



红日资本有限公司
RED SUN CAPITAL LIMITED

5 May 2026

To the Independent Shareholders

Dear Sir/Madam,

**UNCONDITIONAL MANDATORY CASH OFFER BY
RED SUN CAPITAL LIMITED
FOR AND ON BEHALF OF HAPBIOTECH INVESTMENT HOLDING LIMITED
TO ACQUIRE ALL THE ISSUED SHARES IN
LING YUI HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED
TO BE ACQUIRED BY HAPBIOTECH INVESTMENT HOLDING LIMITED
AND PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

References are made to the Joint Announcement in relation to, among other things, the Offer.

On 1 April 2026 (after trading hours of the Stock Exchange), the Offeror, the Vendors and the Guarantors entered into the Sale and Purchase Agreement pursuant to which each of the Vendors has agreed to sell, and the Offeror has agreed to purchase, an aggregate of 560,140,000 Sale Shares, representing 70.02% of the total issued share capital of the Company for a total cash consideration of HK\$133,033,250 (equivalent to HK\$0.2375 per Sale Share). Completion of the Sale and Purchase Agreement took place on 9 April 2026.

Immediately prior to Completion, the Vendors held 560,140,000 Shares (representing 70.02% of the issued Shares) and none of the Offeror and the parties acting in concert with it held, controlled or had direction over any Shares. Immediately following Completion, the Offeror and the parties acting in concert with it holds a total of 560,140,000 Shares, representing 70.02% of the issued Shares.

Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make the mandatory unconditional cash offer to acquire all of the Shares in the issued share capital of the Company (other than those already owned and/or agreed to be acquired by the Offeror and parties acting in concert with it).

This letter forms part of this Composite Document and sets out, among other things, details of the terms of the Offer, information on the Offeror and the intention of the Offeror regarding the Group following the close of the Offer. The terms and procedures of acceptance of the Offer is set out in this letter, Appendix I to this Composite Document, and the accompanying Form of Acceptance.

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

THE OFFER

Red Sun Capital (being the Financial Adviser), on behalf of the Offeror, is making the Offer to acquire all the Offer Shares in compliance with the Takeovers Code and on the terms to be set out in the Composite Document to be issued in accordance with the Takeovers Code on the following basis:

For each Offer Share HK\$0.2375 in cash

The Offer Price of HK\$0.2375 per Offer Share is equal to the price per Sale Share paid by the Offeror under the Sale and Purchase Agreement.

The Offer is extended to all Independent Shareholders in accordance with the Takeovers Code.

As at the Latest Practicable Date, there were 800,000,000 Shares in issue and the Company does not have any outstanding convertible securities, warrants, options or derivatives or relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in issue which may confer any rights to subscribe for, convert or exchange into Shares and has not entered into any agreement for the issue of such warrants, options, derivatives or securities which are convertible or exchangeable into Shares as at the Latest Practicable Date.

The Offer Shares to be acquired under the Offer shall be fully paid and free from all Encumbrances and together with all rights attaching to them, including the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after the date on which the Offer is made, that is, the date of despatch of the Composite Document. As at the Latest Practicable Date, the Company does not have any declared and unpaid dividend and does not have any intention to make, declare or pay any future dividend or make other distributions or any return of capital until the close of the Offer.

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

Comparison of value of the Offer Price

The Offer Price of HK\$0.2375 per Offer Share represents:

- (i) a discount of approximately 34.0% to the closing price of HK\$0.360 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 36.0% to the average closing price of HK\$0.371 per Share as quoted on the Stock Exchange for the last five consecutive trading days prior to but excluding the Last Trading Day;
- (iii) a discount of approximately 26.7% to the average closing price of HK\$0.324 per Share as quoted on the Stock Exchange for the last ten consecutive trading days prior to but excluding the Last Trading Day;
- (iv) a discount of approximately 11.2% to the average closing price of HK\$0.268 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days prior to but excluding the Last Trading Day;
- (v) a discount of approximately 74.5% to the closing price of HK\$0.930 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (vi) a premium of of approximately 233.9% over the audited consolidated net asset value of approximately HK\$0.071 per Shares as at 31 March 2025 (based on (a) the Group's audited consolidated net assets value of approximately HK\$56,899,000 as at 31 March 2025; and (b) a total of 800,000,000 issued Shares as at 31 March 2025); and
- (vii) a premium of approximately 232.11% over the unaudited consolidated net asset value of approximately HK\$0.072 per Share as at 30 September 2025 (based on (a) the Group's unaudited consolidated net assets value of approximately HK\$57,210,000 as at 30 September 2025; and (b) a total of 800,000,000 issued Shares as at 30 September 2025).

Highest and lowest Share prices

During the Relevant Period, the highest closing price of the Shares was HK\$0.930 per Share as quoted on the Stock Exchange on 30 April 2026 and the lowest closing price of the Shares was HK\$0.078 per Share as quoted on the Stock Exchange on 23 December 2025.

Value of the Offer

As at the Latest Practicable Date, the number of Shares subject to the Offer is 239,860,000 (representing the Shares not already owned or agreed to be acquired by the Offeror). Based on the Offer Price of HK\$0.2375 per Offer Share for 239,860,000 Offer Shares, the Offer is valued at HK\$56,966,750, assuming that there will be no change in the share capital of the Company before the close of the Offer.

Confirmation of financial resources

The maximum aggregate amount payable under the Offer is HK\$56,966,750. The Offer will be financed by the Offeror's internal resources from its shareholders. Red Sun Capital, the financial advisor to the Offeror, is satisfied that sufficient financial resources are available to the Offeror for meeting their obligation in case of full acceptance of the Offer.

Red Sun Capital does not hold or has dealt in the Shares and any outstanding options, derivatives, warrants, or other securities convertible into Shares during the Relevant Period.

Effect of accepting the Offer

The Offer is made on the basis that valid acceptance of the Offer by any Independent Shareholder will be deemed to constitute a warranty by such person that the Offer Shares sold by such person under the Offer are free from all Encumbrances and together with all rights attaching thereto, including, without limitation, the right to receive in full all dividends and other distributions, if any, recommended, declared, made or paid on or after the date on which the Offer are made, being the date of the Composite Document.

Acceptances of the Offer shall be irrevocable and not capable of being withdrawn, except as otherwise permitted under the Takeovers Code.

As at the Latest Practicable Date, (a) no dividends or distributions have been declared but unpaid; and (b) there is no intention for the Company to make, declare or pay any dividends or distribution.

Payment

Payment in cash in respect of acceptances of the Offer is made as soon as possible but in any event, no later than seven Business Days of 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.

No fractions 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 Independent 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. The amount of such duty will be deducted from the cash amount payable by the Offeror to the relevant Independent 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 Independent Shareholders accepting the Offer and pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptance of the Offer and transfer of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

Taxation advice

Independent Shareholders are recommended to consult their own professional advisers 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, Red Sun Capital, Veda Capital, and their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

Overseas Shareholders

As at the Latest Practicable Date, the Company confirmed that there was no Shareholder with a registered address situated outside Hong Kong, but it does not exclude the possibility that there may be Shareholders in an overseas jurisdiction during the period when the Offer is made.

The Offeror intends to make the Offer available to all Independent Shareholders, including those who are in overseas jurisdiction(s).

The availability of the Offer to any Overseas Shareholders may be affected by the applicable laws and regulations of their relevant jurisdictions of residence. Overseas Shareholders should observe any applicable legal or regulatory requirements and, where necessary, consult their own professional advisers. 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 overseas jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such Overseas Shareholders).

Acceptance of the Offer by any Overseas Shareholder will be deemed to constitute a representation and warranty from such person to the Offeror that all applicable local laws and requirements have been complied with and that the Offer can be accepted by such Overseas Shareholder lawfully under the laws of the relevant jurisdiction. Overseas Shareholders should consult their professional advisers if in doubt.

INFORMATION ON THE OFFEROR

The Offeror is a company incorporated in the BVI with limited liability. The Offeror was incorporated on 30 January 2026 and has not engaged in any business activities save and except the entering into of the Sale and Purchase Agreement. As at the Latest Practicable Date, the entire issued share capital of the Offeror is beneficially owned by HI. HI Group is a genetic testing solutions provider with a focus on using molecular diagnostics technologies to enable precision health mainly in the PRC.

The below table is a summary of ownership of the HI as at the Latest Practicable Date:

Shareholders	Number of HI Shares	Ownership percentage
XU Beyond ⁽¹⁾	3,022,005	28.97%
Antropy ⁽²⁾	849,239	8.14%
WY Daisy ⁽³⁾	327,792	3.14%
Wisdom FZ ⁽⁴⁾	235,156	2.25%
Haipu Wisdom Ltd ⁽⁵⁾	198,249	1.90%
Haipu Eternal Ltd ⁽⁵⁾	255,977	2.45%
Yonglong Biology Ltd ⁽⁶⁾	80,774	0.77%
Beijing Haishi ⁽⁷⁾	866,011	8.30%
SBCVC Fund ⁽⁸⁾	812,434	7.79%
Jianjin ZB Ltd ⁽⁹⁾	79,300	0.76%
Sunland Capital ⁽¹⁰⁾	261,708	2.51%
Optimal Kangjian ⁽¹¹⁾	308,677	2.96%
Jiaxing Changji ⁽¹²⁾	162,094	1.55%
Jiechuang Dayuan ⁽¹³⁾	87,095	0.83%
Tuneng Liangshan ⁽¹⁴⁾	24,280	0.23%
YangFan Biology Ltd ⁽¹⁵⁾	28,405	0.27%
XIANGYU Trading Co., Ltd ⁽¹⁶⁾	57,716	0.55%
Suzhou Tongyu ⁽¹⁷⁾	262,717	2.52%
HTHP Investment Limited ⁽¹⁸⁾	1,215,217	11.65%
Shenzhen Efung ⁽¹⁹⁾	85,808	0.82%
Yuanzhi VC ⁽²⁰⁾	130,928	1.26%
Beijing Bairui ⁽²¹⁾	336,400	3.22%
Beijing Luozhi ⁽²²⁾	119,683	1.15%
HuiJianHeLi Ltd ⁽²³⁾	88,123	0.84%
Mordan International ⁽²⁴⁾	116,126	1.11%
Beijing Sirius ⁽²⁵⁾	82,317	0.79%
Beijing Yitingluo ⁽²⁶⁾	337,151	3.23%
	10,431,382	100.00%

Notes:

- (1) XU Beyond is a private company limited by shares incorporated in the BVI. It is wholly-owned by XU Future, a private company limited by shares incorporated in the BVI, which is in turn wholly-owned by Dr. Xu.
- (2) Antropy is a private company limited by shares incorporated in the BVI. It is wholly-owned by Dark Forest, a private company limited by shares incorporated in the BVI,, which is in turn wholly-owned by Dr. Chen.
- (3) WY Daisy is a private company limited by shares incorporated in the BIV. It is wholly-owned by WY Rosy Future Ltd., a private company limited by shares incorporated in the BVI, which is in turn wholly-owned by Ms. Wen Yuan (温暖), an executive director of HI.
- (4) Wisdom FZ is a private company limited by shares incorporated in the BIV. It is wholly-owned by Wisdom FW Ltd, a private company limited by shares incorporated in the BIV, which is in turn wholly-owned by Mr. Fang Wen (方文).

- (5) Each of Haipu Wisdom Ltd and Haipu Eternal Ltd was incorporated in the BVI as a limited liability company as HIT's employee shareholding platform.
- (6) Yonglong Biology Ltd is a private company limited by shares incorporated in BVI and is wholly-owned by XU Beyond. Please refer to note (1) above for further details of XU Beyond.
- (7) Beijing Haishi is a limited partnership established in the PRC. As at the Latest Practicable Date, it was owned as to approximately 0.07% by Grains Valley VC as its general partner and 99.93% by Heyue Guyu as its sole limited partner. Both of Grains Valley VC and Heyue Guyu are limited partnerships established in the PRC and ultimately controlled by Sun Ge (孫戈).
- (8) SBCVC Fund is an exempted limited partnership registered in the Cayman Islands. SBCVC Management V, L.P. is the general partner of SBCVC Fund., and in turn SBCVC Limited is the general partner of SBCVC Management V, L.P.. SBCVC Limited is held as to 90.1% by Star Pioneer Investment Holdings Limited, which is in turn held as to 100% by Lin Ye Song.
- (9) Jianjin ZB Ltd is a private company limited by shares incorporated in the BVI and wholly-owned by Zhou Biao (周標).
- (10) Sunland Capital is a limited partnership established in the PRC. As at the Latest Practicable Date, Sunland Capital was owned as to approximately 1.26% by its general partner, Shanghai Shenglan Venture Capital Management Partnership (General Partnership) (上海盛蘭創業投資管理合夥企業(普通合夥)), a general partnership established in the PRC and ultimately controlled by Liu Daozhi. Sunland Capital has 15 limited partners, the largest of which is Jiangsu Huide Holding Co., Ltd. (江蘇慧德控股集團有限公司) holding approximately 25.21% of its partnership interest.
- (11) Optimal Kangjian is a limited partnership established in the PRC. As at the Latest Practicable Date, it was owned as to approximately 4.8% by its general partner, Shenzhen Youchoose Asset Management Co., Ltd. (深圳優選資產管理有限公司), a limited liability company established in the PRC and ultimately controlled by Chen Long (陳龍), and 99.9% by its sole limited partner, Shenzhen Youchoose Youxuan Investment Management Center (Limited Partnership) (深圳優選悠軒投資管理中心(有限合夥)), a limited liability company established in the PRC and ultimately controlled by Chen Long.
- (12) Jiaxing Changji is a limited partnership established in the PRC. As at the Latest Practicable Date, it was owned as to 1% by its general partner, Mingjia Capital, a limited liability company established in the PRC and ultimately controlled by Rao Songtao (饒松濤). Jiaxing Changji has 15 limited partners, the largest of which is Su Junsheng (蘇軍生) holding approximately 46.25% of its partnership interest.
- (13) Jiechuang Dayuan is a limited partnership established in the PRC and is owned as to approximately 0.36% by Beijing Jiechuangda as its general partner and 99.64% by Jiechuang Tianjin as its sole limited partner. Each of Beijing Jiechuangda and Jiechuang Tianjin is a limited partnership established in the PRC and ultimately controlled by Yang Jie (楊傑).
- (14) Tuneng Liangshan is a limited liability company established in the PRC. As at the Latest Practicable Date, Tuneng Liangshan was a wholly-owned subsidiary of Jiangxi Tuneng, a limited liability company established in the PRC and owned as to 90% by Wang Ping (王平).
- (15) YangFan Biology Ltd is a private company limited by shares incorporated in the BVI and is wholly-owned by Li Jianwei (李健偉).
- (16) XIANGYU Trading Co., Ltd is a private company limited by shares incorporated in BVI and wholly-owned by Xu Xiaohui (徐曉輝).

- (17) Suzhou Tongyu is a limited partnership established in the PRC. As at the Latest Practicable Date, the general partner of Suzhou Tongyu was Beijing Tongrentang Inheritance and Innovation Private Equity Fund Management Co., Ltd. (北京同仁堂傳承創新私募基金管理有限公司), a limited company established in the PRC and ultimately controlled by Beijing Municipal State-owned Assets Supervision and Administration Commission (北京市人民政府國有資產監督管理委員會). Suzhou Tongyu has seven limited partners, the largest of which is Li Zhe (李哲) holding approximately 74.47% of its partnership interest.
- (18) HTHP Investment Limited is a private company limited by shares incorporated in the BVI is directly owned as to 53.34% by Hongtu Haipu, which is in turn owned as to 56.2499%, 43.7499% and 0.0002% by Nanshan Hongtu as the limited partner, SCGC as the limited partner and SCGC Hongtu as the general partner, respectively. Each of Nanshan Hongtu and SCGC Hongtu is controlled by SCGC.
- (19) Shenzhen Efung is a limited partnership established in the PRC whose general partner is Shenzhen Efung Investment Management Enterprise (L.P.) (深圳市倚鋒投資管理企業(有限合夥)) holding 0.5% partnership interest in Shenzhen Efung, which is in turn owned as to 51%, 24%, 15% and 10% by Shenzhen Efung Holding, Mr. Zhu Jinqiao (朱晉橋), Shenzhen Galaxy Start-up Investment Centre Limited Partnership (深圳市格拉斯創業投資中心合夥企業(有限合夥)) and Shenzhen Efung Capital Co., Ltd. (深圳市倚鋒創業投資有限公司), respectively. Shenzhen Efung Holding is in turn owned as to 54%, 23% and 23% by Mr. Zhu Jinqiao (朱晉橋), Mr. Zhu Pai (朱湃) and Ms. Zhu Chen (朱晨), respectively.
- (20) Yuanzhi VC is a limited company established in the PRC. As at the Latest Practicable Date, Yuanzhi VC was a wholly-owned subsidiary of Shenzhen Capital Operation Group Co., Ltd. (深圳市資本運營集團有限公司), a limited liability company established in the PRC and ultimately controlled by Shenzhen Municipal State-owned Assets Supervision and Administration Commission.
- (21) Beijing Bairui is a limited partnership established in the PRC. As at the Latest Practicable Date, Beijing Bairui is owned as to approximately 0.02% by Xu Mingyi (許明一), as its general partner and 99.98% by Shenzhen Baixin as its sole limited partner. Shenzhen Baixin is a limited partnership established in the PRC, the general partner of which is Xu Mingyi who holds approximately 24.47% of its partnership interest.
- (22) Beijing Luozhi is a limited partnership established in the PRC. As at the Latest Practicable Date, Beijing Luozhi is owned as to approximately 0.06% by Shenzhen Luogesi, a limited company established in the PRC and held as to 51% and 49% by Chen Xiang (陳翔) and Chen Aihui (陳愛暉), as its general partner, and 99.94% by Shenzhen Luozhi Haipu Management Partnership (Limited Partnership) (深圳邏之海普管理合夥企業(有限合夥)) as its sole limited partner. Shenzhen Luogesi is also the general partner of Shenzhen Luozhi.
- (23) HuiJianHeLi Ltd is a private company limited by shares incorporated in the BVI and was wholly-owned by Qiu Zehao (邱澤皓).
- (24) Mordan International is limited a company incorporated in the BVI and wholly-owned by Chen Shicongde (陳石叢德).
- (25) Beijing Sirius is a limited partnership established in the PRC. As at the Latest Practicable Date, Beijing Sirius was owned as to approximately 6.25% by its general partner, Beijing Dingsheng Huizhong Investment Management Co., Ltd. (北京鼎晟匯眾投資管理有限公司), a limited liability company established in the PRC and ultimately controlled by Su Wenguang (蘇文光). Beijing Sirius has four limited partners, the largest of which are Nanjing Zhongyi Hele Venture Capital Partnership (Limited Partnership) (南京眾壹合樂創業投資合夥企業(有限合夥)), a limited partnership established in the PRC and ultimately controlled by Wang Le (王玊), and Shanghai Xinghongsheng Management Consulting Partnership (Limited Partnership) (上海星宏盛管理諮詢合夥企業(有限合夥)), a limited partnership established in the PRC and ultimately controlled by Shen Hailun (沈海倫), both of which hold approximately 31.25% of its partnership interest, respectively.

- (26) Beijing Yitingluo, a limited partnership established in the PRC. As at the Latest Practicable Date, Beijing Yitingluo was owned as to approximately 0.01% by Xu Mingyi (許明一) as its general partner and 99.99% by Qingdao Yitingluo as its sole limited partner. General partner of Qingdao Yitingluo is Zhuhai Hengqin Ming Yun Management Enterprise (Limited Partnership) (珠海橫琴銘雲企業管理合夥企業(有限合夥)), which holds approximately 0.01% of its partnership interest and is ultimately controlled by Xu Mingyi (許明一).

XU Beyond, Antropy, WY Daisy, Wisdom FZ, Haipu Wisdom Ltd, Haipu Eternal Ltd and Yonglong Biology Ltd, and all other shareholders of HI and their respective general partner and limited partners (as applicable) are Independent Third Parties, immediately prior to the entering into of the Sale and Purchase Agreement.

Key management of the Offeror

Dr. Xu Mingyan (許明炎), aged 43, founded HI Group with other founders in September 2014, has been a director of HI since November 2021 and was re-designated as its executive director in February 2023. He is primarily responsible for the overall operations and management of HI Group. Prior to that, he served as a scientist in Cambrian Genomics Inc., a biotechnology company mainly engaged in using laser-based technique to synthesize deoxyribonucleic acid (DNA) from January 2013 to July 2014, where he was principally responsible for research and development.

Dr. Xu received a bachelor's degree in chemistry from Nanchang University (南昌大學) in Jiangxi Province, the PRC in June 2005 and a master's degree in inorganic chemistry from Beijing Normal University (北京師範大學) in Beijing, the PRC in June 2008. He also received a doctoral degree in biomedical science from The University of New Mexico in Albuquerque, New Mexico, the US in July 2013.

Dr. Chen Shifu (陳實富), aged 41, founded HI Group with other founders in September 2014, has been a director of HI since January 2023 and was re-designated as its executive director in February 2023. He is primarily responsible for product research and development, academic research and the establishment of diagnostic development system of HI Group. Prior to that, from June 2010 to October 2014, he consecutively served as a CUDA Technical Consultant and senior software engineer principally responsible for CUDA parallel computing and software development in NVIDIA Semiconductor (Shenzhen) Co., Ltd. (英偉達半導體(深圳)有限公司), a company principally engaged in manufacturing and development of artificial intelligence hardware and software and the shares of its parent company NVIDIA Corporation are listed on the NASDAQ (NASDAQ: NVDA).

Dr. Chen received a bachelor's degree in mathematics and applied mathematics from Nanchang University (南昌大學) in Jiangxi Province, the PRC in August 2005 and a master's degree in computer software and theory from Institute of Computing Technology, Chinese Academy of Sciences (中國科學院計算技術研究所) in Beijing, the PRC in July 2010. He also received a doctoral degree in pattern recognition and intelligent systems Shenzhen Institute of Advanced Technology (深圳先進技術研究院) established by Chinese Academy of Sciences (中國科學院) in Guangdong Province, the PRC in January 2018.

As at the Latest Practicable Date, neither Dr. Xu nor Dr. Chen held any directorship in any other listed company in Hong Kong, nor were they substantial shareholders of any other listed company in Hong Kong.

FUTURE INTENTIONS OF THE OFFEROR REGARDING THE GROUP

Following the close of the Offer, it is the intention of the Offeror that the Group will continue with its existing principal business for long-term purposes by leveraging on the Offeror's existing resources and connections to explore foundation engineering works. The Offeror, with an aim to diversify revenue stream of HI Group, does not intend to introduce any major changes to the existing operations and business of the Group immediately after close of the Offer and will neither redeploy nor dispose of any of the assets (including fixed assets) of the Group other than in the ordinary course of business. In addition, Dr. Xu, leveraging his extensive expertise in business operations, corporate governance and client relations, aims to explore and diversify into industry sectors, including but not limited to, construction industry through strategic investments. Dr. Xu's client management experience and business network accumulated from his years of experience in business operation and corporate affairs will assist the Company in establishing and maintaining business relationships to further enhance the customer base of the Group for sustainable development, and his business network may assist the Group in enhancing its market competitiveness of the principal businesses of the Group. Furthermore, given the background and experience of Dr. Chen in the field of artificial intelligence hardware and software, the Offeror will explore possibilities to apply the relevant technology to optimize the Group's business operations and enhance the Company's performance. As at the Latest Practicable Date, the Offeror did not enter into any agreement, arrangement, understanding or negotiation to downsize, cease or dispose of any of the existing businesses of the Group. Nevertheless, following the close of the Offer, the Offeror will conduct a detailed review on the existing principal operations and business, and the financial position of the Group for the purpose of formulating business plans and strategies for the Group's long-term business development and will explore other business opportunities for the Group. Subject to the results of the review, and should suitable investment or business opportunities arise, the Offeror may consider whether any assets and/or business acquisitions or disposals by the Group will be appropriate in order to enhance its growth. Any acquisition or disposal of the assets or business of the Group, if any, will be conducted in compliance with the Listing Rules.

As at the Latest Practicable Date, the Board comprises two executive Directors, one non-executive Director and four independent non-executive Directors. The Offeror intends to continue the employment of the existing management and employees of the Group (except for a possible nomination of the members of the Board at a time no earlier than that permitted under the Listing Rules and the Takeovers Code or such later time as the Offeror considers to be appropriate).

The Offeror intends to nominate new Director(s) to the Board with effect from a date which is no earlier than such date as permitted under the Listing Rules and the Takeovers Code or such later date as the Offeror considers to be appropriate. As at the Latest Practicable Date, other than Dr. Xu and Dr. Chen, the Offeror has not identified any potential candidate to be appointed as new director(s) to the Board. Any changes to the members of the Board will be made in compliance with the Takeovers Codes and/or the Listing Rules and further announcement(s) will be made as and when appropriate.

Save for the Offeror's intention regarding the Group as set out above, the Offeror has no intention to (i) make material changes to the employment of the management and employees of the Group; and (ii) dispose of or redeploy the assets of the Group other than those in its ordinary and usual course of business.

As at the Latest Practicable Date, no investment or business opportunity has been identified nor has the Offeror entered into any agreement, arrangement, understanding or negotiation in relation to the injection of any assets or business into the Group.

PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF THE COMPANY

The Stock Exchange has stated that:

- (a) if, at the close of the offer, the 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 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 of the Company 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 (including but not limited to placement of Shares) to ensure the Company's compliance with rule 13.32B of the Listing Rules at the earliest possible moment.

Further announcement(s) regarding the restoration of public float will be made by the Company as and when appropriate.

COMPULSORY ACQUISITION

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

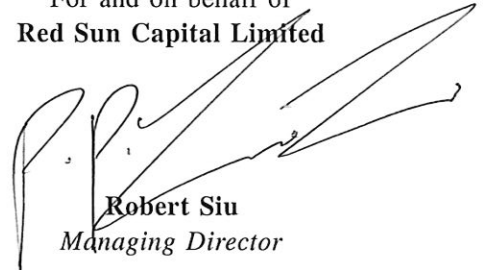
GENERAL

All documents and remittances to be sent to the Independent Shareholders will be sent to them by ordinary post at their own risk. Such documents and remittances will be sent to the Independent Shareholders at their respective addresses as they appear in the registers of the members of the Company and in the case of joint holders, to such holder whose name appears first in the relevant register. The Offeror and parties acting in concert with it, the Company, Red Sun Capital, Veda Capital and their respective ultimate beneficial owners, directors, officers, agents, advisers and associates or any other parties involved in the Offer will not be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof or in connection therewith.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Composite Document 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 Group, which are set out in this Composite Document, before deciding whether or not to accept the Offer.

Yours faithfully,
For and on behalf of
Red Sun Capital Limited



Robert Siu
Managing Director