

9 June 2025

*To the Independent Shareholders,*

Dear Sir/Madam,

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

**INTRODUCTION**

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

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

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

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

## **THE OFFER**

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

**For each Offer Share . . . . . HK\$0.15 in cash**

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

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

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

## **Comparison of value**

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

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

- (g) a discount of approximately 9.42% to the unaudited consolidated net asset value per Share as at 30 June 2024 of approximately RMB0.1540 (equivalent to approximately HK\$0.1656<sup>1</sup>) calculated based on the unaudited net asset of the Group attributable to the equity holders as at 30 June 2024 of approximately RMB515,321,000 and 3,346,990,420 Shares in issue as at the Last Trading Day.

As at 31 December 2024, the value of the Group's audited consolidated net liabilities attributable to equity holders of the Company was approximately RMB357,000,000 (equivalent to approximately HK\$384,000,000<sup>1</sup>) and based on a total of 3,346,990,420 Shares in issue as at the Last Trading Day, the value of the audited net liabilities per Share was approximately HK\$0.1146.

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

### **Offer Consideration**

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

### **Confirmation of Financial Resources**

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

### **Effect of accepting the Offer**

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

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

### **Overseas Shareholders**

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

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

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

### **Hong Kong Stamp Duty**

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

### **Taxation advice**

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

### **INFORMATION ON THE OFFEROR**

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

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

## **INTENTIONS OF THE OFFEROR REGARDING THE GROUP**

The Offeror confirms that:

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

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

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

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

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

## **INFORMATION ON THE GROUP**

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

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

## **ACCEPTANCES OF THE OFFER**

### **Procedures for acceptance**

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

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

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

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

### **Settlement of the Offer**

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

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

### **Nominee registration**

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

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

## **COMPULSORY ACQUISITION**

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

## **GENERAL**

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

## **ADDITIONAL INFORMATION**

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

Yours faithfully,  
For and on behalf of  
**CLSA Limited**



**Edmund Chan**  
*Managing Director, Head of M&A*