
LETTER FROM FIRST SHANGHAI

19/F, Wing On House
71 Des Voeux Road Central
Hong Kong

4 May 2026

To the Independent Shareholders

Dear Sir or Madam,

**CONDITIONAL MANDATORY CASH OFFERS BY
FIRST SHANGHAI SECURITIES LIMITED FOR AND ON BEHALF OF
TANGDE GAS CO., LIMITED TO ACQUIRE ALL THE ISSUED SHARES
IN CHINA GAS INDUSTRY INVESTMENT HOLDINGS CO. LTD.
(OTHER THAN THOSE ALREADY OWNED BY OR AGREED
TO BE ACQUIRED BY THE OFFEROR AND PARTIES ACTING IN
CONCERT WITH IT)**

INTRODUCTION

Reference is made to the Joint Announcement.

On 28 January 2026, the Vendor and the Offeror had entered into the Share Purchase Agreement pursuant to which the Vendor conditionally agreed to sell and the Offeror conditionally agreed to purchase the Sale Shares, being an aggregate of 468,096,000 Shares, representing approximately 39.01% of the existing issued share capital of the CHINA GAS INDUSTRY INVESTMENT HOLDINGS CO. LTD. (the “**Company**”) as at the date of the Joint Announcement. The total Consideration for the Sale Shares was US\$30,100,000.

The Share Purchase Completion took place on 10 February 2026. The Consideration was paid by the Offeror upon the Share Purchase Completion from its internal resources.

Following the Share Purchase Completion and as at the date of the Joint Announcement, the Offeror and parties acting in concert with it are interested in a total of 468,096,000 Shares, representing approximately 39.01% of the issued share capital of the Company. Accordingly, the Offeror was required to make the Offer pursuant to Rule 26.1 of the Takeovers Code.

This letter forms part of this Composite Document and sets out, amongst other things, the details of the Offer, certain information on the Offeror and the intention of the Offeror regarding the Company and its subsidiaries (the “**Group**”) following the close of the Offer. The terms of the Offer and the procedures for acceptances of the Offer are set out in this letter, Appendix I to this Composite Document and the Form of Acceptance.

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The Independent Shareholders and potential investors are strongly advised to carefully consider the information contained in this Composite Document, including the “Letter from the Board”, “Letter from the Independent Board Committee” and “Letter from the Independent Financial Adviser” before reaching a decision as to whether or not to accept the Offer. If in doubt, they should consult their own professional advisers before reaching a decision as to whether or not to take any action in respect of the Offer.

THE OFFER

First Shanghai, for and on behalf of the Offeror, hereby makes the Offer in compliance with the Takeovers Code on the following basis:

For each Offer Share HK\$0.626 in cash

The Offer Price of HK\$0.626 per Offer Share is the sum of the Consideration under the Share Purchase Agreement and the special benefit of RMB50,671,500 under the Deed of Assignment at relevant exchange rates quoted by Bloomberg and the People’s Bank of China respectively at 10:00 a.m. on the date of the Joint Announcement divided by 468,096,000 Shares (i.e. the sum (US\$30,100,000 multiplied by an exchange rate of HK\$7.826 to US\$1 plus RMB50,671,000 multiplied by an exchange rate of HK\$1.134 to RMB1) divided by 468,096,000 Shares equals HK\$0.626).

The Offer is subject to the fulfillment of the Condition as set out under the paragraph headed “Condition to the Offer” in this letter.

The Offer is extended to all Shareholders other than the Offeror and parties acting in concert with it in accordance with the Takeovers Code. The Offer Shares to be acquired under the Offer shall be fully paid and free from all Encumbrances and together with all rights and interests attaching thereto, including all rights to any dividends or other distributions declared, made or paid on or after the date on which the Offer is made, being the date of the dispatch of this Composite Document.

As at the Latest Practicable Date, the Company has 1,200,000,000 Shares in issue, representing the entire issued share capital of the Company. The Offeror and parties acting in concert with it are interested in a total of 468,096,000 Shares, representing approximately 39.01% of the issued share capital of the Company. The Company has no other outstanding convertible securities, warrants, options or derivatives in issue which may confer any rights to subscribe for, convert or exchange into Shares. There is no treasury Share in issue.

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Irrevocable Undertaking and Deed of Warranty in respect of the Offer

Following the Share Purchase Completion and as at the Latest Practicable Date, HK Huitang Zhihe continued to be interested in the 431,904,000 Shares, representing approximately 35.99% of the entire issued share capital of the Company. HK Huitang Zhihe had irrevocably and unconditionally undertaken to the Offeror by way of the Letter of Undertaking that (i) it shall not tender any of the Shares held by it for acceptance of the Offer; and (ii) it shall not transfer, pledge, dispose of or otherwise create any encumbrances in respect of any of the Shares held by it from the date of its undertaking until the close of the Offer. There is no circumstance whereby the Irrevocable Undertaking would cease to be binding.

HK Huitang Zhihe had also entered into the Deed of Warranty dated 28 January 2026 with the Offeror whereby it had given an irrevocable and unconditional warranty that (a) there was no outstanding options, warrants, derivatives or securities which were convertible or exchangeable into the Shares and the Company had not entered into, and would not enter into, any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into the Shares and (b) there was no, and there would be no, agreement or arrangement (i) to offer, allot, issue, create, redeem or repurchase (conditionally or unconditionally) any of the Shares; and/or (ii) which might otherwise affect the number of the Shares, among others, which should remain true, accurate and complete in all respects and not misleading as at the date of the Deed of Warranty, and would continue to be so on each day up to and including the date of the Share Purchase Completion.

Following the Share Purchase Completion, the Offeror and HK Huitang Zhihe, each owning more than 20% of the entire issued share capital of the Company, were presumed to be acting in concert with each other under class (1) of the presumptions of acting in concert under the Takeovers Code unless the contrary is established (the “AIC Presumption”).

The Offeror had, through its Hong Kong legal advisers, applied to the SFC for rebuttal of the AIC Presumption and the Executive has ruled that the AIC Presumption is rebutted. Accordingly, the Offeror and HK Huitang Zhihe are not presumed to be acting in concert with each other under class (1) of the definition of “acting in concert” under the Takeovers Code.

Condition to the Offer

The Offer is conditional on the number of Shares in respect of valid acceptances of the Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the date on which the Offer close (or such later time or date as the Offeror may, subject to the Takeovers Code, decide), together with the Shares already owned by the Offeror and parties acting in concert with it and acquired or agreed to be acquired before or during the Offer Period, resulting in the Offeror and parties acting in concert with it holding in aggregate more than 50% of the voting rights of the Company.

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This condition cannot be waived. If the condition cannot be fulfilled by the First Closing Date, the Offer will lapse unless extended.

Under the Takeovers Code, the Offeror will issue an announcement in relation to any revision, extension or lapse of the Offer or the fulfilment of the condition to the Offer in accordance with the Takeovers Code and the Listing Rules. **However, the Offeror does not intend to extend the Offer Period if the condition to the Offer is not met by the First Closing Date and the Offer shall then lapse.**

The Offer may or may not become unconditional. Shareholders and investors of the Company should exercise caution when dealing in securities of the Company and if they are in any doubt about their position, they should consult their professional advisers.

Comparisons of value

The Offer Price of HK\$0.626 represents:

- (i) a discount of approximately 60.38% to the closing price of HK\$1.58 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 51.62% to the average closing price of approximately HK\$1.29 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 44.94% to the average closing price of approximately HK\$1.14 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 36.01% to the average closing price of approximately HK\$0.98 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Last Trading Day;
- (v) a discount of approximately 63.12% to the audited consolidated net asset value of the Group of approximately RMB1.50 per Share (equivalent to approximately HK\$1.70 per Share) as at 31 December 2025;
- (vi) a discount of approximately 61.47% to the unaudited consolidated net asset value of the Group of approximately RMB1.43 per Share (equivalent to approximately HK\$1.62 per Share) as at 30 June 2025.

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Highest and lowest Share prices

During the Relevant Period, the highest closing price of the Shares was HK\$1.75 per Share as quoted on the Stock Exchange on 16 March 2026 and the lowest closing price of the Shares was HK\$0.64 per Share as quoted on the Stock Exchange on 19 September 2025, 22 September 2025, 12 November 2025, 13 November 2025 and 14 November 2025.

Value of the Offer

As at the date of the Joint Announcement, there are 1,200,000,000 Shares in issue. There is no treasury Share in issue. Based on the Offer Price of HK\$0.626 per Share, the entire issued share capital of the Company is valued at approximately HK\$751.2 million.

Excluding the Sale Shares acquired by the Offeror under the Share Purchase Agreement and on the basis that (i) there is no change in the issued share capital of the Company; and (ii) HK Huitang Zhihe has undertaken not to accept the Offer in respect of the 431,904,000 Non-acceptance Shares held by it, a total of 300,000,000 Shares will be subject to the Offer. Assuming the Offer is accepted in full, the maximum cash consideration payable by the Offeror under the Offer will be HK\$187.8 million.

Confirmation of financial resources

The Offeror intends to finance the consideration payable and transaction costs under the Offer from its internal resources and external margin loan in the principal amount of not more than HK\$195,000,000 provided by First Shanghai. The Joint Financial Advisers to the Offeror are satisfied that sufficient resources are available to the Offeror to satisfy the amount of funds required for full acceptance of the Offer.

The Offeror does not intend that the payment of interest on, repayment of or security for any liability (contingent or otherwise) under the facility will depend to any significant extent on the business of the Company.

CLOSING OF THE OFFER

In accordance with Rule 15.1 of the Takeovers Code, the Closing Date of the Offer will fall on or after the 21st day from the date of this Composite Document. Where the Offer becomes or is declared unconditional (whether as to acceptances or in all respects), it shall remain open for acceptance for not less than fourteen (14) days thereafter. The Independent Shareholders are reminded that the Offeror does not have any obligations to keep the Offer open for acceptance beyond this minimum 14-days period.

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The latest time on which the Offeror can declare the Offer unconditional as to acceptance is 7:00 p.m. on the 60th day after the posting of this Composite Document (or such later date to which the Executive may consent). In accordance with Rule 15.3 of the Takeovers Code, the Offeror will publish an announcement when the Offer becomes unconditional as to acceptance and when the Offer becomes unconditional in all respects.

Effect of accepting the Offer

By accepting the Offer, subject to the Offer becoming unconditional, provided that valid acceptance forms and the relevant certificate(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are complete and in good order and have been received by the Registrar, the Offer Shareholders will sell their tendered Shares to the Offeror free from all Encumbrance together with all rights attached thereto, including but not limited to all rights to any dividend or other distribution declared, made or paid on or after the date on which the Offer is made, being the date of the despatch of the Composite Document.

Acceptance of the Offer will be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

Payment

Payment in cash in respect of acceptances of the Offer, net of seller's Hong Kong ad valorem duty, will be made as soon as possible but in any event, no later than seven Business Days after the date on which the duly completed acceptances of the Offer and the relevant documents of title in respect of such acceptances are received by the Offeror (or its agent) to render each such acceptance complete and valid or the date on which the Offer becomes or is declared unconditional in all aspects, whichever is later.

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

Hong Kong stamp duty

Seller's Hong Kong ad valorem stamp duty arising in connection with acceptances of the Offer will be payable by the relevant Offer Shareholders at a rate of 0.1% of (i) the market value of the Offer Shares; or (ii) the consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, and the amount of such duty will be deducted from the cash amount payable by the Offeror to the relevant Offer Shareholders accepting the Offer. The Offeror will arrange for payment of the seller's Hong Kong ad valorem stamp duty on behalf of the relevant Offer Shareholders accepting the Offer and will pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

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Taxation advice

Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, parties acting in concert with the Offeror, the Company, the Joint Financial Advisers, First Shanghai, the Registrar nor their respective ultimate beneficial owners, directors, officers, advisers, agents or associates or any other person involved in the Offer accepts any responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer. All Independent Shareholders and/or beneficial owners of the Shares shall be solely responsible for their liabilities (including tax liabilities) in relation to the Offer.

INFORMATION ON THE GROUP

Details of the information on the Group are set out in the ‘Letter from the Board’ in this Composite Document. Financial and general information of the Group are set out in Appendix II ‘Financial Information of the Group’ and Appendix IV ‘General Information of the Group’ to this Composite Document, respectively.

INFORMATION ON THE OFFEROR

The Offeror was incorporated in the BVI with limited liability on 25 August 2025. The Offeror is an investment holding company. The Offeror is wholly owned by Tianjin Tangde Technology Co., Ltd.* (天津唐德科技有限公司) (‘**Tianjin Tangde**’), a wholly-owned subsidiary of Beijing Tangde Qingneng Enterprise Management Consulting Co., Ltd.* (北京唐德清能企業管理諮詢有限公司) (‘**Beijing Tangde Qingneng**’) which is in turn wholly owned by Jiaxing Morewisdom Tangde Equity Investment Partnership (Limited Partnership)* (嘉興摩予渡唐德股權投資合夥企業(有限合夥)) (‘**Jiaxing Morewisdom**’).

The Offeror, Tianjin Tangde, Beijing Tangde Qingneng and Jiaxing Morewisdom were all incorporated or established in 2025 as investment vehicles for the Share Purchase. These four entities have no investment other than the Share Purchase. None of the four entities are engaged in actual business operations. They only have necessary personnel such as directors and finance, legal, and tax staff, with no employees involved in sales, production, or other operations.

Jiaxing Morewisdom is beneficially owned as to 78% by Sichuan Dingxiang Equity Investment Fund Co., Ltd.* (四川鼎祥股權投資基金有限公司) (‘**Sichuan Dingxiang**’), 10% by Yanran (Hainan) Investment Management Partnership (Limited Partnership)* (研然(海南)投資管理合夥企業) (‘**Yanran Investment**’), 10% by Hainan Zhongfang Energy Co., Ltd.* (海南眾方能源有限公司) (‘**Hainan Zhongfang**’) and 2% by Morewisdom (Shanghai) Private Equity Fund Management Co., Ltd.* (摩予渡(上海)私募基金管理有限公司) (‘**Morewisdom**’). Sichuan Dingxiang, Yanran Investment and Hainan Zhongfang are the limited partners of Jiaxing Morewisdom. Morewisdom is the general partner and fund manager of Jiaxing Morewisdom.

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Sichuan Dingxiang is owned as to 80% by Mr. Song Jiajun (宋佳駿) and as to 20% by Ms. Song Binyang (宋玢陽).

Yanran Investment is owned as to 65% by Mr. Chen Yingliu (陳英柳) and as to 35% by Mr. Chen Tianyi (陳天易).

Hainan Zhongfang is wholly owned by Mr. Cao Zhen (曹震).

Morewisdom, incorporated on 20 January 2015, is registered as a “private equity and venture capital fund manager” (私募股權、創業投資基金管理人) with the Asset Management Association of China (中國證券投資基金業協會), engaging in funds investment, funds management, and post-investment projects management. Morewisdom is the general partner and fund manager of Jiaxing Morewisdom. Apart from Jiaxing Morewisdom, Morewisdom has also invested in and/or managed other six funds registered with the Asset Management Association of China (中國證券投資基金業協會), covering new materials and processes, mineral resources and modern agriculture industries/sectors. Morewisdom is owned as to 98% by Morewisdom (Hainan) Enterprise Management Consulting Partnership (Limited Partnership)* (摩予渡(海南)企業管理諮詢合夥企業(有限合夥)) (“**Hainan Morewisdom**”) and as to 2% by Morewisdom (Hainan) Industrial Development Co., Ltd.* (摩予渡(海南)實業發展有限公司) (“**Morewisdom (Hainan) Industrial**”).

Morewisdom (Hainan) Industrial is owned as to 54.55% by Mr. Li Jun (李軍), as to 36.36% by Mr. Cao Zhen (曹震) and as to 9.09% by Jiaxing Morewisdom Zhenheng Equity Investment Partnership (Limited Partnership)* (嘉興摩予渡真恒股權投資合夥企業(有限合夥)) (“**Morewisdom Zhenheng**”).

Morewisdom Zhenheng is owned as to 85.72% by Chengde Disheng Metal Composite Materials Co., Ltd.* (承德市帝聖金屬複合材料有限公司) (“**Chengde Disheng**”), as to 9.52% by Hainan Morewisdom and as to 4.76% by Morewisdom. Chengde Disheng is owned as to 96.78% by Hu Zhaoli (胡招李), as to 1.61% by Hu Zhaofa (胡招法) and as to 1.61% by Li Mingxia (李明霞).

Hainan Morewisdom is an investment holding vehicle, engaging solely investment activities. Hainan Morewisdom is owned as to 40% by Mr. Li Jun (李軍), as to 30% by Chengdu Yuanming Juyu Enterprise Management Partnership (General Partnership)* (成都源銘聚裕企業管理合夥企業(普通合夥)) (“**Chengdu Yuanming Juyu**”), as to 20% by Tianjin Laiwei Materials Co., Ltd.* (天津來巍物資有限公司) (“**Tianjin Laiwei**”) and as to 10% by Shanghai Jitailai Enterprise Management Consulting Partnership (Limited Partnership)* (上海吉泰萊企業管理諮詢合夥企業(有限合夥)) (“**Shanghai Jitailai**”). Mr. Li Jun and Chengdu Yuanming Juyu are the general partners of Hainan Morewisdom. Tianjin Laiwei and Shanghai Jitailai are the limited partners of Hainan Morewisdom.

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Chengdu Yuanming Juyu is owned as to 80% by Mr. Song Jiajun (宋佳駿) and as to 20% by Ms. Song Binyang (宋玢陽). Both of Mr. Song Jiajun (宋佳駿) and Ms. Song Binyang (宋玢陽) are the general partners of Chengdu Yuanming Juyu.

Tianjin Laiwei is owned as to 90% by Mr. Liu Wei (劉巍) and as to 10% by Hainan Laiwei Technology Co., Ltd.* (海南來巍科技有限公司) (“**Hainan Laiwei**”). Hainan Laiwei is owned as to 51% by Yao Yue Enterprise Management (Haikou) Co., Ltd.* (耀玥企業管理(海口)有限公司) (“**Yao Yue**”) and 49% by Laiwei Investment (Hainan) Co., Ltd.* (來巍投資(海南)有限公司) (“**Laiwei Investment**”). Both of Yao Yue and Laiwei Investment are owned as to 99% by Mr. Liu Wei (劉巍) and as to 1% by Mr. Chen Peng (陳鵬).

Shanghai Jitailai is owned as to 70% by Mr. Chen Tianyi (陳天易) and as to 30% by Li Yiduo (李翊多).

The Offeror has not engaged in any business activities since its date of incorporation apart from those disclosed in this Composite Document. Prior to the Share Purchase Completion, the Offeror did not have any assets other than the shareholder’s loan provided by its parent companies.

The Offeror, being the investment vehicle of a private equity fund with an investment period to be expired on 22 September 2031, will exit the investment into the Company before expiry of its investment period with a view to financial gain and will not cooperate with HK Huitang Zhihe in the business operation of the Group or to control the voting rights of the Company.

Mr. Li Jun (李軍) is the sole director of the Offeror. He participated in the integration of multiple steel enterprises, possessing deep knowledge in industrial energy industry. For his biographical information, please refer to the section headed “Proposed Change of the Composition of the Board” in this letter.

As at the Latest Practicable Date, the Offeror does not have any assets other than the Sale Shares, representing approximately 39.01% of the existing issues share capital of the Company.

INTENTION OF THE OFFEROR IN RELATION TO THE GROUP

Following the Share Purchase Completion, the Offeror becomes a controlling shareholder of the Company. The Offeror intends to continue the existing principal businesses of the Group. The Offeror has no intention to discontinue the employment of the employees (save for changes in the composition of the Board as disclosed in the section headed “Proposed Change of the Composition of the Board” below) or to dispose of or re-deploy the assets of the Group other than those in its ordinary course of business.

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The Offeror will, following the close of the Offer, conduct a review on the business activities/operations and financial position of the Group for the purpose of formulating business plans and strategies for the future business development of the Group. Subject to the results of the review and should suitable investment or business opportunities arise, the Offeror may explore other business opportunities for the Company which may involve acquisitions or investments in assets and/or businesses or cooperation with business partners of the Offeror with a view of enhancing the Group's business growth and asset base as well as broadening its income stream.

As of the Latest Practicable Date, the Offeror is considering supporting the Company's sales of high-purity rare gases (including helium, neon, krypton and xenon) to industry customers, to meet the growing demand for such products in related industries and seize the business opportunities arising from the trend of supply chain substitution in the PRC.

Assignments of Loans

On 7 December 2020, RMB50,000,000 ("Loan 1") was advanced by the Company to Aevitas Capital Management Limited pursuant to a loan agreement dated 30 November 2020 signed by the Company as lender and Aevitas Capital Management Limited as borrower, purporting to set out the terms for a loan of RMB50,000,000 from the Company to Aevitas Capital Management Limited at an interest rate of 2% per annum, repayable on 30 December 2020.

On 10 December 2020, RMB53,522,000 ("Loan 2") was advanced by the Company to Orbitronic Global Development Co., Limited pursuant to a loan agreement dated 1 December 2020 signed by the Company as lender and Orbitronic Global Development Co., Limited as borrower, purporting to set out the terms for a loan of RMB53,522,000 from the Company to Orbitronic Global Development Co., Limited at an interest rate of 2% per annum, repayable on 30 December 2020.

On 10 December 2020, RMB14,478,000 ("Loan 3") was advanced by the Company to Unite Victory International Trading Limited pursuant to a loan agreement dated 1 December 2020 signed by the Company as lender and Unite Victory International Trading Limited as borrower, purporting to set out the terms for a loan of RMB14,478,000 from the Company to Unite Victory International Trading Limited at an interest rate of 2% per annum, repayable on 30 December 2020.

Loan 1, Loan 2 and Loan 3 (collectively, the "Loans") have been overdue for repayment and outstanding for almost 5 years since their respective maturity date (i.e. 30 December 2020), resulting in a loss to the Group as a result of written-off, without prejudice to the Group continuing to pursue against the relevant borrowers for repayment of the outstanding Loans and interests accrued thereon.

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As part of its plan of investment into the Company and in order to improve the financial position of the Company, the Offeror, being the largest controlling shareholder of Company upon the Share Purchase Completion, had entered into the Assignments of Loans to acquire the Loans and interests accrued thereon from the Company at a consideration equal to the aggregate principal amount of the outstanding Loans (i.e. RMB118,000,000) from its own internal resources.

The main terms of the Assignments of Loans are as follows:

Assignor:	Company
Assignee:	Offeror
Consideration:	RMB118,000,000 (i.e. being the equivalent of the amount of the Loans) in total payable by the Offeror to the Company
Payment Date:	The completion date under the Assignments of Loans (i.e. a date within 7 days (or such other date as may be agreed in writing by both parties) after the fulfilment of the conditions precedent.)
Other Terms:	the conditions precedent for the completion of the Assignments of Loans include (a) obtaining approvals from relevant regulatory authorities; and (b) compliance with the requirements of relevant regulatory authorities, including obtaining approval from the independent Shareholders of the Company. Apart from the compliance with the Listing Rules in respect of a notifiable and connected transaction, the Offeror and the Company are not aware of any other regulatory approvals that are required.

The Assignments of Loans do not constitute a special deal under Rule 25 of the Takeovers Code. However, they constitute notifiable and connected transactions subject to reporting, annual review, announcement and independent Shareholders' approval requirements under the Listing Rules.

Details of the Assignments of Loans had been published in a separate announcement on 15 April 2026 as required under the Listing Rules. A circular containing, among other things, (i) further details of the Assignments of Loans; (ii) the letter from Independent Financial Advisor in which the Independent Financial Advisor provides advice and recommendation to the Independent Board Committee; (iii) recommendation from the Independent Board Committee to the independent Shareholders; and (iv) a notice of the general meeting, will be dispatched by the Company to the Shareholders.

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Save as disclosed above, as at the date of the Joint Announcement, the Offeror has no plan, and has not engaged in any discussion or negotiation, on any injection of any assets or businesses into the Group.

PROPOSED CHANGE OF THE COMPOSITION OF THE BOARD

The Board is currently made up of seven Directors, comprising two executive Directors, being Mr. SONG Changjiang and Mr. SUN Changhuan; two non-executive Directors, being Ms. NG Shuk Ming and Mr. ZHANG Wenli and three independent non-executive Directors, being Mr. SIU Chi Hung, Mr. XIAO Huan Wei and Ms. LI Chun Elsy.

It is expected that the Offeror will require certain of the Directors to resign from the Board and the Offeror will nominate new Directors to the Board at the earliest time as permitted under the Takeovers Code. The Offeror and the Company do not foresee any negative impact on the Group's operation due to departure of any of the existing Directors after the Offer Period as most of the existing Directors will remain on the Board.

It is proposed that Mr. Li Jun and Mr. SONG Jiajun will be appointed as Directors following the despatch of the Composite Document; and Mr. CHEN Tianyi will be appointed as a Director following the close of the Offer. In addition, Mr. SONG Jiajun will be further appointed as the chairman of the Board, subject to the approval of the Company's nomination committee and remuneration committee. Any changes to the Board will be made in compliance with the Takeovers Code and the Listing Rules and a separate announcement will be made in this regard as and when appropriate. Set out below are the biographical details of the above-mentioned nominees for appointment as executive Directors. Further details required by Rule 13.51(2) of the Listing Rules will be announced after the appointment takes effect:

Mr. LI Jun (李軍)

Mr. Li Jun, aged 48, holds a Ph.D. in Engineering from Tsinghua University and possesses 16 years of experience in strategic planning and large-scale mergers and acquisitions. He is one of the founders and CEO of Morewisdom. Mr. Li was a Senior Investment Review Manager at the Planning & Development Department (規劃發展部投資審查高級經理) from May 2009 to December 2012 and a Deputy General Manager at the Capital Operations Department (資本運營部副總經理) from March 2016 to November 2016 in Baosteel Group Corporation Limited* (寶鋼集團有限公司) (now known as China Baowu Steel Group Corporation Limited* (中國寶武鋼鐵集團有限公司)) and a Deputy General Manager at the Investment Management Department (投資管理部副總經理) from December 2016 to July 2017 in China Baowu Steel Group Corporation Limited* (中國寶武鋼鐵集團有限公司). Mr. Li has been serving as an independent director of Xinyu Iron and Steel Co., Ltd.* (新餘鋼鐵股份有限公司) (a company listed on the Shanghai Stock Exchange, Stock Code: 600782) since 25 June 2025. He participated in the integration of multiple steel enterprises, possessing deep knowledge in industrial energy industry.

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Mr. Li is a general partner of Hainan Morewisdom and owns 40% of the interests thereof. Hainan Morewisdom owns 98% of the interest in Morewisdom. And, Morewisdom is the general partner and fund manager of Jiaxing Morewisdom, and owns 2% of the interests thereof. The Offeror is indirectly wholly-owned by Jiaxing Morewisdom.

Save as disclosed above, Mr. Li (i) has not served in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years; (ii) does not hold any other positions in the Company or any of its subsidiaries; and (iii) does not have any relationship with any director, senior management, substantial shareholder or controlling shareholder of the Company.

As at the date of the Joint Announcement and by virtue of the SFO, Mr. Li is deemed to be interested in 468,096,000 Shares, representing approximately 39.01% of the issued share capital of the Company.

Save as disclosed in this announcement, there is no further information to be disclosed pursuant to the requirements of Rule 13.51(2)(h) to (v) of the Listing Rules, nor are there other matters relating to the appointment of Mr. Li that needs to be brought to the attention of the shareholders of the Company.

Mr. SONG Jiajun (宋佳駿)

Mr. SONG Jiajun, aged 31, holds a bachelor's degree in hospitality management from the University of Nevada, Las Vegas. He is one of the founders of Morewisdom and the controlling shareholder of Sichuan Dingxiang.

Save as disclosed above, Mr. Song (i) has not served in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years; (ii) does not hold any other positions in the Company or any of its subsidiaries; and (iii) does not have any relationship with any director, senior management, substantial shareholder or controlling shareholder of the Company.

Mr. Song owns 80% of registered capital of Sichuan Dingxiang. Sichuan Dingxiang owns 78% of the interests in Jiaxing Morewisdom. And, Mr. Song also owns 80% of the interests in Chengdu Yuanming Juyu and is a general partner thereof. Chengdu Yuanming Juyu owns 30% of the interest in Hainan Morewisdom and is a general partner thereof. Hainan Morewisdom owns 98% of registered capital of Morewisdom, while Morewisdom owns 2% of the interests in Jiaxing Morewisdom and is the general partner thereof. The Offeror is indirectly wholly-owned by Jiaxing Morewisdom.

As at the date of the Joint Announcement and by virtue of the SFO, Mr. Song is deemed to be interested in 468,096,000 Shares, representing approximately 39.01% of the issued share capital of the Company.

LETTER FROM FIRST SHANGHAI

Save as disclosed in this announcement, there is no further information to be disclosed pursuant to the requirements of Rule 13.51(2)(h) to (v) of the Listing Rules, nor are there other matters relating to the appointment of Mr. Song that needs to be brought to the attention of the shareholders of the Company.

Mr. CHEN Tianyi (陳天易)

Mr. CHEN Tianyi, aged 37, holds a Master's degree in Electrical Engineering from Columbia University and possesses nearly 10 years of experience in technology and investment. He is one of the founders of Morewisdom and an executive partner of Yanran Investment. Previously, Mr. Chen was an Application Engineer at Silicon Valley-based ALTA DEVICES (a leading thin-film solar technology company) from May 2016 to September 2019 and a Senior Application Engineer at Glydways, Inc. (an autonomous driving technology company) from November 2019 to August 2021. He returned to China in 2021 to establish a dual-currency cross-border investment platform with a focus on venture capital, secondary funds and mergers & acquisitions funds. Mr. Chen has strong technical background and cross-border multi-strategy investment experience.

Save as disclosed above, Mr. Chen (i) has not served in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years; (ii) does not hold any other positions in the Company or any of its subsidiaries; and (iii) does not have any relationship with any director, senior management, substantial shareholder or controlling shareholder of the Company.

As at the date of the Joint Announcement, Mr. Chen does not have and is not deemed to have any interest in the shares, underlying shares or debentures of the Company and/or its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance.

Save as disclosed in this announcement, there is no further information to be disclosed pursuant to the requirements of Rule 13.51(2)(h) to (v) of the Listing Rules, nor are there other matters relating to the appointment of Mr. Chen that needs to be brought to the attention of the shareholders of the Company.

PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF THE COMPANY

The Offeror intends to maintain the listing of the Shares on the Main Board of the Stock Exchange after the close of the Offer and does not intend to avail itself of any power of compulsory acquisition.

LETTER FROM FIRST SHANGHAI

The Company will make an application to the Stock Exchange for a temporary waiver from strict compliance with Rule 13.32B of the Listing Rules in case less than 25% of the issued share capital of the Company will be held by the public upon the close of the Offer in accordance with Rule 13.33 of the Listing Rules. Appropriate steps will be taken to ensure public float will be restored as soon as possible after the close of the Offer. The steps that the Offeror may take include but not limited to placing down or selling sufficient number of accepted Shares it acquired from the Offer to independent places or in the market. No arrangements had been confirmed or put in place as at the Latest Practicable Date.

The Stock Exchange has stated that:

(a) if, at the close of the offer, the Stock Exchange believes that:

- a false market exists or may exist in the trading of the Shares; or
- an orderly market does not exist or may not exist;

it will consider exercising its discretion to suspend dealings in the Shares; and

(b) if, at the close of the Offer, the Company has a Significant Public Float Shortfall (as defined in rule 13.32F of the Listing Rules), then:

- the Stock Exchange will add a designated marker to the stock name of the listed Shares; and
- the Stock Exchange will cancel the listing of the Shares if the Company fails to re-comply with rule 13.32B of the Listing Rules for a continuous period of 18 months from the commencement of the Significant Public Float Shortfall.

The Offeror intends the Company to remain listed on the Stock Exchange. The sole director of the Offeror and the new Directors to be appointed to the Board have jointly and severally undertaken to the Stock Exchange that if, at the close of the Offer, the Company fails to comply with the requirement of rule 13.32B of the Listing Rules, they will take appropriate steps to ensure the Company's compliance with rule 13.32B of the Listing Rules at the earliest possible moment.

IMPORTANT NOTE TO OVERSEAS SHAREHOLDERS

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

LETTER FROM FIRST SHANGHAI

The availability of the Offer to persons not resident in Hong Kong may be affected by the laws of the relevant overseas jurisdictions. The making of the Offer to the Overseas Shareholders may be prohibited or limited by the laws or regulations of the relevant jurisdictions. The Overseas Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements and, where necessary, seek legal advice.

This Composite Document will be sent to all the Independent Shareholders, including those with registered addresses, as shown in the register of members of the Company, outside Hong Kong. It is the responsibilities of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental, exchange control or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such Overseas Shareholders in respect of such jurisdictions).

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

As at the Latest Practicable Date, there was a Shareholder with registered address in the PRC according to the register of members of the Company. The Offeror has been advised by its legal adviser as to PRC law that this Composite Document and the accompanying Form of Acceptance may be forwarded to such Overseas Shareholder pursuant to local laws and regulations.

Notice to Offer Shareholder(s)

If the failure of the service of this Composite Document is attributed to you (including but not limited to such scenarios that you, being the holder of the Shares, have provided the wrong consignee information, or refuse to receive the Composite Document, or cannot be located etc.), then the Composite Document will be deemed to have been served, and you shall be responsible for the risks and consequences.

LETTER FROM FIRST SHANGHAI

GENERAL

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

All communications, notices, Form of Acceptance, share certificates, transfer receipts, other documents of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Offer to be delivered by or sent to or from the Independent Shareholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk, and none of the Offeror and parties acting in concert with it, the Joint Financial Advisers, First Shanghai, the Company, the Independent Financial Adviser, the Registrar and their respective ultimate beneficial owners, directors, officers, advisers, agents or associates or any other person involved in the Offer accepts any liability for any loss or delay in postage or any other liabilities whatsoever which may arise as a result thereof. Further details in respect of the procedures for acceptance of the Offer are set out in Appendix I "Further Terms and Procedures for Acceptance of the Offer" to this Composite Document.

WARNING

Shareholders and potential investors of the Company should exercise caution when dealing in the Shares, and if they are in any doubt about their position or as to the action they should take, they should consult their stockbroker, bank manager, solicitor or other professional advisers.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information relating to the Offer set out in the appendices to this Composite Document and the accompanying Form of Acceptance, which form part of this Composite Document. In addition, you are reminded to carefully consider the information contained in the "Letter from the Board", the "Letter from the Independent Board Committee" and the "Letter from the Independent Financial Adviser" set out in this Composite Document and to consult your professional advisers as you see fit, before deciding whether or not to accept the Offer.

Yours faithfully,

First Shanghai Securities Limited

YIP Chi Ho

Director



Mr. YIP Chi Ho is a responsible officer registered under the SFO to carry out Type 1 (dealing in securities) regulated activity for First Shanghai Securities Limited.

