



12 September 2025

*To the Shareholders*

Dear Sir or Madam,

**(1) MANDATORY CONDITIONAL CASH OFFER BY SDICS INTERNATIONAL SECURITIES (HONG KONG) LIMITED FOR AND ON BEHALF OF MR. LUO YEFEI FOR ALL THE H SHARES IN SHANSHAN BRAND MANAGEMENT CO., LTD. (OTHER THAN THOSE H SHARES ALREADY OWNED OR AGREED TO BE ACQUIRED BY MR. LUO YEFEI AND PARTIES ACTING IN CONCERT WITH HIM)**

**AND**

**(2) MANDATORY CONDITIONAL CASH OFFER BY MR. LUO YEFEI FOR ALL THE DOMESTIC SHARES IN SHANSHAN BRAND MANAGEMENT CO., LTD. (OTHER THAN THOSE DOMESTIC SHARES ALREADY OWNED OR AGREED TO BE ACQUIRED BY MR. LUO YEFEI AND PARTIES ACTING IN CONCERT WITH HIM)**

## **1. INTRODUCTION**

References are made to the Joint Announcement in relation to, among other things, the Acquisitions and the Offers, and the announcement dated 21 August 2025 jointly issued by the Offeror and the Company in relation to, among other things, the Corporate Irrevocable Undertaking.

On 30 June 2025 (after trading hours), the Offeror entered into the Equity Transfer Agreements with the Sellers, pursuant to which the Offeror agreed to acquire and the Sellers agreed to sell an aggregate of 46.50% of the share capital of Ningbo Liankangcai, at an aggregate consideration of RMB1,116,558.00. Completion took place on the date of the Equity Transfer Agreements, being 30 June 2025.

Immediately following Completion and as at the Latest Practicable Date, the Offeror, Shaanxi Maoye and Ningbo Liankangcai owned an aggregate of 52,021,000 Domestic Shares, representing approximately 39.00% of the total issued Shares as at the Latest Practicable Date.

Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make mandatory conditional general offers in cash for all the issued Domestic Shares and H Shares other than those already owned or agreed to be acquired by the Concert Group in accordance with the Takeovers Code.

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



## 2. MANDATORY CONDITIONAL CASH OFFERS

Immediately before Completion, the Offeror was interested in 28,009,000 Domestic Shares (representing approximately 21.00% of the total issued Shares), comprising (i) 14,674,000 Domestic Shares (representing 11.00% of the total issued Shares) directly owned by the Offeror; and (ii) 13,335,000 Domestic Shares (representing approximately 10.00% of the total issued Shares) beneficially owned by Shaanxi Maoye, a company ultimately and beneficially owned as to 80.00% by the Offeror and 20.00% by Ms. Zhou YM, the spouse of the Offeror and an executive Director. Apart from the 28,009,000 Domestic Shares, prior to Completion, the Offeror was also interested in 18.60% of the share capital of Ningbo Liankangcai which held 24,012,000 Domestic Shares (representing 18.00% of the total issued Shares).

Immediately following Completion and as at the Latest Practicable Date, the Offeror held 65.10% of the share capital of Ningbo Liankangcai and therefore deemed to be interested in the 24,012,000 Domestic Shares held by Ningbo Liankangcai (representing 18.00% of the total issued Shares) and hence, Ningbo Liankangcai is regarded to be acting in concert with the Offeror under class (8) presumption of the definition of "acting in concert" under the Takeovers Code. As a result of the foregoing, the Offeror, Shaanxi Maoye and Ningbo Liankangcai owned an aggregate of 52,021,000 Domestic Shares, representing approximately 39.00% of the total issued Shares as at the Latest Practicable Date.

Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make mandatory conditional general offers in cash for all the issued Domestic Shares and H Shares other than those already owned or agreed to be acquired by the Concert Group in accordance with the Takeovers Code.

As at the Latest Practicable Date, the Company has 133,400,000 Shares in issue comprising (i) 100,000,000 Domestic Shares; and (ii) 33,400,000 H Shares. The Company has no outstanding convertible securities, warrants, options or derivatives in issue which may confer any rights to subscribe for, convert or exchange into Shares as at the Latest Practicable Date.

### (1) Principal terms of the Offers

The Offeror is making the Domestic Share Offer, and SDICSI Securities, on behalf of the Offeror, is making the H Share Offer in compliance with the Takeovers Code on the following basis:

**For each Domestic Share** ..... **RMB0.1000 in cash**

**For each H Share** ..... **HK\$0.1097 in cash**



The Domestic Share Offer Price of RMB0.1000 per Domestic Share was determined with reference to (i) the consideration for the share capital of Ningbo Liankangcai under the Equity Transfer Agreements which was arrived at after arm's length negotiations between the Offeror and the Sellers; and (ii) the 24,012,000 Domestic Shares held by Ningbo Liankangcai. Save for the 24,012,000 Domestic Shares held by Ningbo Liankangcai, it has no other material assets. The Domestic Share Offer Price was calculated by firstly dividing the entire consideration of RMB1,116,558.00 paid under the Equity Transfer Agreements by 46.50% (being the aggregate acquired share capital of Ningbo Liankangcai by the Offeror under the Equity Transfer Agreements) and followed by dividing by the number of 24,012,000 Domestic Shares held by Ningbo Liankangcai.

The H Share Offer Price of HK\$0.1097 per H Share is equivalent to RMB0.1000, being the Domestic Share Offer Price and converted into HK\$, based on the median exchange rate of RMB0.91195 to HK\$1.00 quoted by The People's Bank of China on 30 June 2025, being the date of the Joint Announcement.

**The Offeror will not increase the Offer Price as set out above. Shareholders and potential investors should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Offer Price and the Offeror does not reserve the right to increase the Offer Price.**

The Offers will be extended to all Independent Shareholders in accordance with the Takeovers Code. The Offer Shares to be acquired under the Offers shall be fully paid and free from all Encumbrances and together with all rights and benefits now and thereafter becoming attached thereto, including but not limited to the rights to receive all dividend and other distribution and return of capital, if any which may be declared, made or paid or agreed to be made or paid by reference to a record date on or after the date on which the Offers are made, being the date of this Composite Document.

If, after the date of this Composite Document, any dividend, other distribution and/or other return of capital (whether in cash or in kind) is announced, declared, made or paid in respect of the Shares, the Offeror shall reduce the Offer Price by all of the amount or value of such dividend, other distribution and/or, as the case may be, return of capital after consultation with the Executive, in which case any reference in the Joint Announcement, the Composite Document or any other announcement or document to the Offer Price will be deemed to be a reference to the Offer Price as so reduced. The Directors confirm that as at the Latest Practicable Date, (i) the Company has not declared any dividend which remains unpaid, (ii) the Company does not intend to declare any dividend the record date of which will fall on or after the date of the Composite Document, and (iii) the Company does not intend to make, declare or pay any future dividend or make other distributions until the closing of the Offers.



**(2) Comparison of value**

The Domestic Share Offer Price of RMB0.1000 per Domestic Share and the H Share Offer Price of HK\$ 0.1097 per H Share represent:

- (a) a discount of approximately 87.24% to the closing price of HK\$0.8600 per H Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (b) a discount of approximately 88.81% to the closing price of HK\$0.9800 per H Share as quoted on the Stock Exchange on the Last Trading Day;
- (c) a discount of approximately 89.16% to the average closing price of HK\$1.0120 per H Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;
- (d) a discount of approximately 89.78% to the average closing price of HK\$1.0730 per H Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Day;
- (e) a discount of approximately 89.99% to the average closing price of approximately HK\$1.0963 per H Share as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Last Trading Day;
- (f) a discount of approximately 95.17% to the audited consolidated net asset value of the Company of approximately RMB2.0710 (equivalent to approximately HK\$2.2360) per Share (calculated based on (i) the Group's audited consolidated net asset value of RMB276,276,449 as at 31 December 2024 as disclosed in the annual report of the Company published on 22 April 2025; (ii) 133,400,000 Shares in issue as at the Latest Practicable Date; and (iii) the exchange rate of RMB0.92604 to HK\$1.00, being the median exchange rate as announced by the People's Bank of China on 31 December 2024); and

- (g) a discount of approximately 95.20% to the unaudited consolidated net asset value of the Company of approximately RMB2.0815 (equivalent to approximately HK\$2.2825) per Share (calculated based on (i) the Group's unaudited consolidated net asset value of RMB277,672,764 as at 30 June 2025 as disclosed in the Interim Results Announcement published on 26 August 2025; (ii) 133,400,000 Shares in issue as at the Latest Practicable Date; and (iii) the exchange rate of RMB0.91195 to HK\$1.00, being the median exchange rate as announced by the People's Bank of China on 30 June 2025).

**(3) Highest and lowest H Share prices**

During the Relevant Period:

- (a) the highest closing price of the H Shares was HK\$1.2500 per H Share as quoted on the Stock Exchange on 18 March 2025; and
- (b) the lowest closing price of the H Shares was HK\$0.8300 per H Share as quoted on the Stock Exchange on 8 January 2025, 9 January 2025, 10 January 2025, 13 January 2025, 14 January 2025, 15 January 2025 and 18 February 2025.

**(4) Value of the Offers**

As at the Latest Practicable Date, there were 100,000,000 Domestic Shares and 33,400,000 H Shares in issue. After Completion and as at the Latest Practicable Date, the Offeror, Shaanxi Maoye and Ningbo Liankangcai owned an aggregate of 52,021,000 Domestic Shares, representing approximately 39.00% of the total issued Shares as at the Latest Practicable Date. Accordingly, 47,979,000 Domestic Shares and 33,400,000 H Shares will be subject to the Domestic Share Offer and the H Share Offer, respectively.

Assuming that there is no change in the issued share capital of the Company as at the Latest Practicable Date, if the Domestic Share Offer is accepted in full (other than the 22,144,400 Non-Accepting Shares), the maximum consideration payable by the Offeror for the Domestic Share Offer is valued at RMB2,583,460.00 (equivalent to approximately HK\$2,834,055.62) based on the Domestic Share Offer Price of RMB0.1000 (equivalent to approximately HK\$0.1097) per Domestic Share; and if the H Share Offer is accepted in full, the maximum consideration payable by the Offeror for the H Share Offer is valued at HK\$3,663,980.00 based on the H Share Offer Price of HK\$0.1097 per H Share.



(5) Confirmation of financial resources

The aggregate cash consideration payable under the Domestic Share Offer (assuming full acceptances under the Domestic Share Offer (other than the 22,144,400 Non-Accepting Shares)) will be RMB2,583,460.00 (equivalent to approximately HK\$2,834,055.62) based on the Domestic Share Offer Price of RMB0.1000 (equivalent to approximately HK\$0.1097) per Domestic Share and 25,834,600 Domestic Shares.

The aggregate cash consideration payable under the H Share Offer (assuming full acceptances under the H Share Offer) will be HK\$ 3,663,980.00 based on the H Share Offer Price of HK\$0.1097 per H Share and 33,400,000 H Shares.

The Offeror intends to finance and satisfy the consideration payable under the Domestic Share Offer and the H Share Offer from his internal resources and a margin loan facility granted by SDICSI Securities. The Offeror confirms that there is no arrangement in relation to the margin loan facility pursuant to which the payment of interest on, repayment of or security for any liability (contingent or otherwise) will depend to any significant extent on the business of the Company. Pursuant to the margin loan facility, all the H Shares acquired under the H Share Offer shall be deposited to the Offeror's securities account maintained with SDICSI Securities as collateral.

SDICSI Corporate Finance, as the financial adviser to the Offeror, is satisfied that sufficient resources are available to the Offeror to satisfy the amount of funds required for full acceptance of the Offers.





## (6) Condition to the Offers

The Offers are only conditional upon valid acceptances of the Offers being received (and not, where permitted, withdrawn) by 4:00 p.m. on the First Closing Date (or such later time or date as the Offeror may, subject to the Takeovers Code, decide) in respect of the Offer Shares which, together with Shares already owned by the Concert Group and acquired before or during the Offer Period, will result in the Concert Group holding in aggregate more than 50% of the voting rights of the Company.

The Offeror will issue an announcement in relation to the revision, extension or lapse of the Offers or the fulfilment of such condition in accordance with the Takeovers Code and the Listing Rules. The latest time on which the Offeror can declare the Offers unconditional as to acceptances is 7:00 p.m. on the 60th day after the despatch of this Composite Document (or such later date to which the Executive may consent).

**The Offers 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.**

## (7) Irrevocable Undertakings

The Offeror had obtained the Irrevocable Undertakings from the Non-Accepting Shareholders that they had agreed not to accept the Domestic Share Offer in respect of the Domestic Shares held by them as set out in the table below, which amounted to 22,144,400 Domestic Shares in aggregate, representing 16.60% of the total issued Shares as at the Latest Practicable Date. Details of the Irrevocable Undertakings are set out below:

	Individual Irrevocable Undertakings		Corporate Irrevocable Undertaking
Name of Non-Accepting Shareholder:	Ms. Zhao	Mr. Zhang	Ningbo Heng Tong
Date:	23 May 2025	27 May 2025	21 August 2025
Number of Non-Accepting Shares:	12,806,400 (9.60% of the total issued Shares)	6,670,000 (5.00% of the total issued Shares)	2,668,000 (2.00% of the total issued Shares)



	Individual Irrevocable Undertakings	Corporate Irrevocable Undertaking
Terms:	<p>Pursuant to the Individual Irrevocable Undertakings, each of Ms. Zhao and Mr. Zhang has irrevocably undertaken to the Offeror as to the followings <sup>(Note 1)</sup>:</p> <ol style="list-style-type: none"><li>1. in the event the Offers are made by the Offeror, and the offer price for the Domestic Share Offer is not more than RMB3 per Domestic Share (in respect of the irrevocable undertaking from Ms. Zhao) or RMB1 per Domestic Share (in respect of the irrevocable undertaking from Mr. Zhang), the Offeror is not required to make comparable Offers to Ms. Zhao and Mr. Zhang in respect of the Non-Accepting Shares held by them and even if such Offers were made to them, they shall not accept the Offers in respect of the respective Non-Accepting Shares held by them; and</li><li>2. during the period commencing from the date of entering into their respective undertakings and ending on the date (whichever is earlier): (i) when the Offers lapse in accordance with the Takeovers Code; (ii) upon the close of the Offers; or (iii) the Offeror announces that the Offers will not proceed, Ms. Zhao and Mr. Zhang shall not sell, transfer, impose any encumbrance or grant any rights attaching to any relevant Shares held by them to any third party, nor shall they otherwise deal in the securities of the Company without the prior written consent of the Offeror <sup>(Notes 2&amp;3)</sup>.</li></ol>	<p>Pursuant to the Corporate Irrevocable Undertaking, Ningbo Heng Tong has irrevocably undertaken to the Offeror as to the followings:</p> <ol style="list-style-type: none"><li>1. when the Offers are made by the Offeror, Ningbo Heng Tong or corporations controlled by it (if applicable) shall not accept the Offers; and</li><li>2. during the period commencing from the date of the irrevocable undertaking and ending on the date (whichever is earlier): (i) when the Offers lapse or are withdrawn as permitted under the Takeovers Code; or (ii) upon the close of the Offers, Ningbo Heng Tong shall not sell, transfer, impose any encumbrance or grant any rights attaching to any Non-Accepting Shares held by it to any third party, nor shall Ningbo Heng Tong otherwise deal in the securities of the Company without the prior written consent of the Offeror <sup>(Notes 2&amp;3)</sup>.</li></ol>





*Notes:*

1. It was a commercial term between Ms. Zhao and Mr. Zhang, and the Offeror that (i) if the offer price for the Domestic Share was not higher than a prescribed price, the Offeror will not be required to make a comparable offer to them; and (ii) they shall not sell, transfer or deal in the securities of the Company without the prior written consent of the Offeror during the period from the date of their respective irrevocable undertakings until the earlier of (among other things) the Offeror announces that the Offers will not proceed.
2. For avoidance of doubt, pursuant to Rule 26.1 of the Takeovers Code, the Offers are required to be extended to all Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with him) and the Offeror will proceed with the Offers pursuant with the requirement under the Takeovers Code.
3. The Non-Accepting Shareholders cannot sell or transfer the Non-Accepting Shares to any third party unless the Offers shall lapse or until the close of the Offers. As such, even if there is a higher offer made by a third party, they cannot accept such offer.

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

#### **(a) The Offeror**

The Offeror (Mr. LUO Yefei (駱葉飛先生)), aged 50, was appointed as an executive Director on 18 May 2016 and the chairman of the Board on 26 June 2020. Mr. Luo is also the general manager and responsible for the overall development planning and business operations of the Group. He is also (i) a director of Ningbo Shanshan Fashion Brand Management Co., Ltd\* (寧波杉杉時尚服裝品牌管理有限公司), and (ii) the manager of Ningbo Shanshan Hanfu Culture Co., Ltd.\* (寧波杉杉漢服文化有限公司), both are direct wholly-owned subsidiaries of the Company.

Mr. Luo has over 20 years of experience in the apparel industry. He joined the Group on 1 June 2013 as the general manager of Ningbo Shanshan Garment Brand Management Co., Ltd \* (寧波杉杉服裝品牌經營有限公司), the predecessor of the Company. Prior to joining the Company, Mr. Luo was the general manager and the controlling shareholder of Shaanxi Maoye, a substantial shareholder of the Company, a company primarily engaged in the production and sales of garments, where he was responsible for the production and operation management from September 2009 to June 2013.

Mr. Luo is the husband of Ms. Zhou YM, an executive Director.

#### **(b) The Concert Group**

The Concert Group comprises the Offeror, Ms. Zhou YM, Shaanxi Maoye, Ningbo Liankangcai, Ningbo Eggshell and Mr. WU Mingyang.

Shaanxi Maoye, a company established in the PRC, is principally engaged in the production and sales of garments. It is ultimately and beneficially owned as to 80.00% by the Offeror and 20.00% by Ms. Zhou YM, the spouse of the Offeror and an executive Director.



Ningbo Liankangcai, a company established in the PRC, is principally engaged in corporate management and consulting services. It is owned as to 65.10% by the Offeror, 19.00% by Ningbo Eggshell and 15.90% by Mr. WU Mingyang (吳明陽先生).

Ningbo Eggshell, a partnership established in the PRC, is principally engaged in corporate management and consulting services. Mr. MAO Weiyong (毛偉勇先生), a non-executive Director, holds 50% equity interests in Ningbo Eggshell while Ms. LI Sha (李莎女士) holds 50% equity interests in Ningbo Eggshell.

#### **4. THE INTENTION OF THE OFFEROR ON THE GROUP**

Due to the illiquid nature of the shares of Ningbo Liankangcai, the Sellers are of the view that they face significant difficulty in finding buyers for their interests in Ningbo Liankangcai and the absence of a ready market makes it difficult for shareholders to have an opportunity to exit their investment at an attractive valuation. The Sellers considered that the Acquisitions as a good opportunity to realize their investment at an acceptable price. The Offeror also considered that the Acquisitions provided a good opportunity to obtain control over Ningbo Liankangcai. The Sellers and the Offeror entered into the Equity Transfer Agreements on 30 June 2025. Completion took place on the same date. Immediately following Completion and as at the Latest Practicable Date, the Offeror, Shaanxi Maoye and Ningbo Liankangcai owned an aggregate of 52,021,000 Domestic Shares, representing approximately 39.00% of the total issued Shares as at the Latest Practicable Date. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make mandatory conditional general offers in cash for all the issued Domestic Shares and H Shares other than those already owned or agreed to be acquired by the Concert Group in accordance with the Takeovers Code.

It is the intention of the Offeror to continue with the Group's existing principal activities following the close of the Offers and to work closely with the Company's management team to drive both customer and shareholder value.

As at the Latest Practicable Date, the Offeror has no intention and has not entered into any memorandum, agreement, arrangement, negotiation or undertaking (formal or informal; express or implied) to downsize or dispose of any of the Company's existing business and/or acquire any new businesses.

As at the Latest Practicable Date, the Offeror does not have any plans to make any material changes to the continued employment of the employees of the Group, and does not expect there to be a significant redeployment of the fixed assets of the Company (other than those in its ordinary and usual course of business). The Offeror will conduct a strategic review of the Group's assets, corporate structure, capitalization, operations, properties, policies and management to determine if any changes would be appropriate and desirable following the completion of the Offers with a view to optimising the Group's activities and development, and may make such changes as the Offeror deems necessary, appropriate or beneficial for the Group following his strategic review and/or taking into account any future developments.



## **5. PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF THE COMPANY**

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

- (1) a false market exists or may exist in the trading of the H Shares; or
- (2) that there are insufficient H Shares in public hands to maintain an orderly market;

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

The Offeror intends the Company to remain listed on the Stock Exchange after the closing of the Offers. The Offeror has undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

## **6. OVERSEAS H SHAREHOLDERS**

The Offeror intends to make the H Share Offer available to all H Shareholders, including those with a registered address in a jurisdiction outside Hong Kong. The availability of the H Share Offer to Overseas H Shareholders may be affected by the applicable laws of the relevant jurisdiction. The Overseas H Shareholders should observe any applicable legal or regulatory requirements and, where necessary, seek legal advice. It is the responsibilities of the Overseas H Shareholders who wish to accept the H Share 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 H Share Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such Overseas H Shareholders in respect of such jurisdictions). As at the Latest Practicable Date, there are no Overseas H Shareholders.

Any acceptance of the H Share Offer by any Overseas H Shareholder will be deemed to constitute a representation and warranty from such Overseas H Shareholder to the Offeror and his advisers (including SDICSI Corporate Finance and SDICSI Securities) that the local laws and requirements have been complied with. Overseas H Shareholders should consult their professional advisers if in doubt.

## 7. PROCEDURES FOR ACCEPTANCE AND SETTLEMENT

### (a) Procedures for Acceptance of the Offers

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

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

### (b) Effect of accepting the Offers

Subject to the Offers 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 have been received by the Offeror or the H Share Registrar (as the case may be), by accepting the Domestic Share Offer or the H Share Offer (as the case may be), the Independent Shareholders will sell their tendered Shares to the Offeror free from all Encumbrances and together with all rights and benefits now and thereafter being attached thereto, including the right to receive in full all dividends, other distributions or return of capital, if any, which may be declared, made or paid or agreed to be made or paid by reference to a record date on or after the date on which the Offers are made, being the date of this Composite Document.

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

**(c) Stamp duty**

*Hong Kong stamp duty*

The seller's Hong Kong *ad valorem* stamp duty arising in connection with acceptances of the H Share Offer will be payable by the relevant H Shareholders at a rate of 0.1% of (i) the market value of the H Shares; or (ii) the consideration payable by the Offeror in respect of the relevant acceptances of the H Share Offer, whichever is higher, and the amount of such stamp duty will be deducted from the cash amount payable by the Offeror to the relevant H Shareholders accepting the H Share Offer. The Offeror will arrange for payment of the seller's Hong Kong *ad valorem* stamp duty on behalf of the relevant H Shareholders accepting the H Share Offer and will pay the buyer's Hong Kong *ad valorem* stamp duty in connection with the acceptance of the H Share Offer and the transfer of the H Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong). No Hong Kong stamp duty is payable in connection with the acceptances of the Domestic Share Offer.

*PRC stamp duty*

A PRC stamp duty arising in connection with acceptances of the Domestic Share Offer will be payable by the relevant Domestic Shareholders and the Offeror respectively at a rate of 0.05% of the consideration payable by the Offeror in respect of the relevant acceptances of the Domestic Share Offer, in accordance with the stamp duty law of the PRC, and the amount of such duty will be deducted from the cash amount payable by the Offeror to the relevant Domestic Shareholders accepting the Domestic Share Offer. The Offeror will arrange for payment of the seller's PRC stamp duty on behalf of the relevant Domestic Shareholders accepting the Domestic Share Offer and will pay the buyer's stamp duty in connection with the acceptance of the Domestic Share Offer and the transfer of the Domestic Shares in accordance with the stamp duty law of the PRC. No PRC stamp duty is payable in connection with the acceptances of the H Share Offer.

**(d) Payment**

Once the Offers have become, or have been declared, unconditional in all respects, payment (after deducting (where applicable) (i) the accepting Independent Shareholders' share of stamp duty in respect of the transfer of Shares under the Offers; and (ii) the Independent Shareholder's share of the Domestic Share Offer Transfer Fee in respect of the transfer of Domestic Shares under the Domestic Share Offer) in cash in respect of acceptances of the Offers will be made as soon as possible but in any event no later than seven (7) Business Days after the date which (i) duly completed form(s) of acceptance and the relevant documents of title of the Domestic Shares or the H Shares (as the case may be) are received by the Offeror or the H Share Registrar (as the case may be) to render each such acceptance complete and valid, or (ii) the Offers have become or are declared unconditional in all aspects, whichever is later.



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

**(e) Taxation advice**

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

**(f) Return of documents**

If the Offers do not become, or are not declared, unconditional in all respects within the time permitted by the Takeovers Code, the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) received by:

1. the H Share Registrar will be returned to the H Shareholders who have accepted the H Share Offer; and
2. the Offeror will be returned to the Domestic Shareholders who have accepted the Domestic Share Offer,

by ordinary post at the respective H Shareholders' and Domestic Shareholders' own risk as soon as possible but in any event no later than seven (7) Business Days after the Offers have lapsed.

**8. DEALINGS AND INTERESTS IN THE COMPANY'S SECURITIES**

During the Relevant Period, save for (i) the Acquisitions; and (ii) the off-market transaction in relation to the acquisition of 3,335,000 Domestic Shares by the Offeror from a Domestic Shareholder at a consideration of RMB0.1000 per Domestic Share in cash pursuant to a conditional sale and purchase agreement dated 28 November 2024 and the completion of which had taken place on 17 January 2025, none of the members of the Concert Group and the Non-Accepting Shareholders had dealt for value in any Shares, options, derivative, warrants or other securities convertible into Shares.

By reason of being the financial adviser to the Offeror, SDICSI Corporate Finance is presumed to be acting in concert with Offeror in accordance with class (5) of the definition of "acting in concert" under the Takeovers Code (except in respect of the Shares (or options, warrants or derivatives in respect of them) held on behalf of non-discretionary investment clients of the SDICSI Group). As at the Latest Practicable Date, SDICSI Corporate Finance and members of the SDICSI Group did not hold any Share.





The Offeror confirms that as at the Latest Practicable Date, save for the aggregate 52,021,000 Domestic Shares (representing approximately 39.00% of the total issued Shares) held by the Offeror, Ningbo Liankangcai and Shaanxi Maoye, and as disclosed in the section headed "SHAREHOLDING STRUCTURE OF THE COMPANY" in the "Letter from the Board" contained in this Composite Document, none of the members of the Concert Group holds, owns or has control or direction over any voting rights or rights over the Shares or convertible securities, warrants, options or derivatives of the Company.

#### **9. COMPULSORY ACQUISITION**

The Offeror does not intend to exercise any rights which may be available to him to compulsorily acquire any Shares not acquired under the Offers after the close of the Offers.

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

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

Information on the Company is set out in the section headed "INFORMATION ON THE GROUP" in the "Letter from the Board" and Appendix IV as contained in this Composite Document.

#### **11. GENERAL**

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

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



## 12. ADDITIONAL INFORMATION

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

Yours faithfully,  
For and on behalf of

**SDICS International Corporate Finance (Hong Kong) Limited**

**Mazy Chan**  
*Director*