



1 September 2025

To the Offer Shareholders and the Offer Optionholders

Dear Sir/Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY
FIRST SHANGHAI SECURITIES LIMITED ON BEHALF OF THE JOINT OFFERORS
TO ACQUIRE ALL THE ISSUED SHARES OF
KANGDA INTERNATIONAL ENVIRONMENTAL COMPANY LIMITED AND
TO CANCEL ALL THE OUTSTANDING SHARE OPTIONS OF THE COMPANY**

INTRODUCTION

We refer to the Joint Announcement.

On 21 July 2025, the Joint Offerors and the Company jointly announced that on 11 July 2025 (after trading hours), Mr. Duan, the holder of the Exchangeable Bonds, had served the EB Notice on Kangda Holdings to exchange for 546,728,004 Shares, representing approximately 25.55% of the total issued share capital of the Company as at the date of the Joint Announcement, at an exchange price of HK\$0.25 per Share. The Exchangeable Bonds were issued by Kangda Holdings to Mr. Duan under the Subscription Agreement, which Mr. Duan may exercise his right of exchange for 546,728,004 Shares up to the last business day of the 36th month from the issue date of the Exchangeable Bonds on 2 October 2024.

CWA, through its wholly-owned subsidiary, Sharp Profit, is a substantial shareholder of the Company which is interested in approximately 28.46% of the total issued share capital of the Company as at the date of the Joint Announcement. Immediately upon the EB Exchange Completion, which took place on 21 July 2025, Mr. Duan and Sharp Profit (which is presumed to be acting in concert with Mr. Duan), became interested in an aggregate of 1,155,718,004 Shares, representing approximately 54.01% of the total issued share capital of the Company.

As a result of the EB Exchange, Mr. Duan is required to make (or procure to be made on his behalf) a mandatory unconditional cash offer pursuant to Rule 26.1(b) of the Takeovers Code for all the Shares (other than those already owned and/or agreed to be acquired by him and Sharp Profit). Mr. Duan and Sharp Profit would jointly make (or procure to be made) the Share Offer as Joint Offerors, and allocate the Offer Shares validly tendered for acceptance in the Share Offer to be taken up in the proportion of approximately 93.00% by Mr. Duan and approximately 7.00% by Sharp Profit. Fractional Offer Shares, if any, will be aggregated and taken up by Mr. Duan.

Following the Joint Announcement, a total of 45,940,000 Shares had been allotted for the exercise of 45,940,000 Share Options and a total of 2,500,000 Share Options had lapsed on 22 August 2025. For details, please refer to the announcement of the Company dated 22 August 2025.

As at the Latest Practicable Date, there are 2,185,675,000 Shares in issue, and Joint Offerors and the Joint Offerors Concert Parties are interested in an aggregate of 1,189,718,004 Shares, representing approximately 54.43% of the total issued share capital of the Company. As at the Latest Practicable Date, the Company has 165,533,500 outstanding Share Options which have been vested, entitling Optionholders to subscribe for an aggregate of 165,533,500 Shares, at the exercise price of HK\$0.30 per Share. In accordance with Rule 13.5 of the Takeovers Code, to the extent any such Share Options remain outstanding and have not lapsed in accordance with the Share Option Scheme, Mr. Duan would also be required to make (or procure to be made on his behalf) an appropriate offer to the Optionholders to cancel all the outstanding Share Options by way of the Option Offer.

This letter sets out, among other things, the details of the Offers, information on the Joint Offerors and the intention of the Joint Offerors regarding the Group. Further terms and procedures of acceptance of the Offers are set out in Appendix I to this Composite Document (of which this letter forms part) and the accompanying Forms of Acceptance.

The Offer Shareholders and the Offer Optionholders are strongly advised to consider carefully the information contained in the “Letter from the Board”, “Letter from the Independent Board Committee” and “Letter from the Independent Financial Adviser” as set out in this Composite Document, the appendices to this Composite Document and the accompanying Forms of Acceptance and to consult their professional advisers if in doubt before reaching a decision as to whether or not to accept the Offers.

THE OFFERS

First Shanghai Securities is making the Offers for and on behalf of the Joint Offerors to acquire all the Offer Shares in compliance with the Takeovers Code on the following basis:

THE SHARE OFFER

For each Offer HK\$0.348 in cash

The Share Offer Price of HK\$0.348 per Offer Share is higher than the exchange price of HK\$0.25 per Share under the Exchangeable Bonds, and is equal to the volume weighted average traded price of the Shares of HK\$0.348 per Share on 11 July 2025, when the EB Notice was served.

If, after the Latest Practicable Date but before the Closing Date, any dividend and/or other distribution and/or other return of capital is announced, declared or paid in respect of the Shares, the Joint Offerors reserve the right to reduce the Share Offer Price by all of the amount or value of such dividend, distribution and/or, as the case maybe, return of capital, in which case any reference in this Composite Document, or any other announcement or document to the Share Offer Price will be deemed to be a reference to the Share Offer Price as reduced (and the

Option Offer Price shall be reduced accordingly). As at the Latest Practicable Date, no dividend, other distribution or other return of capital in respect of the Shares has been announced or declared but not paid and the Board does not intend to announce, recommend, declare and/or pay any dividend, distribution or other return of capital before the Closing Date.

THE OPTION OFFER

For cancellation of each Share Option HK\$0.048 in cash

The Option Offer Price per Share Option is the see-through price, being the Share Offer Price of HK\$0.348 per Offer Share minus HK\$0.30 per Share, i.e. the exercise price of the Share Options per Share. Arrangements will be made under the Option Offer to cancel the Share Options at the Option Offer Price at HK\$0.048 for each Share Option.

Pursuant to the terms of the Share Option Scheme, in the event a general offer is made to the Shareholders and becomes or is declared unconditional, the Optionholders shall exercise the Share Options (to the extent not already exercised) within one month after the date on which the offer is made, which becomes or is declared unconditional, after which such Share Options will lapse. The Offers, when made upon the despatch of this Composite Document, will be unconditional in all respects. Accordingly, any Share Options which are not exercised prior to the expiry of the one-month period after the despatch of this Composite Document (i.e. Wednesday, 1 October 2025), will lapse. If any Share Option is exercised within such time period in accordance with the terms of the Share Option Scheme, any Shares issued prior to the Closing Date as a result of such exercise will be subject to the Share Offer. If at any time prior to the despatch of this Composite Document, no Share Option remains outstanding due to all Share Options having been exercised, the Option Offer will not be made.

All Optionholders are reminded that pursuant to the terms of the Share Option Scheme, if any Share Option is not exercised on or before the expiry of the one-month period after the despatch of this Composite Document (i.e. Wednesday, 1 October 2025), the Share Options will automatically lapse. If the Offer Optionholders wish to exercise Share Options and accept the Share Offer, they should exercise the Share Options no later than Wednesday, 17 September 2025 and deliver the completed and signed WHITE Form of Share Offer Acceptance with relevant share certificate(s) to the Registrar no later than 4:00 p.m. on the Closing Date. If the Offer Optionholders wish to accept the Option Offer, they should complete and sign the PINK Form of Option Offer Acceptance in accordance with instructions thereon. For details on the procedures for acceptance of the Offers, please refer to “Appendix I — Further Terms and Procedures for Acceptance of the Offers” to this Composite Document.

The Option Offer is only required to be made under Rule 13.5 of the Takeovers Code to the extent any Share Options remain outstanding and have not lapsed in accordance with the Share Option Scheme.

The Offer Shares to be acquired under the Share Offer shall be fully paid and shall be acquired free from all encumbrances and together with all rights attaching to them as at the Closing Date or subsequently becoming attached to them, including the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after the Closing Date.

The Joint Offerors will not increase the Share Offer Price and/or Option Offer Price and does not reserve the right to do so. Shareholders and potential investors should be aware that, following the making of this statement, the Joint Offerors will not be allowed to increase the Share Offer Price and/or Option Offer Price.

COMPARISON OF VALUE

The Share Offer Price of HK\$0.348 per Offer Share represents:

- (a) a premium of approximately 2.4% over the closing price of HK\$0.340 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a premium of approximately 1.5% over the average closing price of HK\$0.343 per Share as quoted on the Stock Exchange for the 5 trading days up to and including the Last Trading Day;
- (c) a premium of approximately 0.3% over the average closing price of HK\$0.347 per Share as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Day;
- (d) a premium of approximately 0.9% over the average closing price of HK\$0.345 per Share as quoted on the Stock Exchange for the 20 trading days up to and including the Last Trading Day;
- (e) a premium of approximately 2.1% over the average closing price of HK\$0.341 per Share as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- (f) a premium of approximately 3.9% over the average closing price of HK\$0.335 per Share as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Day;
- (g) a premium of approximately 6.4% over the average closing price of HK\$0.327 per Share as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Day;
- (h) a discount of approximately 11.9% to the closing price of HK\$0.395 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

- (i) a discount of approximately 88.7% to the audited consolidated net asset value attributable to Shareholders per Share (based on the total number of Shares as at 31 December 2024) of approximately HK\$3.082 as at 31 December 2024 and the exchange rate of HK\$1 to RMB0.9; and
- (j) a discount of approximately 88.9% to the unaudited consolidated net asset value attributable to Shareholders per Share (based on the total number of Shares as at 30 June 2025) of approximately HK\$3.140 as at 30 June 2025 and the exchange rate of HK\$1 to RMB0.9.

HIGHEST AND LOWEST PRICES

During the six-month period immediately up to and including the Last Trading Day, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$0.375 on 4 July 2025 and 7 July 2025 and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.275 on 4 March 2025.

IRREVOCABLE UNDERTAKINGS

On 21 July 2025, Mr. Li Zhong, Ms. Liu Yu Jie, Mr. Duan, Jerry Linnan and Mr. Chau Kam Wing Donald, have given irrevocable undertakings in favour of the Joint Offerors not to accept the Offers with respect to the Non-Accepting Shares, which collectively amounts to 34,000,000 Shares as at the Latest Practicable Date, representing approximately 1.56% of the total issued share capital of the Company as at the Latest Practicable Date, and with respect to the Non-Accepting Share Options, being an aggregate of 48,000,000 Share Options as at the Latest Practicable Date.

Pursuant to the Irrevocable Undertakings,

- (i) Mr. Li Zhong has irrevocably undertaken to the Joint Offerors not to accept the Offers with respect to 10,000,000 Shares owned by him, representing approximately 0.46% of the total issued share capital of the Company as at the Latest Practicable Date, and 16,000,000 Share Options (and any Shares which may be issued upon the exercise of such Share Options);
- (ii) Ms. Liu Yujie has irrevocably undertaken to the Joint Offerors not to accept the Offers with respect to 10,000,000 Shares owned by her, representing approximately 0.46% of the total issued share capital of the Company as at the Latest Practicable Date, and 16,000,000 Share Options (and any Shares which may be issued upon the exercise of such Share Options);
- (iii) Mr. Duan, Jerry Linnan has irrevocably undertaken to the Joint Offerors not to accept the Offers with respect to 10,000,000 Shares owned by him, representing approximately 0.46% of the total issued share capital of the Company as at the Latest Practicable Date, and 16,000,000 Share Options (and any Shares which may be issued upon the exercise of such Share Options); and

- (iv) Mr. Chau Kam Wing Donald has irrevocably undertaken to the Joint Offerors not to accept the Offers with respect to 2,000,000 Shares owned by him and 2,000,000 Share Options (and any Shares which may be issued upon the exercise of such Share Options). Following the exercise of the abovementioned 2,000,000 Share Options on 22 August 2025, Mr. Chau Kam Wing Donald holds 4,000,000 Non-Accepting Shares as at the Latest Practicable Date, representing approximately 0.18% of the total issued share capital of the Company as at the Latest Practicable Date.

The Undertaking Shareholders have undertaken to hold the Non-Accepting Shares and Non-Accepting Share Options and not to sell, transfer, create any encumbrance of or otherwise create any interest on them before the close of the Offers, including not to sell such Non-Accepting Shares and Non-Accepting Share Options to the Joint Offerors or the Joint Offerors Concert Parties. For the avoidance of doubt, the Undertaking Shareholders may exercise their Share Options and subscribe for the new Shares to be issued in accordance with the terms of the Share Option Scheme.

The Irrevocable Undertakings will cease to have effect upon the close or lapse of the Offers.

FINANCIAL RESOURCES

As at the Latest Practicable Date, there were 2,185,675,000 Shares in issue and 165,533,500 Share Options outstanding. Assuming (i) none of the outstanding Share Options are exercised and (ii) the Share Offer is accepted in full, the maximum cash consideration for the Offers is approximately HK\$352.2 million (based on the Share Offer Price of HK\$0.348 per Offer Share and the total of 995,956,996 Offer Shares being the total number of Offer Shares in the Share Offer less the Non-Accepting Shares and Option Offer Price of HK\$0.048 per Share Option and a total of 117,533,500 Share Options being the total number of Share Options in the Option Offer less the Non-Accepting Share Options), of which the maximum amount payable by Mr. Duan is approximately HK\$327.6 million for Mr. Duan's Proportion and the maximum amount payable by Sharp Profit is approximately HK\$24.6 million for the CWA's Proportion.

Assuming (i) all of the outstanding Share Options are exercised, in which case, the Company will issue 165,533,500 new Shares, and (ii) the Share Offer is accepted in full, the maximum cash consideration for the Offers is approximately HK\$387.5 million (based on the Share Offer Price of HK\$0.348 per Offer Share and the total of 1,113,490,496 Offer Shares being the total number of Offer Shares in the Share Offer as enlarged by the issue of new Shares to the Offer Optionholders in satisfaction of the exercise of their Share Options less the Non-Accepting Shares), of which the maximum amount payable by Mr. Duan is approximately HK\$360.4 million for Mr. Duan's Proportion and the maximum amount payable by Sharp Profit is approximately HK\$27.1 million for the CWA's Proportion.

The maximum cash consideration payable by Mr. Duan (assuming all the Share Options are exercised) will be financed by his personal cash resources and the maximum cash consideration payable by Sharp Profit (assuming all the Share Options are exercised) will be financed by internal cash resources of the CWA Group.

First Shanghai Capital, the financial adviser to the Joint Offerors, is satisfied that sufficient financial resources are available to each of Mr. Duan and Sharp Profit to satisfy the maximum cash consideration payable by them with respect to Mr. Duan's Proportion and CWA's Proportion, respectively, upon full acceptance of the Offers.

INFORMATION ON THE JOINT OFFERORS

Mr. Duan, being one of the Joint Offerors, is the founder of water business of the CWA Group and has over 30 years of in-depth and distinctive experience in the water industry in China and he joined the CWA Group in 2003. He is the chairman and executive director of CWA and the father of Mr. Duan, Jerry Linnan, a Director of the Company and CWA. Mr. Duan is interested in 27.50% of the total issued share capital of CWA (excluding treasury shares) as at the Latest Practicable Date.

Sharp Profit is an investment holding company incorporated in the British Virgin Islands. It is a wholly-owned subsidiary directly held by CWA. Its principal business is the investment holding of 27.86% of the total issued share capital of the Company as at the Latest Practicable Date.

CWA is a company whose shares are listed on the Main Board of the Stock Exchange of Hong Kong Limited (stock code: 855) and together with its subsidiaries, the CWA Group is principally engaged in the city water supply business, pipeline direct drinking water supply business and environmental protection business which comprised provision of sewage treatment and drainage operation and construction services, solid waste and hazardous waste business, environmental sanitation and water environment management.

INFORMATION ON THE GROUP

Information on the Group is set out under the section headed "Information on the Group" in the "Letter from the Board" and Appendices II and III to this Composite Document.

INTENTION OF THE JOINT OFFERORS IN RELATION TO THE GROUP

Regarding the businesses and assets

Following the close of the Offers, the Joint Offerors intend to continue the existing businesses of the Group. As at the Latest Practicable Date, the Joint Offerors will continue with its existing principal businesses following the close of the Offers and do not intend to (i) discontinue the employment of employees of the Group; (ii) dispose of or re-deploy the fixed assets of the Company other than those in its ordinary and usual course of business; or (iii) downsize or change the scale of the Group's existing business. Immediately after the close of the Offers, however, the Joint Offerors will conduct a review of the financial position and operations of the Group in order to formulate a long-term strategy for the Group and reserve the right to make any changes that they deem necessary or appropriate to the Group's business and operations to optimise the value of the Group. The Joint Offerors may explore business/investment opportunities and consider whether any asset disposals, asset acquisitions, business divestment, restructuring and/or diversification will be appropriate for enhancing its future

development and strengthening its revenue bases. Should such corporate actions materialize, further announcement(s) will be made in accordance with the Listing Rules as and when appropriate.

Regarding the Board composition

As at the Latest Practicable Date, the Board comprises Mr. Li Zhong, Ms. Liu Yujie, Mr. Duan, Jerry Linnan and Mr. Zhou Wei as executive Directors; Mr. Zhao Juanxian (alias, Zhao Junxian) as non-executive Director; and Mr. Chau Kam Wing Donald, Mr. Chang Qing and Mr. Peng Yongzhen as independent non-executive Directors.

Regarding the listing status of the Company

According to the Listing Rules, the Stock Exchange has stated that if, at the close of the Offers, less than the minimum prescribed percentage applicable to the Company are held by the public or if the Stock Exchange believes that:

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

it will consider exercising its discretion to suspend dealing in the Shares.

The Joint Offerors intend to maintain the listing of the Shares on the Stock Exchange after the close of the Offers. Mr. Duan, as one of the Joint Offerors and the sole director of the other Joint Offeror (i.e. Sharp Profit), has undertaken to the Stock Exchange to take appropriate steps within a reasonable period following the close of the Offers to ensure that sufficient public float exists in the Shares.

Compulsory Acquisition

The Joint Offerors do not intend to avail themselves of any powers of compulsory acquisition of any outstanding Offer Shares not acquired or any outstanding Share Option not cancelled under the Offers after the close of the Offers and have no intention to privatise the Company.

REASONS AND BENEFITS FOR THE JOINT OFFERORS IN MAKING THE OFFERS

Mr. Duan and Sharp Profit will jointly make (or procure to be made) the Share Offer as Joint Offerors, and allocate the Offer Shares validly tendered for acceptance in the Share Offer to be taken up in the proportion of approximately 93.00% by Mr. Duan and approximately 7.00% by Sharp Profit. Fractional Offer Shares, if any, will be aggregated and taken up by Mr. Duan. Mr. Duan did not hold any Shares directly prior to the EB Exchange Completion. The Offers will therefore allow Mr. Duan to further increase his shareholding in the Company after the EB Exchange Completion and is expected to provide him, together with Sharp Profit, with the opportunity of potentially becoming the largest shareholders in the Company.

CWA, through its wholly-owned subsidiary, Sharp Profit, is the substantial shareholder of the Company, holding approximately 27.86% of the total issued share capital of the Company as at the Latest Practicable Date and the Company is accounted for as an associated company in the financial statements of the CWA Group by applying equity method of accounting. The making of the Share Offer together with Mr. Duan as the Joint Offerors with respect to the CWA's Proportion is expected to provide an opportunity for the CWA Group to maintain and/or increase its strategic investment in the Group.

Taking into account the factors mentioned above, the directors of CWA (including the independent non-executive directors of CWA but excluding Mr. Duan, Mr. Duan Jerry Linnan, who is the son of Mr. Duan and an Executive Director and Chief Executive Officer of the Company) consider that the taking-up of the CWA's Proportion in the Share Offer and the transactions contemplated thereunder are fair and reasonable, entered into on normal commercial terms or better though not arising from the ordinary and usual course of business of CWA Group, and are in the interests of CWA and its shareholders as a whole. Mr. Duan, who is the Joint Offeror and Mr. Duan Jerry Linan, who is an associate (as defined under the Listing Rules) of Mr. Duan, have abstained from voting on the board resolutions of CWA to approve the making of the Share Offer with respect to the CWA's Proportion.

As disclosed under the section headed "Intention of the Joint Offerors in relation to the Group" above, as at the Latest Practicable Date, it is the Joint Offerors' intention to continue with the Group's existing principal businesses following the close of the Offers, promoting continued stability for the Group. In addition, the Option Offer may potentially limit the dilutive effect of the Share Options on the existing Shareholders' shareholding in the Company if the Optionholders elect to accept the Option Offer instead of exercising the Share Options.

OTHER TERMS OF THE OFFERS

Procedures for acceptance

To accept the Offers, you should complete and sign the accompanying Forms of Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms and conditions of the Offers.

The duly completed and signed Forms of Acceptance, should be sent, together with the relevant share certificate(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof), to (i) (for the Share Offer) the Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, or (ii) (for Option Offer) the company secretary of the Company at Suite 6409, 64/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong, marked "Kangda International Environmental Company — Offers" on the envelope, in any event not later than 4:00 p.m. on the Closing Date or such later time and/or date as the Joint Offerors may determine and announce with the consent of the Executive and in accordance with the Takeovers Code.

No acknowledgement of receipt of any Forms of Acceptance, share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or satisfactory indemnity or indemnities required in respect thereof) will be given. All communications, notices, the Forms of Acceptance, share certificates, transfer receipts, other documents of title (and/or satisfactory indemnity or indemnities required in respect thereof) and remittances to be delivered by or sent to or from the Shareholders and the Optionholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk. Such communications, notices, documents and remittances will be sent to Shareholders and the Optionholders at their respective addresses as they appear in the register of members of the Company or, in the case of joint Shareholders, to the Shareholder whose name appears first in the register of members of the Company, unless otherwise specified in the Forms of Acceptance completed, returned and received by the Registrar. Your attention is drawn to "Further terms and procedures for acceptance of the Offers" as set out in Appendix I to this Composite Document and the accompanying Forms of Acceptance.

Effect of accepting the Offers

By accepting the Share Offer, Shareholders will sell their Shares fully paid and free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them as at the Closing Date or subsequently becoming attached to them, including the right to receive in full all dividends and other distributions, if any, the record date of which is on or after the Closing Date. Acceptance of the Offers would be irrevocable and would not be capable of being withdrawn, subject to the provisions of the Takeovers Code.

By accepting the Option Offer, the relevant Share Options together with all rights attaching thereto will be entirely cancelled and renounced. Pursuant to the terms of the Share Option Scheme, the Optionholders shall be entitled to exercise the Share Options (to the extent not already exercised) at any time before the expiry of the one-month period after the despatch of this Composite Document and, to the extent any of the Share Options have not been so exercised, such Share Options shall lapse upon the expiry of such one-month period.

Stamp duty

In Hong Kong, seller's ad valorem stamp duty arising in connection with acceptance of the Share Offer will be payable by each Shareholder who accepts the Share Offer at the rate of 0.1% of the consideration payable by the Joint Offerors for that Shareholder's Offer Shares, and will be deducted from the cash amount payable by the Joint Offerors to such Shareholder on acceptance of the Share Offer (where the stamp duty calculated includes a fraction of HK\$1, the stamp duty would be rounded-up to the nearest HK\$1). The Joint Offerors will arrange for payment of the seller's ad valorem stamp duty on behalf of relevant Shareholders accepting the Share Offer and whose Offer Shares have been acquired by the Joint Offerors, and will pay the buyer's ad valorem stamp duty in connection with such Offer Shares and the transfer of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong). No stamp duty is payable in connection with the acceptance of the Option Offer.

Payment

Payment in cash in respect of acceptances of the Offers, net of seller's Hong Kong ad valorem stamp duty (in the case of Share Offer), will be made as soon as possible but in any event within seven (7) business days (as defined under the Takeovers Code) after the date on which the duly completed acceptances of the Offers and the relevant documents of title of the Shares and Share Options in respect of such acceptances are received by or for the Joint Offerors to render each such acceptance complete and valid pursuant to Rule 20.1 and Note 1 to Rule 30.2 of the Takeovers Code.

Close of the Offers

The Offers, which are unconditional in all respects, are made on the date of posting of this Composite Document, and are capable of acceptance on and from Monday, 1 September 2025, being the date of posting of this Composite Document, until 4:00 p.m. on the Closing Date.

Overseas Shareholders and Overseas Optionholders

The making of the Offers to persons with a registered address in jurisdictions outside Hong Kong may be prohibited or affected by the laws or regulations of the relevant jurisdictions. Such Shareholders and Optionholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe relevant applicable legal or regulatory requirements and, where necessary, seek legal advice. It is the responsibility of the Shareholders and Optionholders who wish to accept the Offers to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offers (including the obtaining of any regulatory or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due in respect of such jurisdictions).

Any acceptance by any Overseas Shareholder and Overseas Optionholder who is not resident in Hong Kong will be deemed to constitute a representation and warranty from such Overseas Shareholder and Overseas Optionholder to the Joint Offerors that all laws, regulations and requirements applicable to such Overseas Shareholder and Overseas Optionholder have been complied with and that the Offers can be lawfully accepted by such Overseas Shareholder and Overseas Optionholder. All such Overseas Shareholders and Overseas Optionholders should consult their professional advisers if in doubt.

Taxation advice

Shareholders are recommended to consult their own professional advisers as to the taxation implications of accepting or rejecting the Offers. None of the Joint Offerors and the Joint Offerors Concert Parties, the Company, First Shanghai Securities, First Shanghai Capital, the Independent Financial Adviser and (as the case may be) their respective ultimate beneficial owners, directors, officers, employees, advisers, agents or associates or any other person involved in the Offers accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offers.

GENERAL

Financial Advisers, Independent Board Committee and Independent Financial Adviser

The Joint Offerors have appointed First Shanghai Securities as their offer agent and First Shanghai Capital as their financial adviser in respect of the Offers.

An Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Chang Qing and Mr. Peng Yongzhen, has been established in accordance with Rules 2.1 and 2.8 of the Takeovers Code to advise and give a recommendation to the Offer Shareholders and the Offer Optionholders as to whether the terms of the Offers are fair and reasonable and as to the acceptance of the Offers. Mr. Zhao Juanxian, a non-executive Director, and Mr. Chau Kam Wing Donald, an independent non-executive Director, are considered to be interested in the Offers for the purpose of Rule 2.8 of the Takeovers Code and will not form part of the Independent Board Committee.

The Company has appointed, with the approval of the Independent Board Committee, Amasse Capital Limited as the Independent Financial Adviser to advise the Independent Board Committee and the Offer Shareholders and the Offer Optionholders in respect of the Offers.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information regarding the Offers set out in the appendices to this Composite Document and the accompanying Forms of Acceptance, which form part of this Composite Document. In addition, your attention is also drawn to the “Letter from the Board” as set out on pages 24 to 31 of this Composite Document, the “Letter from the Independent Board Committee” as set out on pages 32 to 33 of this Composite Document and the “Letter from the Independent Financial Adviser” on pages 34 to 60 of this Composite Document.

Yours faithfully,
For and on behalf of
First Shanghai Securities Limited



Mr. YEUNG Wai Kin
Director



Mr. LI Chi Keung Eliot
Director

