)

LETTER FROM THE BOARD

The audited consolidated net liabilities of the Group attributable to owners of the Company as at 31 December 2024 were approximately RMB357 million, and based on a total of 10,016,050,944 Shares in issue as at the Latest Practicable Date, equivalent to approximately HK\$0.0383¹ per Share.

Note 1: for the purpose of illustration, based on an exchange rate of RMB1 = HK\$1.0756 as at the Last Trading Day extracted from Bloomberg

Shareholding Structure of the Company

The shareholding structure of the Company (a) immediately prior to the Connected Subscription Completion; and (b) after the Connected Subscription Completion and as at the Latest Practicable Date, is set out below:

	Immediately before the Connected Subscription Completion		After the Connected Subscription Completion and as at the Latest Practicable Date	
	<i>Number of Shares</i>	<i>% of issued Shares</i>	<i>Number of Shares</i>	<i>% of issued Shares</i>
The Offeror	820,618,184	24.52	7,489,678,708	74.78
Hong Kong Sindanol	22,359,500	0.67	22,359,500	0.22
The Offeror and parties acting in concert with it⁽¹⁾	842,977,684	25.19	7,512,038,208	75.00
Non-public Shareholders				
Cheung Mui ⁽²⁾	369,127,500	11.03	—	—
Public Shareholders				
Cheung Mui ⁽²⁾	—	—	381,227,500	3.81
Other public Shareholders	<u>2,134,885,236</u>	<u>63.78</u>	<u>2,122,785,236</u>	<u>21.19</u>
Total	<u><u>3,346,990,420</u></u>	<u><u>100.00</u></u>	<u><u>10,016,050,944</u></u>	<u><u>100.00</u></u>

Notes:

- (1) ITG Holding is deemed to be interested in the 22,359,500 Shares held by Hong Kong Sindanol, as ITG Holding was beneficially interested in approximately 39.93% of the issued share capital of Xiamen Xindeco according to the 2025 first quarterly report of Xiamen Xindeco, and Xiamen Xindeco was beneficially interested in the entire issued share capital of Hong Kong Sindanol. As the Offeror is an indirectly wholly owned subsidiary of ITG Holding, (a) ITG Holding was deemed to be interested in the 820,618,184 Shares held by the Offeror immediately before the Connected Subscription Completion, and (b) ITG Holding was deemed to be interested in the 7,489,678,708 Shares held by the Offeror after the Connected Subscription Completion and as at the Latest Practicable Date. Therefore, ITG Holding was indirectly interested in 7,512,038,208 Shares as at the Latest Practicable Date.

LETTER FROM THE BOARD

- (2) Cheung Mui was not considered a public shareholder given her more than 10% shareholding in the Company immediately before the Connected Subscription Completion. Immediately after the Connected Subscription Completion, she is considered a public shareholder.
- (3) The percentage figures as set out above are subject to rounding adjustments.
- (4) As at the Latest Practicable Date, none of the Directors held any Shares in the Company.

Your attention is drawn to Appendices II and IV to this Composite Document which contain further financial and general information of the Group.

INFORMATION ON THE OFFEROR

Your attention is drawn to the section headed “Information on the Offeror” in the letter from CLSA Limited as set out in this Composite Document for further information about the Offeror.

INTENTIONS OF THE OFFEROR IN RELATION TO THE GROUP

Your attention is drawn to the section headed “Intentions of the Offeror in relation to the Group” in the letter from CLSA Limited set out in this Composite Document.

The Offeror has stated that it intends to continue the existing businesses of the Group and has no intention to introduce major changes to the business of the Group or the continued employment of the Group’s employees, including any redeployment of fixed assets other than those in its ordinary course of business.

MAINTAINING THE LISTING STATUS OF THE COMPANY AND SUFFICIENT PUBLIC FLOAT

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares (excluding treasury shares, if any), are held by the public, or if the Stock Exchange believes that:

- (a) a false market exists or may exist in the trading of the Shares; or
 - (b) that there are insufficient Shares in public hands to maintain an orderly market,
- it will consider exercising its discretion to suspend dealings in the Shares.

The Offeror intends the Company to remain listed on the Stock Exchange. The sole director of the Offeror has undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares. Such steps may include, without limitation, the Offeror directly disposing of or engaging a placing agent to place down the Shares held by the Offeror or its concert parties. The Company may also issue additional Shares by the Company for this purpose. Further announcement(s) will be made in accordance with the requirements of the Listing Rules and the Takeovers Code as and when appropriate.

LETTER FROM THE BOARD

RECOMMENDATION AND ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages 19 to 21 of this Composite Document and the letter from Gram Capital set out on pages 22 to 39 of this Composite Document, which contain, among other things, their advice in relation to the Offer and the principal factors considered by them in arriving at their recommendations.

Your attention is also drawn to the additional information contained in the Appendices to this Composite Document. You are also recommended to read carefully Appendix I to this Composite Document and the accompanying Form of Acceptance for further details in respect of the procedures for the acceptance of the Offer.

The Independent Shareholders are strongly recommended to read and carefully consider the letter from the Independent Board Committee, the letter from Gram Capital, the Letter from CLSA Limited and the additional information contained in the Appendices to this Composite Document.

Shareholders and potential investors are reminded to exercise caution when dealing in the Shares, and are recommended to consult their stockbroker, bank manager, solicitor or other professional adviser if they are in any doubt about their position and as to actions that they should take.

Yours faithfully,
By order of the Board
China ZhengTong Auto Services Holdings Limited
中國正通汽車服務控股有限公司
HUANG Junfeng
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the full text of a letter from the Independent Board Committee setting out its recommendation regarding the Offer for the purpose of inclusion in this Composite Document.



China ZhengTong Auto Services Holdings Limited **中國正通汽車服務控股有限公司**

(Incorporated under the laws of the Cayman Islands with limited liability)

(Stock Code: 1728)

9 June 2025

To the Independent Shareholders

Dear Sir or Madam,

**UNCONDITIONAL MANDATORY CASH OFFER BY CLSA LIMITED
FOR AND ON BEHALF OF XINDA MOTORS CO., LIMITED
TO ACQUIRE ALL THE ISSUED SHARES OF
CHINA ZHENG TONG AUTO SERVICES HOLDINGS LIMITED
(OTHER THAN THOSE SHARES ALREADY OWNED OR AGREED
TO BE ACQUIRED BY XINDA MOTORS CO., LIMITED AND/OR
PARTIES ACTING IN CONCERT WITH IT)**

We refer to the Composite Document dated 9 June 2025 jointly issued by the Offeror and the Company of which this letter forms part. Capitalised terms defined in the Composite Document have the same meanings herein unless the context otherwise requires.

We have been appointed as the members of the Independent Board Committee to consider the terms of the Offer and to advise you as to whether, in our opinion, the Offer is fair and reasonable so far as the Independent Shareholders are concerned and as to the acceptance of the Offer.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Gram Capital has been appointed as the Independent Financial Adviser with the Independent Board Committee's approval to advise the Independent Board Committee in respect of the Offer and its terms and conditions. Details of its advice and the principal factors and reasons taken into consideration in arriving at its recommendation in respect of the Offer are set out in the letter from Gram Capital on pages 22 to 39 of the Composite Document.

We also wish to draw your attention to the letter from CLSA Limited set out on pages 6 to 12 of the Composite Document which contains, among other things, information about the Offer, the letter from the Board set out on pages 13 to 18 of the Composite Document which contains, among other things, information about the Group, the additional information set out in the Appendices to the Composite Document, and the accompanying Form of Acceptance in respect of the term of the Offer and acceptance and settlement procedures for the Offer.

RECOMMENDATION

Having taken into account the advice and recommendation of Gram Capital, in particular, the factors and reasons taken into consideration by it in arriving at its opinion as set out in the letter from Gram Capital, we consider that the Offer is fair and reasonable so far as the Independent Shareholders are concerned, and therefore we recommend the Independent Shareholders to accept the Offer. The Independent Shareholders are recommended to read the full text of the letter from Gram Capital set out on pages 22 to 39 of the Composite Document.

There is no guarantee that the current market price of the Shares will or will not sustain and will or will not be higher than the Offer Price during and after the period for the acceptance of the Offer. The Independent Shareholders who intend to accept the Offer are reminded to carefully and closely monitor the market price and the liquidity of the Shares during the period for the acceptance of the Offer and shall, having regard to their own circumstances and investment objectives, consider selling their Shares in the open market, instead of accepting the Offer, if the net proceeds from the sale of such Shares in the open market would exceed the net amount receivable under the Offer.

Furthermore, the Independent Shareholders are also reminded that their decisions to dispose of or hold their investment in the securities of the Company are subject to their individual circumstances and investment objectives. If in doubt, the Independent Shareholders should consult their own professional advisers for advice.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Notwithstanding our recommendation, the Independent Shareholders should consider carefully the terms of the Offer and the “Letter from Gram Capital” in the Composite Document. The Independent Shareholders who wish to accept the Offer should read carefully the procedure for accepting the Offer as detailed in Appendix I to the Composite Document and the accompanying Form of Acceptance.

Yours faithfully
For and on behalf of
the Independent Board Committee of
China ZhengTong Auto Services Holdings Limited

Dr. TSUI Wai Ling Carlye

Mr. SHEN Jinjun

Ms. YU Jianrong

Independent Non-Executive Directors

LETTER FROM GRAM CAPITAL

Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee in respect of the Offer for the purpose of inclusion in this Composite Document.



Room 1209, 12/F.
Nan Fung Tower
88 Connaught Road Central/
173 Des Voeux Road Central
Hong Kong

9 June 2025

To: The independent board committee of China Hengtong Auto Services Holdings Limited

Dear Sir/Madam,

**UNCONDITIONAL MANDATORY CASH OFFER BY
CLSA LIMITED
FOR AND ON BEHALF OF XINDA MOTORS CO., LIMITED
TO ACQUIRE ALL THE ISSUED SHARES OF
CHINA ZHENG TONG AUTO SERVICES HOLDINGS LIMITED
(OTHER THAN THOSE SHARES ALREADY OWNED OR
AGREED TO BE ACQUIRED
BY XINDA MOTORS CO., LIMITED AND/OR PARTIES
ACTING IN CONCERT WITH IT)**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Offer, details of which are set out in the Composite Document dated 9 June 2025 jointly issued by the Company and the Offeror to the Independent Shareholders, of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Composite Document unless the context requires otherwise.

With reference to the letter from the Board (the “**Board Letter**”) contained in the Composite Document, the Company and the Offeror jointly announced in the Joint Announcement dated 28 May 2025 and the Joint Announcement dated 2 June 2025 (i) the waiver of the condition precedent relating to the Whitewash Waiver under the Subscription Agreement; and (ii) that the Connected Subscription Completion took place on 2 June 2025. The Company allotted and issued, and the Offeror subscribed for, 6,669,060,524 Subscription Shares at the Subscription Price of HK\$0.15 per Subscription Share for a total consideration of HK\$1,000,359,078.60 in cash. The Subscription Shares represent approximately 66.58% of the Shares in issue as at the Latest Practicable Date.

LETTER FROM GRAM CAPITAL

The Offeror has confirmed that immediately prior to the Connected Subscription Completion, the Offeror and parties acting in concert with it hold 842,977,684 Shares, representing approximately 25.19% of the Shares in issue of the Company. The Offeror has further confirmed that upon the Connected Subscription Completion, the shareholding of the Offeror and the parties acting in concert with it increased to approximately, and not more than, 75.00% of the Shares in issue of the Company (as enlarged by the allotment and issue of the Subscription Shares).

Given that the Whitewash Waiver was not approved at the EGM, upon the Connected Subscription Completion, the Offeror is required to make a mandatory general offer for all the Offer Shares. CLSA Limited, for and on behalf of the Offeror and in compliance with the Takeovers Code, is making the Offer.

The Independent Board Committee comprising Dr. TSUI Wai Ling Carlye, Mr. SHEN Jinjun and Ms. YU Jianrong (being all the independent non-executive Directors) has been established to make a recommendation to the Independent Shareholders in respect of the Offer as to whether the Offer is fair and reasonable and as to the acceptance of the Offer. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser with the Independent Board Committee's approval to advise the Independent Board Committee in this respect, and our opinion herein is solely for the assistance of the Independent Board Committee in connection with its consideration of the Offer pursuant to Rule 2.1 of the Takeovers Code.

INDEPENDENCE

Gram Capital was engaged as independent financial adviser to the independent board committee and independent shareholders of the Company in relation to (i) major and connected transaction of the Company, details of which are set out in the Company's circular dated 22 January 2024; and (ii) the Connected Subscription and the Whitewash Waiver, details of which are set out in the Circular. Save for the aforesaid engagements, there was no other service provided by Gram Capital to the Company during the past two years immediately preceding the Latest Practicable Date.

Notwithstanding the aforesaid engagements, there are no relationships or interests between (i) Gram Capital; and (ii) the Company and its controlling shareholder, the Offeror and its controlling shareholder, during the past two years immediately preceding the commencement of the Offer Period up to and including the Latest Practicable Date that could be reasonably regarded as hindrance to Gram Capital's independence to act as the Independent Financial Adviser.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee, we have relied on the statements, information, opinions and representations contained or referred to in the Composite Document and the information and representations as provided to us by the Directors and the Offeror (where applicable). We have assumed that all information and representations that have been provided by the Directors and the Offeror (where applicable), for which they are solely and wholly responsible, are true and accurate at the

LETTER FROM GRAM CAPITAL

time when they were made and continue to be so as at the Latest Practicable Date, and should there be any material changes to our opinion after the Latest Practicable Date, Shareholders would be notified as soon as possible. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors and the Offeror (where applicable) in the Composite Document were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Composite Document, or the reasonableness of the opinions expressed by the Company, its advisers, the Directors and/or the Offeror (where applicable), which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there is no undisclosed private agreement/arrangement or implied understanding with anyone concerning the Offer. 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 13.84 of the Listing Rules and Rule 2 of the Takeovers Code.

Your attention is drawn to the responsibility statements as set out in the section headed "1. RESPONSIBILITY STATEMENT" of Appendix III to the Composite Document and the section headed "1. RESPONSIBILITY STATEMENT" of Appendix IV to the Composite Document. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Composite Document, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, the Offeror or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Offer. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. The Shareholders will be notified of any material changes as soon as possible in accordance with Rule 9.1 of the Takeovers Code.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

LETTER FROM GRAM CAPITAL

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Offer, we have taken into consideration the following principal factors and reasons:

(1) Background and terms of the Offer

With reference to the “Letter from CLSA Limited” contained in the Composite Document (the “**Letter from CLSA**”), CLSA Limited, for and on behalf of the Offeror and in compliance with the Takeovers Code, is making the Offer on the following basis:

For each Offer Share HK\$0.15 in cash

The Offer Price of HK\$0.15 per Offer Share equals to the Subscription Price per Subscription Share paid by the Offeror to the Company under the Connected Subscription.

As at the Latest Practicable Date, the Company had 10,016,050,944 Shares in issue. The Company did not have in issue any other outstanding options, warrants, derivatives or securities convertible or exchangeable into Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the Latest Practicable Date.

For further details of the Offer, please refer to Appendix I to the Composite Document.

(2) Information on the Group

With reference to the Board Letter, the Group is principally engaged in 4S (sales, spare parts, service and survey) dealership business, automotive supply chain business and comprehensive properties business in the PRC.

LETTER FROM GRAM CAPITAL

Set out below are the consolidated financial information of the Group for the three years ended 31 December 2024 as extracted from the Company’s annual report for the year ended 31 December 2024 (the “**2024 Annual Report**”) and the Company’s annual report for the year ended 31 December 2023 (the “**2023 Annual Report**”):

	For the year ended 31 December 2024 (“FY2024”) (audited) RMB’000	For the year ended 31 December 2023 (“FY2023”) (audited) RMB’000	For the year ended 31 December 2022 (“FY2022”) (audited) RMB’000	Change from FY2023 to FY2024 %	Change from FY2022 to FY2023 %
Revenue	20,746,774	24,131,975	22,606,790	(14.03)	6.75
— 4S dealership business	20,342,814	23,464,573	21,927,113	(13.30)	7.01
— Supply chain business	378,393	667,402	679,677	(43.30)	(1.81)
— Comprehensive properties business (Note)	25,567	—	—	N/A	N/A
Gross profit	779,069	1,008,593	1,586,878	(22.76)	(36.44)
Other income	737,723	1,327,026	1,506,316	(44.41)	(11.90)
Selling and distribution expenses	(967,410)	(1,082,892)	(1,211,482)	(10.66)	(10.61)
Administrative expenses	(981,633)	(1,084,526)	(1,280,537)	(9.49)	(15.31)
(Impairment losses)/Reversal of impairment losses on goodwill and/or intangible assets	(116,702)	—	232,426	N/A	(100.00)
(Loss)/Profit from operations	(548,953)	168,201	833,601	N/A	(79.82)
Finance costs	(936,721)	(1,054,301)	(1,006,998)	(11.15)	4.70
Share of (loss)/profit of associates and a joint venture	3,666	(500)	43,055	N/A	N/A
Loss before taxation	(1,482,008)	(886,600)	(130,342)	67.16	580.21
Income tax	(47,078)	66,120	(167,079)	N/A	N/A
Loss for the year	(1,529,086)	(820,480)	(297,421)	86.36	175.86
Loss for the year attributable to ordinary shareholders of the Company	(1,708,506)	(890,990)	(296,285)	91.75	200.72

Note: Mainly includes development and sales of properties in the PRC.

LETTER FROM GRAM CAPITAL

	As at 31 December 2024	As at 31 December 2023	As at 31 December 2022	Change from 31 December 2023 to 2024	Change from 31 December 2022 to 2023
	(audited) RMB'000	(audited) RMB'000	(audited) RMB'000	%	%
Non-current assets	13,896,931	15,088,521	13,902,668	(7.90)	8.53
Current assets	15,321,305	14,426,280	13,830,091	6.20	4.31
— Cash and cash equivalents	573,088	744,855	734,086	(23.06)	1.47
Non-current liabilities	4,494,295	5,583,349	8,596,839	(19.51)	(35.05)
— Loans and borrowings	2,419,911	3,488,141	6,439,857	(30.62)	(45.84)
Current liabilities	23,654,203	22,644,392	18,911,476	4.46	19.74
— Loans and borrowings	17,550,020	16,272,920	12,234,030	7.85	33.01
Net-current liabilities	(8,332,898)	(8,218,112)	(5,081,385)	1.40	61.73
Total (deficit)/equity attributable to equity shareholders of the Company	(356,683)	361,830	193,389	N/A	87.10

FY2023

According to the table above, the Group recorded revenue of approximately RMB24.13 billion for FY2023, representing an increase of approximately 6.75% as compared to that for FY2022. With reference to the 2023 Annual Report, such increase was mainly due to the increase in the sales of new automobiles for FY2023. Nevertheless, according to the table above, (i) the Group's gross profit for FY2023 decreased by approximately 36.44% as compared to that for FY2022; and (ii) the loss attributable to ordinary shareholders of the Company for FY2023 increased by approximately 200.72% as compared to that for FY2022. With reference to the 2023 Annual Report, (i) the aforesaid decrease in the Group's gross profit was caused by decrease in the Group's gross profit margin from approximately 7.0% for FY2022 to approximately 4.2% for FY2023, mainly attributable to decrease in the average unit sales price of new automobiles; and (ii) the aforesaid increase in the Group's loss for the year attributable to ordinary shareholders of the Company was mainly due to decrease in the Group's gross profit.

According to the table above, (i) the total equity attributable to equity shareholders of the Company increased by approximately 87.10% from approximately RMB193 million as at 31 December 2022 to approximately RMB362 million as at 31 December 2023; (ii) the Group's net current liabilities increased by approximately 61.73% from approximately RMB5,081 million as at 31 December 2022 to approximately RMB8,218 million as at 31 December 2023; (iii) the Group's cash and cash equivalents increased by approximately 1.47% from approximately RMB734 million as at 31 December 2022 to approximately RMB745 million as at 31 December 2023; and (iv) the Group's total loans and

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borrowings increased by approximately 5.82% from approximately RMB18.67 billion as at 31 December 2022 to approximately RMB19.76 billion as at 31 December 2023.

FY2024

According to the table above, the Group recorded revenue of approximately RMB20.75 billion for FY2024, representing a decrease of approximately 14.03% as compared to that for FY2023. With reference to the 2024 Annual Report, such decrease was mainly due to the decrease in sales volume and the selling price of new automobiles for FY2024. In addition, according to the table above, (i) the Group's gross profit for FY2024 decreased by approximately 22.76% as compared to that for FY2023; and (ii) the loss attributable to ordinary shareholders of the Company for FY2024 increased by approximately 91.75% as compared to that for FY2023. With reference to the 2024 Annual Report, (i) the aforesaid decrease in the Group's gross profit was caused by decrease in the Group's revenue and gross profit margin (from approximately 4.2% for FY2023 to approximately 3.8% for FY2024, mainly attributable to decrease in the average selling price of new automobiles); and (ii) the aforesaid increase in the Group's loss for the year attributable to ordinary shareholders of the Company was mainly due to (a) the decrease in the Group's gross profit and other income; and (b) the impairment losses on goodwill and intangible assets recognised for the Group's 4S dealership business for FY2024 (FY2023: nil).

According to the table above, (i) the total deficit attributable to equity shareholders of the Company was approximately RMB357 million as at 31 December 2024 (in contrast to total equity attributable to equity shareholders of the Company of approximately RMB362 million as at 31 December 2023); (ii) the Group's net current liabilities increased by approximately 1.40% from approximately RMB8,218 million as at 31 December 2023 to approximately RMB8,333 million as at 31 December 2024; (iii) the Group's cash and cash equivalents decreased by approximately 23.06% from approximately RMB745 million as at 31 December 2023 to approximately RMB573 million as at 31 December 2024; and (iv) the Group's total loans and borrowings increased by approximately 1.06% from approximately RMB19.76 billion as at 31 December 2023 to approximately RMB19.97 billion as at 31 December 2024.

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Outlook and industry overview

To further understand the market conditions of the automobile industry in the PRC, we searched for relevant market statistics as follows:

Set out below are the statistics of domestic retail sales of automobiles in the PRC during the five years ended 31 December 2024 and the four months ended 30 April 2025, being the latest five full-year statistics together with the latest available statistics as published by the National Bureau of Statistics of the PRC:

	2020	2021	2022	2023	2024	January to April 2025
Domestic retail sales of automobiles in the PRC (RMB' billion)	3,941.4	4,378.7	4,577.2	4,861.4	5,031.4	1,484.0
<i>Year-on-year change (%)</i>	<i>0.1</i>	<i>11.1</i>	<i>4.5</i>	<i>6.2</i>	<i>3.5</i>	<i>(0.5)</i>

As shown in the above table, the domestic retail sales of automobiles in the PRC increased continuously from approximately RMB3,941.4 billion in 2020 to approximately RMB5,031.4 billion in 2024, representing a compound annual growth rate of approximately 6.3%. In addition, the domestic retail sales of automobiles in the PRC was approximately RMB1,484.0 billion for the four months ended 30 April 2025, representing a slight year-on-year decrease of approximately 0.5% as compared to that for the same period in 2024 (i.e. the four months ended 30 April 2024).

Despite the above positive market statistics from 2020 to 2024, the Group's gross profit decreased and loss increased from FY2022 to FY2024. As discussed under the section headed "1. Information on the Group" above, such financial deterioration was mainly caused by decrease in the Group's gross profit margin (which was mainly attributable to decrease in the average unit sales price of new automobiles). As aforementioned, the 4S dealership businesses in the PRC are at a crossroads in market development and subject to intense market competition.

As advised by the Company, in view of such intense market competition and the decrease in the Group's gross profit margin, the Group needs to seek for strategic investments or mergers and acquisitions (M&A) opportunities that may arise in the future to improve economies of scale. Connected Subscription Completion took place on 2 June 2025 and the gross proceeds from the Connected Subscription was HK\$1,000,359,078.60. As disclosed in the Circular, approximately 20% of the net proceeds (after deducting relevant costs and expenses) from the Connected Subscription (the "Net Proceeds") are intended to be applied towards capitalising on market opportunities for strategic investments or M&A as and when they arise. Such application of part of the Net Proceeds is in the interest of the Company as it can support the Group's business development

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and expansion which may improve economies of scale of the Group and allow the Group to respond to the market trend and development (in particular, the advent of electric vehicles, which has heralded a paradigm shift towards sustainability and environmental consciousness, away from traditional internal combustion engine vehicles).

As advised by the Company, the Company has not identified any M&A opportunity as at the Latest Practicable Date.

(3) Information on the Offeror

With reference to the Letter from CLSA, the Offeror is a company incorporated in Hong Kong with limited liability, and is principally engaged in investment holding. As at the Latest Practicable Date, the Offeror was indirectly wholly owned by ITG Holding, a controlling shareholder of the Company.

ITG Holding is a Fortune Global 500 Company with operations in commodity trading, circulation automobile trading, logistics business, commodity retail business and other businesses. ITG Holding is a state-owned enterprise directly controlled by Xiamen State-owned Assets Supervision and Administration Commission.

(4) Intentions of the Offeror regarding the Group

With reference to the Letter from CLSA, the Offeror confirms that:

- (a) it is intended that the Group will continue its existing business following the Connected Subscription Completion and the close of the Offer; and
- (b) there is no intention to introduce any major changes to the existing business of the Group or the continued employment of the Group's employees, and there is no intention to redeploy the fixed assets of the Group other than in its ordinary course of business.

(5) Offer Price

Offer Price comparison

The Offer Price of HK\$0.15 per Offer Share represents:

- (i) a premium of approximately 1.35% over the closing price of HK\$0.1480 per Share as quoted on the Stock Exchange as at the Latest Practicable Date;
- (ii) a premium of 25.00% over the closing price of HK\$0.1200 per Share as quoted on the Stock Exchange as at the date of the Joint Announcement dated 28 May 2025 (the “**Joint Announcement Date Premium**”);

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- (iii) a premium of approximately 36.36% over the closing price of HK\$0.1100 per Share as quoted on the Stock Exchange on the Last Trading Day (the “**LTD Premium**”);
- (iv) a premium of approximately 42.59% over the average closing price of HK\$0.1052 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Subscription Agreement (the “**5 Days Premium**”);
- (v) a premium of approximately 83.60% over the average closing price of HK\$0.0817 per Share as quoted on the Stock Exchange for the last thirty consecutive trading days immediately prior to the date of the Subscription Agreement (the “**30 Days Premium**”);
- (vi) a premium of approximately 44.65% over the average closing price of HK\$0.1037 per Share as quoted on the Stock Exchange for the last sixty consecutive trading days immediately prior to the date of the Subscription Agreement (the “**60 Days Premium**”); and
- (vii) a premium of approximately HK\$0.1883 over the audited net liabilities per Share as at 31 December 2024 of approximately RMB0.0356 (equivalent to approximately HK\$0.0383(*Note*)) (“**Premium Over Net Liabilities**”) calculated based on the audited total deficit attributable to the equity Shareholders as at 31 December 2024 of approximately RMB356,683,000 and 10,016,050,944 Shares in issue as at the Latest Practicable Date.

Note: based on an exchange rate of RMB1 = HK\$1.0756 as at 24 January 2025 (being the Last Trading Day) extracted from Bloomberg.

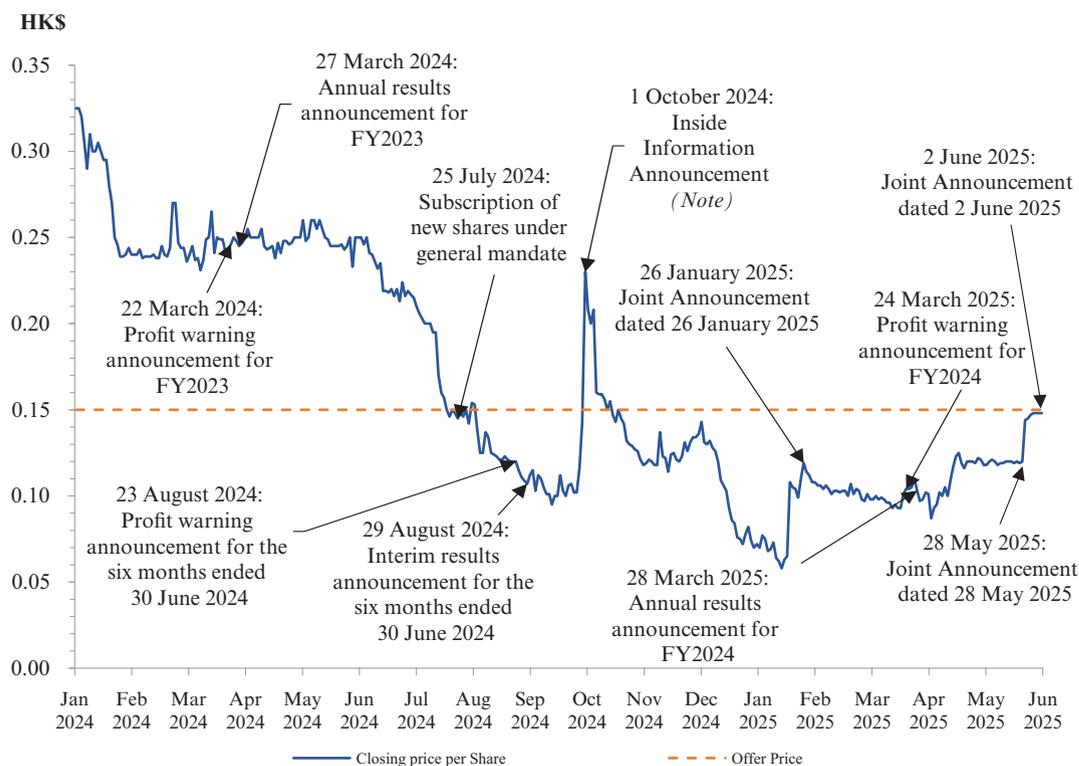
Historical price performance of the Shares

Set out below is a chart showing the movement of the closing prices of the Shares during the period from 2 January 2024 to the Latest Practicable Date, being approximate one year prior to the Last Trading Day, and up to and including the Latest Practicable Date (the “**Share Review Period**”), which is commonly adopted for analysis, and the number of trading days during the Share Review Period is sufficient for us to perform a thorough analysis on the historical

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closing prices of Shares with the Subscription Price. Hence, we consider the duration of the Share Review Period is adequate and appropriate. The comparison of daily closing prices of the Shares and the Subscription Price is illustrated as follows:

Historical daily closing price per Share



Source: the Stock Exchange's website

Note: According to the Company's announcement dated 1 October 2024 (the "Inside Information Announcement"), the Company noted the increases in the price and trading volume of the shares of the Company. Having made such enquiry with respect to the Company as is reasonable in the circumstances, the Company confirms that, save as the matters mentioned in the Inside Information Announcement regarding a potential disposal that did not proceed, it was not aware of any reasons for those price or volume movements or of any information which must be announced to avoid a false market in the Company's securities or of any inside information that needs to be disclosed under Part XIVA of the SFO.

During the Share Review Period, the highest and lowest closing prices of the Shares as quoted on the Stock Exchange were HK\$0.325 per Share recorded on 2 January 2024 and 3 January 2024 and HK\$0.058 per Share recorded on 15 January 2025 respectively. The Offer Price of HK\$0.15 per Offer Share falls within the closing price range of the Shares during the Share Review Period. In addition, the Offer Price of HK\$0.15 per Offer Share is above the daily closing prices of the Shares (i) for 200 trading days out of total 350 trading days during the Share Review Period; and (ii) for 153 consecutive trading days prior to and including the Latest Practicable Date.

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As depicted from the above chart, at the beginning of the Share Review Period, the closing price of the Shares decreased sharply from HK\$0.325 per Share on 2 January 2024 to HK\$0.239 per Share on 25 January 2024. As confirmed by the Directors, the Company did not identify any specific reason which caused the aforesaid decrease in the closing price of the Shares. Subsequently, the closing price of the Shares fluctuated up to 6 June 2024 and formed a general downward trend thereafter, decreasing from HK\$0.250 per Share on 6 June 2024 to HK\$0.095 per Share on 12 September 2024. Since then, the closing price of the Shares rebounded and reached HK\$0.230 per Share on 2 October 2024. Thereafter, the closing price of the Shares followed a downward trend and hit the lowest of HK\$0.058 per Share on 15 January 2025. Subsequently, the closing price of the Shares recovered and reached HK\$0.110 on the Last Trading Day. From the date of Joint Announcement dated 26 January 2025 and up to the Latest Practicable Date, the closing price of the Shares fluctuated between HK\$0.087 per Share and HK\$0.148 per Share.

Historical trading liquidity of the Shares

The number of trading days, the average daily number of the Shares traded per month, and the respective percentages of the Shares' monthly trading volume during the Share Review Period as compared to (i) the total number of issued Shares held by the Independent Shareholders as at the Latest Practicable Date; and (ii) the total number of issued Shares as at the Latest Practicable Date, are tabulated as below:

Month	No. of trading days	Average daily trading volume (the "Average Volume") <i>(Note 1)</i>	% of the Average Volume to total number of issued Shares held by Independent Shareholders as at Latest Practicable Date	% of the Average Volume to total number of issued Shares as at Latest Practicable Date
2024				
January	22	539,464	0.02	0.01
February	19	214,895	0.01	0.00
March	20	813,250	0.03	0.01
April	20	614,650	0.02	0.01
May	21	681,130	0.03	0.01
June	19	695,950	0.03	0.01
July	22	900,182	0.04	0.01
August	22	618,114	0.02	0.01
September	19	1,276,447	0.05	0.01
October	21	2,793,524	0.11	0.03
November	21	9,418,922	0.38	0.09
December	20	18,501,848	0.74	0.18

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Month	No. of trading days	Average daily trading volume (the “Average Volume”) (Note 1)	% of the Average number of issued Shares held by Independent Shareholders as at Latest Practicable Date	% of the Average Volume to total number of issued Shares as at Latest Practicable Date
2025				
January	19	29,454,723	1.18	0.29
February	20	3,636,625	0.15	0.04
March	21	2,637,595	0.11	0.03
April	19	4,016,237	0.16	0.04
May	20	9,812,800	0.39	0.10
June (up to and including the Latest Practicable Date)	5	24,442,100	0.98	0.24

Source: the Stock Exchange website

Notes:

1. Based on 2,504,012,736 Shares held by the Independent Shareholders as at the Latest Practicable Date.
2. Based on 10,016,050,944 Shares in issue as at the Latest Practicable Date.

We noted from the above table that the Average Volume was exceptionally thin during the Share Review Period. During the Share Review Period, save for December 2024, January 2025 and June 2025, the Average Volume was (i) below 0.5% of the total number of issued Shares held by the Independent Shareholders as at the Latest Practicable Date; and (ii) below 0.1% of the total number of issued Shares as at the Latest Practicable Date.

Trading multiples analysis

To further assess the fairness and reasonableness of the Offer Price, we performed trading multiple analysis. Given (i) the Group’s loss-making position for FY2024; and (ii) the Group recorded total deficit attributable to the equity Shareholders as at 31 December 2024, we did not adopt price-to-earnings ratio and price-to-book ratio for our analysis and we adopted price-to-sales ratio (“PSR”) as below.

As the Group generated more than 95% of its revenue for FY2024 from the 4S dealership business (with reference to the 2024 Annual Report, such business mainly includes sales of motor vehicles and after-sales services in the PRC), we

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searched for Hong Kong listed companies (i) which are principally engaged in similar business (i.e. sales of motor vehicles and after-sales services in the PRC); and (ii) which derived more than 50% of their revenue from such business in aggregate for their latest financial year. We found 8 companies (the “**Comparable Companies**”) listed below which met the aforesaid criteria and they are exhaustive.

Set out below are the PSR and market capitalisation of the Comparable Companies based on their respective closing prices and their latest published financial information as at the Latest Practicable Date:

Company name (Stock code)	Principal business	Market capitalisation as at the Latest Practicable Date <i>Approximate HK\$ million</i>	PSR <i>(Note 1)</i>
Zhongsheng Group Holdings Ltd (881)	Providing one-stop services including sales of new and second-hand automobiles, after-sales, refitting, parts and accessories, financial, insurance and leasing services	29,161	0.16
New Sparkle Roll International Group Limited (970)	Dealerships of luxury goods and automobiles, provision of after-sales services, property management services, property rental services, film related business including development and investment in films and television program and money lending business	276	0.08
China Meidong Auto Holdings Limited (1268)	Automobile dealership business authorised by the respective automobile manufacturers of a particular brand in the PRC including the sale of new passenger cars and spare parts, provision of after-sales service and survey services	2,935	0.12

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Company name (Stock code)	Principal business	Market capitalisation as at the Latest Practicable Date <i>Approximate HK\$ million</i>	PSR <i>(Note 1)</i>
Sunfonda Group Holdings Limited (1771)	Sale of luxury and ultra-luxury brands and mid-end market brands and provision of after-sales service of motor vehicles	186	0.02
Centenary United Holdings Limited (1959)	Sale and service of motor vehicles and provision of integrated auto services	175	0.13
China Yongda Automobiles Services Holdings Limited (3669)	Provision of passenger vehicle retailing and comprehensive service focused on luxury and ultra-luxury automobile brands, and owns strong luxury and ultra-luxury products portfolio	4,128	0.06
China Harmony Auto Holding Limited (3836)	Sales of luxury and ultra-luxury cars, owning advantageous brands and provision of after-sales services	914	0.05
Betterlife Holding Limited (6909)	Provision of automobile dealership service focusing on luxury and ultra-luxury brands	286	0.03
Maximum:			0.16
Minimum:			0.02
Average:			0.08
Median:			0.07
The Company		1,502	0.07

Source: the Stock Exchange's website

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Notes:

1. The PSRs of the Comparable Companies were calculated based on their respective then latest published total revenue for the latest full financial year, their respective closing prices as quoted on the Stock Exchange and the total issued shares as at the Latest Practicable Date.
2. The implied PSR of the Company was calculated based on the Offer Price, the number of Shares in issue as at the Latest Practicable Date and the Group's revenue for FY2024.
3. We noted that G.A. Holdings Limited (stock code: 8126) ("**G.A. Holdings**") met one of our selection criteria, namely, "principally engaged in similar business of the Group (i.e. sales of motor vehicles and after-sales services in the PRC)". Nevertheless, trading of G.A. Holdings Limited's shares was suspended since 1 April 2025 due to its inability to publish annual results announcement for FY2024 in compliance with the Listing Rules. Accordingly, we could not determine (a) whether G.A. Holdings derived more than 50% of its revenue from comparable business in aggregate for its latest financial year; and (b) its PSR as at the Latest Practicable Date. Accordingly, we did not include G.A. Holdings as one of the Comparable Companies.

As depicted in the above table, the PSRs of the Comparable Companies ranged from approximately 0.02 times to approximately 0.16 times, with an average of approximately 0.08 times and a median of approximately 0.07 times.

The implied PSR of the Company (i) is within the PSR range of the Comparable Companies; and (ii) close to the average and equals to the median PSRs of the Comparable Companies.

Having considered the above and:

- (A) that the Offer Price of HK\$0.15 per Offer Share (i) falls within the closing price range of the Shares as quoted on the Stock Exchange during the Share Review Period; (ii) is above the daily closing prices of the Shares (a) for 200 trading days out of total 350 trading days during the Share Review Period; and (b) for 153 consecutive trading days prior to and including the Latest Practicable Date; and
- (B) the Offer Price equals to the Subscription Price and the shareholding interest of the Independent Shareholders was diluted by the Connected Subscription Completion,

we are of the view that the Offer Price is fair and reasonable so far as the Independent Shareholders are concerned.

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RECOMMENDATION

Having considered the factors and reasons set out above, in particular:

- (i) the trading volume of the Shares was thin during the Share Review Period. Independent Shareholders (especially those with relatively sizeable shareholdings) may not be able to realise their investments in the Shares at a price close to the Offer Price, particularly those who are going to dispose of their entire holdings;
- (ii) the Offer Price falls within the closing price range of the Shares as quoted on the Stock Exchange during the Share Review Period;
- (iii) the Offer Price is above the daily closing prices of the Shares (a) for 200 trading days out of total 350 trading days during the Share Review Period; and (b) for 153 consecutive trading days prior to and including the Latest Practicable Date;
- (iv) the implied PSR of the Company (a) is within the PSR range of the Comparable Companies; and (b) is close to the average and equals to the median PSRs of the Comparable Companies; and
- (v) the Offer Price represents the LTD Premium, the 5 Days Premium, the 30 Days Premium, the 60 Days Premium, the Joint Announcement Date Premium and the Premium Over Net Liabilities; and
- (vi) the Offer Price equals to the Subscription Price and the shareholding interest of the Independent Shareholders was diluted by the Connected Subscription Completion,

we are of the view that the Offer (including the Offer Price) is fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to accept the Offer.

Those Independent Shareholders who wish to realise their investment in the Group are reminded that they should carefully and closely monitor the market price of the Shares during the Offer Period and consider selling their Shares in the open market during the Offer Period, rather than accepting the Offer, if the net proceeds from the sale of such Shares in the open market would exceed the net amount receivable under the Offer.

Those Independent Shareholders who, after considering the information on the Offeror and their intentions regarding the Group, are confident in the future prospects of the Group following the Connected Subscription Completion and the Offer, may consider retaining their Shares or tendering less than all their Shares under the Offer.

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As different Independent Shareholders would have different investment criteria, objectives and/or circumstances, we would recommend any Independent Shareholders who may require advice in relation to any aspect of the Composite Document, or as to the action to be taken, to consult a licensed securities dealer, bank manager, solicitor, professional accountant, tax adviser or other professional adviser.

Yours faithfully,
For and on behalf of
Gram Capital Limited
Graham Lam
Managing Director

Note: Mr. Graham Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Gram Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has around 30 years of experience in investment banking industry.

1. PROCEDURES FOR ACCEPTANCE

- (a) To accept the Offer, you should complete and sign the Form of Acceptance in accordance with the instructions printed thereon, which form part of the terms of the Offer. You should insert the total number of Shares for which the Offer is accepted. If no number is specified or if the total number of Shares specified in the Form of Acceptance is greater or smaller than that represented by the certificate of Shares tendered for acceptance of the Offer and you have signed the Form of Acceptance, your Form of Acceptance in respect of the Offer will be considered to be incomplete and accordingly, your acceptance of the Offer will be invalid. The Form of Acceptance will be returned to you for correction and re-submission. Any corrected Form of Acceptance must be re-submitted and received by the Registrar on or before the latest time of acceptance of the Offer.
- (b) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name, and you wish to accept the Offer in respect of your Shares (whether in full or in part), you must send the duly completed and signed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for the number of Shares in respect of which you intend to accept the Offer, by post or by hand, to the Registrar, being Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, in an envelope marked "**China ZhengTong Auto Services Holdings Limited — Offer**", as soon as possible, and in any event no later than 4:00 p.m. on the Closing Date or such later time(s) and/or date(s) as the Offeror may determine and the Offeror and the Company may jointly announce with the consent of the Executive in accordance with the Takeovers Code.
- (c) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Offer (whether in full or in part), you must either:
- (i) lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, with instructions authorising it to accept the Offer on your behalf and requesting it to deliver in an envelope marked "**China ZhengTong Auto Services Holdings Limited — Offer**" the duly completed and signed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar by no later than 4:00 p.m. on the Closing Date; or

- (ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and deliver in an envelope marked “**China ZhengTong Auto Services Holdings Limited — Offer**” the duly completed and signed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar by no later than 4:00 p.m. on the Closing Date; or
 - (iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or
 - (iv) if your Shares have been lodged with your investor participant’s account maintained with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited.
- (d) If the share certificate(s) and/or transfer receipts and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost and you wish to accept the Offer in respect of your Shares, the Form of Acceptance should nevertheless be duly completed and signed and delivered in an envelope marked “**China ZhengTong Auto Services Holdings Limited — Offer**” to the Registrar together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipts and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, it/they should be forwarded to the Registrar as soon as possible thereafter. If you have lost your share certificate(s), you should also write to the Registrar for a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar. The Offeror shall have the absolute discretion to decide whether any Shares in respect of which the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title is/are not readily available and/or is/are lost will be taken up by the Offeror.
- (e) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your share certificate(s), and you wish to accept the Offer in respect of your Shares, you should nevertheless complete and sign the Form of Acceptance and deliver it in an envelope marked “**China ZhengTong Auto**

Services Holdings Limited — Offer” to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable instruction and authority to each of CLSA Limited, the Offeror and/or any of their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such certificate(s) to the Registrar and to authorise and instruct the Registrar to hold such share certificate(s), subject to the terms and conditions of the Offer, as if it was/they were delivered to the Registrar with the Form of Acceptance.

- (f) Acceptance of the Offer will be treated as valid only if the duly completed and signed Form of Acceptance is received by the Registrar by no later than 4:00 p.m. on the Closing Date or such later time(s) and/or date(s) as the Offeror may determine and the Company and the Offeror may jointly announce with the consent of the Executive in accordance with the Takeovers Code and the Registrar has recorded that the Form of Acceptance and any relevant documents required by Note 1 to Rule 30.2 of the Takeovers Code have been so received, and is:
- (i) accompanied by the relevant share certificate(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares and, if those share certificate(s) is/are not in your name, such other documents (e.g. a duly stamped transfer of the relevant Share(s) in blank or in your favour executed by the registered holder) in order to establish your right to become the registered holder of the relevant Shares; or
 - (ii) from a registered Shareholder or his personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under the other subparagraph of this paragraph (f)); or
 - (iii) certified by the Registrar or the Stock Exchange.
- (g) If the Form of Acceptance is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority (such as grant of probate or certified copy of power of attorney) to the satisfaction of the Registrar must be produced.
- (h) In Hong Kong, seller’s ad valorem stamp duty on acceptances of the Offer at a rate of 0.10% of the consideration payable in respect of the relevant acceptance by the Independent Shareholders or if higher, the market value of the Shares, will be deducted from the cash amount payable by the Offeror to such Independent Shareholders who accept the Offer (where the stamp duty calculated includes a fraction of HK\$1, the stamp duty would be rounded-up to the nearest HK\$1). The Offeror will arrange for payment of the seller’s Hong Kong stamp duty on behalf of the relevant Independent Shareholders accepting the Offer and pay the buyer’s Hong Kong stamp duty in connection with the acceptance of the Offer and the transfer of the Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

- (i) No acknowledgement of receipt of any Form of Acceptance, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

2. SETTLEMENT

Provided that a valid Form of Acceptance and the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the relevant Shares as required by Note 1 to Rule 30.2 of the Takeovers Code are complete and in good order in all respects and have been received by the Registrar by 4:00 p.m. on the Closing Date, a cheque for the amount due to each of the Independent Shareholders who accepts the Offer less seller's stamp duty in respect of the Offer Shares tendered by him/her/it under the Offer will be despatched to such Independent Shareholder by ordinary post at his/her/its own risk as soon as possible but in any event no later than seven (7) Business Days after the date on which the duly completed and signed Form of Acceptance and the relevant documents of title in respect of such acceptances are received by the Registrar to render each such acceptance complete and valid. Cheque(s) not presented for payment within six (6) months from the date of issue of the relevant cheques will not be honoured and be of no further effect, and in such circumstances cheque holders should contact the Offeror for payment.

Settlement of the consideration to which any Shareholder is entitled under the Offer will be implemented in full in accordance with its terms (save in respect of the payment of the seller's stamp duty) without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Independent Shareholder.

The amount of cash consideration payable to an Independent Shareholder who accepts the Offer will be rounded up to the nearest cent and no fraction of a cent will be payable.

3. ACCEPTANCE PERIOD AND REVISION

- (a) Unless the Offer has previously been revised or extended, with the consent of the Executive, in accordance with the Takeovers Code, the Form of Acceptance must be received by the Registrar by 4:00 p.m. on the Closing Date in accordance with the instructions printed on the Form of Acceptance, and the Offer will be closed on the Closing Date. The Offer is unconditional.
- (b) The Offeror and the Company will jointly issue an announcement in accordance with the Takeovers Code through the websites of the Stock Exchange and the Company no later than 7:00 p.m. on the Closing Date stating whether the Offer has been extended, revised or has expired.
- (c) In the event that the Offeror decides to extend the Offer, at least fourteen (14) days' notice by way of announcement will be given, before the latest time and date for acceptance of the Offer, to those Independent Shareholders who have not accepted the Offer.

- (d) If the Offeror revises the terms of the Offer, all Independent Shareholders, whether or not they have already accepted the Offer will be entitled to the revised terms. The revised Offer must be kept open for at least fourteen (14) days following the date on which the revised offer document is posted.
- (e) If the Closing Date of the Offer is extended, any reference in this Composite Document and in the Form of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the Closing Date of the Offer so extended.

4. NOMINEE REGISTRATION

To ensure equality of treatment of all Independent Shareholders, those registered Independent Shareholders who hold the Shares as nominees for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. It is essential for the beneficial owner of the Shares whose investments are registered in the names of a nominee to provide instructions to their nominee of their intentions with regards to the Offer.

5. ANNOUNCEMENT

- (a) By 6:00 p.m. on the Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the expiry, revision or extension of the Offer. The Offeror must post an announcement on the Stock Exchange's website by 7:00 p.m. on the Closing Date stating the results of the Offer and whether, amongst other information required under Rule 19.1 of the Takeovers Code, the Offer has been revised, extended or has expired. The announcement must state the following:
 - (i) the total number of Offer Shares for which acceptances for the Offer have been received;
 - (ii) the number of Shares and rights over Shares held, controlled or directed by the Offeror and parties acting in concert with it before the Offer Period; and
 - (iii) the total number of Shares and rights over Shares acquired or agreed to be acquired during the Offer Period by the Offeror and persons acting in concert with it.

The announcement must also include details of any relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror or any person acting in concert with it has borrowed or lent (save for any borrowed Shares which have been either on-lent or sold) and specify the percentages of the issued share capital of the Company and the percentages of voting rights of the Company represented by these numbers.

- (b) In computing the total number or principal amount of Shares represented by acceptances, only valid acceptances that are complete, in good order and fulfill the acceptance conditions set out in section 1 of this Appendix, and which have been received by the Registrar no later than 4:00 p.m. on the Closing Date shall be included.
- (c) As required under the Takeovers Code, all announcements in relation to the Offer which the Executive and the Stock Exchange have confirmed that they have no further comments thereon must be made in accordance with the requirements of the Takeovers Code and the Listing Rules.

6. RIGHT OF WITHDRAWAL

Acceptance of the Offer tendered by the Independent Shareholders shall be irrevocable and cannot be withdrawn, except in the circumstances set out in the next paragraph.

If the Offeror is unable to comply with the requirements set out in the section headed “5. ANNOUNCEMENT” in this Appendix, the Executive may require, pursuant to Rule 19.2 of the Takeovers Code, that the Independent Shareholders who have tendered acceptances of the Offer, be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements of Rule 19 of the Takeovers Code are met.

In such case, when the Independent Shareholders withdraw their acceptances, the Offeror shall, as soon as possible but in any event no later than seven (7) Business Days thereof, return by ordinary post the Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the Offer Shares lodged with the Form of Acceptance to the relevant Independent Shareholders at their own risk.

7. OVERSEAS SHAREHOLDERS

Overseas Shareholders who wish to participate in the Offer are subject to, and may be limited by, the laws and regulations of their respective jurisdictions in connection with their participation in the Offer. Overseas Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe relevant applicable legal or regulatory requirements and, where necessary, seek independent legal advice. It is the responsibility of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such accepting Overseas Shareholders in respect of the acceptance of the Offer in such jurisdictions).

Any acceptance by Independent Shareholders and beneficial owners of the Shares who are citizens, residents or nationals of a jurisdiction outside Hong Kong will be deemed to constitute a representation and warranty from such persons to the Offeror that all relevant and applicable laws and requirements have been complied with, and such Overseas Shareholder is permitted under all applicable laws and regulations to receive and accept the Offer, and any

revision thereof, and such acceptance shall be valid and binding in accordance with all applicable laws and regulations. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, any of the above representation and warranties.

Independent Shareholders who are in doubt as to the action they should take should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

8. TAX IMPLICATIONS

Independent Shareholders are recommended to consult their own professional advisers as to the taxation implications of accepting or rejecting the Offer. None of the Offeror and/or parties acting in concert with it, the Company, CLSA Limited, Gram Capital, the Registrar nor their respective ultimate beneficial owners, directors, officers, advisers, agents or associates or any other person involved in the Offer accepts any responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

9. GENERAL

- (a) All communications, notices, Form of Acceptance, share certificate(s), transfer receipts(s), other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Offer to be delivered by or sent to or from the Shareholders will be delivered by or sent to or from them, or their designated agents by post at their own risk, and the Offeror, its beneficial owners, the Company, CLSA Limited, Gram Capital, the Registrar or any of their respective directors and professional advisers or the company secretary of the Company, and any other parties involved in the Offer and any of their respective agents do not accept any liability for any loss or delay in postage or any other liabilities that may arise as a result thereof.
- (b) The provisions set out in the Form of Acceptance form part of the terms and conditions of the Offer.
- (c) The accidental omission to despatch this Composite Document and/or Form of Acceptance or any of them to any person to whom the Offer are made will not invalidate the Offer in any way.
- (d) The Offer is, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong.
- (e) Due execution of the Form of Acceptance will constitute an irrevocable authority to the Offeror, CLSA Limited or such person or persons as the Offeror may direct to complete, amend and execute any document on behalf of the person or persons accepting the Offer and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror, or such person or persons as it may direct, the Shares in respect of which such person or persons has/have accepted the Offer.

- (f) Acceptance of the Offer by any Independent Shareholders will be deemed to constitute a warranty by such person or persons to the Offeror and the Company that their Shares under the Offer (as the case may be) are free from all third party rights and Encumbrances whatsoever and together with all rights accruing or attaching thereto including in the case of the Shares, the right to receive in full all dividends and distributions recommended, declared, made or paid on or after the date of this Composite Document. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, any of the above representation and warranty. As at the Latest Practicable Date, the Company has not declared any dividends which have not been distributed and the Company has no plan to declare, recommend, or pay any dividends or make any other distributions before the close of the Offer. In the event of any declaration of dividend/distribution by the Company, such dividend/distribution will not be used to set off against the Offer Price (or any part thereof) payable to the Independent Shareholders under the Offer.
- (g) References to the Offer in this Composite Document and the Form(s) of Acceptance shall include any revision and/or extension thereof.
- (h) Acceptances of the Offer by any nominee will be deemed to constitute a warranty by such nominee to that the number of the Shares in respect of which as indicated in the Form of Acceptance is the aggregate number of Shares or held by such nominee for such beneficial owner who is accepting the Offer.
- (i) In making their decision, the Independent Shareholders must rely on their own examination of the Offeror, the Group and the terms of the Offer, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the Form of Acceptance shall not be construed as any legal or business advice on the part of the Offeror, its beneficial owners, the Company, CLSA Limited, or Gram Capital or their respective professional advisers. The Independent Shareholders should consult their own professional advisers for professional advice.
- (j) All acceptances, instructions, authorities and undertakings given by the Independent Shareholders in the Form of Acceptance shall be irrevocable except as permitted under the Takeovers Code.
- (k) Unless otherwise expressly stated in this Composite Document and/or the Forms of Acceptance, no person other than the Offeror and the accepting Independent Shareholders may enforce any terms of the Offer that will arise out of complete and valid acceptances under the Contracts (Rights of Third Parties) Ordinance (Chapter 623 of the Laws of Hong Kong).
- (l) The English text of this Composite Document and the Form of Acceptance shall prevail over their respective Chinese text for the purpose of interpretation in case of inconsistency.

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

The following is a summary of the financial results of the Group for each of the three years ended 31 December 2024 as extracted from the audited financial statements set out in the 2022, 2023 and 2024 annual reports of the Company.

	Financial year ended		
	31 December 2022 RMB'000 (audited)	31 December 2023 RMB'000 (audited)	31 December 2024 RMB'000 (audited)
Revenue	22,606,790	24,131,975	20,746,774
Cost of Sales	<u>(21,019,912)</u>	<u>(23,123,382)</u>	<u>(19,967,705)</u>
Gross profit	1,586,878	1,008,593	779,069
Other income	1,506,316	1,327,026	737,723
Selling and distribution expenses	(1,211,482)	(1,082,892)	(967,410)
Administrative expenses	(1,280,537)	(1,084,526)	(981,633)
Reversal of impairment losses on intangible assets/(impairment losses on goodwill and intangible assets)	<u>232,426</u>	<u>—</u>	<u>(116,702)</u>
Profit/(loss) from operations	833,601	168,201	(548,953)
Finance costs	(1,006,998)	(1,054,301)	(936,721)
Share of profit/(loss) of associates and a joint venture	<u>43,055</u>	<u>(500)</u>	<u>3,666</u>
Loss before taxation	(130,342)	(886,600)	(1,482,008)
Income tax	<u>(167,079)</u>	<u>66,120</u>	<u>(47,078)</u>
Loss for the year	<u>(297,421)</u>	<u>(820,480)</u>	<u>(1,529,086)</u>
Loss for the year attributable to:			
Ordinary shareholders of the Company	(296,285)	(890,990)	(1,708,506)
Perpetual bond holders of the Company	—	41,708	107,127
Non-controlling interests	<u>(1,136)</u>	<u>28,802</u>	<u>72,293</u>

	Financial year ended		
	31 December 2022 <i>RMB'000</i> (audited)	31 December 2023 <i>RMB'000</i> (audited)	31 December 2024 <i>RMB'000</i> (audited)
Other comprehensive income for the year (after tax)			
Item that may be reclassified subsequently to profit or loss:			
Exchange difference on translation of:			
Financial statements of entities outside the Mainland China	(20,623)	(3,638)	838
Total comprehensive income for the year	(318,044)	(824,118)	(1,528,248)
Attributable to:			
Ordinary shareholders of the Company	(316,908)	(894,628)	(1,707,668)
Perpetual bond holders of the Company	—	41,708	107,127
Non-controlling interests	(1,136)	28,802	72,293
Basic and diluted loss per share (RMB cents)	(10.9)	(31.9)	(56.0)

Save as disclosed above, there were no items of any income or expense or non-controlling interests which were material in respect of the consolidated financial results of the Group for each of the three years ended 31 December 2024.

No dividend was paid or proposed by the Company during the three years ended 31 December 2024.

The auditors' reports issued by KPMG in respect of the consolidated financial statements of the Group for each of the three years ended 31 December 2024 did not contain any modified opinion, emphasis of matter or material uncertainty related to going concern.

2. CONSOLIDATED FINANCIAL STATEMENTS

The audited consolidated financial information of the Group for each of the three years ended 31 December 2024 has been disclosed in the following documents which have been published on the website of the Stock Exchange (<https://www.hkexnews.hk>) and the Company (<https://www.zhengtongauto.com>) and can be accessed at the website addresses below:

- (i) for the year ended 31 December 2022, on pages 77 to 195 of the 2022 annual report of the Company released on 18 April 2023 at <https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0418/2023041800229.pdf>;
- (ii) for the year ended 31 December 2023, on pages 53 to 163 of the 2023 annual report of the Company released on 26 April 2024 at <https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0426/2024042600934.pdf>; and
- (iii) for the year ended 31 December 2024, on pages 55 to 159 of the 2024 annual report of the Company released on 25 April 2025 at <https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0425/2025042500287.pdf>.

3. INDEBTEDNESS STATEMENT

As at the close of business on 31 March 2025, being the latest practicable date for the purpose of ascertaining the indebtedness of the Group prior to the printing of this Composite Document, the Group's indebtedness is set out below:

Bank loans and other borrowings

The Group had outstanding borrowings as follows:

	<i>RMB'000</i>
Guaranteed secured borrowings	5,719,893
Guaranteed unsecured borrowings	11,920,505
Unguaranteed unsecured borrowings	<u>2,780,408</u>
	<u><u>20,420,806</u></u>

Lease liabilities

The Group had lease liabilities of approximately RMB1,303 million.

Save as disclosed above and in “Note 34 Contingent Liabilities” on pages 152 to 153 of the 2024 annual report of the Company, and apart from intra-group liabilities and normal trade payables in the ordinary course of business, at the close of business on 31 March 2025, the Group did not have any material outstanding mortgages, charges, debentures or other loan capital or bank overdrafts or loans or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptance (other than normal trade bills) or acceptance credits, debt securities, guarantees or other material contingent liabilities.

4. MATERIAL CHANGE

The Directors confirm that, save as and except for the below, there was no material change in the financial or trading position or outlook of the Group since 31 December 2024, being the date to which the latest published audited consolidated financial statements of the Company were made up, up to and including the Latest Practicable Date:

- (a) The Connected Subscription Completion took place on 2 June 2025.

1. RESPONSIBILITY STATEMENT

Each of the sole director of the Offeror and the directors of ITG Holding jointly and severally accepts full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to the Group), and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this Composite Document (other than those expressed by the Directors in their capacity as such) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document the omission of which would make any statement in this Composite Document misleading.

2. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the Offeror and parties acting in concert with it were interested in 7,512,038,208 Shares, representing approximately, and not more than, 75.00% of the voting rights of the Company.

During the Relevant Period, save for the Connected Subscription under the Subscription Agreement at a total consideration of HK\$1,000,359,078.60 (representing HK\$0.15 per Subscription Share), completion of which took place on 2 June 2025, none of the Offeror, the sole director of the Offeror or any parties acting in concert with any of them had dealt for value in any Shares, convertible securities, options, warrants or derivatives of the Company.

3. ADDITIONAL DISCLOSURE OF INTERESTS AND DEALINGS PURSUANT TO THE TAKEOVERS CODE

As at the Latest Practicable Date, the Offeror confirmed that:

- (a) save as disclosed in the section headed “Shareholding Structure of the Company” in the letter from the Board in this Composite Document and the section headed “2. DISCLOSURE OF INTERESTS” in this Appendix, there was no holding of voting rights in the Company or rights over any Shares which were owned, controlled or directed by the Offeror or parties acting in concert with it;
- (b) none of the Offeror or parties acting in concert with it held any outstanding options, warrants, or any securities that are convertible into Shares or any derivatives in respect of Shares nor has entered into any outstanding derivative in respect of securities in the Company, or hold any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (c) the sole director of the Offeror was not interested in any Shares, convertible securities, warrants, options or derivatives of the Shares;
- (d) none of the Offeror or parties acting in concert with it had received any irrevocable commitment from any person as to whether they will accept or reject the Offer;

- (e) none of the Offeror or parties acting in concert with it had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) in relation to the Shares;
- (f) none of the Offeror or parties acting in concert with it had borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (g) there was no outstanding derivative in respect of the securities of the Company which has been entered into by the Offeror or parties acting in concert with it;
- (h) there was no agreement, arrangement or understanding that any securities acquired in pursuance of the Offer would be transferred, charged or pledged to any other persons;
- (i) no benefit had been or will be given to any Director as compensation for loss of office in any members of the Group or otherwise in connection with the Offer;
- (j) there was no agreement, arrangement or understanding (including any compensation arrangement) between the Offeror or any person acting in concert with it and any of the Directors, recent Directors, Independent Shareholders or recent Independent Shareholders having any connection with or dependent upon the outcome of the Offer;
- (k) there was no agreements or arrangements to which the Offeror is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offer;
- (l) there was no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between the Offeror or parties acting in concert with it on the one hand and any of the Shareholders on the other hand; and
- (m) there was no material contracts entered into by the Offeror in which any Director had a material personal interest.

4. EXPERT AND CONSENTS

The following is the name and qualification of the expert who has given opinion or advice contained in this Composite Document:

Name	Qualification
CITICS HK	A licensed corporation to carry out Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
CLSA Limited	A licensed corporation to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 7 (providing automated trading services) regulated activities under the SFO

Each of CITICS HK and CLSA Limited has given and has not withdrawn its written consent to the issue of this Composite Document, with the inclusion therein of its letter(s), report(s), advice(s) and/or opinion (as the case may be) as set out in this Composite Document and references to its name in the form and context in which they respectively appear.

5. MISCELLANEOUS INFORMATION

- (a) The registered office of the Offeror is Room 1911, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong.
- (b) The registered office of ITG Holding is 29–30F, ITG Center, No.4688 Xianyue Road, Huli District, Xiamen, China.
- (c) The registered office of each of (i) CLSA Limited, the agent making the Offer on behalf of the Offeror; and (ii) CITICS HK, the financial adviser to the Offeror, is 18/F One Pacific Place, 88 Queensway, Hong Kong.
- (d) As at the Latest Practicable Date, the sole director of the Offeror is Mr. WANG Mingcheng. As at the Latest Practicable Date, the ultimate parent company of the Offeror is ITG Holding and the directors of ITG Holding are Mr. ZHENG Yongda, Mr. GAO Shaoyong, Mr. MA Chenhua, Mr. CHEN Dingyu, Mr. CHEN Fang, Mr. YANG Qingrong, Mr. WU Shinong, Mr. CHEN Cangxing and CAI Yingbin.
- (e) The English text of this Composite Document and the accompanying Form of Acceptance shall prevail over their Chinese text in case of any inconsistency.

6. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the SFC (<https://www.sfc.hk>) and the Company (<https://www.zhengtongauto.com>) from the date of this Composite Document up to and including the Closing Date:

- (a) the articles of association of the Offeror;
- (b) the letter from CLSA Limited, the text of which is set out in the section headed “Letter from CLSA Limited” in this Composite Document;
- (c) the written consents referred to in the section headed “4. EXPERT AND CONSENTS” in this Appendix.

1. RESPONSIBILITY STATEMENT

This Composite Document includes particulars given in compliance with the Takeovers Code for the purpose of giving information with regard to the Group. The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to the Offeror and parties acting in concert with it (other than the Group)), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by each of the sole director of the Offeror and directors of ITG Holding in their capacity as such) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any of the statements in this Composite Document misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date were as follows:

(i) As at the Latest Practicable Date

	<i>HK\$</i>
<i>Authorised</i>	
<u>20,000,000,000</u> Shares of HK\$0.10 each	<u>2,000,000,000</u>
<i>Issued and fully paid</i>	
<u>10,016,050,944</u> Shares of HK\$0.10 each	<u>1,001,605,094.40</u>

All issued Shares rank *pari passu* in all respects with each other, including, in particular, as to dividends, voting rights and return of capital.

Save for the 6,669,060,524 Subscription Shares, no Share has been issued since 31 December 2024 and up to the Latest Practicable Date.

The issued Shares are listed on the Stock Exchange. None of the securities of the Company is listed or dealt in, and no listing or permission to deal in the securities of the Company is being or is proposed to be sought on any other stock exchange.

As at the Latest Practicable Date, save as disclosed above, the Company has no outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares.

3. MARKET PRICES

The table below sets out the closing prices per Share as quoted on the Stock Exchange (i) on the last trading day of each of the calendar months during the Relevant Period; (ii) on the Last Trading Day; (iii) on the last business day before the Joint Announcement dated 28 May 2025; and (iv) on the Latest Practicable Date.

Date	Closing price per Share HK\$
31 July 2024	0.142
30 August 2024	0.112
30 September 2024	0.143
31 October 2024	0.121
29 November 2024	0.136
31 December 2024	0.07
24 January 2025 (being the Last Trading Day)	0.11
28 January 2025	0.114
28 February 2025	0.098
31 March 2025	0.097
30 April 2025	0.12
27 May 2025 (being the last business day before the Joint Announcement dated 28 May 2025)	0.119
30 May 2025	0.145
6 June 2025 (being the Latest Practicable Date)	0.148

The highest and lowest closing market prices of the Shares recorded on the Stock Exchange during the Relevant Period were HK\$0.23 on 2 October 2024 and HK\$0.058 on 15 January 2025, respectively.

4. DISCLOSURE OF INTERESTS

(a) Interests of Directors

As at the Latest Practicable Date, based on the records of the Company, including notices received pursuant to Part XV of the SFO, none of the Directors of the Company had or were deemed to have any interests or short positions in the shares, underlying shares and debentures of the Company.

(b) Interests of substantial Shareholders

As at the Latest Practicable Date, the following persons (other than the Directors) had or were deemed or taken to have an interest or short position in the Shares, the underlying Shares or debentures of the Company which would fall to be disclosed to the Company under the provisions Divisions 2 and 3 of Part XV of the SFO, or, who which were required to be recorded in the register of interests required to be kept by the Company under section 336 of the SFO:

Name of Shareholder	Capacity/Nature of interest	Number of Shares	Approximate percentage of the issued share capital⁽²⁾
ITG Holding ⁽¹⁾	Interests of controlled corporation	7,512,038,208	75.00%
ITG Holding Investment (HK) Limited ⁽¹⁾	Interests of controlled corporation	7,489,678,708	74.78%
The Offeror ⁽¹⁾	Beneficial owner	7,489,678,708	74.78%

Notes:

- (1) ITG Holding is deemed to be interested in the 22,359,500 Shares held by Hong Kong Sindanol, as Hong Kong Sindanol is a direct wholly owned subsidiary of Xiamen Xindeco, and ITG Holding was beneficially interested in approximately 39.93% of the issued share capital of Xiamen Xindeco according to the 2025 first quarterly report of Xiamen Xindeco. ITG Holding is also deemed to be interested in the Shares in which the Offeror has an interest as the Offeror is a direct wholly owned subsidiary of ITG Holding Investment (HK) Limited which in turn is a direct wholly owned subsidiary of ITG Holding. Therefore, ITG Holding was indirectly interested in an aggregate of 7,512,038,208 Shares. Mr. WANG Mingcheng, an executive Director, is the sole director of the Offeror. Mr. SU Yi, an executive Director, is also a director of ITG Holding Investment (HK) Limited.
- (2) The percentage figures as set out above are subject to rounding adjustments. The calculation is based on the number of Shares as a percentage of the total number of issued Shares as at the Latest Practicable Date (being 10,016,050,944 Shares).

5. ADDITIONAL DISCLOSURE OF SHAREHOLDING AND DEALINGS PURSUANT TO THE TAKEOVERS CODE

As at the Latest Practicable Date:

- (a) the Company had no shareholding interest or any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Offeror, nor had the Company dealt for value in any shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Offeror during the Relevant Period;

- (b) none of the Directors was interested in any Shares or relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company and in any shares or other securities of the Offeror. During the Relevant Period, none of the Directors had dealt for value in any shares or relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company or the Offeror;
- (c) no shareholding in the Company was owned or controlled by a subsidiary of the Company or by a pension fund of any member of the Group or by a person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert” in the Takeovers Code or who is an associate of the Company by virtue of class (2) of the definition of “associate” in the Takeovers Code but excluding exempt principal traders and exempt fund managers;
- (d) no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert” in the Takeovers Code or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of “associate” in the Takeovers Code;
- (e) no shareholding in the Company was managed on a discretionary basis by fund managers (other than exempt fund managers) connected with the Company;
- (f) neither the Company nor any of the Directors has borrowed or lent any shares and/or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company;
- (g) no benefit had been or will be given to any Director as compensation for loss of office in any members of the Group or otherwise in connection with the Offer;
- (h) there was no agreement or arrangement between any Director and any other person which is conditional on or dependent upon the outcome of the Offer or otherwise connected with the Offer;
- (i) there was no material contracts entered into by the Offeror in which any Director had a material personal interest; and
- (j) there was no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between the Company, its subsidiaries or associated companies on the one hand and any of the Shareholders on the other.

6. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, save as disclosed below, none of the Directors had any service contract with the Company or any of its subsidiaries or associated companies in force which (a) (including both continuous and fixed term contracts) have been entered into

or amended within 6 months preceding the date of the Joint Announcement dated 26 January 2025; (b) are continuous contracts with a notice period of 12 months or more; or (c) are fixed term contracts with more than 12 months to run irrespective of the notice period.

Director	Date of signing of the service contract or letter of appointment	Term of service contract or letter of appointment	Emolument
Mr. SU Yi	24 December 2024	An initial term of three years with effect from 24 December 2024	Mr. SU Yi does not receive any remuneration as an executive Director.
Dr. TSUI Wai Ling Carlye	14 December 2024	An initial term of three years with effect from 24 December 2024	HK\$330,000 per annum
Mr. SHEN Jinjun	24 December 2024	An initial term of three years with effect from 24 December 2024	HK\$330,000 per annum

Mr. SU Yi, Dr. TSUI Wai Ling Carlye and Mr. SHEN Jinjun are not entitled to any variable remuneration under their respective service contracts or letters of appointment.

7. MATERIAL LITIGATION

Save as disclosed “Note 34 Contingent Liabilities” on pages 152 to 153 of the 2024 annual report of the Company, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group as at the Latest Practicable Date.

8. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Group) have been entered into by the members of the Group within the two years immediately preceding the date of the Joint Announcement dated 26 January 2025 and up to and including the Latest Practicable Date of this Composite Document and are or may be material:

- (a) the Subscription Agreement;
- (b) the placing agreement dated 7 June 2023 entered into between the Company and Huatai Financial Holdings (Hong Kong) Limited relating to the placing of 122,560,000 new Shares at HK\$0.48 per placing share;
- (c) the share transfer agreement dated 18 December 2023 entered into between the Shengze Jietong Supply Chain Co., Limited* (聖澤捷通供應鏈有限公司) (“**Shengze Jietong**”), and Xiamen Xindeco in relation to the disposal by

Shengze Jietong of 5.77% of the equity interest in Dongfeng Logistics Group Co., Limited* (東風物流集團股份有限公司) to Xiamen Xindeco at a total consideration of RMB331,496,300;

- (d) the subscription agreement dated 25 July 2024 entered into between the Company and Mr. Yang Liguó for the issue and subscription of 319,888,000 new Shares at the subscription price of HK\$0.125 per subscription share; and
- (e) the subscription agreement dated 25 July 2024 entered into between the Company and Ms. Li Xiao Feng for the issue and subscription of 160,000,000 new Shares at the subscription price of HK\$0.125 per subscription share.

* For identification purpose only

9. EXPERT AND CONSENTS

The following is the name and qualification of the expert who has given opinion or advice contained in this Composite Document:

Name	Qualification
Gram Capital Limited	A licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

Gram Capital has given and has not withdrawn its written consent to the issue of this Composite Document, with the inclusion therein of its letter(s), report(s), advice(s) and/or opinion (as the case may be) as set out in this Composite Document and references to its name in the form and context in which they respectively appear.

Huatai, the financial adviser to the Company, has given and has not withdrawn its written consent to the publication of its name in this Composite Document in the form and context in which it appears.

10. MISCELLANEOUS INFORMATION

- (a) The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The headquarters of the Company is at 4/F, Wuhan Baoze, No. Te 6 Huangpu Technological Park, Jiangnan District, Wuhan, China. The principal place of business in Hong Kong is at Flat C, 32/F, Lippo Centre Tower 1, 89 Queensway, Hong Kong.
- (b) The registered office of Gram Capital is at Room 1209, 12/F. Nan Fung Tower, 173 Des Voeux Road Central, Hong Kong.
- (c) The company secretary of the Company is Ms. Fung Wai Sum. She is a Chartered Secretary, a Chartered Governance Professional and an Associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

- (d) The Hong Kong branch share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited located at 17M Floor, Hopewell Centre, 183 Queens Road East, Wan Chai, Hong Kong.
- (e) The English text of this Composite Document and the accompanying Form of Acceptance shall prevail over their Chinese text in case of any inconsistency.

11. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the website of the SFC (<https://www.sfc.hk>) and the Company (<https://www.zhengtongauto.com>) from the date of this Composite Document up to and including the Closing Date:

- (a) this Composite Document and the accompanying Form of Acceptance;
- (b) the Memorandum and Articles of Association of the Company;
- (c) the annual reports of the Company for the financial years ended 31 December 2022, 31 December 2023 and 31 December 2024;
- (d) the letter from the Board, the text of which is set out in the section headed “Letter from the Board” in this Composite Document;
- (e) the letter from the Independent Board Committee, the text of which is set out in the section headed “Letter from the Independent Board Committee” in this Composite Document;
- (f) the letter from Gram Capital containing its advice to the Independent Board Committee, the text of which is set out in the section headed “Letter from Gram Capital” in this Composite Document;
- (g) the service contracts referred to in the section headed “6. DIRECTORS’ SERVICE CONTRACTS” in this Appendix;
- (h) the material contracts referred to in the section headed “8. MATERIAL CONTRACTS” in this Appendix; and
- (i) the written consents referred to in the section headed “9. EXPERT AND CONSENTS” in this Appendix.