

CONFIDENTIAL

CONSORTIUM AGREEMENT

This **CONSORTIUM AGREEMENT** (this “**Agreement**”) dated 14 January 2022 is made by and among:

- (1) Alpha Luck Industrial Limited 安利實業有限公司 (“**Alpha Luck**”), a company incorporated in Hong Kong with limited liability, whose registered office is at Rooms 2708-11, 27th Floor, West Tower, Shun Tak Centre, Nos. 168-200 Connaught Road Central, Hong Kong, Hong Kong; and
- (2) AKM Meadville Electronics (Xiamen) Co. Ltd. (安捷利美维电子（厦门）有限责任公司) (“**AKM Meadville**”), a company incorporated in the PRC with limited liability, whose registered office is at Room 530-1303, No. 99, Songyu South 2nd Road, Xiamen Area of China (Fujian) Pilot Free Trade Zone, the PRC.

Alpha Luck and AKM Meadville are hereinafter referred to collectively as the “**Joint Offerors**” or “**Parties**”, and individually as a “**Joint Offeror**” or a “**Party**”.

WHEREAS:

- (A) AKM Industrial Co., Ltd. 安捷利實業有限公司 (the “**Company**”) is a company incorporated in Hong Kong with limited liability, the ordinary shares of which are currently listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (stock code: 1639). As of the date of this Agreement, the Company has a total of 1,538,237,500 ordinary shares (the “**Shares**”) in issue and are fully paid or credited as fully paid.
- (B) On the premise set out above, the Joint Offerors agree to submit a proposal to the board of directors (the “**Board**”) of the Company in connection with the privatisation of the Company by way of a scheme of arrangement (the “**Scheme**”) under Section 673 of the Companies Ordinance involving the cancellation of the Scheme Shares and, in consideration thereof, the payment to the Scheme Shareholders of the Cancellation Price in cash for each Scheme Share cancelled, and the withdrawal of the listing of the Shares on the Stock Exchange as a result of the Privatisation (together, the “**Proposal**”).
- (C) As at the date of this Agreement, Alpha Luck holds 553,900,000 Shares, representing approximately 36.01% of the entire issued share capital of the Company; and AKM Meadville does not own any Shares.
- (D) Upon the Proposal being approved and implemented, the Company will be owned as to 40% by Alpha Luck and as to 60% by AKM Meadville.

All the terms and expression used but not defined in this Agreement shall have such meaning as they are given in the draft announcement (the “**Announcement**”) attached in Schedule I hereto.

NOW THEREFORE, in consideration for mutual promises, covenants and agreements of the Parties contained herein, the Parties agree as follows:

1. Proposal

- (a) The Parties agree to participate in the Proposal on the terms set forth in this Agreement.

- (b) Subject to the principal terms and conditions set forth in the Announcement, the Joint Offerors shall make the Proposal to the Board and request the Board to put forward the Proposal to the Scheme Shareholders.
- (c) Subject to any express provisions in this Agreement and the requirements under the relevant laws, rules and regulations which include the Takeovers Code and the Listing Rules, all decisions relating to the Proposal shall be made jointly by all Joint Offerors, including but not limited to the decisions in respect of:
 - (i) the terms of engagement of any advisers in connection with the Proposal, including their scope of work, fees and remuneration structures, and termination right;
 - (ii) the terms of the Proposal and the Scheme;
 - (iii) the contents of all announcements, the Scheme Document or circulars to be issued or approved by one or more Parties hereto in connection with the Proposal (collectively, the “**Transaction Documents**”) or other relevant submissions to the SFC and/or the Stock Exchange pursuant to the Takeovers Code and/or the Listing Rules, including any references to and description of the Parties or associates or parties acting in concert with them that are contained in such documentation;
 - (iv) the timing for announcing and implementation of the Proposal;
 - (v) the conduct and implementation of the Proposal (including any decision to waive any condition precedent under the Scheme);
 - (vi) the form and substance of each contract in connection with the Proposal to be entered into by the Joint Offerors; and
 - (vii) any material changes to be made to any of the item referred to or contemplated under above paragraphs (i) to (vi).
- (d) Without prejudice to any other provision of this Agreement, each Party shall use its reasonable endeavors to do (or procure to be done), and to assist and co-operate with the other Party in doing, all things reasonably necessary, proper or advisable to consummate and make effective, as promptly as practicable, the Proposal (to the extent that it is within its power), including:
 - (i) consenting to the release of all Transaction Documents which the Joint Offerors have approved under Clause 1(c) of this Agreement;
 - (ii) to procure the release of the Transaction Documents which the Joint Offerors have approved under Clause 1(c) of this Agreement as soon as reasonably practicable after it is approved and cleared by the SFC and the Stock Exchange;
 - (iii) to procure submission of all documents (such as replies and confirmations) in connection with the Proposal pursuant to the Takeovers Code and/or the Listing Rules or otherwise required by the SFC and/or the Stock Exchange as soon as reasonably practicable;
 - (iv) the obtaining of all necessary authorisations, consents, approvals or waivers in respect of the Proposal from the relevant third parties and relevant authorities (if any) as promptly as practicable;
 - (v) executing and delivering any additional document or instrument necessary to

consummate the Proposal (including the Scheme to the extent applicable) and other transactions contemplated in this Agreement and to fully carry out the purpose of this Agreement;

- (vi) providing the other Party with any information or document reasonably requested and/or necessary or appropriate for making any submission, filing or notification to any authority in relation to the Proposal, including making any filings jointly with one or more Parties where required by any authority;
 - (vii) providing reasonable assistance and timely response to enquiries from the SFC, the Stock Exchange and other regulators;
 - (viii) providing such information or confirmation for inclusion in the Scheme Document or other disclosures as may be required under the Takeovers Code, the SFO or the Listing Rules; and
 - (ix) participating in the meetings and negotiations with the Joint Offerors.
- (e) Each Party shall cooperate with each other and their professional advisers and proceed in good faith to consummate the Proposal (including without limitation, the preparation of the Transaction Documents and to respond to any enquiries that the SFC and the Stock Exchange may have). Each Party agrees to consult with the other Party and to keep the other Party fully informed of any relevant material developments and the status of implementation in respect of the Transaction.
- (f) Each Party acknowledges and agrees that it shall be fully responsible for ensuring the accuracy of all statements of fact furnished or confirmed by it in each of the Transaction Documents relating to it and its associates.

2. Pre-agreed commitment amount and financial resources

- (a) The new Shares to be issued upon cancellation of the Scheme Shares held by the Scheme Shareholders pursuant to the Proposal shall be allocated among the Joint Offerors according to the following ratio (the “**Agreed Ratio**”):

Joint Offeror	Number of new Shares to be issued	%
Alpha Luck	61,395,000	6.24%
AKM Meadville	922,942,500	93.76%
Total	984,337,500	100%

- (b) The amount and the relevant proportion of the commitment amount that shall be contributed by each of the Joint Offerors to fulfill its obligation to pay the Cancellation Price of the relevant number of Scheme Shares held:

Joint Offeror	Committed amount for the Cancellation Price	%
Alpha Luck	HK\$111,738,900	6.24%
AKM Meadville	HK\$1,679,755,350	93.76%
Total	HK\$1,791,494,250	100%

- (c) Each Joint Offeror undertakes to arrange sufficient financial resources required by the Executive Director of the Corporate Finance Division of the SFC to implement the Scheme and to fulfill its payment obligations under the Scheme.
- (d) It is acknowledged that the Joint Offerors have entered into and may further enter into separate agreements to set out the detailed payment arrangement in relation to the Proposal, including but not limited to an entrustment agreement dated 12 January 2022 between the Joint Offerors and Meadville Technologies Company Limited 美維科技有限公司 (“**Meadville Technologies**”), a wholly-owned subsidiary of AKM Meadville. Each Joint Offeror shall (and AKM Meadville shall procure Meadville Technologies to) comply with its respective obligations as set out in such separate agreements.
- (e) Each Joint Offeror shall discharge its obligation of contribution as set out in Clause 2(b) above on a several but not joint basis and shall be solely responsible for all obligations and liabilities in relation to the arrangement in connection with its financial resources.
- (f) Each of the Joint Offerors shall on the date hereof arrange such financing as shall satisfy its commitment under Clause 2(b) above to the reasonable satisfaction of the Financial Adviser to the Joint Offerors.

3. Dealing restrictions

- (a) Before the Scheme becomes effective, lapses or is withdrawn (whichever later), each member of the Joint Offerors shall not, and shall use its best endeavours to procure their respective Joint Offeror Concert Parties and their respective associates not to sell, transfer, charge, encumber, grant any option over or otherwise dispose of any interest in any of the Shares held by it directly or indirectly in the Company.
- (b) Each member of the Joint Offerors shall not, and shall use its best endeavours to procure their respective Joint Offeror Concert Parties and their respective associates not to subscribe for or otherwise deal in the Shares or other securities of the Company without prior consent of all other Joint Offerors (1) before the Scheme becomes effective, lapses or is withdrawn (whichever later); and (2) after the Scheme becomes effective unless in the case of (2) the relevant requirements under the Takeovers Code are complied with.

4. Representations and warranties

- (a) Each Party represents and warrants to the other Party that:

- (i) it has full power, authority and capacity, and has taken all actions and has obtained all consents, approvals and authorizations from any governmental or regulatory bodies or other third parties required, to enter into, and perform its obligations under, this Agreement;
- (ii) it has taken all necessary steps to perform its obligations under this Agreement and to give effect to this Agreement and the transactions contemplated in this Agreement and this Agreement, when executed, will constitute legal, valid and binding obligations of it;
- (iii) neither the execution nor the delivery of this Agreement by it (1) violates any provision of its constitutional documents or contravenes; (2) results in a contravention of the laws or regulations of any jurisdiction to which it is subject in respect of the transactions contemplated under this Agreement; or (3) conflict with or result in any breach or violation of any of the terms and conditions of, or constitute (or with notice or lapse of time or both constitute) a default under, any instrument, contract or other agreement to which such Party is a party or by which such Party is bound;
- (iv) it shall comply with all applicable laws relevant to the Proposal (including the general principles and rules of the Takeovers Code together with any rulings by the SFC or the Takeovers Panel relating to the Scheme and its financing); and
- (v) it has undertaken necessary actions (including necessary due diligence) to verify and ensure that each statement relating to itself made under the section headed "SHAREHOLDING STRUCTURE OF THE COMPANY, SCHEME SHARES AND VOTING AT COURT MEETING" of the Announcement relating to it is true, correct and not misleading.

5. Insider information

Each Party acknowledges that until the announcement in relation to the Scheme to be issued under Rule 3.5 of the Takeovers Code is released, the fact that the Scheme is under consideration is inside information in respect of the Company and must be treated in the strictest confidence, a breach of which, or any dealing in securities of the Company, could constitute a civil and/or criminal offence under the insider dealing and/or market misconduct provisions of the SFO and liable to sanction by the courts of Hong Kong.

6. Exclusivity

During the period beginning on the date hereof and ending on the earlier of (i) the termination of this Agreement pursuant to Clause 7, and (ii) the completion of the Proposal (the "**Exclusivity Period**"), each Party agrees to the other Party, that it shall (and shall cause its associates (as defined under the Listing Rules on the Exchange) to):

- (a) work exclusively with the other Party to implement the Proposal, including to evaluate the Company and its business, prepare and finalize the transaction documentation of the Proposal;
- (b) not, and shall not permit its associates, directly or indirectly, to (i) propose any inquiry, proposal or offer from any person (other than the Joint Offerors) relating to (A) any direct or indirect acquisition or purchase of any share or other securities (including the Outstanding Restricted Stocks) in, or any of the businesses of, the Company, or a merger, consolidation or other business combination transaction involving the Company or (B) a

transfer, sale or lease of any of the assets of the Company or any of its subsidiaries that are used or have been used by the Company or any of its subsidiaries in the conduct of their respective businesses ("**Alternative Transaction**") or solicit, initiate or encourage (including by way of furnishing any non-public information concerning the Company) inquiries or proposals concerning, or participate in any discussions, negotiations, communications or other activities with any person (other than the other Party) concerning, or enter into or agree to an Alternative Transaction; (ii) provide any information to any third party with a view to the third party or any other person pursuing or considering to pursue an Alternative Transaction; (iii) finance or offer to finance any Alternative Transaction other than arising in the ordinary course of business of the Parties thereto, including by offering any equity or debt finance, or contribution of securities in the Company or provision of a voting agreement, in support of any Alternative Transaction; (iv) enter into any written or oral agreement, arrangement or understanding (whether legally binding or not) regarding, or do, anything which is inconsistent with the provisions of this Agreement or the Proposal as contemplated under this Agreement;

- (c) immediately cease and terminate, and cause to be ceased and terminated, any discussions, negotiations, communications or other activities with any parties that may be ongoing with respect to any Alternative Transaction; and
- (d) promptly notify the other Party if it or, to its best knowledge after due inquiry, any of its associates or any of its or its associates' Representatives (as defined below) receives any approach or communication with respect to any Alternative Transaction, including the other persons involved and the nature and content of the approach or communication, and provide the other Party with copies of any written communication.

7. Costs and Expenses

The Parties shall pay for their respective share of the expenses and costs relating to the Proposal (including but not limited to the fees payable to the Financial Adviser and the legal fees) according to the Agreed Ratio.

8. Termination

Unless otherwise expressly provided hereunder, the rights and obligations of the Parties pursuant to this Agreement shall terminate upon the earlier of (i) when the Scheme lapses or is withdrawn, terminated, rescinded by the Joint Offerors; or (ii) the date as the Parties otherwise agree in writing (but without prejudice to any accrued liabilities arising prior to such termination).

9. Further Assistance

Each Party agrees to perform (or procure the performance of) all further acts and things, and execute and deliver (or procure the execution and delivery of) such further documents, as may be required by law or as any party may reasonably require to implement and/or give effect to this Agreement and the transactions contemplated by it.

10. Indemnity

Each Party (the "**Defaulting Party**") undertakes to (severally but not jointly) indemnify the other Party and keep indemnified the other Party against any actual loss, cost (including any cost of enforcement), liability (including any tax liability), claim or damage (but excluding any

indirect or consequential losses, costs, demands and liabilities) which such other Party incurs or suffers as a direct result of:

- (a) any default by the Defaulting Party in the performance of any of the obligations expressed to be assumed by it in this Agreement and for the avoidance of doubt, default by the Defaulting Party shall include any breach of representations or warranties given under this Agreement, non-fulfillment of the obligations to discharge its obligation of contribution as set out in Clause 2(b), and any non-fulfillment or breach of any covenant, undertaking or agreement hereunder by the Defaulting Party;
- (b) any dealing in the securities of the Company; or
- (c) any non-compliance of laws, rules and regulations which include the Takeovers Code and the Listing Rules.

11. Governing Law

This Agreement shall be governed by, and construed in accordance with, the laws of Hong Kong Special Administrative Region of People's Republic of China ("**Hong Kong**").

12. Dispute Resolution

Any dispute, controversy, difference or claim arising out of or relating to this Agreement, including the existence, validity, interpretation, performance, breach or termination thereof or any dispute regarding non-contractual obligations arising out of or relating to it ("**Dispute**"), shall be referred to and finally resolved by arbitration administered by the Hong Kong International Arbitration Centre ("**HKIAC**") under the HKIAC Administered Arbitration Rules ("**HKIAC Rules**") in force when the Notice of Arbitration is submitted and as supplemented or modified by the following provisions of this Clause 12:

- (a) The law of this Clause 12 shall be Hong Kong law.
- (b) The seat of arbitration shall be Hong Kong.
- (c) The number of arbitrators shall be three.
- (d) The arbitration proceedings shall be conducted in Chinese.

13. Successors and Assigns; Third-Party Beneficiaries

This Agreement may not be assigned by any Party or by operation of law or otherwise without the prior written consent of the other Party. Any attempted assignment in violation of this Clause 13 shall be void. Subject to the foregoing and except as otherwise provided herein, the provisions of this Agreement shall inure to the benefit of, and be binding upon, the successors, permitted assigns, heirs, executors and administrators of the Parties. Nothing in this Agreement, express or implied, is intended to or shall confer upon any person other than the Parties and (subject to the foregoing provisions of Clause 13) their respective successors, permitted assigns, heirs, executors and administrators any legal or equitable right, benefit or remedy of any nature under or by reason of this Agreement, except as specifically set forth in this Agreement.

14. Announcement

- (a) Subject to Clause 14(b), no announcement, press release, public statement, or other

communications (the “**Public Release**”) concerning the existence or the subject matter of this Agreement, shall be issued by or on behalf of any Party to the general public in any form without the prior written consent of all the other Party, such consent not to be unreasonably withheld or delayed or conditioned.

- (b) Clause 14(a) does not apply to any Public Release required by the applicable laws and regulations, including without limitation, the Takeovers Code, the Listing Rules and upon request by the Stock Exchange, if the Party required to make or send it has:
 - (i) provided each other Party with sufficient notice to enable it to seek a protective order or other remedy; and
 - (ii) provided all assistance and co-operation that each other Party considers necessary to prevent or minimize that disclosures.
- (c) The restrictions contained in this Clause 14 shall continue to apply after termination of this Agreement without limit in time.

15. Confidentiality

- (a) Each Party shall treat as strictly confidential and shall not disclose to any other person any and all information (i) received or obtained as a result of entering into or performing this Agreement; (ii) which relates to the provisions, negotiations or subject matter of this Agreement; or (iii) which relates to other Party (collectively “**Confidential Information**”).
- (b) A Party may disclose or use Confidential Information which would otherwise be subject to the provisions of Clause 15(a) if and to the extent:
 - (i) Confidential Information is disclosed in the Announcement;
 - (ii) the disclosure or use is required by the applicable laws and regulations or any authority to which such Party is subject to or submits (whether or not the request for information has the force of law);
 - (iii) the disclosure or use is required by existing contractual obligations which it is subject to prior to the date of this Agreement (provided that it has informed the other Party of such contractual obligations in writing before the execution of this Agreement);
 - (iv) Confidential Information is disclosed on a need-to-know and strictly confidential basis to their respective directors, supervisors, officers, employees, advisers, bankers, financiers or agents (collectively, the “**Representatives**”), provided that such recipients agree to be bound by equivalent confidentiality restrictions;
 - (v) Confidential Information was lawfully in its possession or in the possession of any of their respective Representatives;
 - (vi) Confidential Information is or becomes in the public domain through no fault of that Party or any of their respective Representatives;
 - (vii) the relevant other Party have given prior written consent to the disclosure or use (such consent not to be unreasonably withheld or delayed);
 - (viii) Confidential Information is independently developed by that Party after the date of this Agreement; or

- (ix) the disclosure or use if required to enable that Party to perform this Agreement or enforce its rights under this Agreement or otherwise vest the full benefit of this Agreement in that Party.
- (c) The restrictions contained in this Clause 15 shall continue to apply after termination of this Agreement without limit in time.

16. Severability

In the event that any provision hereof would, under applicable law, be invalid or unenforceable in any respect, such provision shall be construed by modifying or limiting it so as to be valid and enforceable to the maximum extent compatible with, and possible under, applicable law. The provisions hereof are severable, and in the event any provision hereof should be held invalid or unenforceable in any respect, it shall not invalidate, render unenforceable or otherwise affect any other provision hereof.

17. Notices

- (a) A notice under this Agreement shall only be effective if it is in writing.
- (b) Notices under this Agreement shall be sent to a party at its address or number and for the attention of the individual set out below:

- (i) If to Alpha Luck:

Address: Rooms 2708-11, 27/F, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong

Email address: maggie@akmcompany.com

Attention: Maggie Lai

- (ii) If to AKM Meadville:

Address: Room 530-1303, No. 99, Songyu South 2nd Road, Xiamen Area of China (Fujian) Pilot Free Trade Zone, the PRC

Email address: Evan.Huang@akmmv.com

Attention: Evan Huang

Provided that a party may change its notice details on giving notice to the other party of the change in accordance with this clause. That notice shall only be effective on the day falling five clear Business Days after the notification has been received or such later date as may be specified in the notice. "Business Day" means a day (other than a Saturday or Sunday or statutory public holiday) on which the Stock Exchange is open for the transaction of business and on which the banks are open for business in Hong Kong.

- (c) Any notice given under this Agreement shall, in the absence of earlier receipt, be deemed to have been duly given as follows:
 - (i) if delivered personally, on delivery;
 - (ii) if sent by first class inland post, four clear Business Days after the date of posting;
 - (iii) if sent by airmail, six clear Business Days after the date of posting; and

(iv) if sent by e-mail, at the time the e-mail enters into and is accepted by the electronic mail server of the recipient.

18. Appointment of agent for service of process

AKM Meadville hereby irrevocably appoints Meadville Technologies Company Limited of Unit 1, 19/F, Metropole Square, 2 On Yiu Street, Shatin, Hong Kong as its agent to receive and acknowledge on its behalf service of any writ, summons, order, judgment or other notice of legal process in Hong Kong as regards any proceeding, claim, dispute or matter arising out of or relating to this Agreement or any document to be executed pursuant to this Agreement. If for any reason the agent named above (or its successor) no longer serves as agent of AKM Meadville for this purpose, AKM Meadville shall promptly appoint a successor agent satisfactory to the other Party, notify the other Party thereof and deliver to the other Party a copy of the new process agent's acceptance of appointment **provided** that until the other Party receives such notification, it shall be entitled to treat the agent named above (or its said successor) as the agent of AKM Meadville for the purposes of this Clause 18. AKM Meadville agrees that any such legal process shall be sufficiently served on it if delivered to such agent for service at its address for the time being in Hong Kong whether or not such agent gives notice thereof to AKM Meadville. This Clause 18 does not affect any other method of service allowed by law.

19. Counterparts.

This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. E-mailed copies of signatures shall be deemed to be originals for purposes of the effectiveness of this Agreement.

20. Remedies

Except as otherwise provided herein, any and all remedies herein expressly conferred upon a Party will be deemed cumulative with and not exclusive of any other remedy conferred hereby, or by law or equity upon such Party, and the exercise by a Party of any one remedy will not preclude the exercise of any other remedy. No failure or delay on the part of any Party in the exercise of any right hereunder will impair such right or be construed to be a waiver of, or acquiescence in, any breach of any representation, warranty or agreement herein, nor will any single or partial exercise of any such right preclude other or further exercise thereof or of any other right.

21. Entire Agreement

This Agreement constitutes the entire agreement, and supersedes all prior agreements, understandings, negotiations and statements, both written and oral, among the Parties with respect to the subject matter contained herein.

22. Amendments and Modification

This Agreement may not be amended, modified or supplemented in any manner, whether by course of conduct or otherwise, except by an instrument in writing signed on behalf of each Party.

23. Waiver

Any agreement on the part of a Party to any such waiver shall be valid only if set forth in a written instrument executed and delivered by such Party.

24. Third Party Rights

A person who is not a party to this Agreement shall not have any rights under the Contracts (Rights of Third Parties) Ordinance (Chapter 623 of the Laws of Hong Kong) to enforce, or to enjoy the benefit of, any term of this Agreement.

[Signature page follows]

IN WITNESS WHEREOF, the Parties have executed this Agreement on the day and year first above written.

SIGNED by)
Zhang Xiaoming)
for and on behalf of)
Alpha Luck Industrial Limited)
安利實業有限公司)
in the presence of:)
孫子凡)

IN WITNESS WHEREOF, the Parties have executed this Agreement on the day and year first above written.

SIGNED by
Xiong Zheng Feng
for and on behalf of
AKM Meadville Electronics (Xiamen) Co. Ltd.
安捷利美维电子（厦门）有限责任公司
in the presence of:

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Schedule I

The Announcement

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement. LR13.52
Note 5

This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of the Joint Offerors or the Company nor is it a solicitation of any vote or approval in any jurisdiction.

This announcement is not for release, publication or distribution, in whole or in part, in, into or from any jurisdiction where to do so would constitute a violation of the applicable laws or regulations of such jurisdiction.

Alpha Luck Industrial Limited
安利實業有限公司

(Incorporated in Hong Kong with limited liability)

AKM Meadville Electronics (Xiamen) Co. Ltd.*
安捷利美維電子(廈門)有限責任公司

(Incorporated in the PRC with limited liability)



AKM Industrial Company Limited

安捷利實業有限公司

(incorporated in Hong Kong with limited liability under the Companies Ordinance)

(Stock Code: 1639)

LR13.51A

JOINT ANNOUNCEMENT

**(1) PRE-CONDITIONAL PROPOSAL FOR THE PRIVATISATION OF
AKM INDUSTRIAL COMPANY LIMITED BY
THE JOINT OFFERORS BY WAY OF A SCHEME OF ARRANGEMENT
UNDER SECTION 673 OF THE COMPANIES ORDINANCE**

AND

(2) PROPOSED WITHDRAWAL OF LISTING OF AKM INDUSTRIAL COMPANY LIMITED

AND

(3) ESTABLISHMENT OF THE INDEPENDENT BOARD COMMITTEE

AND

(4) RESUMPTION OF TRADING

Financial Adviser to the Joint Offerors



China International Capital Corporation Hong Kong Securities Limited

INTRODUCTION

The respective directors of the Joint Offerors and the Company jointly announce that on [•] 2022, the Joint Offerors requested that the Board put forward the Proposal to the Scheme Shareholders for the privatisation of the Company by way of a scheme of arrangement under section 673 of the Companies Ordinance.

TERMS OF THE PROPOSAL

If the Proposal is approved and implemented:

- (a) all the Scheme Shares in issue on the Record Date will be cancelled and extinguished on the Effective Date in exchange for the payment by the Joint Offerors to each Scheme Shareholder of the Cancellation Price of HK\$[1.82] (less the Dividend Adjustment (if any)) in cash for each Scheme Share;
- (b) on the Effective Date, the issued share capital of the Company will be reduced by the cancellation and extinguishment of the Scheme Shares and, immediately after such cancellation, extinguishment and reduction, the issued share capital of the Company will be restored to the amount immediately prior to such cancellation, extinguishment and reduction by the issue by the Company to the Joint Offerors of such number of new Shares (credited as fully-paid by applying the reserve created as a result of such cancellation, extinguishment and reduction) as is equal to the number of the Scheme Shares cancelled and extinguished on the Effective Date;
- (c) the Company will be owned as to 40% by Alpha Luck and as to 60% by AKM Meadville; and
- (d) the listing of the Shares on the Stock Exchange will be withdrawn from the Stock Exchange in accordance with Rule 6.15(2) of the Listing Rules.

Cancellation Price

Under the Scheme, the Scheme Shares in issue on the Record Date will be cancelled and extinguished on the Effective Date and, in consideration therefor, each Scheme Shareholder will be entitled to receive the Cancellation Price of HK\$[1.82] (less the Dividend Adjustment (if any)) in cash for each Scheme Share cancelled and extinguished.

If: (a) after the date of this announcement, any dividend, distribution and/or return of capital (including the Possible Final Dividend) is announced, declared, made and/or paid in respect of the Shares; (b) the record date to be announced by the Board for determining the entitlements to such dividend, distribution and/or return of capital (as the case may be) falls on a day which is on or before the Effective Date; and (c) the aggregate amount of all such dividends, distributions and/or returns of capital (as applicable) per Share is more than HK1.45 cent per Share (being the amount of the 2020 Final Dividend), the Cancellation Price will be reduced by an amount equal to the Dividend Adjustment and, unless otherwise specified or the context otherwise requires, any reference in this announcement, the Scheme Document or any other announcement or document in relation to the Scheme to the Cancellation Price will be deemed to be a reference to the Cancellation Price as so reduced.

The Cancellation Price has been determined on a commercial basis after taking into account, among other things, the recent and historic trading prices of the Shares, the publicly available financial information of the Group, the other privatisation transactions in Hong Kong in recent years and the amount of the 2020 Final Dividend.

The Joint Offerors will not increase the Cancellation Price and does not reserve the right to do so. Shareholders and potential investors should be aware that, following the making of such statement, the Joint Offerors will not be allowed to increase the Cancellation Price.

Shareholders and potential investors should be aware that: (a) the Possible Final Dividend may or may not be declared by the Board; and (b) in the event that the Possible Final Dividend is declared by the Board, the record date to be announced by the Board for determining the entitlements to the Possible Final Dividend may fall on a day which is earlier than, the same as, or later than, the Effective Date. Shareholders and potential investors are advised to exercise extreme caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

Arrangement for the Restricted Stock Incentive Scheme

The Company has adopted the Restricted Stock Incentive Scheme, which was duly approved by the independent Shareholders at the extraordinary general meeting on 31 January 2019. As at the date of this announcement, there are [8,554,400] Outstanding Restricted Stocks held by [66] Outstanding Restricted Stock Holders, which will entitle such holders to receive [8,554,400] Shares, representing approximately [0.56]% of the entire issued share capital of the Company as at the date of this announcement, from the Trustee Held Shares upon unlocking pursuant to the terms and conditions set out in the Restricted Stock Incentive Scheme and the relevant grant letters.

The Company has appointed the Trustee to purchase the Shares from the secondary market for the purpose of the Restricted Stock Incentive Scheme. As at the date of this announcement, there are [8,820,000] Trustee Held Shares. All the Trustee Held Shares shall form part of the Scheme Shares and be cancelled upon the Scheme becoming effective. Conditional upon the Scheme becoming effective, the Joint Offerors shall pay to the Trustee an amount equivalent to the Cancellation Price multiplied by the number of the Trustee Held Shares as at the Effective Date (“**Trustee Held Shares Monies**”) as soon as possible but in any event within seven (7) business days (as defined in the Takeovers Code) following the Effective Date.

[CONFIRMATION OF FINANCIAL RESOURCES

As at the date of this announcement, there are [984,337,500] Scheme Shares in issue.

Assuming that no further Shares will be issued, and no further Restricted Stocks will be granted under the Restricted Stocks Incentive Scheme, by the Company on or before the Record Date, the Proposal will involve the cancellation and extinguishment of [984,337,500] Scheme Shares in exchange for the payment by the Joint Offerors to each Scheme Shareholder of the Cancellation Price of HK\$[1.82] (less the Dividend Adjustment (if any)) in cash for each Scheme Share cancelled and extinguished. The total amount of cash required to implement the Proposal assuming that there will be no Dividend Adjustment would be approximately HK\$[1,791,494,250], to be contributed by Alpha Luck and AKM Meadville as to HK\$[111,738,900] and HK\$[1,679,755,350] respectively.

The Joint Offerors intend to finance the entire cash amount required to implement the Proposal in full from their internal cash reserves.

CICC, the financial adviser to the Joint Offerors, is satisfied that sufficient financial resources are available to the Joint Offerors for satisfying their obligations in respect of the full implementation of the Proposal.]

PRE-CONDITION TO THE PROPOSAL

The making of the Proposal is, and the implementation of the Scheme will be, subject to the satisfaction of the Pre-Condition, on or prior to the Pre-Condition Long Stop Date, that, with respect to the applicable outbound direct investment laws and regulations, all necessary approvals, registrations, filings, reports (as the case may be), if applicable, have been obtained from, completed with and/or made to (as the case may be):

- (i) the State-owned Assets Supervision and Administration Commission of the State Council,
- (ii) the National Development and Reform Commission of the PRC,
- (iii) the Ministry of Commerce of the PRC, and
- (iv) the State Administration of Foreign Exchange of the PRC,

or their respective local authorities.

The Pre-Condition cannot be waived. All references to the Scheme in this announcement are references to the possible Scheme which will be implemented if and only if, the Pre-Condition is satisfied.

The Joint Offerors will issue further announcement(s) as soon as practicable after the Pre-Condition has been satisfied. If the Pre-Condition has not been satisfied by the Pre-Condition Long Stop Date, the Proposal would not be made and the Scheme Shareholders will be notified by a further announcement as soon as practicable thereafter.

The Joint Offerors may request for an extension from the Company if the Pre-Condition is not fulfilled by the Pre-Condition Long Stop Date.

CONDITIONS OF THE PROPOSAL

The Proposal and the Scheme will become effective and binding on the Company and all the Scheme Shareholders, subject to the fulfilment or waiver (as applicable) of the following Conditions:

- (a) the approval of the Scheme at the Court Meeting (by way of a poll) by the Scheme Shareholders representing at least 75% of the voting rights of the Scheme Shareholders present and voting, in person or by proxy, at the Court Meeting; and the votes cast (by way of a poll) against the Scheme at the Court Meeting not exceeding 10% of the total voting rights attached to all the Disinterested Shares, provided that:
 - (i) the Scheme is approved at the Court Meeting (by way of a poll) by at least 75% of the votes attaching to the Independent Scheme Shares that are cast either in person or by proxy at the Court Meeting; and
 - (ii) the number of votes cast (by way of a poll) against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all the Independent Scheme Shares;
- (b) the passing by the Shareholders at the EGM of:
 - (i) a special resolution to approve and give effect to the reduction of the issued share capital of the Company on the Effective Date by the cancellation and extinguishment of the Scheme Shares in issue on the Record Date; and
 - (ii) an ordinary resolution to approve and give effect to, immediately after such cancellation, extinguishment and reduction, the restoration of the issued share capital of the Company to the amount immediately prior to such cancellation, extinguishment and reduction by the issue by the Company to the Joint Offerors of such number of new Shares (credited as fully-paid by applying the reserve created as a result of such cancellation, extinguishment and reduction) as is equal to the number of the Scheme Shares so cancelled and extinguished;

- (c) the sanction by the Court of the Scheme (with or without modification) under section 673 of the Companies Ordinance, the confirmation by the Court of the reduction of the issued share capital of the Company involved in the Scheme under section 229 of the Companies Ordinance and the registration of a copy of the order of the Court by the Registrar of Companies under the Companies Ordinance;
- (d) the compliance with the procedural requirements of sections 230 and 231 and sections 673 and 674 of the Companies Ordinance in relation to the reduction of the issued share capital of the Company and the Scheme, respectively;
- (e) all the Approvals having been obtained from, completed with and/or made to the relevant PRC Authorities, being, with respect to the applicable Antitrust Laws, the State Administration for Market Regulation of the PRC or its local authority, and all such Approvals and the Approvals under the Pre-Condition remaining in full force and effect without modification or variation;
- (f) all the Applicable Laws having been complied with and no legal, regulatory or administrative requirement having been imposed by any Authority in any jurisdiction which is not expressly provided for, or is in addition to the legal, regulatory and administrative requirements which are expressly provided for, in the Applicable Laws in connection with the Proposal, the implementation of the Proposal in accordance with its terms or the withdrawal of the listing of the Shares from the Stock Exchange;
- (g) no Authority in any jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry (or enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order), in each case, which would make the Proposal or the implementation of the Proposal (including the withdrawal of the listing of the Shares on the Stock Exchange) in accordance with its terms and conditions void, unenforceable, illegal or impracticable (or which would impose any material and adverse conditions or obligations in connection with the Proposal or the implementation of the Proposal (including the withdrawal of the listing of the Shares on the Stock Exchange) in accordance with its terms and conditions);
- (h) since the date of this announcement, there not having been instituted or remaining outstanding any litigation, arbitration proceeding, prosecution or other legal proceeding to which any member of the Group is a party (whether as plaintiff, defendant or otherwise) and no litigation, arbitration proceeding, prosecution or other legal proceeding having been threatened in writing against any member of the Group (and no investigation by any Authority in any jurisdiction against or in respect of any member of the Group or the business carried on by any member of the Group having been threatened in writing, announced, instituted or remaining outstanding by, against or in respect of any member of the Group), in each case which is material and adverse in the context of the Group taken as a whole or in the context of the Proposal or the Scheme;

- (i) since the date of this announcement, there having been no adverse change in the business, assets, prospects, profits, losses, results of operations, financial position or condition of the Group (to an extent which is material in the context of the Group taken as a whole or in the context of the Proposal or the Scheme); and
- (j) save in connection with the implementation of the Proposal, the listing of the Shares on the Stock Exchange not having been withdrawn, and no indication having been received from the SFC and/or the Stock Exchange to the effect that the listing of the Shares on the Stock Exchange is or is likely to be withdrawn.

The Conditions set out in paragraphs (a) to (d) above are not waivable.

The Joint Offerors reserve the right to waive unilaterally, in whole or in part and generally or in respect of any particular matter:

- (a) all or any of the Conditions set out in paragraphs (e) to (h) above to the extent that any such waiver would not render the Proposal or the implementation of the Proposal in accordance with its terms illegal; and
- (b) all or any of the Conditions set out in paragraphs (i) to (j) above.

The Company does not have the right to waive any of the Conditions set out in paragraphs (a) to (j) above.

If the Pre-Condition or any of the Conditions is not fulfilled or (where applicable) waived on or before the Pre-Condition Long Stop Date or the Long Stop Date, respectively, the Proposal and the Scheme will lapse.

As at the date of this announcement and based on the information available to the Joint Offerors and the Company, other than those specifically set out as the Pre-Condition above, Condition (e) above and the application for the withdrawal of the listing of the Shares on the Stock Exchange upon the Scheme becoming effective, each of the Joint Offerors and the Company is not aware of any other Approvals which are required.

CONSORTIUM AGREEMENT

The Joint Offerors [have entered into] the Consortium Agreement on [•] 2022 in relation to the Proposal and the Scheme.

SHAREHOLDING STRUCTURE OF THE COMPANY, SCHEME SHARES AND VOTING AT COURT MEETING

As at the date of this announcement:

- (a) there are [1,538,237,500] Shares in issue;
- (b) [other than the [553,900,000] Shares (representing approximately [36.01]% of the entire issued share capital of the Company as at the date of this announcement) held by Alpha Luck, the Joint Offerors do not legally or beneficially own, control, or have direction over, any Shares;]
- (c) Alpha Luck legally or beneficially owns, controls, or has direction over [553,900,000] Shares (representing approximately [36.01]% of the entire issued share capital of the Company as at the date of this announcement) (such [553,900,000] Shares will not form part of the Scheme Shares, will not be cancelled upon the Scheme becoming effective and will not be voted at the Court Meeting);
- (d) [the Joint Offerors Concert Parties (other than HK Goertek and members of the CICC Group) legally or beneficially own, control, or have direction over, [9,400,000] Shares held by Mr. Xiong Zheng Feng (the Joint Offeror Concert Party by virtue of being a director of the Joint Offerors) (representing approximately [0.61]% of the entire issued share capital of the Company as at the date of this announcement) (such [9,400,000] Shares will form part of the Scheme Shares and will be cancelled upon the Scheme becoming effective but will not be voted at the Court Meeting);]
- (e) [as disclosed in the Company's interim report for the six months ended 30 June 2021 and based on the latest disclosure of interests information disclosed by HK Goertek on the website of the Stock Exchange, as at 30 June 2021, HK Goertek owns 363,650,000 Shares, representing approximately 23.64% of the total issued Shares. As such, HK Goertek is an associated company of Alpha Luck and thus is presumed to be acting in concert with Alpha Luck under the Class (1) Presumption. Alpha Luck is of the view that HK Goertek is not acting in concert with Alpha Luck in respect of the Company for the purposes of the Takeovers Code. Alpha Luck will make a formal application to the Executive for the rebuttal of the Class 1 Presumption:
 - (i) Assuming that the Class (1) Presumption is rebutted, HK Goertek will not be deemed as a party acting in concert with Alpha Luck and the Shares held by it will be counted as Independent Scheme Shares and HK Goertek will be entitled to vote at the Court Meeting and the EGM, and such Shares will form part of the Scheme Shares and will be cancelled upon the Scheme becoming effective; or

- (ii) Assuming that the Class (1) Presumption is not rebutted, HK Goertek will be deemed as a party acting in concert with Alpha Luck and the Shares held by it will not be counted as Independent Scheme Shares and HK Goertek will not be entitled to vote at the Court Meeting, but such Shares will form part of the Scheme Shares, will be cancelled upon the Scheme becoming effective and will be voted at the EGM.

The Joint Offerors and the Company will issue a further announcement on the results of such application;]

- (f) [the Trustee holds [8,820,000] Shares (representing approximately [0.57]% of the entire issued share capital of the Company as at the date of this announcement) (such [8,820,000] Trustee Held Shares will be counted as Independent Scheme Shares, will form part of the Scheme Shares and will be cancelled upon the Scheme becoming effective but will not be voted at the Court Meeting and the EGM pursuant to the prohibition in the Trust Deed);]
- (g) the Scheme Shareholders beneficially own, control, or have direction over [984,337,500] Shares (representing approximately [63.99]% of the entire issued share capital of the Company as at the date of this announcement) (such Shares comprise: (a) the Shares in issue as at the date of this announcement which are held or beneficially owned by the Joint Offerors Concert Parties as at the date of this announcement; and (b) the Shares in issue as at the date of this announcement which are held or beneficially owned by the Independent Scheme Shareholders as at the date of this announcement);
- (h) based on the assumption that the SFC rules that (i) the Class (1) Presumption is rebutted, the Independent Scheme Shareholders beneficially own, control, or have direction over [974,937,500] Shares (representing approximately [63.38]% of the entire issued share capital of the Company as at the date of this announcement); or (ii) the Class (1) Presumption is not rebutted, the Independent Scheme Shareholders beneficially own, control, or have direction over [611,587,500] Shares (representing approximately [39.76]% of the entire issued share capital of the Company as at the date of this announcement), in either case the Shares held by the Independent Scheme Shareholders will form part of the Scheme Shares and will be cancelled upon the Scheme becoming effective, and the Independent Scheme Shareholders will be entitled to vote at the Court Meeting;
- (i) [save for [448,800] Outstanding Restricted Stocks held by Mr. Xiong Zheng Feng, there are no convertible securities, warrants or options in respect of the Shares held, controlled or directed by the Joint Offerors or the Joint Offerors Concert Parties];
- (j) [none of the Joint Offerors or the Joint Offerors Concert Parties has entered into any outstanding derivative in respect of the securities in the Company];

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- (k) [none of the Joint Offerors or the Joint Offerors Concert Parties has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company];
- (l) [none of the Joint Offerors or the Joint Offerors Concert Parties had dealt for value in the Shares in the six months immediately preceding the date of this announcement.]

For the avoidance of doubt, the Scheme Shares comprise: (a) the Shares in issue on the Record Date which are held or beneficially owned by the Joint Offerors Concert Parties; and (b) the Shares in issue on the Record Date which are held or beneficially owned by the Independent Scheme Shareholders.

[As at the date of this announcement, save for the Shares and the Restricted Stocks, the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in issue.]

EGM

All Shareholders will be entitled to vote at the EGM on: (a) the special resolution to approve and give effect to the reduction of the issued share capital of the Company on the Effective Date by the cancellation and extinguishment of the Scheme Shares in issue on the Record Date; and (b) the ordinary resolution to approve and give effect to, immediately after such cancellation, extinguishment and reduction, the restoration of the issued share capital of the Company to the amount immediately prior to such cancellation, extinguishment and reduction by the issue by the Company to the Joint Offerors of such number of new Shares (credited as fully-paid by applying the reserve created as a result of such cancellation, extinguishment and reduction) as is equal to the number of the Scheme Shares so cancelled and extinguished.

FINANCIAL ADVISER TO THE JOINT OFFERORS

The Joint Offerors have appointed CICC as their financial adviser in connection with the Proposal.

INDEPENDENT BOARD COMMITTEE

[The Independent Board Committee, comprising [three non-executive Directors, namely Mr. Gao Xiaoguang, Mr. Jia Junan, Mr. Wang Chunsheng, and all the independent non-executive Directors, namely Mr. Hung Chi Yuen Andrew, Mr. Cui Zheng and Mr. Zhang Guo Qi], has been established by the Board in accordance with Rule 2.1 of the Takeovers Code to make a recommendation to the Independent Scheme Shareholders as to: (a) whether the terms of the Proposal and the Scheme are, or are not, fair and reasonable; and (b) whether to vote in favour of the Scheme at the Court Meeting and the EGM.

As two non-executive Directors, namely Ms. Zhang Xiaoming and Mr. Liu Jianzhe, are also directors of Alpha Luck, each of them is not a member of the Independent Board Committee.]

INDEPENDENT FINANCIAL ADVISER

The Independent Financial Adviser will be appointed by the Company, with the approval of the Independent Board Committee pursuant to Rule 2.1 of the Takeovers Code, to advise the Independent Board Committee as to: (a) whether the terms of the Proposal and the Scheme are, or are not, fair and reasonable; and (b) voting by the Independent Scheme Shareholders at the Court Meeting and the EGM. A further announcement will be made by the Company in respect of the appointment of the Independent Financial Adviser.

WITHDRAWAL OF LISTING OF THE SHARES

Upon the Scheme becoming effective, all the Scheme Shares in issue on the Record Date will be cancelled and extinguished (with the equivalent number of new Shares being issued, credited as fully-paid, to the Joint Offerors) and the share certificates in respect of such Scheme Shares will thereafter cease to have effect as documents or evidence of title. The Company will make an application to the Stock Exchange for the withdrawal of the listing of the Shares on the Stock Exchange, in accordance with Rule 6.15(2) of the Listing Rules, with effect immediately following the Effective Date.

The Scheme Shareholders will be notified by way of an announcement of the exact dates of the last day for dealing in the Shares on the Stock Exchange and the day on which the Scheme and the withdrawal of the listing of the Shares on the Stock Exchange will become effective. A detailed timetable of the implementation of the Proposal will be included in the Scheme Document, which will also contain, among other things, further details of the Scheme.

IF THE SCHEME IS NOT APPROVED OR THE PROPOSAL LAPSES

Subject to the requirements of the Takeovers Code, the Proposal will lapse if the Pre-Condition or any of the Conditions has not been fulfilled or waived, as applicable, on or before the Pre-Condition Long Stop Date or the Long Stop Date, respectively. If the Scheme is not approved or the Proposal otherwise lapses, the listing of the Shares on the Stock Exchange will not be withdrawn.

DESPATCH OF THE SCHEME DOCUMENT

Subject to and after satisfaction of the Pre-Condition, a Scheme Document including, among other things: (a) further details of the Proposal and the Scheme; (b) an explanatory statement of the Scheme; (c) the expected timetable relating to the Proposal and the Scheme; (d) the letter from the Independent Board Committee containing its recommendations to the Independent Scheme Shareholders in respect of the Proposal and the Scheme; (e) the letter of advice from the Independent Financial Adviser containing its advice to the Independent Board Committee in respect of the Proposal and the Scheme; and (f) notices of the Court Meeting and the EGM (including proxy forms relating to such meetings for use by the relevant Shareholders) will be despatched to the Shareholders as soon as practicable and in compliance with the requirements of the Takeovers Code and applicable laws and regulations.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 12 January 2022 pending the publication of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from [•] on [•].

WARNING

Shareholders and potential investors should be aware that the implementation of the Proposal and the Scheme are subject to the Pre-Condition and the Conditions being fulfilled or waived (as applicable). Accordingly, the Proposal may or may not be implemented and the Scheme may or may not become effective. Shareholders and potential investors are advised to exercise extreme caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

Notice to U.S. investors

The Proposal and the Scheme relate to the cancellation of the securities of a company incorporated under the laws of Hong Kong by way of a scheme of arrangement provided for under the Companies Ordinance and are subject to Hong Kong procedural disclosure requirements and practices which are different from those of the United States.

The Shares are listed on the Stock Exchange and are not listed on a United States national securities exchange or registered under the United States Securities Act of 1933, as amended. A transaction effected by means of a scheme of arrangement is not subject to the tender offer rules or the proxy solicitation rules of the United States Securities Exchange Act of 1934, as amended. Accordingly, the Proposal and the Scheme are subject to the procedural and disclosure requirements and practices applicable in Hong Kong to schemes of arrangement, which differ from the disclosure and procedural and practice requirements applicable under United States federal securities laws.

The receipt of cash pursuant to the Proposal and the Scheme by a U.S. holder of the securities of the Company may be a taxable transaction for U.S. federal income tax purposes and under applicable U.S. state and local, as well as foreign and other tax laws. Each holder of the securities of the Company is urged to consult his/her/its independent professional adviser immediately regarding the tax consequences of the Proposal and the Scheme applicable to him/her/it.

It may be difficult for a U.S. holder of the securities of the Company to enforce his/her/its rights and claims arising out of the U.S. federal securities laws, as the Joint Offerors and the Company are incorporated in a country other than the United States, and some or all of their respective officers and directors may be residents of a country other than the United States. A U.S. holder of the securities of the Company may not be able to sue a non-U.S. company or its officers or directors in a non-U.S. court for violations of the U.S. securities laws. Further, a U.S. holder of the securities of the Company may be difficult to compel a non-U.S. company and its affiliates to subject themselves to a U.S. court's judgement.

Neither the U.S. Securities and Exchange Commission nor any U.S. state securities commission has approved or disapproved of the Proposal or the Scheme, or determined if this announcement is accurate or complete. Any representation to the contrary is a criminal offence in the United States.

This announcement is not intended to and does not constitute, or form part of, an offer or invitation to purchase or subscribe for any securities of the Joint Offerors or the Company in the United States.

Forward-Looking Statements: This announcement may include forward-looking statements. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "envisages", "estimates", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative, or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts and include statements regarding the intentions, beliefs or current expectations of the Joint Offerors, the Company or their respective affiliates. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Readers are cautioned that forward-looking statements are not guarantees of future performance and that actual results or developments may differ materially from those made in or suggested by the forward-looking statements contained in this announcement, and may not be indicative of results or developments in subsequent periods. The forward-looking statements and information contained in this announcement are made as of the date hereof and each of the Joint Offerors and the Company undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws and the Takeovers Code.

Financial information disclosed in respect of the Proposal and the Scheme has been or will have been prepared in accordance with non-US accounting standards that may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States.

INTRODUCTION

The respective directors of the Joint Offerors and the Company jointly announce that on [•] 2022, the Joint Offerors requested that the Board put forward the Proposal to the Scheme Shareholders for the privatisation of the Company by way of a scheme of arrangement under section 673 of the Companies Ordinance.

TERMS OF THE PROPOSAL

TC3.5(a)

If the Proposal is approved and implemented:

- (a) all the Scheme Shares in issue on the Record Date will be cancelled and extinguished on the Effective Date in exchange for the payment by the Joint Offerors to each Scheme Shareholder of the Cancellation Price of HK\$[1.82] (less the Dividend Adjustment (if any)) in cash for each Scheme Share;
- (b) on the Effective Date, the issued share capital of the Company will be reduced by the cancellation and extinguishment of the Scheme Shares and, immediately after such cancellation, extinguishment and reduction, the issued share capital of the Company will be restored to the amount immediately prior to such cancellation, extinguishment and reduction by the issue by the Company to the Joint Offerors of such number of new Shares (credited as fully-paid by applying the reserve created as a result of such cancellation, extinguishment and reduction) as is equal to the number of the Scheme Shares cancelled and extinguished on the Effective Date;
- (c) the Company will be owned as to 40% by Alpha Luck and as to 60% by AKM Meadville; and
- (d) the listing of the Shares on the Stock Exchange will be withdrawn from the Stock Exchange in accordance with Rule 6.15(2) of the Listing Rules.

Upon the Scheme becoming effective, the Cancellation Price will be paid to the Scheme Shareholders whose names appear in the register of members of the Company on the Record Date as soon as possible but in any event within seven (7) business days (as defined in the Takeovers Code) following the Effective Date.

Cancellation Price

TC3.5(a)

Under the Scheme, the Scheme Shares in issue on the Record Date will be cancelled and extinguished on the Effective Date and, in consideration therefor, each Scheme Shareholder will be entitled to receive the Cancellation Price of HK\$[1.82] (less the Dividend Adjustment (if any)) in cash for each Scheme Share cancelled and extinguished.

If: (a) after the date of this announcement, any dividend, distribution and/or return of capital (including the Possible Final Dividend) is announced, declared, made and/or paid in respect of the Shares; and (b) the record date to be announced by the Board for determining the entitlements to such dividend, distribution and/or return of capital (as the case may be) falls on a day which is on or before the Effective Date, the Shareholders whose names appear on the register of members of the Company on such record date will be entitled to such dividend, distribution and/or return of capital (as the case may be).

If: (a) after the date of this announcement, any dividend, distribution and/or return of capital (including the Possible Final Dividend) is announced, declared, made and/or paid in respect of the Shares; (b) the record date to be announced by the Board for determining the entitlements to such dividend, distribution and/or return of capital (as the case may be) falls on a day which is on or before the Effective Date; and (c) the aggregate amount of all such dividends, distributions and/or returns of capital (as applicable) per Share is more than HK1.45 cent per Share (being the amount of the 2020 Final Dividend), the Cancellation Price will be reduced by an amount equal to the Dividend Adjustment and, unless otherwise specified or the context otherwise requires, any reference in this announcement, the Scheme Document or any other announcement or document in relation to the Scheme to the Cancellation Price will be deemed to be a reference to the Cancellation Price as so reduced.

Save for the Possible Final Dividend (which may or may not be declared by the Board), the Company (a) has not announced or declared any dividend, distribution or return of capital which has not been made or which remains unpaid; and (b) does not intend to announce, declare, make or pay any dividend, distribution or return of capital on or before the Effective Date.

The Cancellation Price (assuming that there will be no Dividend Adjustment) represents:

- (a) a [premium] of approximately [15.19]% [over] the closing price of HK\$[1.58] per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) [a [premium] of approximately [14.47]% [over] the closing price of HK\$[1.59] per Share as quoted on the Stock Exchange on [10 January 2022], being the last full trading day immediately prior to the Last Trading Day;]
- (c) [a [premium] of approximately [24.49]% [over] the average of the closing prices of the Shares as quoted on the Stock Exchange for the last five full trading days immediately prior to the Last Trading Day of approximately HK\$[1.46] per Share;]
- (d) [a [premium] of approximately [25.75]% [over] the average of the closing prices of the Shares as quoted on the Stock Exchange for the last 30 full trading days immediately prior to the Last Trading Day of approximately HK\$[1.45] per Share;]

- (e) [a [premium] of approximately [29.02]% [over] the average of the closing prices of the Shares as quoted on the Stock Exchange for the last 60 full trading days immediately prior to the Last Trading Day of approximately HK\$[1.41] per Share;]
- (f) [a [premium] of approximately [6043]% [over] the average of the closing prices of the Shares as quoted on the Stock Exchange for the last 180 full trading days immediately prior to the Last Trading Day of approximately HK\$[1.13] per Share;]
- (g) [a [premium] of approximately [70.41]% [over/to] the average of the closing prices of the Shares as quoted on the Stock Exchange for the last 360 full trading days immediately prior to the Last Trading Day of approximately HK\$[•] per Share;]
- (h) a premium of approximately [89.38%] over the audited consolidated net asset value attributable to owners of the Company of approximately HK\$0.96 per Share as at 31 December 2020 (which is calculated based on the audited consolidated net asset value of the Group of approximately HK\$1,478,298,000 as at 31 December 2020 and 1,538,237,500 Shares in issue as at 31 December 2020); and ^{SFC B1Q15}
- (i) a premium of approximately [88.95]% over the unaudited consolidated net asset value attributable to owners of the Company of approximately HK\$0.96 per Share as at 30 June 2021 (which is calculated based on the unaudited consolidated net asset value of the Group of approximately HK\$1,481,623,000 as at 30 June 2021 and 1,538,237,500 Shares in issue as at 30 June 2021).

Highest and lowest Share prices

During the six-month period ended on and including the Last Trading Day, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$[1.72] on 11 November 2021 and 1 December 2021 and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$[0.81] on 3 September 2021 and 6 September 2021.

The Cancellation Price has been determined on a commercial basis after taking into account, among other things, the recent and historic trading prices of the Shares, the publicly available financial information of the Group, the other privatisation transactions in Hong Kong in recent years and the amount of the 2020 Final Dividend.

The Joint Offerors will not increase the Cancellation Price and does not reserve the right to do so. Shareholders and potential investors should be aware that, following the making of such statement, the Joint Offerors will not be allowed to increase the Cancellation Price.

Shareholders and potential investors should be aware that: (a) the Possible Final Dividend may or may not be declared by the Board; and (b) in the event that the Possible Final Dividend is declared by the Board, the record date to be announced by the Board for determining the entitlements to the Possible Final Dividend may fall on a day which is earlier than, the same as, or later than, the Effective Date. Shareholders and potential investors are advised to exercise extreme caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

Arrangement for the Restricted Stock Incentive Scheme

TC13.5

The Company has adopted the Restricted Stock Incentive Scheme, which was duly approved by the independent Shareholders at the extraordinary general meeting on 31 January 2019. The Board has approved the initial grant of the Restricted Stocks under the Restricted Stock Incentive Scheme, pursuant to which 27,500,000 Restricted Stocks were granted to 81 selected participants on 14 February 2019 at the grant price of HK\$0.65 per Share and 2,490,000 Restricted Stocks were granted to Mr. Xiong Zheng Feng (executive Director) and Mr. Chai Zhi Qiang (Chief Executive Officer) on 27 March 2019 at the grant price of HK\$0.77 per Share. As at the date of this announcement, there are [8,554,400] Outstanding Restricted Stocks held by [66] Outstanding Restricted Stock Holders, which will entitle such holders to receive [8,554,400] Shares, representing approximately [0.56]% of the entire issued share capital of the Company as at the date of this announcement, from the Trustee Held Shares upon unlocking pursuant to the terms and conditions set out in the Restricted Stock Incentive Scheme and the relevant grant letters.

SFC B1Q16
SFC B1Q22

The Company has appointed the Trustee to purchase the Shares from the secondary market for the purpose of the Restricted Stock Incentive Scheme. As at the date of this announcement, there are [8,820,000] Trustee Held Shares, [8,554,400] of which were purchased to satisfy the [8,554,400] Outstanding Restricted Stocks held by [66] Outstanding Restricted Stock Holders and [265,600] of which were purchased pursuant to Restricted Stocks previously granted by the Company but lapsed. The Company has decided not to further grant any Restricted Stocks under the Restricted Stock Incentive Scheme.

All the Trustee Held Shares shall form part of the Scheme Shares and be cancelled upon the Scheme becoming effective. Conditional upon the Scheme becoming effective, the Joint Offerors shall pay to the Trustee an amount equivalent to the Cancellation Price multiplied by the number of the Trustee Held Shares as at the Effective Date (“**Trustee Held Shares Monies**”) as soon as possible but in any event within seven (7) business days (as defined in the Takeovers Code) following the Effective Date.

[Pursuant to the Restricted Stock Incentive Scheme and the grant letters, unlocking of the Outstanding Restricted Stocks shall be conditional upon, among others, fulfilment of the financial performance target by the Company for the year ended 31 December 2021:

- Assuming that such unlocking condition fails to be satisfied, all Outstanding Restricted Stocks shall lapse and the grant price previously paid by a participant shall be returned to him/her. Upon receipt of the Trustee Held Shares Monies, the Trustee shall pay such amount to the Company in accordance with the rules of the Trust Deed.
- Assuming that all unlocking conditions can be met, a participant can unlock his/her Outstanding Restricted Stocks during the period from the first trading day after 48 months from the Grant Date to the last trading day within 60 months from the Grant Date, which will be satisfied by the Trustee Held Shares. Under the rules of the Restricted Stock Incentive Scheme, the unlocking of all such [8,554,400] Outstanding Restricted Stocks will not be accelerated if the Proposal is approved and implemented. Upon receipt of the Trustee Held Shares Monies, the Trustee shall (i) make payment to the Outstanding Restricted Stock Holders by reference to the number of Restricted Stocks attributable to such Outstanding Restricted Stock Holders in accordance with the Restricted Stock Incentive Scheme; and (ii) pay the remaining amount to the Company in accordance with the rules of the Trust Deed, which, assuming all [8,554,400] Outstanding Restricted Stocks are unlocked, shall be equal to [265,600] Trustee Held Shares (i.e. [8,820,000] Trustee Held Shares minus [8,554,400] Trustee Held Shares where payment of such [8,554,400] Trustee Held Shares would be made under (i) above) multiplied by the Cancellation Price.]

The Company will make further announcements on whether the unlocking conditions have been satisfied after its annual results for the year ended 31 December 2021 are available.

[CONFIRMATION OF FINANCIAL RESOURCES

As at the date of this announcement, there are [984,337,500] Scheme Shares in issue.

Assuming that no further Shares will be issued, and no further Restricted Stocks will be granted under the Restricted Stocks Incentive Scheme, by the Company on or before the Record Date, the Proposal will involve the cancellation and extinguishment of [984,337,500] Scheme Shares in exchange for the payment by the Joint Offerors to each Scheme Shareholder of the Cancellation Price of HK\$[1.82] (less the Dividend Adjustment (if any)) in cash for each Scheme Share cancelled and extinguished. The total amount of cash required to implement the Proposal assuming that there will be no Dividend Adjustment would be approximately HK\$[1,791,494,250], to be contributed by Alpha Luck and AKM Meadville as to HK\$[111,738,900] and HK\$[1,679,755,350] respectively.

The Joint Offerors intend to finance the entire cash amount required to implement the Proposal in full from their internal cash reserves.

[CICC, the financial adviser to the Joint Offerors, is satisfied that sufficient financial resources are available to the Joint Offerors for satisfying their obligations in respect of the full implementation of the Proposal.]]

PRE-CONDITION TO THE PROPOSAL

TC3.5
Note 6

The making of the Proposal is, and the implementation of the Scheme will be, subject to the satisfaction of the Pre-Condition, on or prior to the Pre-Condition Long Stop Date, that, with respect to the applicable outbound direct investment laws and regulations, all necessary approvals, registrations, filings, reports (as the case may be), if applicable, have been obtained from, completed with and/or made to (as the case may be):

- (i) the State-owned Assets Supervision and Administration Commission of the State Council,
- (ii) the National Development and Reform Commission of the PRC,
- (iii) the Ministry of Commerce of the PRC, and
- (iv) the State Administration of Foreign Exchange of the PRC,

or their respective local authorities.

The Pre-Condition cannot be waived. All references to the Scheme in this announcement are references to the possible Scheme which will be implemented if and only if, the Pre-Condition is satisfied.

The Joint Offerors will issue further announcement(s) as soon as practicable after the Pre-Condition has been satisfied. If the Pre-Condition has not been satisfied by the Pre-Condition Long Stop Date, the Proposal would not be made and the Scheme Shareholders will be notified by a further announcement as soon as practicable thereafter.

The Joint Offerors may request for an extension from the Company if the Pre-Condition is not fulfilled by the Pre-Condition Long Stop Date.

CONDITIONS OF THE PROPOSAL

TC3.5(e)

The Proposal and the Scheme will become effective and binding on the Company and all the Scheme Shareholders, subject to the fulfilment or waiver (as applicable) of the following Conditions:

- (a) the approval of the Scheme at the Court Meeting (by way of a poll) by the Scheme Shareholders representing at least 75% of the voting rights of the Scheme Shareholders present and voting, in person or by proxy, at the Court Meeting; and the votes cast (by way of a poll) against the Scheme at the Court Meeting not exceeding 10% of the total voting rights attached to all the Disinterested Shares, provided that:
 - (i) the Scheme is approved at the Court Meeting (by way of a poll) by at least 75% of the votes attaching to the Independent Scheme Shares that are cast either in person or by proxy at the Court Meeting; and
 - (ii) the number of votes cast (by way of a poll) against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all the Independent Scheme Shares;
- (b) the passing by the Shareholders at the EGM of:
 - (i) a special resolution to approve and give effect to the reduction of the issued share capital of the Company on the Effective Date by the cancellation and extinguishment of the Scheme Shares in issue on the Record Date; and
 - (ii) an ordinary resolution to approve and give effect to, immediately after such cancellation, extinguishment and reduction, the restoration of the issued share capital of the Company to the amount immediately prior to such cancellation, extinguishment and reduction by the issue by the Company to the Joint Offerors of such number of new Shares (credited as fully-paid by applying the reserve created as a result of such cancellation, extinguishment and reduction) as is equal to the number of the Scheme Shares so cancelled and extinguished;
- (c) the sanction by the Court of the Scheme (with or without modification) under section 673 of the Companies Ordinance, the confirmation by the Court of the reduction of the issued share capital of the Company involved in the Scheme under section 229 of the Companies Ordinance and the registration of a copy of the order of the Court by the Registrar of Companies under the Companies Ordinance;
- (d) the compliance with the procedural requirements of sections 230 and 231 and sections 673 and 674 of the Companies Ordinance in relation to the reduction of the issued share capital of the Company and the Scheme, respectively;

- (e) all the Approvals having been obtained from, completed with and/or made to the relevant PRC Authorities, being, with respect to the applicable Antitrust Laws, the State Administration for Market Regulation of the PRC or its local authority, and all such Approvals and the Approvals under the Pre-Condition remaining in full force and effect without modification or variation;
- (f) all the Applicable Laws having been complied with and no legal, regulatory or administrative requirement having been imposed by any Authority in any jurisdiction which is not expressly provided for, or is in addition to the legal, regulatory and administrative requirements which are expressly provided for, in the Applicable Laws in connection with the Proposal, the implementation of the Proposal in accordance with its terms or the withdrawal of the listing of the Shares from the Stock Exchange;
- (g) no Authority in any jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry (or enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order), in each case, which would make the Proposal or the implementation of the Proposal (including the withdrawal of the listing of the Shares on the Stock Exchange) in accordance with its terms and conditions void, unenforceable, illegal or impracticable (or which would impose any material and adverse conditions or obligations in connection with the Proposal or the implementation of the Proposal (including the withdrawal of the listing of the Shares on the Stock Exchange) in accordance with its terms and conditions);
- (h) since the date of this announcement, there not having been instituted or remaining outstanding any litigation, arbitration proceeding, prosecution or other legal proceeding to which any member of the Group is a party (whether as plaintiff, defendant or otherwise) and no litigation, arbitration proceeding, prosecution or other legal proceeding having been threatened in writing against any member of the Group (and no investigation by any Authority in any jurisdiction against or in respect of any member of the Group or the business carried on by any member of the Group having been threatened in writing, announced, instituted or remaining outstanding by, against or in respect of any member of the Group), in each case which is material and adverse in the context of the Group taken as a whole or in the context of the Proposal or the Scheme;
- (i) since the date of this announcement, there having been no adverse change in the business, assets, prospects, profits, losses, results of operations, financial position or condition of the Group (to an extent which is material in the context of the Group taken as a whole or in the context of the Proposal or the Scheme); and
- (j) save in connection with the implementation of the Proposal, the listing of the Shares on the Stock Exchange not having been withdrawn, and no indication having been received from the SFC and/or the Stock Exchange to the effect that the listing of the Shares on the Stock Exchange is or is likely to be withdrawn.

The Conditions set out in paragraphs (a) to (d) above are not waivable.

The Joint Offerors reserve the right to waive unilaterally, in whole or in part and generally or in respect of any particular matter:

- (a) all or any of the Conditions set out in paragraphs (e) to (h) above to the extent that any such waiver would not render the Proposal or the implementation of the Proposal in accordance with its terms illegal; and
- (b) all or any of the Conditions set out in paragraphs (i) to (j) above.

The Company does not have the right to waive any of the Conditions set out in paragraphs (a) to (j) above.

If the Pre-Condition or any of the Conditions is not fulfilled or (where applicable) waived on or before the Pre-Condition Long Stop Date or the Long Stop Date, respectively, the Proposal and the Scheme will lapse.

As at the date of this announcement and based on the information available to the Joint Offerors and the Company, other than those specifically set out as the Pre-Condition above, Condition (e) above and the application for the withdrawal of the listing of the Shares on the Stock Exchange upon the Scheme becoming effective, each of the Joint Offerors and the Company is not aware of any other Approvals which are required.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Joint Offerors may only invoke any or all of the Conditions as a basis for not proceeding with the Proposal if the circumstances which give rise to the right to invoke such Conditions are of material significance to the Joint Offerors in the context of the Proposal.

Pursuant to Rule 31.1 of the Takeovers Code, except with the consent of the Executive, neither the Joint Offerors nor any Joint Offerors Concert Party, nor any person who is subsequently acting in concert with any of them, may within 12 months from the date on which the Proposal is withdrawn or lapses: (a) announce an offer or possible offer for the Company; or (b) acquire any voting rights of the Company if the Joint Offerors or persons acting in concert with them would thereby become obliged under Rule 26 of the Takeovers Code to make an offer for the Company.

The Condition set out in paragraph (a) above takes into account the requirements under sections 673 and 674 of the Companies Ordinance and the requirements under Rule 2.10 of the Takeovers Code.

Under sections 673 and 674 of the Companies Ordinance, the Scheme will, subject to the sanction of the Court, be binding on the Company and all the Scheme Shareholders if:

- (a) the Scheme is approved at the Court Meeting by the Scheme Shareholders representing at least 75% of the voting rights of the Scheme Shareholders present and voting, in person or by proxy, at the Court Meeting; and
- (b) the votes cast against the Scheme at the Court Meeting do not exceed 10% of the total voting rights attached to all the Disinterested Shares.

Under Rule 2.10 of the Takeovers Code, the Scheme may only be implemented if, in addition to satisfying the voting requirements under section 674(2) of the Companies Ordinance:

- (a) the Scheme is approved at the Court Meeting by at least 75% of the votes attaching to the Independent Scheme Shares that are cast either in person or by proxy at the Court Meeting; and
- (b) the number of votes cast against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all the Independent Scheme Shares.

If approved, the Proposal and the Scheme will be binding on all the Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the EGM.

The Independent Scheme Shareholders are reminded to read: (a) the letter from the Independent Board Committee containing its recommendations to the Independent Scheme Shareholders in respect of the Proposal and the Scheme; and (b) the letter from the Independent Financial Adviser containing its advice to the Independent Board Committee in respect of the Proposal and the Scheme which will be included in the Scheme Document.

WARNING

Shareholders and potential investors should be aware that the implementation of the Proposal and the Scheme are subject to the Pre-Condition and the Conditions being fulfilled or waived (as applicable). Accordingly, the Proposal may or may not be implemented and the Scheme may or may not become effective. Shareholders and potential investors are advised to exercise extreme caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

This announcement is not intended to, and does not, constitute, or form part of, any offer to sell or subscribe for or an invitation to purchase or subscribe for any securities or the solicitation of any vote, approval or acceptance in any jurisdiction pursuant to the Proposal or otherwise, nor shall there be any sale, issuance or transfer of securities of the Company in any jurisdiction in contravention of applicable law. The Proposal will be made solely through the Scheme Document, which will contain the full terms and conditions of the Proposal, including details of how to vote on the Proposal. Any approval or other response to the Proposal should be made only on the basis of information in the Scheme Document and the individual circumstances of the Shareholder making the decision. The availability of the Proposal to persons who are citizens, residents or nationals of a jurisdiction other than Hong Kong may be affected by the laws of the relevant jurisdictions in which they are located or resided or of which they are citizens. Persons who are citizens, residents or nationals of a jurisdiction other than Hong Kong should inform themselves about, and observe, any applicable legal, regulatory or tax requirements of the relevant jurisdictions in which they are located or resided or of which they are citizens and, where necessary, seek their own legal advice. Further details in relation to overseas Scheme Shareholders will be contained in the Scheme Document.

CONSORTIUM AGREEMENT

The Joint Offerors [have entered into] the Consortium Agreement pursuant to which they have agreed, among other thing, that:

- (a) [all decisions relating to the Proposal will be made jointly by the Joint Offerors;
- (b) each Joint Offeror shall use its reasonable endeavors to do (or procure to be done), and to assist and co-operate with the other Joint Offeror in doing, all things reasonably necessary, proper or advisable to consummate and make effective, as promptly as practicable, the transaction under the Proposal;
- (c) each Joint Offeror shall cooperate with other Joint Offeror and their professional advisers and proceed in good faith to consummate the Proposal (including without limitation, the preparation of the transaction documents and to respond to any enquiries that the SFC and the Stock Exchange may have). Each Joint Offeror agrees to consult with the other Joint Offeror and to keep the other Joint Offeror fully informed of any relevant material developments and the status of implementation in respect of the Proposal;
- (d) each Joint Offeror acknowledges and agrees that it shall be fully responsible for ensuring the accuracy of all statements of fact furnished or confirmed by it in each of the transaction documents relating to it and its associates;

- (e) each of Alpha Luck and AKM Meadville agrees to contribute to the Cancellation Price of the entire Scheme Shares required to be paid to the Scheme Shareholders in the proportion of 6.24% and 93.76%, respectively;
- (f) each Joint Offeror undertakes to arrange sufficient financial resources required by the SFC to implement the Scheme and to fulfil its payment obligations under the Scheme;
- (g) each Joint Offeror shall discharge its obligation of contribution as set out in paragraphs (e) above on a several but not joint basis and shall be solely responsible for all obligations and liabilities in relation to the arrangement in connection with its financial resources;
- (h) the new Shares to be issued upon cancellation of the Scheme Shares pursuant to the Proposal shall be allocated simultaneously between Alpha Luck and AKM Meadville in the proportion of 6.24% (61,395,000 Shares) and 93.76% (922,942,500 Shares), respectively, in accordance with their financial contribution;
- (i) upon the Proposal being approved and implemented, the Company will be owned as to 40% by Alpha Luck and as to 60% by AKM Meadville;
- (j) before the Scheme becomes effective, lapses or is withdrawn (whichever later), each member of the Joint Offerors shall not, and shall use its best endeavours to procure their respective Joint Offeror Concert Parties and their respective associates not to sell, transfer, charge, encumber, grant any option over or otherwise dispose of any interest in any of the Shares held by it directly or indirectly in the Company; and
- (k) each member of the Joint Offerors shall not, and shall use its best endeavours to procure their respective Joint Offeror Concert Parties and their respective associates not to subscribe for or otherwise deal in the Shares or other securities of the Company without prior consent of all other Joint Offerors (i) before the Scheme becomes effective, lapses or is withdrawn (whichever later); and (ii) after the Scheme becomes effective unless in the case of (ii) the relevant requirements under the Takeovers Code are complied with.]

SHAREHOLDING STRUCTURE OF THE COMPANY, SCHEME SHARES AND VOTING AT COURT MEETING

As at the date of this announcement:

- (a) there are [1,538,237,500] Shares in issue;
- (b) [other than the [553,900,000] Shares (representing approximately [36.01]% of the entire issued share capital of the Company as at the date of this announcement) held by Alpha Luck, the Joint Offerors do not legally or beneficially own, control, or have direction over, any Shares;]
- (c) Alpha Luck legally or beneficially owns, controls, or has direction over [553,900,000] Shares (representing approximately [36.01]% of the entire issued share capital of the Company as at the date of this announcement) (such [553,900,000] Shares will not form part of the Scheme Shares, will not be cancelled upon the Scheme becoming effective and will not be voted at the Court Meeting);
- (d) [the Joint Offerors Concert Parties (other than HK Goertek and members of the CICC Group) legally or beneficially own, control, or have direction over, [9,400,000] Shares held by Mr. Xiong Zheng Feng (the Joint Offeror Concert Party by virtue of being a director of the Joint Offerors) (representing approximately [0.61]% of the entire issued share capital of the Company as at the date of this announcement) (such [9,400,000] Shares will form part of the Scheme Shares and will be cancelled upon the Scheme becoming effective but will not be voted at the Court Meeting);]
- (e) [as disclosed in the Company's interim report for the six months ended 30 June 2021, as at 30 June 2021 and based on the latest disclosure of interests information disclosed by HK Goertek on the website of the Stock Exchange, HK Goertek owns 363,650,000 Shares, representing approximately 23.64% of the total issued Shares. As such, HK Goertek is an associated company of Alpha Luck and thus is presumed to be acting in concert with Alpha Luck under the class (1) presumption in the definition of "acting in concert" under the Takeovers Code (the "**Class (1) Presumption**"). Alpha Luck is of the view that HK Goertek is not acting in concert with Alpha Luck in respect of the Company for the purposes of the Takeovers Code. Alpha Luck will make a formal application to the Executive for the rebuttal of the Class (1) Presumption:
- (i) Assuming that the Class (1) Presumption is rebutted, HK Goertek will not be deemed as a party acting in concert with Alpha Luck and the Shares held by it will be counted as Independent Scheme Shares and HK Goertek will be entitled to vote at the Court Meeting and the EGM, and such Shares will form part of the Scheme Shares and will be cancelled upon the Scheme becoming effective; or
- (ii) Assuming that the Class (1) Presumption is not rebutted, HK Goertek will be deemed as a party acting in concert with Alpha Luck and the Shares held by it will not be counted as Independent Scheme Shares and HK Goertek will not be entitled to vote at the Court Meeting, but such Shares will form part of the Scheme Shares and will be cancelled upon the Scheme becoming effective and will be voted at the EGM.

The Joint Offerors and the Company will issue a further announcement on the results of such application;]

- (f) [the Trustee holds [8,820,000] Shares (representing approximately [0.57]% of the entire issued share capital of the Company as at the date of this announcement) (such [8,820,000] Trustee Held Shares will be counted as Independent Scheme Shares, will form part of the Scheme Shares and will be cancelled upon the Scheme becoming effective but will not be voted at the Court Meeting and the EGM pursuant to the prohibition in the Trust Deed);]
- (g) the Scheme Shareholders beneficially own, control, or have direction over [984,337,500] Shares (representing approximately [63.99]% of the entire issued share capital of the Company as at the date of this announcement) (such Shares comprise: (a) the Shares in issue as at the date of this announcement which are held or beneficially owned by the Joint Offerors Concert Parties as at the date of this announcement; and (b) the Shares in issue as at the date of this announcement which are held or beneficially owned by the Independent Scheme Shareholders as at the date of this announcement);
- (h) based on the assumption that the SFC rules that (i) the Class (1) Presumption is rebutted, the Independent Scheme Shareholders beneficially own, control, or have direction over [974,937,500] Shares (representing approximately [63.38]% of the entire issued share capital of the Company as at the date of this announcement); or (ii) the Class (1) Presumption is not rebutted, the Independent Scheme Shareholders beneficially own, control, or have direction over [611,587,500] Shares (representing approximately [39.76]% of the entire issued share capital of the Company as at the date of this announcement), in either case the Shares held by the Independent Scheme Shareholders will form part of the Scheme Shares and will be cancelled upon the Scheme becoming effective, and the Independent Scheme Shareholders will be entitled to vote at the Court Meeting);
- (i) [save for [448,800] Outstanding Restricted Stocks held by Mr. Xiong Zheng Feng, there are no convertible securities, warrants or options in respect of the Shares held, controlled or directed by the Joint Offerors or the Joint Offerors Concert Parties];
- (j) [none of the Joint Offerors or the Joint Offerors Concert Parties has entered into any outstanding derivative in respect of the securities in the Company];
- (k) [none of the Joint Offerors or the Joint Offerors Concert Parties has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company];
- (l) [none of the Joint Offerors or the Joint Offerors Concert Parties had dealt for value in the Shares in the six months immediately preceding the date of this announcement.]

For the avoidance of doubt, the Scheme Shares comprise: (a) the Shares in issue on the Record Date which are held or beneficially owned by the Joint Offerors Concert Parties; and (b) the Shares in issue on the Record Date which are held or beneficially owned by the Independent Scheme Shareholders.

[As at the date of this announcement, save for the Shares and the Restricted Stocks, the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in issue.]

[CICC is the financial adviser to the Joint Offerors in connection with the Proposal. Accordingly, CICC and members of the CICC Group are presumed to be acting in concert with the Joint Offerors by virtue of class (5) of the definition of “acting in concert” under the Takeovers Code (except members of the CICC Group which are exempt principal traders or exempt fund managers, in each case recognised by the Executive as such for the purpose of the Takeovers Code).

Details of holdings, borrowings or lendings of, and dealings in, the Shares, convertible securities, warrants, options or derivatives of the Company by other members of the CICC Group (except in respect of the Shares held by other members of the CICC Group: (i) which are exempt principal traders or exempt fund managers, in each case recognised by the Executive as such for the purpose of the Takeovers Code; or (ii) on behalf of non-discretionary investment clients) will be obtained as soon as possible after this announcement has been made in accordance with Note 1 to Rule 3.5 of the Takeovers Code. A further announcement will be made by the Company if such holdings, borrowings, lendings or dealings of or by other members of the CICC Group are significant and, in any event, such information will be disclosed in the Scheme Document. The statements in this announcement as to the holdings, borrowings or lendings of, or dealings in, the Shares, convertible securities, warrants, options or derivatives of the Company by the Joint Offerors Concert Parties are subject to such holdings, borrowings, lendings or dealings, if any, of or by other members of the CICC Group.

Exempt principal traders which are connected for the sole reason that they are under the same control as CICC are not presumed to be acting in concert with the Joint Offerors. However, Shares held by members of the CICC Group acting in the capacity of exempt principal traders will not be voted at the Court Meeting unless the Executive allows any such Shares to be so voted. Shares held by any member of the CICC Group acting in the capacity of exempt principal trader may, subject to the consent of the Executive, be allowed to be voted at the Court Meeting if: (a) such member of the CICC Group holds the relevant Shares as a simple custodian for and on behalf of any non-discretionary client; (b) there are contractual arrangements in place between such member of the CICC Group and such non-discretionary client that strictly prohibit such member of the CICC Group from exercising any voting discretion over the relevant Shares; (c) all voting instructions originate from such non-discretionary client only (if no instructions are given, then no votes shall be cast for the relevant Shares held by such member of the CICC Group); and (d) such non-discretionary client is not a Joint Offerors Concert Party.

Any dealings in the Shares during the six months prior to [•] (being the date of this announcement and the commencement of the offer period (as defined in the Takeovers Code)) and since the commencement of the offer period (as defined in the Takeovers Code) to the latest practicable date prior to the despatch of the Scheme Document by the CICC Group (excluding dealings in the Shares by members of the CICC Group: (a) which are exempt principal traders or exempt fund managers, in each case recognised by the Executive as such for the purpose of the Takeovers Code; or (b) on behalf of non-discretionary investment clients) will be disclosed in the Scheme Document and pursuant to Rule 22 of the Takeovers Code.]

Assuming that: (a) no further Shares will be issued by the Company on or before the Record Date; (b) there is no change in the shareholding of the Company before the Scheme becomes effective; and (c) the SFC rules that the Class (1) Presumption between Alpha Luck and HK Goertek is rebutted, the shareholding structure of the Company as at the date of this announcement and immediately upon the Scheme becoming effective is set out below:

	As at the date of this announcement		Immediately upon the Scheme becoming effective	
	No. of Shares	%	No. of Shares ^(Note 8)	%
Joint Offerors ^(Note 1)				
(i) Alpha Luck	[553,900,000]	[36.01]	[615,295,000]	[40]
(ii) AKM Meadville	–	–	[922,942,500]	[60]
Joint Offerors Concert Parties ^(Note 2)				
<i>(Shares subject to the Scheme but which are not Independent Scheme Shares)</i>				
[Mr. Xiong Zheng Feng] ^(Note 3)	[9,400,000]	[0.61]	–	–
Sub-total of Joint Offerors Concert Parties	[9,400,000]	[0.61]	–	–
Sub-total of Joint Offerors and Joint Offerors Concert Parties	[563,300,000]	[36.62]	[1,538,237,500]	100
Independent Scheme Shareholders ^(Note 4)				
(i) Trustee ^(Note 5)	[8,820,000]	[0.57]	–	–
(ii) HK Goertek	[363,650,000]	[23.64]	–	–
(iii) Anjie Technology (Hong Kong) Company Limited ^(Note 6)	[200,000,000]	[13.00]	–	–
(iv) Other public Shareholders	[402,467,500]	[26.16]	–	–
Sub-total of Independent Scheme Shareholders	[974,937,500]	[63.38]	–	–
Total number of Shares in issue	[1,538,237,500]	100	[1,538,237,500]	100
Total number of Scheme Shares ^(Note 7)	[984,337,500]	[63.99]	–	–

Assuming that: (a) no further Shares will be issued by the Company on or before the Record Date; (b) there is no change in the shareholding of the Company before the Scheme becomes effective; and (c) ^{SFC B1Q9} the SFC rules that the Class (1) Presumption between Alpha Luck and HK Goertek is not rebutted, the shareholding structure of the Company as at the date of this announcement and immediately upon the Scheme becoming effective is set out below:

	As at the date of this announcement		Immediately upon the Scheme becoming effective	
	No. of Shares	%	No. of Shares ^(Note 8)	%
Joint Offerors ^(Note 1)				
(i) Alpha Luck	[553,900,000]	[36.01]	[615,295,000]	[40]
(ii) AKM Meadville	–	–	[922,942,500]	[60]
Joint Offerors Concert Parties ^(Note 2)				
<i>(Shares subject to the Scheme but which are not Independent Scheme Shares)</i>				
(i) [Mr. Xiong Zheng Feng] ^(Note 3)	[9,400,000]	[0.61]	–	–
(ii) HK Goertek	[363,650,000]	[23.64]	–	–
Sub-total of Joint Offerors Concert Parties	[373,050,000]	[24.25]	–	–
Sub-total of Joint Offerors and Joint Offerors Concert Parties	[926,950,000]	[60.26]	[1,538,237,500]	100
Independent Scheme Shareholders ^(Note 4)				
(i) Trustee ^(Note 5)	[8,820,000]	[0.57]	–	–
(ii) Anjie Technology (Hong Kong) Company Limited ^(Note 6)	[200,000,000]	[13.00]	–	–
(iii) Other public Shareholders	[402,467,500]	[26.16]	–	–
Sub-total of Independent Scheme Shareholders	[611,287,500]	[39.74]	–	–
Total number of Shares in issue	[1,538,237,500]	100	[1,538,237,500]	100
Total number of Scheme Shares ^(Note 7)	[984,337,500]	[63.99]	–	–

SFC B1Q26

Notes:

1. *The Shares held by the Joint Offerors will not form part of the Scheme Shares, will not be cancelled upon the Scheme becoming effective and will not be voted at the Court Meeting.*
2. *The Shares held by the Joint Offerors Concert Parties will form part of the Scheme Shares and will be cancelled upon the Scheme becoming effective but will not be voted at the Court Meeting.*
3. *As at the date of this announcement, Mr. Xiong Zheng Feng holds [9,400,000] Shares and [448,800] Outstanding Restricted Stocks. As Mr. Xiong Zheng Feng is considered to be acting in concert with the Joint Offerors, the Shares held by Mr. Xiong Zheng Feng will form part of the Scheme Shares and will be cancelled upon the Scheme becoming effective but will not be voted at the Court Meeting.*
4. *The Shares held by the Independent Scheme Shareholders will form part of the Scheme Shares and will be cancelled upon the Scheme becoming effective. The Independent Scheme Shareholders will be entitled to vote at the Court Meeting. The [8,820,000] Trustee Held Shares forms part of the Shares held by Independent Scheme Shareholders, but the Trustee will not vote at the Court Meeting and the EGM pursuant to the prohibition in the Trust Deed.*
5. *The Trustee Held Shares include the [448,800] Shares to be utilized for satisfying the [448,800] Outstanding Restricted Stocks held by Mr. Xiong Zheng Feng upon unlocking.*
6. *Anjie Technology (Hong Kong) Company Limited is wholly-owned by Suzhou Anjie Technology Co. Ltd. (蘇州安潔科技股份有限公司) (“Anjie Technology”). As at the date of this announcement, Mr. Wang Chunsheng, a non-executive Director, owned 20.94% of the issued shares in Anjie Technology and Ms. Lu Li, the spouse of Mr. Wang Chunsheng, owned 29.09% of the issued shares in Anjie Technology. Each of Mr. Wang Chunsheng and Ms. Lu Li is deemed to be interested in the same number of Shares in which Anjie Technology is interested.*
7. *The Scheme Shares comprise: (a) the Shares in issue on the Record Date which are held or beneficially owned by the Joint Offerors Concert Parties; and (b) the Shares in issue on the Record Date which are held or beneficially owned by the Independent Scheme Shareholders.*
8. *Upon the Scheme becoming effective, the issued share capital of the Company will be reduced by the cancellation and extinguishment of the Scheme Shares held by the Scheme Shareholders on the Effective Date and, immediately after such cancellation, extinguishment and reduction, the issued share capital of the Company will be restored to the amount immediately prior to such cancellation, extinguishment and reduction by the issue by the Company to the Joint Offerors of such number of new Shares (credited as fully-paid by applying the reserve created as a result of such cancellation, extinguishment and reduction) as is equal to the number of the Scheme Shares cancelled and extinguished on the Effective Date.*
9. *Save as disclosed in the shareholding structure table and notes 3 and 5 above, none of the Directors holds any Shares or Outstanding Restricted Stocks as at the date of this announcement.*

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EGM

All Shareholders will be entitled to vote at the EGM on: (a) the special resolution to approve and give effect to the reduction of the issued share capital of the Company on the Effective Date by the cancellation and extinguishment of the Scheme Shares in issue on the Record Date; and (b) the ordinary resolution to approve and give effect to, immediately after such cancellation, extinguishment and reduction, the restoration of the issued share capital of the Company to the amount immediately prior to such cancellation, extinguishment and reduction by the issue by the Company to the Joint Offerors of such number of new Shares (credited as fully-paid by applying the reserve created as a result of such cancellation, extinguishment and reduction) as is equal to the number of the Scheme Shares so cancelled and extinguished.

Alpha Luck has indicated that, if the Scheme is approved at the Court Meeting, it will vote in favour of: (a) the special resolution to approve and give effect to the reduction of the issued share capital of the Company by the cancellation and extinguishment of the Scheme Shares; and (b) the ordinary resolution to approve and give effect to, immediately after such cancellation, extinguishment and reduction, the restoration of the issued share capital of the Company to the amount immediately prior to such cancellation, extinguishment and reduction by the issue by the Company to the Joint Offerors of such number of new Shares (credited as fully-paid by applying the reserve created as a result of such cancellation, extinguishment and reduction) as is equal to the number of the Scheme Shares so cancelled and extinguished.

REASONS FOR AND BENEFITS OF THE PROPOSAL

- (1) **The Company has lost the advantage as a listed company with limited equity fund-raising ability due to the low stock price.** The Shares have been trading at a relatively low price range with limited trading volume, which is not in line with the Company's position in the industry and does not convey its true value to the market. The Company has not raised any funds through equity issuance in the past three years and its ability to raise funds from the equity market is significantly limited. After the implementation of the Proposal, the Company will be delisted from the Stock Exchange, and such arrangement will be beneficial to the Company in saving the costs associated with compliance and maintenance of the Company's listing status.
- (2) **Delisting will provide the Company with greater flexibility in formulating long-term strategic directions to address the uncertainties of the global economic environment and the COVID-19 pandemic.** Affected by the international situation and the COVID-19 pandemic, the Company's future revenue is under pressure; coupled with the decline in product prices due to intense market competition and rising raw material prices, the Company's operating results are under great pressure and may have a negative impact on the Shareholders. The delisting of the Company will be more conducive to the flexible formulation of long-term strategic direction, better synergy of resources, cost reduction and efficiency enhancement, so as to better cope with the impact of market uncertainty.

- (3) **The delisting of the Company offers the Shareholders an excellent exit opportunity to dispose of the Shares with relatively low liquidity at a premium.** The Cancellation Price represents a premium over the market price of the Shares as disclosed in the sub-section headed “Terms of the Proposal – Cancellation Price” in this announcement. Therefore, the Proposal, if implemented, will offer the Shareholders a valuable opportunity to realise their investments in the Company at an attractive premium and to reallocate the proceeds from the disposal of the Shares to alternative investment opportunities with more liquidity.

The Board (other than members of the Independent Board Committee, whose views will be expressed after receiving the opinion of the Independent Financial Adviser) is of the view that the terms of the Proposal are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

INTENTION OF THE JOINT OFFERORS IN RESPECT OF THE GROUP

As at the date of this announcement, it is the intention of the Joint Offerors for the Group to continue to carry on its existing business and the Joint Offerors do not have any plan to make any material change to: (a) the business of the Group (including any redeployment of any fixed asset of the Group); or (b) the continued employment of the employees of the Group (other than in the ordinary course of business).

INFORMATION ON THE JOINT OFFERORS AND THEIR SHAREHOLDERS

Information of Alpha Luck

Alpha Luck is a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of CNIC. It is principally engaged in investment holding.

CNIC is a company incorporated in the PRC with limited liability. CNIC is principally engaged in trading and investment and is owned as to 56.70% by CNIGC, 37.54% by CSIGC and 5.76% by China Reform Holdings Corporation Ltd.* (中國國新控股有限責任公司), all of which are 100% owned by the SASAC.

Information of AKM Meadville

AKM Meadville is a company incorporated in the PRC with limited liability. It has been owned as to 53% by Meizhi Investment (Xiamen) Co., Ltd.* (美智投資(廈門)有限公司), 40% by Xiamen Semiconductor Investment Group Co., Ltd.* (廈門半導體投資集團有限公司) and 6% by the Company since its establishment in December 2019. Both Meizhi Investment (Xiamen) Co., Ltd. and Xiamen Semiconductor Investment Group Co., Ltd. are beneficially wholly-owned by the government of Haicang District, Xiamen. AKM Meadville is principally engaged in provision of high-density interconnected printed circuit boards (rigid boards, flexible boards and rigid-flexible boards), packaging substrates and solution services.

INFORMATION ON THE GROUP

The Company is an investment holding company and is also engaged in sourcing of raw materials and equipment and trading of flexible printed circuits and related products. Its subsidiaries established in the PRC are principally engaged in manufacture and sales of flexible printed circuits and flexible packaging substrates, sourcing and sales of electronic components and other components and products.

Set out below is a summary of the financial information of the Group as extracted from the audited annual reports of the Company for the years ended 31 December 2019 and 31 December 2020 and the unaudited interim reports of the Company for the six months ended 30 June 2020 and 30 June 2021 prepared in accordance with the Hong Kong Financial Reporting Standards:

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SFC B2Q3

	Year ended 31 December 2019	Year ended 31 December 2020	Six months ended 30 June 2020	Six months ended 30 June 2021
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Total assets	1,849,066	2,455,203	1,981,966	2,465,291
Revenue	1,463,630	1,676,423	663,476	1,017,311
Profit for the year/period	117,711	119,410	5,358	9,108

FINANCIAL ADVISER TO THE JOINT OFFERORS

The Joint Offerors have appointed CICC as their financial adviser in connection with the Proposal.

INDEPENDENT BOARD COMMITTEE

[The Independent Board Committee, comprising [three non-executive Directors, namely Mr. Gao Xiaoguang, Mr. Jia Junan, Mr. Wang Chunsheng, and all the independent non-executive Directors, namely Mr. Hung Chi Yuen Andrew, Mr. Cui Zheng and Mr. Zhang Guo Qi], has been established by the Board in accordance with Rule 2.1 of the Takeovers Code to make a recommendation to the Independent Scheme Shareholders as to: (a) whether the terms of the Proposal and the Scheme are, or are not, fair and reasonable; and (b) whether to vote in favour of the Scheme at the Court Meeting and the EGM.

As two non-executive Directors, namely Ms. Zhang Xiaoming and Mr. Liu Jianzhe, are also directors of Alpha Luck, each of them is not a member of the Independent Board Committee.]

INDEPENDENT FINANCIAL ADVISER

The Independent Financial Adviser will be appointed by the Company, with the approval of the Independent Board Committee pursuant to Rule 2.1 of the Takeovers Code, to advise the Independent Board Committee as to: (a) whether the terms of the Proposal and the Scheme are, or are not, fair and reasonable; and (b) voting by the Independent Scheme Shareholders at the Court Meeting and the EGM. A further announcement will be made by the Company in respect of the appointment of the Independent Financial Adviser.

WITHDRAWAL OF LISTING OF THE SHARES

Upon the Scheme becoming effective, all the Scheme Shares in issue on the Record Date will be cancelled and extinguished (with the equivalent number of new Shares being issued, credited as fully-paid, to the Joint Offerors) and the share certificates in respect of such Scheme Shares will thereafter cease to have effect as documents or evidence of title. The Company will make an application to the Stock Exchange for the withdrawal of the listing of the Shares on the Stock Exchange, in accordance with Rule 6.15(2) of the Listing Rules, with effect immediately following the Effective Date.

The Scheme Shareholders will be notified by way of an announcement of the exact dates of the last day for dealing in the Shares on the Stock Exchange and the day on which the Scheme and the withdrawal of the listing of the Shares on the Stock Exchange will become effective. A detailed timetable of the implementation of the Proposal will be included in the Scheme Document, which will also contain, among other things, further details of the Scheme.

IF THE SCHEME IS NOT APPROVED OR THE PROPOSAL LAPSES

Subject to the requirements of the Takeovers Code, the Proposal will lapse if the Pre-Condition or any of the Conditions has not been fulfilled or waived, as applicable, on or before the Pre-Condition Long Stop Date or the Long Stop Date, respectively. If the Scheme is not approved or the Proposal otherwise lapses, the listing of the Shares on the Stock Exchange will not be withdrawn.

If the Scheme is not approved or the Proposal otherwise lapses, there are restrictions under the Takeovers Code on making subsequent offers, to the effect that neither the Joint Offerors nor any person who acted in concert with any of them in the course of the Proposal (nor any person who is subsequently acting in concert with any of them) may, within 12 months from the date on which the Scheme is not approved or the Proposal otherwise lapses, announce an offer or possible offer for the Company, except with the consent of the Executive.

If either the Independent Board Committee or the Independent Financial Adviser does not recommend the Proposal or the Scheme, and the Scheme is not approved, all costs and expenses incurred by the Company in connection with the Proposal and the Scheme shall be borne by the Joint Offerors in accordance with Rule 2.3 of the Takeovers Code.

If the Proposal and the Scheme are recommended by the Independent Board Committee and the Independent Financial Adviser, the Company and the Joint Offerors have agreed that: (a) all costs, fees, charges and expenses of any professional adviser engaged or to be engaged by the Joint Offerors (including CICC) will be borne by the Joint Offerors; (b) all costs, fees, charges and expenses of any professional adviser engaged or to be engaged by the Company (including the Independent Financial Adviser) will be borne by the Company; and (c) all other costs, fees, charges and expenses in relation to the Proposal and the Scheme will be shared between the Company and the Joint Offerors in equal shares. TC13.3

OVERSEAS SHAREHOLDERS

The availability of the Proposal to persons who are citizens, residents or nationals of a jurisdiction other than Hong Kong may be affected by the laws of the relevant jurisdictions in which they are located or resided or of which they are citizens. Persons who are citizens, residents or nationals of a jurisdiction other than Hong Kong should inform themselves about, and observe, any applicable legal, regulatory or tax requirements of the relevant jurisdictions in which they are located or resided or of which they are citizens and, where necessary, seek their own legal advice. Further details in relation to overseas Scheme Shareholders will be contained in the Scheme Document.

It is the responsibility of the persons who are citizens, residents or nationals of a jurisdiction other than Hong Kong and who wish to take any action in relation to the Proposal and the Scheme to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with any such action (including the obtaining of any governmental, exchange control or other consent which may be required, the compliance with any other necessary formality and the payment of any issue, transfer or other tax due from such persons in any relevant jurisdiction). Any acceptance by such persons will be deemed to constitute a representation and warranty from such persons to the Joint Offerors, the Company and their respective advisers (including CICC) that such laws and regulations have been complied with. If you are in doubt as to your position, you should consult your professional advisers. SFC B1Q34

In the event that the despatch of the Scheme Document to the Scheme Shareholders who are citizens, residents or nationals of a jurisdiction other than Hong Kong is prohibited by any relevant law or regulation or may only be effected after compliance with conditions or requirements that the Directors regard as unduly onerous or burdensome (or otherwise not in the best interests of the Company or the Shareholders), the Scheme Document may not be despatched to such Scheme Shareholders. For that purpose, the Company will apply for such waivers as may be required by the Executive pursuant to Note 3 to Rule 8 of the Takeovers Code at such time. Any such waiver will only be granted if the Executive is satisfied that it would be unduly burdensome to despatch the Scheme Document to such Scheme Shareholders. In granting any such waiver, the Executive will be concerned to see that all material information in the Scheme Document is made available to such Scheme Shareholders. If any such waiver is granted by the Executive, the Joint Offerors and the Company reserve the right to make arrangements in respect of the Scheme Shareholders who are citizens, residents or nationals of a jurisdiction other than Hong Kong in relation to the Proposal. SFC B1Q35
SFC B1Q36

TAXATION ADVICE

Scheme Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of the Proposal and the Scheme. It is emphasised that none of the Joint Offerors, persons acting in concert with the Joint Offerors, the Company, CICC, the Independent Financial Adviser, their respective ultimate beneficial owners, directors, officers, agents and associates and any other person involved in the Proposal or the Scheme accepts any responsibility for any taxation effects on, or liabilities of, any person as a result of the Proposal or the Scheme.

DESPATCH OF THE SCHEME DOCUMENT

Subject to and after satisfaction of the Pre-Condition, a Scheme Document including, among other things: (a) further details of the Proposal and the Scheme; (b) an explanatory statement of the Scheme; (c) the expected timetable relating to the Proposal and the Scheme; (d) the letter from the Independent Board Committee containing its recommendations to the Independent Scheme Shareholders in respect of the Proposal and the Scheme; (e) the letter of advice from the Independent Financial Adviser containing its advice to the Independent Board Committee in respect of the Proposal and the Scheme; and (f) notices of the Court Meeting and the EGM (including proxy forms relating to such meetings for use by the relevant Shareholders) will be despatched to the Shareholders as soon as practicable and in compliance with the requirements of the Takeovers Code and applicable laws and regulations.

MATERIAL ARRANGEMENTS

As at the date of this announcement:

(a) [save for the Proposal, the Scheme and the Consortium Agreement, there is no arrangement (whether by way of option, indemnity or otherwise) in relation to the Shares or the shares of the Joint Offerors which might be material to the Proposal;]

TC3.5(f)

(b) [there is no agreement or arrangement to which the Joint Offerors or any of the Joint Offerors Concert Parties is a party which relates to the circumstances in which the Joint Offerors may or may not invoke or seek to invoke a Pre-Condition or a Condition to the Proposal;]

SFC B1Q37
TC3.5(g)

(c) [neither the Joint Offerors nor the Joint Offerors Concert Parties have received any irrevocable commitment to vote for or against the Proposal;]

(d) [there is no understanding, arrangement or agreement which constitutes a “special deal” (as defined in Rule 25 of the Takeovers Code) between any Shareholder, on the one hand, and the Joint Offerors or Joint Offerors Concert Parties on the other hand;]

TC3.5(c)(iii)

- (e) [there is no understanding, arrangement or agreement which constitutes a “special deal” (as defined in Rule 25 of the Takeovers Code) between any Shareholder, on the one hand, and the Company or any of the subsidiaries or associated companies of the Company on the other hand; and]
- (f) [save for the Cancellation Price, there is no other consideration, compensation or benefit in whatever form paid or to be paid by the Joint Offerors or the Joint Offerors Concert Parties to the Scheme Shareholders or their concert parties in relation to the Scheme Shares].

TC25
SFC B1Q38
SFC B1Q39
SFC B2Q4

SFC B1Q40
SFC B2Q5
TC25

DEALINGS DISCLOSURES

SFC B1Q41
TC25

In accordance with Rule 3.8 of the Takeovers Code, the respective associates (as defined in the Takeovers Code) of the Joint Offerors and the Company (including any person who owns or controls 5% or more of any class of the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Joint Offerors or the Company) are hereby reminded to disclose their dealings in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company under Rule 22 of the Takeovers Code.

TC3.8

In accordance with Rule 3.8 of the Takeovers Code, the full text of Note 11 to Rule 22 of the Takeovers Code is reproduced below.

“Responsibilities of stockbrokers, banks and other intermediaries

“Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.

TC22
Note 11

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 12 January 2022 pending the publication of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from [•] on [•].

DEFINITIONS

Unless the context requires otherwise, the following expressions shall have the following meanings in this announcement:

- “2020 Final Dividend” means the final cash dividend for the year ended 31 December 2020 of HK1.45 cent per Share approved by the Shareholders at the annual general meeting of the Company held on 26 May 2021, which was paid in June 2021 to the Shareholders;
- “acting in concert” has the meaning given to it in the Takeovers Code;
- “AKM Meadville” means AKM Meadville Electronics (Xiamen) Co. Ltd.* (安捷利美維電子(廈門)有限責任公司), a company incorporated in the PRC with limited liability and one of the Joint Offerors;
- “Alpha Luck” means Alpha Luck Industrial Limited (安利實業有限公司), a company^{SFC B1042} incorporated in Hong Kong with limited liability, being one of the Joint Offerors and the controlling shareholder of the Company;
- “Antitrust Laws” means the Anti-Monopoly Law and relevant regulations of the PRC, subject to which the antitrust filings in relation to the Proposal to the State Administration for Market Regulation of the PRC is required
- “Applicable Laws” means any and all laws, rules, regulations, judgments, decisions, decrees, orders, injunctions, treaties, directives, guidelines, standards, notices and/or other legal, regulatory and/or administrative requirements of any Authority;

“Approval”	means any approval, authorisation, ruling, permission, waiver, consent, licence, permit, clearance, registration or filing which is required or desirable under any Applicable Laws or any licence, permit or contractual obligation of any member of the Group for or in connection with the Proposal or the implementation of the Proposal (including the withdrawal of the listing of the Shares from the Stock Exchange) in accordance with its terms;
“Authority”	means any supranational, national, federal, state, regional, provincial, municipal, local or other government, governmental, quasi-governmental, legal, regulatory or administrative authority, department, branch, agency, commission, bureau or body (including any securities or stock exchange) or any court, tribunal, or judicial or arbitral body;
“Board”	means the board of Directors;
“Cancellation Price”	means the cancellation price of HK\$[1.82] (less the Dividend Adjustment (if any)) per Scheme Share cancelled and extinguished, payable in cash by the Joint Offerors to the Scheme Shareholders pursuant to the Scheme;
“CICC”	means China International Capital Corporation Hong Kong Securities Limited, 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 under the SFO, and the financial adviser to the Joint Offerors in connection with the Proposal;
“CICC Group”	means CICC and persons Controlling, Controlled by, or under the same Control as CICC;
“Class (1) Presumption”	has the meaning ascribed to it under the section headed “Shareholding Structure of the Company, Scheme Shares and voting at Court Meeting” of this announcement
“CNIC”	means China North Industries Corporation* (中國北方工業有限公司), a company incorporated in the PRC with limited liability and directly wholly owns Alpha Luck as at the date of this announcement;

“CNIGC”	means China North Industries Group Corporation* (中國兵器工業集團有限公司), a company incorporated in the PRC with limited liability and the controlling shareholder of CNIC;
“Companies Ordinance”	means the Companies Ordinance (Chapter 622 of the Laws of Hong Kong);
“Company”	means AKM Industrial Co., Ltd. (安捷利實業有限公司), a limited liability company incorporated under the laws of Hong Kong whose shares are listed on the Main Board of the Stock Exchange (stock code: 1639);
“Condition(s)”	means the condition(s) to the implementation of the Proposal as set out in the section headed “Conditions of the Proposal” in this announcement;
“Consortium Agreement”	means the consortium agreement entered into between the Joint Offerors on [•] 2022;
“Control”	has the meaning given to it in the Takeovers Code and “Controlling” and “Controlled” shall be construed accordingly;
“Court”	means the High Court of Hong Kong;
“Court Meeting”	means a meeting of the Scheme Shareholders to be convened at the direction of the Court at which the Scheme will be voted upon;
“CSIGC”	means China South Industries Group Corporation* (中國兵器裝備集團有限公司), a company incorporated in the PRC with limited liability and a shareholder of CNIC;
“Director(s)”	means the director(s) of the Company;
“Disinterested Share(s)”	has the meaning given to it in section 674(3) of the Companies Ordinance;
“Dividend Adjustment”	means in the event that: <ul style="list-style-type: none"> (a) after the date of this announcement, any dividend, distribution and/or return of capital (including the Possible Final Dividend) is announced, declared, made and/or paid in respect of the Shares;

- (b) the record date to be announced by the Board for determining the entitlements to such dividend, distribution and/or return of capital (as the case may be) falls on a day which is on or before the Effective Date; and
- (c) the aggregate amount of all such dividends, distributions and/or returns of capital (as applicable) per Share is more than HK1.45 cent per Share (being the amount of the 2020 Final Dividend),

the amount (if any) by which the aggregate amount of all such dividends, distributions and/or returns of capital (as applicable) per Share exceeds HK1.45 cent;

“Effective Date”	means the date on which the Scheme becomes effective in accordance with the Companies Ordinance;
“EGM”	means an extraordinary general meeting of the Company to be held after the Court Meeting for the purpose of approving the reduction of the share capital of the Company and implementing the Scheme;
“Executive”	means the Executive Director of the Corporate Finance Division of the SFC or any delegate(s) of the Executive Director;
“Grant Date”	means the date, which must be a trading day, on which the Restricted Stocks are formally granted to the participants of the Restricted Stock Incentive Scheme by the Company pursuant to the Restricted Stock Incentive Scheme;
“Group”	means the Company and its subsidiaries;
“HK Goertek”	means Goertek (HongKong) Co., Limited, a company incorporated in Hong Kong with limited liability;
“HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	means the Hong Kong Special Administrative Region of the People’s Republic of China;

“Independent Board Committee”	[means the independent committee of the Board, comprising [three non-executive Directors, namely Gao Xiaoguang, Jia Junan, Wang Chunsheng, and all the independent non-executive Directors, namely Hung Chi Yuen Andrew, Cui Zheng and Zhang Guo Qi], established by the Board in accordance with Rule 2.1 of the Takeovers Code to make recommendations to the Independent Scheme Shareholders as to: (a) whether the terms of the Proposal and the Scheme are, or are not, fair and reasonable; and (b) whether to vote in favour of the Scheme at the Court Meeting and the EGM;]
“Independent Financial Adviser”	means the independent financial adviser to be appointed by the Company, with the approval of the Independent Board Committee pursuant to Rule 2.1 of the Takeovers Code, to advise the Independent Board Committee as to: (a) whether the terms of the Proposal and the Scheme are, or are not, fair and reasonable; and (b) voting by the Independent Scheme Shareholders at the Court Meeting and the EGM;
“Independent Scheme Share(s)”	means the Share(s) (other than the Share(s) which are beneficially owned by the Joint Offerors or any Joint Offerors Concert Party);
“Independent Scheme Shareholder(s)”	means the Shareholder(s) (other than the Joint Offerors and the Joint Offerors Concert Parties);
“Joint Offerors”	means Alpha Luck and AKM Meadville;
“Joint Offerors Concert Parties”	means persons who are acting in concert or presumed to be acting in concert with each of the Joint Offerors under the Takeovers Code for the purpose of the Proposal (other than those which are exempt principal traders or exempt fund managers for the purpose of the Takeovers Code);
“Last Trading Day”	means 11 January 2022, being the last day on which the Shares were traded on the Stock Exchange before trading in the Shares was halted with effect from 9:00 a.m. on 12 January 2022 pending the publication of this announcement;
“Listing Rules”	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Long Stop Date”	means [•] (or such later date as may be agreed between the Joint Offerors and the Company or, to the extent applicable, as the Executive may consent and/or the Court may direct);

“ordinary resolution”	has the meaning given to it in section 563 of the Companies Ordinance;
“Outstanding Restricted Stock(s)”	means the right(s) to receive the relevant Shares from the Trustee upon unlocking pursuant to the terms and conditions set out in the Restricted Stock Incentive Scheme and the relevant grant letters which remain(s) outstanding; SFC B1Q44
“Outstanding Restricted Stock Holder(s)”	means the holder(s) of the Outstanding Restricted Stock(s) as at the Record Date, which, pursuant to the rules of the Restricted Stock Incentive Scheme, include executive Director, senior management and officers of the Group who contribute directly to the overall business performance and sustainable development of the Group. As at the date of this announcement, there are [66] Outstanding Restricted Stock Holders; SFC B1Q45
“Possible Final Dividend”	means the final dividend which may or may not be declared by the Board for the year ended 31 December 2021;
“PRC” or “China”	means the People’s Republic of China and, for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan;
“Pre-Condition”	means the pre-condition to making of the Proposal and implementation of the Scheme, as set out in the section headed “Pre-Condition to the Proposal” in this announcement;
“Pre-Condition Long Stop Date”	means the date which is 360 days after the date of this announcement (or any other date as may be agreed by the Joint Offerors and the Company and as permitted by the Executive), being [•];
“Proposal”	means the pre-conditional proposal for the privatisation of the Company by the Joint Offerors by way of the Scheme and for the withdrawal of the listing of the Shares from the Stock Exchange, on the terms and subject to the conditions set out in this announcement;
“Record Date”	means the record date to be announced for determining the entitlements of the Scheme Shareholders under the Scheme;
“Restricted Stock(s)”	means the right(s) to receive the relevant Shares from the Trustee upon unlocking pursuant to the terms and conditions set out in the Restricted Stock Incentive Scheme and the relevant grant letters granted or to be granted under the Restricted Stock Incentive Scheme from time to time;

“Restricted Stock Incentive Scheme”	means the restricted stock incentive scheme adopted by the Company on 31 January 2019;
“SASAC”	means State-owned Assets Supervisions and Administration Commission;
“Scheme”	means the scheme of arrangement to be proposed under section 673 of the Companies Ordinance for the implementation of the Proposal;
“Scheme Document”	means the composite scheme document of the Joint Offerors and the Company containing, among other things, further details of the Proposal together with the additional information set out in the section headed “Despatch of the Scheme Document” in this announcement;
“Scheme Share(s)”	means the Share(s) in issue other than those which are held or beneficially owned by the Joint Offerors;
“Scheme Shareholder(s)”	means the registered holder(s) of the Scheme Share(s) as at the Record Date;
“SFC”	means the Securities and Futures Commission of Hong Kong;
“SFO”	means the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	means the ordinary share(s) in the share capital of the Company;
“Shareholder(s)”	means registered holder(s) of the Share(s);
“special resolution”	has the meaning given to it in section 564 of the Companies Ordinance;
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited;
“subsidiaries”	has the meaning given to it under the Listing Rules;
“Takeovers Code”	means the Hong Kong Code on Takeovers and Mergers;
“Trust Deed”	means the trust deed entered into between the Company and the Trustee dated 9 April 2019 with respect to the implementation of the Restricted Stock Incentive Scheme;

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“Trustee” means Computershare Hong Kong Trustees Limited, which holds Shares for the benefit of the selected participants of the Restricted Stock Incentive Scheme subject to the Trust Deed;

“Trustee Held Shares” means existing issued Shares held by the Trustee which are to be utilized for satisfying Restricted Stock on vesting;

“U.S.” or “United States” means the United States of America;

“%” means per cent.

* *For identification purposes only*

By order of the board of directors of
ALPHA LUCK INDUSTRIAL LIMITED
Zhang Xiaoming
Director

By order of the board of directors of
AKM MEADVILLE ELECTRONICS
(XIAMEN) CO. LTD.
Xiong Zheng Feng
Director

By order of the Board
AKM Industrial Company Limited
Hung Ching Yuen
Company Secretary

Hong Kong, [•]

As at the date of this announcement, the directors of Alpha Luck are Xiong Zheng Feng, Zhang Xiaoming and Liu Jianzhe.

The directors of Alpha Luck jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than the information relating to the Group and AKM Meadville) and confirm, having made all reasonable inquiries, that, to the best of their knowledge, opinions expressed in this announcement (other than the opinions expressed by the Directors and the directors of AKM Meadville) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

As at the date of this announcement, the directors of CNIC are Jiao Kai He, Xu Xian Ping, Zhang Guan Jie, Zhi Yu Lin, Yang Xiao Qing, Li Tie Nan and Gong Yan De.

The directors of CNIC jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than the information relating to the Group and AKM Meadville) and confirm, having made all reasonable inquiries, that, to the best of their knowledge, opinions expressed in this announcement (other than the opinions expressed by the Directors and the directors of AKM Meadville) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

As at the date of this announcement, the directors of AKM Meadville are Xiong Zheng Feng, Kan Guo Liang, Du Feng, Zhu Xin Gui, Wang Hui Lian, Kong Ling Wen and Fang Zhi Rong.

The directors of AKM Meadville jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than the information relating to the Group and Alpha Luck) and confirm, having made all reasonable inquiries, that, to the best of their knowledge, opinions expressed in this announcement (other than the opinions expressed by the Directors and the directors of Alpha Luck) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

[As at the date of this announcement, the executive Director of the Company is Xiong Zheng Feng; the non-executive Directors of the Company are Gao Xiaoguang, Jia Junan, Wang Chunsheng, Zhang Xiaoming and Liu Jianzhe; and the independent non-executive Directors of the Company are Hung Chi Yuen Andrew, Cui Zheng and Zhang Guo Qi.]

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than the information relating to the Joint Offerors and the Joint Offerors Concert Parties) and confirm, having made all reasonable inquiries, that, to the best of their knowledge, opinions expressed in this announcement (other than the opinions expressed by the directors of the Joint Offerors) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.