22 July 2026

To the Independent Shareholders

Dear Sirs,

UNCONDITIONAL MANDATORY CASH OFFER BY ICBC INTERNATIONAL CAPITAL LIMITED FOR AND ON BEHALF OF THE OFFEROR TO ACQUIRE ALL OF THE ISSUED SHARES OF THE COMPANY (OTHER THAN THOSE ALREADY OWNED AND /OR AGREED TO BE ACQUIRED BY THE OFFEROR AND PARTIES ACTING IN CONCERT WITH IT)

INTRODUCTION

Reference is made to (i) the Joint Announcement; (ii) the Update Joint Announcement; and (iii) the poll results announcement of the Company dated 29 June 2026 in relation to, among other things, the Share Purchase Agreement, the Subscription Agreements and the Offer.

On 8 January 2026, the Offeror (as purchaser) and the Vendors (as sellers) entered into the Share Purchase Agreement for the acquisition of an aggregate of 211,000,000 Shares, representing approximately 40.67% of the total issued share capital of the Company as at the date of the Joint Announcement, from the Vendors at a total consideration of HK$105,500,000 (being HK$0.50 per Sale Share). On 8 and 23 January 2026, the Company and the Offeror entered into the Subscription Agreements, pursuant to which the Offeror has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, 103,750,000 Specific Mandate Subscription Shares at the Subscription Price of HK$0.61 per Specific Mandate Subscription Share. The Specific Mandate Subscription Shares allotted and issued under the Subscription Agreements represent 20.00% of the total issued share capital of the Company as at the date of the Joint Announcement and approximately 16.67% of the Enlarged Issued Share Capital.

Completions are conditional upon the fulfilment or waiver (if applicable) of the conditions precedent as set out in the respective Share Purchase Agreement and Subscription Agreement, and described in the sections headed "The Share Purchase Agreement – Conditions Precedent to Sales Completion" and "Update on the Subscription - Conditions Precedent to Specific Mandate Subscription Completion" of the Update Joint Announcement, respectively. Completions took place on 15 May 2026. The Subscription Shares were allotted and issued pursuant to the Specific Mandate. As at the Latest Practicable Date, the Company had 622,500,000 Shares in issue, of which 314,750,000 Shares were held by the Offeror (representing approximately 50.56% of the Enlarged Issued Share Capital).

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

The purpose of this Composite Document (of which this letter forms part) is to provide you with, among other things, (i) further information relating to the Group, the Offeror and parties acting in concert with it and the Offer; (ii) the Letter from ICBCI containing, among others, the details of the Offer; (iii) the letter from the Independent Board Committee containing its recommendations to the Independent Shareholders in respect of the terms of the Offer and as to the acceptance of the Offer; and (iv) the letter from the Independent Financial Adviser containing its advice to the Independent Board Committee in respect of the terms of the Offer and as to the acceptance of the Offer.

Terms used in this letter shall have the same meanings as those defined in this Composite Document unless the context otherwise requires.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

Under Rule 2.1 of the Takeovers Code, a board which receives an Offer or is approached with a view to an Offer being made, must, in the interests of shareholders, establish an independent committee of the board to make a recommendation: (i) as to whether the Offer is, or is not, fair and reasonable; and (ii) as to acceptance.

The Independent Board Committee comprising all independent non-executive Directors, namely Mr. Chen Mark Da-Jiang, Mr. Kao Yi-Ping and Mr. Li Huaxiong, has been formed to advise the Independent Shareholders in respect of the Offer pursuant to Rule 2.1 and 2.8 of the Takeovers Code to make a recommendation to the Independent Shareholders in respect of the Offer as to whether the Offer is fair and reasonable and as to acceptance of the Offer; (i) Mr. Lam Tsz Leung, a non-executive Director, being Vendor C; and (ii) Ms. Yu Erhao, a non-executive Director, being the daughter of a director and shareholder of Vendor B, are excluded from the Independent Board Committee due to their direct or indirect interest in the Share Purchase Agreement and the Offer.

Lego Corporate Finance Limited has been appointed as the Independent Financial Adviser with the approval of the Independent Board Committee pursuant to Rule 2.1 of the Takeovers Code to advise the Independent Board Committee in respect of the Offer and, in particular, as to whether the Offer is fair and reasonable and as to the acceptance of the Offer. The advice of the Independent Financial Adviser and the recommendations of the Independent Board Committee are included in the Composite Document despatched to the Independent Shareholders.

The full texts of the letter from the Independent Board Committee addressed to the Independent Shareholders and the letter from the Independent Financial Adviser addressed to the Independent Board Committee are set out in this Composite Document.

You are strongly advised to read the "Letter from the Independent Board Committee" to the Independent Shareholders, the "Letter from the Independent Financial Adviser" and the additional information contained in the appendices to this Composite Document before taking any action in respect of the Offer.

THE OFFER

Principal terms of the Offer

As disclosed in the "Letter from ICBCI", ICBCI is making the Offer for and on behalf of the Offeror in compliance with the Takeovers Code on the following basis:

For each Offer Share HK$0.61 in cash

The Offer Price of HK$0.61 per Offer Share under the Offer is (i) equal to the price per Specific Mandate Subscription Share paid by the Offeror for the subscription of the Specific Mandate Subscription Shares under the Subscription Agreements, which has been determined with reference to, among other things, the then current market conditions and prevailing market price as at the date of the Joint Announcement and, in particular, the requirement under Rule 13.36(5) of the Listing Rules in relation to the benchmarked price of issue of new Shares pursuant to general mandate (although the Specific Mandate Subscription Shares were ultimately issued pursuant to the Specific Mandate as a result of the Stock Exchange deeming the Offeror as a connected person of the Company under Rule 14A.20 of the Listing Rules); and (ii) higher than the price per Sale Share under the Share Purchase Agreement which has been determined after arm's length negotiation between the Vendors and the Offeror taking into account the business and financial aspects of the Group and the Company's historical liquidity and share prices performance traded on the Stock Exchange.

Save for the Sale Shares under the Share Purchase Agreement and the Specific Mandate Subscription Shares under the Subscription Agreements, none of (i) the Offeror, its ultimate beneficial owners or parties acting in concert with any of them, nor (ii) the Vendors, has dealt for value in any Shares, options, derivatives, warrants or other securities convertible or exchangeable into Shares or other Relevant Securities of the Company during the six-month period prior to the Last Trading Day and up to and including the Latest Practicable Date.

The Offer is unconditional in all respects when made.

The Offer will be 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 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 despatch of this Composite Document.

As at the Latest Practicable Date, there are 622,500,000 Shares in issue. The Company does not have any other outstanding Shares, options, derivatives, warrants or derivatives which are convertible or exchangeable into Shares or other Relevant Securities in the Company, and has not entered into any agreement for the issue of such Shares, options, derivatives, warrants or securities which are convertible or exchangeable into Shares or other Relevant Securities in the Company.

As at the Latest Practicable Date, the Company has not declared any dividends which have not been distributed and the Company has no plan to declare, recommend, or pay any dividends or make any other distributions until the close of the Offer.

Further details of the terms of the Offer and the procedures for acceptance of the Offer are set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

The Offer Price

Please see the paragraphs headed "Comparison of value" and "Highest and lowest Closing Price of the Shares" in the "Letter from ICBCI" for details of the Offer Price.

Total value of the Offer

Please see the paragraphs headed "Value of the Offer" in the "Letter from ICBCI" for details of the Offer Price.

Further details of the Offer

Further details of the Offer, including, among other things, its extension to the Overseas Shareholders, information on taxation, the terms and conditions and the procedures for acceptance and settlement and acceptance period can be found in the "Letter from ICBCI" and "Appendix I — Further Terms and Procedures of Acceptance of the Offer" to this Composite Document and the accompanying Form of Acceptance.

INFORMATION ON THE GROUP

The Company is an investment holding company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 6939). The Group is principally engaged in the provision of research, design, development and sales of compatible cartridge chips and other chips.

Set out below is a summary of the audited consolidated results of the Group for each of the two financial years ended 31 December 2024 and 2025, as extracted from the annual report of the Company for the year ended 31 December 2025.

For the year ended 31 December	**2025**	**2024**
	RMB'000	*RMB'000*
	(audited)	*(audited)*
Revenue	155,338	149,654
(Loss)/Profit before income tax expense	(78,836)	10,806
Income tax expense	(4,861)	(1,144)
(Loss)/Profit for the year	(83,697)	9,662

As disclosed in the annual report of the Company for the year ended 31 December 2025, the audited consolidated net assets of the Company as at 31 December 2025 was approximately RMB286.9 million.

Your attention is also drawn to Appendices II and III to this Composite Document which contain respectively further financial information and general information of the Group.

SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company (i) immediately prior to Completions; and (ii) upon Completions and as at the Latest Practicable Date:

	Immediately prior to the Completions		**Upon Completions and as at the Latest Practicable Date**	
	No. of Shares	*%*	*No. of Shares*	*%*
The Offeror	–	–	314,750,000	50.56%
Subtotal of the Offeror and parties acting in concert with it	–	–	***314,750,000***	***50.56%***
Vendor A	151,812,500	29.27%	38,812,500	6.23%
Vendor B	97,500,000	18.80%	55,500,000	8.92%
Vendor C	86,250,000	16.63%	30,250,000	4.86%
Subtotal of the Vendors	***335,562,500***	***64.70%***	***124,562,500***	***20.01%***
Public Shareholders	183,187,500	35.30%	183,187,500	29.43%
Total	**518,750,000**	**100.00%**	**622,500,000**	**100.00%**

Note: ICBCI and relevant members of the ICBCI Group which hold the Shares (or options, warrants or derivatives in respect of them) are presumed to be acting in concert with the 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 ICBCI Group). As at the Latest Practicable Date, members of the ICBCI Group did not hold, own, control or have direction over any Shares.

As at the Latest Practicable Date, save for Mr. Cheng Hsien-Wei, an executive Director and the ultimate shareholder of Vendor A, and Vendor C, being Mr. Lam Tsz Leung, who is a non-executive Director, no other Directors hold any Shares.

INFORMATION OF THE OFFEROR

Your attention is drawn to the section headed "Information of the Offeror" in the "Letter from ICBCI" and Appendix IV "General Information of the Offeror" to this Composite Document.

INTENTIONS OF THE OFFEROR REGARDING THE GROUP

Your attention was drawn to the section headed "Intentions of the Offeror in relation to the Group" in the "Letter from ICBCI" in this Composite Document.

The Board is pleased to note that, as at the Latest Practicable Date, the Offeror does not intend to introduce any major changes to the existing operations and business of the Group immediately after the close of the Offer and has no plan to inject any material assets or businesses into the Group or to procure the Group to acquire or dispose of any material assets other than in the ordinary course of business, nor does the Offeror intend to downsize, dispose of, or discontinue any of the Group's existing businesses. However, the Offeror reserves the right to make any changes that they deem necessary or appropriate to the benefit of the Group and for the purpose of improving the performance of the Group.

Nevertheless, it is also noted by the Board that 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 plan and strategies for the Group's long-term business development and will explore any business opportunities for the Group.

As at the Latest Practicable Date, the Board comprises one executive Director, two non-executive Directors and three independent non-executive Directors. The Offeror intends to continue the employment of the existing management and employees of the Group (except for a proposed change to 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. The Offeror is in the course of identifying additional candidates for the Board. Save for the above, as at the Latest Practicable Date, the Offeror has not reached any final decision as to (i) who will be nominated as new Director(s) of the Company; and (ii) the final composition of 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, subject to the review of the Group's operation aforesaid 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. Nonetheless, the Offeror reserves the right to make any changes that it deems necessary or appropriate to the benefit of the Group (including but not limited to changing certain employee or management of the Group). 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.

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, no Director has expressed and/or indicated intention to resign.

Save for the Offeror's intention regarding the Group set out above, the Offeror has no intention to make material changes to the employment of the employees of the Group.

The Board is willing to cooperate with the Offeror and act in the best interests of the Company and its Shareholders as a whole.

PUBLIC FLOAT AND MAINTENANCE OF THE LISTING STATUS OF THE COMPANY

As disclosed in the paragraph headed "Maintaining the Listing Status of the Company" in the "Letter from ICBCI" of this Composite Document, the Board is aware that the Offeror intends to maintain the listing of the Shares on the Stock Exchange following the close of the Offer and that the Offeror does not intend to avail itself of any powers of compulsory acquisition of any Shares outstanding after the close of the Offer.

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 placees 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 under 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 following the close of the Offer. The sole director of the Offeror has undertaken, and the new Directors to be appointed to the Board (if any) will jointly and severally undertake, 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 at the earliest possible moment.

Therefore, it should be noted that upon the close of the Offer, there may be insufficient public float of the Shares and the trading in the Shares may be suspended until sufficient public float exists for the Shares. Further announcement(s) regarding the restoration of public float (if any) will be made by the Company as and when appropriate.

The Board is aware that each of the sole director of the Offeror and the new Directors to appointed to the Board (if any) will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that not less than 25% of the Enlarged Issued Share Capital will continue to be held by the public at all material times.

RECOMMENDATION

None of the members of the Independent Board Committee is interested in or involved in the Offer.

Your attention is drawn to (i) the "Letter from the Independent Board Committee" as set out on pages 30 to 31 of this Composite Document which contains its recommendation to the Independent Shareholders as to whether the Offer is, or is not, fair and reasonable and as to their acceptance of the Offer; and (ii) the "Letter from the Independent Financial Adviser" as set out on pages 32 to 53 of this Composite Document which contains its advice to the Independent Board Committee in connection with the Offer and the principal factors considered by it in arriving at its advice.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information contained in the appendices to the Composite Document. Further details on the terms and the procedures for acceptance of the Offer are set out in Appendix I "Further Terms and Procedures of Acceptance of the Offer" to the Composite Document and the accompanying Form of Acceptance.

In considering what action to take in connection with the Offer, you should consider your own tax positions, if any, and, in case of any doubt, consult your professional advisers.

By Order of the Board
MEGAIN HOLDING (CAYMAN) CO., LTD.
Cheng Hsien-Wei
Executive Director

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