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## THIS COMPOSITE DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in Shanghai Dongzheng Automotive Finance Co., Ltd.\*, you should at once hand this Composite Document together with the accompanying Forms of Acceptance to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s). This Composite Document should be read in conjunction with the accompanying Forms of Acceptance, the provisions of which form part of the terms of the Offers contained herein.

The Stock Exchange of Hong Kong Limited and Hong Kong Exchanges and Clearing Limited take no responsibility for the contents of this Composite Document and the accompanying Forms of Acceptance, make no representation as to their 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 Forms of Acceptance.

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**SAIC MOTOR CORPORATION LIMITED\***

上海汽車集團股份有限公司

(Incorporated in the People's Republic of China with limited liability)

(Stock code: 600104.SH)



**Shanghai Dongzheng Automotive Finance Co., Ltd.\***

上海東正汽車金融股份有限公司

(a joint stock company incorporated in the People's Republic of

China with limited liability)

(Stock code: 2718)

### COMPOSITE DOCUMENT RELATING TO

- (1) MANDATORY UNCONDITIONAL CASH OFFER BY CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED FOR AND ON BEHALF OF SAIC MOTOR CORPORATION LIMITED\* FOR ALL THE H SHARES IN SHANGHAI DONGZHENG AUTOMOTIVE FINANCE CO., LTD.\* (OTHER THAN THOSE ALREADY OWNED BY OR AGREED TO BE ACQUIRED BY SAIC MOTOR CORPORATION LIMITED\* AND/OR OFFEROR CONCERT PARTIES); AND**
- (2) MANDATORY UNCONDITIONAL CASH OFFER BY SAIC MOTOR CORPORATION LIMITED\* FOR ALL THE DOMESTIC SHARES IN SHANGHAI DONGZHENG AUTOMOTIVE FINANCE CO., LTD.\***

Financial Adviser to the Offeror



Independent Financial Adviser to the Independent Board Committee



**SOMERLEY CAPITAL LIMITED**

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Holders of the Offer Shares should inform themselves of and observe any applicable legal or regulatory requirements. See "Important Notice" beginning on page iv of this Composite Document.

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this Composite Document. A "Letter from CICC" containing, among other things, the details of the terms and conditions of the Offers are set out on pages 9 to 21 of this Composite Document. A letter from the Board is set out on pages 22 to 27 of this Composite Document. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders in respect of the Offers is set out on pages 28 to 29 of this Composite Document. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee in respect of the Offers is set out on pages 30 to 55 of this Composite Document.

The procedures for acceptance and settlement of the Offers and other related information are set out on pages I-1 to I-13 in Appendix I to this Composite Document and in the accompanying Forms of Acceptance. Acceptances of the H Share Offer should be received by the H Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on Thursday, 6 October 2022 or such later time and/or date as the Offeror may decide and announce in accordance with the requirements under the Takeovers Code. Acceptances of the Domestic Share Offer should be received by the Offeror at Room 509, Building 1, No. 563, Songtao Road, China (Shanghai) Pilot Free Trade Zone, Pudong, Shanghai, the People's Republic of China not later than 4:00 p.m. on Thursday, 6 October 2022 or such later time and/or date as the Offeror may decide and announce in accordance with the requirements under 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 Forms of Acceptance to any jurisdiction outside of Hong Kong should read the details in this regard which are contained in the section headed "Overseas Shareholders" of the "Letter from CICC" in this Composite Document before taking any action. It is the responsibility of each Overseas Shareholder wishing to accept the Offers to satisfy himself, herself or itself as to full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required and the compliance with other necessary formalities or legal requirements. Overseas Shareholders are advised to seek professional advice on deciding whether to accept the Offers. This Composite Document will remain on the Stock Exchange website at <http://www.hkexnews.hk> and the Company's website at <https://www.dongzhengafc.com>.

\* For identification purposes only

15 September 2022

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## EXPECTED TIMETABLE

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*The expected timetable set out below is indicative only and may be subject to changes. Any changes to the timetable will be announced by the Offeror and the Company as and when appropriate.*

Despatch Date of this Composite Document and the accompanying Forms of Acceptance and commencement date of the Offers ( <i>Note 1</i> ) . . . . .	Thursday, 15 September 2022
Offers open for acceptance . . . . .	Thursday, 15 September 2022
Latest time for acceptance of the Offers on the Closing Date ( <i>Notes 2, 3 and 6</i> ) . . . . .	4:00 p.m. on Thursday, 6 October 2022
Closing Date ( <i>Note 2</i> ) . . . . .	Thursday, 6 October 2022
Announcement of the results of the Offers (or their extension or revision, if any) as at the Closing Date to be posted on the website of the Stock Exchange ( <i>Notes 2 and 3</i> ) . . . . .	By 7:00 p.m. on Thursday, 6 October 2022
Latest date for posting or in the case of the Domestic Share Offer, wire transfer of remittances for the amount due in respect of valid acceptances received under the Offers on or before 4:00 p.m. on the Closing Date ( <i>Notes 4 and 5</i> ) . . . . .	Monday, 17 October 2022

*Notes:*

- (1) The Offers, which are unconditional in all respects, are made on Thursday, 15 September 2022, being the date of posting of this Composite Document and are capable of acceptance on and from that date until 4:00 p.m. on the Closing Date. Acceptances of the Offers shall be irrevocable and not capable of being withdrawn, except in the circumstances as set out in the section headed “5. Right of Withdrawal” in Appendix I to this Composite Document.
- (2) In accordance with the Takeovers Code, the Offers must initially be opened for acceptance for at least 21 days following the date on which this Composite Document is posted. The latest time and date for acceptance of the Offers is 4:00 p.m. on Thursday, 6 October 2022 unless the Offeror revises or extends the Offers in accordance with the Takeovers Code. An announcement will be jointly issued by the Company and the Offeror through the website of the Stock Exchange by 7:00 p.m. on Thursday, 6 October 2022 stating whether the Offers have been extended, revised or have expired. In the event that the Offeror decides to revise or extend the Offers and the announcement does not specify the next closing date, at least 14 days’ notice by way of an announcement will be given before the Offers are closed to those Independent Shareholders who have not yet accepted the Offers.
- (3) Beneficial owners of the Shares who hold their H Shares in CCASS directly as an Investor Participant or indirectly via a broker or custodian participant should note the timing requirements (please also refer to paragraph (c) under “1. Procedures for Acceptance of the Offers and Settlements” on page I-1 in Appendix I to this Composite Document) for causing instructions to be made to CCASS in accordance

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## EXPECTED TIMETABLE

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with the General Rules of CCASS and CCASS Operational Procedures. Acceptances of the Offers are irrevocable and are not capable of being withdrawn, except in the circumstances as set out in the section headed “5. Right of Withdrawal” in Appendix I of this Composite Document.

- (4) Remittances in respect of the cash consideration (after deducting the seller’s ad valorem stamp duty in respect of acceptances of the H Share Offer) payable for the Shares tendered under the H Share Offer will be made to those Independent Shareholders accepting the H Share Offer (to the address specified on the relevant Shareholder’s WHITE Form of Acceptance) by ordinary post at their own risk as soon as possible, but in any event within seven Business Days following the date of receipt by the H Share Registrar of a duly completed WHITE Form of Acceptance together with all valid requisite documents from the Independent Shareholders accepting the H Share Offer in accordance with the Takeovers Code.
- (5) Remittances in respect of the cash consideration payable for the Shares tendered under the Domestic Share Offer will be made by cheque or wire transfer according to the bank account details of the transferor set out on the first page of the GREEN Form of Acceptance or posted to those Independent Shareholders accepting the Domestic Share Offer (to the address specified on the relevant Shareholder’s GREEN Form of Acceptance) by ordinary post at their own risk as soon as possible but in any event within seven Business Days following the date of receipt by the Offeror of a duly completed GREEN Form of Acceptance together with all valid requisite documents from the Independent Shareholders accepting the Domestic Share Offer in accordance with the Takeovers Code.
- (6) If there is a tropical cyclone warning signal number 8 or above, or a black rainstorm warning:
  - (a) in force in Hong Kong 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 H Share Offer, the latest time for acceptance of the H Share Offer will remain at 4:00 p.m. (Hong Kong time) on the same day; or
  - (b) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the latest date for acceptance of the H Share Offer, the latest time for acceptance of the H Share Offer will be rescheduled to 4:00 p.m. (Hong Kong time) on the following Business Day.

**All time and date references contained in this Composite Document and accompanying Forms of Acceptance are to Hong Kong times and dates.**

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## IMPORTANT NOTICE

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### NOTICE TO SHAREHOLDERS OUTSIDE OF HONG KONG

This Composite Document will not be filed under any laws or rules of any jurisdiction other than Hong Kong. As the Offers to persons not residing in Hong Kong may be affected by the laws of the relevant jurisdiction in which they are resident, Overseas Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should obtain information about and observe any applicable legal or regulatory requirements and, where necessary, seek legal advice in respect of the Offers. It is the responsibility of the Overseas Shareholders who wish to accept the Offers to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offers (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 from such Overseas Shareholders in respect of such jurisdictions).

Please refer to the section headed “Overseas Shareholders” in the “Letter from CICC” to this Composite Document for further information.

### NOTICE TO U.S. SHAREHOLDERS

The H Share Offer is subject to Hong Kong disclosure and procedural requirements, including with respect to offer timetable, settlement procedures, timing of payments and withdrawal rights, which are different from those applicable to tender offers carried out in the United States. This Composite Document will not be filed under any laws or rules of any jurisdiction other than Hong Kong, which are different from those of the United States. The H Share Offer may be extended into the United States pursuant to the applicable U.S. tender offer rules or an available exemption therefrom and otherwise in accordance with the requirements of the SFO. The receipt of cash pursuant to the H Share Offer by a U.S. holder of Shares may be a taxable transaction for U.S. federal income tax purposes and under applicable state and local, as well as foreign and other tax laws. Each U.S. holder of H Shares are urged, before accepting the H Share Offer, to consult their own professional advisers regarding the tax consequences of acceptance of the H Share Offer, whether in relation to United States federal income tax or taxes under applicable state and local tax laws, or foreign tax laws.

The Company is established under the laws of the PRC. It may be difficult for U.S. holders of H Shares to enforce their rights and claims arising out of United States federal securities laws, since the Company is located in a country other than the United States, some or all of its officers and directors may be residents of a country other than the United States and the assets of the Company may be located outside the United States. U.S. holders of H Shares may not be able to sue a non-United States company or its officers or directors in a non-United States court for violations of United States securities laws. It may be difficult for such H Shareholders to effect service of process within the United States upon the Company or its officers or directors or to enforce against them any judgment of a United States court predicated upon the federal or state securities laws of the United States. In particular, H Shareholders in the United States should note that the Offeror reserves the right itself or through affiliates or nominees or its brokers acting as its agents from time to time to make purchases of, or arrangements to purchase, H Shares outside of the United

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## **IMPORTANT NOTICE**

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States before or during the offer period of the H Share Offer other than pursuant to the H Share Offer to the extent permitted by and in accordance with the requirements of the Takeovers Code. In accordance with the Takeovers Code and Rule 14e-5(b) of the U.S. Exchange Act, CICC and its affiliates may continue to act as exempt principal traders in the H Shares on the Stock Exchange. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices, provided that (i) any such purchase or arrangement complies with applicable law, including but not limited to the Takeovers Code, and is made outside the United States and (ii) if applicable, the Offer Price is increased to match any consideration paid in any such purchase or arrangement. Information about such purchases will be reported to the SFC in accordance with the requirements of the Takeovers Code and, to the extent made public by the SFC, will be available on the website of the SFC at <http://www.sfc.hk/> and the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk).

### **CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This Composite Document contains forward-looking statements, which may be identified by words such as “believe”, “expect”, “anticipate”, “intend”, “plan”, “seek”, “estimate”, “will”, “would” or words of similar meaning, that involve risks and uncertainties, as well as assumptions. All statements other than statements of historical fact are statements that could be deemed forward-looking statements.

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## DEFINITIONS

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*In this Composite Document, unless the context otherwise requires, the following expressions have the following meanings:*

“Acquisition”	the acquisition of the Sale Shares by the Offeror by way of the Auction
“acting in concert”	has the same meaning ascribed to it under the Takeovers Code
“Administrative Decision”	Administrative Decision (Hu Yin Bao Jian Tong [2020] No. 41) issued by the CBIRC Shanghai Office
“Administrative Ruling”	Administrative Ruling ([2022] Hu 74 Xing Shen No. 1) issued by Shanghai Financial Court of the PRC
“Anji Leasing”	Anji Leasing Co., Ltd* (安吉租賃有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of SAIC Motor
“Articles of Association”	the articles of association of the Company, as amended, restated and/or supplemented from time to time
“associate(s)”	has the same meaning ascribed to it under the Takeovers Code
“associated companies”	has the same meaning ascribed to it under the Takeovers Code
“associated corporations”	has the same meaning ascribed to it under Part XV of the SFO
“Auction”	the auction of the Sale Shares through the online platform (www.jd.com) pursuant to the Administrative Decision and the Administrative Ruling which took place between 10 a.m. on 18 May 2022 and 10 a.m. on 19 May 2022
“Board”	the board of Directors
“Board of Supervisors”	the board of Supervisors
“Business Day(s)”	a day on which the Stock Exchange is open for the transaction of business
“CBIRC”	China Banking and Insurance Regulatory Commission and its competent local counterparts
“CBIRC Shanghai Office”	the Shanghai Office of the CBIRC
“CCASS”	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited

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## DEFINITIONS

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“CICC”	China International Capital Corporation Hong Kong Securities Limited, the financial adviser to the Offeror. CICC is a licensed corporation under the SFO, licensed to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities
“Closing Date”	the date stated in this Composite Document as the Closing Date of the Offers or any subsequent closing date as may be announced by the Offeror and approved by the Executive
“Company” or “Dongzheng”	Shanghai Dongzheng Automotive Finance Co., Ltd.* (stock code: 2718), a joint stock company incorporated in the People’s Republic of China with limited liability, the H Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Acquisition
“Completion Announcement”	the joint announcement of the Company and the Offeror dated 5 August 2022 in relation to Completion
“Completion Date”	the date of Completion, namely 4 August 2022
“Completion Procedures”	the completion procedures for the Acquisition required to be satisfied prior to Completion
“Composite Document”	this composite offer and response document jointly issued and despatched by the Offeror and the Company to all the Shareholders in connection with the Offers in compliance with the Takeovers Code
“Consideration”	the consideration for the Sale Shares pursuant to the Auction being RMB1,606,812,970 (equivalent to approximately HK\$1,899,101,391) in aggregate, comprising the Security Deposit and the Remaining Balance
“controlling shareholder”	has the same meaning ascribed to it under the Listing Rules
“CSDC”	China Securities Depository and Clearing Corporation Limited and its competent subsidiary, branch or agent
“Despatch Date”	15 September 2022, the date of despatch of this Composite Document
“Director(s)”	the director(s) of the Company

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## DEFINITIONS

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“Domestic Share Offer”	the offer made by the Offeror in accordance with the Takeovers Code for the Domestic Shares
“Domestic Share Offer Price”	RMB1.0572 per Domestic Share in respect of the Domestic Share Offer
“Domestic Share(s)”	the issued ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for or credited as fully paid in RMB originally issued by Dongzheng to domestic investor(s) for subscription in RMB
“Domestic Share Offer Transfer Fee”	in relation to an accepting Shareholder under the Domestic Share Offer, the transfer fee of RMB0.00050 per Domestic Share tendered by it payable to the CSDC (up to a maximum amount of RMB200,000 per transaction), which is payable by such accepting Shareholder and the Offeror to the CSDC in equal shares
“Domestic Shareholder(s)”	holder(s) of the Domestic Shares from time to time
“Dongfeng Motor Corporation”	Dongfeng Motor Corporation* (東風汽車集團有限公司), being the holder of all of the Domestic Shares as at the Latest Practicable Date
“Dongfeng Motor Group”	Dongfeng Motor Corporation and its subsidiaries
“Encumbrances”	(i) any valid mortgage, pledge, charge, lien, rights of pre-emption, guarantee, trust arrangements or any other similar restriction on rights securing or conferring any priority of payment in respect of, any obligation of any person, (ii) any valid lease, sub-lease, occupancy agreement or covenant granting a right of use or occupancy to any person, (iii) any valid proxy, power of attorney, voting trust agreement, beneficial interest, option, right of first offer or refusal or other transfer restriction in favour of any person and (iv) any adverse, legal and valid claim as to title, possession or use
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates
“Forms of Acceptance”	the WHITE Form of Acceptance and the GREEN Form of Acceptance
“GREEN Form of Acceptance”	the GREEN form of acceptance and transfer in respect of the Domestic Share Offer accompanying this Composite Document

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## DEFINITIONS

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“H Share Offer”	the offer made by CICC for and on behalf of the Offeror in accordance with the Takeovers Code for the H Shares
“H Share Offer Price”	HK\$1.2430 per H Share in respect of the H Share Offer
“H Share Registrar”	Computershare Hong Kong Investor Services Limited, the Company’s H Share registrar in Hong Kong located at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong
“H Share(s)”	the issued overseas listed foreign Share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and traded in HK\$ and listed on the Main Board of the Stock Exchange
“H Shareholder(s)”	the holder(s) of H Shares
“HK\$”	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
“Independent Board Committee”	the independent board committee of the Board established pursuant to the Takeovers Code comprising those Directors as identified in the section headed “Independent Board Committee and Independent Financial Adviser” in the “Letter from the Board” and formed for the purpose of advising the Independent Shareholders in respect of the Offers
“Independent Financial Adviser” or “Somerley”	Somerley Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO, being the independent financial adviser appointed by the Company for the purpose of advising the Independent Board Committee in respect of the Offers
“Independent Shareholder(s)”	Shareholder(s) other than the Offeror and Offeror Concert Parties, being holder(s) of Offer Share(s)
“Investor Participant(s)”	person(s) admitted to participate in CCASS as investor participants
“Joint Announcement”	the joint announcement dated 26 May 2022 jointly issued by the Company and the Offeror, in relation to, among other things, the Acquisition and the Offers

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## DEFINITIONS

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“Last Trading Day”	18 May 2022, being the last trading day on which the Shares were traded on the Stock Exchange prior to the issue and publication of the Joint Announcement
“Latest Practicable Date”	9 September 2022, 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 of Hong Kong Limited
“NDRC”	the National Development and Reform Commission or its local counterpart
“NEV Credits”	credits that are granted to automobile manufacturers in the PRC when new energy passenger cars are produced or imported, the surplus of which are tradable amongst automobile manufacturers in the PRC
“Offer Period”	has the same meaning ascribed to it under the Takeovers Code, being the period commencing on 3 February 2021 (being the date on which the Company first made an announcement pursuant to Rule 3.7 of the Takeovers Code) up to and including the Closing Date, or if the Offers are revised or extended, any subsequent closing date of the Offers as revised or extended and announced by the Offeror in accordance with the Takeovers Code
“Offer Price”	the H Share Offer Price and Domestic Share Offer Price
“Offer Share(s)”	all Shares that are not owned or agreed to be acquired by the Offeror or Offeror Concert Parties and “Offer Share” means any of them
“Offeror Concert Parties”	parties acting in concert with the Offeror in relation to the Company, including but not limited to CICC (except in the capacity of an exempt principal trader or exempt fund manager for the purpose of the Takeovers Code), SAIC Group and SAIC HK
“Offeror Group”	the Offeror and its subsidiaries
“Offers”	the H Share Offer and Domestic Share Offer
“Overseas Shareholders”	Independent Shareholder(s) whose address(es), as shown on the register of members of the Company, is/are outside Hong Kong

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## DEFINITIONS

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“PRC”	the People’s Republic of China (for the purpose of this Composite Document, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
“Relevant Period”	the period from 3 August 2020 (being six months prior to commencement of the Offer Period), up to and including the Latest Practicable Date
“Remaining Balance”	RMB1,446,812,970, being the balance of the Consideration after deducting the Security Deposit from the Consideration
“RMB”	Renminbi, the lawful currency of the PRC
“SAFE”	the State Administration of Foreign Exchange or its local counterpart
“SAIC Finance”	Shanghai Automotive Group Finance Corporation Limited* (上海汽車集團財務有限責任公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of SAIC Motor
“SAIC Group”	Shanghai Automotive Industry Corporation (Group)* (上海汽車工業(集團)有限公司), a corporation registered in the PRC, and wholly-owned by Shanghai SASAC
“SAIC HK”	SAIC Motor HK Investment Limited, a company incorporated in Hong Kong, and wholly-owned by the Offeror
“SAIC Motor” or “Offeror”	SAIC Motor Corporation Limited* (上海汽車集團股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600104) and is owned as to approximately 68.50% by SAIC Group and 3.45% by Shanghai International Group
“Sale Shares”	1,520,000,000 Unlisted Foreign Shares in the Company, representing approximately 71.04% of the issued share capital of the Company as at the Latest Practicable Date
“Security Deposit”	the security deposit of RMB160,000,000 which was paid by the Offeror to the Shanghai Financial Court on 13 May 2022 (prior to its enrolment for the Auction on 17 May 2022)
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

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## DEFINITIONS

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“Shanghai Changfan”	Shanghai Changfan Investment Management Consulting Service Co., Ltd* (上海暢帆投資管理諮詢服務有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of SAIC Motor
“Shanghai Financial Court”	Shanghai Financial Court of the People’s Republic of China
“Shanghai International Group”	Shanghai International Group Corporation Limited* (上海國際集團有限公司), a corporation registered in the PRC, and wholly-owned by Shanghai SASAC
“Shanghai SASAC”	Shanghai Municipal State-owned Assets Supervision and Administration Commission* (上海市國有資產監督管理委員會)
“Share(s)”	ordinary shares in the share capital of the Company, including H Shares, Domestic Shares and Unlisted Foreign Shares
“Shareholder(s)”	holder(s) of Share(s)
“STA”	the State Taxation Administration and its competent local counterparts
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the same meaning ascribed to it under the Listing Rules
“Supervisor(s)”	the supervisor(s) of the Company
“Takeovers Code”	The Code on Takeovers and Mergers
“trading day”	a day on which the Stock Exchange is open for the business of dealings in securities
“Transactions”	the Acquisition and the Offers
“United States” or “U.S.”	the United States of America
“Unlisted Foreign Share(s)”	the Share(s) which are subscribed for or credited as fully paid in foreign currency and originally issued to foreign investor(s)
“WHITE Form of Acceptance”	the WHITE form of acceptance and transfer in respect of the H Share Offer accompanying this Composite Document

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## DEFINITIONS

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“ZhengTong”                      China ZhengTong Auto Services Holdings Limited (stock code: 1728), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange and the controlling shareholder of the Company prior to Completion

“%”                                      per cent.

*Notes:*

1. Certain English translations of Chinese names or words (including those marked with asterisk throughout this Composite Document) or Chinese translations of English names or words in this Composite Document are included for information and identification purposes only and should not be regarded as the official English translation of such Chinese names or words or official Chinese translation of such English names or words, respectively.
2. Certain amounts and percentage figures in this Composite Document have been subject to rounding adjustments.
3. The singular includes the plural and vice versa, unless the context otherwise requires.
4. References to any Appendix, paragraph and any sub-paragraphs of them are references to the Appendices to, and paragraphs of, this Composite Document and any sub-paragraphs of them respectively.
5. References to any statute or statutory provision include a statute or statutory provision which amends, consolidates or replaces the same whether before or after the date of this Composite Document.
6. Reference to one gender is a reference to all or any genders.



15 September 2022

*To the Shareholders*

Dear Sir or Madam,

**(1) MANDATORY UNCONDITIONAL CASH OFFER BY  
CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG  
SECURITIES LIMITED FOR AND ON BEHALF OF SAIC MOTOR CORPORATION  
LIMITED\* FOR ALL THE H SHARES IN SHANGHAI DONGZHENG AUTOMOTIVE  
FINANCE CO., LTD.\* (OTHER THAN THOSE ALREADY OWNED BY OR  
AGREED TO BE ACQUIRED BY SAIC MOTOR CORPORATION LIMITED\*  
AND/OR OFFEROR CONCERT PARTIES); AND  
(2) MANDATORY UNCONDITIONAL CASH OFFER BY  
SAIC MOTOR CORPORATION LIMITED\* FOR ALL THE DOMESTIC SHARES  
IN SHANGHAI DONGZHENG AUTOMOTIVE FINANCE CO., LTD.\***

## **1. INTRODUCTION**

Reference is made to (a) the Joint Announcement in relation to, among other things, the Acquisition and the Offers; and (b) the Completion Announcement in relation to Completion.

On 19 May 2022, the Offeror won the Auction at the bid price of RMB1,606,812,970 (equivalent to HK\$1,899,101,391) for the Sale Shares, which represents a consideration of RMB1.0572 per Sale Share (equivalent to HK\$1.2430 per Sale Share). The Online Bidding Confirmation (網絡競價成交確認書) was released on 19 May 2022 through the online platform (www.jd.com).

On 4 August 2022, the change in the Shareholder of the Sale Shares was registered with CSDC reflecting the Offeror as the holder of the Sale Shares, and the Offeror became interested in such 1,520,000,000 Unlisted Foreign Shares, representing approximately 71.04% of the issued share capital of the Company as at the Latest Practicable Date. Accordingly, pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make mandatory unconditional general offers in cash for all the issued Domestic Shares and H Shares held by the Independent Shareholders.

This letter forms part of this Composite Document and sets out, among other things, details of the Offers, information on the Offeror, and the Offeror's intentions in relation to the Company. Further details on the terms and the procedures for acceptances of the Offers are set out in Appendix I to this Composite Document and the accompanying Forms of Acceptance. Terms used in this letter shall have the same meanings as those defined in this Composite Document unless the context otherwise requires.

\* For identification purposes only

## **2. MANDATORY UNCONDITIONAL CASH OFFERS**

### **2.1 Principal terms of the Offers**

The Offeror is making the Domestic Share Offer for all the Domestic Shares and we, for and on behalf of the Offeror, are making the H Share Offer for all the H Shares (other than those already owned or agreed to be acquired by the Offeror or Offeror Concert Parties), on the following basis:

**For each Domestic Share . . . . . RMB1.0572 in cash**

**For each H Share . . . . . HK\$1.2430 in cash**

The H Share Offer Price of HK\$1.2430 per H Share is equivalent to RMB1.0572 (being the Domestic Share Offer Price) converted into Hong Kong dollars at the exchange rate of RMB0.85057 to HK\$1, being the median exchange rate as announced by the People's Bank of China on the China Foreign Exchange Trading System of the PRC on 26 May 2022 (which is the date of the Joint Announcement).

The Offers are extended to all Independent Shareholders in accordance with the Takeovers Code. The Offer Shares to be acquired under the Offers shall be fully paid and shall be acquired free from all Encumbrances together with all rights attached thereto, including but not limited to all rights to any dividend or other distribution declared, made or paid on or after the date on which the Offers are made, being the Despatch Date.

The Company confirmed that as at the Latest Practicable Date, the Company does not have any declared and unpaid dividend and does not have any intention to make, declare or pay any future dividend or make other distribution until the close of the Offers.

### **2.2 Comparisons of value**

The H Share Offer Price of HK\$1.2430 per H Share or the Domestic Share Offer Price of RMB1.0572 per Domestic Share represents:

- a premium of approximately 70.27% over the closing price of HK\$0.73 per H Share as quoted on the Stock Exchange on the last Business Day prior to the commencement of the Offer Period, being 2 February 2021;
- a premium of approximately 25.56% over the closing price of HK\$0.99 per H Share as quoted on the Stock Exchange on the Last Trading Day;
- a premium of approximately 26.84% over the average closing price of approximately HK\$0.98 per H Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to and including the Last Trading Day;

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## LETTER FROM CICC

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- a premium of approximately 35.11% over the average closing price of approximately HK\$0.92 per H Share as quoted on the Stock Exchange for the last 10 consecutive trading days immediately prior to and including the Last Trading Day;
- a premium of approximately 57.34% over the average closing price of approximately HK\$0.79 per H Share as quoted on the Stock Exchange for the last 30 consecutive trading days immediately prior to and including the Last Trading Day;
- a premium of approximately 67.97% over the average closing price of approximately HK\$0.74 per H Share as quoted on the Stock Exchange for the last 90 consecutive trading days immediately prior to and including the Last Trading Day;
- a premium of approximately 47.98% over the average closing price of approximately HK\$0.84 per H Share based on the daily closing prices as quoted on the Stock Exchange for the 180 trading days immediately prior to and including the Last Trading Day; and
- a discount of approximately 29.84% to the audited consolidated net asset per Share value of the Company of approximately RMB1.51 (equivalent to approximately HK\$1.78) per H Share as at 31 December 2021, based on a total of 2,139,651,400 Shares in issue as at 31 December 2021 and the Latest Practicable Date and the audited consolidated net asset value of the Company of approximately RMB3,224,467,000 as at 31 December 2021.

### 2.3 Highest and lowest prices

During the Relevant Period:

- (a) the highest closing price of the H Shares quoted on the Stock Exchange was HK\$1.25 per H Share on 11 August 2022, 12 August 2022 and 16 August 2022; and
- (b) the lowest closing price of the H Shares quoted on the Stock Exchange was HK\$0.38 per H Share on 15 September 2020.

### 2.4 Acceptance

Each of the Offers is capable of acceptance on and from 15 September 2022 and will remain open for acceptance until 6 October 2022, being the Closing Date, unless extended or revised in accordance with the Takeovers Code. The Offeror reserves the right to revise or extend the Offers in accordance with the Takeovers Code.

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## LETTER FROM CICC

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Unless the Offers have previously been revised or extended with the consent of the Executive, to be valid, the Forms of Acceptance relating to each of them must be received by no later than 4:00 p.m. (Hong Kong time) on 6 October 2022. Acceptance of the Offers shall be unconditional and irrevocable and shall not be capable of being withdrawn, except as permitted under the Takeovers Code.

Please also refer to Appendix I to this Composite Document for further terms of the Offers.

### **2.5 Value of the Offers**

Based on the issued share capital of the Company as at the Latest Practicable Date, 539,651,400 H Shares and 80,000,000 Domestic Shares are subject to the H Share Offer and the Domestic Share Offer, respectively.

The H Share Offer is valued at HK\$670,786,691 based on the H Share Offer Price of HK\$1.2430 per H Share, and the Domestic Share Offer is valued at RMB84,576,000 based on the Domestic Share Offer Price of RMB1.0572 per Domestic Share. SAIC Motor will pay the total cash consideration of the Offers and all costs and expenses payable in relation to the Transactions incurred. SAIC Motor has remitted its funds from the PRC to Hong Kong for the purposes of payment of the total cash consideration of the H Share Offer and other costs and expenses payable in relation to the Transactions incurred or to be incurred outside the PRC and SAIC HK has agreed to pay such amounts on behalf of the Offeror.

### **2.6 Financial resources available to the Offeror**

The maximum cash amount to be paid to the H Shareholders in respect of acceptances under the H Share Offer is approximately HK\$670,786,691, based on the H Share Offer Price of HK\$1.2430 per H Share and 539,651,400 H Shares. The maximum cash amount to be paid to Domestic Shareholder(s) in respect of acceptance under the Domestic Share Offer is approximately RMB84,576,000, based on the Domestic Share Offer Price of RMB1.0572 per Domestic Share and 80,000,000 Domestic Shares, which is equivalent to approximately HK\$99,434,497 based on the exchange rate of RMB0.85057 to HK\$1, being the median exchange rate as announced by the People's Bank of China on the China Foreign Exchange Trading System of the PRC on 26 May 2022 (which is the date of the Joint Announcement).

The maximum total cash consideration payable for the Offers is approximately HK\$770,221,188, which will be funded by internal resources of the Offeror Group.

CICC, the financial adviser to the Offeror in respect of the Offers, is satisfied that sufficient financial resources are available to the Offeror to satisfy the amount of funds required for the full acceptances of the Offers.

## **2.7 Restrictions on dealings by the Offeror in Shares**

According to applicable laws and regulations in the PRC, the Offeror shall not transfer any Shares acquired by it within five years from the date of obtaining such Shares (including the Sale Shares and any Shares acquired by the Offeror pursuant to the Offers), unless otherwise approved by the CBIRC.

## **3. INFORMATION REGARDING THE OFFEROR AND OFFEROR CONCERT PARTIES**

### **3.1 The Offeror**

The Offeror is a company established in the PRC and listed on the Shanghai Stock Exchange, with stock code 600104. The Offeror is a leading automobile group in the PRC which sold approximately 5.46 million units of automobiles and recorded revenue of approximately RMB779.8 billion based on its audited financial statements for the year ended 31 December 2021. It is principally engaged in the research and development, manufacture and sale of automobiles and automobile components, automobile finance business and the provision of mobility service. The Offeror is owned as to approximately 68.50% by SAIC Group, 3.45% by Shanghai International Group, 3.54% by Yuejin Automobile Group Co., Ltd.\* (躍進汽車集團有限公司) and 24.51% by public shareholders as at the Latest Practicable Date. SAIC Group and Shanghai International Group are both in turn wholly-owned by Shanghai SASAC.

### **3.2 The principal parties acting in concert with the Offeror**

SAIC HK is a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Offeror. It is principally engaged in investment holding. SAIC Motor has remitted its funds from the PRC to Hong Kong for the purposes of payment of the total cash consideration of the H Share Offer and other costs and expenses payable in relation to the Transactions incurred or to be incurred outside the PRC and SAIC HK has agreed to pay such amounts on behalf of the Offeror.

The Offeror confirms that, as at the Latest Practicable Date, save for the 1,520,000,000 Unlisted Foreign Shares acquired by the Offeror in the Acquisition, the Offeror and Offeror Concert Parties do not hold, control or have direction over any Shares, convertible securities, warrants or options and do not have, control or have direction over any other interests in the issued Shares or voting rights of the Company.

## **4. THE OFFEROR'S INTENTIONS REGARDING THE COMPANY**

Upon Completion, the Offeror became the controlling shareholder of the Company and is interested in approximately 71.04% of the total issued share capital of the Company as at the Latest Practicable Date.

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## LETTER FROM CICC

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The Offeror intends that the Company will continue with its principal automotive loan business and maintain the employment of the operational employees of the Company (save for senior management and staff movements in the ordinary and usual course of business or due to reasons including but not limited to personal performance or conduct issues). As at the Latest Practicable Date, the Offeror (a) does not have any intention, understanding, negotiation or arrangement (concluded or otherwise) to downsize, cease or dispose of any of the existing businesses and assets of the Company; and (b) believes that with the support of its financing capabilities as a state-owned platform and business resources as a leading automobile manufacturer, it could create synergy and provide an extensive customer base for the Company. It also intends to explore and pursue appropriate investment and business plans and strategies to promote the development of the Company's automotive finance business in due course. The Offeror will continue developing the principal business of the Company in accordance with the requirements of PRC regulatory authorities.

The Board is currently made up of seven Directors, comprising two executive Directors, namely Mr. Lin Fan and Mr. Shao Yongjun; two non-executive Directors, namely Mr. Koh Tee Choong and Mr. Li Guozhou; and three independent non-executive Directors, namely Mr. Wong Man Chung Francis, Ms. Liang Yanjun and Professor Qin Zheng.

Subject to and in accordance with the applicable requirements of relevant governmental authorities, the Offeror intends to procure the following Director appointments: the appointment of Ms. Xu Ying as Chairman and a non-executive Director, Mr. Wu Zheng as an executive Director, and Dr. Zhou Qi and Ms. Lin Weihua as non-executive Directors. The appointments of such Director candidates as Directors shall each be subject to the approval of the CBIRC, the approval of the Shareholders at a general meeting of the Company and the entering into of individual Director's service contracts between the aforementioned Director candidates and the Company. Any changes to the composition of the Board will be made in compliance with the Takeovers Code and the Listing Rules and further announcement(s), including but not limited to the details required by Rule 13.51(2) of the Listing Rules, will be made upon any resignation and appointment of the Directors becoming effective.

The Offeror understands that Mr. Lin Fan, Mr. Shao Yongjun, Mr. Koh Tee Choong and Mr. Li Guozhou have not reached any final decision on whether or not they will resign as Directors, and if any of them opt to tender their resignations as Directors, their resignations shall take effect no earlier than after the close of the Offers. It is anticipated that a general meeting of the Shareholders in relation to any changes in the Board composition and changes in any Supervisors (if any) would only be held after the close of the Offers. The Offeror further understands that each of Mr. Wong Man Chung Francis, Ms. Liang Yanjun and Professor Qin Zheng intend to remain as independent non-executive Directors of the Company.

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## LETTER FROM CICC

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The biographies of the aforesaid Directors candidates are set out below:

**Ms. Xu Ying**, aged 44, is a proposed candidate for the positions of Chairman and non-executive Director of the Company. She is currently the secretary of the Party Committee of SAIC Finance, and has held such position since March 2021. Ms. Xu joined SAIC Finance in July 1999. Prior to assuming her current position, Ms. Xu was successively an officer of foreign exchange department, the assistant manager, business manager, deputy manager, deputy general manager and general manager of the corporate finance department. As at the Latest Practicable Date, she has had over 23 years of experience in the automotive finance industry. She is currently a representative of the 15th Shanghai Municipal People's Congress.

Ms. Xu Ying obtained a bachelor's degree in international finance from Shanghai International Studies University in July 1999, and a master's degree in business administration (international) jointly conferred by the University of Hong Kong and Fudan University in September 2012. Ms. Xu is an economist in the PRC.

Subject to fulfilment of applicable legal requirements, Ms. Xu Ying will enter into a Director's service contract with the Company and her term of office will commence on the later of (a) the date on which approval is obtained from the CBIRC in respect of her appointment as a Director and (b) the date on which her appointment as a Director has been approved by the Shareholders at a general meeting of the Company and end on the expiry of the second session of the Board, subject to re-election and retirement as required by the Articles of Association and with such other terms and emoluments to be determined by the Board based on the recommendations of the Remuneration and Evaluation Committee.

**Mr. Wu Zheng**, aged 35, is a proposed candidate for the positions of executive Director and general manager of the Company. He is currently the general manager of Anji Leasing, and has held such position since August 2021.

Mr. Wu joined the Offeror Group in July 2009, and prior to assuming his current position with Anji Leasing, he served successively as warehouse inspector of SAIC Finance, account manager of SAIC Finance, regional marketing director of the passenger vehicle business department (marketing department I) of SAIC Finance, acting assistant general manager of the marketing and marketing support department of SAIC Finance, general manager of Shanghai Changfan, assistant general manager of the innovation and development department of SAIC Finance, assistant general manager of Anji Leasing, deputy general manager and general manager of the innovation and development department of SAIC Finance. As at the Latest Practicable Date, Mr. Wu has had over 13 years of experience in the automotive finance industry. Mr. Wu obtained a bachelor's degree in human resources management from Tianjin University of Commerce Boustead College in July 2009.

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## LETTER FROM CICC

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Subject to fulfilment of applicable legal requirements, Mr. Wu Zheng will enter into a Director's service contract with the Company and his term of office will commence on the later of (a) the date on which approval is obtained from the CBIRC in respect of his appointment as a Director and (b) the date on which his appointment as a Director has been approved by the Shareholders at a general meeting of the Company and end on the expiry of the second session of the Board, subject to re-election and retirement as required by the Articles of Association and with such other terms and emoluments to be determined by the Board based on the recommendations of the Remuneration and Evaluation Committee.

**Dr. Zhou Qi**, aged 43, is a proposed candidate for the position of non-executive Director. He is currently the general manager of the legal department of SAIC Motor, a position which he has served in since October 2017. Prior to assuming his current position with SAIC Motor, he was a legal assistant at Ince & Co's Shanghai office from January 2005 to April 2006. After joining the Offeror Group in April 2006, he served successively as an inhouse legal counsel, supervisor, deputy manager, manager, chief supervisor and deputy general manager of the legal affairs section of the legal department at SAIC Motor between April 2006 and October 2017.

Dr. Zhou Qi received his bachelor's degree in international economic law from Zhejiang University, the PRC in June 2001, a master's degree in law from Ludwig Maximilian University of Munich, Germany in July 2003, a master's degree in European and international economic law from Ludwig Maximilian University of Munich, Germany in July 2004, and a doctorate in international law from East China University of Political Science and Law, the PRC in June 2016. Dr. Zhou is a qualified lawyer and a qualified enterprise legal adviser in the PRC.

Subject to fulfilment of applicable legal requirements, Dr. Zhou Qi will enter into a Director's service contract with the Company and his term of office will commence on the later of (a) the date on which approval is obtained from the CBIRC in respect of his appointment as a Director and (b) the date on which his appointment as a Director has been approved by the Shareholders at a general meeting of the Company and end on the expiry of the second session of the Board, subject to re-election and retirement as required by the Articles of Association and with such other terms and emoluments to be determined by the Board based on the recommendations of the Remuneration and Evaluation Committee.

**Ms. Lin Weihua**, aged 43, is a proposed candidate for the position of non-executive Director. She is currently the general manager of the fixed income department and of the securities investment department of SAIC Finance, being positions she has held since October 2021 and April 2022 respectively. Ms. Lin joined SAIC Finance in March 2003, and has successively served as officer, business supervisor, business manager, deputy general manager and general manager of the planning and finance department of SAIC Finance from March 2003 to October 2021 before assuming her current positions. As at the Latest Practicable Date, Ms. Lin has had over 19 years of experience in the automotive finance industry.

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## LETTER FROM CICC

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Ms. Lin Weihua obtained a bachelor's degree in accounting from Shanghai Jiao Tong University in July 2000 and a master's degree in accounting from Shanghai Jiao Tong University in January 2003. She is also a certified public accountant in the PRC.

Subject to fulfilment of applicable legal requirements, Ms. Lin Weihua will enter into a Director's service contract with the Company and her term of office will commence on the later of (a) the date on which approval is obtained from the CBIRC in respect of her appointment as a Director and (b) the date on which her appointment as a Director has been approved by the Shareholders at a general meeting of the Company, and end on the expiry of the second session of the Board, subject to re-election and retirement as required by the Articles of Association and with such other terms and emoluments to be determined by the Board based on the recommendations of the Remuneration and Evaluation Committee.

Save as disclosed above, each of Ms. Xu Ying, Mr. Wu Zheng, Dr. Zhou Qi and Ms. Lin Weihua (i) does not hold any other position with the Company or any of its subsidiaries; (ii) has not held any other directorship in public companies the securities of which are listed on any security market in Hong Kong or overseas in the three years prior to the Latest Practicable Date; (iii) does not have any relationship with any Directors, senior management or substantial or controlling shareholders (as defined under the Listing Rules) of the Company; (iv) does not have any interest in the Shares or underlying Shares (within the meaning of Part XV of the SFO). There is no other information in relation to the appointments of Ms. Xu Ying, Mr. Wu Zheng, Dr. Zhou Qi and Ms. Lin Weihua that is required to be disclosed nor are/were any of them involved in any of the matters required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules and there is no other matter that needs to be brought to the attention of the Shareholders.

Any changes to the members of the Board and to the Board of Supervisors, if any, will be made in compliance with the Takeovers Codes and the Listing Rules and further announcement(s) will be made in relation thereto as and when appropriate.

### **5. MAINTAINING THE LISTING STATUS OF THE COMPANY**

The Offeror intends to maintain the listing status of the Company. The Stock Exchange has stated that if, at the close of the Offers, less than the minimum prescribed percentage applicable to the Company, being 25% of its issued Shares, are held by the public, or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares or (ii) there are insufficient Shares in the public hands to maintain an orderly market, then the Stock Exchange will consider exercising its discretion to suspend dealings in the H Shares on the Stock Exchange. The Offeror intends for the Company to remain listed on the Stock Exchange.

In this case, subject to the compliance with the relevant requirements of the CBIRC and other applicable PRC authorities, the Offeror will take such steps as are necessary to ensure, or procure the Company to take such steps as are necessary to ensure, that the Company will have an adequate public float so as to comply with the applicable requirements under the Listing Rules. The directors of the Offeror and the new Director candidates to be proposed to be appointed as Directors have jointly and severally

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## LETTER FROM CICC

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undertaken to the Stock Exchange to take appropriate steps to ensure sufficient public float exists in the Shares. Any restoration of public float may involve the issue of new Shares by the Company. Under PRC laws, the Offeror does not have compulsory acquisition rights to acquire the remaining Shares not acquired under the Offers after closing of the Offers.

### 6. OVERSEAS SHAREHOLDERS

The Offeror intends to make the Offers available to all Independent Shareholders, including the Overseas Shareholders. However, the Offers to persons not resident in Hong Kong may be affected by the laws of the relevant jurisdiction in which they are resident. The making of the Offers to persons with a registered address in jurisdictions outside Hong Kong may be prohibited or limited by the laws or regulations of the relevant jurisdictions. Overseas Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements and, where necessary, seek independent legal advice. It is the responsibility of Overseas Shareholders who wish to accept the Offers to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offers (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 from the accepting Overseas Shareholders in respect of such jurisdictions). The Offeror, the Company, CICC, Somerley, H Share Registrar, and parties acting in concert with any of them and their respective ultimate beneficial owners, directors, officers, agents, advisers and associates and any other person involved in the Offers shall be entitled to be fully indemnified and held harmless by such person for any taxes as such person may be required to pay.

**Any acceptance of the Offers by any Overseas Shareholder will be deemed to constitute a representation and warranty from such Overseas Shareholder to the Offeror and CICC that the local laws and requirements have been complied with. Overseas Shareholders should consult their professional advisers if in doubt.**

### 7. PROCEDURES FOR ACCEPTANCE AND SETTLEMENT

#### 7.1 Procedures for Acceptance of the Offers

To accept the H Share Offer, you must complete and sign the accompanying WHITE Form of Acceptance in accordance with the instructions printed thereon, which forms part of the terms of the H Share Offer. To accept the Domestic Share Offer, you must complete and sign the accompanying GREEN Form of Acceptance in accordance with the instructions printed thereon, which forms part of the terms of the Domestic Share Offer.

Your attention is also drawn to the section headed “1. Procedures for Acceptance of the Offers and Settlements” of Appendix I to this Composite Document and the accompanying Forms of Acceptance.

## **7.2 Settlement of the Offers**

Payment in cash in respect of acceptances of the Offers will be made as soon as possible but in any event within seven (7) Business Days following the date of receipt of duly completed Forms of Acceptance together with all valid requisite documents from the Independent Shareholders accepting the Offers in accordance with the Takeovers Code.

Relevant documents evidencing title must be received by or on behalf of the Offeror to render such acceptance of the Offers complete and valid.

No fractions of a cent will be payable and the amount of the consideration payable to a Shareholder who accepts the Offers will be rounded up to the nearest cent.

Your attention is also drawn to the section headed “1. Procedures for Acceptance of the Offers and Settlements” of Appendix I to this Composite Document and the accompanying Forms of Acceptance.

## **7.3 Hong Kong stamp duty**

Seller’s Hong Kong ad valorem stamp duty arising in connection with acceptances of the H Share Offer will be payable by the relevant Shareholders at a rate of 0.13% of the market value of the H Shares or consideration payable by the Offeror in respect of the relevant acceptances of the H Share Offer, whichever is higher, and will be deducted from the amount payable to the relevant Shareholder on acceptance of the Offers (where the stamp duty calculated includes a fraction of HK\$1.00, the stamp duty would be rounded-up to the nearest HK\$1.00). The Offeror will arrange for payment of the seller’s Hong Kong ad valorem stamp duty on behalf of accepting H Shareholders and pay the buyer’s Hong Kong ad valorem stamp duty in connection with such Offer Shares and the transfer of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong). For the avoidance of doubt, no stamp duty is payable in connection with acceptances of the Domestic Share Offer, but the Offeror and such accepting Shareholder under the Domestic Share Offer shall be required to pay the Domestic Share Offer Transfer Fee to the CSDC in connection with the registration of transfer of such Domestic Shares tendered for acceptance under the Domestic Share Offer.

## **7.4 Taxation Advice**

Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offers. It is emphasised that none of the Company, the Offeror, CICC, Somerley, H Share Registrar or parties acting in concert with any of them or any of their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offers accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offers.

### **7.5 Nominee registration**

To ensure the equality of treatment of all Independent Shareholders, those Independent Shareholders who hold Share(s) as nominees on behalf of more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for beneficial owners of Share(s) whose investments are registered in the names of nominees (including those whose interests in Shares are held through CCASS) to accept the Offers, it is essential that they provide instructions of their intentions with regard to the Offers to their respective nominees.

## **8. FURTHER DETAILS OF THE OFFERS**

Further details of the Offers are set out in Appendix I to this Composite Document and the accompanying Forms of Acceptance.

Information on the Company is set out in the section headed “Information on the Company” in the “Letter from the Board” and Appendix III as contained in this Composite Document.

## **9. GENERAL**

This Composite Document has been prepared for the purposes of complying with the laws of Hong Kong, the Takeovers Code and the Listing Rules and the information disclosed may not be the same as which would have been disclosed if this Composite Document had been prepared in accordance with the laws of jurisdictions outside Hong Kong.

All documents and remittances to be sent to the Independent Shareholders by ordinary post are at their own risk. Such documents and remittances will be sent to the Independent Shareholders at their address specified on the relevant Shareholder’s Form(s) of Acceptance. None of the Company, the Offeror, Somerley, CICC, H Share Registrar or parties acting in concert with any of them or any of their respective ultimate beneficial owners, directors, officers, agents or associates or any other parties involved in the Offers will be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof or in connection therewith.

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## LETTER FROM CICC

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### 10. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Composite Document and the accompanying Forms of Acceptance, which form part of this Composite Document. You are reminded to carefully read the “Letter from the Board”, the “Letter from the Independent Board Committee”, the “Letter from the Independent Financial Adviser” and other information about the Company, which are set out in this Composite Document before deciding whether or not to accept the Offers.

Yours faithfully,  
For and on behalf of  
**China International Capital Corporation**  
**Hong Kong Securities Limited**  
**David Ching**  
*Executive Director*



**Shanghai Dongzheng Automotive Finance Co., Ltd.\***

**上海東正汽車金融股份有限公司**

*(a joint stock company incorporated in the People's Republic of China with limited liability)*

**(Stock code: 2718)**

*Executive Directors:*

Mr. Lin Fan (*Chairman*)  
Mr. Shao Yongjun

*Non-executive Directors:*

Mr. Koh Tee Choong  
Mr. Li Guozhou

*Independent Non-executive Directors:*

Mr. Wong Man Chung Francis  
Ms. Liang Yanjun  
Professor Qin Zheng

*Registered address and Address*

*of the Head Office in the PRC:*  
Unit ABC, 30/F., Mirae Asset Tower  
No. 166, Lu Jia Zui Ring Road  
Shanghai, PRC

*Place of business in Hong Kong:*

Unit 5905, 59/F,  
The Center  
99 Queen's Road Central  
Hong Kong

15 September 2022

*To the Independent Shareholders*

Dear Sir/Madam,

**(1) MANDATORY UNCONDITIONAL CASH OFFER BY CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED FOR AND ON BEHALF OF SAIC MOTOR CORPORATION LIMITED\* FOR ALL THE H SHARES IN SHANGHAI DONGZHENG AUTOMOTIVE FINANCE CO., LTD.\* (OTHER THAN THOSE ALREADY OWNED BY OR AGREED TO BE ACQUIRED BY SAIC MOTOR CORPORATION LIMITED\* AND/OR OFFEROR CONCERT PARTIES); AND**  
**(2) MANDATORY UNCONDITIONAL CASH OFFER BY SAIC MOTOR CORPORATION LIMITED\* FOR ALL THE DOMESTIC SHARES IN SHANGHAI DONGZHENG AUTOMOTIVE FINANCE CO., LTD.\***

**INTRODUCTION**

Reference is made to (a) the Joint Announcement in relation to, among others, the Acquisition and the Offers; and (b) the Completion Announcement. Unless the context

\* *For identification purposes only*

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## LETTER FROM THE BOARD

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otherwise requires, terms defined in this Composite Document shall have the same meanings when used in this letter.

As disclosed in the Joint Announcement, pursuant to the Administrative Decision (Hu Yin Bao Jian Tong [2020] No. 41) issued by the CBIRC Shanghai Office and the Administrative Ruling ([2022] Hu 74 Xing Shen No. 1) issued by Shanghai Financial Court of the PRC, the Sale Shares held by ZhengTong under the custody of CSDC (i.e. the Sale Shares) were to be liquidated by way of auction in accordance with the applicable PRC laws and regulations. The Auction took place between 10 a.m. on 18 May 2022 to 10 a.m. on 19 May 2022 through an online platform (www.jd.com). On 19 May 2022, the Offeror won the Auction at the bid price of RMB1,606,812,970 (equivalent to HK\$1,899,101,391) for the Sale Shares, which represents a consideration of RMB1.0572 per Sale Share (equivalent to HK\$1.2430 per Sale Share). The Online Bidding Confirmation (網絡競價成交確認書) was released on 19 May 2022 through the online platform (www.jd.com). As disclosed in the Completion Announcement, Completion took place on 4 August 2022.

On 4 August 2022, the change in the Shareholder of the Sale Shares was registered with CSDC reflecting the Offeror as the holder of the Sale Shares, and the Offeror became interested in such 1,520,000,000 Unlisted Foreign Shares, representing approximately 71.04% of the issued share capital of the Company as at the Latest Practicable Date. Accordingly, pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make mandatory unconditional general offers in cash for all the issued Domestic Shares and H Shares held by the Independent Shareholders.

This letter forms part of this Composite Document and sets out, among other things, (i) information relating to the Company, the Offeror and the Offers; (ii) a letter from the Independent Board Committee containing its recommendations to the Independent Shareholders in respect of the terms of the Offers and as to acceptance of the Offers; and (iii) a letter from the Independent Financial Adviser, containing its advice and recommendation to the Independent Board Committee in respect of the Offers.

### **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

The Independent Board Committee, comprising the non-executive Directors who have no direct or indirect interest in the Offers, namely Mr. Li Guozhou as non-executive Director and Mr. Wong Man Chung Francis, Ms. Liang Yanjun and Professor Qin Zheng as independent non-executive Directors, has been established in accordance with Rule 2.1 of the Takeovers Code to advise the Independent Shareholders as to whether the terms of the Offer are fair and reasonable and as to acceptance of the Offers.

Mr. Koh Tee Choong, a non-executive Director, served as an executive director and chief executive officer of ZhengTong until June 2020 (which is within two years prior to the commencement of the Offer Period), and is therefore not considered as independent for the purpose of giving advice or recommendation to the Independent Shareholders in relation to the Offers.

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## LETTER FROM THE BOARD

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Somerley Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee in respect of the Offers, and in particular, as to whether the terms of the Offers are fair and reasonable and as to acceptance of the Offers. The appointment of the Independent Financial Adviser has been approved by the Independent Board Committee.

The full text of the letter from the Independent Board Committee addressed to the Independent Shareholders and the letter from the Independent Financial Adviser addressed to the Independent Board Committee are set out in this Composite Document. The Independent Shareholders are advised to read both letters and the additional information contained in the appendices to this Composite Document carefully before taking any action in respect of the Offers.

### THE OFFERS

As set out in the “Letter from CICC” in this Composite Document, the Offeror is making the Domestic Share Offer for all the Domestic Shares and CICC, for and on behalf of the Offeror and in compliance with the Takeovers Code, is making the H Share Offer for all the H Shares (other than those already owned or agreed to be acquired by the Offeror or Offeror Concert Parties), on the following basis:

**For each Domestic Share . . . . . RMB1.0572 in cash**

**For each H Share . . . . . HK\$1.2430 in cash**

The H Share Offer Price of HK\$1.2430 per H Share is equivalent to RMB1.0572 (being the Domestic Share Offer Price) converted into Hong Kong dollars at the exchange rate of RMB0.85057 to HK\$1, being the median exchange rate as announced by the People’s Bank of China on the China Foreign Exchange Trading System of the PRC on 26 May 2022 (which is the date of the Joint Announcement).

As at the Latest Practicable Date, the Company has 2,139,651,400 Shares in issue (comprising (i) 539,651,400 H Shares; (ii) 1,520,000,000 Unlisted Foreign Shares and (iii) 80,000,000 Domestic Shares). The Company does not have any outstanding options, derivatives, warrants, securities which are convertible or exchangeable into Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) and has not entered into any agreement for the issue of such options, derivatives, warrants, securities which are convertible or exchangeable into Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code).

Based on the issued share capital of the Company as at the Latest Practicable Date, there are 539,651,400 H Shares and 80,000,000 Domestic Shares subject to the H Share Offer and the Domestic Share Offer, respectively.

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## LETTER FROM THE BOARD

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The Offer Shares to be acquired under the Offers shall be fully paid and free from all Encumbrances and together with all rights and benefits attaching to them as at the date of this Composite Document or subsequently becoming attached to them, including but not limited to the right to receive all dividends, distributions and any return of capital, if any, which may be paid, made or declared or agreed to be made or paid thereon or in respect thereof on or after the date on which the Offers are made, being the Despatch Date.

The Offers are unconditional in all respects and are not conditional upon acceptances being received in respect of a minimum number of Domestic Shares or H Shares or other conditions.

As at the Latest Practicable Date, the Company does not have any declared and unpaid dividend and does not have any intention to make, declare or pay any future dividend or make other distribution until the close of the Offers.

Please refer to the “Letter from CICC” and Appendix I to this Composite Document and the accompanying Forms of Acceptance for further information in relation to, among other things, the Offers and acceptance and settlement procedures of the Offers.

### INFORMATION ON THE COMPANY

The Company is a joint stock company incorporated in the People’s Republic of China with limited liability, the H Shares of which are listed on the Main Board of the Stock Exchange. The Company is an automotive finance company licensed and regulated by the CBIRC. The Company’s principal business comprises automotive loan business where it provides loans, direct leasing products and other financial services to end customers, major customers and corporate clients for purchases of vehicles in the PRC.

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

### SHAREHOLDING STRUCTURE OF THE COMPANY

Shareholders	Class of Shares	Immediately after the Completion and as at the			
		Immediately before the Completion		Latest Practicable Date	
		<i>Number of Shares held directly or indirectly</i>	<i>Approximate percentage of total issued Shares (%)</i>	<i>Number of Shares held directly or indirectly</i>	<i>Approximate percentage of total issued Shares (%)</i>
The Offeror	Unlisted Foreign Shares	0	0	1,520,000,000	71.04
ZhengTong <sup>1</sup>	Unlisted Foreign Shares	1,520,000,000	71.04	0	0
Dongfeng Motor Corporation	Domestic Shares	80,000,000	3.74	80,000,000	3.74
Other public Shareholders	H Shares	<u>539,651,400</u>	<u>25.22</u>	<u>539,651,400</u>	<u>25.22</u>
Total		<u>2,139,651,400</u>	<u>100</u>	<u>2,139,651,400</u>	<u>100</u>

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## LETTER FROM THE BOARD

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*Note:*

1. These 1,520,000,000 Shares were registered in the name of and beneficially owned by China ZhengTong Auto Services Holdings Limited (中國正通汽車服務控股有限公司).

### INFORMATION ON THE OFFEROR

Your attention is drawn to the section headed “Information regarding the Offeror and Offeror Concert Parties” in the “Letter from CICC” contained in this Composite Document.

### INTENTIONS OF THE OFFEROR

Your attention is drawn to the section headed “The Offeror’s Intentions regarding the Company” in the “Letter from CICC” contained in this Composite Document for details regarding the Offeror’s intention on the business of the Company.

The Board noted that the Offeror intends to continue the existing principal automotive loan business of the Company and maintain the employment of the operational employees of the Company (save for senior management and staff movements in the ordinary and usual course of business or due to reasons including but not limited to personal performance or conduct issues). The Offeror will continue developing the principal business of the Company in accordance with the requirements of PRC regulatory authorities. The Board is willing to cooperate with the Offeror and act in the best interests of the Company and the Shareholders as a whole.

### PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF THE COMPANY

Pursuant to the Listing Rules, the Stock Exchange has stated that if, at the close of the Offers, less than the minimum prescribed percentage applicable to the Company, being 25% of its issued Shares are held by the public, or if the Stock Exchange believes that:

- (i) a false market exists or may exist in the trading of the Shares; or
- (ii) there are insufficient Shares in public hands to maintain an orderly market,

then the Stock Exchange will consider exercising its discretion to suspend dealings in the H Shares on the Stock Exchange.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

As stated in the “Letter from CICC” contained in this Composite Document, the Offeror intends to maintain the listing status of the Company. The directors of the Offeror and the new Director candidates to be proposed to be appointed as Directors have jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares after the close of the Offers.

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## LETTER FROM THE BOARD

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### RECOMMENDATION

Your attention is drawn to (i) the “Letter from the Independent Board Committee” as set out on pages 28 to 29 of this Composite Document, which contains its recommendation to the Independent Shareholders in respect of the Offers, and (ii) the “Letter from the Independent Financial Adviser” as set out on pages 30 to 55 of this Composite Document, which contains, among other things, its advice in relation to the Offers and the principal factors considered by it before arriving at its recommendation.

### ADDITIONAL INFORMATION

Your attention is also drawn to the “Letter from CICC” and the additional information contained in the appendices to this Composite Document and the accompanying Forms of Acceptance.

By Order of the Board  
**Shanghai Dongzheng Automotive Finance Co., Ltd.\***  
**Lin Fan**  
*Chairman*

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LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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*Set out below is the text of the letter of recommendation from the Independent Board Committee in respect of the Offers.*



**Shanghai Dongzheng Automotive Finance Co., Ltd.\***

**上海東正汽車金融股份有限公司**

*(a joint stock company incorporated in the People's Republic of China with limited liability)*

**(Stock code: 2718)**

15 September 2022

*To the Independent Shareholders*

Dear Sir/Madam,

**(1) MANDATORY UNCONDITIONAL CASH OFFER BY CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED FOR AND ON BEHALF OF SAIC MOTOR CORPORATION LIMITED\* FOR ALL THE H SHARES IN SHANGHAI DONGZHENG AUTOMOTIVE FINANCE CO., LTD.\* (OTHER THAN THOSE ALREADY OWNED BY OR AGREED TO BE ACQUIRED BY SAIC MOTOR CORPORATION LIMITED\* AND/OR OFFEROR CONCERT PARTIES); AND**

**(2) MANDATORY UNCONDITIONAL CASH OFFER BY SAIC MOTOR CORPORATION LIMITED\* FOR ALL THE DOMESTIC SHARES IN SHANGHAI DONGZHENG AUTOMOTIVE FINANCE CO., LTD.\***

**INTRODUCTION**

We refer to this Composite Document issued jointly by the Offeror and the Company dated 15 September 2022 of which this letter forms part. Unless the context requires otherwise, terms used in this letter shall have the same meaning as those defined in this Composite Document.

We have been appointed by the Board to form the Independent Board Committee to consider and to advise the Independent Shareholders as to whether or not the terms of the Offers are fair and reasonable and to make a recommendation as to the acceptance of the Offers.

\* *For identification purposes only*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Somerley Capital Limited has been appointed as the Independent Financial Adviser to advise us in respect of the above. The appointment of the Independent Financial Adviser has been approved by us. Details of its advice and the principal factors taken into consideration in arriving at its recommendation are set out in the “Letter from the Independent Financial Adviser” on pages 30 to 55 of this Composite Document.

We also wish to draw your attention to the “Letter from CICC” and the “Letter from the Board” as set out in this Composite Document as well as the additional information set out in the appendices thereto.

### RECOMMENDATIONS

Notwithstanding the Offer Price represents (i) a discount of approximately 29.84% to the Company net asset value per Share as at 31 December 2021; and (ii) a discount of approximately 35.92% to the unaudited Company net asset value per Share as at 30 June 2022, having considered the terms of the Offers and the advice from the Independent Financial Adviser, in particular the factors and reasons (including past financial performance of the Company, prospects of the Company, the Offer Price, trading liquidity, comparison with net assets, the price-to-book comparison to peers, and the listing status of the Company) and recommendations as set out in its letter in this Composite Document, we consider that the terms of the Offers are fair and reasonable. Accordingly, we recommend the Independent Shareholders to accept the Offers. The Independent Shareholders are recommended to read the full text of the “Letter from the Independent Financial Adviser” as set out in this Composite Document.

H Shareholders are reminded to monitor the trading price and liquidity of the H Shares during the Offer Period and, having regard to their own circumstances, consider selling their H Shares in the open market instead of accepting the H Share Offer, if the net proceeds from such sales exceed the net amount receivable under the H Share Offer.

Notwithstanding our recommendations, the Independent Shareholders are strongly advised that their decision to realise or to hold their investment in the Shares depends on their own individual circumstances and investment objectives. If in any doubt, the Independent Shareholders should consult their own professional advisers for professional advice.

For and on behalf of the  
**Independent Board Committee**

**Mr. Li Guozhou**  
*Non-executive Director*

**Mr. Wong Man Chung Francis**  
*Independent  
non-executive Director*

**Ms. Liang Yanjun**  
*Independent  
non-executive Director*

**Professor Qin Zheng**  
*Independent  
non-executive Director*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the letter of advice from Somerley Capital Limited to the Independent Board Committee, which has been prepared for the purpose of inclusion in this Composite Document.*



**SOMERLEY CAPITAL LIMITED**  
20th Floor  
China Building  
29 Queen's Road Central  
Hong Kong

15 September 2022

*To: the Independent Board Committee*

Dear Sirs,

- (1) MANDATORY UNCONDITIONAL CASH OFFER BY CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED FOR AND ON BEHALF OF SAIC MOTOR CORPORATION LIMITED\* FOR ALL THE H SHARES IN SHANGHAI DONGZHENG AUTOMOTIVE FINANCE CO., LTD.\* (OTHER THAN THOSE ALREADY OWNED BY OR AGREED TO BE ACQUIRED BY SAIC MOTOR CORPORATION LIMITED\* AND/OR OFFEROR CONCERT PARTIES); AND**
- (2) MANDATORY UNCONDITIONAL CASH OFFER BY SAIC MOTOR CORPORATION LIMITED\* FOR ALL THE DOMESTIC SHARES IN SHANGHAI DONGZHENG AUTOMOTIVE FINANCE CO., LTD.\***

### INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the independent board committee of Shanghai Dongzheng Automotive Finance Co., Ltd.\* (the “**Company**”) in relation to (i) the unconditional mandatory cash offer by China International Capital Corporation Hong Kong Securities Limited for and on behalf of SAIC Motor Corporation Limited\* (“**SAIC Motor**”) for all the H shares in the Company (the “**H Share Offer**”); and (ii) the unconditional mandatory cash offer by SAIC Motor for all the domestic shares in the Company (the “**Domestic Share Offer**”) (the H Share Offer and the Domestic Share Offer, collectively, the “**Offers**”). Details of the Offers are set out in the composite document dated 15 September 2022 (the “**Composite Document**”) jointly issued by SAIC Motor and the Company, of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Composite Document unless the context otherwise requires.

With reference to the Joint Announcement, pursuant to the Administrative Decision (Hu Yin Bao Jian Tong [2020] No. 41) issued by the CBIRC Shanghai Office and the Administrative Ruling ([2022] Hu 74 Xing Shen No. 1) issued by Shanghai Financial Court of the PRC, the Sale Shares held by ZhengTong under the custody of CSDC (i.e. the Sale Shares) were to be liquidated by way of auction in accordance with the applicable PRC laws and regulations. The Auction took place between 10 a.m. on 18 May 2022 to 10 a.m. on 19 May 2022 through an online platform (www.jd.com). On 19 May 2022, the Offeror (i.e.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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SAIC Motor) won the Auction at the bid price of RMB1,606,812,970 (equivalent to HK\$1,899,101,391) for the Sale Shares, which represents a consideration of RMB1.0572 per Sale Share (equivalent to HK\$1.2430 per Sale Share). The Online Bidding Confirmation (網絡競價成交確認書) was released on 19 May 2022 through the online platform (www.jd.com). As disclosed in the Completion Announcement, Completion took place on 4 August 2022.

With reference to the letter from the Board (the “**Board Letter**”) as contained in the Composite Document, on 4 August 2022, the change in the holder of the Sale Shares was registered with CSDC reflecting the Offeror as the holder of the Sale Shares, and the Offeror became interested in such 1,520,000,000 Unlisted Foreign Shares, representing approximately 71.04% of the issued share capital of the Company as at the Latest Practicable Date. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make mandatory unconditional general offers in cash for all the issued Domestic Shares and H Shares held by the Independent Shareholders.

The Independent Board Committee, comprising the non-executive Directors who have no direct or indirect interest in the Offers, namely Mr. Li Guozhou as non-executive Director and Mr. Wong Man Chung Francis, Ms. Liang Yanjun and Professor Qin Zheng as independent non-executive Directors, has been established to advise the Independent Shareholders as to whether the terms of the Offers are fair and reasonable and as to acceptance of the Offers. We, Somerley Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee in this regard.

We are not associated with the Company, the Offeror or any party acting, or presumed to be acting, in concert with any of them and, accordingly, are considered eligible to give independent advice on the Offers. During the past two years prior to the Latest Practicable Date, there have been no engagements between the Company and Somerley Capital Limited. Apart from normal professional fees paid or payable to us in connection with this appointment, no arrangement exists whereby we will receive any payment or benefits from the Company, the Offeror or any party acting, or presumed to be acting, in concert with any of them.

We have relied on the information as contained in the Composite Document and the information and facts supplied by the Company and the opinions expressed by management of the Company (the “**Management**”), the Directors and the Offeror (where applicable), and have assumed that the information and facts provided and opinions expressed to us were true, accurate and complete in all material aspects as at the Latest Practicable Date. We have further assumed that all representations contained or referred to in the Composite Document were true at the time they were made and at the date of the Composite Document and will continue to be true until the end of the Offer Period. Should there be any material changes to our opinion after the Latest Practicable Date, the Independent Shareholders would be notified as soon as possible in accordance with Rule 9.1 of the Takeovers Code. We have also sought and received confirmation from the Directors that all material relevant information has been supplied to us and that no material facts have been omitted from the information supplied and opinions expressed to us. We consider that the information we have received is sufficient for us to reach our opinion and give the advice and

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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recommendation set out in this letter. We have no reason to believe that any material information has been omitted or withheld, or to doubt the truth or accuracy of the information provided. However, we have not conducted any independent investigation into the business and affairs of the Company, the Offeror or any of their respective associates or any party acting, or presumed to be acting, in concert with any of them; nor have we carried out any independent verification of the information supplied.

We have not considered the tax and regulatory implications on the Independent Shareholders of acceptance or non-acceptance of the Offers, since these depend on their individual circumstances. In particular, Independent Shareholders who are resident overseas or subject to overseas taxes or Hong Kong taxation on securities dealings should consider their own tax positions and, if in any doubt, consult their own professional advisers.

### PRINCIPAL TERMS OF THE OFFERS

The Offeror is making the Domestic Share Offer for all the issued Domestic Shares and CICC, on behalf of the Offeror, is making the H Share Offer for all the issued H Shares (other than those already owned or agreed to be acquired by the Offeror or Offeror Concert Parties), on the following basis:

**For each Domestic Share . . . . . RMB1.0572 in cash**

**For each H Share . . . . . HK\$1.2430 in cash**

The H Share Offer Price of HK\$1.2430 per H Share is equivalent to RMB1.0572 (being the Domestic Share Offer Price) converted into Hong Kong dollars at the exchange rate of RMB0.85057 to HK\$1, being the median exchange rate as announced by the People's Bank of China on the China Foreign Exchange Trading System of the PRC on 26 May 2022 (which is the date of the Joint Announcement).

With reference to the Board Letter, as at the Latest Practicable Date, the Company has 2,139,651,400 Shares in issue (comprising (i) 539,651,400 H Shares; (ii) 1,520,000,000 Unlisted Foreign Shares; and (iii) 80,000,000 Domestic Shares). The Company does not have any outstanding options, derivatives, warrants, securities which are convertible or exchangeable into Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) and has not entered into any agreement for the issue of such options, derivatives, warrants, securities which are convertible or exchangeable into Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code). Based on the issued share capital of the Company as at the Latest Practicable Date, there are 539,651,400 H Shares and 80,000,000 Domestic Shares subject to the H Share Offer and the Domestic Share Offer, respectively.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Offers are unconditional in all respects and are not conditional upon acceptances being received in respect of a minimum number of Domestic Shares or H Shares or other conditions.

Acceptance of the Offers by any Independent Shareholder will be deemed to constitute a warranty by such person to the Offeror that such Shares acquired from such Shareholder under the Offers are sold or tendered by that Shareholder free from all third party rights and together with all rights accruing and attached to them on the date of the Composite Document or subsequently becoming attached to them, including the rights to receive all dividends and distributions declared, made or paid, on or after the date of the Composite Document. In the event that the Company decides to declare, pay, make or agree to pay or make any dividends on or after the date of the Joint Announcement and up to closing of the Offers, the Offeror intends to reduce the Offer Price by the amount of such dividends. As at the Latest Practicable Date, the Company does not have any declared and unpaid dividend and does not have any intention to make, declare or pay any future dividend or make other distribution until the close of the Offers.

Further details of the Offers are set out in Appendix I to the Composite Document and the accompanying Forms of Acceptance.

Independent Shareholders should read the relevant sections in the Composite Document in full. The latest time and date for acceptance of the Offers is 4:00 p.m. on 6 October 2022 unless the Offeror revises or extends the Offers in accordance with the Takeovers Code.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In formulating our opinion and recommendation with regard to the Offers, we have taken into account the following principal factors and reasons:

#### **1. Information and prospects of the Company**

##### ***1.1 Background of the Company***

The Company is a joint stock company incorporated in the PRC with limited liability, and the H Shares of which are listed on the Main Board of the Stock Exchange. The Company is an automotive finance company licensed and regulated by the CBIRC. The Company provides loans, direct leasing products and other financial services to the end customers, major customers and corporate clients for purchases of vehicles in the PRC.

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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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**1.2 Financial information of the Company**

*Financial performance*

Set out below is a summary of the financial results of the Company for the two years ended 31 December 2020 and 2021 and the six months ended 30 June 2021 and 2022. Details of the financial information of the Company are set out in Appendix II to the Composite Document:

	For the six months ended		For the year ended	
	30 June		31 December	
	2022	2021	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Interest income	80,302	213,075	343,818	743,352
Interest expenses	—	(48,807)	(63,499)	(248,209)
<b>Net interest income</b>	<b>80,302</b>	<b>164,268</b>	<b>280,319</b>	<b>495,143</b>
Fee and commission income	10,726	19,702	34,503	73,312
Fee and commission expenses	(164)	(417)	(785)	(805)
<b>Net fee and commission income</b>	<b>10,562</b>	<b>19,285</b>	<b>33,718</b>	<b>72,507</b>
Other net (expenses)/income	(5,504)	772	2,083	9,521
Operating income	85,360	184,325	316,120	577,171
Operating expenses	(51,870)	(55,431)	(118,518)	(119,901)
Reversal/(charge) of impairment losses	452,074	(474,563)	(1,316,448)	(381,400)
Finance costs	(388)	(719)	(1,276)	(1,899)
<b>Profit/(loss) before taxation</b>	<b>485,176</b>	<b>(346,388)</b>	<b>(1,120,122)</b>	<b>73,971</b>
Income tax	(179,874)	86,661	280,029	(18,986)
<b>Profit/(loss) and total comprehensive income for the period/year</b>	<b>305,302</b>	<b>(259,727)</b>	<b>(840,093)</b>	<b>54,985</b>
<b>Earnings/(loss) per Share (basic and diluted) (RMB)</b>	<b>0.1427</b>	<b>(0.1214)</b>	<b>(0.3926)</b>	<b>0.0257</b>

(i) *Net interest income*

The interest income of the Company was primarily derived from loans and advances to customers, deposits with central bank and other banks and finance lease receivables. For the year ended 31 December 2021 (“FY2021”), the Company recorded interest income of approximately RMB343.8 million, representing a decrease of approximately 53.7% as compared to approximately RMB743.4 million for the year ended 31 December 2020 (“FY2020”). For the six months ended 30 June 2022 (“HY2022”), the Company recorded interest income of approximately RMB80.3 million, representing a decrease of approximately 62.3% as compared to approximately RMB213.1 million for the six months ended 30 June 2021 (“HY2021”). As advised by the Management, the decreases in interest income were mainly due to the decrease in interests income derived from loans and advances to customers as a result of the decrease in the Company’s loan portfolio.

The Company’s interest expenses represented interest for placements from banks which were mainly used to finance the loans and advances to customers. The Company’s interest expenses decreased from approximately RMB248.2 million for FY2020 to approximately RMB63.5 million for FY2021, representing a decrease of approximately 74.4%, and decreased from approximately RMB48.8 million for HY2021 to nil for HY2022. With reference to the Company’s 2021 annual report and the Company’s 2022 interim report, such decreases in interest expenses were mainly due to the decrease in borrowings resulting from the reduction in loan portfolio.

As advised by the Management, the aforesaid decrease in loan portfolio was mainly due to the Company adopting a cautious approach to disburse loans and advances to customers based on the Company’s market and credit risks assessment to mitigate its liquidity risks.

The Company’s net interest income decreased from approximately RMB495.1 million for FY2020 to approximately RMB280.3 million for FY2021, representing a decrease of approximately 43.4%. The Company’s net interest income decreased from approximately RMB164.3 million for HY2021 to approximately RMB80.3 million for HY2022, representing a decrease of approximately 51.1%.

*(ii) Net fee and commission income*

The Company generates fee and commission income mainly from joint loan service fees from commercial banks from its joint loan business, where the Company cooperates with commercial banks to disburse loans and then charge the commercial banks for the joint loan service fees regarding the loan related services provided to the banks. The Company's net fee and commission income for FY2021 amounted to approximately RMB33.7 million, representing a decrease of approximately 53.5% as compared to that for FY2020. The Company's net fee and commission income for HY2022 amounted to approximately RMB10.6 million, representing a decrease of approximately 45.2% as compared to that for HY2021. As advised by the Management, the decreases in fee and commission income were mainly due to the aforesaid decreases in the Company's loan portfolio, as less joint loan service fees were generated with less loans disbursed to customers.

*(iii) Other net expenses/income*

For FY2021, the Company's other net income amounted to approximately RMB2.1 million, representing a decrease of approximately 78.1% as compared to that for FY2020. With reference to the Company's 2021 annual report, such decrease was mainly due to the decrease in government grants received by the Company from approximately RMB12.2 million for FY2020 to approximately RMB3,000 for FY2021.

For HY2022, the Company recorded other net expenses of approximately RMB5.5 million as compared to other net income of approximately RMB0.8 million recorded for HY2021. As advised by the Management, such change from other net income to other net expenses was mainly due to the net exchange losses and other expenses recorded for HY2022.

*(iv) Operating income*

The Company's operating income amounted to approximately RMB316.1 million for FY2021, representing a decrease of approximately 45.2% as compared to that for FY2020, as a result of the abovementioned changes in income and expenses.

The Company's operating income amounted to approximately RMB85.4 million for HY2022, representing a decrease of approximately 53.7% as compared to that for HY2021, as a result of the abovementioned changes in income and expenses.

*(v) Net profit/loss*

The Company recorded net loss of approximately RMB840.1 million for FY2021 as compared to net profit of approximately RMB55.0 million for FY2020. With reference to the Company's 2021 annual report and as advised by the Management, the net loss recorded for FY2021 was mainly due to (i) the increase in the Company's allowances for impairment losses relating to its loans and advances to customers and bills receivable of approximately RMB935 million as a result of the increase in overdue loans from the Company's dealers customers which may be attributable to (1) the impact of COVID-19 pandemic where car dealers were facing difficult operating environment; and (2) the aggregate amount (inclusive of interest receivable) due from ZhengTong and its dealers; and (ii) the decrease in net interest income.

The Company recorded net profit of approximately RMB305.3 million for HY2022 as compared to net loss of approximately RMB259.7 million for HY2021. With reference to the Company's 2022 interim report and as advised by the Management, such turnaround was mainly due to the reversal of allowances for impairment losses of approximately RMB452 million recorded for HY2022 based on the Company's assessment on the recoverability of its loans and advances to customers and bills receivable, including the repayment of certain overdue receivables from customers of over RMB1.7 billion during the eight months ended 31 August 2022, as compared to a provision of impairment losses of approximately RMB475 million for HY2021. Such improvement was partly offset mainly by the decrease in net interest income for HY2022 as compared to that for HY2021.

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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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*Financial position*

Set out below is a summary of the financial position of the Company as at 30 June 2022, 31 December 2021 and 31 December 2020, details of which are set out in Appendix II to the Composite Document:

	<b>As at 30 June 2022</b>	<b>As at 31 December</b>	
	<i>RMB'000</i>	<b>2021</b>	<b>2020</b>
	<i>(Unaudited)</i>	<i>RMB'000</i>	<i>RMB'000</i>
		<i>(Audited)</i>	<i>(Audited)</i>
Cash and deposits with central bank	489	487	5,025
Deposits with banks	1,092,452	255,403	90,396
Loans and advances to customers	2,231,355	2,439,894	5,751,275
Finance lease receivables	457	4,616	18,455
Bills receivable	—	175,548	—
Property and equipment	10,956	16,591	28,234
Intangible assets	5,355	7,417	11,337
Deferred tax assets	277,852	449,475	112,503
Other assets	<u>16,599</u>	<u>26,340</u>	<u>251,537</u>
<b>Total assets</b>	<b><u>3,635,515</u></b>	<b><u>3,375,771</u></b>	<b><u>6,268,762</u></b>
Placements from banks	—	—	2,033,911
Guarantee deposits	3,500	3,649	30,299
Lease liabilities	8,119	13,582	23,372
Current taxation	—	26,398	18,379
Other liabilities	<u>94,127</u>	<u>107,675</u>	<u>98,241</u>
<b>Total liabilities</b>	<b><u>105,746</u></b>	<b><u>151,304</u></b>	<b><u>2,204,202</u></b>
<b>Net assets</b>	<b><u>3,529,769</u></b>	<b><u>3,224,467</u></b>	<b><u>4,064,560</u></b>
<b>Net assets per Share</b>			
<b>(RMB) (Note)</b>	<b><u>1.65</u></b>	<b><u>1.51</u></b>	<b><u>1.90</u></b>

*Note:*

The net assets per Share of the Company are calculated based on (i) the net assets value of the Company; and (ii) the total issued Shares of the Company as at the respective time.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Company recorded total assets of approximately RMB3.4 billion as at 31 December 2021, which mainly included (i) approximately RMB255.4 million of deposits with banks; (ii) approximately RMB2.4 billion of loans and advances to customers, (iii) approximately RMB175.6 million of bills receivable; and (iv) approximately RMB449.5 million of deferred tax assets. The Company's total assets as at 31 December 2021 represented a decrease of approximately 46.1% as compared to that as at 31 December 2020. Such decrease was primarily due to the decrease in loans and advances to customers. As at 30 June 2022, the Company recorded total assets of approximately RMB3.6 billion, which mainly included (i) approximately RMB1.1 billion of deposits with banks; (ii) approximately RMB2.2 billion of loans and advances to customers; and (iii) approximately RMB277.9 million of deferred tax assets.

The Company recorded total liabilities of approximately RMB151.3 million as at 31 December 2021, which mainly included (i) approximately RMB13.6 million of lease liabilities; (ii) approximately RMB26.4 million of current taxation; and (iii) approximately RMB107.7 million of other liabilities. The Company's total liabilities as at 31 December 2021 represented a decrease of approximately 93.1% as compared to that as at 31 December 2020. Such decrease was primarily due to that the placements from bank were fully repaid by the Company with a nil balance of placements from bank as at 31 December 2021 (2020: approximately RMB2.03 billion). As at 30 June 2022, the Company recorded total liabilities of approximately RMB105.7 million, which mainly included (i) approximately RMB8.1 million of lease liabilities; and (ii) approximately RMB94.1 million of other liabilities (which mainly included subsidies receipt from joint loans payable to commercial banks and professional service fees payable).

We noted that the Company's loans and advances to customers and placements from banks substantially decreased as at 31 December 2021 as compared to that for 31 December 2020. With reference to the Company's 2021 annual report, the Company effectively reduced its reliance on external resources and significantly mitigated its liquidity risks by reducing loan portfolio as well as gradual repayment of interbank loans with a view to preserve the sustainable development of the Company.

The Company recorded net assets of approximately RMB3.2 billion as at 31 December 2021, representing a decrease of approximately 20.7% as compared to that as at 31 December 2020 and equivalent to approximately RMB1.51 per Share as at 31 December 2021. As advised by the Management, such decrease in net assets was mainly due to the net loss recorded for FY2021.

The Company recorded net assets of approximately RMB3.5 billion as at 30 June 2022, representing an increase of approximately 9.5% as compared to that as at 31 December 2021, which is equivalent to approximately RMB1.65 per Share as at 30 June 2022. As advised by the Management, such increase in net assets was mainly due to the net profit recorded for HY2022.

### *1.3 Prospects of the Company*

As mentioned in the sub-section headed “1.1 Background of the Company” above, the Company is an automotive finance company licensed and regulated by the CBIRC. The Company provides loans, direct leasing products and other financial services to the end customers, major customers and corporate clients for purchases of vehicles in the PRC.

With reference to the Company’s 2020 annual report, the outbreak of the COVID-19 pandemic and subsequent national lockdown in the PRC in 2020 brought changes and challenges to all sectors with the automobile industry being stagnant for a period of time. According to the China Association of Automobile Manufacturers (“CAAM”), being a non-profit social organization founded in 1987 and approved by the Ministry of Civil Affairs of the PRC consisting of enterprises and institutions as well as organizations engaged in the production and management of automobiles, auto parts and vehicle-related industries founded within the PRC, the production and sales volume of passenger vehicles in the PRC in 2020 recorded a year-on-year decrease of 6.5% and 6% respectively. According to CAAM, the production and sales volume of passenger vehicles in the PRC showed improvement in 2021 and increased by 7.1% and 6.5% respectively.

According to an article published by CAAM on 14 December 2021 in relation to the development of automobile industry in the PRC in 2022, (i) total vehicle sales in the PRC are expected to reach approximately 27.5 million in 2022, representing a year-on-year increase of approximately 5.4%; and (ii) the total sales of new energy vehicles are expected to reach approximately 5 million in 2022, representing a year-on-year increase of approximately 47% and contributing approximately 18% of total vehicle sales in 2022.

According to the “New Energy Vehicle Industry Development Plan (2021–2035)\*” (新能源汽車產業發展規劃 (2021–2035年)) as published by the General Office of the State Council of the PRC on 20 October 2020, the PRC would step up sustainable development of new energy vehicles. It is expected that the total sales of new energy vehicle would amount to approximately 20% of total vehicle sales in 2025.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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With reference to the Company's 2022 interim report and as advised by the Management, in the second half of 2022:

- (i) The Company will closely monitor the introduction of industry-related policies by the PRC government and promptly analyze the economic environment and credit market situation.
- (ii) The Company shall, under strict risk assessment, enhance loan disbursement efforts and strengthen cooperation with automobile brands.
- (iii) The Company will also develop innovative and customised financial products for new energy vehicles to pursue new business growth.

As advised by the Management, the Company would continue to focus on its business development following the liquidation of equity interests by ZhengTong (i.e. the Acquisition). As mentioned in the section headed "2. Information on and intentions of the Offeror" below, the Offeror intends to procure certain Directors appointment (namely Ms. Xu Ying, Mr. Wu Zheng, Dr. Zhou Qi and Ms. Lin Weihua) (the "**Proposed Directors**") and there would be possible changes in composition of the Board after the close of the Offers. The Proposed Directors' biographies are set out in the section headed "4. The Offeror's intentions regarding the Company" in the "Letter from CICC" of the Composite Document. We noted that the Proposed Directors hold senior positions at the Offeror Group and/or have substantial experience in the automotive finance industry. Accordingly, we consider that the Proposed Directors' experience may contribute to the business management of the Company. As further mentioned in the section headed "2. Information on and intentions of the Offeror" below, the Offeror intends that the Company will continue with its principal automotive loan business and maintain the employment of the operational employees of the Company (save for senior management and staff movements in the ordinary and usual course of business or due to reasons including but not limited to personal performance or conduct issues). As at the Latest Practicable Date, the Offeror (a) does not have any intention, understanding, negotiation or arrangement (concluded or otherwise) to downsize, cease or dispose of any of the existing businesses and assets of the Company; and (b) believes that with the support of its financing capabilities as a state-owned platform and business resources as a leading automobile manufacturer, it could create synergy and provide an extensive customer base for the Company. It also intends to explore and pursue appropriate investment and business plans and strategies to promote the development of the Company's automotive finance business. The Offeror will continue developing the principal business of the Company in accordance with the requirements of the PRC regulatory authorities. We consider that the Company's business development plan, in particular the exploring of opportunities in the new energy vehicle industry, is in line with the industry development in the PRC.

## **2. Information on and intentions of the Offeror**

To provide the Independent Shareholders with basic information on the background of the Offeror, set out below is key information on the Offeror as extracted from the “Letter from CICC” of the Composite Document.

The Offeror is a company established in the PRC and listed on the Shanghai Stock Exchange, with stock code 600104. The Offeror is a leading automobile group in the PRC which sold approximately 5.46 million units of automobiles and recorded revenue of approximately RMB779.8 billion based on its audited financial statements for the year ended 31 December 2021. It is principally engaged in the research and development, manufacture and sale of automobiles and automobile components, automobile finance business and the provision of mobility service. The Offeror is directly owned as to approximately 68.50% by SAIC Group, 3.45% by Shanghai International Group, 3.54% by Yuejin Automobile Group Co., Ltd.\* (躍進汽車集團有限公司) and 24.51% by public shareholders as at the Latest Practicable Date. SAIC Group and Shanghai International Group are both in turn wholly-owned by Shanghai SASAC.

Set out below are the intentions of the Offeror in respect of the Company as extracted from the “Letter from CICC” in the Composite Document (for details, please refer to the section headed “4. The Offeror’s intentions regarding the Company” of the “Letter from CICC”):

### ***Offeror’s intentions regarding the Company***

Upon Completion, the Offeror became the controlling Shareholder of the Company and is interested in approximately 71.04% of the total issued share capital of the Company as at the Latest Practicable Date.

The Offeror intends that the Company will continue with its principal automotive loan business and maintain the employment of the operational employees of the Company (save for senior management and staff movements in the ordinary and usual course of business or due to reasons including but not limited to personal performance or conduct issues). As at the Latest Practicable Date, the Offeror (a) does not have any intention, understanding, negotiation or arrangement (concluded or otherwise) to downsize, cease or dispose of any of the existing businesses and assets of the Company; and (b) believes that with the support of its financing capabilities as a state-owned platform and business resources as a leading automobile manufacturer, it could create synergy and provide an extensive customer base for the Company. It also intends to explore and pursue appropriate investment and business plans and strategies to promote the development of the Company’s automotive finance business in due course. The Offeror will continue developing the principal business of the Company in accordance with the requirements of PRC regulatory authorities.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Board is currently made up of seven Directors, comprising two executive Directors, namely Mr. Lin Fan and Mr. Shao Yongjun; two non-executive Directors, namely Mr. Koh Tee Choong and Mr. Li Guozhou; and three independent non-executive Directors, namely Mr. Wong Man Chung Francis, Ms. Liang Yanjun and Professor Qin Zheng.

Subject to and in accordance with the applicable requirements of relevant governmental authorities, the Offeror intends to procure the following Director appointments: the appointment of Ms. Xu Ying as Chairman and a non-executive Director, Mr. Wu Zheng as an executive Director, and Dr. Zhou Qi and Ms. Lin Weihua as non-executive Directors. The appointments of such Director candidates as Directors shall each be subject to the approval of the CBIRC, the approval of the Shareholders at a general meeting of the Company and the entering into of individual Director's service contracts between the aforementioned Director candidates and the Company.

The Offeror understands that Mr. Lin Fan, Mr. Shao Yongjun, Mr. Koh Tee Choong and Mr. Li Guozhou have not reached any final decision on whether or not they will resign as Directors, and if any of them opt to tender their resignations as Directors, their resignations shall take effect no earlier than after the close of the Offers. The Offeror further understands that each of Mr. Wong Man Chung Francis, Ms. Liang Yanjun and Professor Qin Zheng intend to remain as independent non-executive Directors of the Company.

It is anticipated that a general meeting of the Shareholders in relation to any changes in the Board composition and changes in any Supervisors (if any) would only be held after the close of the Offers. Any changes to the members of the Board and to the Board of Supervisors, if any, will be made in compliance with the Takeovers Codes and the Listing Rules and further announcement(s) will be made in relation thereto as and when appropriate.

### ***Maintaining the listing status of the Company***

The Offeror intends to maintain the listing status of the Company. The Stock Exchange has stated that if, at the close of the Offers, less than the minimum prescribed percentage applicable to the Company, being 25% of its issued Shares are held by the public, or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares or (ii) there are insufficient Shares in the public hands to maintain an orderly market, then the Stock Exchange will consider exercising its discretion to suspend dealings in the H Shares on the Stock Exchange. The Offeror intends for the Company to remain listed on the Stock Exchange.

In this case, subject to the compliance with the relevant requirements of the CBIRC and other applicable PRC authorities, the Offeror will take such steps necessary to ensure, or procure the Company to take such steps necessary to ensure, that the Company will have an adequate public float so as to comply with the applicable requirements under the Listing Rules. The directors of the Offeror

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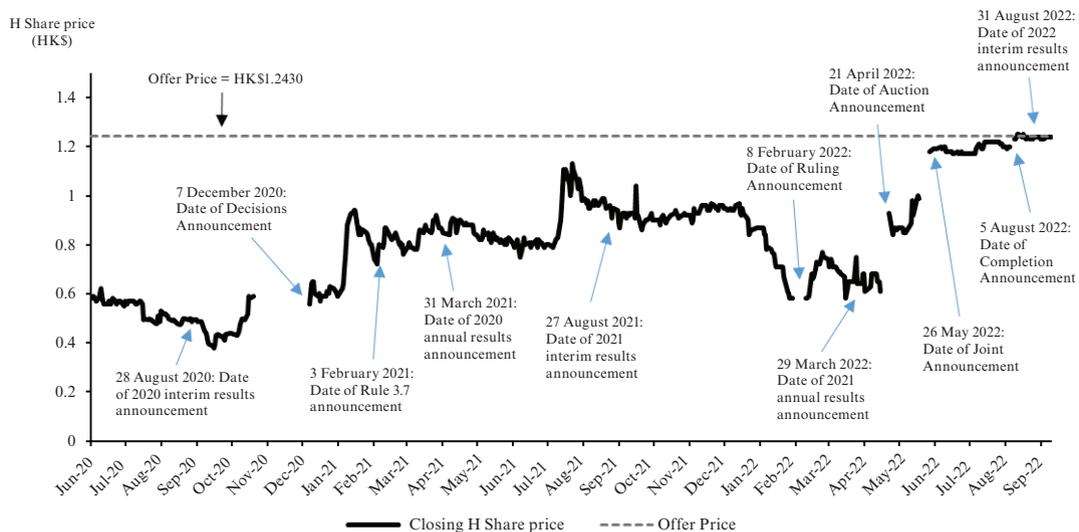
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and the new Director candidates to be proposed to be appointed as Directors have jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure sufficient public float exists in the Shares. Any restoration of public float may involve the issue of new Shares by the Company. Under the PRC laws, the Offeror does not have compulsory acquisition rights to acquire the remaining Shares not acquired under the Offers after closing of the Offers.

### 3. The Offer Price

#### 3.1 Analysis of historical price performance of the H Shares

Set out below is the movement of the closing prices of the H Shares during the period from 1 June 2020, being approximately two years prior to the date of the Joint Announcement and nine months prior to the commencement of the Offer Period on 3 February 2021, up to and including the Latest Practicable Date to illustrate the general trend of movement of the closing prices of the H Shares before and after the commencement of the Offer Period (the “Review Period”).



Source: the Stock Exchange

During the Review Period up to the Last Trading Day, the highest and lowest closing prices of the H Shares as quoted on the Stock Exchange were HK\$1.13 per H Share recorded on 22 July 2021 and HK\$0.38 per H Share recorded on 15 September 2020 respectively. The Offer Price of HK\$1.2430 per H Share is higher than the closing prices of H Shares during the Review Period up to the Last Trading Day.

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At the start of the Review Period up to mid-September 2020, the closing price of the H Shares was on a general downward trend and reached the low of HK\$0.38 per H Share on 15 September 2020. After that, the closing price of the H Shares followed an increasing trend and reached HK\$0.59 per H Share on 19 October 2020. With effect from 9:11a.m. on 20 October 2020, trading in the H Shares was suspended pending the release of an announcement containing inside information of the Company. On 7 December 2020, the Company published an announcement in relation to the Administrative Decision and decision of administrative penalties by the CBIRC Shanghai Office, pursuant to which, among other things, the Company shall withdraw the equity interests in the Company held by ZhengTong (the “**Decisions Announcement**”). Trading in the H Shares was resumed on 7 December 2020. Following the publication of the Decisions Announcement, the closing price of the H Shares decreased to HK\$0.56 per H Share on 7 December 2020 and fluctuated within a relatively narrow range, with a closing price of HK\$0.59 per H Share as at 31 December 2020.

At the beginning of 2021, the closing price of the H Shares was on an increasing trend, increasing from HK\$0.62 per H Share on 4 January 2021 to HK\$0.94 per H Share on 15 January 2021. After that, the closing price of the H Shares decreased again and reached HK\$0.72 per H Share on 3 February 2021. On 3 February 2021 (after trading hours), the Company made an announcement pursuant to Rule 3.7 of the Takeovers Code (the “**Rule 3.7 Announcement**”) in relation to the potential disposal of Shares by ZhengTong which may lead to a change in control of the Company and a mandatory general offer under Rule 26.1 of the Takeovers Code. The H Shares closed at HK\$0.78 per H Share on 4 February 2021 following the release of the Rule 3.7 Announcement. The closing price of the H Shares fluctuated between HK\$0.75 per H Share and HK\$0.92 per H Share during the period from 4 February 2021 to 9 July 2021. During mid-July 2021, the closing price of the H Shares surged from HK\$0.83 per H Share on 9 July 2021 to HK\$1.13 per H Share on 22 July 2021. The closing price of the H Shares fluctuated between HK\$0.86 per H Share and HK\$1.11 per H Share in the second half of 2021 during the period from 23 July 2021 to 13 December 2021, before experiencing a decreasing trend. The closing price of the H Shares reached HK\$0.58 per H Share on 28 January 2022.

As confirmed by the Company, the Company was not aware of any specific reason which caused the aforesaid movements of the closing price of the H Shares.

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With effect from 9:00a.m. on 31 January 2022, trading in the H Shares was suspended pending the release of an announcement containing inside information of the Company and pursuant to the Takeovers Code. On 3 February 2021 (after trading hours), the Company made an announcement pursuant to Rule 3.7 of the Takeovers Code in relation to the Administrative Ruling (the “**Ruling Announcement**”), pursuant to which, among other things, ZhengTong’s equity interests in the Company shall be liquidated through auction; and trading in the H Shares was resumed on 9 February 2022. The closing price of the H Shares remained at HK\$0.58 per H Share on 9 February 2022 following the resumption in trading. During the period from 10 February 2022 to 14 April 2022, the closing price of the H Shares fluctuated between HK\$0.58 per H Share and HK\$0.77 per H Share. With effect from 9:00a.m. on 19 April 2022, trading in the H Shares was suspended pending the release of an announcement containing inside information of the Company and pursuant to the Takeovers Code. On 21 April 2022 (after trading hours), the Company published an announcement containing, among other things, details of the Auction (the “**Auction Announcement**”); and trading in the H Shares was resumed on 22 April 2022. The closing price of the H Shares increased to HK\$0.93 per H Share on 22 April 2022 following the resumption in trading.

The closing price of the H Shares fluctuated between HK\$0.84 per H Share and HK\$1.00 per H Share during the period from 25 April 2022 to 18 May 2022 before the trading suspension of the H Shares with effect from 9:00a.m. on 19 May 2022 pending the release of the Joint Announcement. The Company and the Offeror published the Joint Announcement dated 26 May 2022. Trading in the H Shares was resumed on 27 May 2022. The closing price of the H Shares increased to HK\$1.18 per H Share on 27 May 2022 following the resumption in trading. With effect from 9:00 a.m. on 5 August 2022, the trading in the H Shares was halted pending the release of an announcement containing inside information of the Company and pursuant to the Takeovers Code. On 5 August 2022 (after trading hours), the Company published the Completion Announcement, and the trading in the H Shares was resumed on 8 August 2022. The closing price of the H Shares was HK\$1.23 per H Share on 8 August 2022.

During the period after the publication of the Joint Announcement and until the Latest Practicable Date, the closing price of the H Shares ranged between HK\$1.17 per H Share and HK\$1.25 per H Share.

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**3.2 Trading liquidity analysis**

Set out below are the monthly total trading volumes of the H Shares and the percentages of the monthly total trading volume to the total issued H Shares of the Company during the Review Period:

	<b>Monthly total trading volume of the H Shares (Note 1)</b>	<b>Approximate percentage of the monthly total trading volume of the H Shares to the total issued H Shares (Note 2)</b>
<b>2020</b>		
June	42,683,538	7.91%
July	45,381,000	8.41%
August	15,773,217	2.92%
September	20,958,000	3.88%
October (Note 3)	26,079,205	4.83%
November (Note 3)	—	0.00%
December (Note 3)	46,994,300	8.71%
<b>2021</b>		
January	95,860,434	17.76%
February	36,665,440	6.79%
March	25,859,087	4.79%
April	14,484,000	2.68%
May	9,049,000	1.68%
June	12,527,000	2.32%
July	76,929,254	14.26%
August	9,418,897	1.75%
September	20,095,000	3.72%
October	10,681,000	1.98%
November	11,959,345	2.22%
December	5,590,000	1.04%

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	<b>Monthly total trading volume of the H Shares (Note 1)</b>	<b>Approximate percentage of the monthly total trading volume of the H Shares to the total issued H Shares (Note 2)</b>
<b>2022</b>		
January (Note 4)	10,027,157	1.86%
February (Note 4)	6,660,000	1.23%
March	5,920,000	1.10%
April (Note 5)	23,948,000	4.44%
May (Note 6)	77,235,000	14.31%
June	40,263,000	7.46%
July	27,034,112	5.01%
August (Note 7)	124,372,000	23.05%
From 1 September 2022 to the Latest Practicable Date	5,882,000	1.09%

*Notes:*

- (1) *Source: The Stock Exchange*
- (2) The calculation is based on the monthly total trading volume of the H Shares divided by the total issued H Shares of the Company at the end of each month (or as at the Latest Practicable Date being 9 September 2022). To the best of the Company's knowledge, all H Shares were held by public Shareholders during the Review Period.
- (3) Trading of the H Shares was suspended from 20 October 2020 to 4 December 2020.
- (4) Trading of the H Shares was suspended from 31 January 2022 to 8 February 2022.
- (5) Trading of the H Shares was suspended from 19 April 2022 to 21 April 2022.
- (6) Trading of the H Shares was suspended from 19 May 2022 to 26 May 2022.
- (7) Trading of the H Shares was halted on 5 August 2022.

From the table above, in general, we note that the monthly total trading volume of the H Shares (as a percentage to the total issued H Shares) was not consistently active during the Review Period. During the Review Period, the average daily trading volume was approximately 1.7 million H Shares. The trading volume of the H Shares surged on the subsequent trading days immediately after publication of the Joint Announcement dated 26 May 2022 and publication of the Completion Announcement dated 4 August 2022, with approximately 26.2 million and 20.6 million H Shares traded on 27 May 2022 and 30 May 2022 respectively; and approximately 12.6 million, 68.2 million and 25.3 million H Shares traded on 8 August 2022, 10 August 2022 and 11 August 2022 respectively. The percentages of monthly total trading volumes of the H Shares to the total issued H Shares were below 10% during such period except for January 2021, July 2021, May 2022 and August 2022.

If the H Shareholders wish to sell a significant number of H Shares within a short period in the market, it is possible that a downward pressure would be exerted on the market price of the H Shares. The higher level of trading volume subsequent to the publication of the Joint Announcement may not, in our view, be sustained after the end of the Offer Period. Therefore, the Offers provide an opportunity for the Shareholders, especially those holding a large block of Shares, to dispose of their holdings at a fixed cash price if they so wish.

### *3.3 Comparisons of value*

The H Share Offer Price of HK\$1.2430 per H Share or the Domestic Share Offer Price of RMB1.0572 per Domestic Share represents:

- (i) a premium of approximately 70.27% over the closing price of HK\$0.73 per H Share as quoted on the Stock Exchange on the last Business Day prior to the commencement of the Offer Period, being 2 February 2021;
- (ii) a premium of approximately 25.56% over the closing price of HK\$0.99 per H Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a premium of approximately 26.84% over the average closing price of approximately HK\$0.98 per H Share as quoted on the Stock Exchange for the last 5 consecutive trading days immediately prior to and including the Last Trading Day;
- (iv) a premium of approximately 35.11% over the average closing price of approximately HK\$0.92 per H Share as quoted on the Stock Exchange for the last 10 consecutive trading days immediately prior to and including the Last Trading Day;
- (v) a premium of approximately 57.34% over the average closing price of approximately HK\$0.79 per H Share as quoted on the Stock Exchange for the last 30 consecutive trading days immediately prior to and including the Last Trading Day;

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- (vi) a premium of approximately 67.97% over the average closing price of approximately HK\$0.74 per H Share as quoted on the Stock Exchange for the last 90 consecutive trading days immediately prior to and including the Last Trading Day;
- (vii) a premium of approximately 47.98% over the average closing price of approximately HK\$0.84 per H Share based on the daily closing prices as quoted on the Stock Exchange for the 180 consecutive trading days immediately prior to and including the Last Trading Day;
- (viii) a premium of approximately 0.24% over the closing price of approximately HK\$1.24 per H Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ix) a discount of approximately 29.84% to the audited net asset value per Share of the Company (the “**Company NAV per Share**”) of approximately RMB1.51 (equivalent to approximately HK\$1.78) as at 31 December 2021, based on a total of 2,139,651,400 Shares in issue as at 31 December 2021 and the Latest Practicable Date and the audited net asset value of the Company of approximately RMB3,224,467,000 as at 31 December 2021; and
- (x) a discount of approximately 35.92% to the unaudited Company NAV per Share of approximately RMB1.65 (equivalent to approximately HK\$1.94) as at 30 June 2022, based on a total of 2,139,651,400 Shares in issue as at 30 June 2022 and the Latest Practicable Date and the unaudited net asset value of the Company of approximately RMB3,529,769,000 as at 30 June 2022.

In summary, the H Share Offer Price of HK\$1.2430 per H Share or the Domestic Share Offer Price of RMB1.0572 per Domestic Share represents premia in a range of approximately 25.56% to 67.97% over the closing prices of the H Shares for different periods before the Last Trading Day.

As set out above, the Offer Price represents a discount of approximately 35.92% to the unaudited Company NAV per Share as at 30 June 2022, which is further discussed in the section headed “4. Peer comparison analysis” below.

### ***3.4 Peer comparison analysis***

As mentioned earlier, the Company is principally engaged in the provision of loans, direct leasing products and other financial services for the purchase of vehicles in the PRC.

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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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We noted that the peer comparison analysis of price-to-earnings (“**P/E**”) ratio and price-to-book (“**P/B**”) ratio of comparable companies is a commonly adopted analysis in analysing the fairness and reasonableness of offer prices. In respect of the Offer Price, we have identified comparable companies listed on the Main Board of the Stock Exchange which derived more than 50% of their revenue from the provision of auto finance products and services in the PRC based on their latest published annual reports available as at the date immediately before the Latest Practicable Date. Given that the Company had been loss making for FY2021, we consider the P/E ratio analysis to be inapplicable; and we performed our analysis based on the P/B ratio. Based on the above criteria, we identified only one company, being Yixin Group Limited (stock code: 2858). Given that we have only identified one company based on the aforesaid selection criteria, we have also extended our scope of search on Bloomberg to companies listed on the Main Board of the Stock Exchange which derived more than 50% of revenue from financial leasing or credit and/or loan financing-related businesses in the PRC based on information available from the latest published financial report of the companies as at the date immediately prior to the Latest Practicable Date (the “**Comparable Companies**”). Based on the above selection criteria, we have identified 9 Comparable Companies and they are exhaustive.

<b>Comparable Companies</b>	<b>Principal activities</b>	<b>P/B</b> <i>(Note 1)</i>
Yixin Group Limited (stock code: 2858)	Automobile finance leasing	0.37
51 Credit Card Inc. (Stock code: 2051)	Credit facilitation service	0.34
China Huirong Financial Holdings Limited (Stock code: 1290)	Loan financing	0.53
Greater China Financial Holdings Limited (Stock code: 431)	Loan financing	17.20
Quanzhou Huixin Micro-credit Co., Ltd. (Stock code: 1577)	Loan financing	0.35
Sino Prosper (Group) Holdings Ltd. (Stock code: 766)	Money lending	0.15
VCredit Holdings Limited (Stock code: 2003)	Consumer finance	0.41
Yangzhou Guangling District Taihe Rural Micro-finance Company Limited (Stock code: 1915)	Loan financing	2.06

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<b>Comparable Companies</b>	<b>Principal activities</b>	<b>P/B</b> <i>(Note 1)</i>
Zuoli Kechuang Micro-finance Company Limited (Stock code: 6866)	Loan financing	0.19
	<b>Maximum (excluding outlier) (Note 2)</b>	2.06
	<b>Minimum (excluding outlier) (Note 2)</b>	0.15
	<b>Median (excluding outlier) (Note 2)</b>	0.36
	<b>Average (excluding outlier) (Note 2)</b>	0.55
	The Offers	0.64 <i>(Note 3)</i>

*Notes:*

1. The P/B ratios of the Comparable Companies are sourced from Bloomberg as at the Latest Practicable Date.
2. Excluding P/B ratio of Greater China Financial Holdings Limited (Stock code: 431) which is considered an outlier with exceptionally higher P/B ratio as compared to those of other Comparable Companies.
3. The implied P/B ratio of the Offers is calculated based on the Offer Price and the Company NAV per Share as at 30 June 2022.

As shown in the table above, the implied P/B ratio of the Offers is within the range of P/B ratios of the Comparable Companies (excluding outlier); and is higher than the median and average P/B ratio of the Comparable Companies (excluding outlier).

### ***3.5 Our view on the Offer Price***

Based on the analyses as set out above in this section, in particular, that (i) the Offer Price is higher than the closing prices of H Shares during the entire Review Period up to the Last Trading Day, representing premia in a range of approximately 25.56% to 67.97% over the closing prices of the H Shares for different periods before the Last Trading Day; (ii) the monthly total trading volume of the H Shares (as a percentage to the total issued H Shares) was not consistently active during the Review Period; and (iii) the implied P/B ratio of the Offers is higher than the median and average P/B ratio of the Comparable Companies (excluding outlier), we consider the Offer Price to be fair and reasonable.

## **DISCUSSION**

In reaching our recommendation as regards the Offers, we have taken into account the factors and reasons set out above, and in particular the following:

### **(i) Past financial performance of the Company**

The performance of the PRC automobile industry has gradually improved after the outbreak of the COVID-19 pandemic and subsequent national lockdown in the PRC in 2020. According to CAAM, the production and sales volume of passenger vehicles in the PRC in 2021 increased by 7.1% and 6.5% respectively as compared to 2020, after recording year-on-year decreases of approximately 6.5% and 6% respectively in the previous year; and the total vehicle sales in the PRC are expected to record a year-on-year increase of approximately 5.4% in 2022. Despite the positive industry trend in 2021 and 2022, the Company recorded a year-on-year decrease in operating income for FY2021 and HY2022. As mentioned above, the Company recorded a net loss of approximately RMB840.1 million for FY2021 as compared to a net profit of RMB55 million for FY2020. The net loss recorded for FY2021 was mainly due to (i) the increase in the Company's allowances for impairment losses relating to its loans and advances to customers and bills receivable; and (ii) the decrease in interest net income. The Company recorded net profit of approximately RMB305.3 million for HY2022 as compared to net loss of approximately RMB259.7 million for HY2021, and such turnaround was mainly due to the reversal of allowances for impairment losses of approximately RMB452 million recorded for HY2022 (as compared to a provision of impairment losses of approximately RMB475 million for HY2021) and was partly offset mainly by the decrease in net interest income for HY2022. As at 30 June 2022, the Company recorded net assets of approximately RMB3.5 billion, equivalent to approximately RMB1.65 per Share.

### **(ii) Prospects of the Company**

As mentioned above and with reference to the Company's 2022 interim report, the Company would implement measures for its business development in the second half of 2022, such as the development of innovative and customized financial products for new energy vehicles and enhancing loan disbursement efforts and strengthening cooperation with automobile brands under strict risk assessment. The Company's development plan is in line with the development of the automobile industry, but the future business and financial performance of the Company is still uncertain. As mentioned above, the Offeror will continue developing the principal business of the Company in accordance with the requirements of the PRC regulatory authorities, and it believes that with the support of its financing capabilities as a state-owned platform and business resources as a leading automobile manufacturer, it could create synergy and provide an extensive customer base for the Company.

**(iii) The Offer Price**

We have reviewed the closing prices of H Shares of the Company during the Review Period. The H Share Offer Price of HK\$1.2430 or the Domestic Share Offer Price of RMB1.0572 per Domestic Share is higher than the closing prices of H Shares during the Review Period prior to the Last Trading Day. The Offer price represents premia in a range of approximately 25.56% to 67.97% over the closing prices of the H Shares for different periods up to and including the Last Trading Day prior to the publication of the Joint Announcement. As at the Latest Practicable Date, the H Shares closed at HK\$1.24, representing a slight discount of approximately 0.24% to the Offer Price, and which is effectively determined by the Offer Price in our view.

The closing price of the H Shares increased after the publication of the Joint Announcement and was close to the Offer Price as at the Latest Practicable Date. There is no guarantee that the H Share price will sustain at such level after the Closing Date.

**(iv) Trading liquidity**

The monthly total trading volume of the H Shares (as a percentage to the total issued H Shares) was not consistently active during the Review Period. If the H Shareholders wish to sell a significant number of H Shares within a short period in the market, it is possible that a downward pressure would be exerted on the market price of the H Shares. The Offers provide an opportunity for the Independent Shareholders (especially those with relatively sizeable shareholdings) who would like to realise their investments in the Shares at a fixed cash price (at a premium over the average historical closing prices of the H Share for different periods up to and including the Last Trading Day) without disturbing the market price.

**(v) Comparison with net assets**

Although the Offer Price represents premium over the closing prices of H Shares for different periods up to and including the Last Trading Day, the Offer Price represents a discount of approximately 35.92% to the unaudited Company NAV per Share as at 30 June 2022.

**(vi) P/B comparison to peers**

We have compared the P/B ratio of the Company at the Offer Price with those of the Comparable Company. Despite the Offer Price representing a discount to the unaudited Company NAV per Share as at 30 June 2022, the implied P/B ratio of the Offers is higher than that of the median and average P/B ratio of the Comparable Companies (excluding outlier).

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### (vii) Listing status

As mentioned above, the Offeror intends to maintain the listing status of the Company. If, at the close of the Offers, less than the minimum prescribed percentage applicable to the Company, being 25% of its issued Shares, are held by the public, or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares or (ii) there are insufficient Shares in the public hands to maintain an orderly market, then the Stock Exchange will consider exercising its discretion to suspend dealings in the H Shares on the Stock Exchange. If this happens, Shareholders may not be able to trade the H Shares on the Stock Exchange until the trading in the H Shares resumes.

### OPINION AND RECOMMENDATION

Based on the principal factors and reasons as summarised in the “DISCUSSION” section above, we consider the terms of the Offers are fair and reasonable. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to accept the Offers.

H Shareholders are reminded to monitor the trading price and liquidity of the H Shares during the Offer Period and, having regard to their own circumstances, consider selling their H Shares in the open market instead of accepting the H Share Offer, if the net proceeds from such sales exceed the net amount receivable under the H Share Offer.

Independent Shareholders who, after reading, among other things, the Company’s 2021 annual report, the Company’s 2022 interim report and the Composite Document, are optimistic about the future of the Company under the new controlling Shareholder, may, taking into account of their own circumstances, consider retaining all or part of their Shares.

Yours faithfully,  
for and on behalf of  
**SOMERLEY CAPITAL LIMITED**  
**Clifford Cheng**  
*Director*

*Mr. Clifford Cheng is a licensed person registered with the Securities and Futures Commission and a responsible officer of Somerley Capital Limited, which is licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. He has over ten years of experience in the corporate finance industry.*

\* *For the purpose of illustration only, amounts quoted in RMB have been converted into HK\$ at the rate of RMB0.85057 to HK\$1. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.*

\* *For identification purpose only*

To accept the Offers, you should complete and sign the accompanying Form(s) of Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms of the Offers. The instructions set out in this Composite Document should be read together with the instructions printed on the Forms of Acceptance which form part of the terms of the Offers.

## 1. PROCEDURES FOR ACCEPTANCE OF THE OFFERS AND SETTLEMENTS

### 1.1 H Share Offer

#### *1.1.1 Procedures for acceptance of the H Share Offer*

- (a) To accept the H Share Offer, you should complete and sign the WHITE Form of Acceptance in accordance with the instructions printed on the same, which form part of the H Share Offer.
- (b) If the H 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 H Shares is/are in your name, and you wish to accept the H Share Offer, you must send the duly completed and signed WHITE Form of Acceptance together with the relevant H 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), by post or by hand, to the H Share Registrar at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong in an envelope marked “**Shanghai Dongzheng Automotive Finance Co., Ltd. — H Share Offer**” as soon as possible but in any event so as to reach the H Share Registrar by 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.
- (c) If the H 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 H Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the H Share Offer in respect of your holding of H Shares (whether in full or in part), you must either:
  - (i) lodge your H 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, and with instructions authorising it to accept the H Share Offer on your behalf and requesting it to deliver in an envelope marked “**Shanghai Dongzheng Automotive Finance Co., Ltd. — H Share Offer**” the duly completed and signed WHITE Form of Acceptance duly completed together with the

- relevant H 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 H Share Registrar; or
- (ii) arrange for the H Shares to be registered in your name by the Company through the H Share Registrar, and deliver in an envelope marked “**Shanghai Dongzheng Automotive Finance Co., Ltd. — H Share Offer**” the WHITE Form of Acceptance duly completed and signed together with the relevant H 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 H Share Registrar; or
  - (iii) if your H 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 authorize HKSCC Nominees Limited to accept the H Share 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 H Shares have been lodged with your Investor Participant’s account maintained with CCASS, give your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited.
- (d) If you have lodged transfer(s) of any of your H Shares for registration in your name and have not yet received your H Share certificate(s), and you wish to accept the H Share Offer in respect of your H Shares, you should nevertheless complete and sign the WHITE Form of Acceptance and deliver it, by post or by hand, in an envelope marked “**Shanghai Dongzheng Automotive Finance Co., Ltd. — H Share Offer**” to the H Share Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable instruction and authority to CICC or any of its agent(s) to collect from the Company or the H Share Registrar on your behalf the relevant H Share certificate(s) when issued and to deliver such certificate(s) to the H Share Registrar and to authorise and instruct the H Share Registrar to hold such H Share certificate(s), subject to the terms and conditions of the H Share Offer, as if it was/they were delivered to the H Share Registrar with the WHITE Form of Acceptance.

- (e) If the H 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 H Shares is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the H Share Offer in respect of your H Shares, the WHITE Form of Acceptance should nevertheless be completed and delivered to the H Share Registrar, by post or by hand, in an envelope marked “**Shanghai Dongzheng Automotive Finance Co., Ltd. — H Share Offer**” together with a letter stating that you have lost one or more of your H 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) or that it is/they are not readily available. If you find such document(s) or if it/they become(s) available, the relevant H 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) should be forwarded to the H Share Registrar as soon as possible thereafter. If you have lost your H Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title, you should also write to the H Share Registrar for a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the H Share Registrar.
- (f) Acceptance of the H Share Offer will be treated as effective and valid only if the completed WHITE Form of Acceptance is received by the H Share Registrar on or before the latest time for acceptance of the Offers, being 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code and the H Share Registrar has recorded that the 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 H 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) and, if that/those H 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) is/are not in your name, such other documents (e.g. a duly stamped transfer of the relevant H Share(s) in blank or in favour of the acceptor 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 representatives (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 another sub-paragraph of this paragraph (f)); or
  - (iii) certified by the H Share Registrar or the Stock Exchange. If the WHITE 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 H Share Registrar must be produced; and
  - (iv) inserted in the WHITE Form of Acceptance, the total number of H Shares being equal to that represented by the H Share certificates for H Shares tendered for acceptance of the H Share Offer. If no number is inserted or a number inserted is either greater or smaller than that represented by the H Share certificates for H Shares tendered for acceptance of the H Share Offer or greater than the number of H Shares held by you, the WHITE Form of Acceptance will be returned to you for correction and resubmission. Any corrected WHITE Form of Acceptance must be resubmitted and received by the H Share Registrar by no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code.
- (g) Seller's Hong Kong ad valorem stamp duty payable by the Independent Shareholders who accept the H Share Offer is calculated at a rate of 0.13% of (i) the market value of the H Shares; or (ii) consideration payable by the Offeror in respect of the relevant acceptances of the H Share Offer, whichever is higher, and will be deducted from the amount payable by the Offeror to the relevant Independent Shareholder on acceptance of the H Share Offer. The Offeror will arrange for payment of the seller's Hong Kong ad valorem stamp duty on behalf of the accepting Independent Shareholders and pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptance of the H Share Offer and the transfer of the Offer Shares.
- (h) No acknowledgement of receipt of any Form(s) of Acceptance, H 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.
- (i) The address of the H Share Registrar is Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

*1.1.2 Settlement of the H Share Offer*

- (a) Provided that a valid WHITE Form of Acceptance has been duly completed in all respects and the relevant H 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) have been received by the H Share Registrar by no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code, a cheque for the amount due to each accepting H Shareholder in respect of the H Shares tendered by him/her/it under the H Share Offer, less the seller's Hong Kong ad valorem stamp duty payable by him/her/it, will be despatched to such Shareholder by ordinary post at his/her/its own risk as soon as possible but in any event within seven Business Days following the date on which all valid requisite documents are received by the H Share Registrar and in accordance with the Takeovers Code.
- (b) Settlement of the consideration to which any H Shareholders are entitled under the H Share Offer will be implemented in full in accordance with the terms of the H Share Offer (save with respect of the payment of seller's Hong Kong ad valorem 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 Shareholders.

**1.2 Domestic Share Offer***1.2.1 Procedures for acceptance of the Domestic Share Offer*

- (a) If you wish to accept the Domestic Share Offer, you need to send, by post or by hand, the duly completed GREEN Form of Acceptance and those supporting documents required under applicable PRC laws as further described in paragraph (b) below, to the Offeror no later than 4:00 p.m. on the Closing Date and pay 50% of the Domestic Share Offer Transfer Fee in accordance with the procedures more particularly set out in paragraph (c) in this section below.
- (b) Acceptance of the Domestic Share Offer will be accepted and treated as valid only if the following documents are received by the Offeror no 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:
  - (i) the duly completed GREEN Form of Acceptance;
  - (ii) the holder securities number (《持有人證券編號》) issued by CSDC;

- (iii) the application form for share transfer registration (《股份過戶登記申請》) issued by CSDC and duly executed by you;
  - (iv) other valid identification documents *Note 1*;
  - (v) in respect of an accepting Shareholder under the Domestic Share Offer which is a legal person, the documents stated below:
    - (1) for those that are not ultimately controlled by a state-owned entity, the written acknowledgment and statement of no objection by the board of directors of the company; or
    - (2) for those that are ultimately controlled by a state-owned entity, the approval documents for acceptance and settlement of the Domestic Offer from the relevant state-owned assets supervision and administration authorities; and
  - (vi) such other documents as required by CSDC for the registration of the Domestic Shares (if any).
- (c) Pursuant to applicable PRC laws, a transfer fee of RMB0.00050 per Domestic Share to be tendered under the Domestic Share Offer (namely, the Domestic Share Offer Transfer Fee) is required to be paid by the Offeror and the relevant accepting Shareholder under the Domestic Share Offer in equal shares. In this connection, after providing a valid GREEN Form of Acceptance that has been duly completed and all such other required documents (as more particularly described in paragraph (b) above) to the Offeror, you shall coordinate with the Offeror to pay 50% of the Domestic Share Offer Transfer Fee to the CSDC on such date and at such time (which shall in any event be before the expiry of seven Business Days after the date on which a valid GREEN Form of Acceptance and the required documents as set out in paragraph (b) above have been received by the Offeror) as stipulated by the Offeror by prior written notice to you, by way of telegraphic transfer to such bank account of the CSDC as notified to you in such written notice. For avoidance of doubt, the Offeror will pay an amount equal to 50% of the Domestic Share Offer Transfer Fee to the CSDC on even date of payment being made by you to the CSDC. No invoice or other payment proof will be issued to you by the Offeror regarding the payment of any transfer fees to the CSDC in connection with your acceptance of the Domestic Share Offer.

- (d) In the event that you do not pay 50% of the requisite Domestic Share Offer Transfer Fee to the CSDC in accordance with the Offeror's instructions, the Offeror reserves the right to (a) complete the registration of transfer with the CSDC by paying your share of the Domestic Share Offer Transfer Fee and taking action to demand payment of such share of the Domestic Share Offer Transfer Fee by you to the Offeror thereafter, including legal action where considered necessary; or (b) on the premise that you have failed to comply with your obligation to pay 50% of the requisite Domestic Share Offer Transfer Fee, to immediately demand repayment of the consideration received by you, if any, under the Domestic Share Offer from the Offeror and decline to continue with the registration of the transfer of the Domestic Shares with the CSDC. In the latter circumstance, the acceptance of the Domestic Share Offer by such accepting Shareholder will be deemed to have become void.
- (e) If the GREEN Form of Acceptance is executed by a person other than the registered shareholder of the Company, appropriate documentary evidence of authority to the satisfaction of the Offeror must be produced.
- (f) No acknowledgement of receipt of any GREEN Form of Acceptance and any documents that are required to be provided for the acceptance of the Domestic Share Offer as stated in this Composite Document will be given.
- (g) the Offeror will be entitled to reject any acceptance which does not comply with the provisions and instructions contained in this Composite Document and in the GREEN Form of Acceptance, or which is otherwise incomplete, incorrect or invalid in any respect. If you wish to accept the Domestic Share Offer, it is your responsibility to ensure that the GREEN Form of Acceptance is duly completed in all respects and all required documents are provided. A decision by the Offeror to reject any acceptance on the grounds that it has been invalidly, incorrectly or incompletely signed, completed or submitted will be final and binding and the Offeror shall not accept any responsibility or liability for the consequences of such a decision.
- (h) The address of the Offeror is Room 509, Building 1, No. 563, Songtao Road, China (Shanghai) Pilot Free Trade Zone, Pudong, Shanghai, the People's Republic of China.
- (i) Please note that by completing and sending the GREEN Form of Acceptance to the Offeror, you will be appointing the Offeror as your attorney in respect of all the Domestic Shares to which your acceptance relates.

- (j) In the event that the required documents set out in paragraph (b) above for accepting the Domestic Share Offer are not provided by or before 4:00 p.m. on the Closing Date, you shall be deemed to be declining the acceptance of the Domestic Share Offer.

*Note 1:* For the purposes of registering the transfer of Domestic Shares under the Domestic Share Offer with the CSDC, such valid identification documents include:

- (a) In respect of a domestic legal person, such legal person is required to provide a photocopy of the business license (營業執照複印件) affixed with official seal of the legal person, certificate of legal representative (《法定代表人證明書》) affixed with official seal of the legal person, and photocopy of identity card of their legal representative affixed with official seal of the legal person;
- (b) In respect of a domestic natural person, such natural person is required to provide a photocopy of their resident identity card of the PRC.

### *1.2.2 Settlement of the Domestic Share Offer*

- (a) Provided that a valid GREEN Form of Acceptance is duly completed in all respects and all required documents to be provided for acceptance of the Domestic Share Offer have been received by the Offeror by no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code, remittance by wire transfer or a cheque for the amount due to each accepting Shareholder in respect of the Domestic Shares tendered by it under the Domestic Share Offer will be made or despatched to such Shareholder by ordinary post at his/her/its own risk (as applicable) as soon as possible but in any event within seven Business Days following the date on which all valid requisite documents are received by the Offeror and in accordance with the Takeovers Code.
- (b) Settlement of the consideration to which any Domestic Shareholders are entitled under the Domestic Share Offer will be implemented in full in accordance with the terms of the Domestic Share Offer, 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 Shareholders.

**2. ACCEPTANCE PERIOD AND REVISIONS**

- (a) The Offers are made on Thursday, 15 September 2022, being the Despatch Date and are capable of acceptance on and from this date.
- (b) Unless the Offers have previously been revised or extended with the consent of the Executive, all Forms of Acceptance must be received by 4:00 p.m. on the Closing Date in accordance with the instructions printed on the respective Forms of Acceptance and the Offers will be closed on the Closing Date.
- (c) If the Offers are extended or revised, the announcement of such extension or revision will state the next Closing Date or a statement that the Offers will remain open until further notice. In the latter case, pursuant to Rule 15.3 of the Takeovers Code, the Offers will remain open for acceptance for not less than 14 days thereafter. If, in the course of the Offers, the Offeror revises the terms of the Offers, all Independent Shareholders, whether or not they have already accepted the Offers will be entitled to accept the revised Offers under the revised terms. The revised Offers must be kept open for at least 14 days following the date on which the revised offer document is posted and shall not be closed earlier than the revised Closing Date.
- (d) If the Closing Date is extended, any reference in this Composite Document and in the Forms of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the subsequent closing date.

**3. ANNOUNCEMENTS**

- (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 their decision in relation to the expiry, revision and extension of the Offers. The Offeror must publish an announcement in accordance with the Takeovers Code on the Stock Exchange's website by 7:00 p.m. on the Closing Date stating the results of the Offers and whether the Offers have been revised, extended or expired, amongst other information required under Rule 19.1 of the Takeovers Code. The announcement must state the following:
  - (i) the total number of Shares and rights over Shares for which acceptances of the Offers have been received;
  - (ii) the total number of Shares and rights over Shares held, controlled, or directed by the Offeror and Offeror Concert Parties before the Offer Period; and
  - (iii) the total number of Shares and rights over Shares acquired/cancelled (as the case may be) or agreed to be acquired/cancelled (as the case may be) during the Offer Period by the Offeror and Offeror Concert Parties.

The announcement will include details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company which the Offeror and Offeror Concert Parties have borrowed or lent, save for any borrowed securities which have been either on-lent or sold, and specify the percentages of the relevant classes of issued share capital of the Company and the percentages of voting rights of the Company represented by these numbers of Shares.

- (b) In computing the total number of Shares represented by acceptances, only valid acceptances that are complete and in compliance with Note 1 to Rule 30.2 of the Takeovers Code, and which have been received by the H Share Registrar (in respect of the H Share Offer) and the Offeror (in respect of the Domestic Share Offer) respectively no later than 4:00 p.m. on the Closing Date, being the latest time and date for acceptance of the Offers, shall be included.
- (c) As required under the Takeovers Code, all announcements in respect of the Offers must be made in accordance with the requirements of the Takeovers Code and the Listing Rules respectively.

#### **4. NOMINEE REGISTRATION**

To ensure equality of treatment of all Independent Shareholders, those registered Shareholders who hold Shares as nominees on behalf of more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for beneficial owners of Shares, whose investments are registered in the names of nominees, to accept the Offers, it is essential that they provide instructions of their intentions with regard to the Offers to their nominees.

#### **5. RIGHT OF WITHDRAWAL**

- (a) Acceptance of the Offers tendered by any Independent Shareholders shall be irrevocable and cannot be withdrawn, except in the circumstances set out in sub-paragraph (b) below.
- (b) Under Rule 19.2 of the Takeovers Code, if the Offeror is unable to comply with any of the requirements of making announcements relating to the Offers set out in paragraph 3 of this Appendix I, the Executive may require that accepting Shareholders be granted a right of withdrawal, on terms acceptable to the Executive, until such requirements as set out in that rule can be met.

**6. WARRANTY**

Acceptance of the Offers by any Independent Shareholder will be deemed to constitute a warranty by such person to the Offeror that such Shares acquired from such Shareholder under the Offers are sold or tendered by that Shareholder free from all third party rights and together with all rights accruing and attached to them on the date of this Composite Document or subsequently becoming attached to them, including the rights to receive all dividends and distributions declared, made or paid, on or after the date of this Composite Document. In the event that the Company decides to declare, pay, make or agree to pay or make any dividends on or after the date of the Joint Announcement and up to closing of the Offers, the Offeror intends to reduce the Offer Price by the amount of such dividends. The Company does not intend to declare, pay, make or agree to pay or make any dividends on or after the date of this Composite Document and up to closing of the Offers.

**7. OVERSEAS SHAREHOLDERS**

- (a) The making of the Offers to the Overseas Shareholders may be prohibited or affected by the laws of the relevant jurisdictions in which they are resident. Overseas Shareholders should obtain appropriate legal advice regarding the implications of the Offers in the relevant jurisdictions or keep themselves informed about and observe any applicable legal or regulatory requirements. It is the responsibility of Overseas Shareholders who wish to accept the Offers to satisfy themselves as to the full observance of the laws and regulations of all relevant jurisdictions in connection with the acceptance of the Offers (including but not limited to the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required and the compliance with all other necessary formalities, regulatory and/or legal requirements and the payment of any transfer or other taxes) due by the accepting Overseas Shareholders.
- (b) Acceptance of the Offers by any Overseas Shareholder will be deemed to constitute a warranty by such person that such person is permitted under applicable laws and regulations to receive and accept the Offers, and any revision thereof, and such acceptance shall be valid and binding in accordance with all applicable laws and regulations. Any such person is recommended to seek professional advice on deciding whether or not to accept the Offers.

**8. TAX IMPLICATIONS**

Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offers. None of the Offeror Group and/or parties acting in concert, the Company, CICC, Somerley, the H Share Registrar and their respective directors, officers, agents or associates or any other person involved in the Offers accepts any responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offers.

**9. GENERAL**

- (a) All communications, notices, Form(s) of Acceptance, certificate(s), H Share certificate(s), transfer receipt(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 Offers will be sent to or from the Independent Shareholders or their designated agents, by ordinary post at their own risk, and none of the Offeror, CICC, Somerley, the H Share Registrar, or other parties involved in the Offers or any of their respective directors, officers, advisers, associates, agents accepts any liability for any loss or any other liabilities that may arise as a result thereof.
- (b) The provisions set out in each of the Forms of Acceptance form part of the terms and conditions of the Offers to which they relate.
- (c) The accidental omission to despatch this Composite Document and/or Forms of Acceptance or any of them to any person to whom the Offers are made will not invalidate either the H Share Offer nor the Domestic Share Offer in any way.
- (d) The Offers are, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong. Execution of the Form(s) of Acceptance by or on behalf of a Shareholder will constitute such Shareholder's agreement that the courts of Hong Kong shall have exclusive jurisdiction to settle any dispute which may arise in connection with the Offers.
- (e) References to the Offers in this Composite Document and the Forms of Acceptance shall include any revision and/or extension thereof.
- (f) Acceptance of the Offers by any nominee will be deemed to constitute a warranty by such nominee to the Offeror that the number of Shares in respect of which it has indicated in the Form(s) of Acceptance is the aggregate number of Shares held by such nominee for such beneficial owners who accept the Offers.
- (g) Due execution of any Form(s) of Acceptance in accordance with Note 1 to Rule 30.2 of the Takeovers Code will constitute an authority to the Offeror, CICC, or such person or persons as the Offeror or CICC may direct to complete, amend and execute any document on behalf of the person or persons accepting the Offers 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 Offers.

- (h) Subject to the Takeovers Code, the Offeror reserves the right to notify any matter (including the making of the Offers) to all or any Independent Shareholders and with registered address(es) outside Hong Kong or whom the Offeror or CICC knows to be nominees, trustees or custodians for such persons by announcement in which case such notice shall be deemed to have been sufficiently given notwithstanding any failure by any such Independent Shareholders to receive or see such notice, and all references in this Composite Document to notice in writing shall be construed accordingly.
- (i) In making their decision, the Independent Shareholders must rely on their own examination of the Offeror, the Company and the terms of the Offers, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the Forms of Acceptance shall not be construed as any legal or business advice on the part of the Offeror and Offeror Concert Parties, their beneficial owners, the Company, CICC, Somerley or their respective professional advisers. The Independent Shareholders should consult their own professional advisers for professional advice.
- (j) The English texts of this Composite Document and the Forms of Acceptance shall prevail over their respective Chinese texts for the purpose of interpretation in case of inconsistency.

## I. SUMMARY OF FINANCIAL INFORMATION OF THE COMPANY

The following is a summary of the audited financial information of the Company for the years ended 31 December 2019, 2020 and 2021, and the unaudited financial information of the Company for the six months ended 30 June 2022 as extracted from the annual reports of the Company for the years ended 31 December 2019, 2020 and 2021 and the interim report of the Company for the six months ended 30 June 2022, respectively.

	<b>Six months ended 30 June 2022</b>	<b>Year ended 31 December</b>		
	<i>RMB'000 (unaudited)</i>	<i>RMB'000 (audited)</i>	<i>RMB'000 (audited)</i>	<i>RMB'000 (audited)</i>
Interest income	80,302	343,818	743,352	999,733
Interest expenses	—	(63,499)	(248,209)	(463,933)
<b>Net interest income</b>	<u>80,302</u>	<u>280,319</u>	<u>495,143</u>	<u>535,800</u>
Fee and commission income	10,726	34,503	73,312	174,956
Fee and commission expenses	(164)	(785)	(805)	(1,208)
<b>Net fee and commission income</b>	<u>10,562</u>	<u>33,718</u>	<u>72,507</u>	<u>173,748</u>
Other net (expenses)/income	(5,504)	2,083	9,521	90,270
<b>Operating income</b>	85,360	316,120	577,171	799,818
Operating expenses	(51,870)	(118,518)	(119,901)	(163,853)
Reversal/(charge) of impairment losses	452,074	(1,316,448)	(381,400)	(114,553)
Finance costs	(388)	(1,276)	(1,899)	(1,633)
<b>Profit/(loss) before taxation</b>	485,176	(1,120,122)	73,971	519,779
Income tax	(179,874)	280,029	(18,986)	(130,378)
<b>Profit/(loss) and total comprehensive income for the period/year</b>	<u>305,302</u>	<u>(840,093)</u>	<u>54,985</u>	<u>389,401</u>
Dividends	0	0	0	171,172
Dividends per Share (RMB)	0	0	0	0.08
Earnings/(loss) per Share Basic and diluted (RMB)	<u>0.1427</u>	<u>(0.3926)</u>	<u>0.0257</u>	<u>0.1945</u>

The Board did not recommend the payment of final dividend for the years ended 31 December 2019, 31 December 2020 and 31 December 2021, respectively. No interim dividend was declared by the Company in the years 2020 or 2021. An interim dividend of RMB0.08 per Share (tax inclusive) was approved by the Shareholders at the 2019 third extraordinary general meeting of the Company held on 21 October 2019 and paid on 29 November 2019.

The auditors of the Company, KPMG, did not issue any qualified or modified opinion (including emphasis of matter, adverse opinion and disclaimer of opinion) on the respective financial statements of the Company for the years ended 31 December 2019, 2020 and 2021, and the Company had no items which are exceptional or extraordinary because of size, nature or incidence for the same financial years.

Save as disclosed above, there were no items of any income or expense which are material in respect of the financial results of the Company for each of the aforesaid periods.

## II. FINANCIAL STATEMENTS

The Company is required to set out or refer to in this Composite Document the statement of profit or loss, statement of financial position, cash flow statement and any other primary statement as shown in (i) the audited financial statements of the Company for the year ended 31 December 2019 (the “**2019 Financial Statements**”); (ii) the audited financial statements of the Company for the year ended 31 December 2020 (the “**2020 Financial Statements**”); (iii) the audited financial statements of the Company for the year ended 31 December 2021 (the “**2021 Financial Statements**”); (iv) the unaudited statements of profit and loss and other comprehensive income of the Company for the six months ended 30 June 2021 (the “**2021 Interim Financial Statements**”); and (v) the unaudited statements of profit and loss and other comprehensive income of the Company for the six months ended 30 June 2022 (the “**2022 Interim Financial Statements**”), together with the notes to the relevant published accounts which are of major relevance to the appreciation of the above financial information.

The 2019 Financial Statements are set out from page 49 to page 124 in the annual report of the Company for the year ended 31 December 2019, which was published on 24 April 2020. The annual report of the Company for the year ended 31 December 2019 is posted on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<https://www.dongzhengafc.com/>), and is accessible via the following hyperlink: <https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0424/2020042400741.pdf>.

The 2020 Financial Statements are set out from page 46 to page 112 in the annual report of the Company for the year ended 31 December 2020, which was published on 23 April 2021. The annual report of the Company for the year ended 31 December 2020 is posted on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<https://www.dongzhengafc.com/>), and is accessible via the following hyperlink: <https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0423/2021042301958.pdf>.

The 2021 Financial Statements are set out from page 49 to page 116 in the annual report of the Company for the year ended 31 December 2021, which was published on 25 April 2022. The annual report of the Company for the year ended 31 December 2021 is posted on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<https://www.dongzhengafc.com/>), and is accessible via the following hyperlink: <https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0425/2022042502316.pdf>.

The 2021 Interim Financial Statements are set out from page 18 to page 60 in the interim report of the Company for the six months ended 30 June 2021, which was published on 28 September 2021. The interim report of the Company for the six months ended 30 June 2021 is posted on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<https://www.dongzhengafc.com/>), and is accessible via the following hyperlink: <https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0928/2021092800453.pdf>.

The 2022 Interim Financial Statements are set out from page 21 to page 64 in the interim report of the Company for the six months ended 30 June 2022, which was published on 9 September 2022. The interim report of the Company for the six months ended 30 June 2022 is posted on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<https://www.dongzhengafc.com/>), and is accessible via the following hyperlink: <https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0909/2022090900515.pdf>.

The 2019 Financial Statements, the 2020 Financial Statements, the 2021 Financial Statements, the 2021 Interim Financial Statements and the 2022 Interim Financial Statements (but not any other part of the annual or interim reports of the Company for the years ended 31 December 2019, 2020, and 2021 and for the six month periods ended 30 June 2021 and 30 June 2022 in which they respectively appear) are incorporated by reference into this Composite Document and form part of this Composite Document.

### **III. STATEMENT OF INDEBTEDNESS**

As at the close of business on 30 June 2022, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this Composite Document, apart from normal accounts payable in the ordinary course of business, the Company did not have any other loan capital issued and outstanding or agreed to be issued but unissued, loans, bank overdrafts, or other similar indebtedness, financial lease or hire purchase commitment, liabilities under acceptances (other than normal trade bills) or acceptable credits, debentures, mortgages, charges, guarantees or other material contingent liabilities.

### **IV. MATERIAL CHANGES**

Save as (i) the change in controlling shareholder of the Company as a result of the Acquisition; (ii) the Offers; and (iii) the items as disclosed below, the Directors confirm that there has been no material change in the financial or trading position or outlook of the Company subsequent to 31 December 2021, being the date to which the latest published audited financial statements of the Company were made up, up to and including the Latest Practicable Date.

According to the Company's interim report for the six months ended 30 June 2022:

- (i) The Company recorded decrease in net interest income of approximately 51.12% for the six months ended 30 June 2022 (“**HY2022**”) as compared to that for the six months ended 30 June 2021 (“**HY2021**”), which was due to the decrease in interest income (and was partially offset by the absence of interest expense) during HY2022.
- (ii) For HY2022 and as compared to HY2021, the Company recorded (a) decrease in net fee and commission income of approximately 45.23%; (b) other net expenses of approximately RMB5.50 million instead of other net income of approximately RMB0.77 million; (c) decrease in operating income of approximately 53.69%; (d) decrease in operating expenses of approximately 6.42%; and (e) income tax expense of approximately RMB179.87 million instead of income tax credit of approximately RMB86.66 million.
- (iii) The Company recorded reversal of impairment losses of approximately RMB452.07 million for HY2022 as compared to charge of impairment losses of approximately RMB474.56 million recorded for HY2021, which was mainly due to the assessment of the Company on the recoverability of its loans and advances to customers and bills receivable, including the repayment of certain overdue receivables from customers of approximately RMB1.7 billion during the eight months ended 31 August 2022 (the “**Repayment**”).
- (iv) The Company recorded profit before taxation of approximately RMB485.18 million and profit and total comprehensive income of approximately RMB305.30 million for HY2022 as compared to loss before taxation of approximately RMB346.39 million and loss and total comprehensive income of approximately RMB259.73 million for HY2021, which was mainly due to the aforesaid reversal of impairment losses (and was partially offset by the decrease in net interest income) during HY2022.
- (v) As at 30 June 2022 and as compared to 31 December 2021, the Company recorded (a) increase in deposits with banks of approximately 327.74%; (b) decrease in loans and advances to customers of approximately 8.55%; (c) nil bills receivable instead of bill receivables of approximately RMB175.55 million; (d) decrease in deferred tax assets of approximately 38.18%; (e) prepaid income tax of approximately RMB3.56 million instead of current taxation payable of approximately RMB26.40 million; and (f) decrease in other liabilities of approximately 12.58%.
- (vi) Among the Repayment, approximately RMB1.4 billion was received by the Company during the two months ended 31 August 2022, and the Company recorded a further reversal of allowances for impairment losses of approximately RMB78 million during the two months ended 31 August 2022.

## 1. RESPONSIBILITY STATEMENT

The Directors jointly and severally accept full responsibility for the accuracy of the information relating to the Company or any parties acting in concert with it (except for the Offeror Group other than the Company) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed by the Directors in this Composite Document 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. SHARE CAPITAL OF THE COMPANY

As at the Latest Practicable Date, the registered share capital and issued share capital of the Company were as follows:

<i>Registered share capital:</i>	<i>RMB</i>
2,139,651,400 Shares of RMB1.00 each	2,139,651,400
<i>Issued share capital:</i>	
539,651,400 H Shares of RMB1.00 each	539,651,400
1,520,000,000 Unlisted Foreign Shares of RMB1.00 each	1,520,000,000
80,000,000 Domestic Shares of RMB1.00 each	80,000,000
Total: 2,139,651,400 Shares	2,139,651,400

All the Shares in issue rank *pari passu* in all respects with each other, including as to rights in respect of capital and dividends and voting rights.

As at the Latest Practicable Date, there were 2,139,651,400 Shares in issue (comprising (i) 539,651,400 H Shares; (ii) 1,520,000,000 Unlisted Foreign Shares; and (iii) 80,000,000 Domestic Shares), of which Offeror and its associates and parties acting in concert with them held 1,520,000,000 Unlisted Foreign Shares, representing approximately 71.04% of the issued share capital of the Company.

Other than the Shares in issue as disclosed above, the Company had no other outstanding Shares, options, warrants, derivative or other securities that are convertible or exchangeable into Shares or other types of equity interest in issue as at the Latest Practicable Date.

The H Shares are listed and traded on the Main Board of the Stock Exchange. Other than the H Shares listed on the Stock Exchange, none of the Shares are listed or dealt in, nor is any listing or permission to deal in the Shares being or proposed to be sought, on any other stock exchange.

### 3. MARKET PRICES

The table below shows the closing prices of the H Shares as quoted on the Stock Exchange on (i) the last day on which trading took place in each of the calendar months during the Relevant Period; (ii) the last Business Day immediately preceding the commencement of the Offer Period, being 2 February 2021; (iii) the Last Trading Day; and (iv) the Latest Practicable Date:

<b>Date</b>	<b>Closing price HK\$</b>
31 August 2020	0.495
30 September 2020	0.44
20 October 2020	0.59
31 December 2020	0.59
29 January 2021	0.80
2 February 2021	0.73
26 February 2021	0.76
31 March 2021	0.86
30 April 2021	0.84
31 May 2021	0.81
30 June 2021	0.80
30 July 2021	0.98
31 August 2021	0.89
30 September 2021	0.90
29 October 2021	0.92
30 November 2021	0.95
31 December 2021	0.87
28 January 2022	0.58
28 February 2022	0.74
31 March 2022	0.68
29 April 2022	0.87
18 May 2022 (Last Trading Day)	0.99
31 May 2022	1.19
30 June 2022	1.17
29 July 2022	1.20
31 August 2022	1.23
9 September 2022 (Latest Practicable Date)	1.24

During the Relevant Period, the highest and lowest daily closing prices of the H Shares as quoted on the Stock Exchange was HK\$1.25 per H Share on 11, 12 and 16 August 2022 and HK\$0.38 per H Share on 15 September 2020, respectively.

During the Relevant Period, there was no trading in the Domestic Shares.

#### 4. DISCLOSURE OF INTERESTS

**(a) Directors, Supervisors and the chief executives' interests and short positions in Shares, underlying Shares and debentures of the Company and its associated corporations**

As at the Latest Practicable Date, none of the Directors, Supervisors and the chief executives of the Company including their respective associates had any interests or short positions in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were deemed or taken to have under the provisions of the SFO); (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers to be notified to the Company and the Stock Exchange.

**(b) Substantial shareholders, the Offeror and Offeror Concert Parties and other persons' interests and short positions in Shares, underlying Shares and securities of the Company**

As at the Latest Practicable Date, according to the register kept by the Company pursuant to section 336 of the SFO and, so far as was known to the Directors, the persons or entities (other than the Directors, Supervisors and chief executive of the Company) who had an interest or a short position in the Shares or the underlying

Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were, directly or indirectly, interested in 10% or more of the issued voting Shares of the Company, or in any options in respect of such share capital were as follows:

Name of substantial shareholder	Capacity	Class of Shares	Number of Shares	Approximate percentage of interest in the issued share capital of the Company
The Offeror	Beneficial owner	Unlisted Foreign Shares	1,520,000,000	71.04
Shanghai Automotive Industry Corporation (Group) (上海汽車工業(集團)有限公司)	Interest of corporation controlled by substantial shareholder <sup>1</sup>	Unlisted Foreign Shares	1,520,000,000	71.04
Dongfeng Motor Corporation	Beneficial owner	Domestic Shares	80,000,000	3.74
Xingtai Capital Management Limited	Investment manager <sup>2</sup>	H Shares	94,922,000	4.44
Global Precise Assets Limited	Beneficial owner	H Shares	80,000,400	3.74
Xingtai China Master Fund	Beneficial owner	H Shares	49,089,000	2.29
JPMorgan Chase & Co.	Person having a security interest in Shares <sup>3</sup>	H Shares	45,507,210 (Long position)	2.13
			17,816,000 (Short position)	0.83
Pictet Asset Management (Singapore) Pte Ltd	— <sup>4</sup>	H Shares	37,286,000	1.74
Canepa Funds ICAV Xingtai China Fund	Beneficial owner	H Shares	27,000,000	1.26

*Notes:*

- Such information is extracted from the corporate substantial shareholder notice of Shanghai Automotive Industry Corporation (Group) (上海汽車工業(集團)有限公司) filed on 23 May 2022 as shown on the website of the Stock Exchange.
- Such information is extracted from the corporate substantial shareholder notice of Xingtai Capital Management Limited filed on 12 January 2021 as shown on the website of the Stock Exchange.
- Such information is extracted from the corporate substantial shareholder notice of JPMorgan Chase & Co. filed on 17 August 2022 as shown on the website of the Stock Exchange.
- Such information is extracted from the corporate substantial shareholder notice of Pictet Asset Management (Singapore) Pte Ltd filed on 12 August 2022 as shown on the website of the Stock Exchange.

Save as disclosed above, so far as was known to the Directors, as at the Latest Practicable Date, no person (other than the Directors, Supervisors and chief executive of the Company) had an interest or a short position in the Shares or the underlying Shares of the Company recorded in the register required to be kept by the Company under section 336 of the SFO or which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were, directly or indirectly, interested in 10% or more of the issued voting Shares of the Company, or any options in respect of such share capital.

**5. SHAREHOLDINGS, DEALING IN SECURITIES AND OTHER ARRANGEMENTS**

The Directors confirm that, during the Relevant Period and up to (and including) the Latest Practicable Date:

- (i) the Company had not dealt for value and did not hold any interest in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Offeror;
- (ii) none of the Directors had dealt for value and had any interest in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Offeror and the Company; and
- (iii) none of the Company or the Directors had owned or controlled, or had dealt for value in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Offeror.

During the Offer Period and up to the Latest Practicable Date:

- (i) none of the subsidiaries of the Company, pension funds of the Company or any adviser to the Company or person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of acting in concert or who is an associate of the Company by virtue of class (2) of the definition of associate under the Takeovers Code but excluding exempt principal traders and exempt fund managers (as defined under the Takeovers Code) had owned or controlled or dealt for value in any of the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company;
- (ii) 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 or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of associate; and
- (iii) no relevant securities (as defined in Note 4 to Rule 22 of the Code) of the Company were managed on a discretionary basis by fund managers (other than exempt fund managers) connected with the Company.

As at the Latest Practicable Date:

- (i) no Directors had a beneficial holding in the Shares; and
- (ii) neither the Company nor any of the Directors had borrowed or lent any of the relevant securities (as defined in Note 4 to Rule 22 of the Code) of the Company.

## 6. DIRECTORS' SERVICE CONTRACT

Six Directors, being two executive Directors, namely Mr. Lin Fan and Mr. Shao Yongjun; two non-executive Directors, namely Mr. Koh Tee Choong and Mr. Li Guozhou; and two independent non-executive Directors, namely Mr. Wong Man Chung Francis and Ms. Liang Yanjun, had entered into a service contract with the Company respectively for a fixed term of three (3) years commencing from 26 May 2021. Professor Qin Zheng, being an independent non-executive Director, had entered into a service contract with the Company for a fixed term commencing from 30 August 2022 and ending on the expiry of the second session of the Board. Pursuant to the service contracts, the Directors are (i) subject to re-election upon expiry of the second session of the Board; (ii) subject to termination by either party giving not less than two months' notice in writing; and (iii) entitled to the respective remuneration set out as follows:

<b>Name of Director</b>	<b>Terms of remuneration</b>
Mr. Lin Fan	Mr. Lin is entitled to receive remuneration including salary, discretionary bonus, contributions to retirement benefit and other benefits.
Mr. Shao Yongjun	Mr. Shao is entitled to receive remuneration including salary, discretionary bonus, contributions to retirement benefit and other benefits.
Mr. Koh Tee Choong	Mr. Koh is entitled to receive an annual director's remuneration of HK\$330,000.
Mr. Li Guozhou	Mr. Li does not receive remuneration from the Company under his service contract.
Mr. Wong Man Chung Francis	Mr. Wong is entitled to receive an annual director's remuneration of HK\$330,000.
Ms. Liang Yanjun	Ms. Liang is entitled to receive an annual director's remuneration of HK\$330,000.
Professor Qin Zheng	Professor Qin is entitled to receive an annual director's remuneration of HK\$330,000.

The discretionary bonus and other benefits are subject to the Board's discretion from time to time. Save as disclosed above, there has been no other variable remuneration payable to the Directors.

As at the Latest Practicable Date, save for the above, none of the Directors had entered into a service contract with the Company or any associated companies of the Company which:

- (i) have been entered into or amended (including both continuous and fixed term contracts) within six (6) months prior to the commencement of the Offer Period;
- (ii) are continuous contracts with a notice period of twelve (12) months or more; or
- (iii) are fixed term contracts with more than twelve (12) months to run irrespective of the notice period.

None of the Directors will be or has been given any benefits (save for any statutory compensation required under appropriate laws) as compensation for loss of office or otherwise in connection with the Offers.

## 7. QUALIFICATIONS AND CONSENT OF EXPERT

In addition to the Offeror's expert referred to under the paragraph headed "5. Qualifications and Consent of Expert" of Appendix IV to this Composite Document, the following is the qualification of the expert who has given opinions or advice which is contained or referred to in this Composite Document:

<b>Name</b>	<b>Qualification</b>
Somerley Capital Limited	a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO

The Independent Financial Adviser has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of the text of its letter, report, recommendation, opinion, and/or references to its name in the form and context in which it appears.

## 8. MATERIAL LITIGATION

As at the Latest Practicable Date, the Company was not engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against the Company.

## 9. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) had been entered into by the Company after the date falling two years before the commencement of the Offer Period up to and including the Latest Practicable Date, which may be material:

- (a) the underwriting agreement dated 13 March 2019 relating to the offering by the Company of certain H Shares for subscription by public in Hong Kong, entered into among, *inter alia*, CICC, Credit Suisse (Hong Kong) Limited, Morgan Stanley Asia Limited, ZhengTong, Joy Capital Holdings Limited, Mr. WANG Muqing, Mr. WANG Weize and the Company (the “**Hong Kong Underwriting Agreement**”) with an underwriting commission of 2.5%;
- (b) the amendment agreement to the Hong Kong Underwriting Agreement dated 22 March 2019 and entered into among, *inter alia*, CICC, Credit Suisse (Hong Kong) Limited, Morgan Stanley Asia Limited, ZhengTong, Joy Capital Holdings Limited, Mr. WANG Muqing, Mr. WANG Weize and the Company, to amend certain terms of the Hong Kong Underwriting Agreement;
- (c) the price determination agreement dated 21 March 2019 and entered into among CICC, Credit Suisse (Hong Kong) Limited, Morgan Stanley Asia Limited, and the Company in relation to the Hong Kong Underwriting Agreement; and
- (d) the international underwriting agreement dated 27 March 2019 and entered into among, *inter alia*, CICC, Credit Suisse (Hong Kong) Limited, Morgan Stanley Asia Limited, Morgan Stanley & Co. International plc and the Company in relation to the international offering by the Company of certain H Shares with an underwriting commission of 2.5%.

Save for the above contracts, there is no material contract (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Company) has been entered into by the Company during the period beginning from two years before the commencement of the Offer Period up to and including the Latest Practicable Date.

## 10. GENERAL

- (i) The registered office of the Company is at Unit ABC, 30/F., Mirae Asset Tower No. 166, Lu Jia Zui Ring Road Shanghai, PRC
- (ii) The headquarters, head office and principal place of business of the Company in Hong Kong is at Unit 5905, 59/F, The Center, 99 Queen’s Road Central, Hong Kong.
- (iii) The H Share Registrar is Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17th Floor, Hopewell Centre 183 Queen’s Road East, Wanchai, Hong Kong.

- (iv) As at the Latest Practicable Date, the Board comprised two executive Directors, namely Mr. Lin Fan and Mr. Shao Yongjun; two non-executive Directors, namely Mr. Koh Tee Choong and Mr. Li Guozhou; and three independent non-executive Directors, namely Mr. Wong Man Chung Francis, Ms. Liang Yanjun and Professor Qin Zheng.
- (v) The registered office of the Independent Financial Adviser, Somerley Capital Limited, is situated at 20/F China Building, 29 Queen's Road Central, Hong Kong.
- (vi) The English texts of this Composite Document and the Forms of Acceptance shall prevail over the Chinese texts, in the case of any inconsistency.

## 11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during the period from the date of this Composite Document on (a) the website of the SFC (<http://www.sfc.hk>); (b) the website of the Company at <https://www.dongzhengafc.com>; and (c) during normal business hours from 9:00 a.m. to 5:00 p.m. (other than Saturdays, Sundays and public holidays) at the principal place of business of the Company in Hong Kong at Unit 5905, 59/F, The Center, 99 Queen's Road Central, Hong Kong up to and including the Closing Date:

- (i) the amended and restated articles of association of the Company;
- (ii) the annual reports of the Company for the two financial years ended 31 December 2020 and 2021 and the interim reports of the Company for the six months ended 30 June 2021 and 2022, respectively;
- (iii) the letter from the Board, the text of which is set out in this Composite Document;
- (iv) the letter from the Independent Board Committee, the text of which is set out in this Composite Document;
- (v) the letter from the Independent Financial Adviser, the text of which is set out in this Composite Document;
- (vi) the Online Bidding Confirmation (網絡競價成交確認書) released on 19 May 2022 through the online platform ([www.jd.com](http://www.jd.com));
- (vii) the service contracts referred to under section headed "6. Directors' Service Contracts" in this Appendix;
- (viii) the written consent referred to under the section headed "7. Qualifications and Consent of Expert" in this Appendix; and
- (ix) the material contracts referred to under the section headed "9. Material Contracts" in this Appendix.

## 1. RESPONSIBILITY STATEMENT

This Composite Document includes particulars given in compliance with the Takeovers Code for the purpose of providing information to the Shareholders with respect to the Offeror, the Company and the Offers.

The directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than those relating to the Directors and the Company and any parties acting in concert with them) 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 the Directors) 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 statements in this Composite Document misleading.

## 2. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, save for the 1,520,000,000 Unlisted Foreign Shares held by the Offeror, the Offeror and Offeror Concert Parties did not hold any other interests in the Shares, underlying Shares, debentures or other relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company.

## 3. INTERESTS IN THE SECURITIES OF THE COMPANY

The Offeror confirms that as at the Latest Practicable Date:

- (i) save for the Acquisition, none of the Offeror or any of the Offeror Concert Parties had dealt for value in any Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company during the Relevant Period;
- (ii) there is no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code between the Offeror or any of the Offeror Concert Parties and any other person;
- (iii) there is no agreement or arrangement to which the Offeror or any of the Offeror Concert Parties is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offers;
- (iv) none of the Offeror or any of the Offeror Concert Parties has received any irrevocable commitment to accept any of the Offers nor any irrevocable undertaking not to accept any of the Offers;

- (v) save for the 1,520,000,000 Unlisted Foreign Shares held by the Offeror, none of the Offeror or any of the Offeror Concert Parties owns or has control or direction over any voting rights of the Company or rights over the Shares, options, derivatives, warrants or other securities convertible into Shares (excluding Shares held on behalf of non-discretionary investment clients of the CICC group);
- (vi) none of the Offeror or any of the Offeror Concert Parties has entered into any arrangement or contract in relation to any outstanding derivative in respect of securities in the Company;
- (vii) none of the Offeror or any of the Offeror Concert Parties has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (viii) apart from the Consideration paid by the Offeror under the Acquisition, no other consideration, compensation or benefit in whatever form was paid by the Offeror or any of the Offeror Concert Parties to ZhengTong in connection with the sale and purchase of such Sale Shares pursuant to the Auction;
- (ix) there is no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between the Offeror or any of the Offeror Concert Parties on the one hand, and the Company and any party acting in concert with it on the other hand;
- (x) apart from certain transactions with the Dongfeng Motor Group in relation to the sale of automobile components and the sale of NEV Credits, which are carried out in the ordinary and usual course of business of the Offeror Group and the Dongfeng Motor Group and on terms that are generally also available to other third party customers, there is no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (1) any Shareholder; and (2)(a) the Offeror, or (b) Dongzheng. As at the Latest Practicable Date, the Offeror is not aware of any understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (1) any Shareholder; and (2)(a) any Offeror Concert Parties or (b) any subsidiaries or associated companies of Dongzheng;
- (xi) apart from the sale of automobile components and the sale of NEV Credits, which are carried out in the ordinary and usual course of business of the Offeror Group and the Dongfeng Motor Group and on terms that are generally also available to other third party customers, there is no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (1) any Shareholder (other than the Offeror and Offeror Concert Parties); and (2)(a) the Offeror and Offeror Concert Parties, or (b) the Company, its subsidiaries or associated companies;
- (xii) there is no agreement, arrangement or understanding that any securities acquired in pursuance of the Offers would be transferred, charged or pledged to any other persons; and

- (xiii) there is no agreement, arrangement or understanding (including any compensation arrangement) between the Offeror or any of the Offeror Concert Parties and any of the Directors, recent directors, Shareholders or recent shareholders of the Company having any connection with or dependence upon the Offers.

#### 4. MATERIAL CONTRACTS

Other than contracts entered into in the ordinary course of business carried or intended to be carried on by Offeror Group, there were no material contracts entered into by the Offeror or any of its subsidiaries after the date which was two years before the commencement of the Offer Period up to and including the Latest Practicable Date.

#### 5. QUALIFICATIONS AND CONSENT OF EXPERT

In addition to those listed in paragraph 7 of Appendix III, the following is the qualification of the expert who has given opinions or advice which is contained or referred to in this Composite Document:

<b>Name</b>	<b>Qualification</b>
China International Capital Corporation Hong Kong Securities Limited	licensed to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities under the SFO

The above expert has given and has not withdrawn its written consent to the issue of this Composite Document with a copy of its letter and the references to its name included herein in the form and context in which it appears.

#### 6. MISCELLANEOUS

- (a) The principal members of the Offeror's concert party group are the Offeror and SAIC HK. The directors of the Offeror are Hong Chen, Xiaoqiu Wang, Jian Wang, Zheng Sun, Saixing Zeng, Naiwei Chen and Lixin Zhong. The directors of SAIC HK are Chen Hong, Wei Yong and Pan Jiming.
- (b) The registered address of the Offeror is situated at Room 509, Building 1, No. 563, Songtao Road, China (Shanghai) Pilot Free Trade Zone, Pudong, Shanghai, the People's Republic of China. The correspondence address of the Offeror is situated at 489 Weihai Road, Jing'An, Shanghai, the People's Republic of China.
- (c) The registered office of SAIC HK is situated at Suite 3902–3903, 39/F., Tower 2, Times Square, No. 1 Matheson Street, Causeway Bay, Hong Kong.

- (d) The registered office of CICC is situated at 29/F, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong.
- (e) The English text of this Composite Document and the accompanying Forms of Acceptance shall prevail over their respective Chinese texts, in case of any inconsistency.

## **7. DOCUMENTS AVAILABLE FOR INSPECTION**

In addition to the documents set forth in paragraph 11 of Appendix III to this Composite Document, copies of the following documents are available for inspection during the period from the date of this Composite Document on (a) the website of the SFC (<http://www.sfc.hk>); (b) the website of the Company at <https://www.dongzhengafc.com/>; and (c) during normal business hours from 9:00 a.m. to 5:00 p.m. (other than Saturdays, Sundays and public holidays) at the principal place of business of the Company in Hong Kong at Unit 5905, 59/F, The Center, 99 Queen's Road Central, Hong Kong up to and including the Closing Date:

- (a) the articles of association of the Offeror;
- (b) the letter dated 15 September 2022 from CICC as set out on pages 9 to 21 of this Composite Document; and
- (c) the letter of consent referred to under the paragraph headed "5. Qualifications and Consent of Expert" in this Appendix IV.